



Custom Benefits System

## OVER-THE-COUNTER-PRODUCTS

P.O. Box 15136, Albany, NY 12212-5136  
www.ThePreferredGroup.com

The Patient Protection and Affordable Care Act of 2010 has changed the rules for the purchase of over-the-counter-products (OTC) using your Flexible Spending Account (FSA) or Health Reimbursement Arrangement (HRA) pre-tax funds.

### Rules:

1. FSA or HRA funds can not be used to purchase OTC medicine and drugs unless a medicine or drug is prescribed. A "prescription" means a written or electronic order for a medicine or drug that meets the legal requirements of a prescription in the state in which the medical expense is incurred and that is issued by an individual who is legally authorized to issue a prescription in that state.
2. If you have a prescription for an OTC medicine or drug, you may be required to pay out of pocket at point of sale and then submit a manual claim requesting reimbursement. It may be possible to use your prepaid benefits card to pay for OTC items, speak with your pharmacy to verify.
3. You can continue to use your FSA or HRA funds to purchase OTC items that are not considered a medicine or drug (e.g. bandages, splints, contact lens solution, etc.). Your prepaid benefits card can be used for these purchases. *Please note that insulin remains an eligible expense with or without a prescription.*
4. Remember to consider these new OTC rules when estimating the dollar amount to put in your FSA or HRA account for the next plan year.

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### The following categories of items **DO NOT NEED** a prescription to be paid from your FSA or HRA:

Denture adhesives	Hearing aid batteries	Ostomy products
Diagnostic tests and monitors	Infant electrolytes and dehydration solutions	Reading glasses
Elastic bandages and wraps	Infant teething pain supplies	Smoking deterrents
Eye care and contact lens supplies	Insulin and diabetic supplies	Syringes
Family Planning kits	Nebulizers	Thermometers
Fiber laxatives	Orthopedic aids	Wheelchairs, walkers and canes
First aid supplies		

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### The following categories of items **NOW NEED** a prescription with medical condition noted to be paid from your FSA or HRA:

Acid Controllers	Baby rash ointments/creams	Motion Sickness
Allergy & Sinus	Cold sore remedies	Pain relief
Antibiotic Products	Cough, Cold & Flu	Respiratory treatments
Anti-Diarrheals	Digestive aids	Sleep aids & Sedatives
Anti-Gas	Feminine Anti-Fungal/Anti-Itch	Stomach remedies
Anti-Itch & Insect Bite	Hemorrhoidal Preps	
Anti-parasitic Treatments	Laxatives	

Please see an A-Z listing of items on [www.ThePreferredGroup.com](http://www.ThePreferredGroup.com).

### Flexible Spending Account Expenses that are Eligible

The following list identifies *some* of the common medical, dental and health related expenses that the IRS\* considers to be deductible expenses. These expenses are eligible for reimbursement through your FSA provided that you have not been reimbursed for them through any other benefits plan.

Abortion, legal	Guidedog and its upkeep
Acupuncture	Hair transplant (medically necessary)
Alcoholism treatment	Health spa in home (to extent value of home not increased)
Ambulance	Hearing aids and batteries
Artificial limbs and teeth	Hospital services
Birth control pills	HMO (Health Maintenance Organization) co-payments
Braces	Insulin
Braille books and magazines (to the extent prices exceed prices for regular books and magazines)	Iron Lung
Car (special medical equipment within)	Laboratory Fees
Contact lenses including saline solution and enzyme cleaner (must submit cash register receipt)	Lead-based paint removal to prevent lead poisoning
Crutches	Legal fees to allow treatment for mental illness
Dental treatment	Lip-reading lessons
Diathermy	Lodging for medical care
Durable Medical Equipment	Medical information plan (amounts paid to plan that keeps your medical information)
Electrolysis or hair removal (medically necessary)	Mentally retarded, special home
Examination, physical	Nurses' expenses and board
Eye examination	Nursing care
Eyeglasses	Nursing home (if for medical reasons)
Fees for health club (medically necessary)	Operations and related treatments
Fees to doctors, hospitals, etc. for:	Over-The-Counter-Drugs (RX generally needed)
Anesthesiologist	Oxygen equipment
Chiropractor	Prescribed drugs and medicine
Christian Science practitioners	Radial Keratotomy
Clinic charges	Rental of medical equipment
Dentist	Sanitarium
Dermatologist	Smoking cessation programs
General Practitioner	Special schooling for physically or mentally handicapped family member
Gynecologist	Sterilization
Internist	Telephone (for the deaf)
Midwife	Television equipment which displays the audio part of TV programs for the deaf
Neurologist	Therapy (for medical treatment)
Obstetrician	Transplants
Ophthalmologist	Transportation costs to and from doctor, hospital and/or Pharmacy *
Optometrist	Vitamins (that require a prescription for purchase)
Osteopath, licensed	Weight loss programs (physician approved)
Podiatrist	Wheelchair
Practical Nurse	Wigs to cover baldness due to medical reasons
Psychiatrist	X-ray
Psychoanalyst (medical care only)	
Psychologist (medical care only)	
Sex therapist (medical care only)	
Surgeon	
First Aid Supplies	

\* refer to IRS publication 502 for additional information  
See an A-Z listing on [www.ThePreferredGroup.com](http://www.ThePreferredGroup.com).

### Flexible Spending Account Expenses that are NOT Eligible

Any illegal treatment	Diaper service
Cosmetic services and procedures (unless necessary to restore normal functioning)	Health and beauty aids
Medications specifically used for cosmetic purposes	Insurance premiums
Cost of remedial reading classes for non-disabled child	Over-The-Counter-Drugs for general well being (including health & beauty aids, vitamins, and nutritional supplements)
Dancing or ballet, even when recommended by doctor	Teeth whitening
Funeral expenses	
Food for weight loss programs	