



HEALTH CARE REFORM - 2

The Patient Protection and Affordable Care Act (PPACA), was signed into law on March 23, 2010 and amended by the Reconciliation Act on March 30, 2010. This act affects Flexible Spending Accounts (FSA's), Health Reimbursement Arrangements (HRA's) and Health Savings Accounts (HSA's) by adding health coverage for adult children, eliminating over-the-counter (OTC) medications and drugs and by adding a new maximum annual salary-reduction cap on the Flexible Spending Accounts.

Over-The-Counter (OTC) Eligibility

OTC Drugs/Medicine - Effective January 1, 2011, over-the-counter medications and drugs (except insulin) will no longer be eligible for reimbursement through a Health FSA, HRA or HSA. The actual language, as amended by PPACA, reads, "...reimbursement for expenses incurred for a medicine or a drug shall be treated as a reimbursement for medical expenses only if such medicine or drug is a prescribed drug (determined without regard to whether such drug is available without a prescription) or is insulin." The language is somewhat ambiguous in that it does not clearly define "medicine or drug", nor does it define "prescribed" drug. Please refer to our eligible expenses brochure on the Benefit Strategies website under forms and resources to see what we believe will be eligible, please remember that this list is subject to change. This new rule is effective January 1, 2011, regardless of plan year or grace period. As long as an OTC expense is incurred prior to January 1, 2011, it may be considered eligible without a prescription regardless of whether it is actually submitted for reimbursement after the effective date. For employers with debit cards, these drugs and medicines will not be accepted using the card on or after January 1, 2011, these items will have to be submitted manually with the appropriate "prescription" in order to be eligible for reimbursement.
