

# Letter of Medical Necessity



To be reimbursable through your Plan, some healthcare reimbursement requests require additional information. **Effective 1/1/2011, this includes Over-The-Counter (OTC) expenses that fall under the category of "medicines and drugs" (with the exclusion of insulin).**

A prescription or Letter of Medical Necessity must be submitted for such expenses. A new prescription or Letter must be submitted each Plan Year in which you request reimbursement of prescribed items or services, or any time the treatment plan changes.

For each individual in your household for whom you purchase healthcare expenses, we ask that you complete Section I of this form; the attending physician should complete Sections II and III. **Submit the completed form(s) to TASC with each Request for Reimbursement.** (If more space is required please complete another form.)

## SECTION I

Participant Name (Last, First, M) (PLEASE PRINT)

12-Digit TASC ID Number

Participant's Employer/Company Name (PLEASE PRINT)

Patient's Name (PLEASE PRINT)

## SECTION II

I am currently treating \_\_\_\_\_ for the following:  
(Patient's Name)

1. Treatment Plan: \_\_\_\_\_

Start Date of Treatment: \_\_\_\_/\_\_\_\_/\_\_\_\_ Anticipated Last Date of Treatment: \_\_\_\_/\_\_\_\_/\_\_\_\_

Medical treatment, medicines, drugs, service, procedure, equipment or supply: \_\_\_\_\_

2. Treatment Plan: \_\_\_\_\_

Start Date of Treatment: \_\_\_\_/\_\_\_\_/\_\_\_\_ Anticipated Last Date of Treatment: \_\_\_\_/\_\_\_\_/\_\_\_\_

Medical treatment, medicines, drugs, service, procedure, equipment or supply: \_\_\_\_\_

3. Treatment Plan: \_\_\_\_\_

Start Date of Treatment: \_\_\_\_/\_\_\_\_/\_\_\_\_ Anticipated Last Date of Treatment: \_\_\_\_/\_\_\_\_/\_\_\_\_

Medical treatment, medicines, drugs, service, procedure, equipment or supply: \_\_\_\_\_

## SECTION III

I hereby certify that the treatment plan(s) listed above is medically necessary to treat the ailment or medical condition listed above. This treatment plan is neither for cosmetic reasons nor for general health and well-being.

Physician Name (PLEASE PRINT)

Date

Physician Signature

**Submit the completed form(s) to TASC with EACH Request for Reimbursement.**

# OTC Medicines and Drugs : Changes Effective January 1, 2011

## What Changed?

In March, 2010, Congress passed H.R. 3590, the Patient Protection and Affordable Care Act. Section 9003 of that legislation amended previous legislated definitions of which over-the-counter (OTC) healthcare expenses are eligible for tax-advantaged benefits plans like FSAs, HRAs, and HSAs. The language made the current definition very clear: "...reimbursement for expenses incurred for a medicine or drug shall be treated as a reimbursement for medical expenses only if such medicine or drug is a prescribed drug (determined without regard to whether such drug is available without a prescription) or is insulin."

## What Does This Mean to Me?

Interpreted literally and as it pertains to your FlexSystem Medical FSA elections, this legislation is clarified as follows:

- While all medically necessary medicines continue to be FSA eligible, some items may require additional substantiation.
- OTC medicines and drugs are FSA ineligible as of January 1, 2011, unless you retain a prescription or letter of medical necessity from your physician, or if it's insulin.
- OTC health-related supplies continue to be FSA eligible after December 31, 2010.

If you require a medicine or drug for a medical condition you will need to request a prescription or Letter of Medical Necessity for such from your healthcare provider. This physician authorization will then render the expense(s) eligible under your FlexSystem Medical FSA Plan.

This change for OTCs will likely affect only a small percentage of your medical FSA reimbursements. Therefore, TASC suggests that you continue to make your FSA elections as usual. Like other Plan Participants, it is highly likely that you will use these funds for reimbursement of other expenses in lieu of those now deemed ineligible due to this change.



