



Health Care Reform Impacts 2011 Over-the-Counter Drugs and Medicines

The Health Care Reform Bill of 2010 (aka Patient Protection and Affordable Care Act of 2010) restricts the use of Medical Flexible Spending Account (FSA), Health Reimbursement Account (HRA), and Health Savings Account (HSA) funds to purchase Over-the-Counter (OTC) drugs and medicines. These restrictions apply to OTC purchases made on or after **January 1, 2011**, impacting all participants and plans at the same time, regardless of your plan year.

What is Changing?

Beginning January 1, 2011, Medical FSA, and HRAs funds may no longer be used to purchase **OTC drugs and medicines** (other than insulin) without a *doctor's prescription*, or a *Certification of Medical Necessity* (on the doctor's letterhead and includes the doctor's signature). As of that date:

· If you purchase an OTC drug or medicine that is required to treat a specific medical condition, you can submit a claim for reimbursement, but you must include a *doctor's prescription*, or a *Certification of Medical Necessity* (on the doctor's letterhead and includes the doctor's signature).

Examples of OTC drugs and medicines that will require "the extra step":

*Allergy & Sinus
Anti-Diarrheals/Laxatives
Anti-Gas, Antacids
Anti-Itch & Insect Bite*

*Baby Rash Ointments/Creams
Cough, Cold, & Flu Meds
Feminine Anti-Fungal/Anti-Itch
Hemorrhoidal Preps*

*Motion Sickness
Pain Relief Respiratory Treatments
Sleep Aids & Sedatives
Stomach Remedies*

What is Staying the Same?

The new restrictions do not apply to purchases of **insulin or eligible OTC medical supplies**. Medical FSA funds can continue to be used for those items. Therefore, you can continue to purchase them with a benefit card or submit a claim for reimbursement (without a *Certification of Medical Necessity*).

Examples of OTC medical supplies that will continue to be eligible:

*Bandages, First Aid Kits
Birth Control Products
Blood Pressure Kits
Contact Lens*

*Contact Lens Solutions
Diabetes Testing Supplies
Hearing Aid Batteries
Heating Pads, Hot/Cold Packs*

*Insulin
Pregnancy & Fertility Kits
Thermometers
Walkers, Wheelchairs, & Accessories*

Frequently Asked Questions

If a plan participant obtains a prescription for an OTC medicine, do they need to present it to the pharmacist in order to submit a claim and be reimbursed? No, the OTC medicine will be purchased out-of-pocket. In order to be reimbursed for a prescription OTC medicine purchase, a copy of the prescription and receipt for the purchase must be submitted. If the plan participant purchases an OTC medicine with an HSA, they will need to keep a copy of the receipt and the prescription to verify that withdrawals were made to pay for eligible medical expenses.

If my plan contains a debit card that I use to pay for OTC medicines, will I still be able to use my card to purchase those OTC medicines after December 31, 2010? Generally, no. The card vendor must ensure the card is reprogrammed no later than January 15, 2011, so the card will no longer be used to purchase OTC medicines. You will need to seek reimbursement by completing a claim form and submitting it along with your *doctor's prescription*, or a *Certification of Medical Necessity* (on the doctor's letterhead and includes the doctor's signature). As of January 16, 2011, cards will only work on qualified medical expenses that do not require a doctor's note.

Can I purchase mass quantities of OTC medicines before December 31, 2010? Generally, no. The IRS rules do not allow stockpiling of OTC medicines that are generally not consumed within a one month period.

Plan Ahead!

Please consider the new OTC rules when estimating your Medical FSA election during enrollment.

This change for OTC medicines is expected to affect only a small percentage of your medical FSA reimbursements. Therefore, 125MAX suggests that you continue to make your FSA elections as usual.

Questions?

Call 125MAX at 800-843-6608.