

Using Your Flexible Spending Account Benefits Debit Card to Purchase Over-The-Counter (OTC) Medicines and Drugs

After January 15, 2011, health debit cards may be used to purchase OTC medicines and drugs if specific criteria have been met.

Health FSA benefits debit cards may be used to purchase OTC drugs at drug stores and pharmacies, non-health care merchants that have pharmacies, and mail-order or web-based vendors that sell prescription drugs if the following requirements are met:

- (1) Prior to purchase, a prescription (as defined in IRS Notice 2010-59) for over-the-counter medicine or drug is presented to the pharmacist, the OTC drug is dispensed by the pharmacist in accordance with applicable legal requirements, and an Rx number is assigned;
- (2) The pharmacy or other vendor retains a record of the Rx number, the name of the purchaser or patient, and the date and amount of the purchase in a manner that meets IRS recordkeeping requirements for card programs;
- (3) The records are available to the employer or its agent upon request;
- (4) The card system will not accept a charge for an OTC drug unless an Rx number has been assigned; and

If these requirements are met, the debit card transaction will be considered fully substantiated at the time and point-of-sale.