

## **SIGIS MODIFIES QUALIFIED ITEMS LIST IN RESPONSE TO HEALTH CARE REFORM**

In March, President Obama signed the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively "the Act"). 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, medicines and biologicals to be accompanied by a physician's prescription in order to be reimbursed under health flexible spending accounts (FSAs), health reimbursement arrangements (HRAs) and health savings accounts (HSAs).

**SIGIS, the special interest groups for IAS Standards (Inventory Information Approval System)**, will be updating the eligible products criteria to reflect movement of OTC drugs medicines and biologicals items from the "Eligible" to "Dual Purpose" category. Over-the-counter medicines, drugs and biological treatments are about 35 percent of the current SIGIS list. OTC drugs, medicines and biologicals remain eligible with a directive from a provider.

Below is a summary of this change and how it will impact plans and the participants' experience.

### **CHANGES TO OVER-THE-COUNTER ELIGIBILITY FOR REIMBURSEMENT**

Under the Act, OTC drugs, medicines and biologicals will continue to be eligible for reimbursement as long as the request is accompanied by a doctor's prescription. This means 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.

OTC drug expenses incurred on or after January 1, 2011 will require a doctor's prescription in order to be reimbursed under a health FSA, HRA or HSA. Expenses incurred prior to January 1, 2011 will not. *Example: for a calendar year plan with a claim-it-by date of March 31, 2011, an OTC drug purchased on December 31, 2010, could be submitted before a plan's claim-it-by date of March 31, 2011, and still be reimbursed without a prescription.*

This provision also impacts the use of all health care debit cards. As of January 1, 2011, the health debit cards can be used for OTC medicines and drugs provided that, among other things, a prescription is presented to a pharmacist, the pharmacist dispenses the drug in accordance with applicable law, an Rx number is assigned (the health debit card system does not work unless an Rx number is assigned) the pharmacist retains certain records (the Rx number, the name of the purchaser or the name of the person for whom the prescription applies, and the date and amount of the purchase), and the records are accessible by the employer's plan or its agent.

The following categories of items 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

The following are examples of some of the OTC items that are 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

Please contact BenefitHelp Solutions if you have any questions.