

**EAST HAMPTON UNION FREE SCHOOL DISTRICT**

Dear Flexible Spending Participant:

The East Hampton Union Free School District's flexible compensation program's plan year will end on December 31, 2011. It is now time for all employees to do three things:

1. If you contributed to a Health Care Flexible Spending Account, please be sure to use up your account balance. Claims for unreimbursed medical expenses incurred prior to 12/31/11 can be submitted up until 3/31/12. After that date, any amounts left in your account will be forfeited. If you want to check the status of your account, call Fitzharris Administrators at 1-(800) 321-1336.
2. Attached is an Election Form for the Plan Year 1/1/12 to 12/31/12. Now is the time to start thinking about medical, dental, vision care, etc., expenses you may have coming up which will not be reimbursed by our medical plans. The maximum annual deposit into your Flexible Spending Account cannot exceed \$3,000. The minimum is \$300.
3. Dependent Care Spending Account - Allows you to set aside before taxes, money from your earnings to pay for dependent care services (day care, baby-sitting, elder care) that are necessary so you (or, if married, you and your spouse), can go to work. Note that the Dependent Care Spending Account cannot be used to pay for your dependent's health care expenses. You may elect to have salary reduction contributions, in an aggregate amount not to exceed \$5,000 per plan year, or in the case of married participants filing separately, \$2,500 per plan year.

Please return all election forms to the Business Office by November 22, 2011.

**EAST HAMPTON UNION FREE SCHOOL DISTRICT  
FLEXIBLE COMPENSATION PLAN  
ELECTION FORM AND COMPENSATION REDUCTION AGREEMENT  
PERIOD OF COVERAGE - 1/1/2012 THROUGH 12/31/2012**

Name (print) \_\_\_\_\_

Address \_\_\_\_\_

S.S. # \_\_\_\_\_

**FLEXIBLE SPENDING ACCOUNTS**

**1. HEALTH REIMBURSEMENT ACCOUNT**

( ) I hereby elect to make the following annual contribution to my Health Care Flexible Spending Account under the Plan and hereby agree that the annual contribution will be made in equal amounts each pay period through payroll deduction:

\$\_\_\_\_\_ total for the plan year.                      \$\_\_\_\_\_ for each pay period.

Note: The annual deposit in the Health Care Flexible Spending Account cannot exceed an amount of **\$3,000**.  
The minimum is \$300.

**2. DEPENDENT CARE ACCOUNT**

( ) I hereby elect to make the following contribution to my Dependent Care Flexible Spending Account under the Plan and hereby agree that the annual contribution will be made in equal amounts each pay period, through payroll deduction:

\$\_\_\_\_\_ total for the plan year.                      \$\_\_\_\_\_ for each pay period.

Note: The annual deposit in your Dependent Care Flexible Spending Account cannot exceed **\$5,000**.  
(\$2,500 for married participants who file separate returns.) The minimum is \$300.

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I understand that the above elections will remain in effect until that last day of the Period of Coverage noted above. I understand that I may change the above elections during the Period of Coverage noted above only if I experience a "status change", as defined under applicable law, and I may change my elections only in a manner consistent with that "status change". I understand further that if I do not complete and file a new Election Form during the next annual election period, the above elections will continue in effect until changed on a subsequent Election Form during a subsequent annual election period or until changed incident to a "status change" or a significant change in the coverage under the Plan. Finally, I understand that the elections noted above may need to be modified by the Employer to insure the Plan complies with applicable tax rules.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Participant

**FLEXIBLE SPENDING ACCOUNT  
FSA 125**

**QUICK REFERENCE  
BOOKLET**

- **IRS Changes for 2011 (Over the Counter drugs and medicines)**
- **Overview of FSA advantages**
- **Guidelines for submission of claims**
- **Listing of eligible and non eligible expenses (IRS 125)**
- **Health Care Spending Account claim form for reimbursement**
- **Dependent Care Spending Account claim form for reimbursement**

**If you have questions on the enclosed material, please contact:**

**Fitzharris & Company, Inc.  
P O Box 9182  
Farmingdale, NY 11735  
1-800-635-5651 ext 140**

## Fitzharris & Company, Inc.

814 Fulton Street  
Farmingdale, NY 11735  
(516) 777-4800

Effective January 1, 2011 the list of items that will require a prescription include are not limited to acne medicine, eye drops, indigestion medicine, laxative, nasal sprays/drops, ointments for cuts/burns/rashes, and pain relievers.

