

**Examples of Eligible Expenses**

Acupuncture  
 Alcoholism treatment  
 Ambulance  
 Artificial limbs  
 Artificial teeth  
 Birth control pills  
 Braille books and magazines  
 Breast reconstruction surgery after mastectomy  
 Chiropractors  
 Coinsurance amounts and deductibles  
 Contact lenses, solutions and cleaners  
 Crutches  
 Dental treatment\*  
 Dermatologists\*  
 Eyeglasses (prescription); including prescription sunglasses, vision exams  
 Hearing devices and batteries  
 Hospital services  
 Immunizations  
 Infertility treatments  
 Insulin  
 Laboratory/diagnostic fees  
 Language training for child with dyslexia or disabled child  
 Laser eye surgery  
 Learning disability  
 Lodging (\$50 per night; medical reasons)  
 Massage therapy (medical necessity)  
 Norplant insertion or removal  
 Nursing services  
 Nutritionist's expenses (medical necessity)  
 Occlusal guards to prevent teeth grinding  
 Orthodontia  
 Over-the-counter medicine\*  
 Oxygen  
 Pap smears  
 Physical therapy  
 Pregnancy test—over-the-counter  
 Prescription drugs\*  
 Prosthesis  
 Psychiatric care  
 Psychologist  
 Radial keratotomy  
 Seeing-eye dog  
 Smoking cessation programs  
 Sterilization  
 TMJ related treatments  
 Transplants  
 Travel expenses (mileage; air fare) as long as for medical care  
 Viagra  
 Wheelchair  
 Wigs (medical reasons only)  
 X-ray fees

**Examples of Ineligible Expenses**

Burial expenses  
 Cosmetic procedures (unless necessary to improve a deformity arising from congenital abnormality, personal injury from an accident or trauma, or a disfiguring disease)  
 Dancing lessons  
 Diapers or diaper service  
 Ear piercing  
 Electrolysis (see cosmetic procedures above)  
 Exercise equipment, unless prescribed by a physician for a specific medical condition  
 Face lifts (see cosmetic procedures)  
 Fitness programs for general health  
 Funeral expenses  
 Hair transplant (see cosmetic procedures above)  
 Health club dues  
 Holistic or natural remedies  
 Illegal operations and treatments  
 Items paid or payable by insurance  
 Items you intend to claim as a credit for federal tax purposes  
 Marriage counseling  
 Maternity clothes  
 Meals – yes, if paid for meals at a hospital or similar institution when receiving inpatient care; no, for Dependent care  
 Naturopathic drugs  
 Non-prescription sunglasses (sunclips)  
 Nursing care for a normal, healthy baby  
 Overnight camp (Dependent Care)  
 Over-the-counter vitamins and dietary supplements  
 Premiums for group health coverage maintained through spouse's employer or individual insurance premiums  
 Rogaine (see cosmetic procedures above)  
 Safety glasses (unless prescription)  
 Swimming lessons  
 Tanning salons and equipment  
 Teeth whitening or bleaching (even if as a result of a congenital defect)  
 Vision discount programs or warranty charges  
 Weight loss programs and drugs (unless specific medical necessity)

*\*Unless strictly for cosmetic reasons*

Allowable expenses must be considered "medical care." The definition of "medical care" would need to include 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."

Medical care must be "for the diagnosis, cure, mitigation, treatment or prevention of disease." "Diagnosis" means using any procedure to find out whether an individual has a disease or dysfunction. Hearing, vision and blood tests are examples of diagnostic tests. "Cure" means a medical treatment or drug used to restore health such as using chemotherapy to cure cancer. For care to be "mitigation," it must make a medical condition less harsh or severe, such as a wheelchair if the participant has multiple sclerosis or a seeing-eye dog for a blind person. "Prevent" requires that the care involve the prevention of possible disease, illness or defect.

Expenses are to be "confined strictly to expenses incurred for the prevention or alleviation of a physical or mental defect or illness." The following are specific examples the IRS provides to satisfy this requirement: (1) X-rays; (2) hospital services; (3) medicine and drugs; (4) nursing services; (5) ambulance service; (6) artificial teeth and limbs.

