

## LSG Compliance

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**From:** LSG Compliance

**Sent:** Thursday, June 09, 2011 2:52 PM

**Subject:** Cafeteria Plan Amendment Deadline - June 30, 2011



## Cafeteria Plan Amendment Deadline - June 30, 2011

**June 9, 2011**

The Patient Protection and Affordable Care Act restricts the types of “qualified medical expenses” that can be reimbursed tax-free under an employer-provided accident and health plan. Reimbursement for over-the-counter medicines and drugs purchased after December 31, 2010, is no longer permitted unless the medicine or drug is insulin or is prescribed by a physician.

If your company's cafeteria plan permitted reimbursement for over-the-counter medicine and drugs, the plan document must be amended before July 1, 2011, to comply with the Internal Revenue Code. Failure to maintain a written cafeteria plan results in the loss of its tax advantages. Generally, cafeteria plans may not be amended retroactively. The IRS and Department of Treasury will permit, however, an amendment to a cafeteria plan document with a January 1, 2011, effective date to reflect this change in the plan's terms. Employers must also remember to provide all participants with an update to the accompanying Summary Plan Description.

LSG Insurance Partners contacted all of the carriers with whom the agency places flexible spending accounts and verified that each of them has already addressed this issue. **If LSG is the agent for your flexible spending accounts, you will receive a separate e-mail that specifically addresses your carrier and plan. If you do not receive this communication about your plan by 5:00 PM on Friday, June 10, 2011, please contact your LSG account manager for further assistance.**

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This communication is not intended, and should not be used, as legal advice or opinion. It provides general information only and is not written to be used by any taxpayer to avoid tax penalties. For more information, please contact your LSG Insurance Partners account manager (248-332-3100) or Deborah Baughman at Jaffe, Raitt, Heuer & Weiss, P.C. (248-727-1383) or [dbaughman@jaffelaw.com](mailto:dbaughman@jaffelaw.com).