



CAREFLEX UPDATE: Health Care Reform & Flexible Spending Accounts

Both the House and the Senate are developing healthcare reform proposals that could impact Flexible Spending Account programs as they currently exist. Early discussions included a Senate Finance Committee recommending the elimination of FSA programs as one way to help pay for Health Care reform. Fortunately, that idea appears unlikely to be included in the final legislation.

While today we expect FSAs to remain part of the healthcare landscape, feedback from Washington is to anticipate two impacts to FSAs. First, the amount that can be contributed to an FSA will likely be capped. Feedback from sources on Capital Hill is that the FSA contribution cap will probably be set between \$1,500 and \$2,500. Second, over-the-counter (OTC) drugs may be removed as an FSA eligible expense.

The days and weeks to come will be critical. It is important that those interested in preserving FSAs reach out to the Senate and House of Representatives. If you chose to contact your Senator and Congressional Representatives, we encourage you to consider delivering as much of the following message as you are comfortable communicating:

- FSA accounts remain as a critical component in managing healthcare costs.
- If applied a cap for FSA contributions should be set at \$3,000, and indexed each year as appropriate.
- FSA accounts should be enhanced to eliminate the “use it or lose it” provision.
- OTC purchases, which help to control the cost of prescription medication, remain eligible for FSA purchases.

It is in everyone’s best interests to have as many organizations and individuals as possible contact their Senators and House Members. We suggest that you inform your employees and make them aware of the situation. Encourage them to contact their Senators and House Representatives and express their support of FSAs. One available forum for expressing your concern is the www.savemyflexplan.org website. The savemyflexplan website is sponsored by the Employers Council on Flexible Compensation (ECFC).

Your efforts can make a difference and we encourage you to take action now.