## Over-the-Counter (OTC) Expenses

---

### Eligible OTC Drugs

#### Allergy and sinus medications

Examples: Claritin, A.R.M., Actifed, Benadryl, Chlor-Trimeton, Motrin Sinus, Sudafed, Tylenol Allergy Sinus, etc.

#### Contraceptives

Example: condoms

#### Cough and cold medications

Examples: Advil Cold & Sinus, Alka-Seltzer Plus, Breathe Right Nasal Strips for colds, Comtrex, Contac, Drixoral, Sudafed Cold, TheraFlu, Tylenol Cold, Vicks Nyquil, etc.

#### Diabetes care

Examples: Test strips for blood glucose, Glucometer, injection devices, lancet devices, urinalysis test strips, etc.

#### Digestion

Examples: Antacid liquid and tablets (Maalox, Mylanta, Pepto-Bismol, Prilosec), anti-diarrheal medication (Imodium, Kaopectate), laxatives (Correctol, Dulcolax, Milk of Magnesia), antigas tablets (Gas-X, Maalox Max, Mylanta Gas), hemorrhoidal suppositories and cream (Anusol, Preparation H), lactose intolerance (Lactaid), motion sickness (Dramamine, Bonine), etc.

#### First Aid

Examples: Bandages, tape, gauze pads, antibiotic ointments (Neosporin, Polysporin), antiseptic (Bactine, Curad alcohol swabs,) itch and rash (Aveeno anti-itch lotion, Benadryl, Cortaid), lice treatment (Rid, Nix)

#### Pain & Fever

Examples: Arthritis caplets (Aleve, Tylenol Arthritis Pain), aspirin (Bayer, Excedrin) non-aspirin pain relief (Advil, Ibuprofen, Tylenol), canker and cold sore relief, menstrual relief (Pamprin, Midol), pain relief patch (Migraine Ice, Icy Hot, TheraPatch), rubs and ointments (BenGay, Heet, Icy Hot)

#### Smoking Cessation

Examples: Nicorette gum, Nicoderm Patches, Commit stop smoking lozenges

#### Supports and Braces

Examples: Ankle brace, arm and elbow brace, neck brace, surgical support hosiery, wrist and hand brace

#### Family Planning

Examples: Male infertility test kit, ovulation test kit, pregnancy test kit

### OTC Drugs/Items Not Eligible

Cosmetics

Drugs or items used for cosmetic reasons  
(Rogaine, retinal serum, Crest white strips)

Hair removal kits (electrolysis)

Items taken for general health reasons

Toiletries (shaving cream, etc.)

Toothpaste, floss, toothbrushes

Fringe Benefits Administration • PO Box 488 • Coldwater, MI 49036-0488

866-370-3040 • Fax: 800-379-5670 • www.infinisource.net • E-mail: fsa@infinisource.net

11-07 FSA OTC Drug List Copyright © 2007 Infinisource™ All rights reserved.



**OTC Drugs/Items Requiring Medical Necessity**

Vitamins or supplements  
Herbal supplements  
Weight loss drugs

**Documentation Requirements**

In order to be reimbursed for OTC expenses, you will need to complete a Request for Reimbursement (claim) form and attach an itemized receipt for the items. If you are submitting a cash register receipt, the receipt must include:

- Name and address of provider (i.e., drug store or grocery store)
- Date of purchase
- Name of OTC drug
- If the name of the drug or medicine is **not shown** on the cash register receipt, you must submit a tear off portion of the box or package that includes the name of the drug and price along with the cash register receipt

**Stockpiling Drugs not Reimbursable**

Please be aware that although OTC drugs are now eligible for reimbursement, the IRS' intention is that you are being reimbursed for OTC drugs that you are taking because they are medically necessary. Items that are reimbursable are drugs or medicines you would purchase when you are ill (i.e., Motrin for headaches, cough medicine for colds, etc.). Purchasing large quantities of OTC drugs at the end of the Plan Year will not be reimbursable.

