

Changes in Health Care Flexible Spending Accounts

The Health Reform legislation passed by both the House and Senate will impact Health Care Flexible Spending Accounts (FSA) beginning in January of 2011.

Over the counter (OTC) drugs, medicines and biologicals will no longer be eligible without a directive from a provider. This eliminates over the counter medications from the list of eligible expenses that can be purchased using a Benefits Card.

You must obtain a letter of medical necessity from your medical practitioner in order to receive reimbursement for OTC medications. As a participant you will be able to purchase the over the counter medications that are ordered by a medical practitioner using your Healthcare FSA. However, you cannot use the Benefits Card to purchase the item.

Not all OTC items are affected, only those items that represent drugs, medicines and biologicals are expected to be excluded from tax-free reimbursement. The 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/Anti-Itch
- Hemorrhoidal Preps
- Laxatives
- Motion Sickness
- Pain Relief
- Respiratory Treatments
- Sleep Aids & Sedatives
- Stomach Remedies

Please Note: Insulin will remain eligible for reimbursement through your FSA.

Our understanding is that non-medicinal medical supplies will continue to be FSA eligible. However, this may change as the newly passed healthcare legislation is finalized. Until further clarification on the Health Reform legislation, we recommend that you do not include costs for OTC products in your annual election. We will update our members as we learn more regarding the future eligibility of over the counter items.

If you have any questions, please contact BenefitHelp Solutions at 503.219.3679 or 888.398.8057.