

HSA Qualified and Non-Qualified Medical Expenses

Funds in your HSA can be withdrawn tax-free to pay for Qualified Medical Expenses

The following two lists provide a general overview of qualified and non-qualified expenses. You may even notice that your HSA can be used for all kinds of medical expenses your health plan may not cover: dentistry, eyeglasses, psychotherapy, and even health-related home improvements. Here are a few guidelines when considering eligible expenses:

- You can't double-dip from a flexible spending account (FSA) or health reimbursement arrangement (HRA).
- The eligible expense must have been incurred after you have established your HSA; you can reimburse yourself at any time for past medical expenses as long as the expense was incurred after your HSA has been opened.
- You must keep all itemized receipts and other supporting documentation like a prescription for an OTC medicine. If you are audited by the IRS, you will need these documents to verify HSA expenses.

Qualified Medical Expenses:

- Acupuncture
- Air conditioner (when necessary for breathing)
- Alcoholism treatment
- Ambulance
- Amounts covered under another health plan*
- Annual physical examination
- Artificial limb
- Birth control pills and other contraceptive devices (by prescription)
- Body Scan
- Braille books and magazines
- Breast pumps and supplies
- Breast reconstruction surgery
- Chiropractor
- Christian Science Practitioner
- Contact lenses
- Convalescent home (medical)
- Crutches
- Dental x-rays
- Dentures
- Drug addiction therapy
- Exercise equipment (by prescription)
- Eyeglasses
- Fluoridation unit
- Guide dog (and certain related expenses)
- Handicap equipment
- Healing services
- Hearing aids and batteries
- Heating devices (if therapeutic)
- Home care
- Home improvements (health-related only, e.g., wheelchair access)
- Hydrotherapy
- Invalid chair
- Laboratory test
- Lactation expenses
- LASIK eye surgery/vision correction surgery
- Lead paint removal
- Legal fees (required to authorize health treatment)
- Lodging (away from home for outpatient care)
- Nurses (registered)
- Nursing home and services (including board and meals)
- Ophthalmologist, optician, and optometrist
- Orthodontia (not for cosmetic reasons)
- Orthopedic shoes
- Over-the-counter items (non medication), *see page 2 for further details*
- Oxygen and oxygen equipment
- Prenatal care
- Prescription medicines
- Prosthesis
- Psychiatric care
- Psychoanalysis
- Psychologist
- Reclining chair (prescribed)
- Sickroom supplies
- Special school or home costs for the physically and mentally impaired
- Splints
- Stop-smoking programs
- Surgery
- Telephone/TV for impaired
- Therapy equipment
- Transportation expenses (relative to healthcare)
- Tuition for child with learning disability
- Ultra-violet ray treatment
- Vaccines
- Vasectomy
- Wheelchairs
- Whirlpool bath (by prescription)
- X-ray

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Non-Qualified Medical Expenses:

- Advance payment for services rendered next year
- Athletic club membership
- Car insurance premium (medical portion)
- Boarding school fees and child care
- Commuting expenses of a disabled person
- Cosmetic surgery and procedures (unless due to accident, birth defect, or disease)
- Cosmetics, hygiene products, and similar items
- Diaper service
- Domestic help
- Fitness programs/health club dues
- Funeral, cremation, or burial expense
- Illegal operations and treatments
- Illegally procured drugs
- Maternity clothes
- Over-the-counter medication (unless accompanied by a prescription)
- Premiums for life insurance, income protection, disability, loss of limbs or sight
- Scientology counseling
- Social activities
- Special foods or beverages
- Swimming pool
- Teeth-whitening services & products
- Toothpaste and mouthwash
- Travel for general health improvement
- Tuition and travel expenses to send a special needs child to a particular school
- Weight loss programs

Over-the-Counter (OTC) Items:

As of January 1, 2011, certain drugs and medicines now require a prescription to be considered an eligible expense.

Eligible over-the-counter items:

- Band aids
- Birth control
- Braces and supports
- Contact lens solution and supplies
- Elastic bandages and wraps
- First aid supplies
- Reading glasses

Ineligible over-the-counter medications:

(unless accompanied by a prescription)

- Acid controllers
- Acne medication
- Allergy and sinus
- Antibiotics
- Anti-itch and insect bite
- Cough, cold and flu medicine
- Eye drops
- Indigestion
- Laxatives
- Motion sickness
- Nasal sprays
- Ointments and creams
- Pain relief
- Respiratory treatments
- Sleep aids and sedatives
- Stomach remedies

These lists are not all-inclusive, and are subject to change by the IRS. Important: Any HSA funds used for non-qualified expenses will be taxable. These distributions will also be subject to a 20% IRS penalty if you are under the age of 65, unless they are made after death or disability. Consult your tax advisor if you are in doubt about a particular expense.

The information contained herein is provided solely for informational purposes and does not constitute tax or legal advice. You should consult with a qualified tax or legal advisor with respect to questions regarding your HSA and qualified medical expenses.