The Patient Protection and Affordable Care Act (PPACA) made the following changes to Health Care Flexible Spending Accounts.

### OVER-THE-COUNTER (OTC) EXPENSE LIMITATIONS

Over-the-counter (OTC) medicines and drugs require a prescription and must be filled at a pharmacy to be reimbursed by a health care FSA, even if the medicine or drug may also be purchased without a prescription.

Please review the OTC Frequently Asked Questions on page two of this document.

**Please note:** Insulin is the only OTC item not subject to the prescription requirement at this time. Non-medicinal items such as medical equipment or supplies are eligible for reimbursement under a health care FSA.

<table>
<thead>
<tr>
<th>OTC CATEGORIES REQUIRING A PRESCRIPTION</th>
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<tbody>
<tr>
<td>Acid control</td>
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<tr>
<td>Allergy &amp; sinus</td>
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<tr>
<td>Antibiotic products</td>
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<td>Antidiarrheal</td>
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<td>Cold sore remedies</td>
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<td>Cold, cough &amp; flu</td>
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### $2,550 ANNUAL CONTRIBUTION LIMIT

Employee contributions to health care FSAs are limited to $2,550 per year.

- If your employer contributes funds to your health care FSA, those funds do not count toward the $2,550 limit.
- If your employer contributes funds to your health care FSA and you are allowed to receive the contribution as cash, the employer contribution amount does count toward the $2,550 limit.
- If both spouses can participate in a health care FSA, whether at the same or different employers, each can fund his/her health FSA up to the $2,550 limit.
- Check your benefit plan documents for your Dependent Care FSA contribution limit.

### DEPENDENT ELIGIBILITY THROUGH AGE 26

PPACA expanded health insurance coverage for eligible dependent children through the end of the calendar year in which they turn 26, even if the dependent is married and regardless of whether the dependent resides with, or is financially dependent on, the covered employee.

Based on this change, you may also be allowed to claim out-of-pocket health care expenses for eligible dependents through age 26 with your health care FSA. Be sure to adjust your annual election amount accordingly. Please note that the tax exclusion under your health FSA does not extend to the spouse of an adult dependent. This change does not impact dependent care FSAs—the criteria for eligible individuals remains as-is.
OTC Frequently Asked Questions

When did the prescription requirement for OTC medicines go into effect?

A prescription will be required for reimbursement of all medicines and drugs, except insulin, effective January 1, 2011. This prescription requirement applies even if the medicine or drug is available for purchase over-the-counter.

What exactly is meant by a “prescription”?

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. In other words, a prescription for an over-the-counter medicine or drug contains the same information as a prescription for a prescription-only medicine.

How often will I need to submit a prescription for an OTC medicine or drug in order for the claim to be considered for reimbursement under the plan?

A copy of the pharmacy prescription receipt must be submitted with your claim form each time reimbursement is requested.

I have been diagnosed with diabetes. Will I be required to submit a prescription in order to be reimbursed for my insulin?

No. Under the regulations, a prescription is not required to purchase insulin, even though it is available over-the-counter.

What about over-the-counter medical supplies, such as bandages or medical tape; will those items still be eligible, even without a prescription?

The OTC restrictions apply only to medicines or drugs. Medical supplies such as Band-Aids®, medical tape, ACE™ bandages or items such as diabetic test strips or contact lens solution do not require a prescription.

What impact will health care reform have on reimbursement benefits for expenses relating to doctor’s office copays, dental copays, eye exams, and copays for regular prescriptions, such as prescription medication to treat insomnia?

The new restrictions have no impact on spending account reimbursement for other eligible medical expenses such as copayments, deductibles, or out-of-pocket amounts not covered by your health insurance plan.

If my plan issues a debit card for use in paying for health care expenses, can I still use my debit card to purchase OTC medicines or drugs?

Your debit card can still be used to purchase OTC medicines or OTC drugs which now require a prescription, providing the following eligibility requirements are met: 1) prior to the purchase, the prescription for the OTC medicine or drug must be presented to the pharmacist, 2) the OTC medicine or drug must be dispensed by the pharmacist in accordance with the applicable laws and regulations pertaining to the practice of pharmacy, 3) an Rx number must be assigned, 4) in accordance with IRS record keeping requirements, the pharmacy or vendor must retain a record of the Rx number, the name of the purchaser or the person to whom the prescription applies, the date and amount of the purchase, and 5) all of these records must be available to the employer or its agent upon request. Examples of OTC medicines and OTC drugs that now require a prescription include allergy prevention and treatment, analgesics, antacids, antibiotics, antihistamines, cold and flu remedies, migraine relief, skin care, and sleeping aids. You may refer to the Eligible Expense Guide for a more detailed list of OTC items which may now require a prescription and any additional reimbursement criteria which may apply.
SAMPLE OF AN ACCEPTABLE RECEIPT FOR REIMBURSEMENT MUST INCLUDE:

- Patient’s name
- Date of and amount of purchase
- Prescription number

SAMPLE OF AN UNACCEPTABLE RECEIPT FOR REIMBURSEMENT

This brochure provides a general overview of ADP’s FSA program and is not inclusive, nor a guarantee of eligibility or payment. Please see your company’s plan documents for specifics regarding your plan. If any conflict arises between this brochure and your plan documents, the terms of your company’s plan will apply.