



Group Administrators, Ltd.

915 National Parkway, Suite F • Schaumburg, IL 60173 • (847) 519-1880 • Fax (847) 519-1979

Specialists In:

Health Insurance
Claim Processing
Cafeteria Plans
COBRA Administration

FLEXIBLE SPENDING ACCOUNT (FSA) COVERED EXPENSES

HEALTH CARE EXPENSES ELIGIBLE FOR REIMBURSEMENT

Allowable health expenses **must** be submitted through medical, vision, prescription drug and/or dental coverage's first before they can be considered under a Health Care Flexible Spending Account. Only the portion of the qualified expense that is not covered by any other coverage can be paid under a Health Care Flexible Spending Account. Qualified expenses include, but are not limited to:

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|---|--|
| Acupuncture | Laboratory Fees |
| Alcoholism Treatment | Lasik Eye Surgery (laser eye surgery) |
| Ambulance Costs | Lamaze Classes (mother only) |
| Artificial Limbs and Teeth | Lead Based Paint Removal |
| Birth Control Pills | Severe Learning Disabilities (tuition of fees for special schools if severely handicapped) |
| Braille Books and Magazines (the added Costs of a regular book) | Legal Abortions |
| Car Controls for Handicapped | Mental Nervous Disorder |
| Chiropractic Care | Nursing Services (excluding well-care) |
| Christian Science Practitioner | Obstetrical Expenses |
| Contact Lens Solutions and Cleaners | Operation if medically necessary |
| Contact Lenses | Orthodontic Treatment |
| Co-insurance | Over the Counter Drugs |
| Co-pays | (Most will require a physician's prescription effective 1/1/11) |
| Crutches | Oxygen |
| Deductibles | Periodontal Fees |
| Dental Bridges | Prescription Drugs |
| Dental Exams & Cleaning | Psychiatric Care |
| Dental Fees | Psychoanalysis |
| Dental Implants | Psychologist Fees |
| Dentures | Radial Keratotomy |
| Diagnostic Tests | Smoking Cessation Programs |
| Drug and Alcoholism Treatment | Sterilization |
| Eye Examinations | Surgery |
| Eyeglasses | Transplants of Organs |
| Guide Dog (purchase, training and maintenance) | Transportation for Medical Care |
| Hearing Devices & Batteries | Vaccinations |
| Hearing Treatment | Walkers |
| Hospital Services | Wheelchairs |
| Infertility Treatment | X-ray |
| Invitro Fertilization | |
| In Patient Therapy | |
| Insulin Injections | |



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FLEXIBLE SPENDING ACCOUNT NON- COVERED EXPENSES

HEALTH CARE EXPENSES **NOT** ELIGIBLE FOR REIMBURSEMENT

This is a **partial** list of health care expenses that are usually **NOT** covered under the Health Care Spending Account. Contact your HR Department for further clarification.

- Contact Lens replacement insurance
- Cosmetic Surgery or Procedures
- Dancing Lessons (even if recommended by a physician)
- Diaper Service
- Dietary Supplements
- Domestic Help Fees (for non-medical services)
- Electrolysis
- Fitness Programs or physical therapy for general health are not reimbursable
- Funeral Expenses
- Health Club Memberships
- Household Help
- Illegal Operations & Treatments
- Liposuction
- Marriage Counseling
- Maternity Clothes
- Medical Savings Accounts
- Nursing Service for infant well-care
- Personal use items
- Physical or Massage Therapy for general health
- Solutions for the care & maintenance of Eyeglasses
- Swimming Lessons (even if recommended by a physician)
- Supplements Prescribed by Alternative Producer (e.g. Naturopath, Acupuncturist)
- Teeth bleaching or whitening
- Teeth guards for sports
- Union Dues
- Over the Counter Vitamins & Nutritional Supplements
- Weight Loss Treatments and Prescriptions for general health

Health Care Reform: Changes to Your Health Care Flexible Spending Account

New Over-the-Counter Medicine Rules

Beginning January 1, 2011, new rules apply to Health Care Flexible Spending Accounts and employer sponsored Health Reimbursement Accounts. Expenses you incur for a medicine or drug can be reimbursed only as follows.

