

HSA & FSA QUALIFIED MEDICAL EXPENSES SUMMARY

For Employees Electing to Enroll in a Health Savings Account (HSA) or Flexible Spending Account for Healthcare Expenses.

The following provides a general summary of the medical expenses qualified for reimbursement under a Health Savings Account (HSA) or Flexible Spending Account (FSA) for healthcare expenses. It is not intended as a complete list. For a more complete description of eligible medical, pharmacy, dental and vision expenses refer to IRS Publication 502 Medical and Dental Expenses. This publication can be found on the web at <http://www.irs.gov/publications/index.html>.

The IRS defines qualified medical care expenses within IRC Section 213(d). Medical care expenses are further defined as amounts paid for the diagnosis, cure, or treatment of a disease, and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate a physical or mental defect or illness.

HEALTH PLAN DEDUCTIBLES, CO-PAYS AND OTHER PAYMENTS TO HEALTHCARE PROVIDERS UNLESS REIMBURSED BY INSURANCE OR HEALTH PLAN.

MEDICAL CARE SERVICE FEES, COPAYS & SUPPLIES FOR:

- Doctor office visits
- Emergency room visits
- Out-patient surgery
- Inpatient admission
- Routine check-ups / physicals and other non-diagnostic services or treatments related to check-up
- Psychologist and psychiatrist
- Obstetrics and fertility
- Chiropractor
- Podiatrist
- Physician and osteopath
- Acupuncture
- Eye exams
- Christian Science practitioners
- Radiology
- Surgical procedures
- Lab
- Diagnostic tests
- X-rays, MRIs and body scans
- Weight-loss programs
- Treatment of specific diseases
- Reconstructive surgery in connection with birth defects, disease or accident
- Smoking cessation programs, patches and gums
- Alcoholism and substance abuse treatment
- Gastric bypass surgery
- Physical, speech and occupational therapy
- First-aid bandages, gloves and masks
- Hot and cold compress packs and wraps
- Thermometers

DENTAL CARE SERVICE FEES, COPAYS & SUPPLIES FOR:

- Dental office visits
- Routine check-ups and other non-diagnostic services or treatments related to check-up
- Dental cleanings
- X-rays
- Sealants
- Fillings
- Dentures, crowns and bridges
- Braces, spacers and retainers
- Oral surgery
- Implants
- Lab and diagnostic
- Orthodontist, periodontist, endodontist, and oral surgeon

VISION CARE SERVICE FEES, COPAYS & SUPPLIES FOR:

- Vision exams
- Routine eye exams and other non-diagnostic services or treatments related to routine exam
- Prescribed eyeglasses and sunglasses
- Contact lenses, solutions and supplies
- Corrective eye surgery
- LASIK surgery
- Cataract surgery
- Ophthalmologist and optometrist
- Surgical procedures
- Diagnostic tests
- X-rays

HEARING CARE SERVICE FEES, COPAYS & SUPPLIES FOR:

- Hearing exams
- Routine hearing exams and other non-diagnostic services or treatments related to routine exam
- Prescribed hearing aides, devices and batteries
- Corrective surgery
- Audiologist
- Diagnostic tests

ITEMS REQUIRING A DOCTOR'S PRESCRIPTION:

- Prescription drugs
- Humidifiers and vaporizers
- Oxygen
- Pill boxes
- Shower protection for casts, prostheses, etc.
- Elevated toilet seat
- Special school for disabled child
- Artificial limbs and braces
- Arches and orthopedic shoes
- Wigs for hair loss caused by disease
- Shower bars and safety handles
- Crutches and canes
- Wheelchairs, walkers and shower chairs
- Medical alert bracelets and fees
- Bedpans
- Ring cushions
- Travel to doctors or healthcare facilities
- Ambulance expenses
- Over-the-Counter medical supplies, drugs or medications*
(See next page for important, additional information)

OVER-THE-COUNTER MEDICAL SUPPLIES, DRUGS OR MEDICATIONS *

- Antiseptic wash or ointment for cuts or scrapes
- Antiseptic mouthwash
- Benzocaine swabs
- Boric acid powder
- First-aid wipes
- Hydrogen peroxide
- Iodine tincture
- Rubbing alcohol
- Sublimed sulfur powder
- Cold, flu, asthma and allergy medications
- Diabetes supplies and medications
- Health aids
- Pain relievers
- Skin care medications and treatments
- Stomach care medications and treatments
- Personal test kits

DUAL-USE ITEMS THAT REQUIRE A LETTER FROM HEALTHCARE PROVIDER TO QUALIFY:

- Adhesive or elastic bands
- Blood pressure meter
- Cold or hot compresses
- Eye drops
- Foot spa
- Gauze and tape
- Gloves and masks
- Herbs
- Leg or arm braces
- Massagers
- Minerals
- Multivitamins
- Saline nose drops
- Special supplements
- Vitamins

ITEMS THAT DO NOT QUALIFY FOR REIMBURSEMENT:

- Weight-loss programs for general health or appearance
- Cosmetic surgery and procedures unless it is for reconstruction due to birth defect, disease or accident
- Dental bleaching / whitening
- Marriage counseling
- Over-the-counter items, drugs or medications that are not medically necessary or are not prescribed by your physician or health practitioner
 - Aromatherapy
 - Baby bottles and cups
 - Baby oil and wipes
 - Breast enhancement system
 - Cosmetics cotton swabs
 - Dental floss
 - Deodorants
 - Facial care products
 - Feminine care fragrances
 - Hair regrowth medications, creams or lotions
 - Low calorie or low carbohydrate foods
 - Oral care
 - Petroleum jelly
 - Shampoo and conditioner
 - Spa salts
 - Skin care products
 - Sun-tanning products
 - Tooth brushes
 - Teeth cleaning systems

ITEMS THAT QUALIFY UNDER AN HSA BUT NOT UNDER AN FSA:

- COBRA premiums
- Health insurance premiums while receiving unemployment
- Qualified long-term care premiums; and
- Health insurance premiums paid, other than for a Medicare supplemental policy, by individuals over age 65

*** IMPORTANT INFORMATION REGARDING REIMBURSEMENT FOR OVER-THE-COUNTER MEDICATIONS**

The Patient Protection and Affordable Care Act includes changes to qualified medical expenses under IRC Section 125 Medical Reimbursement Flexible Spending Accounts. Effective January 1, 2011, all over-the-counter (OTC) items eligible for reimbursement must be accompanied by a doctor's prescription.

Beginning January 1, 2011, participants that utilize a healthcare debit card will no longer be able to use their card at the drug store or pharmacy for OTC drugs and medications. They may obtain a prescription for these items from their doctor and turn in a paper claim to their administrator along with the doctor's prescription.

EXCEPTIONS: Insulin currently purchased OTC without a prescription, blood glucose monitors, diabetic test strips and adult diapers will still be eligible for reimbursement.

For more information about changes in the law and how it may affect you specifically, please contact Employee Benefit Concepts (EBC) at (800) 855-8040 or visit www.mytakecare.com for additional information on what medical expenses qualify for reimbursement.