

# Benefit Marketing Solutions LLC

*Your Solution to Quality Third Party Administration*



## Important News Affecting Your FSA, HRA or HSA

**What has Changed?** In March 2010, Congress passed the Patient Protection & Affordable Care Act, and details are only now becoming finalized so we can pass them on to you. The Act includes a number of changes to employee benefit programs as well as Health Flexible Spending Accounts (FSAs) Health Reimbursement Arrangements (HRAs) & Health Savings Accounts (HSAs). **Effective January 1, 2011, over-the-counter drug expenses will require a physician's prescription in order to be reimbursed under a FSA, HRA or HSA.** This change applies to all OTC expenses incurred on or after January 1, 2011 and will affect all plans and participants at this time, regardless of the Plan Year. All OTC expenses incurred prior to January 1, 2011 will still be reimbursed without a prescription.

**How Will This Affect Participants?** If a participant requires an OTC medicine or drug, they will need to obtain a Prescription from their healthcare provider. The prescription must clearly state the medicine the participant (or eligible family member) requires, the condition being treated and the frequency for which the medicine is needed. The physician's prescription will then render the OTC expenses as eligible for reimbursement under a FSA, HRA and/or HSA.

The provision will also impact the use of the BMS LLC Take Care Debit Card. Effective January 1, 2011, you will no longer be able to use your Debit Card for OTC items that require a prescription (it will decline it at the point of service.) HOWEVER, the OTC Item will continue to qualify for reimbursement if you pay the provider out of pocket, then complete a BMS Claim Form, and submit the claim along with your qualified receipt and physician's prescription for BMS to issue a reimbursement directly from your account either via check or free Direct Deposit. (This is different with HSAs, employees simply retain the copy of the prescription in case of audit and reimburse themselves from their account. This must be done to avoid the 20% excise tax (up from 10% after 1/1/11) that can be assessed by the IRS under HSA regulations.)

**Important Points.** It is likely that this change will only affect a small percentage of medical FSA, HRA and HSA expenses. You will still be able to use your BMS LLC Take Care Debit Card for other items including Rx, co-pays, dental, and vision just to name a few. It is highly anticipated that funds in these accounts can be used for numerous other eligible expenses in lieu of those now viewed as ineligible due to this change. **BMS LLC highly recommends that participants continue to participate and benefit from pre-tax savings for all qualified medical expenses!**

Before the next open enrollment period, participants should review past Health FSA expenses to see what was spent on OTC drugs and items and adjust their new FSA annual election accordingly if you feel that obtaining a prescription from your physician will be an issue. Remember—the changes effective January 1, 2011 will affect all Health FSA participants even if they are in the middle of their current Plan Year.

BMS LLC has updated our enrollment materials and website to incorporate the OTC change to FSA, HRA and HSA. We feel it is important to educate our participants on the upcoming changes and how they will be affected. Our Customer Service Team is educated and prepared to answer all participant questions regarding the 2011 OTC changes. BMS will make the necessary programming adjustments to ensure a smooth transition into 2011.

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## Qualified Medical Expense List Under Your Health FSA, HRA and HSA Plans

