



CHRISTIAN SCHOOLS
INTERNATIONAL

CSI Flexible Benefits Plan

UPDATE

Date: September 12, 2003

To: Participants and Schools in the
CSI Flexible Benefits Plan

- Over-the-Counter Drug Reimbursement
Approved by the IRS!
- Effective Date
- Documentation Requirements

From: Brian C. Meekhof, Benefits Administrator

Over-the-Counter Drug Reimbursement Approved by the IRS!

The IRS has recently announced (September 3, 2003) that over-the counter (OTC) drugs can be reimbursed by Health Care Flexible Spending Accounts (FSA). This is a major change from the previous IRS position that only prescription drugs were eligible for reimbursement.

The Treasury/IRS announcement said the change was being made, "since many prescription drugs have moved to the over-the-counter market" such as the popular antihistamine Claritin. The revenue ruling mentions the purchase of antacid, allergy medicine, pain reliever and cold medicine as examples of eligible OTC drugs. OTC drugs that are taken for general health reasons (such as the cost of dietary supplements and vitamins) are specifically excluded.

Please note that even though OTC drugs are now reimbursable from Health FSAs, they continue to be non-deductible for purposes of itemizing medical expenses on Schedule A of your Federal tax return.

Attached is a revision to your Summary Plan Description.

Effective Date

You may submit claims for family OTC drug expenses incurred at any time in the current Plan Year beginning 9/1/03. If you have a balance remaining in the previous Plan Year ending 8/31/03, you may also submit expenses for eligible OTC drugs. However, IRS regulations do **NOT** allow current Plan Year election amounts to be changed.

Documentation Requirements

In order to be reimbursed for OTC drugs, you will need to complete a Request for Reimbursement (claim) form and attach an itemized receipt for the drugs. If you are submitting a cash register receipt, the receipt must include:

- Name and address of provider (i.e., drug store or grocery store);
- Date of purchase;
- Name of OTC drug.
- If the name of the drug or medicine is **not shown** on the cash register receipt, you must submit a tear off portion of the box or package that includes the name of the drug and price along with the cash register receipt.

No. 41

(More)

Please note that OTC drugs **NOT** eligible for reimbursement include the following, unless a specific medical condition exists (physician's recommendation for the OTC drug purchase outlining the specific medical reason must be included with your claim submission):

- Drugs purchased for cosmetic reasons (e.g., Rogaine);
- Weight loss drugs;
- Drugs purchased for general good health (including dietary supplements and vitamins).

Please remember that **there is a minimum reimbursement amount of \$10.00**. For this reason, we recommend that you either batch receipts, or submit with other expenses to ensure that your minimum submission amount is \$10.00.

If you have any questions, please feel free to contact CSI or our claims administrator, Employee Benefit Strategies (EBS), at one of the numbers shown below.

CSI Flexible Benefits Plan

(616) 957-1070 or (800) 635-8288 (Ext. 267)

Employee Benefit Strategies (EBS)

(269) 344-2500 or (800) 325-7477