

Important Information about Your Flexible Spending Account (FSA)



GUIDELINES FOR THE REIMBURSEMENT OF FSA FUNDS FOR THE PURCHASE OF OVER THE COUNTER PRODUCTS AFTER 1/1/11

The recently enacted Patient Protection and Affordable Care Act of 2010 has changed the rules for the purchase of over the counter (OTC) products using your Flexible Spending Account (FSA) or Health Reimbursement Arrangement (HRA) pre-tax funds.

The IRS currently allows OTC medicine and drugs to be reimbursed using your FSA dollars. However, **as of January 1, 2011:**

FSA funds can **no longer be used to purchase OTC medicine and drugs** unless a medicine or drug is prescribed. A “prescription” means a written or electronic order for a medicine or drug that meets the legal requirements of a prescription in the state in which the medical expense is incurred and that is issued by an individual who is legally authorized to issue a prescription in that state.

The OTC items affected include items in the following categories:

- Acid controllers
- Allergy & Sinus
- Antibiotic products
- Anti-diarrheals
- Anti-gas
- Anti-itch & insect bite
- Antiparasitic treatments
- Baby rash ointments/creams
- Cold sore remedies
- Cough, cold & flu
- Digestive aids
- Feminine anti-fungal/itch
- Hemorrhoidal preps
- Laxatives
- Motion sickness
- Pain relief
- Respiratory treatments
- Sleep aids & sedatives
- Stomach remedies

You can continue to use your FSA funds to reimbursement your purchase of OTC items that are not considered a medicine or drug (e.g. bandages, splints, contact lens solution, etc.) Please note that **insulin remains an eligible expense** with or without a prescription.

Remember to consider these new OTC rules when estimating the dollar amount you contribute to your FSA account for the next plan year.

If you have questions about this OTC change or need more information, please contact Klais and Company, Inc. at 1-800-331-1096.