

Important Information About Your

Flexible Spending Account

GUIDELINES FOR THE USE OF FSA, HRA, and HSA FUNDS TO PURCHASE OVER THE COUNTER PRODUCTS AFTER 1/1/11

Dear Participant:

The recently enacted Patient Protection and Affordable Care Act of 2010 has changed the rules for the purchase of over the counter (OTC) products using your Flexible Spending Account (FSA), Health Reimbursement Arrangement (HRA), or Health Savings Account (HSA) pre-tax funds.

The IRS currently allows OTC medicine and drugs to be reimbursed using your FSA, HRA, or HSA dollars. However, **as of January 1, 2011:**

1. 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.

The OTC items affected include, but are not limited to, items in the following categories:

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

2. **If your plan includes a Benny™ Prepaid Benefits Card, you cannot use the card to pay for this OTC medicine or drug purchase.** (NOTE: Some retail merchants may remove OTC drugs and medicines from their list of eligible items prior to the January 1 effective date, in which case these items will not be approved on the prepaid benefits card at those merchants.)

If you have a physician's written prescription for an OTC medicine or drug, you must pay out of pocket at point of sale and then may submit a manual claim requesting reimbursement. Each item claimed must be accompanied by a copy of the physician's prescription and the independent party support for the item purchased (showing provider name, item description, date and cost).

3. You can continue to use your FSA, HRA, or HSA funds to purchase **OTC medical supplies** that are not considered a medicine or drug (e.g. bandages, splints, contact lens solution, etc.) Please note that **insulin remains an eligible expense** with or without a prescription. (Your Benny Prepaid Benefits Card can continue to be used for these purchases.)
4. **Remember to consider these new OTC rules when estimating the dollar amount to put in your FSA, HRA, or HSA account for the next plan year.**

If you have questions about this OTC change or need more information, please contact Tri-Star Systems customer service at 1-800-727-0182, option 1, Monday – Friday, 7 a.m. – 5 p.m., Central Time.