## What is a "Letter of Medical Necessity"?

Basically a note from your doctor, the Letter of Medical Necessity is needed when purchasing certain OTC medications to treat a condition. Such a Letter should clearly state the following:

- The medicine you require (or which your family member requires).
- The frequency in which said medicine is needed (weekly, monthly, etc.)

For example, if you require a packet of acid reflux medication each month for twelve months, the Letter or prescription must clearly state this. Be sure the Letter specifies individual name, dosage, and duration for each OTC medication.

## Important Points

- Over-the-counter (OTC) medicines and drugs purchased after December 31, 2010, require a prescription or Letter of Medical Necessity.  
**SEE PAGE 2 FOR A LIST OF EXAMPLES**
- OTC medical supplies continue as eligible after December 31, 2010.
- Only a small percentage of your total FSA election amount should be affected.
- TASC suggests that you continue to make your FSA elections as usual.



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TASC offers a complete suite of quality services, including the following:

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## What Should I Do During My FlexSystem Reenrollment?

This change for OTC medicines is expected to affect only a small percentage of your medical FSA reimbursements. Therefore, TASC suggests that you continue to make your FSA elections as usual. Like other Plan Participants, it is highly likely that you will use these funds for reimbursement of other expenses in lieu of those now deemed ineligible due to this change.

If additional legislative clarification subsequently affects previous medical FSA election decisions, TASC will allow Participants to alter previously elected amounts. This flexibility reflects our pro-Participant corporate philosophy, and helps ensure that Participants are not adversely affected by the use-it-or-lose-it rule. Further, we will back this policy with our exclusive Audit Guarantee.

## What Should I Do For the Remainder of This Plan Year?

The new rules go into affect January 1, 2011. Therefore, if you expect to make OTC medicine or drug purchases, we encourage you to make those purchases before January 1, 2011. If you incur OTC expenses after December 31, 2010, you may need to obtain a prescription or Letter of Medical Necessity from your physician.

## Examples of Expense Types

Items that will require a prescription or Letter of Medical Necessity AFTER December 31, 2010 include the following.

|                         |                                |                                |                          |
|-------------------------|--------------------------------|--------------------------------|--------------------------|
| Acid Controllers        | Anti-Itch and Insect Bite      | Digestive Aids                 | Pain Relief              |
| Allergy and Sinus       | Antiparasitic Treatments       | Feminine Anti-Fungal/Anti-Itch | Respiratory Treatments   |
| Antibiotic Products     | Baby Rash Ointments and Creams | Hemorrhoidal Medications       | Sleep Aids and Sedatives |
| Anti-Gas and Diarrheals | Cough, Cold and Flu            | Laxatives                      | Stomach Remedies         |

Items that will remain eligible and need no physician authorization include the following.

|                                |                           |                         |                            |
|--------------------------------|---------------------------|-------------------------|----------------------------|
| Bandages & First Aid Dressings | Contact Lens Solution     | Heating Pads            | Orthopedic Aids            |
| Birth Control Products         | Denture Products          | Hot, Cold & Steam Packs | Pregnancy & Fertility Kits |
| Blood Pressure Kits            | Diabetes Testing Supplies | Incontinence Products   | Splints, Supports & Braces |
| Canes & Walkers                | Durable Medical Equipment | Insulin                 | Thermometers               |
| Contact Lenses                 | Hearing Aid Batteries     | Nebulizers              | Wheelchair & Accessories   |



# Eligible Expenses

Due to Health Care Reform, effective 1/1/2011, over-the-counter (OTC) medicines and drugs, except for insulin, will require a prescription from your physician to be reimbursed from your Health FSA. The prescription will need to be included with each over-the-counter medicine or drug claim request submitted. Health-related supplies purchased over-the-counter continue to be eligible without additional documentation. Below is a sample list of permissible expenses reimbursable through a Full Scope Health Flexible Spending Account (FSA) that are incurred by you, your spouse, or qualified dependents. Please note a Limited Purpose Healthcare FSA only allows dental and vision expenses.

