



DI~~V~~ERSIFIED BENEFIT SER~~V~~ICES, INC.

Dedicated to Excellence in Benefit Management Solutions

GUIDELINES FOR THE USE OF FSA, HRA, and HSA FUNDS TO PURCHASE OVER THE COUNTER PRODUCTS AFTER 1/1/11

Dear Plan Participant,

The recently enacted Patient Protection and Affordable Care Act of 2010 has changed the rules for the purchase of over the counter (OTC) products using your Flexible Spending Account (FSA), Health Reimbursement Arrangement (HRA), or Health Savings Account (HSA) pre-tax funds.

The IRS currently allows OTC medicine and drugs to be reimbursed using your FSA, HRA, or HSA dollars. However, **as of January 1, 2011:**

1. FSA, HRA, or HSA funds can **no longer be used to purchase OTC medicine and drugs** unless a medicine or drug is prescribed. A “prescription” means a written or electronic order for a medicine or drug that meets the legal requirements of a prescription in the state in which the medical expense is incurred and that is issued by an individual who is legally authorized to issue a prescription in that state. **The FDA (Food & Drug Administration) definition of a prescription requires a prescription number be assigned. Therefore, when submitting a claim for reimbursement of OTC medicines or drugs you must provide documentation that shows a prescription number.**

The OTC items affected include items in the following categories:

- Acid controllers
- 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 anti-fungal/itch
- Hemorrhoidal preps
- Laxatives
- Motion sickness
- Pain relief
- Respiratory treatments
- Sleep aids & sedatives
- Stomach remedies

2. You can continue to use your FSA, HRA, or HSA funds to purchase OTC items that are not considered a medicine or drug (e.g. bandages, splints, contact lens solution, etc.) Please note that **insulin remains an eligible expense** with or without a prescription.
3. Remember to consider these new OTC rules when estimating the dollar amount to put in your FSA, HRA, or HSA account for the next plan year.

If you have questions about this OTC change or need more information, please contact Diversified Benefit Services, Inc. and ask for a Customer Service Representative.

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