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## SPENDING ACCOUNT ELIGIBLE EXPENSE GUIDE

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HEALTHCARE FLEXIBLE SPENDING ACCOUNTS  
DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS  
HEALTH REIMBURSEMENT ARRANGEMENTS  
HEALTH SAVINGS ACCOUNTS  
LIMITED FLEXIBLE SPENDING ACCOUNTS AND  
LIMITED HEALTH REIMBURSEMENT ARRANGEMENTS  
COMMUTER SPENDING ACCOUNTS

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## OVERVIEW

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This guide provides participants with a detailed listing of general healthcare and dependent care expenses allowed by the Internal Revenue Service (IRS) for reimbursement under certain spending account plans. Please note that (1) this list is not exhaustive, (2) this list is subject to change at any time, (3) your employer's plan may differ from what is noted in this document, and (4) this document has not been approved by the IRS, and is reflective of SHPS' understanding of the requirements for eligible expenses.

**Always check your employer's summary plan description (SPD) or plan document for specifics regarding eligible expenses under your spending account plan(s).** Your employer's plan document has final authority regarding all aspects of plan design, including what constitutes a reimbursable expense. If any conflict arises between this guide and your employer's SPD or plan document, the terms of your employer's documents will apply.

If you have consulted your employer's plan documentation and still have questions regarding eligible expenses after reading this guide, please call the customer service number provided to you by your employer to speak to a customer service representative.

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## HOW TO USE THIS GUIDE

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This guide is divided into five sections as noted below, each representing a unique type of spending account:

- [Section 1: Healthcare Flexible Spending Accounts](#)
- [Section 2: Dependent Care Flexible Spending Accounts](#)
- [Section 3: Health Reimbursement Arrangement](#)
- [Section 4: Health Savings Accounts](#)
- [Section 5: Limited Flexible Spending Accounts and Limited Health Reimbursement Arrangements](#)
- [Section 6: Commuter Spending Account](#)

Click on any of the above links to take you directly to the referenced section. Each segment contains detailed information regarding what expenses are typically eligible under each plan.

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## SECTION 1: HEALTHCARE FLEXIBLE SPENDING ACCOUNTS (FSA)

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The IRS allows a Healthcare FSA to reimburse eligible §213(d) medical expenses (including certain over-the-counter or “OTC” items) of an employee, the employee’s spouse, and the employee’s dependent children. In general, reimbursable expenses are those that result from the diagnosis, care, mitigation, treatment, or prevention of disease or illness affecting any part or function of the body. Expenses recommended for the bettering of an individual’s general health or well-being (e.g., vitamins or fitness club memberships) are generally not eligible for reimbursement.

Only you, your spouse, children, or other person who is a qualified dependent as defined by the IRS is able to incur an eligible expense. **Remember, your employer’s plan may differ from this guide. For specific information relating to your plan, check your employer’s plan documents.**

### ELIGIBLE HEALTHCARE EXPENSES

To be considered for reimbursement, all eligible expenses must be incurred<sup>1</sup> during your company’s plan year, while you are participating in your company’s plan and prior to your termination in the plan.

#### Who is a Qualified Dependent?

- A child under the age of 19 who is not a full-time student, or up to the age of 24, if a full-time student.
- An individual who lives with you—such as a parent, sibling, or in-law for whom you provide more than one-half of the individual’s support.
- A child over the age of 19 who is permanently disabled.

### HEALTHCARE EXPENSE LISTING

The expense chart is divided into three columns, outlined below:

- **Healthcare Expense Type:**
  - This column defines the specific expense that is eligible, potentially eligible, or ineligible. Expenses are displayed alphabetically.
- **Eligible for Reimbursement:**
  - This column states if the expense is generally reimbursable from the spending account.

**Note:** For many expense types, there are certain exceptions or requirements. It is important that you read the special exceptions or requirement related to the expense (see below).

- **Special Exceptions or Requirements:**
  - This column provides additional details to ensure your particular expense is eligible – this area will indicate whether an expense requires a letter of medical necessity and/or whether the expense is only partially reimbursable.

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<sup>1</sup> Please check your plan document language for a definition of the word “incurred.”

- Letter of Medical Necessity Required: These expenses will require a doctor’s statement indicating the specific medical disorder, the specific treatment needed, and how the treatment will alleviate the medical condition. Please see Appendix B for a sample Letter of Medical Necessity, which will need to be submitted along with your claim form to be considered for reimbursement.
- Partial Reimbursement Only: These expenses are only partially eligible, meaning that only the portion of the cost that exceeds the price of a ‘regular’ item of the same type is allowable for reimbursement.

**Example:** Your doctor recommends a special furnace filter that traps allergens and costs \$12 more than a regular filter. You will only be able to claim the \$12 cost difference.

Healthcare Expense Type	Eligible for Reimbursement	Special Exceptions or Requirements
<b>A</b>		
<b>AA, Alcoholism, Drug, or Substance Abuse Treatments</b>	Yes	Payment to a treatment center for alcohol or substance abuse is an eligible medical expense. This includes meals and lodging provided by the center during inpatient medical treatment.
<b>Abortion</b>	Yes	Check your employer’s specific FSA plan to make sure this expense is covered.
<b>Acne Treatment</b>	Maybe	Acne treatments are eligible when prescribed by a doctor. <b>Letter of Medical Necessity Required</b>
<b>Acupuncture</b>	Yes	
<b>Adoption Fees</b>	No	You may submit healthcare expenses for an adopted child once they become your qualified dependent, including healthcare expenses incurred during the adoption process, such as physical examinations.
<b>Air Conditioner, Purifier or Humidifier</b> (for allergy relief)	Yes	<b>Partial Reimbursement Only</b> <b>Letter of Medical Necessity Required</b>  If installing a permanent fixture in your house, this is considered a <a href="#">Capital Modification</a> .
<b>Allergy Relief</b> <ul style="list-style-type: none"> <li>• Prescription and over-the-counter allergy medicines</li> <li>• Allergy shots</li> </ul>	Yes	
<b>Allergy Relief</b> <ul style="list-style-type: none"> <li>• Electro-static air purifier</li> <li>• Humidifier</li> <li>• Home/auto air conditioners</li> <li>• Air filters</li> <li>• Special vacuum cleaners</li> <li>• Special pillows, mattress covers, etc. to alleviate an allergic condition</li> <li>• Removal of flooring*</li> </ul>	Yes	<b>Partial Reimbursement Only</b> <b>Letter of Medical Necessity Required</b>  If installing a permanent fixture in your house, this is considered a <a href="#">Capital Modification</a> .  *The replacement of flooring is <b>not</b> an eligible expense, only the removal may be eligible; however, final determination will be made based upon the documentation received.
<b>Ambulance Service</b>	Yes	
<b>Artificial Limb</b> (prosthesis) <b>or Teeth</b> (dentures)	Yes	
<b>Artificial Insemination</b> <ul style="list-style-type: none"> <li>• Fertility exams</li> <li>• Embryo replacement and storage</li> <li>• Egg donor: recipient’s medical expenses (recipient must be FSA participant or participant’s dependent and the charges are covered by a medical plan)</li> </ul>	Yes	

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Healthcare Expense Type	Eligible for Reimbursement	Special Exceptions or Requirements
<ul style="list-style-type: none"> <li>In-vitro fertilization</li> <li>Sperm bank/semen storage for artificial insemination</li> <li>Sperm implants due to sterility</li> <li>Sperm washing</li> <li>See also "<a href="#">Fertility Treatments</a>"</li> </ul>		
<b>Audio Books</b> <ul style="list-style-type: none"> <li>Books on tape</li> <li>Books on CD</li> <li>Books online or other digital formats</li> </ul>	Yes	<b>Partial Reimbursement Only</b>
<b>Automobile</b> <ul style="list-style-type: none"> <li>Installing equipment such as hand controls, lifts or ramps</li> <li>Special-design vehicles</li> </ul>	Yes	<p><b>Modification:</b> The cost of installing hand controls and other special equipment installed in an automobile for the use of a disabled person is an eligible medical expense.</p> <p><b>Special-design vehicle: Partial Reimbursement Only</b> Only the difference in cost between a regular vehicle and one specifically designed to hold a wheelchair or other medical equipment is an eligible medical expense.</p> <p><b>Operating cost:</b> The cost of operating a specially equipped vehicle, except as discussed under <a href="#">Transportation</a>, is <b>NOT</b> an eligible expense.</p>
<b>B</b>		
<b>Baby Formula</b>	Maybe	Baby formula may be eligible only if a specific medical condition is being treated.  <b>Partial Reimbursement Only</b> <b>Letter of Medical Necessity Required</b>
<b>Birth Control / Family Planning</b> <ul style="list-style-type: none"> <li>Norplant or Depo-Provera</li> <li>Ovulation kits</li> <li>Condoms</li> <li>Spermicides</li> <li>Birth control pills, patches or rings</li> <li>Diaphragm or IUD</li> <li>Tubal ligation</li> <li>Vasectomy</li> </ul> <p>The birth control list is not exhaustive.</p>	Yes	
<b>Blood Storage</b>	Maybe	Fees for storing blood for surgery in the near future are an eligible medical expense.  Fees for storing blood for use in the indefinite future are <b>NOT</b> an eligible expense.
<b>Body Scan</b> <ul style="list-style-type: none"> <li>CT body scanning</li> <li>Full body scanning</li> <li>Whole body scanning</li> </ul>	Yes	Body scans ordered by your doctor for a specific medical purpose are eligible.
<b>Botox Treatment</b>	Maybe	Botox is generally cosmetic and <b>NOT</b> an eligible expense. Botox used to improve a deformity that arises from, or is directly related to, a birth defect, a disfiguring disease or an injury resulting from an accident or trauma is an eligible expense. Botox used for the treatment of migraines is an eligible expense. <b>Letter of Medical Necessity Required</b>
<b>Braces and other Orthodontics</b>	Yes	
<b>Braille Books and Magazines</b>	Yes	<b>Partial Reimbursement Only</b>

