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IMPORTANT

- ◆ OTC medicines purchased before January 1, 2011 are eligible under Health Care FSAs without a prescription.
- ◆ Beginning January 1, 2011 and after, all OTC medicines will require a prescription to be eligible and your PBS Benefits Card will not work to purchase OTC medicines.
- ◆ Always keep original documentation in case you need it later.



Hot Topic!

September 2010

OTCs Only Eligible With Doctor's Note Beginning 1/1/11



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In early 2010, the Affordable Care Act became law. Now, there are some new rules that will affect how you are reimbursed for certain purchases from your PBS Health Care Account ("Account").

CHANGE TO THE LAW

Over-the-counter (OTC) drugs purchased after 12/31/2010 will no longer be eligible for reimbursement under healthcare Flexible Spending Accounts (FSA), Health Reimbursement Arrangements (HRA) or Health Savings Accounts (HSA) unless the OTC drug is prescribed by a physician. Non "drug" over-the-counter items will continue to be eligible without a doctor's note under these plans.

WHAT THIS MEANS FOR PARTICIPANTS:

Effective January 1, 2011, you will need a doctor's prescription to purchase OTC drugs and medicines, such as *Claritin*, *Advil* and *Robitussin*, through your Account. Since the new law requires a prescription for OTC drugs and medicines to be eligible for reimbursement under your Account, you will no longer be able to use your PBS Benefits Card ("Card") to pay for these purchases. **Instead, you will be required to submit the receipt showing the prescription number (or if the prescription number is not shown on the receipt, you will need to include your doctor's prescription) through an Online Claim Submission (OCS) claim online at www.pbs.us.com or by fax, email or mail.**

This new prescription requirement applies only to OTC drugs and medicines. You will still be able to use your PBS Benefits Card at pharmacies and stores to pay for prescriptions, medical devices, bandages and many other OTC medical items, as well as at providers' offices for copayments and expenses for eligible health care, vision and dental procedures and services. You will also still be able to purchase all of the same items using your Account that you can today – the only differences are that you will need a doctor's prescription for OTC drugs and medicines and you will not be able to use your Card to pay for these purchases.

We are working directly with the IRS and Treasury on a proposal that would enable you to, once again, use your Card for prescribed OTC drugs and medicines and will keep you informed on our progress on this issue.

Planned Benefit Systems is committed to helping you understand what these changes mean for your Account and how they may affect your plans for the payment of future health care expenses. To that end, please check the [Links](#) on the PBS website where you can review the official IRS guidance on this topic.