### Over-the-Counter Expenses Requiring a Prescription

Acne Medicine	Eye drops
Allergy & Sinus Medications	First aid cream
Antacids	Hemorrhoidal cream
Antibiotic products	Lactose intolerance medicine
Anti-diarrhea	Laxatives
Asthma medications	Motion sickness pills
Bactine	Nasal sinus sprays
Ben Gay or products for muscle Or Joint Pain	Nicotine gum or patches
Bug bite medication	Pain relievers
Calamine lotion	Sinus Medications
Cold sore relief	Sleep aid & sedatives
Cough & cold Medicines	Spermicidal foams/gel
Diaper rash ointments	Sun block & Sun screen
Digestive/Stomach medications	Throat lozenges
Ear drops	Wart remover treatment
	Yeast infection treatments

Effective January 1, 2011, the list of items that remain eligible **without** a prescription include, but are not limited to band aids, braces & supports, contact lens solution, elastic bandages & wraps, first aid supplies and reading glasses.

### Allowable Over-the-Counter Expenses

Bandages	Ear Plugs
Band-aids	First aid kits
Blood pressure monitors and kits	Gauze pads
Braces and supports	Heating Pads
Carpal tunnel wrist supports	Hot water bottles
Catheters	Incontinence supplies
Cold/hot packs for injuries	Insulin
Condoms	Liquid adhesive for small cuts
Contact lens solution	Medicine dropper/spoon
Crutches	Ostomy products
Denture adhesives	Reading glasses
Diabetic supplies	Sitz bath
Diagnostic test & monitors	Thermometers
Elastic bandages & wraps	Wheelchairs, walkers, canes

# Flexible Spending Account (FSA)

All of us experience Medical, Dental, Vision and Prescription costs which are not fully covered by our existing Insurance Coverages.

A day doesn't go by that we find ourselves dipping into our pockets to pay for non-covered items or services such as eyeglasses, contact lenses, eye exams, hearing aides, medical and dental deductibles, medical/prescription/dental co-pays, Doctor's/Dentist's charges beyond what is considered reasonable and customary, Orthodontics, costs beyond annual dental maximums, pre-existing conditions, Well Health Exams, Out Patient Mental Health Therapy. The list goes on and on!

Now by planning in advance you can set aside money for expenses which you anticipate incurring again. By authorizing your employer to establish an account which is funded by your own payroll deductions, you can pay for such expenses as they arise in an easy budgetable manner. Better yet, you will be able to do so without ever having to pay income taxes on the monies you have deducted from your pay. In other words you will be paying for these expenses with pre-tax dollars.

This arrangement is approved by the IRS under Section 125 of the Internal Revenue code. The tax savings is similar to a 403(b) Tax Shelter Annuity, but only better, since your deductions will not be taxed now or when you receive them during the course of the year. Furthermore, if you qualify, your employer will not deduct FICA taxes on the payroll deductions deposited to the account.

A separate important feature of the Plan offers you the ability to set aside pre-tax dollars for expenses you incur to have someone watch your child(ren) so you can go to work. Nursery, Day Care and Babysitters, are all eligible expenses.

Consider the advantages.

## ADVANTAGES

The Flexible Benefits Plan Lets you.

**CHOOSE** a benefits package tailored especially for you regardless of your family status!

**PAY** for out-of-pocket health and dependent care expenses with PRE-TAX dollars!

**INCREASE** your net take-home pay each month!

**DECREASE** your overall tax liability!

### COMPARISON CHART

(Taxes based on Married with Two Dependents)

	Without Flex	With Flex
Gross Earnings	\$35,000	\$35,000
Health Expenses w/Plan	—	1,000
Net earnings	35,000	34,000
Federal income tax	4,180	3,952
FICA	2,678	2,601
Health Expenses without plan	1,000	—
Net after contribution	27,142	27,447
SAVINGS TO YOU		> \$ 305

You can take advantage of all or any part of the program your employer has decided to install. Basically, the program is in two parts.

