

SIGIS BACKGROUNDER



SIGIS

Special Interest Group for IAS Standards

The Special Interest Group for IAS Standards (SIGIS) is a non-profit, membership corporation, launched in 2007, that is responsible for the development and management of an industry standard to meet IRS requirements for operating an inventory information approval system (an "IAS").

The SIGIS IAS standards enable a broad range of participants in health benefit payment card transactions to implement consistent systems and processes for transaction processing and data retention. The SIGIS membership is more than 11,000 companies and includes retailers, acquirer processors, issuer processors, third-party benefit plan administrators, and payment card networks.

Under IRS requirements, an IAS requires a merchant's point-of-sale system to have the ability to verify that the merchandise being purchased with a FSA/HRA card is an eligible medical expense. This is how it works:

- The merchant's system compares the inventory control information (e.g., UPC or SKU number) of items being purchased with a FSA/HRA debit card against a pre-established list of eligible medical products. The list is limited to eligible medical expenses as described in Section 213(d) of the Internal Revenue Code.
- The merchant's system totals the eligible medical expenses and transmits this information to the payment card issuer for approval, subject to coverage under the health plan (i.e., type of coverage provided, covered participant, etc.).
- Upon approval of the transaction, the FSA/HRA account is debited for the transaction amount and cardholder's purchase is complete.

Based in California, SIGIS provides a range of services to its membership with a focus on standards-based industry solutions to support merchant acceptance of health benefit cards. SIGIS seeks to be a resource to its members on the changing regulatory landscape through communications, educational outreach and Member support programs.

SIGIS Services

SIGIS offers a number of services to its membership. These include:

IAS Certification

IAS Merchant Self-Certification – SIGIS offers a certification service for merchants that are interested in supporting an inventory information approval system.

Third-Party Servicer and Client Merchant Self-Certification – Third-Party Servicers provide point-of-sale processing services to medium and smaller merchants. Once a Third-Party Servicer completes its IAS Self-Certification, the Servicer's merchant clients may complete a simplified IAS certification form.

90% Rule Merchant

90% Rule Merchant Self-Registration – For drug stores and pharmacies that meet the IRS criteria as a store that has 90% of gross receipts from prescriptions and other eligible medical expenses, SIGIS offers a merchant registration program. SIGIS also supports issuer processors and third-party plan administrator providing 90% Rule registration consolidation.

Eligible Product List

Eligible Product List – SIGIS provides a list of eligible over-the-counter eligible medical items that participating IAS merchants and benefit plan administrators may access and use.

What Are Health Benefit Cards?

The IRS enables employers to offer an employee benefits in the form of Flexible Spending Accounts (FSA) and Health Reimbursement Arrangements (HRA).

These accounts permit an employee / employer to designate funds to be placed in an account that can be used to pay for healthcare expenses, such as health insurance deductible and co-pay amounts, prescriptions, and other eligible medical expenses.

An employer's benefit plan administrator may offer a debit card to provide convenient access to FSA/HRA account funds. So, an FSA/HRA debit card is what is meant by the term health benefit card.

Additionally, some employers also offer Health Saving Accounts (HSAs), a similar type of health benefit card.

SIGIS History

SIGIS was started in 2007 as an informal industry forum called the IIAS Standards Interest Group to develop a voluntary industry standard solution to meet requirements established by the Internal Revenue Service (IRS) for an inventory information approval system (an "IIAS"). This standard enables Flexible Spending Account (FSA) and Health Reimbursement Arrangement (HRA) debit cards to be accepted at participating merchants by communicating the dollar amount of eligible health care items to their benefit plan administrator for approval.

In December 2007, IIAS Standards Interest Group incorporated as SIGIS: Special Interest Group for IIAS Standards. And in January 2008, the SIGIS standard was launched, enabling merchants to meet the new IRS requirements. In addition to the technical standard, SIGIS also initiated a merchant certification for support of its IIAS Standard and made the SIGIS Eligible Product List available for use by Member merchants and benefit plan administrators.

In 2009, SIGIS added a new 90% Rule service to enable drug stores and pharmacies to self-register if they met the IRS requirement that 90% of a store's gross receipts must consist of items which qualify as medical expenses. Once registered, SIGIS communicates information about 90% Rule merchants to issuer processors and benefit plan administrators to enable approval of FSA/HRA card transactions at these drug stores and pharmacies.

And in 2010, SIGIS modified program support with changes in over-the-counter drugs and medicines as required by the Patient Protection and Affordable Care Act (PPACA), enabling Members to be compliant with the new regulations as of January 2011.

SIGIS Mission and Goals

The SIGIS Mission is to advance the interests and objectives of SIGIS members, by fostering the adoption and growth of common standards meeting legislative and regulatory requirements to facilitate acceptance of health benefit payment cards.

SIGIS Strategic Goals

Goal 1: Provide standard industry solutions that are both scalable and broadly adoptable, while consistent with legislative and regulatory requirements.

Goal 2: Promote the role and value of SIGIS to its Members and other stakeholders, including consumers and applicable regulatory authorities.

Goal 3: Provide effective channels of communication and involvement by Members in SIGIS standards and other programs.

Goal 4: Ensure that SIGIS demonstrates leadership and is seen as a key resource meeting the needs of its Membership.

More Information

Plan administrators should contact their card issuer or processor.

Merchants should contact their merchant acquirer or merchant services provider.

The SIGIS website is also available for information on membership, IIAS Certification and 90% Rule Registration at www.sig-is.org.

SIGIS: Special Interest Group for IIAS Standards
111 Deerwood Rd. Suite 200
San Ramon, CA 94583

Phone: 1-925-855-3228
Fax: 1-925-855-3229

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