

IRS says some over-counter drugs may be bought pre-tax

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WASHINGTON — Pain relievers, cough syrup, antihistamines and other over-the-counter medications can be purchased with pre-tax dollars set aside in a flexible spending account, the Treasury Department and Internal Revenue Service announced recently.

The change reflects the growing number of drugs available over the counter and without a prescription, Treasury and IRS officials said. While the over-the-counter medicines may cost less, consumers often pay more out of their own pockets for those drugs than for prescription drugs covered by insurance.

"Since many prescription drugs have moved to the over-the-counter market, this action today makes paying for them a little bit easier to swallow," said Treasury Secretary John Snow.

Flexible spending accounts give people a tax break for medical spending by allowing them to set aside untaxed money for medical expenses. Money spent on prescription drugs, doctor visits, eyeglasses and other qualified medical expenses can be reimbursed from the account.

The new rules do not allow the accounts to be used for vitamins, toiletries, cosmetics and other items that are not "medicines and drugs" or not necessary for "medical care."