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<b>Breast Pumps</b>	Maybe	Breast pumps are reimbursable under limited circumstances. To be an eligible expense, the participant must have a diagnosed disease, injury or illness, and the breast pump must be directly related to treating or alleviating that diagnosed condition. <b>Letter of Medical Necessity Required</b>
<b>C</b>		
<b>Capital Modification</b> (house) A capital modification is an expense incurred for the primary purpose of accommodating a participant's personal residence to a disability of the FSA participant or participant's dependent. <ul style="list-style-type: none"> <li>• Constructing ramps</li> <li>• Widening doorways</li> <li>• Installing railing or support bars to bathrooms, stairways, etc.</li> <li>• Lowering or modifying kitchen or bathroom cabinets</li> <li>• Altering the location of, or modifying electrical outlets and fixtures</li> <li>• Installing porch lifts and other forms of lifts (generally, this excludes elevators because they may add to the fair market value of your residence)</li> <li>• Modifying fire alarms, smoke detectors and other warning systems</li> <li>• Modifying hardware on doors</li> <li>• Grading of ground to provide access to the residence</li> <li>• Isolation of lead paint through wall covering (wallboard, paneling)*</li> </ul>	Yes	<p><b><i>This list is not exhaustive.</i></b></p> <p>Capital modifications that <b>do not</b> increase the value of the participant's personal residence will generally be reimbursed for the full cost of the expense.</p> <p>Capital modifications that <b>do</b> increase the value of the participant's personal residence will generally be reimbursed for a portion of expense cost. The reimbursement amount is reduced by the increase in the value of the property. The remaining balance is the eligible medical expense. A <a href="#">capital expense worksheet</a> can be found in IRS Publication 502 to determine the amount that may be reimbursable.</p> <p>Only reasonable costs incurred to accommodate a participant's personal residence to the disability are considered eligible. Additional costs attributable to personal motivations, such as architectural or aesthetic reasons, are not allowable as medical expenses.</p> <p><b><i>Operation and upkeep:</i></b> If a capital modification qualifies as an eligible medical expense, amounts paid for operation and upkeep also qualify as eligible medical expenses as long as the medical reason for the capital modification still exists. This is allowable even if none or only part of the original expense qualified as medical care expense (e.g., fuel to operate, cost of repairs, cleaning costs).</p> <p><b><i>Improvements to rental property:</i></b> Amounts paid by a disabled person to buy and install special plumbing fixtures for example, mainly for medical reasons, in a rented house may qualify as eligible medical expenses provided the rental property is the participant's principal residence.</p> <p>Warranties are <b>NOT</b> an eligible medical expense.            *Does not include the cost of painting the wallboard as a medical expense.</p>
<b>Childbirth-Related</b> <ul style="list-style-type: none"> <li>• Childbirth prep classes (Lamaze)</li> <li>• Midwife fees</li> <li>• Maternity girdles (for back pain) or special support hose (for leg circulation)</li> <li>• Home pregnancy tests</li> <li>• Ovulation kits</li> </ul>	Yes	New parents, newborn childcare classes, or sibling classes are <b>NOT</b> eligible.
<b>Childbirth-Related</b> <ul style="list-style-type: none"> <li>• Doula fees</li> </ul>	Maybe	Typically doulas do not provide medical care. To be considered, a claim must include a statement detailing the medical care provided by the doula.
<b>Chiropractor Fees</b>	Yes	
<b>Christian Science Practitioners</b>	Yes	
<b>Church of Scientology</b>	No	
<b>Circumcision</b>	Yes	Fees for "ritual" circumcision performed by a non-healthcare

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		provider (e.g., a rabbi, mohel) are <b>NOT</b> eligible.
<b>Colonic Cleansing/Wash</b>	No	
<b>Concierge (Boutique) Fees</b>	No	
<b>Contact Lenses</b>	Yes	Prescription contact lenses only.
<b>Cord Storage</b>	Maybe	Fees for storing umbilical cords for surgery in the near future are an eligible medical expense.  Fees for storing umbilical cords for use in the indefinite future are <b>NOT</b> an eligible expense.
<b>Cosmetic Surgery and Procedures</b> <ul style="list-style-type: none"> <li>• Dental veneers, bonding, tooth whitening/bleaching</li> <li>• Facelifts</li> <li>• Blepharoplasty</li> <li>• Sclerotherapy</li> <li>• Botox or Collagen injections</li> </ul>	Maybe	A cosmetic surgery or procedure can be an eligible expense if it is necessary to improve a deformity that arises from, or is directly related to, a birth defect, a disfiguring disease or an injury resulting from an accident or trauma.  Some of these procedures/treatments may be covered under alternative uses (e.g., Botox for treatment of migraines).  <b>Letter of Medical Necessity Required</b>
<b>Cosmetic Surgery and Procedures</b> <ul style="list-style-type: none"> <li>• Cosmetics (make-up)</li> <li>• Tattooing and ear/body piercing</li> <li>• Liposuction</li> <li>• Removal of tattoos</li> <li>• Facials, chemical peels</li> <li>• Breast implants, lifts</li> <li>• Hair transplants or electrolysis</li> </ul>	No	
<b>Counseling</b> <ul style="list-style-type: none"> <li>• Psychotherapy and psychoanalysis</li> <li>• Sex therapy</li> <li>• Bereavement and grief counseling</li> <li>• Telephone counseling</li> </ul>	Yes	Counseling must be performed to alleviate or prevent a physical or mental defect or illness. Eligibility is determined by the nature of the treatment and not the license of the practitioner.  Marriage counseling is not an eligible expense, <b>unless</b> performed for the purpose of alleviating or preventing a physical or mental defect or illness.
<b>Crutches</b>	Yes	
<b>D</b>		
<b>Dancing or Swimming Lessons, etc.</b>	No	The cost of dancing lessons, swimming lessons, etc., even if a doctor recommends them for the general improvement of one's health, is <b>NOT</b> an eligible medical expense.
<b>Diabetic Supplies</b> <ul style="list-style-type: none"> <li>• Cotton balls</li> <li>• Alcohol swabs</li> <li>• Glucose tablets</li> <li>• Glucometer and test strips</li> <li>• Needles (lancets)</li> <li>• Syringes</li> <li>• Glucagon emergency kit</li> <li>• Ketone urine test strips</li> <li>• Training classes</li> </ul>	Yes	
<b>Dental Care and Prevention</b> <ul style="list-style-type: none"> <li>• Cleaning</li> <li>• X-rays</li> </ul>	Yes	