## Medical Expenses

- Acupuncture
- Artificial limbs
- Bandages
- Birth control, contraceptive devices
- Birthing classes/Lamaze – only the mother's portion (not the coach/spouse) and the class must be only for birthing instruction, not child rearing
- Blood pressure monitor
- Blood sugar test kits/test strips
- Chiropractic therapy/exams/adjustments
- Contact lens and contact lens solutions
- Co-payments
- Crutches (purchased or rented)
- Deductible and co-insurance
- Diabetic supplies
- Eye exams
- Eyeglasses, contacts, or safety glasses, prescription only (warranties are not reimbursable)
- Flu shots
- Hearing aids and hearing aid batteries (warranties are not reimbursable)
- Heating pad
- Incontinence supplies
- Infertility treatments
- Insulin
- Laser eye surgery; LASIK
- Legal sterilization
- Medical supplies to treat an injury or illness
- Mileage to and from doctor appointments
- Nasal strips
- Optometrist's or ophthalmologist's fees
- Physicals
- Physical therapy (as medical treatment)

## *FSA Healthcare*

- Physician's fee and hospital services
- Pregnancy test
- Prescription drugs and medications
- Psychotherapy, psychiatric and psychological service
- Reading glasses
- Sales tax on eligible expenses
- Services connected with donating an organ
- Sleep apnea services/products (as prescribed)
- Smoking cessation programs
- Treatment for alcoholism or drug dependency
- Vaccinations
- Wrist supports, elastic wraps
- X-ray fees

## OTC Medicines and Drugs

Purchases after 12/31/10 will require a physician's prescription for reimbursement.

- Bengay, Flexall, pain relieving creams or gels
- Calamine lotion
- Canker/cold sore relievers
- Cold medicines
- Corn removal
- Diaper rash ointment
- GasX, baby gas drops
- Hemorrhoid creams and treatments
- Hydrogen Peroxide or rubbing alcohol
- Indigestion or anti-acid relievers
- Laxatives
- Nicotine patch
- Pain relievers (Tylenol, Advil, Aspirin, etc)
- Sinus medicines
- Suppositories
- Teething gel
- Wart removal medication

# Eligible Expenses

## Dental Expenses

- Braces and orthodontic services
- Cleanings
- Crowns
- Deductibles, co-insurance
- Dental implants
- Dentures, adhesives
- Fillings

## For the Disabled

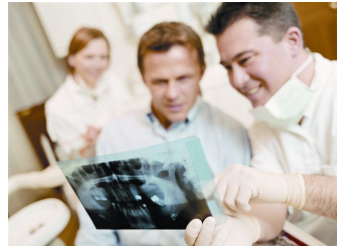
- Automobile equipment and installation costs for a disabled person in excess of the cost of an ordinary automobile; device for lifting a mobility impaired person into an automobile
- Braille books and magazines in excess of cost of regular editions
- Note-taker, cost of, for a hearing impaired child in school
- Seeing eye dog (buying, training and maintaining)
- Special devices, such as a tape recorder or typewriter for a visually impaired person
- Visual alert system in the home or other items such as a special phone required for a hearing impaired person
- Wheelchair or autoette (cost of operating/maintaining)

## Healthcare Expenses Requiring Additional Documentation

*Following are some expenses eligible only when incurred to treat a diagnosed medical condition. This type of expense requires a Letter of Medical Necessity from your physician to be submitted along with your request for reimbursement that contains the medical necessity of the expense, the diagnosed condition, the onset of the condition and the physician's signature. If the expense is a medicine or a drug then a prescription must be submitted instead of the Letter of Medical Necessity.*

