



NEW FLEXIBLE SPENDING LAWS AND REGULATIONS – WHAT TO BE AWARE OF AND HOW TO BEST PREPARE FOR YOUR OPEN ENROLLMENT

Under the new law, starting Jan. 1, 2011, flex-spend users will no longer be able to submit claims for over-the-counter medicines unless they have been specifically directed to use them by a doctor.

Another big flex-spend change ahead: Under the new law, starting in 2013, the annual limit that any employee may contribute to these plans will be \$2,500. If you look only at the averages, the new cap actually seems more than adequate. Recent studies seem to indicate that most participants who elect the FSA, on average, elect less than \$2500 a year.

As the new health care law is phased-in, anyone using flexible spending accounts or considering participation in the future may wish to keep the following tips in mind.

- 1) CALCULATE CAREFULLY:** As always, FSA subscribers will need to decide how much they want to contribute to their flex-spend account during open enrollment this year.



Make a careful tally of your 2010 claims, so you can see how much you spent on over-the-counter medications. If you are not expecting any other eligible medical expenses to make up for the difference, you will need to deduct that amount from your contribution.

- 2) SPEND BEFORE DECEMBER:** It may be wise to start purchasing over-the-counter items needed for the remainder of the FSA plan year prior to December 31, 2010.



Please note that while the new law now reads that FSA subscribers will not be able to claim over-the-counter drugs after Jan. 1, 2011, we are waiting for clarification from the federal [Department of Health and Human Services](#). Many benefits experts are awaiting clarification on questions such as; will election changes be allowed, will the Benefit Card be accepted at IIAS locations, etc?

- 3) TALK TO YOUR DOCTOR:** The “unless prescribed by a doctor” part of the new over-the-counter rule is causing some confusion. Benefits experts are not certain yet if this means a doctor must now write a formal prescription for medicines like Aleve or Benadryl, or if simply recommending the drug is enough.



As we get closer to the year-end deadline, the answer should become clearer. We recommend that YOU (the participant) speak with your doctor and request documentation for any over-the-counter medicine he or she recommends after Dec. 31, 2010. For added convenience, Igoe has posted a Letter of Medical Necessity Form on our web site to aid in procuring necessary Rx information from your provider.

- 4) LOOK AHEAD:** There are still about two-and-a-half years before the new flex-spend maximum takes effect. If you know that a big elective medical or dental procedure is in the future — like Lasik surgery, braces or long-needed tooth implants or caps — you may want to consider scheduling these treatments before 2013 so that you can utilize the full current benefit of the FSA.