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<ul style="list-style-type: none"> <li>• Fillings</li> <li>• Braces or other orthodontics</li> <li>• Extractions</li> <li>• Dentures</li> <li>• Bonding and sealants for dentures</li> <li>• Crowns</li> <li>• Porcelain veneers (if allowed by dental plan, i.e., not cosmetic)</li> </ul>		
<b>Dental Treatment - Cosmetic</b> <ul style="list-style-type: none"> <li>• Teeth whitening or bleaching</li> <li>• Porcelain veneers (if <b>NOT</b> allowed by dental plan)</li> </ul>	Maybe	A cosmetic surgery or procedure can be an eligible expense if it is necessary to improve a deformity that arises from, or is directly related to, a birth defect, a disfiguring disease or an injury resulting from an accident or trauma. <b>Letter of Medical Necessity Required</b>
<b>Diaper Service</b>	Maybe	Diapers for a disabled child, other than a newborn, may be eligible, and <b>ONLY</b> if needed to relieve the effects of a particular disease. <b>Letter of Medical Necessity Required</b>
<b>Doctor Fees</b> <ul style="list-style-type: none"> <li>• Anesthesiologist</li> <li>• Chiropractors</li> <li>• Chiropractor</li> <li>• Christian Science Practitioner</li> <li>• Dentist</li> <li>• Dermatologist</li> <li>• Gynecologist</li> <li>• Naturopath</li> <li>• Neurologist</li> <li>• Obstetrician</li> <li>• Oculist</li> <li>• Oncologist</li> <li>• Ophthalmologist/Optomtrist</li> <li>• Optician</li> <li>• Orthopedist</li> <li>• Osteopath</li> <li>• Otorhinolaryngologist</li> <li>• Pediatrician</li> <li>• Physician</li> <li>• Podiatrist</li> <li>• Psychiatrist</li> <li>• Physiotherapist</li> <li>• A physical without diagnosis or not covered by insurance</li> <li>• Consultations</li> <li>• Transfer of medical records</li> <li>• Any expense a doctor may charge to write a letter describing the medical condition and how a recommended item will treat that condition</li> </ul> <p>This list is not exhaustive.</p>	Yes	Fees include the portion of the expense not paid for by other health insurance (the "out-of-pocket" portion)  Late fees, finance fees, missed appointments, etc are <b>NOT</b> eligible medical expenses.
<b>Drugs/Medicines – Prescriptions</b>	Yes	Prescription drugs must be prescribed by a certified physician and must be purchased legally within the U.S. (See: <a href="#">Health Expenses Incurred Outside of the United States</a> for travel or extraordinary circumstances).
<b>Drugs/Medicines - Over-the-Counter</b>	Maybe	Your plan must include Over-the-Counter (OTC) medicines in order for the OTC to be an eligible expense.

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Healthcare Expense Type	Eligible for Reimbursement	Special Exceptions or Requirements
		See the <a href="#">OTC Guide</a> at the end of this section for more information.
<b>Drug Addiction Treatment</b>	Yes	
<b>E</b>		
<b>Electrolysis or Hair Removal</b>	Maybe	Electrolysis or hair removal can be an eligible expense but only if it is necessary to improve a deformity that arises from, or is directly related to, a birth defect, a disfiguring disease or an injury resulting from an accident or trauma. Electrolysis or hair removal to improve one's appearance is an ineligible cosmetic expense. <b>Letter of Medical Necessity Required</b>
<b>Eyeglasses and Eye Care</b> <ul style="list-style-type: none"> <li>• Eye examinations</li> <li>• Contact lens, fitting fee, replacement lens</li> <li>• Contact lens solutions</li> <li>• Reading glasses,</li> <li>• Prescription glasses, prescription sports goggles, prescription sunglasses, scuba masks or safety glasses</li> <li>• Artificial eye and polish</li> <li>• Radial keratotomy, laser surgery or other vision correction surgery *</li> </ul>	Yes	The following items are <b>NOT</b> eligible: <ul style="list-style-type: none"> <li>• Vision insurance premiums</li> <li>• Eyeglass or other vision-related warranties</li> <li>• Non-prescription sunglasses</li> <li>• Non-prescription cosmetic contact lenses (i.e., color change lenses only)</li> <li>• Clip-on sunglasses)</li> </ul> <p>*Surgery is eligible if done primarily to promote the correct function of the eye. A doctor's statement may be required to document the condition being treated.</p>
<b>F</b>		
<b>Facilities</b> <ul style="list-style-type: none"> <li>• Hospital</li> <li>• Nursing home</li> <li>• Rehabilitation facility</li> <li>• Home for mentally or physically disabled</li> </ul>	Yes	Fees for a facility, such as a hospital or similar institution, are eligible expenses if the main reason for being there is to receive medical care.
<b>Feminine Hygiene</b> <ul style="list-style-type: none"> <li>• Sanitary napkins (pads &amp; tampons)</li> </ul>	Maybe	Sanitary napkins may be an eligible expense if used for treatment of a medical condition. <b>Letter of Medical Necessity Required</b>
<b>Fertility Treatments</b> <ul style="list-style-type: none"> <li>• Artificial insemination</li> <li>• Fertility exams</li> <li>• Embryo replacement and storage</li> <li>• Egg donor: recipient's medical expenses (recipient must be FSA participant or participant's dependent and the charges are deemed eligible by the medical plan)</li> <li>• In-vitro fertilization</li> <li>• Sperm bank/semen storage for artificial insemination</li> <li>• Sperm implants due to sterility</li> <li>• Sperm washing</li> <li>• Reverse vasectomy</li> <li>• Reverse tubal ligation</li> </ul>	Yes	
<b>Fluoride Treatments</b>	Yes	
<b>Funeral Expenses</b>	No	
<b>G</b>		
<b>Gender Re-Assignment</b>	No	See <a href="http://www.irs.gov/pub/irs-wd/0603025.pdf">http://www.irs.gov/pub/irs-wd/0603025.pdf</a> . Although this

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<ul style="list-style-type: none"> <li>Surgery</li> <li>Counseling</li> <li>Hormone therapy</li> </ul>		letter can't be cited as precedent, the IRS does not typically allow gender reassignments as eligible medical expenses.
<b>Genetic Testing</b>	Maybe	Genetic testing performed to detect possible birth defects is an eligible expense.  Testing to determine a child's gender is <b>NOT</b> eligible.
<b>Guide Dogs</b> <ul style="list-style-type: none"> <li>Cost of the animal</li> <li>Care of the animal</li> </ul>	Yes	
<b>H</b>		
<b>Hair Transplant</b>	Maybe	Surgical hair transplants can be an eligible expense if it is necessary to improve a deformity that arises from, or is directly related to, a birth defect, a disfiguring disease or an injury resulting from an accident or trauma. <b>Letter of Medical Necessity Required</b>
<b>Health Club Dues</b>	Maybe	Amounts paid for health club dues or steam baths for your general health or to relieve physical or mental discomfort not related to a particular medical condition are <b>NOT</b> eligible expenses.  New health club membership fees paid subsequent to a doctor's recommendation for the treatment of a special medical condition are eligible. <b>Letter of Medical Necessity Required</b>
<b>Health Expenses Incurred Outside of the United States</b>	Yes	Expenses must be for the FSA participant or eligible dependent, and must involve medical care, which could be legally provided within the U.S. (e.g., obtaining laetrile treatments in Mexico is not an eligible expense because laetrile cannot be legally obtained in the U.S.).  Prescription drugs purchased outside of the United States are <b>NOT</b> eligible <b>unless</b> the participant was outside of the United States at the time when the medication was needed.
<b>Health Screenings</b>	Yes	The cost of a public health screening (i.e., VDRL, cholesterol, diabetes glucose, blood pressure, etc.) is an eligible medical expense.
<b>Hearing Exams</b>	Yes	
<b>Hearing Aids</b> <ul style="list-style-type: none"> <li>Purchase price and maintenance cost for hearing aid</li> <li>Batteries needed to operate the hearing aid</li> <li>Television or telephone adapter for the deaf</li> <li>Lip reading lessons</li> <li>Hearing exams</li> </ul>	Yes	
<b>Hippo Therapy</b> <ul style="list-style-type: none"> <li>Therapeutic horseback riding</li> </ul>	Yes	<b>Letter of Medical Necessity Required</b>
<b>Hospital Services/Fees</b> <ul style="list-style-type: none"> <li>Private room fees</li> <li>Hospital kits (water pitcher, razor, toothbrush, lotion, etc.)</li> </ul>	Yes	
<b>Household Help</b> <ul style="list-style-type: none"> <li>Cleaning services</li> <li>Cook/chef</li> <li>Personal assistant</li> </ul>	No	The cost of household help, even if recommended by your doctor, is not eligible as a medical expense. See <a href="#">Dependent Care FSA Eligible Expenses</a> .

