

HEALTH CARE FLEXIBLE SPENDING ACCOUNTS

The annual enrollment/open change period for the 2010 Health Care Flexible Spending Account begins Friday, October 23, 2009 at 8:00 a.m. and closes at 5:00 p.m. on Monday, November 23, 2009.

What are eligible health expenses?

An eligible expense is any expense that is allowed by the Internal Revenue Service (IRS) as an itemized deduction, to the extent that the expense is not covered by the medical, vision, dental, or prescription drug insurance plans (through Iowa State University or any other plan in which you or any of your spouse and/or children are enrolled). Premiums paid for any of the Iowa State University plans will be paid with pre-tax dollars using the Premium Conversion Plan only. You may refer to IRS Publication 502 (available from the IRS at <http://www.irs.gov/pub/irs-pdf/p502.pdf>) for information on eligible expenses. Eligible expenses include any eligible expenses your dependents, such as spouse or eligible children incur. **ISU will allow reimbursement of orthodontia treatment paid in full at the time the orthodontic service begins.**

Eligible expenses must be incurred during the calendar year (January 1 through December 31 or prior to your termination of employment). The determining factor is the actual date of services, not the date of billing or the date the bill is paid. Reimbursement request for eligible claims incurred during the 2009 calendar year must be submitted and received by Wellmark on or prior to March 31, 2010. Reimbursement request for eligible claims incurred during the 2010 plan year must be submitted and received by Wellmark on or prior to March 31, 2011. After that date unused, prior year contributions are forfeited.

If you terminate your employment with Iowa State University, your contribution into your Health Care Flexible Spending Account plan will terminate at the end of the month in which your employment ends. You can request reimbursement within 90 days of termination.

Examples of possible eligible health care spending account expenses for you and your dependents: co-insurance and co-pay amounts, contact lenses, deductibles, eligible dental expenses not covered by your plan, orthodontics, eyeglasses, hearing aid expenses, prescriptions drug co-payments, special equipment for the handicapped and disabled.

Same sex spouse/domestic partner expenses cannot be claimed.

Over-the-counter (OTC) medications and medical reimbursement accounts:

Per IRS guidelines, you are allowed to file claims for OTC medically necessary expenses under your Medical Reimbursement Account.

Many retail outlets will identify OTC items eligible for reimbursement on the cash register receipt.

The information in this supplement is intended to provide additional clarity as to what OTC expenses are reimbursable, what is needed to receive reimbursement, and when a medical necessity form is needed from your doctor for reimbursement.

Some things to keep in mind as you determine your Medical Reimbursement Account Election are the following:

- The OTC item must be primarily for medical care, and not for cosmetic or general health purposes; toiletries and cosmetics are not drugs.
- The OTC item must be for use by the employee, spouse, or dependent.
- The OTC drug must be legally procured and generally accepted as falling within a category of medicine and drugs.

When determining what is eligible, use the following criteria:

Would I be using this item for a medical condition?

If there is a question as to whether an expense is eligible, please check with Wellmark, who administers our accounts, prior to making your Medical Reimbursement Account Election.

While we cannot provide an exhaustive list of eligible and non-eligible items, the following chart should provide some clarity on what is payable, what may be payable with a medical necessity form, and what is not payable.