## HEALTH FLEXIBLE SPENDING ACCOUNT

An account funded by your contributions not subject to federal, FICA, state or local taxes\*, out of which you may pay for medical expenses not covered by your current insurance plan. (Please see list)

## DEPENDENT CARE EXPENSE ACCOUNT

An account similar to a Flexible Spending Account, also funded by your PRE-TAX salary contributions, out of which you may pay expenses for the care of eligible dependents.

## Premium Expense Account

This Account is funded with pretax dollars for reimbursement of eligible health policies written for you which you pay and are not sponsored by your employer.

\*State and local taxes may not be excluded in New Jersey and Pennsylvania.

# Paying for Benefits with Pre-Tax Dollars Keeps Money in YOUR Pocket!

## Questions and Answers

- **How does the Flexible Benefits Plan leave more money in my paychecks?**  
Because the Plan uses pre-tax dollars for reimbursement of qualifying expenses, you reduce your Income taxes and Social Security taxes by reducing your overall taxable salary.
- **Can I participate in the plan even though I do not participate in my employer's health or dental plan?**  
Yes, as long as you meet the eligibility requirements established by your employer.
- **When are salary redirections and benefits elected?**  
The plan will operate on a 12-month plan year established by your employer. Prior to the beginning of each plan year, you will select which benefits you want. **Once the elections are made, they are irrevocable for the plan year.** There are, however, certain situations (known as "change in family status") which can arise during the plan year which would permit you to change or revoke an election.
- **What are IRS defined changes in family status?**  
Birth or adoption of child; death of employee, spouse, or dependent; marriage or divorce; change of employment status (employee or spouse); significant health insurance change.
- **How much can I redirect into the Health Flexible Spending Account and/or Dependent Care Account?**  
Each account has its own limits. Your employer sets the limit of your Health Spending Account, which is indicated on the election form. The limit on the Dependent Care Account is set by the IRS at \$5,000 (or \$2,500 if married and filing separate tax returns).
- **What are eligible expenses?**  
A list of some of the more prevalent eligible expenses are listed on the worksheet. Expenses for cosmetic procedures and insurance premiums are not eligible for reimbursement. Eligible expenses for dates of service incurred while you are participating in the plan will only be considered.
- **What if my health, dental, vision, and RX plan, etc. doesn't cover a specific expense, can I get reimbursed for the expense?**

Yes, as long as you show proof that it was denied by your health plan, dental etc. Be careful though that it is an eligible expense as defined by the IRS. Expenses considered cosmetic are not covered.

- **How exactly do I reimburse myself for expenses?**  
When you incur eligible expenses, you can immediately submit a claim with supporting receipts of insurance and explanation of benefits to the Health Flexible Spending Account, which allows for immediate reimbursement up to the annual amount you pledged. The Dependent Care Account allows only for reimbursement up to the amount you deposited to the account at the time your claim is received.
- **What if I do not use all of the money in my account?**  
According to federal regulations, if you do not submit sufficient expenses to obtain all the monies you have in your fund, you lose them.  
**Please note** you must submit all claims to either account within the 90-day grace period following the end of the plan year. Please note if you have monies left in the Dependent Care Account and not the Medical Flexible Account, you cannot submit medical expenses to claim dependent care monies and vice versa. So it is important to review your anticipated expenses carefully before you elect to participate.
- **Will Social Security Benefits be affected by participating?**  
Yes, since you are not paying any Social Security taxes on income redirected into the plan. Most tax planners agree that the tax savings experienced today will far outweigh any reduction in Social Security Benefits.
- **Will retirement benefits be reduced if I participate in this plan?**  
No, benefits provided by most pension plans, such as New York State Teachers Retirement or New York State Employee Retirement will not be affected.

The above information is distributed with the understanding that no legal, accounting or other professional advice is being rendered. Distributor assumes no liability, whatsoever in connection with its use.

