

Healthcare Reform and its Impact on Health Care FSAs and Debit Cards

Changes to Eligible OTC Products for 1/1/2011 - Eligible OTC Products Changes

In March, President Obama signed the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010. The Act includes a number of modifications to employee benefit programs. One provision that will affect employee participants beginning **January 1, 2011**, is the requirement for over-the-counter (OTC) drugs and medicines to be accompanied by a physician's prescription in order to be reimbursed under FSAs, HRAs, and HSAs.

Eligible OTC Products Changes

OTC drugs and medicines will continue to be eligible for reimbursement as long as the request is accompanied by a doctor's prescription. This means that 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 other OTC items, such as band-aids, will continue to be eligible without a prescription.

Since this change applies to all expenses incurred on or **after January 1, 2011**, it will affect **all plans and participants at the same time**, regardless of the plan year.

Eligible OTC Products Changes - Sample categories of items that will require a doctor's prescription:

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

Eligible OTC Products Changes - Sample categories of OTC 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

If you recall, merchants and vendors could use SKU (UPC or SKU, Stock Keeping Units) and receive certification with IIAS (Inventory Information Approval System) for participants to be able to use their Debit Card to pay for OTC medicines if the SKU/UPC matched a pre-approved list.

What has changed?

Under Health Care Reform laws, OTC medicine purchases are no longer permissible unless they are required and prescribed by a medical doctor. As such, debit cards cannot be used. Also, each vendor will have to reapply to SIGIS (the Special Interest Group for IIAS Standards) and become re-qualified to process Debit Card transactions. That means, for certain claims (OTC medicines) you cannot use your debit card at all (you must process a paper/web-based claim and provide the doctor's prescription) and for other permissible-claims, your debit card might not work at a specific vendor's or merchant's store until that vendor is re-approved.

How does this change the cardholder experience?

Cardholder Experience – Debit Card

- OTC Drugs and Medicines can no longer be purchased using the debit card.
- Even with a doctor's note, the card will not accept these for purchase.
- The card will only allow eligible OTC (non-medicines) and Rx items to be purchased.
- Certain locations that accepted the card in 2010 may no longer accept the card in 2011.

Cardholder Experience - Manual Claims

- Participants must submit manual claims in order to be reimbursed for an OTC drug or medicine
- They must provide the doctor's prescription for substantiation purposes

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