



Over-the-Counter Reference Guide

As of January 1, 2011, Federal regulations require a **physician's prescription** in order for over-the-counter (OTC) drugs and medications to be eligible for reimbursement through your Flexible Spending Account, Health Reimbursement Arrangement or Health Savings Account. Insulin, equipment, supplies and diagnostic devices were not affected by this change and will continue to be eligible without a prescription. Claims for OTC medicines or drugs must include a physician's prescription, and an adequate receipt accompanied by a claim form.

To help explain this change, we have put together a list of Frequently Asked Questions (FAQ):

Q. What is a prescription?

A. A "prescription" means a written or electronic order for a medicine or drug that meets the legal requirements of a prescription in the state in which the medical expense is incurred and that is issued by an individual who is legally authorized to issue a prescription in that state. The prescription must be written on a prescription pad or an electronically generated prescription printout.



The IRS defines a prescription as an *"electronic or written order for a medicine or drug that meets the legal requirements of a prescription in the state in which the medical expense is incurred and that is issued by an individual authorized to issue a prescription in that state."* The healthcare provider's prescription must generally include: the date; the provider's name, address and license number (if required by state law); the name of the patient; the name of the OTC medicine or drug (or its generic equivalent); the dosage; and the number of refills.

An informal letter from the health care provider (Statement of Medical Necessity) will not qualify an OTC medicine or drug for reimbursement under the new rule. A letter or statement from a physician is not sufficient to meet the standard of "prescription" required by the IRS.

Please note: The prescription must be legible or it cannot be approved.

Q. What items are impacted by this?

A. Any OTC item that is considered a medicine or drug is affected. Each of the items listed below **require a prescription** in order to be reimbursed through your Health Care Flexible Spending Account, Health Reimbursement Arrangement or Health Savings Account.

- Acid controllers
- Acne medications
- Allergy & sinus
- Antibiotic products
- Antifungal (Foot)
- Antiseptics & wound cleansers
- Anti-diarrheals
- Contraceptives
- Cough, cold & flu
- Digestive aids
- Ear and Eye care
- Feminine antifungal & anti-itch
- Fiber laxatives (bulk forming)
- First aid burn remedies
- Medicated nasal sprays, drops, & inhalers
- Medicated respiratory treatments & vapor products
- Motion sickness
- Pain relief (includes aspirin)
- Sleep aids & sedatives
- Smoking deterrents



- Anti-gas
- Anti-itch & insect bite
- Baby rash ointments & creams
- Foot care treatment
- Hemorrhoidal preps
- Homeopathic remedies
- Incontinence treatment
- Stomach remedies
- Laxatives (non-fiber)
- Cold sore remedies
- Baby teething pain

Q. What items are not impacted by this?

A. The following OTC items are **not** considered a medicine or drug, and therefore **are not** affected by the new law. Each of items listed below **do not require a prescription** from a medical doctor to be reimbursed through your Health Care Flexible Spending Account, Health Reimbursement Arrangement or Health Savings Account.

- Contact Lens Solution
- Blood Pressure Monitors and Cuffs
- Bandages
- Hearing Aid Batteries
- Condoms
- Spermicides
- Blood Glucose Machines and Strips
- First Aid Kits
- Hot/Cold Pack
- Ace Wraps
- Thermometers
- Arch and Insole Supports
- Diabetic Supplies and Equipment

Q. What if my prescription is dated after the date of purchase of the OTC item?

A. In order for an expense to be eligible, the prescription must be dated on or before the purchase date.

Q. Do I need to show my pharmacist the prescription?

A. No. The prescription simply needs to be submitted to ASIFlex in order for certain OTC drugs and medications to be eligible for reimbursement through your spending account.

Q. My son is a diabetic. Will I have to obtain a prescription in order to be reimbursed for his insulin and other supplies?

A. No. The one exception to the requirement for a prescription is insulin. You will not need to obtain a prescription in order to be reimbursed for insulin. Additionally, OTC supplies such as syringes and test strips are still eligible for reimbursement through your Health Care Flexible Spending Account, Health Reimbursement Arrangement or Health Savings Account without a prescription.