## GUIDELINES FOR SUBMISSION OF SECTION 125 CLAIMS

These guidelines are intended to aid you in filing claims through Section 125 Plan for reimbursement. They will assist you in receiving a quick reimbursement and avoiding an unnecessary return or request. They are as follows:

Necessary items to include in your packet of Section 125:

1. Fully completed claim form (health or dependent care reimbursement form).  
These can be obtained through your department of human resources or by calling our office at (800) 635-5651.
2. Explanation of benefits from either your medical or dental insurance. This is the paper that is attached to your insurance payment. This can also be obtained from your individual medical or dental care giver. Most medical and dental insurance will send you and your primary care provider a copy of the benefits. The E.O.B. contains all the information needed to process your out of pocket expenses (i.e.: name of patient, date of service, name of doctor). If your insurance does not cover a particular procedure or the fee has been applied to your deductible, we must have the denial or the statement stating such facts (an itemized bill stating these facts is NOT ACCEPTABLE). If you do not have or cannot obtain an E.O.B. for co payments reimbursement, then you must submit the following:
  - A. An itemized bill from the primary care provider giving details of all services that were rendered to total the amount being submitted in for reimbursement. This bill must list the dates of services, the procedures performed, names of patient, name of doctor AND any insurance payments that were made on the account. Without this information, an itemized bill is NOT ACCEPTABLE. "Balance Forward" and "Previous Balance" statements are NOT ACCEPTABLE. If you DO NOT have insurance, this also must be stated on the itemized bill.
  - B. Written receipts from a doctor's office are acceptable as long as the actual date of service (not the date you paid), the name of the patient and the name of the doctor is clearly printed on the receipt. These receipts can only be the usual co payment amount that you would normally pay for your visit (i.e.: \$10, \$15, or \$20). If it is an out of the norm amount, then either an itemized bill or an E.O.B. is necessary to ensure reimbursement.

Cancelled checks are also NOT ACCEPTABLE; they do not specify the information needed to properly process your claim.

Predeterminations of Benefits are NOT ACCEPTABLE for reimbursement under the Flexible spending account program. A predetermination of benefits is an estimate of payment prior to services being performed. Reimbursement can only be given for date of services that were actually performed.

- C. Prescription: If you are submitting receipts for pharmacy co-pays, please send in the pharmacy receipts that you receive attached to the prescription. These receipts detail the name of patient, date when the prescription was filled; co-payment amount and prescription number that we need to process the claim. Register receipts are only acceptable for the purchase of over the counter drugs. **The cash register receipt must have the name of the OTC drug and the date of service along with the physician prescription.** If you cannot collect all these receipts or you may not have saved them, your pharmacist can print out a list of your entire family's history of prescriptions for that particular year. Privacy may be a concern; therefore, you may block out any names for medication to ensure your privacy.

Sending in a complete and clearly legible claim to our office will ensure a quick reimbursement. As always, we are happy to assist you in any matters or concerns that you may have. Please contact Denise Ferguson at extension 140.

## **Eligible Health Care Expenses- See IRS Publication 502}**

Eligible medical care expenses include amounts paid for the diagnosis, cure, mitigation, treatment or prevention of disease, and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness. Expenses for solely cosmetic reasons generally are not expenses for medical care and may not be eligible. Expenses that are merely beneficial to one's general health are not expenses for medical care. In some cases, you may be asked to provide a letter of medical necessity from your attending physician to substantiate your claim.

This list has been compiled for the convenience of our clients and participants and is designed to provide a general overview. Readers are cautioned to review their own employer-sponsored benefit plan descriptions and enrollment material for specific information or to consult with their employer or personal tax advisor as necessary. This information is subject to change at any time and without notice.

