

## Flexible Spending Account

### Examples of Eligible and Ineligible Expenses under a Healthcare Reimbursement Account

Your Healthcare Reimbursement Flexible Spending Account lets you pay for medical care expenses not covered by your insurance plan with pre-tax dollars. Eligible items must meet the definition of medical care under 213(d). Under this definition, "Medical care" means amounts paid for the diagnosis, cure, mitigation, treatment or prevention of disease or for the purpose of affecting any structure or function of the body. For example, the typical use of the item is to alleviate or treat personal injuries or sickness. Items that are merely beneficial to general health are not reimbursable. The products and services listed below are examples of medical expenses eligible for payment under your Healthcare Reimbursement FSA, to the extent that such services are not covered by your medical and dental insurance plan. This listing is not all-inclusive and additional expenses may qualify. The items listed below are subject to change in accordance with IRS regulations.

#### Dental Services

- ✓ Crowns/Bridges
- ✓ Dental Implants
- ✓ Dental X-rays
- ✓ Dentures
- ✓ Exams/Teeth Cleaning
- ✓ Extractions
- ✓ Fillings
- ✓ Gum Treatment
- ✓ Occlusal Guard
- ✓ Oral Surgery
- ✓ Orthodontia/Braces
- ✓ TMJ related expenses

#### Insurance Related Items

- ✓ Copay Amounts
- ✓ Deductibles
- ✓ Pre-existing Condition Expenses (medical)
- ✓ Private Hospital Room Differential

#### Lab Exams/Tests

- ✓ Blood Tests
- ✓ Cardiographs
- ✓ Diagnostic
- ✓ Laboratory Fees
- ✓ Metabolism Tests
- ✓ Spinal Fluid Tests
- ✓ Urine/Stool Analyses
- ✓ X-rays

#### Medications

- ✓ Prescription Drugs

#### Obstetric Services

- ✓ Childbirth Classes (Lamaze)
- ✓ Midwife Expenses
- ✓ OB/GYN Exams
- ✓ OB/GYN Prepaid Maternity Fees (reimbursable after date of birth)
- ✓ Post-natal Treatment/Pre-natal Treatment

#### Practitioners

- ✓ Allergist
- ✓ Chiropractor
- ✓ Christian Science
- ✓ Dermatologist
- ✓ Homeopath
- ✓ Naturopath
- ✓ Osteopath
- ✓ Physician (licensed medical professional)
- ✓ Psychiatrist / Psychologist

#### Other Medical Treatments or Procedures

- ✓ Abortion (legal)
- ✓ Acupuncture
- ✓ Alcoholism (inpatient treatment)
- ✓ Drug Addiction
- ✓ Hearing Exams
- ✓ Hospital Services
- ✓ Infertility
- ✓ In-vitro Fertilization
- ✓ Lasik/Laser and Vision Correction
- ✓ Including prescription glasses
- ✓ Norplant Insertion or Removal
- ✓ Patterning Exercises
- ✓ Physical Examination (if not employment related)
- ✓ Physical /Occupational Therapy
- ✓ Rolfing
- ✓ Smoking Cessation Programs
- ✓ Speech Therapy
- ✓ Sterilization
- ✓ Transplants (including organ donor)
- ✓ Treatment for Handicapped
- ✓ Vaccinations/Immunizations
- ✓ Well Baby Care

#### Over the Counter Drugs

- ✓ Allergy medicine
- ✓ Antacids
- ✓ Anti-diarrhea medicine
- ✓ Cold medicine
- ✓ Cough drops, throat lozenges, sinus medications, nasal sinus sprays
- ✓ Diabetic Supplies
- ✓ Items that used to be a prescribed drug and now available over the counter
- ✓ Laxatives
- ✓ Menstrual cycle products for pain and cramp relief
- ✓ Motion sickness pills
- ✓ Pain reliever
- ✓ Pedialyte for ill child's dehydration
- ✓ Sleeping aids to treat occasional insomnia (note-if taken regularly will require medical practitioner's note)
- ✓ Suppositories and creams for hemorrhoids

