

OVER THE COUNTER DRUGS & MEDICINES GUIDE

The Treasury Department and IRS announced on September 3, 2003 that the cost of over-the-counter drugs (OTC) and medicines may be reimbursed by health FSAs, (Medical Reimbursement Accounts).

The ruling does not permit the reimbursement of over the counter items that are "merely beneficial to the general health" of a participant or the participant's spouse or dependents. Revenue Ruling 2003-102 also explains that the cost of such over-the-counter drugs will continue to be non-deductible for purposes of the itemized medical expense deduction.

Standards for Reimbursing OTC Drugs Include the following:

- * The OTC drug must generally be accepted as falling within the category of medicine and/or drugs;
- * The item is not a toiletry or cosmetic;
- * The OTC drug must be legally procured;
- * The OTC drug must be primarily for medical care and must not be considered a cosmetic procedure;
- * The OTC medicine or drug must be for (1) the diagnosis of disease, (2) the cure, mitigation, treatment or prevention of disease, or
(3) for the purpose of affecting any structure or function of the body; and
- * The reimbursement request does not involve an unreasonable stockpiling

Partial list of Reimbursable OTC items may include;

- Antacids including Tagarnet, Zantac and Pepcid AC
- Allergy medicine such as Claritin or Benadryl
- Pain reliever such as Ibuprofen or Acetaminophen
- Psoriasis gels such as Dermarest
- Anti-diarrhea medicine, laxatives like Ex-Lax, Phillips' Milk of Magnesia or Imodium A-D
- Menstrual cycle products for pain and cramp relief
- Cough drops, throat lozenges, sinus medications, nasal sinus sprays including Nyquil, Robitussin and PediaCare or other cold medicines
- Nicotine gum or patches for stop-smoking purposes
- Special ointment or cream for sunburn (not just regular skin moisturizers)
- BenGay, Tiger Balm and similar products for muscle pain or joint pain
- Pedialyte for ill child's dehydration
- First aid cream, Bactine, special diaper rash ointments, calamine lotion, bug bite medication, wart remover treatments
- Visine or Murine and other such eye products
- Suppositories and creams for hemorrhoids
- Motion sickness pills
- Band-aids, bandages, gauze pads, first aid kits, cold/hot packs for injuries
- Rubbing alcohol
- Liquid adhesive for small cuts
- Reading glasses,
- Carpal tunnel wrist supports
- Pregnancy test kits
- Condoms, spermicidal foam
- Thermometers (ear or mouth),
- Incontinence supplies
- Nasal strips, sinus medications such as Sudafed, etc.

Partial List of excluded OTC items;

- Toiletries or cosmetics, chapstick
- Toothpaste or toothbrushes (electric or otherwise), even if a dentist recommends special ones to treat a condition.
- Face cream, moisteners and suntan lotion
- Medicated shampoos and soaps
- One-a-day vitamins

As your employers Third Party Administrator, H R Support & Consulting Services Flex Administration department will honor the recent ruling for your current plan year as directed by your employer.

Please Note: This ruling does not permit participants to change their elections. Adequate substantiation is still required, receipts need to have a printed date, type of OTC item, and amount.

Should you have any questions regarding reimbursable over-the-counter medicines or drugs, please contact H R Support & Consulting Services' Flex Administration department at 207-655-5396 or 1-866-655-5397.