**Questions? Call a Customer Service Representative at 866-370-3040**

## General Information

### Why should I participate in the Flexible Benefits Plan?

One of the greatest advantages of the Plan is the tax savings generated and the increase in your spendable income. The money contributed to an FSA is not subject to taxes (federal income and FICA taxes and most state and local income taxes). A Flexible Benefits Plan applies to out-of-pocket expenses you cover with your spendable income, but allows you to pay for these expenses with income before you are taxed.

Another advantage to participating in the Plan is the opportunity it offers for you to budget for health care expenses by withholding a small amount from each paycheck. Without that tool, you may be faced with having to come up with large amounts of money at one time. This is especially advantageous if you are scheduling a surgery, anticipating maternity expenses or if you do not have other coverage for dental and vision expenses. Even those with coverage for medical, dental and vision usually have deductibles, co-pays and other out-of-pocket expenses to cover.

### Where do I call with questions about my Flexible Benefits Plan?

If you have any questions about putting a Flexible Benefits Plan to work for you, how to sign up or how to determine your election amounts, etc., please call a Customer Service Representative at 866-370-3040.

### How do I know that you received my claim and whether or not it was paid?

Generally, within two business days of submitting a claim by fax, you can view your account to check on the status of the claim at [www.infinisource.net](http://www.infinisource.net). Simply choose Login, FSA Participant and then follow the on-screen instructions.

### How do I know what my account balance is?

You can use one of the following methods to check your account balance:

- You can view your account at [www.infinisource.net](http://www.infinisource.net). Simply choose Login, FSA Participant and then follow the on-screen instructions.
- Your account balance will be displayed on the reimbursement check or direct deposit notification each time you submit a claim.
- You will receive a Balance Statement approximately 90 days before the end of the Plan Year. This statement will provide you with a summary of the remaining balance in the Health FSA and/or the Dependent Care FSA as well as claims paid to date.

## Eligibility and Enrollment

### How do I enroll?

To enroll in either or both the Health and Dependent Care FSA, you simply need to fill out the Enrollment Form/Direct Deposit Form before the beginning of each Plan Year.



### **Do I have to keep the same election each year?**

No. Each year, you will have to re-enroll before the beginning of the Plan Year. At this time, you will have the opportunity to evaluate the need to participate in the Plan as well as budget for all health care and/or dependent care expenses. You may decide to keep the same election, change your election or in some cases waive participation.

### **Do I have to elect both the Health and Dependent Care FSAs?**

No. You may choose to participate in one or both depending on your individual needs.

## **Health FSAs**

### **What is a Health Flexible Spending Account (FSA)**

You may set aside pre-tax dollars to cover eligible medical expenses that are not covered by any other type of insurance. The account helps you budget for planned expenses such as deductibles, co-payments and prescriptions. You may refer to the FSA Worksheet for a list of some eligible and ineligible expenses.

### **Are insurance premiums an eligible expense?**

No, insurance premiums are not reimbursable from a Health FSA. However, you may pay your required premium contributions (for coverage under the employer's health plan) on a pre-tax basis outside of the Health FSA.

### **Can I be reimbursed for medicines and drugs that do not require a prescription?**

Yes, over-the-counter expenses incurred for medical care are eligible for reimbursement from your Health FSA.

### **What are some examples of OTC drugs that are eligible for reimbursement from my Health FSA?**

Allergy medicines, cough and cold medicines, first aid and pain relievers are a few examples of eligible items. For a more inclusive list, please see the OTC expenses list available at [www.infinisource.net](http://www.infinisource.net).

### **If I terminate employment or retire, can I receive the remaining balance in my Health FSA?**

No. However, you can continue to submit claims incurred prior to your termination date before the end of the run-out period (defined in your Summary Plan Description).

For example: Your plan has a 90-day run-out period following termination. Your termination date is September 13. Your physician sees you on September 12, but you do not receive the Explanation of Benefits from your insurance carrier until October 31. You can still submit this expense as it was incurred prior to your termination date, and prior to the end of the 90-day run-out period following your date of termination. Any expense incurred after September 13 is not eligible.



