



Over the Counter (OTC) Products and your Flex Spending Account

What has changed?

When the Patient Protection and Affordable Care Act (PPACA) passed, it included provisions on over the counter products and medications. FSAs and Health Reimbursement Arrangements cannot reimburse the cost of over-the-counter (OTC) medicines or drugs that are purchased after January 1, 2011 without a written prescription. You will want to keep this in mind when making your election for 2011.

What kinds of items will need a prescription after January 1, 2011?

Anything classified as a "Medicine" will require a prescription. This will include, **but is not limited to:**

- Pain Relievers (such as Tylenol, Advil, etc.)
- Flu, Cough and Cold remedies
- Acne medication
- Nasal sprays
- Sedatives and Sleep Aids
- Allergy medication
- Antibiotic/Anti-itch products
- Laxatives and Acid Controllers

What can I still purchase without a prescription?

Items still eligible without a prescription will include, **but is not limited to:**

- Insulin/diabetic supplies
- Contraceptives
- Band-aids
- Supports and braces
- Contact lens solution and supplies
- Wraps and bandages
- Reading glasses

What does the prescription need to say?

The prescription can be on a prescription pad or letterhead from your medical practitioner. Per the new legislation 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.***

Do I need a prescription every time I buy the same product?

The IRS allows us to keep the prescription on file for one year. For example, if you purchase Tylenol on 2/1/2011, and send in a reimbursement claim with a prescription, you may continue to send in claims for additional Tylenol and won't need another Tylenol prescription until 2/1/2012.

I have an FSA debit card. How will this affect my purchases?

Beginning 1/1/2011, Your MySource FSA debit card will no longer be programmed to accept over-the counter drugs and medicines. Your swipe will be refused at the register. You must pay with another form of payment, and send in any OTC medications with a claim form. We must have a prescription on file in order to process your claim.

How do I learn more?

You may visit the IRS's website at www.irs.gov. Search for "Affordable Care Act Over the Counter Drugs". The IRS also has posted a YouTube video entitled "Healthcare: Flexible Spending Arrangements" with more information.