

Publications

IRS Issues Guidance on Over-the-Counter Medicines and Drugs

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SERVICES

On September 3, 2010, the Internal Revenue Service (IRS) issued guidance on the changes relating to the reimbursement of over-the-counter medicines and drugs by employer-provided health plans, including health flexible spending arrangements and health reimbursement arrangements, health savings accounts, and Archer medical savings accounts. The IRS guidance, which includes Notice 2010-59, Revenue Ruling 2010-23, and questions and answers on the IRS website, establishes a rule concerning what it means for an over-the-counter medicine or drug to be “prescribed,” sets forth new rules concerning the use of debit cards for over-the-counter medicines and drugs after the effective date of the rule, provides a transition rule for any needed cafeteria plan amendments, and discusses when these new rules are effective. Please see the attached memo for further information.