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INSTRUCTIONS FOR COMPLETING THE STATEMENT OF MEDICAL NECESSITY FOR MEDICAL REIMBURSEMENT

The Internal Revenue Service requires a physician statement in order to reimburse certain medical expenses under a General-Purpose or Limited-Purpose Medical Reimbursement Account / Flexible Spending Account (FSA). Some expenses have a “dual- purpose” and are not eligible for reimbursement under all circumstances. For example, massage therapy for stress relief is not eligible; however, massage therapy recommended by a chiropractor or physical therapist to treat a particular medical condition or prescribed as a result of an injury would be eligible with proper documentation. Vitamins for general health would not be eligible but vitamins or herbal supplements prescribed to treat a specific current medical condition will be eligible with proper documentation. Section 125 follows the rules under Code Section 213(d) when determining whether or not an expense is tax deductible. In order to verify that these types of dual purpose expenses qualify as medical care under Code Section 213(d) you will need a written statement from a medical provider (i.e. doctor, dentist, chiropractor, homeopathic care provider, etc). The written statement must **identify the specific medical condition**, a description of the specific treatment recommended and how it will treat/alleviate the medical condition, as well as the duration of the treatment prescribed.

Q. How are the rules changing for reimbursing the cost of over-the-counter (OTC) medicines and drugs from General-Purpose Medical Flexible Spending Accounts (FSAs), Health Reimbursement Arrangements (HRAs), and Health Savings Accounts (HSA)?

A. Section 9003 of the Affordable Care Act established a new uniform standard for medical expenses. Effective **January 1, 2011**, distributions from General-Purpose Medical FSAs, HRAs, and HSAs will be allowed to reimburse the cost of **OTC medicines and drugs only if they are purchased with a prescription**. This new rule does not apply to reimbursements for the cost of insulin, which will continue to be permitted, even if purchased without a prescription. **IRS Notice 2010-59** (the “OTC Notice”), issued on September 3, 2010, provided some clarification regarding the limitation imposed by the Patient Protection and Affordable Care Act (PPACA).

Benefits Design Group, Inc. has developed this form to assist you in gathering the necessary information needed to process your medical FSA claim. You may use this form as is and have your physician complete the information below OR your physician may write his/her own letter on their letterhead, including the necessary information as stated below. **WARNING: A letter of medical necessity will not be valid for Over-the-Counter (OTC) medications.**

In order to obtain your reimbursement in a timely manner, please include your physician statement with your “Flexible Spending Account (FSA) Claim Form” along with an itemized billing statement or other documentation that includes the date of service and a description of the service provided. The FSA Claim Form and “Statement of Medical Necessity” will be available on our website at www.bdgflex.com. You will find these and other information under the “Forms and Instructions” section of our website.

Note: Internal Revenue Code Section 213(d)(1) provides that medical care means amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body.

IMPORTANT: An updated physician statement will be required each Plan Year for expenses that may continue into new plan years.

STATEMENT OF MEDICAL NECESSITY FOR MEDICAL REIMBURSEMENT

The Internal Revenue Service requires a physician statement in order to reimburse certain medical expenses under a General-Purpose or Limited-Purpose Medical Reimbursement Account / Flexible Spending Account (FSA). Some expenses have a "dual- purpose" and are not eligible for reimbursement under all circumstances.

In order for these types of expenses to be eligible as medical care under IRS Code Section 125 you will need a written statement from a medical provider (i.e. doctor, dentist, chiropractor, homeopathic care provider, etc). The written statement must identify the specific medical condition, a description of the specific treatment recommended and how it will treat/alleviate the medical condition, as well as the duration of the treatment prescribed. **WARNING:** A letter of medical necessity will not be valid for Over-the-Counter (OTC) medications.

Employee Name: _____

Soc Sec Number (last 4 digits required): _____ Employer: _____

Patient Name: _____

Diagnosis/Medical Condition: _____

Recommended Treatment (Please include a description of how it will treat the medical condition or alleviate the symptoms of the medical condition, as well as the length of time required for this treatment):

Provider Name: _____

Provider Address: _____

Provider Telephone: _____

Provider Signature: _____ Date: _____

IMPORTANT: An updated statement will be required each Plan Year for expenses that may continue into new plan years.

Please submit this completed form along with a "Flexible Spending Account (FSA) Claim Form". Claims can be submitted by mail to Benefits Design Group, Inc. PO Box 370 Onalaska, WI 54650 or by fax 608-781-4576.

Contact our offices at the toll free numbers below if you have any questions or concerns regarding the completion of this form.