



What Can FSA Funds Be Used For? OTC & Menstrual Products in 2020

A Flexible Spending Account (FSA), also known as a cafeteria plan, is an employer sponsored benefit that allows employees to set aside money on a pretax basis for qualified expenses. However, when it comes to eligible expenses, what can FSA be used for? The answer: more items than ever before, thanks to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) signed into law on March 27, 2020.

That's right, Flexible Spending Accounts got even more flexible in 2020. Before the CARES Act was signed, traditional qualified expenses for Medical FSAs included insurance deductibles, co-pays and coinsurance, prescriptions, and dental and vision expenses. Now, the new regulations add non-prescription over-the-counter (OTC) drugs and menstrual products to the list of qualified FSA eligible expenses. These additions are a welcome change for participants, as the CARES Act permanently eliminates an ACA-imposed restriction that required employees to obtain a prescription in order to be reimbursed for non-prescription OTC drugs and medicines from a Medical FSA, HSA, and certain HRA plans. Some OTC items remain ineligible, such as vitamins and supplements, and still require a physician's "prescription" indicating that they are intended to treat a diagnosed medical condition (e.g., anemia) rather than for general health and wellness.

Examples of newly eligible items include:

- Over-the-counter drugs and medicines such as pain relievers, cold and flu medications, antacids, acne remedies, allergy medications, and more
- Menstrual products such as tampons, pads, liners, cups, sponges, and more

It's essential that employers know about these changes, since they improve the value of their employees' Medical FSA benefit. Make sure your employees know that OTC drugs & medicines and menstrual products are now eligible for reimbursement before they enroll and elect for the next plan year.

