

# Change to Medical Flexible Spending Accounts (FSAs)



By Dan Burzynski

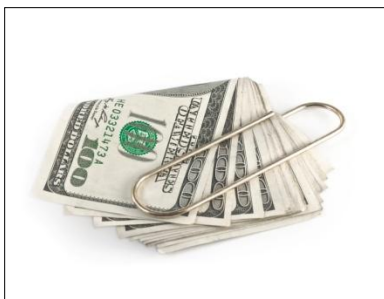
Beginning on January 1, 2011, expenses for over-the-counter medicines cannot be reimbursed by Flexible Spending Accounts (FSAs) or Health Reimbursement Accounts (HRAs). Prescription medications and over-the-counter medical supplies and equipment can still be reimbursed from your flex plan. Insulin and diabetic supplies (such as blood sugar test kits) will also remain eligible. However, common over-the-counter items like cough medicines, aspirin, laxatives, pain relief medicines, antacids, or allergy relief cannot be paid for with FSA or HRA money without a prescription.



The change is effective on January 1, 2011 regardless of your plan year. Even if your benefit plan has a different year-end (such as June 30 or October 31), the changes for all plans goes into effect on January 1<sup>st</sup>.

## What Can You Do?

If you have used your FSA or HRA money extensively to purchase non-prescription medication, you may want to reduce your contributions to your plan for 2011. Since the amounts you set aside in a year cannot be used in later years, it may make sense to reduce your contribution for 2011.



If you have money available in your FSA or HRA this year, you may want to stock up on medications before year-end. Remember, though, that many over-the-counter medicines become less effective after their expiration date. Don't offset any potential tax benefit by purchasing items that will expire before you can use them.