



# FLEXIBLE SPENDING ACCOUNTS

## How are flexible spending accounts affected by PPACA?

Health care reform changes how most over-the-counter drugs are now paid for. The law now requires a prescription for health saving and spending account reimbursements. Flexible spending accounts and health reimbursement accounts, which cover 213d expenses, and health savings accounts rules all change with health care reform law.

The PPACA affects flexible spending accounts the most. FSA debit cards may no longer be used to purchase over-the-counter drugs or medicines.

Most retailers can identify items that could be reimbursed at the time of purchase, so the flexible spending account debit cards will pay for only the eligible items. Individuals must pay for over-the-counter drugs and medicines another way.

If you have a flexible spending account, submit a doctor's prescription and store receipt with the required reimbursement request form. A person can still use remaining FSA funds from the prior year to pay for eligible items, up to two and a half months after the end of the preceding plan year. Insurance carriers require people to keep prescriptions and receipts as documentation required for reimbursement.

### **If a person has a prescription can he or she purchase over-the-counter drugs with a flexible spending account debit card?**

If a prescription for an over-the-counter drug is filled by a licensed pharmacist and has an Rx number, then a pharmacy may process the transaction on the flexible spending account debit card as a prescription item. The pharmacy must hold a record of the Rx number, the name of the purchaser (or the person named on the prescription) and the date and amount of the purchase. These records must be available to the employer or the flexible spending account administrator when requested. Some pharmacies may not dispense an over-the-counter drug as a prescription item, so it won't process on the flexible spending account debit card and a different form of payment will be needed.

Because the way pharmacies handle over-the-counter prescriptions varies, we recommend you submit receipts and prescriptions for prescribed over-the-counter and medicine reimbursement through Cigna's direct submit process.

The PPACA may allow coverage of your dependent's eligible expenses. Speak with legal counsel to determine if and when your flexible spending account plan may provide coverage of a dependent's expenses.



## Flexible Spending Accounts Contribution Cap

### **How does the PPACA affect flexible spending account annual contributions?**

Health care reform limits an individual's flexible spending account contributions. The maximum increased to \$2,700 in 2019 and is up to \$2,750 in 2020. The amount will be adjusted annually as the Department of Health and Human Services decides.

### **Does the contribution cap affect the dependent care flexible spending account?**

No. Health care reform affects only the health flexible spending account annual contribution limit. Dependent care contributions remain capped at \$5,000 per year maximum.

### **How will health care reform affect flexible spending account contribution caps for flexible spending accounts that don't run on a calendar year?**

The PPACA currently caps flexible spending account contributions at \$2,500 per taxable year. The contributions count on a calendar or taxable year and not by a health insurance plan year, even if the health insurance plan starts on a date other than January 1.