

Over the Counter Medicine Reimbursement “CHANGES”

BEGINNING JANUARY 1, 2011

*Under the provision of the new bill HR 3590, the **cost of over-the-counter medicines may not be reimbursed** with excludible income through a Health FSA, HRA, HSA, ***unless the medicine is prescribed by a physician.*** The new bill *does not apply to items that are not medicines, including equipment such as crutches, supplies such as bandages, and diagnostic devices such as blood sugar test kits.* Such items may qualify as medical care if they otherwise meet the definition in § 213(d). Code §213(d) defines “medical care” to include amounts paid “for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body.”

Examples of Eligible Expenses

(The following list, while not intended to be complete, illustrates some over-the-counter expenses that may be reimbursed under the Health Care FSA; some restrictions may apply and may require a letter of medical necessity from a physician. Subject to additional guidance from the IRS.)

Eligible Expense	Requires a prescription for physician (Beginning January 1, 2011)
Band-Aids/Bandages	Allergy Medicine
Carpal Tunnel Wrist Supports	Antacids
Cold/Hot Packs for Injuries	Anti-diarrhea Medicine
Condoms	Bug Bite Medication(oral)
Contact Lens Cleaning Solution	Calamine Lotion
First Aid Kits	Cold Medicines
Incontinence Supplies	Cough Drops
Pregnancy Test Kits	Diaper Rash Ointments
Reading Glasses	First Aid Cream
Rubbing Alcohol	Hemorrhoid Medication
Thermometers (ear or mouth)	Laxatives
	Liquid Adhesive for Small Cuts
	Menstrual Cycle Products for pain and cramp relief
	Nasal Sinus Sprays or Strips
	Nicotine Gym or patches for Stop-Smoking Purpose
	Pain Reliever
	Pedialyte for Ill Child's Dehydration
	Products for Muscle Pain or Joint Pain, i.e. Ben Gay, Tiger Balm, etc.
	Sinus Medications
	Sleeping Aids used to treat occasional Insomnia
	Special Ointment or Cream for Sunburn
	Spermicidal Foam
	Throat Lozenges
	Wart remover treatments