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Healthcare Expense Type	Eligible for Reimbursement	Special Exceptions or Requirements
<ul style="list-style-type: none"> <li>Driver</li> <li>Gardener</li> </ul>		Certain expenses paid to an attendant providing nursing type service may be eligible. See <a href="#">Nursing Services</a> .
<b>Hypnosis</b>	Yes	<b>Letter of Medical Necessity Required</b>
<b>I</b>		
<b>Insurance Co-Pays</b>	Yes	
<b>Insurance Deductibles</b>	Yes	
<b>Insurance Premiums</b> <ul style="list-style-type: none"> <li>Any medical, dental or vision insurance premium (HMO, DMO, PPO, etc.)</li> <li>Long-term care insurance premium</li> <li>Medicare (parts A, B &amp;D)</li> <li>Life insurance</li> <li>Disability insurance premiums</li> <li>Warranties</li> <li>COBRA premiums</li> </ul>	No	
<b>L</b>		
<b>Laboratory Fees</b> <ul style="list-style-type: none"> <li>Blood tests</li> <li>Cardiographs</li> <li>Metabolism test</li> <li>Stool exams</li> <li>Spinal test</li> <li>Urinalysis</li> <li>X-ray exams</li> <li>Pap smears</li> <li>Cholesterol test</li> <li>Thyroid profile</li> <li>Storage fees for blood taken for surgery in the near future (not long-term storage)</li> <li>Laboratory handling fees</li> </ul>	Yes	
<b>Lead-based Paint</b> <ul style="list-style-type: none"> <li>Removal of paint</li> <li>Covering of paint</li> </ul>	Yes	<p>If a dependent is diagnosed with lead poisoning, due to eating paint, the cost of removing lead-based paints from the surfaces in your home is an eligible medical expense. These surfaces must be in poor repair (peeling or cracking) or within the dependent's reach. The cost of repainting the scraped area is <b>NOT</b> an eligible expense.</p> <p>If, instead of removing the paint, you cover the area with wallboard or paneling, you would treat these items as a <a href="#">Capital Modification</a>.</p>
<b>Legal Fees for Medical Care Authorizing Treatment For Mental Illness</b>	Yes	Legal fees paid to authorize the treatment of a medical condition are eligible. Any fees related to guardianship or estate management are <b>NOT</b> eligible expenses.
<b>Lodging</b> <ul style="list-style-type: none"> <li>Hospital</li> <li>Nursing Home</li> <li>Rehabilitation Facility</li> </ul>	Yes	Lodging at a hospital or similar institution is an eligible expense if the primary reason for being there is to receive medical care.
<b>Lodging (receiving medical care while away from home)</b> <ul style="list-style-type: none"> <li>Hotel</li> <li>Motel</li> </ul>	Yes	<p>The cost of lodging not provided in a hospital or similar institution while away from home* is an eligible medical expense <b>if</b>:</p> <ul style="list-style-type: none"> <li>the lodging is primarily for and essential to medical care;</li> <li>medical care is provided by a doctor in a licensed hospital or medical care facility equivalent of, a licensed hospital;</li> <li>the lodging is not lavish or extravagant under the circumstances; and</li> <li>there is no significant element of personal pleasure, recreation or vacation in the travel away from home.</li> </ul>

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Healthcare Expense Type	Eligible for Reimbursement	Special Exceptions or Requirements
		<p>*The amount you include as medical expenses may not exceed \$50 per night per person. Lodging is included for a person for whom transportation expenses are a medical expense because that person is traveling with the person receiving medical care. (e.g., a parent traveling with a sick child is allowed up to \$100.00 per night as a medical expense for lodging). Meals are <b>NOT</b> an eligible medical expense in this instance.</p>
<b>M</b>		
<b>Marijuana</b>	No	
<b>Maternity</b> <ul style="list-style-type: none"> <li>• Childbirth prep classes (Lamaze)</li> <li>• Midwife fees</li> <li>• Maternity girdles (for back pain) or special support hose (for leg circulation)</li> <li>• Home pregnancy tests</li> <li>• Ovulation kits</li> </ul>	Yes	New parents or newborn childcare classes are <b>NOT</b> eligible.
<b>Maternity</b> <ul style="list-style-type: none"> <li>• Doula fees</li> </ul>	Maybe	Typically doulas do not provide medical care. To be considered, a claim must include a statement detailing the medical care provided by the doula.
<b>Meals</b> <ul style="list-style-type: none"> <li>• Hospital</li> <li>• Nursing home</li> <li>• Rehabilitation facility</li> </ul>	Yes	Meals at a hospital or similar institution are eligible expenses if the main reason for being there is to receive medical care.
<b>Medical Alert Bracelet</b>	Yes	
<b>Medical Information</b> <ul style="list-style-type: none"> <li>• Electronic maintenance of medical plan info</li> <li>• Fees to transfer records due to a change in physicians</li> </ul>	Yes	Amounts paid to service that keeps medical information in a computer data bank and retrieves and furnishes the information upon request are eligible expenses.
<b>Medical Supplies</b> <ul style="list-style-type: none"> <li>• Bandages</li> <li>• Thermometers</li> <li>• Heating pad/pack, ice pack</li> <li>• Back braces or supports</li> <li>• Surgical stockings</li> <li>• Wheelchairs, walkers, canes, crutches</li> <li>• Truss</li> <li>• Diabetic supplies</li> <li>• Orthopedic shoes (partial reimbursement)</li> <li>• Blood pressure kit</li> <li>• Glucose kit</li> <li>• Cholesterol testing kit</li> <li>• Inclinator*</li> <li>• Reclining chair*</li> <li>• Special mattress (partial reimbursement)*</li> <li>• Physician's scales*</li> <li>• Bed boards*</li> <li>• Educational materials related to a diagnosed illness*</li> </ul>	Yes	<p>Expenses paid for medical supplies used to aid a person suffering from physical defect/illness are eligible medical expenses.</p> <p><b>* Letter of Medical Necessity Required</b></p>

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Healthcare Expense Type	Eligible for Reimbursement	Special Exceptions or Requirements
<b>Mentally Disabled, Home For</b>	Yes	The cost of keeping a mentally disabled person in a special home, not the home of a relative, on the recommendation of a psychiatrist to help the person adjust from life in a mental hospital to community living.
<b>N</b>		
<b>Nursing Home</b>	Yes	The cost of medical care, including meals and lodging in a nursing home or home for the aged, rest home or sanitarium, if the primary reason for being there is to get medical care, is an eligible medical expense.
<b>Nursing Services</b> <ul style="list-style-type: none"> <li>• Wages and other fees paid for nursing services</li> <li>• Extra rent or utility expenses for a large residence with extra space (bedroom) for a nurse or private attendant</li> </ul>	Yes	Services do not need to be performed by a nurse as long as the services are of a kind generally performed by a nurse. This includes caring for the patient's dressings and bathing and grooming a patient.  Household services and personal care unrelated to medical care and not covered under your medical plan are <b>NOT</b> eligible medical expenses.
<b>Nutritional Supplements</b>	Maybe	Nutritional supplements prescribed by a doctor for the treatment of a specific medical condition are eligible. <b>Letter of Medical Necessity Required</b>
<b>O</b>		
<b>Orthodontics</b>	Yes	
<b>Over-the-Counter Medicines/Drugs</b>	Maybe	Your plan must allow Over-the-Counter (OTC) medicines in order for the OTC to be an eligible expense.  See the <a href="#">OTC Guide</a> at the end of this section for more information.  Over-the-counter medicines, intended for medical use only and not merely to benefit the participant are an eligible medical expense.  An itemized receipt showing the name of drug, date purchased and purchase price is required with the claim form.  A doctor's statement may be required for certain items.
<b>Oxygen</b> <ul style="list-style-type: none"> <li>• Oxygen tanks</li> <li>• Oxygen equipment</li> </ul>	Yes	
<b>P</b>		
<b>Penile Implants</b>	Maybe	A penile implant is an eligible expense only if impotence is due to organic causes such as trauma, post-prostatectomy or diabetes. <b>Letter of Medical Necessity Required</b>
<b>Personal Hygiene Products</b> <ul style="list-style-type: none"> <li>• Toothpaste, toothbrush, mouthwash, floss</li> <li>• Deodorant</li> <li>• Shampoo, conditioner, hair spray</li> <li>• Bath soap, hand soap</li> <li>• Shaving cream</li> </ul>	No	
<b>Prescription Drugs</b>	Yes	Prescription drugs are an eligible expense if prescribed by a doctor and purchased in the United States.
<b>Prescription Drug Additives</b>	No	Flavorex is an additive used to improve the taste of medicine. Any cost associated with Flavorex is not eligible.
<b>Prosthesis</b>	Yes	