Acupuncture  
Alcoholism treatment  
Allergy treatments - prescription medications and allergy shots  
Alternative healers, professional fees of  
Ambulance service  
Artificial insemination  
Artificial limb/teeth  
Autoette (wheelchair)  
Automobile modifications (if medically necessary)  
Battery-powered toothbrush (if medically necessary and prescribed by physician)  
Birth control pills (Norplant, ovulation)  
Blood pressure monitoring devices  
Body scans for diagnostic purposes  
Bone density testing  
Braille books and magazines  
Capital expenditures- **See IRS Publication 502** - Capital Expenses [Only a qualified financial or tax consultant can make an absolute determination with regard to the qualification of capital expenditures]  
Childbirth expenses (physician, midwife)  
Chiropractor professional fees  
Cholesterol testing  
Christian Science Practitioner fees  
Co-insurance, co-pay amounts and deductibles  
Contact lenses and cleaning solutions  
Contraceptives (birth control pills, condoms, spermicides)  
Cosmetic surgery and procedures to correct congenital abnormality or treat injury resulting from accident  
Counseling (for treatment of specific medical condition)  
Crutches  
Deductibles  
Dental treatment (includes exams, x-rays, fillings, root canals, gum disease treatment, crowns, bridges, dentures, implants, orthodontia; does not include cosmetic treatments such as teeth whitening, dental veneers, bonding, etc.)  
Diabetic supplies (insulin, syringes, testing strips, glucometers)  
Diagnostic services and tests  
Diapers (if required due to medical condition)  
Doula services- If the doula is a licensed health care professional who renders medical care, his or her fees can be reimbursed  
Drug dependency treatments  
Drugs (prescription drugs, insulin; does not include cosmetic drugs (e.g., Retin-A, over-the-counter acne products, etc. **unless**, you have a prescription for that item written by your physician).  
Dyslexia treatment  
Eye surgery (cataract, LASIK, corneal rings, etc.)  
Eyeglasses, prescription (includes prescription sunglasses; also includes over-the-counter reading glasses)  
Eye examinations  
Fertility treatments (in vitro fertilization, surgery or operations to reverse a prior surgery that prevents you from having children)  
Flu shots  
Fluoridation device (if medically necessary & prescribed by physician)  
Genetic testing  
Guide dog or other animal used to assist persons with physical disabilities  
Health institute

Health screening (cholesterol checks, bone density testing, blood pressure testing, hearing exams)  
Hearing aids and batteries  
Home health care  
Hospital services  
Immunizations  
Inclinators  
Infertility treatments  
Insulin and syringes  
Laboratory fees  
Language training for child with dyslexia or disabled child  
Laser eye surgery (cataract, LASIK, corneal rings, etc.)  
Lead-based paint removal  
Learning disability caused by mental or physical impairment, or nervous system disorders (treatment must be recommended by physician – **See IRS Publication 502**) - Learning Disability  
Legal fees (fees you pay that are necessary to authorize treatment for mental illness)  
Lodging- **See IRS Publication 502** - Lodging  
Long-term care services  
Mastectomy-related special bras (the cost over & above the cost of a normal bra)  
Meals (only as part of inpatient hospital care)  
Medic-alert bracelet  
Medical conference admission and transportation to/from (if concerns chronic medical condition of you, spouse or child)  
Medical equipment (crutches, wheelchairs, walkers)  
Medical information plan  
Medical monitoring and testing devices  
Medical records charges  
Medical services provided by physicians, surgeons, specialists or other medical practitioners  
Medical Supplies (bandages, band-aids, gauze pads, thermometers, hot/cold packs, heating pads, nasal (breathe-right) strips, etc.)  
Medicines/Drugs (prescription drugs, or insulin; does not include cosmetic drugs)  
Mentally handicapped, special home for person adjusting from life in mental institution to community living  
Norplant insertion and removal  
Nursing home (if necessary for medical care and only the portion for medical services)  
Nursing services  
Nutritionist's professional expenses (if treating a specific medical condition; not for weight loss for general health)  
Obstetrical expenses  
Occlusal guards to prevent teeth grinding  
Operations (legal operations that are not cosmetic in nature)  
Optometrist fees  
Oral surgery  
Orthodontia  
Orthopedic devices  
Orthopedic shoes (to the extent the cost exceeds that of normal shoes)  
Osteopath fees  
Ovulation monitor  
Oxygen  
Patterning exercises  
Physical exams, routine physicals  
Physical therapy  
Physician's fees  
Pregnancy test, over-the-counter  
Prescription drugs (does not include cosmetic drugs)  
Prescription eyeglasses or prescription sunglasses  
Prosthesis  
Psychiatric care  
Psychoanalysis  
Psychologist fees  
Radial keratotomy (corrective eye surgery)  
Reading glasses (prescription glasses or over-the-counter glasses)  
Reconstructive surgery following mastectomy  
Schools and education, special (for mentally impaired or physically disabled person – **See IRS Publication 502**)

