



## **OTC Drugs and Medicines Eligible with a Doctor's Prescription**

In March 2010, President Obama signed the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively "the Act"). The Act includes a number of modifications to employee benefit programs.

One provision that will affect participants beginning January 1, 2011 is the requirement for over-the-counter (OTC) drugs, medicines and biologicals to be accompanied by a physician's prescription in order to be reimbursed under health flexible spending accounts (FSAs) and health savings accounts (HSAs). Below is a summary of this change and how it will impact plans and the participants' experience.

### **CHANGES TO OVER-THE-COUNTER ELIGIBILITY FOR REIMBURSEMENT**

We are pleased to announce the IRS issued new guidance regarding the use of debit cards to purchase OTCs with a prescription. Previously, the IRS ruled that debit card purchases for OTCs after January 15, 2011 would not be allowed. Under the new guidance, debit cards will be allowed for these purchases as long as the transaction meets the following criteria:

- The prescription is presented to a pharmacist
- The medication is dispensed by a pharmacist
- A prescription number is assigned

Under the Act, OTC drugs, medicines and biologicals will continue to be eligible for reimbursement as long as the request is accompanied by a doctor's prescription. This means items such as cough medicines, pain relievers, acid controllers, and diaper rash ointment will now require a doctor's prescription to be submitted along with the reimbursement request. Insulin and select OTC items, such as band-aids, will continue to be eligible without a prescription.

### **Reimbursement of OTC Purchases with a Prescription (Paper Claims)**

For reimbursement from FSAs, OTC expenses incurred after December 31, 2010 will require a prescription. There are two acceptable sets of documentation to substantiate these claims.

- A participant can submit a receipt along with a copy of their prescription and a signed claim form. When submitted with a copy of the prescription, a register or pharmacy receipt will be accepted as long as it indicates the provider, items purchased, date of sale, and amount.
- The other option is to submit a pharmacy receipt that includes a prescription number along with a signed claim form.
- The pharmacy receipt will need to indicate the name of the purchaser (or individual prescribed), items purchased, date of purchase, amount, and a prescription number. This receipt is commonly attached to the prescription by the pharmacist. This is consistent with reimbursement procedures for prescription drugs.

### **Reimbursement of Prescription Drug Purchases (Paper Claims)**

For reimbursement of prescription drugs a pharmacy receipt will be required along with a signed claim form. This receipt will contain the name of the purchaser (or individual prescribed), items



purchased, date of purchase, amount, and a prescription number. These are commonly attached to the prescription by the pharmacist.

**The following categories of items will require a doctor's prescription and are eligible for use with a health care debit card if dispensed by a pharmacist:**

- Acid Controllers
- Allergy & Sinus Medications
- Antibiotic Products
- Antidiarrheals
- Anti-Gas
- Anti-Itch & Insect Bite
- Anti-parasitic Treatments
- Baby Rash Ointments/Cream
- Cold Sore Remedies
- Cough, Cold & Flu Medications
- Digestive Aids
- Feminine Anti-Fungal/Anti-Itch Medications
- Hemorrhoidal Preps
- Laxatives
- Motion Sickness Medications
- Pain Relief
- Respiratory Treatments
- Sleep Aids & Sedatives
- Stomach Remedies

**The following are examples of some of the items that will remain available without a doctor's prescription:**

- Band Aids
- Birth Control
- Braces & Supports
- Catheters
- Contact Lens Supplies & Solutions
- Denture Adhesives
- Diagnostic Tests & Monitors
- Elastic Bandages & Wraps
- First Aid Supplies
- Insulin & Diabetic Supplies
- Ostomy Products
- Reading Glasses
- Wheelchairs, Walkers, Canes