

Important Information for Your Upcoming Flexible Spending Account (FSA) Enrollment

As you may have heard, there is new legislation going into effect on January 1, 2011 which impacts healthcare FSAs. Here's what's happening. Certain over-the-counter items will require a prescription* to be considered an eligible FSA expense. The information below is important for you to know as you begin to think about your healthcare FSA contribution for this year's enrollment.

How does this new legislation impact me?

It impacts you two ways:

1. Setting Your Contribution

Because OTC drugs and medicines will require a prescription beginning January 1, 2011, you might want to consider this when deciding on your healthcare FSA contribution.

2. Using Your Account Dollars

Through December 31, 2010:

- OTC drugs and medicines are eligible for reimbursement without a prescription.

Beginning January 1, 2011:

- Over-the-counter (OTC) drugs and medicines will be considered **ineligible** expenses unless you have a prescription from your physician.

OTC Drugs and Medicines Requiring a Prescription

- Acid Controllers
- Allergy & Sinus
- Antibiotic Products
- Antidiarrheals
- Anti-Gas
- Anti-Itch & Insect Bite
- Anti-Parasitic Treatments
- Baby Rash Ointments/Creams
- Cold Sore Remedies
- Cough, Cold & Flu
- Digestive Aids
- Feminine Anti-Fungal/Anti-Itch
- Hemorrhoid Preps
- Laxatives
- Motion Sickness
- Pain Relief
- Respiratory Treatments
- Sleep Aids & Sedatives
- Stomach Remedies

Does this mean all OTC items will be ineligible after January 1, 2011?

No, many OTC items will continue to be considered eligible expenses and will not require a prescription. See "Eligible Healthcare Expenses" within this communication for examples.

***Please note: The documentation required for a *prescribed* OTC drug or medicine is still being clarified by the IRS. More information will be provided as it becomes available.**

Eligible Healthcare Expenses

Following is a condensed listing of eligible healthcare expenses. For a more complete listing, visit the participant portal. Please note this listing is subject to change at any time and without notice due to new legislation.

NOTICE:

Effective January 1, 2011, the list of items that will require a prescription includes, but is not limited to acne medicine; allergy medicine; cough, cold & flu medicine; eye drops; indigestion medicine; laxatives; nasal sprays, drops; ointment for cuts, burns, rashes; pain relievers.

Items that will remain eligible without a prescription include, but are not limited to band aids, birth control, braces & supports, contact lens solutions & supplies, elastic bandages & wraps, first aid supplies, and reading glasses.

Acupuncture	Guide dog or other animal used to assist persons with physical disabilities	Pregnancy test kits
Alcoholism treatment	Health institute	Psychiatric care (for medical reasons)
Ambulance service	Hearing aids and batteries	Psychologist fees
Artificial limb/teeth	Hospital services	Schools and education, special (for mentally impaired or physically disabled person - see IRS Publication 502)
Bandages, band-aids, wraps and splints	Insulin, syringes	Special home for person adjusting from life in mental institution to community living
Breast-reconstructive surgery following mastectomy	Laboratory fees	Sterilization procedures (vasectomy or tubal ligation)
Birth control pills (Norplant, ovulation kits)	Lead-based paint removal	Stop-smoking programs
Braille books and magazines	Legal fees (fees you pay that are necessary to authorize treatment for mental illness)	Surgical fees (for legal operations not cosmetic in nature)
Chiropractor professional fees	Lodging (see IRS Publication 502, Lodging)	Therapy, physical or speech
Christian Science Practitioner fees	Meals (only as part of inpatient hospital care)	Transplants (donor expenses, if you pay those expenses)
Cold medicine (see notice above)	Medical conference admission and transportation to/from (if concerns chronic medical condition of you, spouse or child)	Transportation and related travel expenses for person seeking treatment (See IRS Publication 502, Transportation and Trips)
Contact lenses	Nursing home (if necessary for medical care and only the portion for medical services)	Treatment for learning disability caused by mental or physical impairment or nervous system disorders (treatment must be recommended by physician - see IRS Publication 502, Learning Disability)
Contraceptives	Nursing services	Vaccinations
Crutches	Operations (legal operations that are not cosmetic in nature)	Vasectomy
Dental treatment (includes exams, x-rays, fillings, root canals, gum disease treatment, crowns, bridges, dentures, implants, orthodontia; does not include cosmetic treatments such as teeth whitening, bonding, etc.)	Orthodontia	Weight-loss program (only if medically necessary to treat existing disease (such as heart disease) and undertaken under physician's direction)
Diagnostic services and tests	Orthopedic devices	Wheelchair
Drug dependency treatments	Osteopath fees	Wigs (if purchased upon advice of physician for mental health of patient)
Drugs (prescription drugs, insulin; <i>see Over-the-counter Drugs/Medicines</i> ; does <u>not</u> include cosmetic drugs e.g., Retin-A, Renova, Propecia, etc.)	Oxygen equipment	X-ray fees
Eye surgery (includes cataract, LASIK, corneal rings, etc.)	Pain reliever (for arthritis pain, head/back pain, menstrual pain, muscle or joint pain, e.g., aspirin, ibuprofen; does <u>not</u> include vitamins or herbal supplements) (see notice above)	
Eyeglasses, prescription (includes prescription sunglasses and over-the-counter reading glasses)	Physical therapy	
Fertility treatments (ovulation predictor kits and pregnancy tests, in vitro fertilization, surgery or operations to reverse a prior surgery that prevents you from having children)		
Flu Shots		

