



UPCOMING CHANGES BY THE NATIONAL HEALTH CARE TO YOUR EXPENSE REIMBURSEMENT ACCOUNTS (FSA, HRA, HSA)

Frates Benefit Administrators strives to keep you updated with changes that will be coming your way. New legislation going into effect on **January 1, 2011**, will impact your Flexible Spending Accounts (FSA), Health Savings Accounts (HSA), and Health Reimbursement Accounts (HRA). Here are changes that will need your consideration when estimating the dollar amount to put in your accounts for next year.

- Dependant coverage can be extended to any participant’s child who has not reached age 26 by the end of the tax year.
- **Except for insulin**, 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. You can continue to use funds to purchase items that are not considered a medicine or drug (bandages, lens solution, etc)

The OTC drugs and medicines affected include items in the following categories:

Acid controllers	Baby rash ointments/creams	Laxatives
Allergy & Sinus	Cold sore remedies	Motion sickness
Antibiotic products	Cough, cold & flu	Pain relief
Anti-diarrheals	Digestive aids	Respiratory treatments
Anti-gas	Feminine anti-fungal/itch	Sleep aids & sedatives
Anti-itch & insect bite	Hemorrhoidal preps	Stomach remedies
Anti-Parasitic treatments		

- Effective for tax years beginning after December 31, 2012, contributions to a Health FSA will be capped at **\$2,500.00** per year. (This amount will be indexed for inflation after 2013.)
- **Healthcare debit cards cannot be used to purchase OTC drugs and medicines.** If a healthcare debit card is used to pay for these items after January 1, 2011, the transaction will be denied at the point-of-sale. A manual claim will be required to request reimbursement.

If you have questions about this OTC change or need more information, please contact
Frates Benefit Administrators at (800) 850-7166.

Over-the-Counter Drugs and Medicines Requiring a Prescription:

(Please note: The documentation required for a prescribed OTC drug or medicine is still being clarified by the IRS. More information will be provided as it becomes available.)

- Acid Controllers
- Allergy & Sinus
- Antibiotic Products
- Anti-diarrheals
- Anti-Gas
- Anti-Itch & Insect Bite
- Anti-Parasitic Treatments
- Baby Rash Ointments/Creams
- Cold Sore Remedies
- Cough, Cold & Flu
- Digestive Aids
- Feminine Anti-Fungal/Anti-Itch
- Hemorrhoid Preps
- Laxatives
- Motion Sickness
- Pain Relief
- Respiratory Treatments
- Sleep Aids & Sedatives
- Stomach Remedies

Eligible Healthcare Expenses:

(Please note: This listing is subject to change at any time and without notice due to new legislation.)

- Acupuncture
- Alcoholism Treatment
- Ambulance Services
- Artificial Limb/Teeth
- Bandages, Band-Aids, Wraps and Splints
- Breast-Reconstructive Surgery following a mastectomy
- Birth Control Pills (Norplant, Ovulation Kits)
- Braille Books and Magazines
- Chiropractor Professional Fees
- Christian Science Practitioner Fees
- Cold Medicine (with prescription from Physician)
- Contact Lenses
- Contraceptives
- Crutches
- Dental Treatment (includes exams, x-rays, fillings, root canals, gum disease treatment, crowns, bridges, dentures, implants, orthodontia. Does not include Cosmetic Treatments)
- Diagnostic Services and Tests
- Drug Dependency Treatments
- Drugs (prescription drugs, insulin; see OTC Drugs/Medicines; does not include cosmetic drugs e.g., Retin-A, Renova, Propecia, etc.)
- Eye Surgery (includes cataract, LASIK, corneal rings, etc.)
- Eyeglasses, prescriptions (Includes Prescriptions, sun glasses and over the counter reading glasses.)
- 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)
- Flu Shots
- Guide dog or other animal used To assist persons with physical Disabilities.
- Health Institute
- Hearing Aids and Batteries
- Hospital Services
- Insulin, Syringes
- Laboratory fees
- Lead-based Paint Removal
- Legal Fees (fees you pay that are necessary to authorize treatment for mental illness)
- Lodging (see IRS Publication 502, lodging)
- Meals (only as part of in-patient Care)
- Medical Conference admission and transportation to/from (if concerns chronic medical condition of you, spouse or child)
- Nursing Home (if necessary for medical care and only the portion for medical services)
- Operations (legal operations that are not cosmetic in nature)
- Orthodontia
- Orthopedic Devices
- Osteopath Fees
- Oxygen Equipment
- Pain Reliever (for arthritis pain, head/back pain, e.g., aspirin, ibuprofen; does not include vitamins or herbal supplements) (see notice above)
- Physical Therapy
- Pregnancy Test Kits
- Psychiatric care (for medical reasons)
- Schools and Education, special (IRS Publication 502)
- Special home for person adjusting from life in mental institution to community living)
- Sterilization Procedures (vasectomy or tubal ligation)
- Stop-Smoking programs
- Surgical Fees (for legal operations not cosmetic in nature)
- Physical or Speech Therapy
- Transplants (donor expenses, if you pay those expenses)
- Transportation and Travel (See IRS Publication 502)
- Treatment for learning Disabilities (IRS Publication 502)
- Vaccinations
- Vasectomy
- Weight-Loss Programs (only if medically necessary to treat existing disease and under physicians direction)
- Wheelchair
- Wigs (if purchased upon advise of physician for mental health of patient)
- X-Ray Fees