



OTC Medicines, FSAs & Health Care Reform

Important information for people making 2011 FSA contribution decisions

Health care reform legislation passed by Congress and signed by the president in March 2010 changed the rules for health care flexible spending account (FSA) benefit plans: starting Jan. 1, 2011, you can no longer use a health care FSA to pay or be reimbursed for over-the-counter (OTC) drugs or medicines without a prescription.

Many OTC supplies, such as bandages, will still be eligible for FSA purchase or reimbursement without a prescription.

What this means to you

- Decide how much to contribute to your health care FSA with the new law in mind.
- If you use OTC drugs or medicines recommended by your doctor to treat a medical condition, you may want to ask your doctor for a prescription.
- You will purchase these drugs or medicines by paying for them yourself. Then, you can submit a claim, a receipt and a copy of the prescription to OptumHealth Financial Services to be reimbursed from your FSA.
- If you have an FSA debit card, you will not be able to use it to pay for the drugs or medicine at the cash register. The card will be rejected. You may purchase them another way, such as with cash or credit card, and follow the claims submission process described above.

Following are *examples* of OTC items that will **require a prescription** for FSA purchase or reimbursement as of Jan. 1, 2011:

Acid controllers	Baby rash ointment	Laxatives or stool softeners	Ointments for cuts, burns or rashes
Acne medicine	Cold and flu medicine	Lice treatments	Pain relievers, such as aspirin or ibuprofen
Aids for indigestion	Eye drops	Motion sickness medicines	Sleep aids
Allergy and sinus medicine	Feminine anti-fungal or anti-itch products	Nasal sprays or drops	Stomach remedies
Anti-diarrheal medicine	Hemorrhoid treatment		

Examples of OTC items that may continue to be reimbursed from an FSA without a prescription:

Bandages	Contact lens solution and supplies	Diagnostic tests and monitors (such as blood glucose monitors)	First-aid supplies
Birth control	Crutches	Elastic bandages and wraps	Insulin
Braces and supports	Denture cleaners and adhesives		Ostomy products
Catheters			Reading glasses
			Walkers, wheelchairs and canes

Run-Out period

The rule covering OTC drugs and medicine applies to all purchases that take place on or after Jan. 1, 2011. If you file claims for eligible 2010 FSA expenses after Jan. 1, 2011 during a so-called "run-out period," you will not have to provide prescriptions for purchases of eligible OTC medicines that happened in 2010.

The future of FSAs

Starting in 2013, the federal government will limit health care FSA contributions to \$2,500 a year. There are no government limits for 2011 or 2012, although your employer may limit FSA contributions under its plan.

For more information

- The Internal Revenue Service (IRS) publishes information about flexible spending accounts. Go to www.irs.gov.
- Most major grocery, department, retail and drug stores will be able to identify at the cash register what OTC medical supply may still be purchased with an FSA debit card starting in 2011.



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