FLEXIBLE SPENDING ACCOUNTS
Examples of Eligible and Ineligible Expenses under a Healthcare Reimbursement Account

**PLEASE NOTE THERE HAVE BEEN CHANGES FOR 2011 REGARDING OVER-THE-COUNTER EXPENSES**
See box at bottom of page.

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
- Private Hospital Room Differential

Lab Exams/Tests
- Blood Tests
- Cardiographs
- Diagnostic
- Laboratory Fees
- Metabolism Tests
- Urine/Stool Analyses
- X-rays

Medications
- Prescription Drugs

Obstetric Services
- Childbirth Classes (Lamaze)
- Midwife Expenses
- OB/GYN Exams
- OB/GYN Prepaid Maternity Fees
- Post-natal Treatment/Pre-natal Treatment

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

Over the Counter Drugs
- Diabetic Supplies

**Starting January 1, 2011, these over the counter categories may only be covered when accompanied by a medical practitioner’s note. Items must be used to treat a specific medical condition of limited duration:**

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

**Starting January 1, 2011, these over the counter categories may only be covered when accompanied by a medical practitioner’s note. Items must be used to treat a specific medical condition of limited duration:***
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Other 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:

- Pills for persons who are lactose intolerant
- Nasal sprays for snoring
- Orthopedic shoes, Arch Supports and inserts (for orthopedic shoes, you can only be reimbursed for the extra cost over buying non-orthopedic shoes)
- Capital Expenses
- Equipment, supplies and materials relating to physical/mental handicaps.
- Marriage Counseling

- Fiber supplements to treat a specific medical condition
- Cosmetic Surgery-covered only when treating a congenital abnormality, a personal injury resulting from an accident or trauma or disfiguring disease
- Weight loss drugs to treat a specific disease
- Medicated shampoos and soaps, unless prescribed by a medical practitioner for a specific scalp/skin infection
- Dietary or herbal medicines to treat a specific medical condition
- Sunscreen
- Prenatal vitamins
- Support Hose
- Wigs (hair loss due to disease)
- Massage Therapy
- Health Club monthly premium
- Prescribed Medical and Exercise Equipment
- Vitamins

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:

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

Change to FSA debit card requirements
The Internal Revenue Service recently announced that Flexible Spending Account debit cards may now be used to purchase prescribed over-the-counter drugs at qualifying drug stores and pharmacies if all of the following requirements are met:

- The prescription is presented to the pharmacist prior to purchase;
- The prescription drug vendor retains a record of the prescription number, the name of the person for whom the prescription applies along with the date;
- The purchased over-the-counter medication is dispensed according to applicable laws and regulations pertaining to the practice of pharmacy;
- A prescription number is assigned. Please note that the debit card system will not accept a charge for an OTC medication unless a prescription number has been assigned;
- Records of the sale are maintained by the pharmacy or other vendor and must be made available upon request.

If these requirements are satisfied, the debit card transaction will be considered fully substantiated at the time and point of sale. **Debit cards may not be used to purchase OTC medicines and drugs at businesses that do not meet the above requirements, such as convenience or grocery stores that do not have a pharmacy.**
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) 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 or complete the orthodontia claim form including provider signature. **Please note, if orthodontic contract does not indicate insurance information, we will require you to submit the lifetime maximum for orthodontia from insurance carrier.**
FLEXIBLE SPENDING ACCOUNTS
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.

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

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

✔ Advance Payment of Day Care Expenses
✔ Amounts Paid to a Dependent
✔ Cook Expenses
✔ Elder Care Expenses outside the home
✔ Educational Expenses – First Grade and above
✔ Educational Expenses – Kindergarten
✔ Food Expenses
✔ Gardener
✔ Household Services
✔ Maid Services
✔ Over Night Camps – Day Portion reimbursable
✔ Registration Fees for Care
✔ Transportation Expenses
✔ Field Trip Fees
✔ Meals/Diapers/Clothing costs
✔ Activity Fees

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.