RE: Over-the-Counter Drugs Now Eligible for Health Care Reimbursement!

In September 2003, the Internal Revenue ruled that over-the-counter (OTC) drugs and medicines taken to treat a medical condition may be allowed for reimbursement through a Health Care Flexible Spending Accounts (FSAs). Not eligible under the ruling are herbs, dietary supplements, and over-the-counter (OTC) drugs and medicines taken for general health or cosmetic purposes.

As you plan your Health Care FSA election for next year, you may consider OTC expenses necessary to treat common medical conditions that you self treat. You may submit OTC expenses against your current plan year Health Care FSA. To submit OTC expenses for reimbursement, send a dated and itemized sales receipt with your claim form. If you did not save or do not have the proper documentation, claims will not be considered for reimbursement.

Over-the-counter (OTC) drugs and medicines for the covered employee, spouse or dependents due to a medical condition (i.e. injury, headache, sickness, etc.) can be included. Pain relievers, antacids, allergy medicines, cold medicines, cough syrups, medicated creams, and the sales tax to purchase the products are examples of OTC items that can be submitted as eligible expenses as long the store receipt clearly identifies the product (i.e. Advil, Tylenol, Zantac, Benadryl, Nyquil, etc.). If the product is not identifiable on the receipt, the claim will not be considered for reimbursement.

Personal use items such as bandaids, tooth paste, hand lotion, shampoo, etc. are not eligible. Dietary supplements such as vitamins, calcium, iron, vitamin C, etc. and various herbs are not eligible unless taken for a specific medical condition (pregnancy, anemia, osteoporosis, etc.), in which case a letter from the attending doctor indicating the condition and supplement necessary to treat the condition is required.