Q. What about OTC supplies?

A. OTC products that **are not** medicines or drugs are reimbursable under a Health Care Flexible Spending Account, Health Reimbursement Arrangement or Health Savings Account without a prescription when the OTC product is used for medical purposes. This includes items such as hearing aid batteries, bandages, and contact lens solution. Eligible items include products that alleviate or treat injuries or illness for you and your dependents. These products are not cosmetic in nature, or merely



beneficial to your general health. Claims for OTC products that are not medicines or drugs must include an adequate receipt accompanied by a claim form. An adequate receipt states the name of the product, the date, the name of the store and the amount paid.

You do not need to provide a statement from a medical provider or indicate a diagnosis in order to receive reimbursement.

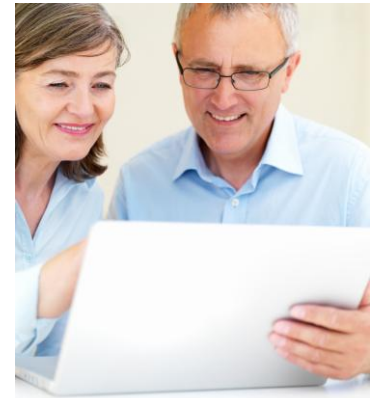
Q. Can I purchase prescribed OTC medicines and drugs from pharmacies and from mail order or web-based merchants using the Benny Card*?

A. Only if the purchase is filled as a prescription behind the pharmacy counter. This requirement was confirmed and issued by the IRS on December 23, 2010 in Notice 2011-5. For further information, including guidance on the purchases of OTC medicines and drugs from health care providers (such as physicians and hospitals), see IRS Notice 2011-5. For guidance on debit card purchases at “90-percent pharmacies,” see IRS Notice 2010-59.

*The Benny Card is a FSA option and not all employers elect this option. Please contact your employer’s benefit’s office to determine eligibility.

Q. I use a lot of supplements. In order for these to be eligible for reimbursement through my Health Care Flexible Spending Account, Health Reimbursement Arrangement or Health Savings Account, should I obtain a prescription?

A. No. Certain OTC products are considered dual-purpose, such as vitamins and supplements. That’s because for some individuals, the product is used to alleviate a medical condition, while others use the product for general health and well-being. These products may be eligible for reimbursement, but require a **Letter of Medical Necessity stating your specific diagnosis or medical condition**, a recommendation to take the specific OTC item to treat your condition, and documentation of the product and cost. **The Letter of Medical Necessity must include both a diagnosis and the required treatment (e.g. Jill is to take Calcium to treat osteoporosis).**



The following is a short list of examples of Dual-Purpose OTC Products:

- Calcium
- Dental Fluoride
- Fiber Supplements
- Homeopathic Remedies
- Joint Supplements
- Minerals
- OTC Hormone Therapy
- Dietary Supplements

Please note: Submitting a Letter of Medical Necessity for your claim does not guarantee that the expense will be approved.



Q. What OTC items are not covered at all by the FSA, HRA or HSA program, even with a prescription or Letter of Medical Necessity?

A. OTC products that merely benefit your general health or are cosmetic in nature are NOT reimbursable. Personal use items are not reimbursable, please find a short list of examples below:

- Creams and Lotions
- Hair Removal Products
- Make-Up
- Perfumes
- Ear Plugs
- Deodorant
- Shampoo
- Dental Floss
- Toothpaste and Toothbrush
- Teeth Whitening Kits and supplies
- Mouthwash
- Lip Balm
- Moisturizers

Q. How do I submit a claim for OTC medicines and drugs?

A. In order to ensure timely reimbursement for your claims for eligible OTC medicines and drugs, please submit all of the following items:

- A fully completed and signed Health Care Flexible Spending Account (FSA) Claim Form or Health Reimbursement Agreement (HRA) Claim Form, **AND**
- A receipt (not dated prior to the date on the prescription) indicating the name of the item purchased, **AND**
- A medical doctor's prescription* for the recommended OTC item, which **must** include:
 - The date
 - The name of the patient for whom the OTC item is prescribed
 - The name of the OTC item (if you purchase a generic item, you must provide documentation that supports that it is the therapeutic equivalent to the prescribed drug)
 - The dosage requirement (the potency of the item purchased must match the prescribed amount)
 - The number of refills (unless it is a one-time purchase)
 - The provider's address and license

***Please note:** The prescription must be legible or it cannot be approved.

A Letter of Medical Necessity will **not** be accepted in place of a physician's prescription.

If you have questions or concerns, please feel free to contact ASIFlex!

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