

New OTC Rule Fact Sheet

Background

In early 2010, the Affordable Care Act was passed as part of the health care reform initiative. Included in the law was a new rule that requires a doctor's prescription for the reimbursement of Over-the-Counter (OTC) drugs and medicines from a health flexible spending or savings account.

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). 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 be reimbursed.



Can the WageWorks Health Care Card Be Used to Purchase OTC Drugs and Medicines?

In most instances, no. The WageWorks Health Care Card is coded so that it can only be used for eligible items at qualified merchants with an IRS-approved inventory system. When the new law takes effect in 2011, OTC drugs and medicines will be removed from the list of items eligible for purchase with the Card. In some instances, you may be able to purchase OTC items at specialized pharmacies that meet IRS exceptions to accept the Card without the inventory system. In those instances, 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 <u>Do NOT</u> Require a Doctor's Prescription	FSA Eligible Medical Items That <u>NOW</u> Require a Doctor's Prescription
<ul style="list-style-type: none"> Bandages and related items (over-the-counter) Birth control (over-the-counter) Blood pressure monitors Cholesterol test kits and supplies Condoms Contact lenses, cleaning solutions, etc. Crutches, canes, walkers or like equipment (purchase or rental) Dentures, bridges, etc. Diabetic monitors, test kits, strips and supplies Eye related equipment/materials Eyeglasses (over-the-counter) Fertility monitors (over-the-counter) First aid kits (over-the-counter) Hearing aids and batteries Incontinence supplies Insulin, testing materials and supplies Magnetic therapy (over-the-counter) Medical equipment (for treatment of medical condition) & repairs Medical monitoring and testing devices Medical supplies (for treatment of a medical condition) Monitors & test kits (over-the-counter) Occlusal guards to prevent teeth grinding Orthotics Orthopedic and surgical supports Over-the-counter bandages and related items Ovulation monitor (over-the-counter) Pregnancy tests (over-the-counter) Reading glasses (over the counter) Teeth grinding prevention devices Urological products Walking aids (canes, walkers, crutches and related supplies) 	<ul style="list-style-type: none"> OTC Drugs and Medicines