Sick-child care facility (for medical care only)  
Sleep disorder and treatment  
Speech therapy  
Sterilization procedures (vasectomy or tubal ligation)  
Stop-smoking programs (including hypnosis)  
Storage fees for embryo or sperm (fees for temporary storage of eggs or sperm only to extent used for immediate conception in current plan year)  
Storage fees for umbilical cord blood (fees for temporary storage only to extent used for medical condition in current plan year)  
Sunglasses (only if medically required due to specific medical condition & obtained at direction of physician)  
Surgical fees (for legal operations not cosmetic in nature)  
Taxes charged for medical services and products  
Telephone consultations with a health care provider  
Telephone or Television for hearing-impaired persons, special equipment for  
Therapy, physical or speech  
Transplants (donor expenses, if you pay those expenses)  
Transportation and related travel expenses for person seeking treatment- **See IRS Publication 502)**  
Transportation and Trips)  
Usual and customary, charges in excess of  
Vaccines, vaccinations  
Vasectomy  
Vitamins (only by prescription and only if necessary to treat a specific medical condition)  
Weight-loss program (only if medically necessary to treat existing disease (such as heart disease) and undertaken under physician's direction)  
Wheelchair  
Wigs (if purchased upon advice of physician for mental health of patient)  
X-ray fees

**Ineligible Health Care Expenses (See IRS Publication 502)**

Adoption fees  
Baby-sitting, childcare or nursing services for a healthy baby  
Breast pump  
Chairs, recliner  
Childbirth expenses (Lamaze or childbirth classes, doula services)  
Cold Medicine (over-the-counter drugs including sore throat sprays, lozenges, nasal sprays, cough syrups, cough drops and vapor rubs.) **unless**, you have a prescription for that item written by your physician.  
Completing claim forms, fees for  
Controlled substances (marijuana, laetrile, etc.)  
Cord blood storage for future use  
Cosmetic surgery or procedures; cosmetic prescription drugs such as Renove, Propecia, etc and over-the-counter cosmetic drugs/medicines.  
Counseling (marriage, family counseling)  
Dancing lessons  
Dental veneers or bonding, or teeth whitening for cosmetic reasons  
Diaper service  
Divorce expenses  
Domestic help  
Doula services  
Ear piercing  
Electrolysis or hair removal  
Exercise equipment for general health  
Exercise/Fitness programs for general health  
Expenses that have been reimbursed elsewhere, or that may be reimbursable under any other source  
Expenses not incurred during your period of coverage  
Facelifts or other similar cosmetic treatments (dermabrasion, chemical peels, etc.)  
Funeral expenses  
Hair transplant  
Health club membership dues  
Herbal supplements (dietary and nutritional supplements, vitamins, natural medicines, etc.)  
Household help  
Illegal operations and treatments

Insurance premiums  
Lactation consultant for general instruction  
Laetrile  
Lamaze/Childbirth classes  
Lifetime care fees  
Liposuction or other similar cosmetic treatments  
Marriage, family counseling  
Massage therapy (unless recommended as medically necessary to treat a specific injury or illness; does not include therapy for stress or tension reduction)  
Marijuana  
Maternity clothes  
Mattress  
Meals while traveling to obtain medical care  
Medical newsletters  
Medical savings account  
Over-the-counter Drugs/Medicines (allergy medicines, antacids, anti-diarrhea, anti-fungal ointments and creams, antiseptic ointments and creams, cold medicines including sore throat sprays, lozenges, nasal sprays, cough syrups, cough drops, vapor rubs, eye drops, first-aid and antibiotic creams and ointments, gas relief medicines, hemorrhoid ointments and creams, laxatives, lice treatments, motion-sickness pills, pain relievers including arthritis pain, head/back pain and menstrual pain, sleep aids, stop smoking gums/patches, yeast infection products; includes cosmetic items, vitamins, herbal and dietary supplements or items for general good health) **unless**, you have a prescription for that item written by your physician.  
"No Show" doctor or dentist visits, charges for  
Nursing services for health baby  
Nutritional supplements (vitamins, herbal and dietary supplements, natural medicines, etc.)  
Pain Relievers (for arthritis pain, head/back pain, menstrual pain, muscle or joint pain, e.g., aspirin, ibuprofen; includes vitamins or herbal supplements) **unless**, you have a prescription for that item written by your physician.  
Paternity testing  
Personal use items (items ordinarily used for personal, living or family purposes)  
Prepayment for services not yet provided  
Prescription drug discount programs  
Recliner chair  
Safety glasses  
Stop-smoking (gums and patches) **unless**, you have a prescription for that item written by your physician.  
Storage fees for embryo, sperm or umbilical cord blood, long term  
Student health fees  
Sun screen lotion  
Sunglasses, clip on  
Surrogate expenses  
Swimming lessons  
Tanning salons and equipment  
Tattoo removal  
Teeth bleaching/whitening for cosmetic purposes  
Tax Equity and Fiscal Responsibility Act (TEFRA)  
Vacuum cleaner for allergies  
Varicose veins, treatment of  
Vision service agreements or lens replacement insurance  
Warranties/service contracts  
Weight loss programs for general health or appearance; diet foods for weight loss