**If I terminate employment or retire can I be reimbursed for expenses incurred after my termination date?**

No. In order to be considered an eligible expense, the expense must be incurred prior to your termination date. However, you may be able to continue your Health FSA coverage under COBRA.

**Dependent Care FSAs**

**What is a Dependent Care FSA?**

You can use pre-tax dollars to cover eligible work-related dependent care expenses for qualified dependents, or if you are married, while you and your spouse work or your spouse attends school full-time.

**Who is a qualified dependent under the Dependent Care FSA?**

- Dependent under the age of 13
- Dependent or spouse of employee who is mentally or physically disabled and whom the employee claims as a dependent on his or her federal income tax return

**Can an adult be a qualified dependent?**

Yes, an adult may qualify as a dependent provided that the employee is providing more than half of that individual's support for the year and the dependent lives with the employee.

**Do I have to use a day care facility?**

No. You can be reimbursed for expenses provided by an individual providing care for your dependent in your home as long as the expenses are incurred for you and your spouse (if married), to work, look for work or attend school full-time.

**Does my day care provider have to be licensed?**

No. However, you are required to submit his/her Tax Identification Number or Social Security Number when filing your federal income tax return.

**Does my day care provider have to be 18?**

No, but the individual must claim the money as income on their tax return.

**My child attends camp during the summer. Is this eligible?**

Generally, no; however, if the camp is day camp and your dependent attends to allow you and your spouse (if married), to work, look for work or attend school full-time, then yes this would be an eligible expense. Overnight camps are specifically excluded.

**When can I be reimbursed for dependent day care expenses?**

Expenses are eligible for reimbursement when they have been incurred, not when you are billed or when you pay for the services.



For example: Your day care provider requires you to pay for the month of September on September 1. You can be reimbursed as the services are incurred, not when you paid for the services. You can submit claims after each week, every two weeks or on October 1.

### Changing Your Election

#### **What if I discover that I elected too much for the Health and/or Dependent Care FSA, can I change my election?**

Generally, your election is irrevocable unless you experience an IRS "Change in Status" and your election change is consistent with the Change in Status event.

#### **What is an IRS "Change in Status" that will allow me to change my FSA election?**

- Change in legal marital status (marriage, death of spouse, divorce, legal separation, annulment)
- Change in number of tax dependents (birth, death of dependent, adoption or placement for adoption)
- Change in dependent's eligibility
- Change in employment status of employee, spouse or dependents
- Other changes that may permit an election change under the Dependent Care FSA are:
  - Change of dependent care provider
  - Change of rate charged by unrelated dependent care provider
  - Child attaining age 13

Election changes must be consistent with the event. If you experience a Change in Status, please review your Summary Plan Description, as it will provide you with important information on the deadline for reporting this event.

#### **If I elected too much in my Health FSA but not enough in my Dependent Care FSA, can I move money from one account to the other?**

No, Health and Dependent Care FSA elections are separate. You cannot move contributions from one account to another. Also, it is very important to note that the elections you make are for the entire year. Your elections cannot be changed unless you experience an IRS Change in Status as noted above.

### "Use it or Lose It" Rule

#### **What happens if I don't use all the money elected in my FSA?**

The IRS has imposed a "use it or lose it" rule. Any money remaining in your FSA account at the end of the plan year cannot be carried over and is forfeited. Please remember, you have a run-out period following the end of the plan year to submit expenses that were incurred during the plan year. It is important to estimate your expenses carefully before making your elections. You should only contribute to the FSA for expenses that you can accurately predict will be incurred during the year.



Infinisource, Inc., will assist you in monitoring your Flexible Spending Accounts by providing you with a statement at the beginning of the fourth quarter of your plan year. You can minimize forfeitures by scheduling routine exams, purchasing glasses or contact lenses and scheduling dental appointments, etc., at the end of the plan year to use up your election amounts.

### **Submitting Claims for Reimbursement**

#### **How do I submit a claim for the Health or Dependent Care FSA?**

You must complete an FSA Request for Reimbursement Form for each Health or Dependent Care FSA claim you file. Remember to attach supporting documentation for the claim. This information can be faxed to 800-379-5670.

