

Qualified Expenses and Premiums

► Filing Claims

Participants may request reimbursements by submitting a properly completed and signed Claim Form along with proof of claim to the third-party administrator, REHN & ASSOCIATES.

Reimbursements or payments of recurring medical, dental, vision and/or tax-qualified long-term care insurance premiums may be requested using a Systematic Payment Form. Insurance premiums that are paid by your employer or that are or could be deducted pre-tax through a Section 125 cafeteria plan are not eligible for reimbursement. If you are a participant in a Section 125 healthcare flexible spending account (FSA), you must exhaust your FSA benefits before submitting an eligible claim.

► IRS Definition of Qualified Expenses and Premiums

Internal Revenue Code Section 213(d) defines qualified expenses, in part, as "medical care" amounts paid for insurance or "for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body..." To be eligible, these expenses must be to alleviate or prevent a physical defect or illness. Expenses solely for cosmetic reasons generally are not considered expenses for medical care. Examples include facelifts, hair transplants and hair removal (electrolysis). Expenses that are merely beneficial

to your general health (e.g., vacations) are not expenses for medical care. One fact or circumstance that often, but not always, indicates that medical care involves the treatment or prevention of disease is whether the care is prescribed by a physician. A mere suggestion by a physician probably is not enough. In addition, there should be a doctor-patient relationship between you and the physician prescribing the care, and the physician must be properly licensed.

► Over-the-Counter (OTC) Medicines and Drugs

Quantities purchased for reimbursement should be limited to reasonable quantities expected to be consumed in a reasonable period of time. Typically, two bottles of an item in any one reimbursement is the limit. Sales tax on OTC items purchased can be included in the reimbursement. "Covered Items" include OTC drugs, medications and treatments intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease or injury. "Dual-purpose Items" may have a medical purpose and a personal/cosmetic or general health purpose. In this case, attach a note to your Claim Form from a licensed medical provider stating the beneficiary had a specific medical condition for which the item was purchased. "Excluded Items" are those used primarily for general health and well being.

The following is not a complete list, but contains many common qualified expenses and premiums.

MOST COMMON EXPENSES

Co-pays
Coinsurance
Deductibles
OTC medicines & drugs

INSURANCE PREMIUMS

Medical
Dental
Vision
Long-term care (tax-qualified, subject to IRS limits)

SERVICES and FEES

Acupuncture
Anesthetist
Chiropractor
Christian Science
Dentist
Eye exams
Gynecologist
Hospital
Laboratory
Naturopath
Nursing
Obstetrician
Oral surgery
Ophthalmologist
Optometrist
Orthodontist
Osteopath
Physicals

Physician
Physiotherapist
Psychiatrist
Psychologist
Sex therapist
Specialists

MILITARY RETIREES (TRICARE)

Co-pays
Coinsurance
Deductibles
Vision
Miscellaneous

Premiums:

EXTRA
Medicare Part B
Medicare Part D
PRIME (HMO)
PRIME supplement
Retiree dental
Standard

MEDICARE

Annual deductible amounts
Co-pay and coinsurance amounts
Clinical laboratory services
Home health care
Hospice care
Hospital stay
Mental health services
Other covered services

Outpatient hospital services
Pints of blood
Skilled nursing facility stay

Premiums:

Medicare Part B
Medicare Part D
Medicare supplement plans

OTHER EXPENSES

Adoption (medical expenses incurred before adoption is finalized)
Alcoholism and drug treatment center costs
Ambulance hire
Birth control pills
Contact lenses, solutions, etc.
Eye glasses
Fertility treatments
Hearing aids & batteries
Immunizations
Laser eye surgery
Lifetime care at medical facility
Medical supplies and equipment
Obstetrical expenses
Operations
Organ transplants
Orthodontia
Physical therapy
Prescription medicines

Retirement home (costs allocable to medical care)
Stop smoking programs
Telephone for deaf (TTY)
Therapy treatments
Transportation (subject to IRS limits)
Vaccines
Vasectomy
Wheelchair
X-rays

OTC MEDICINES and DRUGS

Covered Items:

Allergy medicines
Antacids
Anti-diarrhea medicines
Bug bite medication
Calamine lotion
Cold medicines
Cough drops
Diaper rash ointments
Eye products (i.e. Visine®)
First aid creams/liquids
Hemorrhoid creams
Menstrual pain & cramp relief
Motion sickness pills
Muscle or joint ache pain relievers (i.e. BENGAY®)
Nicotine gum/patches
Pain relievers

Sinus medications
Sleeping aids

Dual-Purpose Items:

Acne medications
Dietary supplements or herbal medicines
Feminine hygiene products
Glucosamine/Chondroitin for arthritis
Menopause treatments for hot flashes, sweats
Nasal sprays for snoring
Orthopedic shoes & inserts
Prenatal vitamins
St. John's Wort
Sunscreens
Weight loss drugs

Excluded Items:

Cosmetics
Face creams
Lip moisturizers (i.e. ChapStick®)
Medicated shampoos
Soaps
Toiletries
Tooth brushes (including electronic)
Toothpastes
Vitamins

Questions? Call the third-party administrator, REHN & ASSOCIATES, at 1-800-832-2101.