

Over-the-Counter (OTC) Drugs No Longer Eligible for Reimbursement Under FSA?

In March, President Obama signed the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, which includes one provision that will affect your Flexible Spending Account beginning January 1, 2011.

Under the Act, OTC drugs, medicines and biologicals will continue to be eligible for reimbursement *as long as the request is accompanied by a doctor's prescription*. This means items such as cough medicines, pain relievers, acid controllers, and diaper rash ointment will now require a doctor's prescription to be submitted along with a reimbursement request. Insulin and other OTC items, such as band-aids, will continue to be eligible without a prescription.

The IRS recently released Notice 2010-59 outlining this new regulation. In addition, they have posted an FAQ that you may find helpful on their [website](#).

Unfortunately, the IRS does not recognize this change in allowable expenses as a qualified reason to change an existing election. If you have already made your election for your plan year and are concerned that you overestimated your contribution based on the availability to purchase OTC items, it is recommended that you use the remaining months of 2010 to purchase frequently used OTC items for yourself and your qualified dependents.

Over-the-Counter (OTC)

The following are examples of some of the OTC items that will remain available without a doctor's prescription:

- Band Aids
- Birth Control
- Braces & Supports
- Catheters
- Contact Lens Supplies & Solutions
- Denture Adhesives
- Diagnostic Tests & Monitors
- Elastic Bandages & Wraps
- First Aid Supplies
- Insulin & Diabetic Supplies
- Ostomy Products
- Reading Glasses
- Wheelchairs, Walkers, Canes

Though the specific list of items affected has not been completely assessed, the following categories of items will require a doctor's prescription:

- Acid Controllers
- Allergy & Sinus
- Antibiotic Products
- Anti-Diarrheals
- Anti-Gas
- 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 Relief
- Respiratory Treatments
- Sleep Aids & Sedatives
- Stomach Remedies

Tips For Getting the Most out of Your FSA

Spend Before December

Consider purchasing OTC items needed for the remainder of the FSA plan year prior to December 31, 2010 (Keep in mind that the federal government prohibits stockpiling).

Log into your FSA account at www.goigoe.com and follow the links to the [FSA Online Store](#) for instant access to over 3,000 FSA Eligible OTC items.

IMPORTANT NOTE: If using a debit or credit card, many online vendors do not charge your card until the items are shipped, so order early to ensure your order ships and your card is charged before December 31, 2010!

Talk to Your Doctor

The IRS has clarified that a formal prescription that meets state regulations is necessary to receive reimbursement for an OTC medicine or drug.

Consider speaking with your doctor to request documentation for any OTC medication needed beyond Dec. 31, 2010.



Calculate Carefully for Your Next Open Enrollment

As always, FSA participants need to decide how much to contribute to their FSA during open enrollment.

Make a careful tally of your past claims to see how much you spent on OTC medications. If you don't expect any other eligible medical expenses to make up the difference, it is recommended that you reduce your next annual election accordingly.



**Questions? Please contact us at:
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