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Healthcare Expense Type	Eligible for Reimbursement	Special Exceptions or Requirements
<b>Psychiatric Care</b>	Yes	Eligible expenses include the cost of supporting a mentally ill dependent at a specially equipped medical center where the dependent receives medical care.
<b>Psychoanalysis</b>	Yes	Payment for psychoanalysis that is part of a person's training to be a psychoanalyst is <b>NOT</b> an eligible medical expense.
<b>Psychologist</b>	Yes	
<b>R</b>		
<b>Radon Mitigation</b>	Maybe	Radon testing must have occurred and there must be a harmful level of radon in order for mitigation to be an eligible expense.  Any structural repairs are subject to the limitation on capital expenditures.
<b>S</b>		
<b>Sales Tax or Shipping &amp; Handling</b>	Yes	Costs for sales tax, shipping or handling fees associated with an eligible expense.
<b>Service Animals for Disabled Persons</b> <ul style="list-style-type: none"> <li>• Cost of the animal</li> <li>• Care of the animal</li> </ul>	Yes	
<b>Smoke Detector for Disabled Persons</b>	Yes	<b>Partial Reimbursement Only</b>
<b>Stop-Smoking Program</b>	Yes	Over-the-counter (OTC) items for smoking cessation are only eligible if the employer's plan allows OTC drugs.
<b>Special Food</b>	Maybe	Only if proven to be effective for the treatment of a medical condition. <b>Partial Reimbursement Only</b> <b>Letter of Medical Necessity Required</b>
<b>Special Education for Disabled Persons</b> <ul style="list-style-type: none"> <li>• Tuition</li> <li>• Lodging</li> <li>• Meals</li> <li>• Tutoring fees</li> </ul>	Yes	The cost of a school for a mentally impaired or physically disabled person is an eligible expense if the primary reason is to treat or relieve the disability. (e.g.: school for the visually impaired; lip reading to the hearing impaired; or remedial language training to correct a condition caused by a birth defect).  Tutoring by a professional who is specially trained and qualified to work with learning disabilities is also an eligible expense.  <b>Letter of Medical Necessity Required</b> The cost of sending a child with behavior problems to a school where the course of study and the disciplinary methods have a beneficial effect on the child's attitude is <b>NOT</b> an eligible expense.  The cost of a boarding school while recuperating from an illness is <b>NOT</b> an eligible expense.
<b>Speech Therapy</b>	Yes	Speech therapy is an eligible expense if rendered to treat a medical condition or is restoratory or rehabilitatory in nature. <b>Letter of Medical Necessity Required</b>
<b>Sterilization/Sterilization Reversal</b> <ul style="list-style-type: none"> <li>• Vasectomy</li> <li>• Tubal ligation</li> </ul>	Yes	
<b>Swimming Pools or Whirlpools</b>	Maybe	If a swimming pool or whirlpool is used for the primary purpose of treating a medical condition, a portion of the expense may be eligible. See <a href="#">Capital Modification</a> for more information. <b>Partial Reimbursement Only</b> <b>Letter of Medical Necessity Required</b>

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Healthcare Expense Type	Eligible for Reimbursement	Special Exceptions or Requirements
<b>Surgery, Non-Cosmetic</b>	Yes	
<b>T</b>		
<b>Tanning Bed</b>	Maybe	Tanning beds are an eligible expense if tanning is used for the treatment of medical condition. <b>Letter of Medical Necessity Required</b>
<b>Telephone for Disabled Persons</b> <ul style="list-style-type: none"> <li>• Purchase price of special equipment</li> <li>• Repair of special equipment</li> </ul>	Yes	<b>Partial Reimbursement Only</b>
<b>Television for Disabled Persons</b> <ul style="list-style-type: none"> <li>• Purchase price of special equipment</li> <li>• Repair of special equipment</li> </ul>	Yes	<b>Partial Reimbursement Only</b>
<b>Therapy</b> <ul style="list-style-type: none"> <li>• Physical therapy</li> <li>• Occupational therapy</li> <li>• Speech therapy*</li> <li>• Chiropractor fees</li> <li>• Massage therapy*</li> <li>• Hydrotherapy*</li> <li>• Hypotherapy*</li> <li>• Patterning exercises for mentally disabled persons*</li> <li>• Radiation therapy</li> <li>• Chemotherapy</li> <li>• Counseling</li> <li>• Telephone counseling</li> </ul>	Yes	* <b>Letter of Medical Necessity Required</b>
<b>Transplants, Organ or Tissue</b> <ul style="list-style-type: none"> <li>• Surgical, hospital, laboratory and transportation fees</li> <li>• Cost to transfer medical records in order to find organ donors</li> </ul>	Yes	
<b>Transportation for Medical Care</b> <ul style="list-style-type: none"> <li>• Mileage for personal automobile</li> <li>• Parking fees and tolls</li> <li>• Bus, taxi, train, plane fare</li> <li>• Ambulance service</li> <li>• Transportation for companion if accompanying a patient who is unable to travel alone</li> <li>• Transportation for regular visits to see a mentally ill dependent if visits are recommended as part of the treatment</li> <li>• Transportation to alcohol or drug rehabilitation meetings</li> <li>• Transportation to pharmacy to purchase eligible expenses</li> <li>• Transportation to provider for medical treatment</li> </ul>	Yes	Transportation expenses (personal vehicle, airfare, bus fare, etc.) may be reimbursed when the transportation is primarily for, and essential to, medical care.  Transportation expenses for a personal vehicle can be reimbursed by a mileage rate determined by the IRS and subject to change. From January 1, 2008 through June 30, 2008, the standard mileage rate was 19 cents per mile for use of an automobile to obtain medical care as prescribed under the IRS §213. From July 1, 2008, through December 31, 2008, the standard mileage rate is 27 cents per mile. Effective January 1, 2009, the rate has been reduced to 24 cents per mile. Alternatively, you can be reimbursed by the actual amount spent on gas and oil (does not include expenses for general repair, maintenance, depreciation or insurance).  The following information must be included with the request for mileage reimbursement: <ul style="list-style-type: none"> <li>• Amount of miles.</li> <li>• Date of transportation.</li> <li>• Name of provider, such as doctor or pharmacy name.</li> </ul> The following are <b>NOT</b> eligible transportation expenses:

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Healthcare Expense Type	Eligible for Reimbursement	Special Exceptions or Requirements
		<ul style="list-style-type: none"> <li>Transportation to and from work, even if the condition requires an unusual means of transportation.</li> <li>Travel to another city if the primary purpose for the travel is not related to medical care, such as a vacation or trip to visit relatives.</li> </ul>
<b>Tuition Fees</b>	Maybe	Tuition fees paid to a private school as a personal preference over public schooling for general education are <b>NOT</b> eligible medical expenses.  Fees for medical care that are included in the tuition fee are eligible if the fees are separately stated on tuition statement.
<b>U</b>		
<b>Umbilical Cord Storage</b>	Maybe	Fees for storing umbilical cords for surgery in the near future are an eligible medical expense.  Fees for storing umbilical cords for use in the indefinite future are <b>NOT</b> an eligible expense.
<b>V</b>		
<b>Vacations</b>	No	A vacation taken for a change in environment, improvement of morale or general improvement of health –even if made on the advice of a doctor – is <b>NOT</b> an eligible medical expense.
<b>Vitamins and Dietary Supplements</b>	Maybe	Vitamins or other supplements prescribed by a doctor for the treatment of a specific medical condition are eligible. <b>Letter of Medical Necessity Required</b>
<b>W</b>		
<b>Water Bed</b>	Maybe	Expenses for a waterbed used in the aid of a special ailment and not for general well-being are eligible medical expenses. <b>Letter of Medical Necessity Required</b>
<b>Water Fluoridation Units and Water Pik</b>	Maybe	Items prescribed by a doctor for the treatment of a specific medical condition are eligible. <b>Letter of Medical Necessity Required</b>
<b>Weight Loss Program</b>	Yes	The weight loss program must treat a medical condition diagnosed by a healthcare provider. (e.g.: obesity, diabetes, high blood pressure) Only program fees are eligible. <b>Letter of Medical Necessity Required</b>  The cost of a weight loss program to improve your general health and appearance is <b>NOT</b> an eligible expense.  The cost of food is <b>NOT</b> an eligible expense.
<b>Wheelchair</b> <ul style="list-style-type: none"> <li>Purchase price of wheelchair</li> <li>Operating cost of wheelchair</li> </ul>	Yes	
<b>Wigs or Toupees</b>	Maybe	Wigs or toupees are eligible expenses if recommended by a physician for the mental health of a person who has lost his/her hair due to disease. <b>Letter of Medical Necessity Required</b>
<b>X</b>		
<b>X-Ray Fees</b>	Yes	

### OVER-THE-COUNTER (OTC) DRUG EXPENSES

The IRS allows certain over-the-counter (OTC) medicines and products to be reimbursed from a Healthcare FSA when the OTC item is used for medical purposes. Eligible OTC items include medicines or products that alleviate or treat injuries or illness for you and your eligible dependents.

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Reimbursement for any OTC expense must follow the existing rules regarding Healthcare FSAs, with some minor adjustments made to accommodate receipts and appropriate use.

In short, the expense must:

- Be incurred during your period of coverage;
- Be for you or an eligible dependent;
- Not be reimbursed through another plan;
- Be accompanied by a detailed receipt; and
  - A detailed receipt must provide the name of the medicine or product, the date, and the amount paid.
  - If your receipt does not include the above information, you will need to have this information documented by the merchant where the purchase was made.
- Be reasonable in quantity (stockpiling is not allowed, the items purchased must be usable before the end of the current plan year)

Please see [Appendix A](#) for a partial list of eligible, dual purpose, and ineligible OTC items.

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## SECTION 2: DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS

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The Dependent Care FSA reimburses expenses incurred for child or adult dependent care expenses for qualified dependents that are necessary to allow an employee and/or the employee's spouse to work, look for work, or who are full-time students.

