

# 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

Co-pays  
Coinsurance  
Deductibles  
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.