

# New OTC Rule Fact Sheet

## For Health Care Account Participants

### What Changed?

The 2010 Affordable Care Act included a new rule requiring a doctor's prescription for Over-the-Counter (OTC) drug and medicine reimbursement by an eligible tax-favored reimbursement account.

### What Accounts are Affected By the New OTC Rule?

The law applies to Health Care Flexible Spending Accounts (FSAs), Health Reimbursement Arrangements (HRAs) and Health Savings Accounts (HSAs). The myFBMC Card® Visa® Card can be used to fill OTC prescriptions at IIAS pharmacies. (See the Card question on the back for more detail.) FSA and HRA participants must submit a receipt listing the Rx number or the prescription and a receipt detailing the purchase to file for reimbursement, or to verify a card purchase at a non-IIAS pharmacy. HSA participants must keep the prescription and the receipt for their tax records to avoid IRS penalties.

### When Does the Change Take Effect?

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

### What About Plans with a Grace Period?

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

### What Does this Change Mean?

Simply put, the new rule adds an extra step in the process. Prior to 2011, eligible purchases could be paid directly from the account with the myFBMC Card® at IIAS merchants. For purchases at other merchants, all that was required for reimbursement was a valid receipt. Now any eligible account holder seeking reimbursement for OTC medicines must get a prescription first, and then purchase the OTC medicine. The OTC drug can be filled as a prescription when presented to the pharmacist, who then processes the purchase as a prescription. Or, if you prefer 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 may still use your account for the same OTC drugs and medicines as before. You just need a prescription dated on or before the purchase date before you can be reimbursed. To find out if a pharmacy or drugstore near you accepts the card, please refer to the **IIAS Certified Store List** at [www.myFBMC.com](http://www.myFBMC.com).

### 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 only obtainable by prescription. When you go to your health care provider, simply ask him or her to write you a prescription for 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.

Continued on back page ►



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

Yes, if a valid prescription is presented at the time of purchase, 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 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 must present the prescription for 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 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 must submit the receipt listing the Rx number or the prescription and a receipt detailing the purchase for verification and to avoid having the Card suspended.

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

As a general rule, any OTC drug or medicine you take orally or use 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 also 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 <u>NOT</u> requiring a prescription	FSA Eligible Medical items <u>NOW</u> requiring a 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>