

# NEWS

## Important Health FSA Reimbursement Rules are Changing

The Health Care Reform legislation is bringing changes to what is considered a qualified medical expense for health flexible spending accounts.

Beginning January 1, 2011, over the counter (OTC) medications will no longer be eligible for reimbursement under your health care flexible spending account (FSA) unless prescribed by a doctor. Any claims you submit for reimbursement that include OTC drug expenses incurred on or after January 1, 2011 must be accompanied by appropriate documentation.

### Helpful Tips:

- Over-the-counter medications purchased through December 31, 2010 are still reimbursable expenses from your health FSA. This change becomes effective on January 1, 2011.
- The rules for other over-the-counter health care related items, such as bandages and first aid kits, have not changed. These items are still eligible for reimbursement through your health FSA.
- Before your next open enrollment period, review your past year's health FSA expenses to see how much of your health FSA expenses were OTC drugs.
- Changes that begin January 1, 2011 apply to everyone, even if you are in the middle of your current plan year.

### **IMPORTANT NOTE:**

Any claims you submit for reimbursement that include OTC medicine expenses incurred on or after January 1, 2011 must be accompanied by appropriate supporting documentation. Additional clarification on the OTC provision will be issued by the IRS in the near future. For example, the IRS has yet to explain if necessary documentation will be a prescription or letter of medical necessity. Further IRS clarification to define OTC medicines and drugs and other pertinent details is also needed.



**Medications prescribed by a doctor and insulin are not affected by this change. You can continue to follow your current process when purchasing these items and submitting your FSA claims.**