



EMPLOYEE BENEFITS

STATE OF MINNESOTA Over-The-Counter ITEMS OR Drugs



The Medical/Dental Expense Account (MDEA) allows an employee to set aside pre-tax dollars for medical and dental expenses including some over-the-counter (OTC) items or drugs. **Reimbursable OTC items or drugs are those which are used to alleviate or treat personal injuries or sickness.** Amounts paid by an employee for OTC items or drugs that are merely beneficial to the general health of the employee, spouse or dependent are not reimbursable under the MDEA.

Beginning January 1, 2011, OTC drugs or medicines (except insulin) will require a doctor's written prescription in order to be an eligible expense for reimbursement. Except in certain limited circumstances in which the IRS has approved the use of debit cards to purchase them, these items will have to be paid for out of pocket at the point of purchase and reimbursement must be claimed on a manual claim form. Please see the reverse side of this flyer and the Plan Summary for specific rules for use of the debit card for over-the-counter medications when you have a doctor's prescription. Non-medications, such as band aids and saline solution, will not require the Rx and can be purchased with the debit card. In order to receive reimbursement, the following items must be included with the reimbursement request: (1) a third party receipt noting the item and date purchased and (2) a doctor's written prescription for the OTC drug or medicine. **As needed, please submit reimbursement requests online at the Eide Bailly Benefits website (www.eidebaillybenefits.com/som) or by using a paper reimbursement form.**

EXAMPLES OF REIMBURSABLE OVER-THE-COUNTER (OTC) ITEMS OR DRUGS

Please Note: The IRS will not allow OTC medicines or drugs to be purchased with Health Care FSA or HRA funds unless accompanied by a prescription. Please see the reverse side of this flyer regarding use of the debit card (Benny card) for purchasing OTC medicines and drugs.

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| Antiseptics, Wound Cleaners | Eye Care |
| Baby Electrolytes | Family Planning |
| Denture Adhesives, Repair, and Cleansers | First Aid Dressings and Supplies |
| Diabetes Testing and Aids | Hearing Aid/Medical Batteries |
| Diagnostic Products | Incontinence Products |
| Elastics/Athletic Treatments | Reading Glasses and Maintenance Accessories |

EXAMPLES OF REIMBURSABLE OTC ITEMS OR DRUGS THAT REQUIRE A DOCTOR'S NOTE OF MEDICAL CONDITION

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| Dietary supplements | Massagers |
| Fiber supplements | Medicated shampoos and soaps to treat an infection |
| Foot spa | Orthopedic inserts |
| Glucosamine or Chondroitin | Sunscreen |
| Herbal medicines | Weight-loss drug |
| Hormone therapy | |

EXAMPLES OF OVER-THE-COUNTER ITEMS OR DRUGS THAT ARE NON-REIMBURSABLE

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| Aromatherapy | Medicated shampoos (for dry scalp or dandruff) |
| Baby bottles, cups, wipes, oil | Multi or one-a-day vitamins |
| Chapstick | Safety glasses |
| Cosmetics | Shaving creams or lotions |
| Deodorants | Suntan lotion |
| Diet drinks or food | Teeth whitening products |
| Face creams, moisturizers | Toiletries (incl. soaps or shampoos) |
| Feminine hygiene products | Toothbrushes, toothpaste, mouthwash, floss |

New Rules Announced for Purchasing OTC Drugs and Medicines with the Debit Card

On December 23, 2010, the IRS released a notice announcing new rules regarding the situations in which the debit card can be used to purchase over-the-counter (OTC) drugs and medicines.

There are three types of merchants at which the debit card can be used to purchase OTC drugs and medicines:

1. At 90% pharmacies with after-the-fact substantiation;
2. At drug stores, pharmacies, non-health care merchants that have pharmacies, and mail order or web-based merchants that sell prescription drugs if the requirements described below are satisfied; and
3. At vendors having healthcare related merchant codes (other than merchants described in #2).

When purchasing a prescribed OTC drug or medicine with the debit card from a merchant described in #2 after January 15, 2011, the following conditions must be satisfied:

1. The cardholder must present the prescription to the pharmacist;
2. The pharmacist must assign a prescription number and dispense the OTC drug or medicine in accordance with applicable law;
3. The pharmacy must retain a record of the transaction, including the name on prescription, prescription number, date, and the amount of the purchase;
4. The pharmacy's records must be accessible by the employer, agent, and/or flexible benefits vendor;
5. The debit card system must not allow OTC drugs or medicines without a prescription number; and
6. The debit card system must meet current IRS requirements which limit the use of the debit card to only tax-qualified medical care expenses.

If these requirements are met, the debit card transaction will be considered fully substantiated at the time and point-of-sale. If these requirements are not met, then the debit card cannot be used to purchase an OTC drug or medicine from a merchant described in #2 unless the merchant is a 90% pharmacy and the expense is substantiated by submission of claim documentation after the purchase has been made.