

## FLEX SPENDING CHANGES REGARDING OTC DRUGS & MEDICINES Enrollment & Reimbursement Information Effective Immediately

As you have probably heard from newspapers, media and the materials we've given to your employer, there is new legislation going into effect on January 1, 2011 which impacts healthcare FSAs, Health Reimbursement Arrangements and HSA's.

Here's what's happening. Certain over-the-counter items will soon require a prescription\* to be considered an eligible FSA/ HSA or HRA expense. Because of this major change to the plan, we are providing additional information below so that you can claim OTC expenses before the end of the year, and plan accordingly for future expenses.

So what's your responsibility? You'll need to plan for the remainder of the year—and at Open Enrollment.

### 1. Purchase OTC drugs and medicines now—before the calendar year ends!

- OTC drugs and medicines are eligible for reimbursement without a prescription *for the remainder of 2010*.
- Healthcare debit cards, (e.g., PayProFlexCard™ & BennyCards) can be used to purchase eligible OTC drugs and medicines through the remainder of the calendar year.

### 2. Enroll or Re Enroll in the Plan Accordingly!

- Because OTC drugs and medicines will require a prescription beginning January 1, 2011, you should consider this when deciding on your new plan year contribution. If you know you will have OTC, you may allocate your plan dollars accordingly—but remember to *use those dollars before the 2010 calendar year ends*.
- Over-the-counter (OTC) drugs and medicines will be considered **ineligible** unless you have a written prescription from your physician. If you have a PayProFlex or BennyCard, after 1/1/2011 it will not accept transactions for OTC drugs or medicines—even if you have a written prescription. Instead, you'll need to purchase it using another method of payment, and then submit the prescription and itemized receipt to PayPro Administrators for reimbursement.

### Sample of some OTC Drugs & Medicines Requiring a Prescription January 1, 2011

|                                    |                                      |                                   |
|------------------------------------|--------------------------------------|-----------------------------------|
| <b>Acid Controllers</b>            | <b>Acne Medicines</b>                | <b>Allergy &amp; Sinus</b>        |
| <b>Antibiotic Products</b>         | <b>Anti-diarrhea Medicines</b>       | <b>Anti-Gas</b>                   |
| <b>Anti Itch &amp; Insect Bite</b> | <b>Aspirins &amp; Pain Relievers</b> | <b>Baby Rash Ointments</b>        |
| <b>Cold Sore Remedies</b>          | <b>Cold &amp; Flu Medicines</b>      | <b>Digestive Aids</b>             |
| <b>Feminine Anti-Fungal</b>        | <b>Hemorrhoid Preps</b>              | <b>Laxatives</b>                  |
| <b>Motion Sickness Products</b>    | <b>Respiratory Treatments</b>        | <b>Sleep Aids &amp; Sedatives</b> |
|                                    | <b>Stomach Remedies &amp; More</b>   |                                   |

*Some OTC expenses may still be eligible! Please review the listing on the following page to learn more.*



## Typically Eligible Healthcare Expenses

Following is a condensed listing of typically eligible healthcare expenses. For a more complete listing, visit the participant portal of our website. 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 for reimbursement 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  | Meals (only as part of inpatient hospital care)   |
| Alcoholism Treatment   | Medical conference admission and transportation to/from (if concerns chronic medical condition of you, spouse or child)   |
| Ambulance Service  | Nursing home (if necessary for medical care and only the portion for medical services)  |
| Artificial Limbs/teeth   | Nursing services  |
| Bandages, Band-Aids, Wraps and Splints   | Operations (legal operations that are not cosmetic in nature)   |
| Breast-reconstructive surgery following mastectomy   | Orthodontia   |
| Birth control pills (Norplant, ovulation kits)   | Orthopedic devices  |
| Braille books and magazines  | Osteopath fees  |
| Chiropractor professional fees   | Oxygen equipment  |
| Christian Science Practitioner fees  | Pain reliever (for arthritis pain, head/back pain, menstrual pain, muscle or joint pain, e.g., aspirin, ibuprofen) (see notice above—not eligible 01/01/2011)                                     |
| Cold medicine (see notice above—not eligible 01/01/2011)   | Physical therapy  |
| Contact lenses   | Pregnancy test kits   |
| Contraceptives   | Psychiatric care (for medical reasons)  |
| Crutches   | Psychologist fees   |
| 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.) | Schools and education, special (for mentally impaired or physically disabled person - see IRS Publication 502)  |
| Diagnostic services and tests  | Special home for person adjusting from life in mental institution to community living   |
| Drug dependency treatments   | Sterilization procedures (vasectomy or tubal ligation)  |
| Drugs (prescription drugs, insulin; see <i>Over-the-counter Drugs/Medicines</i> ; does <u>not</u> include cosmetic drugs e.g., Retin-A, Renova, Propecia, etc.)  | Stop-smoking programs   |
| Eye surgery (includes cataract, LASIK, corneal rings, etc.)  | Surgical fees (for legal operations not cosmetic in nature)   |
| Eyeglasses, prescription (includes prescription sunglasses and over-the-counter reading glasses)   | Therapy, physical or speech   |
| 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)                                   | Transplants (donor expenses, if you pay those expenses)   |
| Flu Shots  | Transportation and related travel expenses for person seeking treatment (See IRS Publication 502, Transportation and Trips)   |
| Guide dog or other animal used to assist persons with physical disabilities  | 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) |
| Health institute   | Vaccinations  |
| Hearing aids and batteries   | Vasectomy   |
| Hospital services  | Weight-loss program (only if medically necessary to treat existing disease (such as heart disease) and undertaken under physician's direction)  |
| Insulin, syringes  | Wheelchair  |
| Laboratory fees  | Wigs (if purchased upon advice of physician for mental health of patient)   |
| Lead-based paint removal   | X-ray fees  |
| Legal fees (fees you pay that are necessary to authorize treatment for mental illness)   |   |
| Lodging (see IRS Publication 502, Lodging)   |   |