**Remember, your employer's plan may differ from this guide. For specific information relating to your plan, check your employer's plan documents.**

Please visit the IRS Web site and review [Publication 503](#) for additional information regarding eligible child and dependent care expenses.

### REIMBURSEMENT LIMITATIONS

The IRS limits the reimbursable amount from a Dependent Care FSA. Your total reimbursements cannot exceed:

- \$5,000 per year if single or married and filing a joint tax return;
- \$2,500 per year if married and filing separate returns; or
- The amount of your or your spouse's annual salary if earning less than \$5,000 (single taxpayers or married taxpayers filing joint tax returns) or \$2,500 (for married taxpayers filing separate tax returns).

If your spouse also participates in a Dependent Care FSA through his or her employer, the \$5,000 limit is the **total amount** of reimbursements you can receive in any year from all employer-sponsored Dependent Care FSA plans. The limits cannot be combined in order to receive more than the \$5,000 maximum.

### ELIGIBLE EXPENSES

All eligible expenses must be incurred during your company's plan year to enable you and your legal spouse (if applicable) to remain **gainfully employed**. You and your legal spouse (if applicable) **are not** considered gainfully employed during paid vacation time, sick time, or while conducting volunteer work. Gainful employment is determined on a daily basis.

In general, the following expenses are eligible:

- Incidental household services, such as those provided by a maid, cook, housekeeper, or babysitter **if the services are related to the care of an eligible dependent** as well as to run the home.
- The actual care of the dependent in your home.
- Care provided outside your home if the dependent regularly spends at least eight (8) hours a day in your home.
- Preschool tuition.

**Note:** Generally, care **does not** include food, schooling, or tuition expenses; however, if these items are included as part of dependent care, if they are incidental, and if they cannot be separated from the total cost, you may generally be reimbursed for the total cost.

Some examples of **ineligible** expenses include the following:

- Schooling for a child in kindergarten or above.
- Expenses for sending your child to an overnight camp.
- Babysitter fees while you go to the movies or out to eat.

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### Who is a Qualified Dependent?

- A child under age 13 in your custody whom you claim as a dependent on your tax return;
- A spouse who is [incapable of self-care](#); and
- A dependent who lives with you—such as a child over age 13, parent, sibling, or in-law—who is incapable of self-care, and whom you claim as a dependent on your tax return.

**Note:** If care for a disabled spouse or dependent is provided outside the home, the dependent must live with you at least eight hours a day.

**Note:** A child can be the qualifying individual of only one parent in one year. Dependent care expenses for the custodial parent may be reimbursable if the child: (1) receives over one-half of his/her support from one or both parents; and (2) is in the custody of one or both parents for more than one-half of the calendar year.

### What Does 'Incapable of Self-Care' Mean?

In general, the following rules apply to qualify a person incapable of self-care:

- The individual is not able to dress, clean, or feed him or herself, or require constant attention to prevent injury to themselves or others because of physical or mental problems.
- **Note:** Simply being unable to work, perform normal household functions, or care for minor children does not mean an individual is incapable of caring for himself or herself.

### Who Qualifies To Provide Dependent Care?

Dependent care can be provided by:

- Any individual **not** claimed as a tax dependent by you or your spouse.
- Your child who is at least 19 years of age by the end of the plan year.
- A child, adult, or elder care center.

**Note:** The care provider must have a Social Security Number, Employer Identification Number (EIN), Individual Taxpayer Identification Number (ITIN) or a Taxpayer Identification Number (TIN).

### Who Qualifies as a Full-Time Student?

In general, the following rules apply to qualify an individual as a full-time student:

- The individual attends school for the number of hours or classes that the school considers full time for some part of each of five calendar months during the year. (The months need not be consecutive.)

**Note:** The term "school" includes elementary schools, junior and senior high schools, colleges, universities, technical, trade, and mechanical schools. It does not include on-the-job training courses, correspondence schools, or schools offering courses only through the internet.

## DEPENDENT CARE EXPENSE LISTING

The expense chart is divided into three columns, outlined below:

- **Dependent Care Expense Type:**
  - This column defines the specific expenses that are eligible or ineligible.
  
- **Eligible for Reimbursement:**
  - This column states if the expense is generally reimbursable from the spending account.

**Note:** For many expense types, there are certain exceptions or requirements. It is important that you read the Special Exceptions or Requirement related to the expense.
  
- **Special Exceptions or Requirements:**
  - This area will provide additional details to ensure your particular expense is eligible or whether the expense is only partially reimbursable.

Dependent Care Expense Type	Eligible for Reimbursement	Special Exceptions or Requirements
<b>Activity Fees from Care Provider</b> Field trips Dancing or swimming lessons Art supplies Entertainment Clothing	No	Fees paid to a dependent care center for special activities are <b>NOT</b> eligible expenses, unless these fees are incidental to, and cannot be separated from, the cost of caring for a dependent.
<b>After-School Programs</b>	Maybe	After-school programs that are educational in nature (for example, tutoring) are not eligible for reimbursement.
<b>Application Fees, Agency Fees, Deposits</b>	Maybe	Expenses that relate to but are not directly for the care of a qualifying individual, such as application fees, agency fees (e.g., for Au Pairs), and deposits, may be for the care of a qualifying individual and may be employment-related expenses if the taxpayer is required to pay the expenses to obtain the related care.  The expense is incurred when the participant is provided with the care that gives rise to the expenses, and not when the participant is formally billed or charged for, or pays for the care.  Note: Forfeited deposits and other payments are not for the care of a qualifying individual if the care is not provided
<b>Before-School Programs</b>	Maybe	Before-school programs that are educational in nature (for example, tutoring) are not eligible for reimbursement.
<b>Care Provided at a Provider's Home</b>	Yes	
<b>Care Provided by a Foreign National</b> Au pair	Yes	Foreign nationals are eligible day care providers only if they can demonstrate they may lawfully work in the United States and have a Social Security Number, Employer Identification Number (EIN) or an Individual Taxpayer Identification Number (ITIN).  If you are required to pay an agency fee in order to obtain the services of an au pair, the fee may be reimbursed after the au pair has started caring for your eligible dependents. A forfeited fee is not eligible for reimbursement.
<b>Care Provided by a Relative</b>	Yes	The following are <b>NOT</b> eligible expenses: Payments made to a dependent for whom you or your spouse claim as an tax exemption, or Payments made to your child who was under the age of 19 at the end of the year.
<b>Care Provided in Your Home</b>	Yes	

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Dependent Care Expense Type	Eligible for Reimbursement	Special Exceptions or Requirements
<b>Chauffer or Gardener</b>	No	
<b>Day Camps</b>	Yes	Day camps can include theme-based camps such as soccer camp or computer camp may be an employment-related expense if incurred for the care of a qualifying individual, which enables the employee to be gainfully employed.
<b>Dependent Care Centers</b> Child day care Adult or elder care facility	Yes	<p>If the center serves seven or more children or adults, the center must comply with all applicable state and local regulations.</p> <p>Indirect expenses (e.g., application fees and deposits) may be employment-related expenses if you are required to pay these amounts in order to obtain care for your eligible dependent. If the amounts you pay are forfeited or if care is not provided, then the expenses are not eligible.</p> <p>For part-time employees, dependent care expenses must be allocated between days worked and days not worked <b>unless</b> you are required to pay the care provider on a weekly or longer basis.</p>
<b>FICA/Social Security Taxes</b>	Yes	The taxes you pay on wages for qualifying child and dependent care services are eligible expenses. For more information on a household employer's responsibilities, please consult with a qualified tax advisor.
<b>Household Services</b>	Maybe	<p>Expenses for household services may be employment-related if the services are provided in connection with the care of a qualifying individual. Services of a housekeeper are household services if part of those services is provided to the qualifying individual.</p> <p>Household services needed for the care and protection of a qualifying individual while you work are also eligible. The services of a housekeeper, maid, or cook are usually considered necessary if performed for the care of the qualifying dependent.</p> <p>Household services do not include expenses for a qualifying dependent's food, clothing, education or entertainment.</p> <p>If part of a housekeeper expense is related to the care of your dependent while you are working, but part is for other purposes, only the part of the expense that is care-related is eligible. However, you do not have to make any adjustment if the non care-related part of the expense is minimal.</p> <p><u>Examples:</u></p> <ol style="list-style-type: none"> <li>1. A housekeeper who cares for your child but also spends 30 minutes driving you to and from work. No adjustment is necessary because 30 minutes of driving is minimal compared to the rest of the time spent caring for your child.</li> <li>2. You pay a person to provide bookkeeping services in the morning for your spouse's home-based business and then to provide household and dependent care services in the afternoon. Only the portion of the salary paid for household services is eligible, not the portion paid for bookkeeping services.</li> </ol>
<b>Incidental Expenses from Care Provider</b> <ul style="list-style-type: none"> <li>• Diapers</li> <li>• Meals</li> <li>• Clothing</li> <li>• Educational services (below the level of Kindergarten)</li> <li>• Activities</li> </ul>	Maybe	<p>These expenses must be included as part of the total bill and cannot be separated.</p> <p>Additional fees charges for these expenses are <b>NOT</b> eligible expenses.</p>