#### Other Medical Equipment Supplies, and Services

- ✓ Abdominal/Back Supports
- ✓ Acne Treatment
- ✓ Ambulance Services
- ✓ Arches/Orthopedic Shoes
- ✓ Bactine, Calamine lotion
- ✓ Band-Aids, bandages, gauze pads
- ✓ Blood Pressure Monitoring devices
- ✓ Braille Books and Magazines
- ✓ Carpal Tunnel Wrist supports
- ✓ Cold/hot packs for injuries
- ✓ Contact lens cleaning solution
- ✓ Contraceptives and Prescribed birth control
- ✓ Counseling
- ✓ Crutches
- ✓ First aid cream
- ✓ First aid kits
- ✓ Guide Dog (for visually/hearing impaired person)
- ✓ Hearing Aids and Batteries
- ✓ Hospital Bed
- ✓ Incontinence supplies
- ✓ Learning Disability (special school/teacher)
- ✓ Liquid adhesive for small cuts
- ✓ Medic Alert Bracelet or Necklace
- ✓ Muscle or joint pain products such as BenGay
- ✓ Nasal Strips
- ✓ Nicotine gum or patches for stop-smoking purposes
- ✓ Ovulation Monitor
- ✓ Oxygen Equipment
- ✓ Pregnancy test kits
- ✓ Prosthesis
- ✓ Reading glasses
- ✓ Rubbing alcohol
- ✓ Special ointment or cream for sunburn
- ✓ Splints/Casts
- ✓ Syringes
- ✓ Thermometers (ear or mouth)
- ✓ Transportation Expenses (essential to medical care) \*\*
- ✓ Tuition Fee at Special School for Disabled Child
- ✓ Visine and other such eye products
- ✓ Wart remover treatments
- ✓ Wheelchair

Starting January 1, 2011, you will not be able to use spending accounts to pay for most over-the-counter drugs and medicines unless you have a doctor's prescription.\* You will not need a prescription for insulin and diabetic supplies.

\* We expect the Secretary of Health and Human Services to release details on the type of documentation your doctor must give you for over the counter reimbursement - and we will update this page when we receive that guidance.

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Items that may be covered when accompanied by a medical practitioner's note. Must be used to treat a specific medical condition of limited duration.

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|---|---|---|
| ✓ Pills for persons who are lactose intolerant  | ✓ Fiber supplements to treat a specific medical condition   | ✓ Dietary or herbal medicines to treat a specific medical condition |
| ✓ Nasal sprays for snoring  | ✓ Cosmetic Surgery-covered only when treating a congenital abnormality, a personal injury resulting from an accident or trauma or disfiguring disease | ✓ Sunscreen   |
| ✓ Orthopedic shoes and inserts (for orthopedic shoes, you can only be reimbursed for the extra cost over buying non-orthopedic shoes) | ✓ Weight loss drugs to treat a specific disease   | ✓ Prenatal vitamins   |
| ✓ Capital Expenses  | ✓ Medicated shampoos and soaps, unless prescribed by a medical practitioner for a specific scalp/skin infection                                       | ✓ Support Hose  |
| ✓ Equipment, supplies and materials relating to physical/mental handicaps.  |   | ✓ Wigs (hair loss due to disease)                                   |
| ✓ Marriage Counseling   |   | ✓ Massage Therapy   |
|   |   | ✓ Health Club monthly premium                                       |
|   |   | ✓ Prescribed Medical and Exercise Equipment                         |
|   |   | ✓ Vitamins  |

Starting January 1, 2011, these over the counter categories may be covered when accompanied by a medical practitioner's note. Must be used to treat a specific medical condition of limited duration.

- |                             |                                   |                          |
|-----------------------------|-----------------------------------|--------------------------|
| ✓ Acid Controllers          | ✓ Baby Rash Ointments & Creams    | ✓ Laxatives              |
| ✓ Allergy & Sinus Medicine  | ✓ Cold Sore Remedies              | ✓ Motion Sickness        |
| ✓ Anti-Diarrheals           | ✓ Cough, Cold & Flu Medicines     | ✓ Pain Relievers         |
| ✓ Antibiotics               | ✓ Digestive Aids                  | ✓ Respiratory Treatments |
| ✓ Anti-Gas Products         | ✓ Feminine Anti-Fungal Treatments | ✓ Sleep Aids & Sedatives |
| ✓ Anti-Itch & Insect Bites  | ✓ Hemorrhoidal Preparations       | ✓ Stomach Remedies       |
| ✓ Anti-Parasitic Treatments |                                   |                          |

**Claims substantiation:** The participant must submit adequate claim substantiation. The receipt must state the name of the medicine or drug, the purchase date and the amount paid. The participant must sign the reimbursement form indicating that the claim was for the individual, their spouse, or eligible dependent. Where a physician's note is required, it must state the precise medical condition.

