



## News Release

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### IRS Offers New Guidance on FSA and HRA Debit Cards

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WASHINGTON — The Internal Revenue Service today issued new guidance allowing the continued use of health flexible spending arrangement (FSA) and health reimbursement arrangement (HRA) debit cards for the purchase of prescribed over-the-counter medicines and drugs.

The new guidance modifies previous guidance to permit taxpayers to continue using FSA and HRA debit cards to purchase over-the-counter medications for which the taxpayer has a prescription. Effective after Jan. 15, 2011, in accordance with the new guidance, this use of debit cards must comply with procedures reflecting those that pharmacies currently follow when selling prescribed medicines or drugs.

The procedures include requirements that a prescription for the medication be presented to the pharmacy or the mail-order or web-based vendor that dispenses the medication and that proper records be retained.

In accordance with the Affordable Care Act, the cost of over-the-counter medicines or drugs can be reimbursed from a health FSA or HRA if a prescription has been obtained. The requirement to obtain a prescription does not apply to insulin.

The prescription requirement applies to purchases made on or after Jan. 1, 2011, and not to purchases made in 2010 even if reimbursed after Dec. 31, 2010. Because the requirement applies only to over-the-counter medications, it does not apply to other health care expenses such as medical devices, eye glasses or contact lenses.

The new guidance, IRS Notice 2011-5, as well as answers to frequently asked questions on IRS.gov, also contain further details on health FSA and HRA debit card purchases, including purchases from health care providers other than pharmacies and mail order and web-based vendors.

For guidance on health FSA and HRA debit card purchases at “90 percent pharmacies,” see IRS Notice 2010-59. More information on health care reform provisions can be found on the [Affordable Care Act](#) page on IRS.gov.