

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

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

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)	