

FSAs, HRAs, and HSAs Just Got Even Better

The CARES Act Changes Over The Counter Medicine Rules

Within the CARES Act that passed last week is a provision that allows people to use the money they put away in a tax-advantaged health savings accounts towards over-the-counter drugs, medical supplies, and menstrual products.

To help Americans better afford the cost of medicines, the bill included a section that permanently allows FSAs, HRAs, and HSAs to reimburse over-the-counter medicines and drugs on a tax-free basis without a doctor's prescription. This is welcome news for plan participants as items such as aspirin, cough suppressants, allergy medicine, and pain relievers are now reimbursable from account-based plans making them even more flexible for participants. In addition, the law expanded the list of qualified medical products to include menstrual products such as tampons and pads.

The change is effective retroactive to 1/1/20. Participants with receipts for these products may submit them for reimbursement. Please note the expansion of eligible expenses is not an event that allows someone to increase their election. In addition, for clients with debit cards, it will take merchants that sell these products time to adjust their card systems to allow for these items to be purchased with an FSA/HRA/HSA card.