

## OVER-THE-COUNTER (OTC) DRUGS:

### REIMBURSABLE UNDER SECTION 125, CAFETERIA AND FLEXIBLE BENEFIT PLANS' HEALTH CARE REIMBURSEMENT ACCOUNT

IRS has issued Revenue Ruling 2003-102 dated September 3, 2003.

This Ruling states that many over-the-counter drugs/medicines are now considered an eligible medical expense that is reimbursable under a Section 125, Cafeteria, or Flexible Benefits Plan Health Care Reimbursement Account.

The benefit is that participants will be able to submit claims for reimbursement for over-the-counter items such as cold remedies, allergy remedies, pain relievers, etc. that are needed for diagnosis, cure, mitigation, treatment or prevention of a disease or ailment. A prescription from a doctor is **not** required for these types of expenses. Eligible expenses **do not** include toiletries, dietary supplements, vitamins, etc. used for a person's well being.

Receipts must clearly identify the item and date of the purchase. As with all health care expenses that are eligible for reimbursement, the items must be purchased within the plan year. It is suggested that participants may want to purchase their eligible OTC drugs under one receipt thereby simplifying the request for reimbursement process.

Reimbursement requests for OTC drugs that were previously submitted and denied during this plan year may be submitted again with the proper receipts for reconsideration. This change **does not** apply to previous plan years.

This change is effective immediately, but will not be considered a change in status; therefore, mid-plan year changes in election will not be permitted due to this latest Ruling.