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Dependent Care Expense Type	Eligible for Reimbursement	Special Exceptions or Requirements
<b>Lodging Provided for a Care Provider, Including Utilities</b>	Yes	Additional rent and utilities incurred for your housekeeper's lodging are eligible expenses if the household services are needed for the well-being and protection of a qualifying individual while you work.
<b>Meals for the Care Provider</b>	Yes	If your care provider eats in your home, add to your work-related expenses the part of your total food cost that was for the housekeeper.
<b>Nursery Schools</b>	Yes	Nursery school fees, including pre-Kindergarten, are eligible expenses even if educational services are provided.
<b>Overnight Camp</b>	No	A pro-rated portion for the 'daytime' care provided by an overnight camp is <b>NOT</b> an eligible expense.
<b>Overnight Care</b>	Maybe	Overnight dependent care is eligible if you are required to travel overnight for work-related reasons, and your spouse, if married, is unable to be home with the child. Overnight care may also be an eligible expense when the employee works a night shift.
<b>Payment for Care While Parent is on Vacation</b>	Maybe	<p>A taxpayer who is gainfully employed and who pays for dependent care expenses on a weekly, monthly, or annual basis is not required to allocate expenses during short, temporary absences from work, such as vacation.</p> <p>Whether an absence is a short, temporary absence is determined based on all the facts and circumstances. SHPS typically establishes two (2) weeks as the cutoff, but your employer's plan may designate a shorter period.</p>
<b>Payment for Care while Parent is out Sick</b>	Maybe	<p>A taxpayer who is gainfully employed and who pays for dependent care expenses may be required to allocate the expenses if he/she is not <u>required</u> to pay for care while not at work.</p> <p>Fees paid to a baby sitter or housekeeper who is paid daily or fees paid while a parent recuperates from an extended illness or surgery are <b>NOT</b> eligible expenses, regardless of doctor's advice.</p> <p>Whether an absence is a short, temporary absence is determined based on all the facts and circumstances. The IRS permits up to two (2) weeks as the cutoff, but your employer's plan may designate a shorter period.</p>
<b>Transportation</b>	Maybe	<p>Transportation furnished by a dependent care provider to/from the site where care is provided may be for the care of an individual.</p> <p>For example: If the care provider picks up a qualifying child at school and takes them to the dependent care center, the transportation cost may be an employment-related expense.</p> <p>Expenses you incur for transportation in your own personal vehicle are not eligible expenses.</p>
<b>Tuition for Kindergarten or Higher</b>	No	<p>Tuition fees for Kindergarten or higher are <b>NOT</b> eligible expenses. If dependent care is provided as part of the tuition (e.g., before and after school care), only the cost of caring for the child is eligible.</p> <p>A separation must be made between the fees for child care and educational services.</p>

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### SECTION 3: HEALTH REIMBURSEMENT ARRANGEMENTS

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A Health Reimbursement Arrangement (HRA) is a type of spending account that (1) is funded solely by the employer, (2) reimburses individuals for medical care expenses, and (3) provides reimbursements up to a dollar value, which can be carried forward.

The IRS allows an HRA to reimburse eligible §213(d) medical expenses (including OTC) of an employee, his or her spouse, and qualified dependents. The IRS definition of 'qualifying medical care expense' is the same as used for Healthcare Flexible Spending Accounts; please refer to the [Healthcare Flexible Spending Account \(Section 1\)](#) for more information regarding dependent eligibility and eligible expenses.

**IMPORTANT:** Employers are not required to allow all expenses be reimbursed from the HRA - they are permitted to design a plan that limits reimbursement to only certain items. **For specific information relating to your plan, check your employer's plan documents.**

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## SECTION 4: HEALTH SAVINGS ACCOUNTS

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A Health Savings Account (HSA) can be used to pay for qualified medical expenses (as defined by §213(d)) incurred on or after the date of HSA establishment for the account owner, his or her spouse, and qualified dependents. The IRS definition of ‘qualifying medical care expense’ is the same as used for Healthcare Flexible Spending Accounts; please refer to the [Healthcare Flexible Spending Account \(Section 1\)](#) for more information regarding dependent eligibility and eligible expenses.

**IMPORTANT:** This section is included solely for information purposes. All HSA participants or potential participants are cautioned to seek guidance from a qualified tax advisor.

**Note:** For HSAs, employers cannot restrict eligible expense listings – there cannot be any difference between the IRS-allowed expenses and the HSA-allowed expenses.

**Note:** Medical expenses are qualified only to the extent they are not reimbursed by insurance or otherwise.

**IMPORTANT:** HSA account owners cannot simultaneously contribute to an HSA and also be enrolled in his own FSA or HRA (or be covered under his spouse’s FSA or HRA) – if an individual is enrolled in either plan, he will be deemed ineligible to participate in the HSA per the IRS.

For additional information on HSA guidelines, click [here](#) for the U.S. Treasury Department HSA site.

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## SECTION 5: LIMITED FLEXIBLE SPENDING ACCOUNTS AND LIMITED HEALTH REIMBURSEMENT ARRANGEMENTS

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A Limited Flexible Spending Account (LFSA) or Limited Health Reimbursement Arrangement (LHRA) is a spending account that is created specifically to allow individuals to be covered by a Healthcare Flexible Spending Account or Health Reimbursement Arrangement and retain eligibility for the Health Savings Account.

LFSA and LHRA plans fall into one of the following HSA-compatible reimbursement account designs:

1. Limited scope FSA (LFSA) or Limited Scope HRA (LHRA);
  - a. §213(d) **dental** and **vision** expenses only.
  - b. May also include preventive care expenses based upon high deductible health plan (HDHP) plan design.
  - c. OTC is **not** allowed to be reimbursed.
2. Post-deductible LFSA or LHRA;
  - a. §213(d)<sup>1</sup> **medical** expenses once the individual has proven (by means of substantiation from an independent third party) that he has met his annual HDHP deductible.
3. Post-retirement LHRA;
4. Suspended HRA; or
5. A combination of the above.

**IMPORTANT:** Most employers choose option 1; however, please refer to your employer's plan documentation to determine what specific eligible expenses your employer has chosen.

Under option #1 above, please refer to the [Section 1: Healthcare Flexible Spending Accounts](#) or [Section 3: Health Reimbursement Arrangements](#) to review those expenses that would be considered 'dental' or 'vision' to ascertain what expenses may be eligible under the LFSA or LHRA.

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## SECTION 6: COMMUTER SPENDING ACCOUNTS

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With a Commuter Spending Account (CSA), you are able to utilize pre-tax dollars to pay for public transportation and parking expenses that you incur getting to and from work.

**Note:** Only parking and mass transit costs incurred by you in connection with travel between your residence and your work place are eligible.

**Examples of eligible expenses include:**

- Mass transit fares, including tickets, passes, tokens, vouchers or other fares for riding buses, trains, para-transit vans or other mass transportation vehicles;
- Official vanpool fees;
- Parking fees (including parking meters) at or near your work place; and
- Parking fees at a location from which you commute to your work place via mass transportation or a carpool (e.g., park-and-ride lot).

**The following list contains examples of expenses **NOT** eligible for the commuter spending account program:**

- Highway or other roadway tolls.
- Traffic tickets.
- Fuel.
- Mileage or other costs you incur in operating a vehicle.
- Taxis.
- Payments to a fellow participant in a carpool or to a friend who drives you to work.
- Parking at your personal residence.
- Parking at your spouse's place of work.
- Parking at a mall or similar location where you stop on your drive to or from your place of work.
- Costs that have been or will be paid by your employer, such as for a business trip.

**IMPORTANT:** Please refer to your employer's plan documentation to determine what specific eligible expenses your employer has chosen.

## APPENDIX A: OVER-THE-COUNTER (OTC) ELIGIBLE EXPENSE GUIDE

The over-the-counter products listed in this section are examples, and inclusion of certain name brands does not constitute an endorsement of any particular product by SHPS. Please note that this is not an exhaustive listing of reimbursable OTC items.

**Note:** You do not need to purchase national-brand products; you can purchase generic or store-brand products.

Over-the-counter medicines can be broken down into three distinct item categories: eligible, dual-purpose, and ineligible.

