Guidance On Use of Health Debit Cards for OTC Medicines

January 6, 2011

Prior guidance under healthcare reform provided that except with respect to certain ?ÃÂ£90 percent pharmacies,?ÃÂ¥ debit cards used in connection with health flexible spending accounts and health reimbursement accounts could not be used to purchase over-the-counter medicines or drugs after January 15, 2011. However, guidance was issued this week providing that debit cards could be used to purchase over-the-counter medicines or drugs after January 15, 2011 if: (1) prior to purchase, the prescription for the drug is presented to the pharmacist, the pharmacist dispenses the drug in accordance with applicable law, and an Rx number is assigned, (2) the pharmacy retains a record of the Rx number, the name of the purchaser and the date and amount of the purchase in a manner that meets IRS recordkeeping requirements, (3) these records are available to the employer upon request, and (4) the debit card system will not accept a charge for an over-the-counter medicine or drug unless an Rx number has been assigned. The guidance is available here.

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