

From: _____
To: _____
Cc: _____
Subject: FW: Email Blast #12: Change to FSA and HRA Debit Card Requirements
Date: Tuesday, March 08, 2011 2:31:33 PM
Attachments: [BILLS-112hr605ih.pdf](#)
[BILLS-112s312is.pdf](#)

Dear Valued Client:

The Internal Revenue Service has ruled that Flexible Spending Account and Health Reimbursement Account debit cards may be used to buy prescribed over-the-counter drugs from qualifying drug stores and pharmacies, non-health care businesses having pharmacies, mail order and web-based vendors, if all of the following requirements are met:

1. The prescription is presented to the pharmacist prior to purchase.
2. The prescription drug vendor retains a record of the prescription number, the name of the purchaser (or the name of the person for whom the prescription applies), and the date.
3. The purchased OTC medication is dispensed according to applicable laws and regulations pertaining to the practice of pharmacy.
4. A prescription number is assigned. ***Please note that the debit card system will not accept a charge for an OTC medication unless a prescription number has been assigned.***
5. Records of the sale are maintained by the pharmacy or other vendor (i.e., prescription number, name of purchaser, date, amount of the purchase) and must be made available upon request.

If these requirements are satisfied, the debit card transaction will be considered fully substantiated at the time and point of sale. ***Debit cards may not be used to buy OTC medicines and drugs at retailers that do not meet the above requirements, such as grocery stores that do not have a pharmacy.***

OTC medications only are affected by the above listed requirements.

Please note at this time, there are bills in both the Senate and House of Representatives to repeal the prescribed drugs requirement and future FSA limits. Until such time as either or both these bills are passed and signed into law, the above ruling is the guideline. Please see the attachments for copies of the proposed bills.

As always, we are here to assist you. If you have any questions, please contact your Broker or Broker Representative.

Best Regards,
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