

## Health Care Reform – Participants

### Background

Discovery Benefits understands the importance of simplifying regulations for our participants and we will continue to provide quality customer service as health care reform updates are made. In recent months, eligible dependents, over-the-counter items and flexible spending account limits have been revisited during health care reform legislative discussions. On April 22, 2010, the reform expanded the health care tax exclusion for children who have not attained age 27 as of the end of the taxable year. On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act which includes changes to the classification of over-the-counter drugs, medicines and biologicals as eligible expenses for reimbursement. Effective January 1, 2013, participants enrolled in a Medical Flexible Spending Account will experience a regulated annual election limit.

### How Does Health Care Reform Affect Me?

#### Eligible Dependents

- Effective September 23, 2010.
- Eligible dependents not turning 27 in the taxable year will be considered a tax dependent.
- If this causes a participant to add a dependent, it may be considered a qualifying event and participants may make an election change if allowed under the employer's plan document.

#### Over-the-Counter (OTC) Medication Changes

- Effective January 1, 2011. This change will affect all plans and participants at the same time, regardless of the plan year.
- Some OTC items will no longer be eligible to be purchased using the *benefits debit card*. Currently, 6% of debit card transactions are related to OTC items.
- A specific list of items affected has not yet been determined. Participants will no longer be able to use their benefits debit card to purchase items in the categories below. In order for these products to be reimbursed, a doctor's prescription is required. Participants will need to pay out of pocket for these products and file manual/online claims (a copy of the prescription needs to be included with the claim).

-Acid Controllers	-Anti-itch & Insect Bite	-Digestive Aids	-Pain Relief
-Allergy & Sinus	-Anti-parasitic Treatments	-Feminine Anti-fungal/Anti-itch	-Respiratory Treatments
-Antibiotic Products	-Baby Rash Ointments/Creams	-Hemorrhoidal Preps	-Sleep Aids & Sedatives
-Anti-diarrheals	-Cold Sore Remedies	-Laxatives	-Stomach Remedies
-Anti-gas	-Cough, Cold & Flu	-Motion Sickness	

- The following are examples of OTC items that will remain available without a physician's prescription. These items can be purchased using a benefits debit card.

-Acne Creams	-Birth Control & Contraceptives	-Eyecare & Contact Lens Supplies	-Insulin & Diabetic Supplies
-Anti-Fungal Medication (foot)	-Braces & Supports	-Family Planning Kits	-Ostomy Products
-Antiseptic & Wound Cleansers	-Catheters	-Fiber Laxatives	-Reading Glasses
-Athletic Treatments	-Denture Adhesives	-First Aid Supplies	-Wheelchairs, Walkers & Canes
-Band Aids	-Diabetic Testing & Aids	-Infant Electrolytes & Dehydration Solutions	
	-Diagnostic Tests & Monitors	-Infant Teething Pain Supplies	
	-Elastic Bandages & Wraps		

#### FSA Maximum Election Cap

- Effective January 1, 2013. This change will affect all plans and participants at the same time, regardless of the plan year.
- The IRS maximum 2013 elections are currently set to be \$2500.00 for Medical FSAs and \$5000 for Dependent Care FSAs.

Discovery Benefits will continue to provide updates on these legislative changes. We strive to offer high touch service to our clients and we thank you for the continued relationship.