Eligible and ineligible are straightforward in definition; however, certain OTC items are referred to as 'dual purpose', meaning that some individuals may utilize the product to alleviate a medical condition (eligible), while others may use the product for general health and well-being (ineligible). **These products are typically reimbursable; however, they will require a letter of medical necessity stating the specific diagnosis or medical condition as well as a recommendation to take the specific OTC medicine to treat the illness.**

### ELIGIBLE OTC ITEMS

The following is a sample list of eligible OTC items.

Eligible Type/Class of Drug or Product	Examples
Allergy Prevention and Treatment	Actifed ♦ Allerest ♦ Benadryl ♦ Chlor-Trimetron ♦ Claritin ♦ Contac ♦ Nasalcrom ♦ Sudafed ♦ Pseudoephedrine ♦ Zyrtec
Analgesics/Antipyretics	Aspirin ♦ Advil ♦ Children's Motrin ♦ Ibuprofen ♦ Motrin ♦ Naprosyn ♦ Tylenol ♦ Tylenol PM ♦ Midol ♦ Pamprin ♦ Premysyn PMS ♦ Acetaminophen
Antacids and Acid Reducers	Alka Seltzer ♦ Alka Seltzer PM ♦ AXID AR ♦ Gas-X ♦ Maalox ♦ Mylanta ♦ Tums ♦ Pepcid AC ♦ Prilosec OTC ♦ Tagamet HB ♦ Zantac 75
Anti-arthritis	Aleve ♦ Aspercreme ♦ BenGay ♦ Tylenol Arthritis
Antibiotics (topical)	Bacitracin ♦ Triple Antibiotic Ointment
Anticandial (yeast)	Femstat 3 ♦ Gyne-Iotrimin ♦ Mycelrx-7 ♦ Monistate 3 ♦ Vagistat-1
Antidiarrheal and Laxatives	Ex-Lax ♦ Immodium AD ♦ Kaopectate ♦ Pepto-Bismol
Antifungal	Lamisil AT ♦ Lotramin AF ♦ Micatin
Antihistamines	Actidil ♦ Actifed ♦ Allerest ♦ Benadryl ♦ Claritin ♦ Chlor-Trimetron ♦ Contac ♦ Drixoral ♦ Sudafed ♦ Tavist-1 ♦ Triaminic
Anti-itch Lotions and Creams	Bactine ♦ Benadryl ♦ Caldecort ♦ Caladryl ♦ Calamine ♦ Cortaid ♦ Hydrocortisone ♦ Lanacort ♦ Lamisil AT ♦ Lotramin AF
Asthma Medicines	Bronkaid ♦ Primatene Mist

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Cold Sore/Fever Blister	Abreva Cream
Cold and Flu Remedies	Actidil ♦ Actifed ♦ Advil Cold and Sinus ♦ Afrin ♦ Alka Seltzer Cold and Flu ♦ Afrinol ♦ Aleve Cold and Sinus ♦ Children's Advil Cold ♦ Dayquil ♦ Dimetane ♦ Dristan Long Lasting ♦ Drixoral ♦ Neo-Synephrine-12 Hour ♦ Nyquil ♦ Orrivin ♦ Pediacare ♦ Sudafed ♦ Tavist-D ♦ Thera-flu ♦ Triaminic ♦ Tylenol Cold and Flu
Contact Lens Supplies	Allergan ♦ Bausch & Lomb ♦ Opti-One
Contraceptive Products	Pregnancy Tests ♦ Spermicides ♦ Condoms
Cough Suppressants or Expectorants	Robitussin ♦ Vicks 44
Decongestants	Clartin-D ♦ Neo-Synephrine ♦ Sudafed
Dehydration	Pedialyte
Diaper Rash	Balmax ♦ Desitin
Eye Drops	Allergan ♦ Bausch & Lomb ♦ Visine
First Aid Supplies	Bandages ♦ First aid kits ♦ Cold/hot packs for injuries ♦ Rubbing alcohol ♦ Ace wraps ♦ Splints
Hemorrhoidal Preparations	Preparation H ♦ Hemorid ♦ Tronolane
Migraine Relief	Advil Migraine ♦ Motrin Migraine ♦ Excedrin
Motion Sickness	Dramamine ♦ Marizine
NSAIDS	Advil ♦ Alleve ♦ Bayer ♦ Ibuprofen ♦ Motrin ♦ Naprosyn ♦ Naproxen
Ophthalmic Preparations	Akwa Tears ♦ Muro 128
Pediculicide	Nix ♦ Rid
Sinus Products	Nasal Sprays
Smoking Cessation	Commit ♦ Nicoderm CQ ♦ Nicorette ♦ Nicotrol
Sunburn Relief	Solarcaine ♦ Water Gel
Teething/Toothaches	Orajel
Topical Steroids	Hydrocortisone
Wart Removal	Compound W ♦ Scholl Clear Away ♦ Wart-Off
Wound Care	Neosporin

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### DUAL PURPOSE OTC ITEMS

The following is a sample list of dual-purpose OTC items. Reimbursement eligibility will depend upon how the drug is being utilized. **A letter of medical necessity will be required for these items.**

Dual Purpose Type/Class of Drug or Product	Reimbursable Use	Excluded Use
Acne Products	Chronic acne under treatment by a physician	Occasional outbreak or blemish
Dietary/Nutritional/Herbal Supplements	Diagnosis of a specific medical condition	Routine use for general health
Feminine Hygiene Products	Post surgery	Routine use for personal hygiene
Fiber Supplements	Diagnosis of a specific medical condition	Routine use for general health
Heart Monitors	Monitoring a specific condition	Tracking heart rate during exercise for general purposes
Incontinence Products	Post-surgery or diagnosis of a specific medical condition	Infants and toddlers
Joint Supplements	Diagnosis of a specific medical condition, such as arthritis	Routine use for general health
Lactose Intolerance Supplements	Diagnosis of a specific medical condition	Routine use for general health
OTC Hormone Therapy	Diagnosis of a specific medical condition	Routine use for general health
Pre-Natal Vitamins	When prescribed by a doctor	Routine use for general health
Snoring Cessation Aids	Diagnosis of a specific medical condition, such as sleep apnea	Snoring
Sunscreen	Diagnosis of skin cancer or other medical condition	Prevention of sunburn
Vitamins and Minerals	Diagnosis of a specific medical condition	Routine use for general health
Weight Loss Products	Diagnosis of obesity or other medical condition (such as heart disease)	Any weight loss for purposes of improving one's general health (without obesity or medical condition)

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### EXCLUDED OTC ITEMS

The following is a sample list of excluded OTC items that are neither medicines nor items that benefit your general health or are personal use items. These items are **not** typically reimbursable under your spending account.

Excluded Type/Class of Drug or Product	Examples
Cosmetic Products	Face soaps ♦ Creams ♦ Makeup ♦ Perfumes ♦ Hair removal
Dental Products	Dental Floss ♦ Toothpaste ♦ Toothbrushes ♦ Teeth whitening kits
Personal Hygiene	Deodorant ♦ Shampoo ♦ Body sprays ♦ Soaps ♦ Moisturizers ♦ Chapstick
Sleeping Aids	Unisom
Special Foods/Diet	Sugar free ♦ Fat free ♦ Diabetic ♦ Weigh loss ♦ Low cholesterol

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### APPENDIX B: LETTER OF MEDICAL NECESSITY

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Click [here](#) for a printable letter of medical necessity.

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## Doctor's Statement Form for Healthcare Expense

The Internal Revenue Service requires a doctor's statement be provided for certain healthcare expenses in order to be reimbursed from your healthcare Flexible Spending Account (FSA) or Health Reimbursement Arrangement (HRA). The doctor's statement must indicate the specific medical disorder, the specific treatment needed, and how this treatment will alleviate the medical condition.

SHPS has developed the following form to assist you and your healthcare provider in providing the information we need in order to process your reimbursement request. Your provider can also write a letter on his or her letterhead, as long as the letter includes **all** the information on this form.

For fast and accurate processing of your reimbursement request, please make sure to include this doctor's statement form or your provider's letter along with an itemized receipt or other documentation. The reimbursement request form can be found on [www.myshps.com](http://www.myshps.com).

Please note: If your treatment extends beyond the time period listed below, you will need to submit a new doctor's statement form.

Employee Name	
Alternate ID/SSN	
Email Address	
Phone Number	

Patient Name	
Diagnosis	
Recommended Treatment	
How will the recommended treatment alleviate the diagnosis or symptoms?	
How long is the treatment required?	

Provider Name	
Provider Address	
Provider Telephone #	
Provider Signature	
Date	

**Questions? Need a list of eligible expenses? Go to [www.mySHPS.com](http://www.mySHPS.com) or call SHPS Customer Service at 1-800-678-6684.**

*Note: SHPS' role is to ensure that the proper documentation is submitted for reimbursement under the Plan, and not to determine whether the treatment prescribed by your doctor or other licensed health care provider is medically necessary.*