

# OT Rules

## Frequently Asked Questions

### REFERENCE



# CHANGES TO OTC Rules

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## Q & A continued

save money by using your FSA or HRA funds. Only the substantiation requirements have changed, since there must be a prescription for these items. Second, the IRS has allowed for a two-week “non-enforcement period” with regard to debit card use for OTC medicine and drug purchases. This period will last from January 1, 2011 through January 15, 2011. Please note that this non-enforcement period only applies to the use of debit cards for OTC medicines or drugs, meaning that you will be able to use your FSA/HRA debit card to purchase these items, but a prescription will still be required.

Q/When does this new law go into effect?

A/January 1, 2011.

Q/What if my health plan year starts in November? Will the rule still apply to me on January 1?

A/Yes. The new law goes into effect on January 1, 2011 and will apply to the tax year, not the plan year. Regardless of when your plan year starts, the rule will apply to you (and everyone else) for all purchases made on or after January 1.

Q/What about expenses incurred during the grace period (January 1, 2011 – March 15, 2011)?

A/The new law goes into effect for everyone on January 1, 2011. Regardless of whether you are using 2010 funds or 2011 funds, the rule will still apply for all expenses incurred after January 1, and you will still be required to follow the new procedure for reimbursement of OTC medicines and drugs.

Q/What if I incur the expense before January 1 but do not request reimbursement until after January 1? Will I be required to submit a prescription?

A/Any expenses for OTC medicines or drugs incurred before January 1, 2011 will NOT require a prescription for reimbursement even if the claim is made on or after that date.

Q/Will I need a prescription to purchase OTC medicines or drugs as of January 1, 2011?

A/No. You can still purchase the items without a prescription, and pay for them out-of-pocket. You will need to file a claim along with a prescription in order to be reimbursed for these items from your FSA or HRA.

Q/Will this new rule affect how I pay for my regular prescriptions?

A/No. You will still be able to use your FSA or HRA funds to pay for regular prescription medications with your FSA/HRA debit card (the AmeriFlex Convenience Card®), just as you have in the past. You may also continue to use your AmeriFlex Convenience Sleeve to pay for standard prescription items.

Q & A *continued*

Q/Does this new law apply to HSAs?

A/Yes, but because HSAs operate differently than health FSAs or HRAs, the effect on accountholders will be different. Debit cards tied to HSAs will still work for OTC medicines and drugs, but it will be the sole responsibility of the accountholder to have a record of prescriptions for those

Q & A continued

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## We Are Here to Help

AmeriFlex is here to help you understand and comply with the new rules that will be introduced as part of the health care reform law. As additional guidance is provided by the federal agencies, we will continue to share information with you. In the meantime, please do not hesitate to contact us with any questions that you may have.

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- ▶ **Do you want to voice your opinion about the new OTC provision?**  
We understand that the new law is not a welcome change for many of our clients and participants. While we at AmeriFlex intend to do everything within our power to minimize any inconvenience that may result from the new OTC provision, we recognize that you may wish to voice your concerns about how the new law will affect you and your family.  
[Click here: http://www.congress.org/congressorg/issues/basics/?style=comm](http://www.congress.org/congressorg/issues/basics/?style=comm) for information on how to share your thoughts with elected officials from your home state.