- The medicine or drug is an Over the Counter Drug for which you have a valid Physician prescription, even though you can normally buy that same medicine or drug without a prescription. You must submit a Physician Prescription with the reimbursement request for Over the Counter Drugs purchased on or after January 1, 2011.
- The medicine or drug requires a Physician prescription by law, and you have a pharmacy receipt showing a RX number and payment for the prescribed drug.
- You are submitting a reimbursement request for Insulin and you can show the receipt for Insulin.

If you request reimbursement for drugs or medicines purchased *on or after January 1, 2011* that you cannot back up in one of the three ways shown above, your reimbursement request will be denied. This is a change in federal tax law. The Plan can make no exceptions. Some examples of OTC medicines that are no longer reimbursable include acid controllers, anti-gas products, digestive aids, hemorrhoid treatments, respiratory treatments, allergy and sinus medicines, anti-diarrheals, baby rash ointments, pain relievers. This is not a complete OTC list. It is intended to give you an idea of the change in tax law.

This rule does not apply to requests for reimbursement for medical care items that are not medicines or drugs that you can buy over the counter. However, these items must meet the Internal Revenue Code definition of medical care. The purchase can be reimbursed only if it relates to the diagnosis, cure, treatment or prevention of disease, or for the purpose of affecting any structure of the body. Some examples of items that can be reimbursed from your Health Care Flexible Spending Account include crutches, bandages, denture cream and diagnostic devices such as blood sugar test kits. Expenses for items that are merely beneficial to general health are not reimbursable. IRS Publication 502 is a good source of information on reimbursable items that are not drugs or medicines.

You may submit reimbursement requests for expenses incurred *prior to January 1, 2011* under the old Health FSA Reimbursement rules. You must submit claims incurred prior to January 1, 2011, before the end of the Plan's regular filing deadline.

These same rules apply to Health Care Flexible Spending Account debit cards. You will be denied certain purchases after January 1, 2011 on your debit card under these rules. Some debit card merchants have until January 15, 2011 by the IRS to update their systems for the new law. There may be some confusion during the first 2 weeks of January, 2011. If you have a debit card, you should be certain that you comply with the new requirements on and after January 1, 2011. Otherwise, you could be taxed on your Health Care Flexible Spending Account.

Dependent Eligibility

For a Health FSA, the IRS considers a dependent as any family member claimed as a tax dependent on your federal income tax return.

Effective January 1, 2011 this includes your adult dependent children up to the end of the calendar year in which they reach age 26. You can now submit claims for reimbursement for this class of adult dependent children.

Eligible OTC Expenses That Do NOT Require a Prescription	Eligible OTC Expenses That Require a Prescription
Bandages, gauze and related items	Allergy and sinus medicines: Actifed Benadryl, Claritin Sudafed
Blood pressure monitors	Antacids and acid reducers: Mylanta, Pepcid AC, Prilosec, TUMS, Zantac
Cholesterol test kits and supplies	Antidiarrheal and laxatives: Ex-Lax, Imodium AD, Kaopectate
Condoms and other OTC contraceptives	Antifungal creams: Lamisil AT, Lotrimin AF, Micatin
Contact lens cleaning solutions	Anti-itch lotions and creams: Benedryl Cream, Calamine Lotion
Crutches, canes, walkers and wheelchairs	Aspirin and pain relievers: Advil, Excedrin, Motrin, Tylenol
Fertility monitors	Cold and flu medicines: Afrin, Nyquil, Theraflu
First aid kits	Cough suppressants: Robitussin, Vicks 44
Hearing aids and batteries	Diaper rash ointments: Balmex, Desitin
Heat wraps and cold packs	Digestive aids: Lactaid, Lactase, Beano
Incontinence supplies (Depends, Serenity pads)	First aid creams and sprays: Bactine, Neosporin
Insulin, diabetic supplies and test kits	Hemorrhoid treatments: Preparation H, Hemorid, Tronolane
Latex gloves	Liniments: BENGAY, Flexall
Occlusal guards (for teeth grinding)	Menstrual cycle medicines: Midol, Pamprin, Premsyn PMS
Oral syringes	Motion sickness medicines: Dramamine, Marezine
Ovulation predictor kits	Nicotine gum and patches: Nicoderm CQ, Nicorette
Pregnancy test kits	Respiratory treatments: Primatene, Vicks Vapor Rub
Reading glasses and other OTC eyeglasses	Sleep aids: Sominex, Sleepinal, Tylenol PM, Unisom Sleep Tabs
Thermometers	Teething pain relievers: Orajel