FSA/HRA 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 or Health Reimbursement Arrangement. Insulin, equipment, supplies and diagnostic devices do not have this same requirement, and are eligible for reimbursement through the FSA/HRA without a prescription. Claims for OTC medicines or drugs must include a physician's prescription, an adequate receipt and a completed claim form.

We have compiled a list of Frequently Asked Questions to help you with any questions you may have.

Q: What is a prescription?

A: A "prescription" is 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. While state laws vary on the requirements of prescriptions, they must generally include the date, the provider's name and address (and sometimes the license number), the name of the patient, the name of the OTC medicine/drug (or its generic equivalent), the dosage and the number of refills.

An informal letter from your healthcare provider will not be sufficient to meet the Federal rules governing the eligibility of OTC drugs and medications through your FSA/HRA. Also, the prescription must be legible or ASIFlex will not be able to approve reimbursement of OTC drugs and medications through your FSA/HRA.

Q: What items require a prescription?

A: Any OTC item that is considered to be a medicine or drug is covered by this rule. Each of the items listed below requires a prescription in order to be reimbursed through your Health Care Flexible Spending Account and/or Health Reimbursement Arrangement.

- Acid controllers
- Acne medications
- Allergy & sinus
- Antibiotic products
- Antifungal(foot)
- Antiseptics & wound cleansers
- Anti-diarrheal
- Anti-gas
- Anti-itch & insect bite
- Baby rash ointments/creams
- Baby teething pain relievers
- Cold sore remedies
- Contraceptives
- Cough, cold & flu
- Digestive aids
- Ear and eye care
- Feminine antifungal & anti-itch
- Fiber laxatives (bulk forming)
- First aid burn remedies
- Foot care treatment
- Hemorrhoid preps
- Homeopathic remedies
- Incontinence treatment
- Laxatives
- Medicated nasal sprays, drops & inhalers
- Medicated respiratory treatments & vapor products
- Motion sickness
- Pain relievers
- Sleep aids & sedatives
- Smoking deterrants
- Stomach remedies

Q: What OTC items <u>are not</u> impacted by this rule?

A: Diabetes supplies such as insulin are exempt from this requirement, and do not require a prescription in order to be eligible.

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: My child is a diabetic. Will I have to obtain a prescription in order to be reimbursed for his insulin and other diabetes treatment supplies I purchase over-the-counter?

A: No. The one exception the Federal government made regarding the rules requiring a prescription for OTC drugs and medications was for insulin. You will not need a prescription in order for insulin to be eligible for reimbursement through your FSA and/or HRA. Supplies such as test strips and syringes are still eligible without a prescription.

Q: What about OTC supplies?

A: OTC products that are not medicines or drugs are still reimbursable through your FSA and/or HRA without a prescription, as long as the OTC product is used for medical purposes. This includes items such as:

- Bandages
- Contact lens solution
- First aid kits
- Hearing aid batteries

These products are not being purchased to treat cosmetic conditions, and they alleviate or treat injuries or illnesses. Claims for OTC products that are not medicines or drugs must include an adequate receipt accompanied by a signed and completed claim form. An adequate receipt must include the name of the product, purchase date, name of the store and amount paid.

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 10, 2010, in Notice 2011-5.

Q: I use a lot of supplements. In order for these supplements to be eligible through my FSA and/or HRA, should I obtain a prescription?

A: No. Certain OTC products that are considered to be dual-purpose, such as vitamins and supplements, are not considered drugs or medicine, and in order for you to be reimbursed for these expenses, you must submit a Letter of Medical Necessity that includes your specific diagnosis/medical condition, a recommendation to take the OTC item to treat your condition and documentation of the product cost. The Letter of Medical Necessity must include

a diagnosis, the date the letter was written and the required treatment (e.g. 11/10/2011 - Jill must take Calcium to treat osteoporosis).

Dual-purpose OTC products include:

- Calcium
- Dental fluoride
- Dietary supplements
- Fiber supplements
- Homeopathic remedies
- Hormone therapy
- Joint supplements
- Minerals

Please note that submitting a Letter of Medical Necessity does not guarantee that your expense will be approved.

Q: What OTC items are not covered at all by a FSA or HRA even with a prescription or Letter of Medical Necessity?

A: OTC products that merely benefit your general health, or that are cosmetic in nature are NOT reimbursable. Personal use items are not reimbursable, and we have included a short list of these items below.

- Creams and lotions
- Dental floss
- Hair removal products
- Make-up
- Perfumes
- Ear plugs
- Deodorant
- Lip balm
- Moisturizers
- Shampoo
- Toothbrushes

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

A: In order to streamline the reimbursement process for all 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.