



Deadline approaching for amending health flexible spending accounts and other medical reimbursement expense plans

McAfee & Taft EmployerLINC Employee Benefits Update - June 16, 2011

The Patient Protection and Affordable Care Act (PPACA) included a provision that restricts the medicines and drugs that may be reimbursed as medical expenses under health flexible spending accounts ("FSA"), health reimbursement accounts ("HRA"), health savings accounts ("HSA") or Archer medical savings accounts ("MSA"). The new law provides that effective January 1, 2011, medicines and drugs may only be reimbursed on a pretax basis if: (i) the medicine or drug requires a prescription, (ii) the individual obtains a prescription for an over-the-counter medicine or drug, or (iii) the drug is insulin. Prior to PPACA, over-the-counter drugs and medicines were reimbursable without a prescription.

The Internal Revenue Service has issued a notice that gives plan sponsors until June 30, 2011 to amend their plan retroactively for the new provision which became effective January 1, 2011. Consequently, if your company sponsors a FSA, HRA, HSA, or MSA, you will need to adopt an amendment in order to comply with the restriction on reimbursable medicines and drugs. A failure to timely adopt such amendment may endanger the tax status of the plan.

If you should have questions or need assistance with implementing this amendment, please contact **John Papahronis** or any other member of the **McAfee & Taft Employee Benefits Practice Group**.

LINKS

- [John Papahronis' Bio](#)
- [McAfee & Taft's Employee Benefits and Executive Compensation Group](#)

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