

IMPORTANT INFORMATION
REGARDING HEALTH CARE SPENDING ACCOUNTS
Update as of October 1, 2003

Effective Date

The Over the Counter (OTC) drug ruling clarifies existing law. Reimbursement for OTC is required now for any OTC drugs purchased during the 2003 Plan Year.

Substantiation

The expense must be incurred within the plan year for the employee, spouse and dependent(s) and must be properly substantiated. In the case of OTC drugs, a cash register receipt from the third party provider with the date, name of the medicine or drug and the amount **imprinted (not handwritten)** on the receipt is acceptable. The receipt does not need to contain the name of the patient, but the claim form must contain the name of the person for whom the expense was incurred.

Advance Purchases

Advance purchase of OTC drugs for use during the course of a year is acceptable even if the purchase is made at the end of the year; however, “unreasonable stockpiling” is not permitted. Unreasonable is not defined. Benefit Concepts will reimburse for small quantities, e.g. two bottles of aspirin at a time, two tubes of ointment at a time, etc.

Standards for Reimbursement

1. The plan document must permit the reimbursement.
2. The drug must be primarily for medical care. It may not be merely beneficial to general health or a toiletry or a cosmetic.
3. It must be legally procured.

Note: Drugs purchased outside of the United States are not reimbursable.

4. The OTC drug must be for the employee, spouse or dependent.
5. The expense must be incurred during the coverage period.
6. The expense must be properly substantiated.
7. The reimbursement must not be made for unreasonable stockpiling.

The following are examples of drugs and medicines that fall into three categories, medical only, dual purpose and excluded.

Medical Only (These will be reimbursed without a medical practitioners note provided they meet the reimbursement standards.):

1. Antacids
2. Allergy medicines
3. Pain relievers
4. Cold medicines
5. Anti-diarrhea medicine
6. Laxatives
7. Menstrual cycle products for pain and cramp relief
8. Cough drops and throat lozenges
9. Nasal sinus sprays
10. Sinus medications
11. Nicotine gum or patches for stop smoking purposes
12. Special ointment or cream for sunburn
13. Products for muscle pain or joint pain
14. Pedialyte for child's dehydration
15. First aid cream
16. Diaper rash ointments
17. Calamine lotion
18. Bug bite medication
19. Wart remover treatments
20. Visine
21. Suppositories and creams for hemorrhoids
22. Motion sickness pills
23. Band-Aids
24. Bandages
25. Gauze pads
26. First aid kits
27. Cold or hot packs for injuries
28. Rubbing alcohol
29. Liquid adhesive for small cuts
30. Reading glasses
31. Contact lens solutions
32. Carpal tunnel wrist supports
33. Pregnancy test kits
34. Condoms
35. Spermicidal foam
36. Thermometers (ear and mouth)
37. Incontinence supplies
38. Nasal Strips
39. Acne treatments

Dual Purpose (These will be reimbursed if they meet the reimbursement standards and are accompanied by a medical practitioner's diagnosis and recommendation.)

The following are examples of OTC drugs that may have a medical and a personal/cosmetic or general health purpose:

1. Weight loss drugs to treat a specific disease (including obesity)
2. Pills for persons who are lactose intolerant
3. Nasal sprays for snoring
4. Orthopedic shoes and inserts (the cost of orthopedic shoes may be reimbursed for the extra cost over non-orthopedic shoes).
5. Sunscreen – if an individual has a history of skin cancer
6. Glucosamine/Chondroitin for an arthritic condition
7. St. John's Wort – for depression
8. OTC Hormone Therapy for treatment of menopause symptoms such as hot flashes and night sweats
9. Dietary supplements or herbal medicines to treat a specific medical condition under narrow circumstances. Example: A medical practitioner tells an individual to take 1000 mg of vitamin B-12 to treat a specific medical condition or to take vitamin B for scurvy.
10. Fiber supplements under narrow circumstances – not reimbursable if taken daily as a supplement to a normal diet, but reimbursable if taken to treat a specific medical condition for a limited time.

Excludable

The following are examples of OTC drugs that are not reimbursable because they are toiletries or cosmetics or are primarily for general health and well-being:

1. Toothpaste
2. Toothbrushes (electric or otherwise) even if a dentist recommends a special one
3. Chapstick
4. Face cream, moisteners and suntan lotion
5. Medicated shampoos and soaps
6. One-a-day vitamins