



SIGIS – Special Interest Group for IAS Standards

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FOR IMMEDIATE RELEASE

SIGIS Completes Review of Eligible Products List following new IRS Guidance

SAN RAMON, Calif. – September 22, 2010 – In response to new IRS guidance issued on Friday, September 3, 2010, SIGIS is making significant changes to its Eligible Products List ©. The guidance, issued by the IRS in Notice 2010-59 in response to changes made by the Affordable Care Act, requires a doctor’s prescription for the reimbursement of over-the-counter (OTC) drug and medicines from health plans and tax-advantaged health care accounts.

Based on this IRS guidance, the SIGIS Eligible Products List committee completed a thorough review of The List and determined that just over 15,000 items are impacted and will need to be removed. Even after this significant reduction, over 27,000 OTC items remain on the list for purchase without a prescription and through a Health Care Debit Card at SIGIS-certified merchants without the need for further substantiation. Items that continue to be eligible without a prescription include insulin, medical devices (crutches, blood sugar monitors, etc.), bandages, contact lens solution, and denture bond, as examples.

Though the IRS rule goes into effect on January 1, 2011, SIGIS is releasing a summary of the edits today to help SIGIS members begin to prepare for this significant change. **The detailed SIGIS Eligible Products List will be published on December 15, 2010.**

Important Note: In the guidance, the IRS granted transitional relief for IAS merchants. IAS merchants have until January 15, 2011 to update their systems to be compliant with the new guidance.

Categories to be Deleted

The following categories have been removed from the Eligible Products List to prevent them from being purchased at an IAS merchant without a prescription.

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	

Note: Controlled Drugs and Medicines that require a prescription as defined by state law remain eligible for purchase with an FSA/HRA card using IAS.

Methodology



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In addition to products that clearly meet the definition of a drug or medicine, the SIGIS Eligible Products List Committee also evaluated the items' primary purpose. For example, band aids with an antibiotic remain eligible as the primary use is as a band aid even though the antibiotic has a medicinal component. The basis of this methodology was vetted in informal conversations with the IRS about how to treat these items.

Merchants carrying private label or nationally branded special sizes will need to apply the same criteria in determining list eligibility for those items as the review committee. Merchants should refer to the Eligible Products List, Eligible Products List Criteria and Eligible Products Private Label Criteria documents for guidance.

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