

2011 OTC CHANGES

affecting your FlexCard use

On Sept. 3, the IRS issued its initial guidance regarding the new rule included in the Affordable Care Act that requires a doctor's prescription for reimbursement of over-the-counter (OTC) drug and medicines from a tax-advantaged health care account (i.e. FSA, HSA, HRA).

In summary, the guidance confirms the following:

- Participants will still be able to use their tax advantaged health care accounts for purchases of ALL OTC drugs and medicines, as long as they have a doctor's prescription.
- The rule applies to all tax-advantaged health care accounts, including Flexible Spending Accounts (FSAs), Health Savings Accounts (HSAs), Health Reimbursement Arrangements (HRAs) and Archer Medical Savings Accounts (Archer MSAs).
- The rule takes effect January 1, 2011 and applies to purchases regardless of plan year. The only acceptable form of documentation for reimbursement for OTC drugs and medicines is a doctor's prescription, as regulated by state law.
- Insulin, medical devices (crutches, blood sugar monitors, etc.) and items such as bandages, contact lens solution, denture bond, etc. remain eligible and will not require a doctor's prescription.

The IRS has posted additional details, including a helpful FAQ, about the OTC rule change on its Affordable Care Act website and includes links to the following:

- Text of IR-2010-95 is available at <http://www.irs.gov/irs/article/0..id=227301.00.html>
- Text of Rev. Rul. 2010-23 is available at <http://www.irs.gov/pub/irs-drop/rr-10-23.pdf>.
- Text of Notice 2010-59 is available at <http://www.irs.gov/pub/irs-drop/n-10-59.pdf>.

Flexcorp will continue to keep you updated on health care changes as they happen. You may also log onto the Education Center for information. If you have questions, please contact the Flexcorp Customer Service line at 888-505-4557.

OVER THE COUNTER MEDICATION REIMBURSEMENT CHANGES

Due to 2011 Health Care Changes

The following are examples of some of the OTC items that will remain available without a doctor's prescription and will be eligible for purchase using your Health Care FSA FlexCard:

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| • Band Aids | • Denture Adhesives | • Insulin & Diabetic Supplies |
| • Birth Control | • Diagnostic Test & Monitors | • Ostomy Products |
| • Braces & Support | • Elastic Bandages & Wraps | • Reading Glasses |
| • Contact Lens Supplies | • First Aid Supplies | • Wheelchairs, Walkers, Canes |

The following categories of items will require a doctor's prescription. Depending on your OTC prescription, you may either purchase these items with your FlexCard or submit for manual reimbursement with a copy of the prescription. (Please note this list is not all-inclusive):

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| • Acid Controllers | • Anti-Itch & Insect Bite | • Laxatives |
| • Allergy & Sinus | • Baby Rash Ointment | • Motion Sickness |
| • Antibiotic Product | • Cold Sore Medication | • Pain Relief |
| • Antidiarrheal Medicine | • Cough, Cold & Flu | • Respiratory Treatments |
| • Anti-Gas | • Digestive Aids | • Sleep Aids & Sedatives |

