



# Healthcare reform's technical affect on OTC Medicine Reimbursements

John Robbins, Jr.



## OTC Medicine Change 1/1/11

- OTC Medicines are not reimbursable from FSA/HRA/HSA/MSA unless 'prescribed' by a doctor.
- "Prescribed"? Is it meant to be as stringent as what's required for a prescription drug, or is it more like a doctor's note?
  - On 9/3/2010 IRS Notice 2010-59 informed us 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.
  - Yes, this means that cold medicines will not be FSA eligible unless they are prescribed by your doctor. It won't be 'good enough' to simply have a doctor's note recommending it.



## Categories no longer eligible without a prescription

Acid Controllers	Allergy & Sinus medicine
Antibiotics	Anti-Diarrheals
Anti-Gas Products	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 Relievers
Respiratory Treatments	Sleep Aids & Sedatives
Stomach Remedies	



SIGIS indicates that although this means about 15k items will be removed, 22k will remain

Types of items that remain on the list and don't require a prescription:

- First Aid Supplies
- Bandages
- Contact Lens supplies and solutions
- Diagnostic Tests and Monitors
- Insulin & Diabetic Supplies
- etc



## 90% Merchants

- Qualify based on last years sales of eligible items.
- Solely for the purpose of determining whether a pharmacy meets the 90% test, sales of otc medicines may continue to be taken into account.



How will this affect the mySourceCard?

## SIGIS

- Provides list of eligible items to merchants
- Merchants load that list monthly
- Mess in January? – transitional relief.





DPAS has already begun to communicate these changes to your employees.

This is being done by providing information in each card transaction email that is sent to them.

Next slide is the template email message:



Dear «NAME»,

An authorization on your mySourceCard Debit Card for the amount of \$«AMOUNT» occurred on «DATETIME» Central Time. The location of the charge was: «MERCHANTNAME».

Please retain your receipts and wait for additional emailed instructions before sending any documentation to DPAS.

Your remaining card value is (are):  
«PURSELISTS»

If you need more information, please call or email. Our friendly customer service representatives will be happy to assist you.

***PLEASE NOTE that the Patient Protection and Affordable Care Act of 2010 (commonly referred to as the "health reform law") significantly changed the purchasing rules for over-the-counter (OTC) products beginning January 1, 2011. Starting on that date many OTC items will require a doctor's prescription to obtain FSA reimbursement. As a result, effective January 1 you will not be able to use your mySourceCard to purchase those OTC items. Instead, you will need to submit manual claims for reimbursement which include itemized receipts detailing the specific items purchased and copies of the prescriptions.***

Thank you!

DataPath Administrative Services, Inc. (DPAS)  
1-877-685-0655



Thank you!

Enjoy the remainder of the conference!