

IMPORTANT INFORMATION REGARDING YOUR

AMERICAN FIDELITY ASSURANCE COMPANY

FLEXIBLE

Spending Accounts



American Fidelity Assurance Company continually strives to ensure that your employer's Cafeteria Plan meets the requirements outlined by the Internal Revenue Service in the Section 125 Plan Treasury Regulations. We have outlined some important information below that affects your flexible spending account reimbursements. If you have any questions, please contact our office at (800) 325-0654.

Orthodontia


The IRS now specifically states that in order to be reimbursed in advance for orthodontia expenses (i.e., reimbursed prior to the services actually being rendered), the participant must have paid the expense first. A participant could pay a portion of the amount but could only seek advanced reimbursement for the amount paid. An amount in excess of what has been paid by the participant will not be eligible for reimbursement until the service is rendered or the amount is paid by the participant. When seeking advanced orthodontia reimbursements, the participant would need to submit the reimbursement request with a valid receipt showing the amount paid. This change will go into effect for all plan participants January 1, 2009.

Dependent Day Care Claim Reimbursements

Just a reminder to our dependent day care participants: the IRS specifies that before a dependent day care claim can be reimbursed through the flexible spending account, the day care service must have already been provided. It is not allowable to reimburse day care claims based strictly on when the service was paid for by the participant. The IRS does not allow for advanced reimbursements for dependent day care expenses.

Reimbursement for Medical Travel / Medical Mileage

Under Code Section 213 (d), the IRS allows for the cost of medical travel, defined as "transportation primarily for and essential to medical care", to be eligible for reimbursement at a stated rate per mile. For the period of January 1, 2008 through June 30, 2008, the stated rate was \$.19 per mile; for the period of July 1, 2008 through December 31, 2008, the stated rate is \$.27 per mile. Mileage associated with seeking medical treatment, such as going to a doctor's office, hospital, or clinic, would be considered an eligible expense as it is necessary to seek medical care. Mileage associated with going to a drug or discount store to pick up a prescription would not be considered medical care and, therefore, is not an eligible expense for reimbursement. For your convenience, a medical travel log is available on our web site at www.afadvantage.com.

 **American Fidelity
Assurance Company**

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American Fidelity Assurance Company
2000 N. Classen Blvd.
Oklahoma City, OK 73106
1-800-654-8489

Herbal or Dietary Supplements

Supplements are being used more frequently today in conjunction with traditional medical treatments. Although supplements can be reimbursed through the medical expense reimbursement account, it is important to understand how this works.

The IRS says that if a supplement is treating a medical condition, it can be an eligible expense. Because supplements can also be used to maintain a person's general good health, it is necessary for the participant to provide a statement from their doctor or medical practitioner (on their doctor or practitioner's letterhead or prescription pad) that explains the need for the supplement and the medical condition it is treating.

What is the difference between a drug and a dietary supplement?

The Federal Drug & Cosmetic Act defines drugs, in part, by their intended use, as "articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease" and "articles (other than food) intended to affect the structure or any function of the body of man or other animals" [FD&C Act, sec. 201(g)(1)]. These drugs have approved therapeutic claims.

Herbal supplements are not classified as drugs but as dietary supplements. The main difference is that they do not have approved therapeutic claims unlike in the case of drugs. Moreover, dietary supplements could either contain vitamins, minerals, herbals, or amino acids, all aimed to add to or supplement the diet of an individual. They are not intended to be taken alone as a substitute to any food or medicine.

How can I tell the difference between an over-the-counter drug and an herbal supplement?

The easiest way is to look at the content label usually found on the back of the item's packaging. By law, a supplement is required to state "Supplement Facts" and drugs are required to state "Drug Facts".

Supplement Facts		
Serving Size: 1 Fluid Ounce (30 ml)		
Servings Per Container: Approx. 33		
	Amount Per Serving	% Daily Value
Calories	20	
Total Carbohydrate	5 g	2%*
Sugars	4 g	†
Vitamin C	15 mg	25%
Potassium	35 mg	1%
*Percent Daily Values are based on a 2,000 calorie diet.		
†Daily Value not established.		

Must Provide Statement From Doctor Or Medical Practitioner For Reimbursement

Drug Facts	
Active Ingredient (in each tablet)	Purpose
Chlorpheniramine maleate 2 mg	Antihistamine
Uses: temporarily relieves these symptoms due to hay fever or other upper respiratory allergies: ■ sneezing ■ runny nose ■ itchy, watery eyes ■ itchy throat	
Warnings	
Ask a doctor before use if you have	
■ glaucoma ■ a breathing problem such as emphysema or chronic bronchitis	
■ trouble urinating due to an enlarged prostate gland	
Ask a doctor or pharmacist before use if you are taking tranquilizers or sedatives	
When using this product	
■ drowsiness may occur ■ avoid alcoholic drinks	
■ alcohol, sedatives, and tranquilizers may increase drowsiness	
■ be careful when driving a motor vehicle or operating machinery	
■ excitability may occur, especially in children	
If pregnant or breast-feeding, ask a health professional before use.	
Keep out of reach of children. In case of overdose, get medical help or contact a Poison Control Center right away.	
Directions	
adults and children 12 years and over	take 2 tablets every 4 to 6 hours; not more than 12 tablets in 24 hours
children 6 years to under 12 years	take 1 tablet every 4 to 6 hours; not more than 6 tablets in 24 hours
children under 6 years	ask a doctor

No Doctor's Statement Necessary (unless dual purpose)