

## Questions and Answers on Over-the-Counter Medicines and Drugs for FSA reimbursement

### **Q. How are the rules changing for reimbursing the cost of over-the-counter medicines and drugs from health flexible spending arrangements (health FSAs)?**

A. Effective Jan. 1, 2011, distributions from health FSAs will be allowed to reimburse the cost of over-the-counter medicines or drugs only if they are purchased with a prescription. This new rule does not apply to reimbursements for the cost of insulin, which will continue to be permitted, even if purchased without a prescription.

### **Q. When will the changes become effective?**

A. The changes are effective for purchases of over-the-counter medicines and drugs without a prescription after Dec. 31, 2010. The changes do not affect purchases of over-the-counter medicines and drugs in 2010, even if they are reimbursed after Dec. 31, 2010.

### **Q. How do I prove that I have purchased an over-the-counter medicine or drug with a prescription so that I can get reimbursed from my employer's health FSA?**

A. If your employer's health FSA reimburses these expenses, you would provide the prescription (or a copy of the prescription or another item showing that a prescription for the item has been issued) and the customer receipt (or similar third-party documentation showing the date of the sale and the amount of the charge). For example, documentation could consist of a customer receipt issued by a pharmacy that reflects the date of sale and the amount of the charge, along with a copy of the prescription; or it could consist of a customer receipt that identifies the name of the purchaser (or the name of the person for whom the prescription applies), the date and amount of the purchase and an Rx number.

### **Q. How does this change affect over-the-counter medical devices and supplies?**

A. The new rule does not apply to items for medical care that are not medicines or drugs. Thus, equipment such as crutches, supplies such as bandages, and diagnostic devices such as blood sugar test kits will still qualify for reimbursement by a health FSA if purchased after Dec. 31, 2010.

### **Q. Will I need a prescription to use my health FSA for insulin purchases after Dec. 31, 2010?**

A. No. You can continue to use your health FSA to purchase insulin without a prescription after Dec. 31, 2010.

### **Q. I use health FSA funds for my co-pays and deductibles. Will I still be able to reimburse those expenses with health FSA funds after Dec. 31, 2010?**

A. Yes. Co-pays and deductibles continue to be reimbursable from a health FSA after Dec. 31, 2010.

### **Q. Since I am able to submit claims beyond the end of the year for health FSA expenses incurred during the year, what happens if I purchase over-the-counter medicines or drugs without a prescription in 2010 but do not submit the claim for those expenses until January 2011? Will they qualify for reimbursement?**

A. Yes. The new restriction on plan reimbursements for the cost of over-the-counter medicines or drugs without a prescription applies only to purchases that are made after 2010.

### **Q. Our health FSA includes a provision for a grace period, so that if I don't spend all of the money in my health FSA by Dec. 31 in a given year, I can still use the amount left in my health FSA at the end of the year to reimburse expenses I incur during the first 3 ½ months of the following year. If I buy over-the-counter medicines or drugs without a prescription during the 3 ½ month grace period**

**of 2011, can I still use the amount left in my health FSA at the end of 2010 to reimburse those expenses?**

A. No. The change applies to purchases made on or after Jan. 1, 2011. Therefore, even though our FSA plan includes the 3 ½ month grace period provision, the cost of over-the-counter medicines and drugs purchased without a prescription during the first 3 ½ months of 2011 will not be eligible to be reimbursed by a health FSA.

**Q. What are eligible over-the-counter medical expenses that are reimbursable without a prescription?**

A. Band Aids, eye care (contact lens solution, lubricant drops, patches), family planning (contraceptives, pregnancy tests, etc.), home diagnostic tests or kits (blood pressure, cholesterol, diabetes, colorectal cancer, HIV, urine test, thermometers, etc.), incontinence products, joint-support bandages and hosiery, and vaporizers and humidifiers.

**Q. What are eligible over-the-counter medical expenses that require a prescription by a licensed health care professional to be reimbursed?**

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|----------------------------|--------------------------------|
| Acid Controllars           | 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 Anit-Fungal/Anti-itch |
| Hemorrhoidal Preps         | Laxatives                      |
| Motion Sickness            | Pain Relief                    |
| Respiratory Treatments     | Sleep Aids & Sedatives         |
| Smoking Cessation Products | Stomach Remedies               |