



GUIDELINES FOR THE USE OF FSA FUNDS TO PURCHASE 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) pre-tax funds.

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

1. 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

2. If your account uses a **Benny Prepaid Benefits Card** and have a prescription for an OTC medicine or drug, you must pay out of pocket at point of sale and then submit a manual claim requesting reimbursement. **You cannot use your Benny Prepaid Benefits Card for this purchase.**
3. You can continue to use your FSA funds to purchase 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. **So, your Benny Prepaid Benefits Card can continue to be used for these purchases.**
4. Remember to consider these new OTC rules when estimating the dollar amount to put in your FSA account for the next plan year.

If you have questions about this OTC change or need more information, please contact our office.

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