

eNewsFlash: Health Care Reform Update on OTC

Since the Patient Protection and Affordable Care Act (PPACA) was signed into law, there has been some confusion surrounding interpretations of the new law, especially with regards to over-the-counter (OTC) item eligibility and flexible spending plans.

In response to the on-going analysis of the new law, we are providing the following amendment to our initial eNewsFlash to incorporate our most up-to-date interpretation:

The Patient Protection and Affordable Care Act—also known as health care reform—was signed into law on March 23, 2010 and brings with it some changes in the way over-the-counter (OTC) medications and other non-prescription items will be reimbursed through flexible spending accounts, health savings accounts and health reimbursement arrangements.

Starting January 1st, 2011, all OTC medicines and drugs eligible for reimbursement must be accompanied by a doctor's prescription and a reimbursement request (claim form). They may no longer be purchased using the eflex card. However, OTC items such as bandages and home health aids will not be affected by the change.

Below are answers to some common concerns regarding this new legislation.

Will I still be able to use my eflex card to get reimbursed for my regular prescription medications?

Yes, prescription drug reimbursement will not be affected by this change, and you will still be able to purchase prescriptions available through the pharmacy only with your eflex card.

When does this change go into effect?

*This change will **go into effect January 1, 2011** and will apply to the taxable year, as opposed to the plan year. Therefore, all plans and participants will experience the change at the same time.*

What if my plan year runs from June 1, 2010 through May 31, 2011. Can I get reimbursed for OTC medicines and drugs without a prescription through the end of my plan year?

*No. Eligibility for OTC medicines and drugs **ends on December 31, 2010** regardless of plan end date. However, you may still use remaining funds for all other eligible expenses, including items such as first aid supplies, reading glasses and contact lens supplies, until the end of your plan year.*

If I do get a doctor's prescription for an OTC medicine and/or drug, can I still use my eflex card to get reimbursed?

No. Unfortunately, the eflex card may no longer be used as payment for OTC medicine and drug purchases accompanied by a doctor's prescription. However, you may use another form of payment then submit a reimbursement request along with the doctor's prescription or a Letter of Medical Necessity. Rest assured,

eflex offers the fastest reimbursement service in the industry and will usually process your claim in less than two business days of receipt.

I am a diabetic. Will I need a doctor's prescription to get reimbursed for my insulin after December 31, 2010?

No. Insulin that is currently purchased over-the-counter without a prescription will still be eligible for reimbursement and can be purchased using the eflexcard.

What if I purchase an OTC medicine or drug in November of 2010 but do not submit the expense until February 2011?

*You will still be reimbursed for OTC medicines and/or drugs purchased **prior to January 1, 2011**. The new rule does not affect reimbursement of any purchases made prior to that time.*

What are some of the OTC items that will no longer be eligible for reimbursement without a doctor's prescription under the new legislation?

The items no longer eligible for reimbursement under the new law will include item categories such as cough medicines, pain relievers, acid controllers, and allergy & sinus medications, to name a few. A complete list of items being affected by this change has not been made available by the IIAS, but according to sources at the National Association of Professional Benefit Administrators (NAPBA), a preliminary list of categories that will no longer be eligible for reimbursement include:*

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

This legislation will not affect other reimbursement benefits such as home health aids, expenses related to doctor's office co-pays, dental co-pays, orthodontia, vision exams, eye glasses, and more. Participants will continue to enjoy the convenience of eliminating up-front, out-of-pocket costs on many other items covered under their plans.

We appreciate the opportunity to serve as your administrator and are committed to keeping you informed of any legislative changes that might affect flex plans.

If you have any additional questions or are unclear how this new law will affect your plan, please do not hesitate to contact your eflex administrator or efgsales@eflexgroup.com.

**IIAS is a point-of-sale technology and inventory system approved by the IRS to track the eligibility of purchases made by debit cards that are issued in conjunction with Flex Spending Accounts (FSAs), Health Savings Accounts (HSAs) and Health Reimbursement Accounts (HRAs). To view a list of approved IIAS Merchants, please visit the Special Interest Group for IIAS Standards (SIGIS) website at: www.sig-is.org.*