**Eligible Dependent Care Expenses (See IRS Publication 503)**

To be eligible for favorable tax treatment, childcare expenses must be "employment related expenses," as defined under IRC Sec. 21(b)(2), related to expenses for household and dependent care services that are necessary in order for the taxpayer to be gainfully employed. In a married couple household, both spouses must be gainfully employed and working during the hours of the dependent daycare services is provided.

After school or extended day programs (supervised activities after the regular school program)

Au pair expenses for dependent care (does not include travel expenses)

Babysitter inside or outside household

Custodial childcare or eldercare expenses for qualifying individual

Day camps, if primary reason for being there is the care and well-being of the child and is custodial in nature and not educational (Both parents must be working during the hours the child/children are attending camp)

Daycare centers

FICA and FUTA taxes of daycare provider

Household employee whose services include care of a qualifying person

Looking for work-expenses incurred to enable employee to look for work

Nanny expenses

Preschool/Nursery school for pre-kindergarten

Sick-child care center to extent the care is not for medical services

Work-related day care expenses - must allow you to work or look for work. You must be gainfully employed (earning income). This does not include volunteer work that is unpaid or for nominal pay

**Ineligible Dependent Care Expenses (See IRS Publication 503)**

Educational/tuition expenses - kindergarten, first grade and above

Expenses paid to child of participant

Field trip expenses

Food, clothing, education or entertainment expenses

Household services (chauffeur, bartender, gardener)

Incidental expenses (diaper, activities, etc. charges)

Overnight camp (not even the portion attributed to the daytime cost)

Payments for care where you are not the custodial parent (in divorce situations)

Payments for care while you are off work because you are on a leave of absence

Payments for care while you are off work because you are on maternity or other medical leave

Payments for care while you are off work because you are on vacation

Payments for care while you are off work due to illness

Payment for services not yet provided (advance payments)

Registration fees/reservation fees/holding fees

Transportation expenses

**DEPENDENT CARE SPENDING ACCOUNT  
CLAIM FOR REIMBURSEMENT**

Name of Employer \_\_\_\_\_  
 Employee Name \_\_\_\_\_ Social Security # \_\_\_\_\_  
 Employee Address \_\_\_\_\_

Street City

State Zip

Dependent Name	Date of Birth	Relationship to Employee
_____	_____	_____
_____	_____	_____
_____	_____	_____

Please complete the information below and attach corresponding bills or receipts with dates of service for each listed provider.

Name: \_\_\_\_\_ Name: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_

Tax I.D. or Soc. Sec. # \_\_\_\_\_ Tax I.D. or Soc. Sec. # \_\_\_\_\_

Dates of Service: \_\_\_\_\_ to \_\_\_\_\_ Dates of Service: \_\_\_\_\_ to \_\_\_\_\_

If dependent care was provided in your home, complete the following:

Household Services Relating To The Care Of A Qualifying Individual (s)	\$ _____
FICA And FUTA Taxes On Wages Paid To A Housekeeper	\$ _____
Room And Board, Expenses Incurred Outside The Home For A Housekeeper	\$ _____
Transportation Expenses Of A Housekeeper	\$ _____
Other (please list)	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

If your eligible expenses were incurred outside of your home, complete the following:

Services Related To The Care Of Qualified Individual(s)  
 And Incurred in A Day Care Provider's Home/Day Care Center \$ \_\_\_\_\_

TOTAL DEPENDENT CARE REIMBURSEMENT REQUESTED: \$ \_\_\_\_\_

**CERTIFICATION**

I certify that I and/or my eligible dependents have incurred the expenses for which reimbursement is claimed from the Flexible Spending Account. I further declare that I have not and will not deduct these expenses on my Individual Income Tax Returns. I certify that the above eligible expenses have been (or will be) paid for the care of a qualified individual(s).

