



Horizon Blue Cross Blue Shield of New Jersey

*Making Healthcare Work<sup>SM</sup>*

### **Effective 1/1/2011 IRS Changes for the Reimbursement of Over the Counter Drugs**

The health care reform legislation signed into law by President Obama in March includes a provision that will affect the manner in which the cost of certain OTC drugs, medications and biologicals (collectively, OTC drugs) can be reimbursed under health flexible spending accounts (FSAs), health reimbursement arrangements (HRAs) and health savings accounts (HSAs).

Currently, expenses for certain OTC drugs (e.g., motion sickness medications, cold sore remedies, cough drops) are eligible for reimbursement under FSA, HRA and HSA plans without a prescription or note from a doctor. However, on and after January 1, 2011, most of these OTC drugs will require a doctor's prescription to continue to be reimbursable under such plans. This will apply to any expense for such a drug that is incurred on or after that date. Therefore, all such plans will be affected at the same time, regardless of considerations such as an FSA's, HRA's or HSA's plan year. However, expenses incurred for such drugs prior to January 1, 2011 are not affected by this new requirement, even if the claim for reimbursement is made during 2011.

There is currently no definitive list that describes which OTC drugs are subject to this requirement and which are not. However, the following is a preliminary list of some of the OTC drugs for which a prescription will be required on and after January 1, 2011.

Acid controllers	Allergy and sinus medications
Antibiotic products	Anti-diarrheals
Digestive aids	Feminine anti-fungal/itch drugs
Hemorrhoid treatments	Laxatives
Anti-gas products	Anti-itch/insect bite products
Anti-parasitic treatments	Baby rash ointments/creams
Cold sore remedies	Cough, cold and flu remedies
Motion sickness products	Pain relief products
Respiratory treatments	Sleep aids and sedatives
Stomach remedies	

Based on current information, following are some OTC items that will still be reimbursable, but not require a doctor's prescription on or after January 1, 2011.

Band-Aids	Condoms
Braces and 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	

As additional information becomes available, we will update this description accordingly.