

## Using an HSA to pay for OTC medicines? You will now need a prescription.

If you have a health savings account (HSA) or are thinking about enrolling in an HSA-eligible health plan, you should know that there are two important changes that begin Jan. 1, 2011.

**Change 1:** You will no longer be able to pay for over-the-counter (OTC) medicines with your HSA, unless you have a prescription. HSAs can still be used to pay for insulin and for many OTC supplies, such as bandages, wheelchairs and reading glasses. See examples below.

**Change 2:** If you use an HSA to pay for items or services that aren't qualified medical expenses and you are under age 65, the tax penalty will increase from 10 percent to 20 percent of the HSA distribution.

Be sure to keep copies of your prescriptions and all receipts with your tax records.

Examples of OTC items that will require a prescription		Examples of OTC items that will not require a prescription	
<ul style="list-style-type: none"> <li>• Acid controllers</li> <li>• Acne medicine</li> <li>• Aids for indigestion</li> <li>• Allergy and sinus medicine</li> <li>• Anti-diarrheal medicine</li> <li>• Baby rash ointment</li> <li>• Cold and flu medicine</li> <li>• Eye drops</li> <li>• Feminine anti-fungal or anti-itch products</li> <li>• Hemorrhoid treatment</li> </ul>	<ul style="list-style-type: none"> <li>• Laxatives or stool softeners</li> <li>• Lice treatments</li> <li>• Motion sickness medicines</li> <li>• Nasal sprays or drops</li> <li>• Ointments for cuts, burns or rashes</li> <li>• Pain relievers, such as aspirin or ibuprofen</li> <li>• Sleep aids</li> <li>• Stomach remedies</li> </ul>	<ul style="list-style-type: none"> <li>• Bandages</li> <li>• Birth control</li> <li>• Braces and supports</li> <li>• Catheters</li> <li>• Contact lens solution and supplies</li> <li>• Crutches</li> <li>• Denture cleaners and adhesives</li> </ul>	<ul style="list-style-type: none"> <li>• Diagnostic tests and monitors (such as blood glucose monitors)</li> <li>• Elastic bandages and wraps</li> <li>• Insulin</li> <li>• Ostomy products</li> <li>• Reading glasses</li> <li>• Walkers, wheelchairs and canes</li> </ul>

You can view a complete list at [www.irs.gov](http://www.irs.gov).



For the latest reform information, visit [www.healthcare.gov](http://www.healthcare.gov), the federal government website designed to help you understand the new laws and how they will affect you.



### What hasn't changed

The new laws do not change your ability to save pre-tax money in your HSA and use that money to pay for qualified medical expenses.



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