- Acne treatments and medications
- Breast pump
- Ear plugs
- Estrovin
- Eye drops/Visine
- Glucosamine
- Massage treatments
- Nursing services for care of a special medical ailment
- Orthopedic inserts or shoes (excess cost of ordinary shoes)
- Over-the-Counter drugs and medications (effective January 1, 2011)
- Oxygen equipment and oxygen
- Propecia/Rogaine (only eligible for a medical condition)
- Speech therapy
- Sunscreen or suntan lotion
- Support hose
- Varicose vein treatment
- Veneers
- Wigs (for mental health condition of individual who loses hair because of a disease)

## FSA Healthcare





# Ineligible Expenses

The following healthcare expenses are **not** eligible for reimbursement:

## *FSA Healthcare*

### Ineligible Expenses for FSA Healthcare

- Athletic mouth guards
- Auto insurance providing medical coverage
- Breast feeding supplies
- Chapstick/lip balm
- Contributions to state disability funds
- Cosmetic surgery, cosmetic dentistry or other cosmetic procedures
- Cosmetic supplies (make up, facial soaps/creams and moisturizers, etc)
- Deodorant
- Dental floss
- Diaper service
- Diet: special diets and/or cost of special foods taken as substitute for regular diet
- Dietary and fiber supplements
- Divorce: expenses of divorce when doctor or psychiatrist recommends divorce
- Distilled water purchased to avoid drinking fluoridated city water or for use in medical equipment
- Domestic help: payments to domestic help, companion, babysitter, chauffeur, etc. who primarily render services of a non-medical nature
- Electrolysis/hair removal
- Exercise equipment and fees
- Eye drops for general comfort
- Eyeglass cases
- Hand sanitizer
- Health club or athletic club membership fees
- Herbal supplements
- Illegal treatment or medication
- Insurance premiums, all types
- Lanyards
- Lotions or skin moisturizers
- Marriage counseling
- Maternity clothes
- Mattress
- Medicare premiums
- Medicated shampoos, conditioners, and soaps
- Mobile telephone used for personal calls as well as calls to physician
- Nursemaids or practical nurses who render general care for healthy infants
- OTC drugs/medications without a prescription (effective January 1, 2011)
- Pajamas/slippers purchased to wear in hospital
- Personal use items (toothbrush, vacuum, pillow, shampoo, mattress, etc)
- Physical treatment unrelated to specific health problems (massage for general well-being, stress, depression, or chiropractic wellness program)
- Premiums for coverage through other medical plans (i.e., spouse's employer-sponsored plan or individual plan)
- Private hospital rooms
- Safety glasses (non-prescription)
- Special foods purchased to replace nutrition or for general health needs, such as diet foods.
- Sun Glasses (non prescription) and Sun Clips
- Teeth whitening
- Toiletries
- Toothbrush, (includes prescribed electric ones)
- Toothpaste
- Vacuum cleaner purchased by an individual with dust allergy
- Vitamins and/or supplements
- Warranties
- Weight loss drugs/programs for general well being

# Eligible Expenses

The following dependent care expenses are permissible for reimbursement through a Section 125 Flexible Spending Account. Please refer to your FSA Summary Plan Description (SPD).

## *FSA Dependent Care*

### **Eligible Expenses for FSA Dependent Care**

*Eligible dependent care expenses must be employment related.*



- Day Camp -- primary purpose must be custodial care and not educational in nature
- Dependent care expenses that are necessary for you (and your spouse) to work, actively look for work, or attend school full-time.
- Dependent care for a child under age 13
- FICA/FUTA taxes of day care provider
- Late pick up fees
- Nanny expenses attributed to dependent care
- Nursery school (Pre-School)
- Registration fees -- when allocated to dependent care services that have been provided

# How to Enroll Online

## Determine Your FSA Elections

To enroll in FlexSystem, you must first choose which Flexible Spending Account(s) you wish to participate in for the Plan year.