Eligible Items (Brand names given in parenthesis are examples, other choices in the category apply)		
Acne Treatment	Diabetic Supplies	Mastectomy Bra & Supplies
Allergy Medicine	Diaper Rash Ointments (Desitin)	Menstrual Pain Relievers (Midol)
Analgesics(Advil, Aspirin, Tylenol)	Diarrhea Medicine (Imodium, Kaopectate)	Motion Sickness Pills (Bonine, Dramamine)
Ankle/Wrist Brace	Ear Wax Removal Products (Debrox, Murine)	Muscle or Joint Pain Products
Antacids (Maalox, Prilosec OTC, Zantac)	Epsom	Nasal Strips or Sprays
Antibiotic Ointments (Bacitracin, Neosporin)	Eyeglass Case	Nicotine Gum or Patches (Nicoderm, Nicorette)
Antihistamines (Benadryl, Claritin)	Fever-Reducing Medications (Aspirin, Motrin, Tylenol)	Pain Relievers
Anti-itch Creams (Benadryl, Cortaid, Ivarest)	Fiber Supplements	Pregnancy Test Kits
Aspirin	First Aid Cream	Prenatal Vitamins
Bandages/Band-aids	First Aid Kit	Prenatal Vitamins
Blood Pressure Monitoring Devices	Gauze Pads	Reading Glasses
Blood Sugar Test Kits & Test Strips	Glucose Monitoring Equipment	Scar Diminishing Cream & Patches
Calamine Lotion	Headache Medications (Advil, Aspirin, Tylenol)	Sinus Medications
Cholesterol Medication (Smart Chews)	Hearing Aids	Sleeping Aids
Cold Medicine (Comtrex, Sudafed)	Hemorrhoid Treatments (Preparation H)	Smoking Cessation Medications
Cold/Hot Packs	Incontinence Supplies	Sunburn Creams & Ointments
Condoms	Insect Bite Creams & Ointments (Benadryl, Cortaid)	Sunscreen with High SPF (30 or higher)
Contact Lenses, Materials & Equipment	Laxatives (Ex-Lax)	Thermometers
Contraceptives	Liquid Adhesive for Small Cuts	Throat Lozenges
Cough Suppressants		Visine or Eye Products
Crutches		Wart Remover Treatments
Decongestants		Yeast Infection Medications
Dual Purpose Items Normally Payable With a Letter of Medical Necessity (letter for Physician available on ISU Benefits Webpage)		
Breast Pumps	Exercise Equipment or Programs	Massage Therapy
Calcium	Folic Acid	Nutritional Supplements
Chondroitin	Glucosamine	Orthopedic Shoes and Inserts
Citracal	Humidifiers/Vaporizers	Retin-A
Dietary Supplements	Magnesium	Weight Loss Drugs
Not Eligible Items		
Cotton Balls	Lip Balm (Chapstick)	Sunscreen with SPF below 30
Cotton Swabs (Q-Tips)	One-A-Day Vitamins	Vitamins

What is ineligible?

- If you have coverage under a **Health Savings Account (HSA)** health plan elsewhere (check with your other plan if you are not certain) you may only use your **ISU flexible spending accounts for specific, limited purposes**.
- The health insurance, dental insurance, life insurance, or long term care insurance premiums that are paid through another employer group plan or on an individual basis.
- Services considered as cosmetic, such as teeth whitening, plastic surgery that is not medically necessary.
- Over-the-counter items purchased must be primarily for medical care, and not for cosmetic or general health purposes solely for cosmetic or general health purposes.
- When in doubt, contact Wellmark Flexible Spending Administration at 1-800-624-2755.

Should I enroll in a health care flexible spending account?

Eligible Health and Dental expenses may be itemized on your annual tax return. The itemized expenses are only deductible to the extent they exceed 7.5% of your adjusted gross income. Participation in the Health Care Flexible Spending Account ensures that all eligible expenses you claim will be tax exempt.

You must be able to reasonably estimate your expenses prior to the start of the plan year. For example, you may have an \$800 out-of-pocket maximum for your medical plan and elect to contribute \$67.00 a month (\$804.00) into your Health Care Flexible Spending Account. If you do not incur the total expense prior to December 31, 2010 or claim all \$804 in out-of-pocket expenses by March 31, 2011, you will **forfeit any remaining balance**. It is usually best to only count on known expenses such as prescription medications taken regularly, eyeglasses, contact lens, hearing aids or expected dental care during 2010. Check on eligibility of unusual items or services prior to including those in your estimate. Some items require letters of medical necessity. This letter is available in the Benefits Office or on the Benefits website.

****PLEASE REMEMBER** that your participation in the Health Care Flexible Spending Account reduces your wages for social security and Medicare tax withholding and may reduce eventual social security benefits.

Premiums paid for any of the Iowa State University plans will be paid with pre-tax dollars. You may refer to IRS Publication 502, <http://www.irs.gov/pub/irs-pdf/p502.pdf>. See pages 23 - 24 for information on eligible expenses. Eligible expenses include any eligible expenses your dependents, such as spouse or eligible children incur. Eligible expenses must be incurred during the plan year (January 1 through December 31 or prior to your termination of employment). The determining factor is the actual date of services, not the date of billing or the date the bill is paid.