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Our Employee Benefits and Executive Compensation attorneys have a diversified national practice. We assist clients of all shapes and sizes—businesses in virtually every industry sector, 501(c)(3)s and other tax-exempt organizations, and governmental entities under 414(d)—on compensation and benefit-related issues.

Health Care Reform: June 30 Compliance Deadline Fast Approaching

Required Amendment to Health FSAs, HRAs and HSAs

As of January 1, 2011, amounts paid for over-the-counter drugs (other than insulin) may no longer be reimbursed through a health flexible spending account, health reimbursement account, or health savings account, unless prescribed by a doctor. This rule does not apply to items that are not medicines or drugs, including equipment such as crutches, supplies such as bandages, and diagnostic devices such as blood sugar test kits.

Most plan sponsors have already taken steps to implement this rule—both informing participants of the new rule during 2011 open enrollment, and implementing it operationally as of January 1, 2011. Many plan sponsors, however, took advantage of a slight reprieve regarding the timing of the necessary plan amendments provided by the IRS. According to the IRS, cafeteria plan amendments implementing this change may be adopted retroactively to January 1, 2011, so long as the amendments are adopted no later than **June 30, 2011**. With that date fast approaching, now is the time for plan sponsors to take a moment to determine whether their plans have been amended appropriately.

If you need assistance reviewing your current document or preparing such a plan amendment, please contact **Thora Johnson**, **Marty Wagner**, or **Jennifer Berman** as soon as possible.

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