You may also submit your claim by mail:

Infinisource, Inc.  
PO Box 488  
Coldwater, MI 49036-0488

#### **May I submit expenses for my spouse and children for reimbursement through my Health FSA?**

Yes, you may be reimbursed for expenses incurred for you, your spouse and any IRS dependents, regardless of where you are insured. It could be that you are not covered through your employer's health plan, but have coverage through your spouse's employer's plan. You may still submit your family out-of-pocket expenses to be reimbursed under the Health FSA.

#### **What supporting documentation must I file with each Health FSA claim?**

**Explanation of Benefits (EOB):** Each time you submit claims to your health insurance carrier, you will receive this statement detailing what the health plan will pay and what you must pay. For expenses that are partially covered under another insurance plan, you must attach a copy of both EOBs.

**Itemized Bills:** For expenses that are not submitted to another insurance plan, you must attach a copy of an itemized billing containing the following information:

- Name of patient
- Name and address of provider
- Description of service
- Date of service
- Amount of service

The documentation requirements are also listed on the FSA Request for Reimbursement Form to assist you in properly filing your claim. Following these guidelines will ensure you receive your reimbursement without unnecessary delays.



### **What supporting documentation must I file with each Dependent Care claim?**

Request for Reimbursement Form: Complete the Dependent Care section and have your day care provider sign and date.

Receipt: The receipt must include the following information:

- Name and address of provider
- From/through dates of service
- Amount of charge

### **How long after the end of the Plan Year do I have to submit claims?**

Claims must be submitted prior to the end of the run-out period for the Plan. The run-out period is defined in your Summary Plan Description.

### **Will I receive reimbursement for claims that are greater than the current balance of my Health FSA?**

Yes, the annual amount is available to you from the beginning of the Plan Year.

### **Will I receive reimbursement that is greater than the current balance of my Dependent Care FSA?**

No, you will only receive reimbursement for the amount that has been contributed at the time you submit your claim.

### **Can I submit claims for dependent care expenses that are greater than the current balance of my Dependent Care FSA?**

Yes, however, you will only receive reimbursement for the amount that you have contributed to your Dependent Care FSA. For example, if you contribute \$150 each month to your Dependent Care FSA, then you will only receive \$150 in reimbursement each month. The excess amount of expenses will be pended and automatically paid to you as contributions are posted to your account.

### **What happens if a claim exceeds the amount currently available in my Dependent Care FSA?**

The claim will be processed and approved. The amount that is currently available will be disbursed and the remaining portion will be pending until you make another contribution.

### **When can I expect to receive my reimbursement?**

Claims are generally processed within two business days of receipt. Reimbursements are then processed and released according to the disbursement schedule and funding option of the employer. Generally, disbursement schedules are daily. This means that reimbursements are processed each day and include any claims that were processed the previous day. The release of your reimbursement depends upon the funding option chosen by the employer.

Your employer may have a funding arrangement that will:

- Allow the release of your reimbursement check immediately after processing the reimbursement



- Allow the release of your reimbursement check within two business days of processing the reimbursement

### **How do I know why my claim was denied?**

You will receive a letter indicating the reason for the denial along with instructions for submitting the requested documentation.

### **Why may the amount of my reimbursement differ from the amount of my request?**

There are reasons that you may see a different reimbursement amount. A few of these are:

1. If the request was for more than the balance of your account. For example:

Annual election = \$1,000.00  
Total amount disbursed to date = \$700.00  
Available balance = \$300.00  
Total amount of request = \$500.00

You will only be reimbursed \$300.00, as this is your available balance.

2. If the request was for a dependent care claim, you may only be reimbursed for the total amount that you have contributed. For example:

Annual election = \$5,000.00  
Total amount contributed = \$3,000.00  
Total amount of request = \$4,250.00

You will only be reimbursed \$3,000.00, as this is the amount that you have contributed to the account. The entire request of \$4,250.00, will be processed and the remaining \$1,250.00, will be disbursed as contributions are made.

