



OVER – THE – COUNTER

The IRS recently issued Revenue Ruling 2003- 102 authorizing the reimbursement of over-the-counter drugs and medical supplies through health FSAs.

- Over-the-counter medicines and drugs, such as allergy and cold medications, pain relievers and antacids that are taken orally or applied to the body to alleviate or treat sickness, pain, injuries, or a medical condition and eligible for reimbursement. These may be in the form of a liquid, pill or ointment if they contain a drug.
- Items such as vitamins, herbal and dietary supplements, cosmetic treatments or items that are for maintaining general good health are not included and remain ineligible expenses.
- Proper expense substantiation is still required in the form of a cash register receipt that must clearly identify the name of the purchased item.

Examples of Over-the-Counter Drugs and Medical Supplies

Examples of Eligible Expenses:

This is a sample list of over-the-counter (OTC) drugs that are primarily used for medical care. Receipts must state the name of the medicine or drug, the date and the amount paid. You will not require a statement from a medical practitioner.

- Allergy and asthma medicines, nasal sinus sprays
- Pain relievers – topical creams and oral medicines
- Cough drops, throat lozenges, cough syrup, cold medicines, flu relief
- Nicotine gum or patches for stop-smoking purposes
- Antibiotic cream, cortisone cream, first aid spray, calamine lotion, bug bite medication
- Eye drops, allergy eye drops, contact lens cleaning solution
- Medical supplies

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Examples of Ineligible Expenses:

This is a sample list of OTC items that may not be reimbursed under any circumstances. These items are likely to be primarily for general health.

- Toothpaste, toothbrushes, dental floss
- Make-up, lipstick, eye cream
- Face cream, moisturizers
- Perfume, body sprays, deodorants
- Shampoos and soaps
- Acne treatments
- Foot-care products like corn pads
- Hair loss treatments
- Dietary supplements and replacements (vitamins)

Dual-Purpose Examples:

This is a sample list of OTC drugs that may have both a medical purpose and a general health purpose. In order for the OTC expense to be reimbursed, you will need to obtain a medical practitioner's note stating that you have a specific medical condition and that the OTC drug is recommended to treat the condition.

- Weight – loss drugs to treat a diagnosed disease (i.e. obesity)
- Feminine hygiene products (i.e., for use after surgery, child birth)
- Sunscreen (i.e. persons diagnosed with skin cancer)
- Acne treatment (rarely reimbursable)
- Joint supplements for diagnosed joint condition (i.e. arthritis)
- OTC hormone therapy
- Dietary supplements to treat a specific medical condition (i.e. Vitamin B prescribed for treatment of scurvy)
- Prenatal vitamins
- Supplements like iron, calcium, etc.
- Fiber supplements to treat a specific medical condition for a limited time