

# New OTC Rule Fact Sheet

## For Health Care Account Participants

### Background

The 2010 Affordable Care Act included a new rule that requires a doctor's prescription for the reimbursement of Over-the-Counter (OTC) drugs and medicines from a medical plan.

### What Accounts Are Affected by the New OTC Rule?

The law applies to Health Flexible Spending Accounts (FSAs), Health Reimbursement Arrangements (HRAs), Health Savings Accounts (HSAs) and Archer Medical Savings Accounts (Archer MSAs). Health Care Card holders will be able to use their Card to fill OTC prescriptions at IAS pharmacies. (See the Card question on the back for more detail.) FSA and HRA participants will need to submit either a receipt listing an Rx number or the prescription along with a receipt detailing the purchase in order to submit a claim for reimbursement, or to verify a card purchase at a non-IAS pharmacy. HSA and Archer MSA participants will need to keep the prescription along with the receipt for their tax records in order to avoid IRS penalties.

### When Does the Change Take Effect?

The law took effect on January 1, 2011, which means that any OTC drug or medicine purchase made in 2011 will require a prescription before it can be reimbursed from one of the covered health care accounts.

### What about Plans with a Grace Period?

If your employer's plan includes a grace period that extends the reimbursement period into 2011, you will still need to get a prescription for any OTC drug or medicine purchased in 2011.

### What Does the Change Mean for Accountholders?

To put it simply, the new rule adds an extra step in the process. Prior to 2011, eligible purchases could be debited directly from the account with a take care<sup>®</sup> card at IAS merchants. And, for purchases at other merchants, all that was required for reimbursement was a valid receipt. Now any accountholder seeking to use their account to pay for OTC medicines will have to first get a prescription, and then purchase the OTC medicine. The OTC drug can be filled as a prescription when presented to the pharmacist, who will then process the purchase as a prescription. If a participant prefers to submit a claim, then both the receipt and a copy of the prescription will need to be submitted. It's important to remember that you will still be able to use your account for the same OTC drugs and medicines as before. You will just need a prescription dated on or before the purchase date before you can be reimbursed. Visit [www.sigis.com](http://www.sigis.com) for an updated list of IAS merchants

### What Exactly Is a Prescription for an OTC Drug or Medicine?

A prescription for an OTC drug or medicine should be exactly the same as one for a drug or medicine that can only be obtained with a prescription. When you go to your health care provider, simply ask him or her to write you a prescription for the the OTC drug or medicine you use to treat the medical condition you have. The prescription will need to comply with state prescription laws, but generally, if the prescription is written on a prescription pad, it should be sufficient.

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## Can the take care® Card Be Used to Purchase OTC Drugs and Medicines?

Yes, if a valid prescription is presented at the time of purchase, and the purchase is made at a pharmacy counter and dispensed as a prescription item. With the new law, OTC drugs and medicines have been removed from the list of eligible items that you can purchase with the Card at the general merchandise checkout counter. You are able to purchase OTC medicines at pharmacy counters using your Card. To use your Card at an IAS pharmacy, you will need to present the prescription along with the OTC medicine to a pharmacist; the pharmacist then dispenses and processes the purchase of the OTC medicine in accordance with applicable law. The purchase is then classified as a prescription, and no further action is required. If a purchase is made at a non-IAS pharmacy, then FSA and HRA participants will need to submit either the receipt listing an Rx number or the prescription along with a receipt detailing the purchase for verification and to avoid having the Card suspended.

## What Specific OTC Drugs and Medicines Will Require a Prescription and Which Will Not?

As a general rule, any OTC drug or medicine that you take orally or topically will require a prescription. What will not require a prescription are medical devices (such as monitors) and supplies (such as bandages and contact lens solution). Insulin and diabetic supplies are also items that will not require a prescription. For your convenience, we've created a summary list of common items that can and cannot be reimbursed without a doctor's prescription.

FSA Eligible Medical Items That Do NOT Require a Doctor's Prescription	FSA Eligible Medical Items That NOW Require a Doctor's Prescription
<ul style="list-style-type: none"> <li>Bandages and related items (over-the-counter)</li> <li>Birth control (over-the-counter)</li> <li>Blood pressure monitors</li> <li>Cholesterol test kits and supplies</li> <li>Condoms</li> <li>Contact lenses, cleaning solutions, etc.</li> <li>Crutches, canes, walkers or like equipment (purchase or rental)</li> <li>Dentures, bridges, etc.</li> <li>Diabetic monitors, test kits, strips and supplies</li> <li>Eye related equipment/materials</li> <li>Eyeglasses (over-the-counter)</li> <li>Fertility monitors (over-the-counter)</li> <li>First aid kits (over-the-counter)</li> <li>Hearing aids and batteries</li> <li>Incontinence supplies</li> <li>Insulin, testing materials and supplies</li> <li>Magnetic therapy (over-the-counter)</li> <li>Medical equipment (for treatment of medical condition) &amp; repairs</li> <li>Medical supplies (for treatment of a medical condition)</li> <li>Monitors &amp; test kits (over-the-counter)</li> <li>Occlusal guards to prevent teeth grinding</li> <li>Orthotics</li> <li>Orthopedic and surgical supports</li> <li>Ovulation monitor (over-the-counter)</li> <li>Pregnancy tests (over-the-counter)</li> <li>Reading glasses (over-the-counter)</li> <li>Urological products</li> <li>Wheelchair and repairs</li> <li>Wound care (over-the-counter)</li> </ul>	<ul style="list-style-type: none"> <li>Acne treatments</li> <li>Allergy &amp; sinus medicine and products</li> <li>Antacids</li> <li>Antibiotic ointment</li> <li>Aspirin or other pain relievers</li> <li>Asthma medicines or treatments</li> <li>Canker &amp; cold sore treatments</li> <li>Chest rubs</li> <li>Cold &amp; flu medicines</li> <li>Corn and callus removers</li> <li>Cough drops &amp; sore throat lozenges</li> <li>Cough syrup</li> <li>Diaper rash ointments and creams</li> <li>Ear drops &amp; wax removal</li> <li>Gastrointestinal medications</li> <li>Herbal or homeopathic medicines</li> <li>Laxatives</li> <li>Lice treatments</li> <li>Motion &amp; nausea medicines</li> <li>Over-the-counter products for dental, oral and teething pain</li> <li>Pain relievers</li> <li>Propecia (for treatment of a medical condition)</li> <li>Retin-A (for non-cosmetic purposes)</li> <li>Sleep aids</li> <li>Sunblock (SPF30 and above)</li> <li>Toothache and teething pain relievers</li> <li>Wart removal treatments</li> </ul>