



MidAmerica

Administrative & Retirement Solutions, Inc.

Flexible Spending Account (FSA)

Quality Solutions for Educational Employers

IMPORTANT CHANGES TO YOUR FSA PLAN EFFECTIVE JANUARY 1, 2011

Earlier this year, the Patient Protection and Affordable Care Act, also known as Healthcare Reform, was signed into law. The new legislation has impacted the operation of many health plans including Flexible Spending Accounts. As of January 1, 2011, all reimbursement requests for Over-The-Counter (OTC) medication must be accompanied by a prescription. Any OTC expense incurred prior to January 1, 2011, can still be reimbursed without prescription even if the reimbursement request is not submitted until 2011. Please note that there is an exclusion for insulin. If you purchase insulin over the counter, it will still be an eligible expense without a prescription.

So what does this mean for you? Should you need an OTC medication, you will only be able to be reimbursed for over-the-counter medicines and drugs as long as you obtain a prescription for the medicine or drug. For this purpose, "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." Simply put, your doctor will need to prescribe the OTC medication for it to be reimbursed.

Importantly, these new requirements do not apply to items that are not medicines or drugs, including, for example, medical equipment such as crutches, medical supplies such as bandages, and diagnostic devices such as blood sugar test kits. Items such as these will continue to be evaluated under the rules of Code section 213(d), which relate to expenses that qualify as medical care.

Finally, as a result of the changes, your debit card will no longer be accepted to pay for the OTC medications. The IRS has made it clear that the substantiation of the OTC medication must be performed prior to the expense being reimbursed.

If you have any questions or concerns, please do not hesitate to contact our customer service department at 1-800-430-7999.

The Flexible Spending Account Plan is provided by:



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Administrative & Retirement Solutions, Inc.

211 East Main Street, Suite 100, Lakeland, FL 33801

863.688.4500 • Fax 863.686.9557 • 800.430.7999 • www.midamerica.biz