Then you must determine your elections to be contributed pre-tax into each type of FSA from every payroll over the course of the Plan year. Your elections are specific to each FSA and may only be used for expenses incurred for that account type, meaning that dollars set aside for dependent care may be used for dependent care expenses only and not for medical expenses, etc.

## Easy Online Enrollment

Online enrollment into the FlexSystem is available 24-hours a day from the convenience and privacy of your own home. Once you are enrolled, you may access your FlexSystem account balances online at any time.

### *New Enrollees (new to the Plan):*

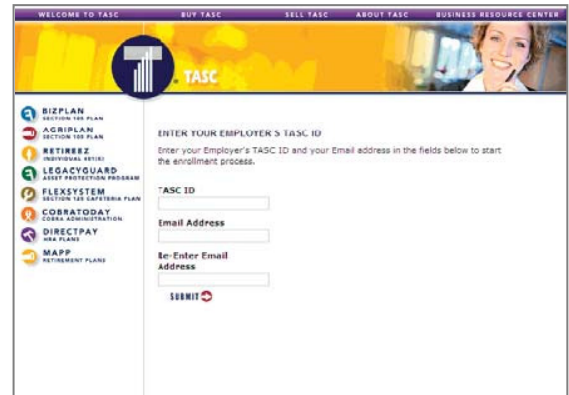
You must obtain the Client log-in ID from your employer and then go to [www.tasconline.com/tasconline/flexsystem/enroll](http://www.tasconline.com/tasconline/flexsystem/enroll) to receive your personal Log-in ID and PIN.

### *Renewing Enrollees:*

You will find your Log-in ID on your Request for Reimbursement Form and your PIN can be requested online.

### *Steps to Enroll Online:*

1. Go to [www.tasconline.com](http://www.tasconline.com).
2. Log-in using your Log-in ID and PIN.
3. Click the green Continue button on the Participant Manager screen.
4. Select the appropriate Plan from the drop down menu.
5. Select the benefits you wish to enroll in by clicking on "Elect" next to the benefit name.
6. Enter the total yearly election amount (repeat for each benefit desired).
7. Enter your e-mail address (to receive e-mails on the status of your reimbursements), mailing address and click "Submit".



The screenshot shows the TASC online enrollment interface. At the top, there is a navigation bar with links: WELCOME TO TASC, BUY TASC, SELL TASC, ABOUT TASC, and BUSINESS RESOURCES CENTER. Below this is a header with the TASC logo and a photo of a woman. The main content area is titled "ENTER YOUR EMPLOYER'S TASC ID" and includes instructions: "Enter your Employer's TASC ID and your Email address in the fields below to start the enrollment process." There are input fields for "TASC ID" and "Email Address", and a "Submit" button. On the left side, there is a vertical menu with icons and labels for various plans: BIZPLAN (SECTION 125 PLAN), 401(K) PLAN (SECTION 401(K)), RETIREEZ (DEFERRED SAVING), LEGACYGUARD (LIFE INSURANCE PROGRAM), FLEXSYSTEM (SECTION 125 SAFETY PLAN), CORBATODAY (COLLEGE SAVINGS PLAN), DIRECTPAY (FOR PLANS), and MAPP (RETIREMENT PLAN).

**For enrollment assistance, call FlexSystem at 1-800-422-4661  
and ask a FlexSystem Customer Services Representative.**

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FX-4247-020110





# Advantages of a Flexible Spending Account

## Increase Your Take-Home Pay by Reducing Your Taxable Income!

A Flexible Spending Account (FSA) allows you to **save up to 30%** on your eligible healthcare and/or dependent care expenses every year by using **pre-tax dollars**.