- \*Acid reducing gum, liquid & tablets
- \*Acne Medications
  - Acupuncture fees
- \*Airplane ear protection
- Alcoholism & drug treatment
  - All prescriptions drugs dispensed in US
- \*Allergy medications
- Ambulance expense
- \*Anti-diarrhea medications
- \*Antifungal treatments
- \*Anti-itch lotion
- \*Antiseptic or ointment for cuts
- Arches & orthopedic shoes
- \*Arthritis pain reliever
- Artificial limbs & braces
- Bedpans & ring cushions
- \*Benzocaine swabs
- Body scans
- \*Boric acid powder
- Braille Books, & magazines
- Bronchial asthma inhalers
- \*Bronchodilator/expectorant tablets
- \*Bunion & blister medications
- Chiropractor & Podiatrist fees
- Cholesterol tests & monitors
- Christian Science practitioner's fees
- Co-Insurance
- \*Cold relief syrup, tablets & drops
- \*Cold sore & fever blister medications
- Colorectal cancer screening tests
- Contact lenses and \*solution
- Contraceptives
- Co-payments
- \*Corn & callus removal
- Crutches & canes
- Deductibles
- Dental fillings, crowns & bridges
- Dental sealants
- Denture adhesive
- Dentures
- Diabetic lancets
- Diabetic supplies
- Diabetic test strips
- Diagnostic services or treatment
- \*Diaper rash ointments
- \*Diuretics & water pills
  - Doctor's office co-pays
- \*Eye watering/drying aid
- \*Ear Wax removal drops
- \*Eardrops for swimmers
- \*Eczema cream
- Elevated toilet seats
- Emergency room co-pays
- Endodontist Fees
- Eye exams
- \*First aid bandages, gloves & masks
- \*First Aid wipes
- \*Flu relief syrup, tablets & drops
- Flu shots
- \*Gas prevention tablets or drops
- Gastric bypass surgery
- Glucose meters and tablets
- Hearing devices & batteries
- \*Hemorrhoid relief
- \*Home blood or drug tests
- \*Homeopathic earache tablets
- \*Homeopathic sinus medications
- \*Hot & cold compress packs & wraps
- Humidifiers & Vaporizers
- \*Hydrogen peroxide
- \*Incontinence supplies
- Inpatient admission co-pays
- \*Iodine tincture
- \*Ipecac syrup
- \*Itch relief
- Lab Fees
- \*Laxatives
- \*Lice control
- Medical alert bracelets & fees
- \*Medicated bandages
- \*Medicated bath products
- \*Medicated chest rub
- \*Motion sickness tablets
- \*Nasal decongestant spray/drops/inhaler
- Needles
- Obstetrics & Fertility
- Office visits
- Orthodontist & Dentist
- Ovulation indicators
- Oxygen
- \*Pain relievers, aspirin, non-aspirin
- Periodontist & Endodontist fees
- Physical & speech therapy
- Physician & Osteopath fees
- Physiologist & Psychiatrist
- \*Pill Boxes
- \*Pinworm treatment
- \*Pregnancy test
- Prescribed medicines
- Prescription Glasses & Contacts
- Programs (for specific disease with doc's note)
- \*Quit smoking programs, patches & gums
- Radiology
- Reconstructive bypass surgery associated with birth defect, disease or accident
- Reconstructive Surgery in connection with birth defect, disease & Accident
- Respiratory stimulant ammonia
- Routine check-ups
- Shower bars & safety handles
- Shower protection for casts, prostheses, etc
- \*Sinus & allergy nasal spray
- \*Sleeping Aids
- \*Smoking Cessation programs, patches & gums
- Special schooling for a disabled child
- Surgical fees
- Syringes
- Therapeutic support gloves
- \*Throat pain medications
- Travel to doctor or healthcare facilities
- \*Upset stomach medications
- \*Vapor patch cough suppressant
- \*Wart removal medications
- Weight-loss programs & fees pertaining to a specific disease (with physicians note)
- Wheelchairs, walkers & shower chairs
- Wigs for hair loss caused by disease
- X-rays & MRI

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NOTE: This list is not all inclusive and is subject to change. Contact BMS LLC for questions regarding a specific expense item to determine if it is qualified for reimbursement.

**(\*)Effective January 1, 2011, many Over-the-Counter items will no longer be considered eligible expenses for reimbursement under the above Plans unless they are accompanied by a Doctor's prescription. The use of the Debit Card for many of these (\*) items will no longer be available.**

**NOTE: Reimbursement is still an option through our Check or Direct Deposit Methods by simply submitting a manual claim to BMS LLC, including a Doctor's prescription, to conform with new regulations enacted as part of Healthcare Reform. The above list is not all inclusive and some of the items marked with an (\*) may be eligible based on final IRS guidance. BMS LLC will update the latest information at our website [www.bmsllc.net](http://www.bmsllc.net) when it becomes available.**