



Health Care Reform:

Modification to Over-the-Counter Eligible Expense List

Changes to Flexible Spending Accounts (FSAs)

Beginning on January 1st 2011, the Patient Protection and Affordable Care Act will require several changes to FSAs. Employees with an FSA can no longer use their account funds to purchase OTC drugs and medicines (e.g. Advil, ibuprofen, cough syrup) unless they have a Note of Medical Necessity (NMN) or a prescription from their doctor.

If an employee has an NMN or a prescription for an OTC drug or medicine, they must pay at the point of service and submit a manual claim for reimbursement.

Participants can continue to use their FSA funds to purchase OTC items that are not considered a drug or a medicine (e.g. bandages, wound care, contact lens solution). Debit cards can continue to be used for these purchases.

Participants should consider the new OTC rules when estimating the amount they elect to put in their FSAs. As always, budget conservatively.

Note of Medical Necessity forms can be obtained from our website www.thepreferredgroup.com. Effective January 1st, 2011, items **in the following categories** would require a note of medical necessity and a notation of the medical condition being treated in order to be reimbursed from an FSA funds.

- | | |
|------------------------------|----------------------------------|
| • Acid Controllers | • Cough, Cold & Flu |
| • Allergy & Sinus | • Digestive Aids |
| • Antibiotic Products | • Feminine Anti-Fungal/Anti-Itch |
| • Anti-Diarrheals | • Hemorrhoidal Preps |
| • Anti-Gas | • Laxatives |
| • Anti-Itch & Insect Bite | • Motion Sickness |
| • Antiparasitic Treatments | • Pain Relief |
| • Baby Rash Ointments/Creams | • Respiratory Treatments |
| • Cold Sore Remedies | • Sleep Aids & Sedatives |

The Preferred Group · 24 Madison Avenue Extension · Albany, NY 12203
Toll-Free: (800) 573-7474