

# OT® Rules

## Frequently Asked Questions REFERENCE



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

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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



# CHANGES TO OTC Rules

Frequently Asked Questions | QUICK REFERENCE GUIDE



## 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> for information on how to share your thoughts with elected officials from your home state.