

Important Information for Your Upcoming Flexible Spending Account (FSA) Enrollment

As you may have heard, there is new legislation going into effect on January 1, 2011 which impacts healthcare FSAs. Here's what's happening. Certain over-the-counter items will require a prescription* to be considered an eligible FSA expense. The information below is important for you to know as you begin to think about your healthcare FSA contribution for this year's enrollment.

How does this new legislation impact me?

It impacts you two ways:

1. Setting Your Contribution

Because OTC drugs and medicines will require a prescription beginning January 1, 2011, you might want to consider this when deciding on your healthcare FSA contribution.

2. Using Your Account Dollars

Through December 31, 2010:

- OTC drugs and medicines are eligible for reimbursement without a prescription.
- Healthcare debit cards, (e.g., PayFlex Card™) can be used to purchase eligible OTC drugs and medicines.

Beginning January 1, 2011:

- Over-the-counter (OTC) drugs and medicines will be considered **ineligible** expenses unless you have a prescription from your physician.

OTC Drugs and Medicines Requiring a Prescription

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

- Healthcare debit cards, (e.g., PayFlex Card™) cannot be used to purchase OTC drugs and medicines. If a healthcare debit card is used to pay for these items after January 1, 2011, the transaction will be denied at the point-of-sale. In this case, you will need to pay for the expense out-of-pocket and submit a claim to receive reimbursement.

Does this mean all OTC items will be ineligible after January 1, 2011?

No, many OTC items will continue to be considered eligible expenses and will not require a prescription. See "Eligible Healthcare Expenses" within this communication for examples.

***Please note: The documentation required for a prescribed OTC drug or medicine is still being clarified by the IRS. More information will be provided as it becomes available.**

Eligible Healthcare Expenses

Following is a condensed listing of eligible healthcare expenses. For a more complete listing, visit the participant portal. Please note this listing is subject to change at any time and without notice due to new legislation.

NOTICE:

Effective January 1, 2011, the list of items that will require a prescription includes, but is not limited to acne medicine; allergy medicine; cough, cold & flu medicine; eye drops; indigestion medicine; laxatives; nasal sprays, drops; ointment for cuts, burns, rashes; pain relievers.

Items that will remain eligible without a prescription include, but are not limited to band aids, birth control, braces & supports, contact lens solutions & supplies, elastic bandages & wraps, first aid supplies, and reading glasses.

Acupuncture

Alcoholism treatment

Ambulance service

Artificial limb/teeth

Bandages, band-aids, wraps and splints

Breast-reconstructive surgery following mastectomy

Birth control pills (Norplant, ovulation kits)

Braille books and magazines

Chiropractor professional fees

Christian Science Practitioner fees

Cold medicine (**see notice above**)

Contact lenses

Contraceptives

Crutches

Dental treatment (includes exams, x-rays, fillings, root canals, gum disease treatment, crowns, bridges, dentures, implants, orthodontia; does not include cosmetic treatments such as teeth whitening, bonding, etc.)

Diagnostic services and tests

Drug dependency treatments

Drugs (prescription drugs, insulin; *see Over-the-counter Drugs/Medicines*; does not include cosmetic drugs e.g., Retin-A, Renova, Propecia, etc.)

Eye surgery (includes cataract, LASIK, corneal rings, etc.)

Eyeglasses, prescription (includes prescription sunglasses and over-the-counter reading glasses)

Fertility treatments (ovulation predictor kits and pregnancy tests, in vitro fertilization, surgery or operations to reverse a prior surgery that prevents you from having children)

Flu Shots

Guide dog or other animal used to assist persons with physical disabilities

Health institute

Hearing aids and batteries

Hospital services

Insulin, syringes

Laboratory fees

Lead-based paint removal

Legal fees (fees you pay that are necessary to authorize treatment for mental illness)

Lodging (see IRS Publication 502, Lodging)

Meals (only as part of inpatient hospital care)

Medical conference admission and transportation to/from (if concerns chronic medical condition of you, spouse or child)

Nursing home (if necessary for medical care and only the portion for medical services)

Nursing services

Operations (legal operations that are not cosmetic in nature)

Orthodontia

Orthopedic devices

Osteopath fees

Oxygen equipment

Pain reliever (for arthritis pain, head/back pain, menstrual pain, muscle or joint pain, e.g., aspirin, ibuprofen; does not include vitamins or herbal supplements) (**see notice above**)

Physical therapy

Pregnancy test kits

Psychiatric care (for medical reasons)

Psychologist fees

Schools and education, special (for mentally impaired or physically disabled person - see IRS Publication 502)

Special home for person adjusting from life in mental institution to community living

Sterilization procedures (vasectomy or tubal ligation)

Stop-smoking programs

Surgical fees (for legal operations not cosmetic in nature)

Therapy, physical or speech

Transplants (donor expenses, if you pay those expenses)

Transportation and related travel expenses for person seeking treatment (See IRS Publication 502, Transportation and Trips)

Treatment for learning disability caused by mental or physical impairment or nervous system disorders (treatment must be recommended by physician - see IRS Publication 502, Learning Disability)

Vaccinations

Vasectomy

Weight-loss program (only if medically necessary to treat existing disease (such as heart disease) and undertaken under physician's direction)

Wheelchair

Wigs (if purchased upon advice of physician for mental health of patient)

X-ray fees

