IMPORTANT NOTICE

Reimbursement for Over-the-Counter Medications (OTCs) Under Flexible Spending Accounts (FSAs) and Health Reimbursement Arrangements (HRAs) to Change

**Effective January 1, 2011**

The Health Care Reform Act signed into law in March included a change that will impact reimbursement for OTCs under FSA & HRA plans effective **JANUARY 1, 2011**.

Under the new rules, the cost of OTCs purchased on/after January 1st cannot be reimbursed from an FSA or HRA unless a prescription* for the OTC was obtained, and documentation of the prescription is submitted with the request for reimbursement.

*> must be a written or electronic order that satisfies the legal requirements for a prescription in that state, and must be issued by someone authorized to issue prescriptions in that state.*

This change does not affect insulin -- even if purchased without a prescription. In addition, it does not affect reimbursement for other eligible OTC items such as medical devices, band-aids, contact lens solution, etc. Also, reimbursements made in 2011 for OTCs purchased on/before December 31, 2010 are not impacted.

**PLEASE NOTE:**

1. the new rules are effective for OTC medications purchased on/after January 1st, regardless of the FSA/HRA plan’s anniversary date

2. if you currently use a debit card with your FSA and/or HRA, you will not be able to use the card at the point of sale (for example, the pharmacy) to purchase an OTC drug, medicine, or biological drug -- *even if it's accompanied by a doctor's prescription*. Members will have to pay upfront and then send in a claim form accompanied with the prescription to request and obtain reimbursement.

Though the specific list of items affected has not been completely assessed, the following categories of items cannot be purchased using the health debit card, even if accompanied by a doctor’s prescription. Reimbursements for these items will only be considered if submitted via a hardcopy reimbursement form that is accompanied by the prescription:

- 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
- Hemorrhoidal Preps
- Laxatives
- Motion Sickness
- Pain Relief
- Respiratory Treatments
- Sleep Aids & Sedatives
- Stomach Remedies
The following are examples of some of the OTC items that will remain available without a doctor’s prescription, and which can still be purchased using the debit card:

- Band Aids
- Birth Control
- Braces and Supports
- Catheters
- Contact Lens Supplies and Solutions
- Denture Adhesives
- Diagnostic Tests and Monitors
- Elastic Bandages and Wraps
- First Aid Supplies
- Insulin & Diabetic Supplies
- Ostomy Products
- Reading Glasses
- Wheelchairs, Walkers, Canes

*Please contact Benetech Customer Service (*518* 283-8500 option 2) with any questions.*
IRS Code Section 213(d) Eligible Medical Expenses

An eligible expense is defined as those expenses paid for care as described in Section 213 (d) of the Internal Revenue Code. Below are two lists which may help determine whether an expense is eligible.

For more detailed information, please refer to IRS Publication 502 titled, “Medical and Dental Expenses,” If tax advice is required, you should seek the services of a competent professional.

Deductible Medical Expenses

- Abdominal supports
- Abortion
- Acupuncture
- Air conditioner (when necessary for relief from difficulty in breathing)
- Alcoholism treatment
- Ambulance
- Anesthetist
- Arch supports
- Artificial limbs
- Autoette (when used for relief of sickness/disability)
- Birth Control Pills (by prescription)
- Blood tests
- Blood transfusions
- Braces
- Cardiographs
- Chiropractor
- Christian Science Practitioner
- Contact Lenses
- Contraceptive devices (by prescription)
- Convalescent home (for medical treatment only)
- Crutches
- Dental Treatment
- Dental X-rays
- Dentures
- Dermatologist
- Diagnostic fees
- Diathermy
- Drug addiction therapy
- Drugs (prescription)
- Elastic hosiery (prescription)
- Eyeglasses
- Fees paid to health institute prescribed by a doctor
- FICA and FUTA tax paid for medical care service
- Fluoridation unit
- Guide dog
- Gum treatment
- Gynecologist
- Healing services
- Hearing aids and batteries
- Hospital bills
- Hydrotherapy
- Insulin treatment
- Lab tests
- Lead paint removal
- Legal fees
- Lodging (away from home for outpatient care)
- Metabolism tests
- Neurologist
- Nursing (including board and meals)
- Obstetrician
- Operating room costs
- Opthalmologist
- Optician
- Optometrist
- Oral surgery
- Organ transplant (including donor’s expenses)
- Orthopedic shoes
- Orthopedist
- Osteopath
- Oxygen and oxygen equipment
- Pediatrician
- Physician
- Physiotherapist
- Podiatrist
- Postnatal treatments
- Practical nurse for medical services
- Prenatal care
- Prescription medicines
- Psychiatrist
- Psychoanalyst
- Psychologist
- Psychotherapy
- Radium Therapy
- Registered nurse
- Special school costs for the handicapped
- Spinal fluid test
- Splints
- Sterilization
- Surgeon
- Telephone or TV equipment to assist the hard-of-hearing
- Therapy equipment
- Transportation expenses (relative to health care)
- Ultra-violet ray treatment
- Vaccines
- Vasectomy
- Vitamins (if prescribed)
- Wheelchair
- X-rays

Eligible Over-the-Counter Drugs

- Antacids
- Allergy Medications
- Pain Relievers
- Cold medicine
- Anti-diarrhea medicine
- Cough drops and throat lozenges
- Sinus Medications and Nasal sprays
- Nicotine medications and nasal sprays
- Pedialyte
- First aid creams
- Calamine lotion
- Wart removal medication
- Antibiotic ointments
- Suppositories and creams for hemorrhoids
- Sleep aids
- Motion sickness pills
Non-Deductible Medical Expenses

- Advancement payment for services to be rendered next year
- Athletic Club membership
- Automobile insurance premium allocable to medical coverage
- Boarding school fees
- Bottled Water
- Commuting expenses of a disabled person
- Cosmetic surgery and procedures
- Cosmetics, hygiene products and similar items
- Funeral, cremation, or burial expenses
- Health programs offered by resort hotels, health clubs, and gyms
- Illegal operations and treatments
- Illegally procured drugs
- Maternity clothes
- Non-prescription medication
- Premiums for life insurance, income protection, disability, loss of limbs, sight or similar benefits
- Scientology counseling
- Social activities
- Special foods and beverages
- Specially designed car for the handicapped other than an autoette or special equipment
- Stop-smoking programs
- Swimming pool
- Travel for general health improvement
- Tuition and travel expenses a problem child to a particular school
- Weight loss programs

Ineligible Over-the-Counter Drugs

- Toiletries (including toothpaste)
- Acne treatments
- Lip balm (including Chapstick or Carmex)
- Cosmetics (including face cream and moisturizer)
- Suntan lotion
- Medicated shampoos and soaps
- Vitamins (daily)
- Fiber supplements
- Dietary supplements
- Weight loss drugs for general well being
- Herbs