

Over-The-Counter Medicines & Drugs Rules for Reimbursement under Flex (FSAs)

Based on a September 3, 2003 Revenue Ruling and in discussions with the IRS, expenses incurred by Flex Plan Participants for the purchase of over-the-counter medicines and/or drugs to treat a medical condition are reimbursable from your medical expense flex account upon substantiation of:

- ❑ Evidence of the **name of the medicine or drug**, the **date** purchased and the **amount** paid on a receipt from independent third party (i.e. store, pharmacy);
- ❑ Completion of a Reimbursement Request/Claim Form with over-the-counter purchases detailed line by line which must specify who the expense is for (employee, spouse or dependent);
- ❑ The participant's certification that such medicine or drug is for medical care.

The following **three lists** will help you determine which over-the-counter items can be reimbursable by your flex plan and what additional documentation will be required before reimbursement is made. **The drug must be legal and legally procured** ; e.g. it is currently illegal to import drugs from Canada.





List # 1:- Medical-Only Items

This "Medical Only" list is a list of OTC drugs that we have determined are primarily for medical care and that **will be reimbursable in reasonable quantities without a doctor's note** if you provide the substantiation listed above.

- Anti-diarrhea medicine, laxatives like Ex-Lax
- Antacids
- Allergy medicine
- Pain Reliever
- Cold Medicine
- Menstrual cycle products for pain and cramp relief
- Cough Drops, throat lozenges, sinus medication, nasal sinus sprays
- Nicotine Gum or patches for stop-smoking purposes
- Special ointment or cream for sunburn (not just regular moisturizers)
- Ben Gay, Tiger Balm, and similar products for muscle pain or joint pain
- Pedialyte for ill child's dehydration
- Items that used to be a prescribed drug are usually reimbursable
- First aid cream, Bacatine, special diaper rash ointments, calamine lotion, bug bite medication, wart remover treatments
- Visine and other such eye products
- Suppositories and creams for hemorrhoids
- Sleeping aids
- 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
- Contact Lens cleaning solution
- Carpal tunnel wrist supports
- Pregnancy test kits
- Condoms
- Spermicidal foam
- Thermometers (ear or mouth)
- Incontinence supplies
- Nasal strips
- Diabetic Test supplies
- Blood Pressure Monitor
- Crutches
- Take home screening tests including kits for detecting colon cancer, hepatitis C and HIV.



List # 2:- “Dual Purpose” Items Requiring Doctor’s Diagnosis and Recommendation

“Dual Purpose” OTC drugs are ones that are deemed to have both a medical purpose and a personal/cosmetic or general health purpose. OTC drugs on this list that will be reimbursed **only with a doctor’s note stating that person has a specific medical condition and that the OTC drug/medicine is recommended to treat it and that the treatment is not for cosmetic purposes.** In addition, the participant must still supply the proper substantiation listed at the top of this document.

- ❑ Weight Loss Drugs to treat a specific disease
- ❑ Pills for persons who are lactose intolerant
- ❑ Orthopedic Shoes and inserts (only the extra cost over buying non-orthopedic shoes/boots can be reimbursed). The average cost of non-orthopedic shoes will be considered to be \$25 and non-orthopedic boots will be \$50.00.
- ❑ Feminine hygiene products
- ❑ Sunscreen (must have present existence of a disease such as skin cancer)
- ❑ Acne Treatment (most skin care and acne treatment is NOT reimbursable because it constitutes a cosmetic procedure. There is an exception if the procedure is necessary to ameliorate a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or disfiguring disease”)
- ❑ Glucosamine/chondroitin for arthritis or other medical condition. St. John’s Wort for depression.
- ❑ OTC hormone therapy and treatment for menopause to treat symptoms such as hot flashes, night sweats, etc.
- ❑ Medicated Shampoos under narrow circumstances
 - Only if a doctor diagnoses the person as having a specific scalp infection (not just dry scalp or dandruff) and prescribes a special treatment to be applied for a limited period of time.
- ❑ Fiber Supplements under narrow circumstances
 - Not reimbursable if taken daily as a supplement to normal diets, but reimbursable if taken to treat a specific medical condition for a limited time.
- ❑ Dietary Supplements or herbal medicines to treat a specific medical condition in narrow circumstances
 - Example: Doctor tells you to take 1000 MG of vitamin B-12 daily to treat a specific vitamin deficiency or to take Vitamin B for Scurvy.
 - Dietary Supplements to improve and maintain general health are NOT reimbursable. (e.g. one-a-day vitamins)
 - Prenatal vitamins

List # 3:- Excluded Items

This is a list of OTC items which are deemed to be merely beneficial for general health or are cosmetic in nature. They are NOT eligible for reimbursement under Flex Plans (FSAs).

- ❑ Battery-Operated toothbrushes, even if a dentist or medical doctor prescribes use to treat a medical condition such as Gingivitis.
- ❑ Dietary Supplements
- ❑ Nutritional Supplements
- ❑ Food Replacements
- ❑ Vitamins
- ❑ Toiletries and cosmetics such as:
 - Toothpaste or toothbrushes even if a dentist recommends using them because these items are needed by everyone for general good health.
 - Chapstick etc.
 - Face creams, deodorants, moisteners and suntan lotion
 - Medicated shampoos and soaps for dry skin, dry scalp or dandruff.

The above is not a complete list, only a guideline and subject to modification based on evolving interpretation of rules and regulations by the IRS. Please contact your plan administrator at FEBCO Inc. with any questions:502-695-9690 or 800-489-1539