EMPLOYEE SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

**MAIL COMPLETED FORM TO:**

**FITZHARRIS & COMPANY, INC.  
 P.O. Box 9182  
 Farmingdale, NY 11735-9182  
 (516) 777-2244 1-800-321-1336, Fax (516) 777-5777/78**

## HEALTH CARE SPENDING ACCOUNT Claim for Reimbursement

NAME OF EMPLOYER		
EMPLOYEE NAME	SOCIAL SECURITY NUMBER	
EMPLOYEE ADDRESS	STREET	CITY
STATE	ZIP	PHONE NO:

### HEALTH CARE EXPENSES

PATIENT NAME	DATES OF SERVICE		PROVIDER OF SERVICE	(A) TOTAL CHARGE	(B) AMOUNT PAID BY OTHER SOURCES	(A-B) AMOUNT TO BE REIMBURSED
	FROM	TO				
<b>TOTALS</b>						

### CERTIFICATION

I certify that the expenses for which I am requesting reimbursement meet all of the conditions listed below:

- They were incurred for services or supplies received by me or my eligible dependents under the plan.
- They were for services or supplies furnished while I was a participant in the Plan.
- I have not been reimbursed for these expenses, and they are not reimbursable from any other health plan.

I understand that reimbursement of these expenses can be requested and made only after I have collected all benefit payments available from all plans under which my eligible dependents and I are covered.

I further certify that I have not deducted nor will deduct on my individual income tax return any of the expenses reimbursed through my Health Care Spending Account.

I understand that reimbursement will be made in accordance with the provisions of the plan which I participate. I accept responsibility for the proper treatment of benefits paid under this plan with respect to eligibility, income tax reporting, and liability.

EMPLOYEE SIGNATURE	DATE
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### COMPLETION OF CLAIM FORM

- Complete all information on the claim form for each amount claimed for reimbursement.
- Make sure the claim does not include items for more than **one plan year**.
- You **must** sign and date claim form.
- A copy of a bill or other written statement from the provider of service is **acceptable only when NO other insurance is applicable**.
- Cancelled Checks are **NOT** acceptable.
- **If insurance is applicable, a statement from ALL MEDICAL/DENTAL INSURANCE CARRIERS SHOWING DEDUCTIBLE AND COPAYMENTS IS REQUIRED.**

**MAIL COMPLETED FORM TO:**  
**Fitzharris & Company, Inc.**  
**P.O. Box 9182**  
**Farmingdale, NY 11735-9182**  
**(516) 777-2244**

# MEMORANDUM

**TO:** Flex Benefits Participants

**FROM:** Fitzharris & Co. Inc.

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On Friday, September 3, 2010, the IRS issued its initial guidance with respect to the new rule included in the Affordable Care Act that requires a doctor's prescription for the reimbursement of over-the-counter (OTC) drug and medicines from a tax-advantaged health care account. While the guidance offers little in the way of new information, it does confirm the generally accepted interpretation of how the change will be applied.

In summary, the guidance confirms the following:

- Participants will still be able to use their tax advantaged health care accounts for purchases of **ALL** OTC drugs and medicines, as long as they have a doctor's prescription.
- The rule applies to all tax-advantaged health care accounts, including Flexible Spending Accounts (FSAs), Health Savings Accounts (HSAs), Health Reimbursement Arrangements (HRAs) and Archer Medical Savings Accounts (Archer MSAs).
- The rule takes effect January 1, 2011 and applies to purchases on or after January 1, 2011, regardless of plan year.
- The only acceptable form of documentation for reimbursement for OTC drugs and medicines is a doctor's prescription, as regulated by state law.
- Insulin, medical devices (crutches, blood sugar monitors, etc.) and items such as bandages, contact lens solution, denture bond, etc. remain eligible and will not require a prescription.

The IRS has posted additional details, *including a helpful FAQ*, about the OTC rule change on its *Affordable Care Act website* and includes links to the following:

- Text of IR-2010-95 is available at <http://www.irs.gov/irs/article/0,,id=227301,00.html>.
- Text of Rev. Rul. 2010-23 is available at <http://www.irs.gov/pub/irs-drop/rr-10-23.pdf>.
- Text of Affordable Care Act: Questions and Answers on Over-the-Counter Medicines and Drugs is available at: <http://www.irs.gov/newsroom/article/0,,id=227308,00.html>.