Consider how much you spend for healthcare and/or dependent care for you and your qualified dependents in one year, including:

- prescription drugs
- medical/dental office visit co-pays
- eye exams and prescription glasses/lenses
- vaccinations
- daycare tuition

Why not reduce these expenses by using pre-tax dollars instead of after-tax dollars? With rising healthcare costs, **every penny counts!**

By using pre-tax dollars, you are taxed on a lower gross salary, thereby saving money that would otherwise be spent on federal, state and FICA taxes, and so you **increase your take home pay!**

## How it Works

The FSA is offered through your employer and administered by TASC FlexSystem. When you choose to enroll in a Healthcare FSA and/or Dependent Care FSA, you decide the dollar amount you want to contribute to each account based on your estimated expenses for the upcoming year. The funds will be deducted pre-tax in equal amounts from each paycheck throughout the plan year. For every dollar you put into these accounts, **the more money you save** by paying less in taxes.

As you incur eligible expenses, you simply submit a request for reimbursement to TASC FlexSystem to receive reimbursement from your FSA, up to the total amount of your annual contribution. TASC FlexSystem offers multiple methods to request reimbursement (paper form, online, and text messaging) and performs daily claim processing for reimbursements. By using Direct Deposit, reimbursements are forwarded to your bank within 48 to 72 hours of a completed claim submission.

*33 million Americans  
save money every year  
by participating in a FSA*

2009 Nielson Consumer Research

## Pre-Tax Savings Example

|                               | <u>Without FSA</u> | <u>With FSA</u> |
|-------------------------------|--------------------|-----------------|
| Gross Monthly Pay:            | \$3,500            | \$3,500         |
| <u>Pre-Tax Contributions</u>  |                    |                 |
| Medical/Dental Premiums       | \$0                | -\$300          |
| Medical Expenses              | \$0                | -\$100          |
| Dependent Care Expenses       | \$0                | -\$400          |
| <b>TOTAL:</b>                 | <b>\$0</b>         | <b>-\$800</b>   |
| <b>Taxable Monthly Income</b> | <b>\$3,500</b>     | <b>\$2,700</b>  |
| Taxes (federal, state, FICA): | -\$968             | -\$747          |
| Out-of-pocket Expenses:       | -\$800             | \$0             |
| <b>Monthly Take-home Pay:</b> | <b>\$1,732</b>     | <b>\$1,953</b>  |

**Net Increase in Take-Home Pay = \$221/mo!**

For illustration purposes only. Actual dollar amounts may vary.

## How to Determine Your FSA Contributions

- ✓ Understand the IRS contribution limits for your Plan during the Plan year (available at the online enrollment site).
- ✓ Review the eligible and ineligible expense lists for Healthcare FSA and Dependent Care FSA.
- ✓ Determine which eligible expenses you expect to incur during the Plan year and how much you will spend.
- ✓ The total amount you project to be spent on eligible healthcare and/or dependent care expenses during the Plan year is the amount you should contribute to your FSA.

## Important Considerations

### *FSA Funds do not Rollover:*

It is important to be conservative in making elections because any unused funds left in your FSA at the close of the Plan Year are not refundable to you. You are urged to take precautionary steps, such as tracking account balances on the FlexSystem website and/or using the Interactive Voice Response System, to avoid having funds remaining in your account at year-end.

Using the Grace Period, or purchasing eligible over-the-counter items are ways to utilize leftover FSA funds.

### *Changing Elections During the Plan Year:*

You may change your FSA elections during the Plan year only if you experience a change of status such as:

- a marriage or divorce
- birth or adoption of a child, or
- a change in employment status

Refer to the Change of Election Form (available from your employer) for a complete list of circumstances acceptable for changing elections mid-year.

*Save up to 30% on healthcare expenses!*  
**Save up to 30% on healthcare expenses!**

- *Easy online enrollment*
- *Convenient payroll deductions*
- *Immediate access to funds*
- *Multiple methods to request a reimbursement*
- *Daily reimbursement processing*
- *Direct Deposit*
- *24/7 Account access (web and phone)*
- *Toll-free customer service*

## For More Information

Learn more about Flexible Spending Accounts and obtain additional resources online at:

[www.tasconline.com](http://www.tasconline.com)



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