#### Items that are NOT eligible for reimbursement under a Health Care Spending Account:

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| ✓ Toothpaste or toothbrushes (electric or otherwise), even if a dentist recommends treating a condition | ✓ Suntan lotion                                 | ✓ Toiletries                         |
| ✓ Burial Expenses   | ✓ Cosmetics                                     | ✓ Dietary supplements                |
| ✓ Illegal operations, treatments and medications  | ✓ Ear Piercing                                  | ✓ Items paid or payable by insurance |
|   | ✓ Maternity Clothes                             | ✓ Premiums for group health coverage |
|   | ✓ Dental bleaching or any other teeth whitening | ✓ Personal hygiene products          |

#### Whose Medical Expenses can I Reimburse?

You can generally include medical expenses you pay for yourself as well as those you pay for someone who was your spouse, qualifying child or qualifying relative when the product or services were acquired.

Effective March 30, 2010, the expenses of an employee's child who is under age 27 as of the end of the entire taxable year will qualify for tax-free reimbursement from a health FSA, even if the child does not qualify as the employee's tax dependent. For this purpose, a "child" is an individual who is the employee's son, daughter, stepson, or stepdaughter, and includes both a legally adopted individual of the employee and an individual lawfully placed with the employee for legal adoption by the employee. The term "child" also includes an eligible foster child, which is defined as a child placed with the employee by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

A health FSA could not reimburse expenses of such a child that were incurred before the March 30, 2010 effective date unless the child qualified as the employee's Code §105(b) Code §105(b) dependent when the expenses were incurred.

A qualifying relative is virtually anyone who lived with you throughout the year and who was not a qualifying child for another taxpayer and who you provided over half of the support.

#### Special Note:

Due to recent IRS guidance, up front payments for **Orthodontia** may be **Reimbursed** even though the services for all treatments have not as of yet been incurred. With your reimbursement request you must submit the contract which specifies payment and total amount of the contract and the start date of the treatment.

## Flexible Spending Account

### Examples of Eligible and Ineligible Expenses under a Dependent Care Reimbursement Account

You can use pre-tax dollars to pay for eligible child and/or adult dependent care expenses incurred. The care of a dependent must enable you and your spouse, if you are married to be employed, seek employment or attend school full time. The amount of reimbursement cannot exceed the lower of your or your spouse's income. This is assumed to be \$250 per child per month up to two children if one spouse is seeking work or attending school.

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|---|--|--|
| ✓ After School Care                               | ✓ Elder Care, non-medical and in the home  | ✓ Nanny expenses that are directly related to child care   |
| ✓ Au Pair Expense                                 | ✓ FICA and FUTA Taxes of Day Care Provider | ✓ Payments to a relative for child care as long as the relative is not a dependent and over the age of 19. |
| ✓ Baby Sitting                                    | ✓ Summer Day Camps                         |  |
| ✓ Day Care Center                                 |  |  |
| ✓ Educational Expenses as long as it's Pre-school |  |  |

#### Items that are NOT eligible for reimbursement under a Dependent Care Reimbursement Account:

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|--|---------------------------------------|---|
| ✓ Advance Payment of Day Care Expenses         | ✓ Educational Expenses – Kindergarten | ✓ Over Night Camps – Day Portion reimbursable |
| ✓ Amounts Paid to a Dependent                  | ✓ Food Expenses                       | ✓ Registration Fees for Care                  |
| ✓ Cook Expenses                                | ✓ Gardener                            | ✓ Transportation Expenses                     |
| ✓ Elder Care Expenses outside the home         | ✓ Household Services                  |   |
| ✓ Educational Expenses – First Grade and above | ✓ Maid Services                       |   |

#### Whose Dependent Care Expenses can I Reimburse?

Expenses must be for a qualifying individual under a Dependent Care Reimbursement Account DCRA. You can reimburse expenses for:

- Your dependent who has not reached the age of 13.
- Your dependent who is physically or mentally incapable of caring for himself or herself and who lives with you.
- Your spouse who is physically or mentally incapable of caring for himself or herself and who lives with you.