

## Eligible medical expenses for health savings accounts

An eligible expense is defined as those expenses paid for medical care as described in Section 213(d) of the Internal Revenue Code. Below are two lists that may help determine whether an expense is eligible.

The Internal Revenue Service has not issued a list of eligible medical expenses specific to health savings accounts. However, IRS Publication 502 lists many of the expenses for medical care (as defined under Section 213(d) of the Code) that are eligible for reimbursement from an HSA. Please keep in mind that this is a guide only and is not an exact list of eligible medical expenses. You may order Publication 502 directly from the IRS by calling (800) 829-3676. If tax advice is required, you should seek the services of a competent professional.

### Eligible medical expenses

Abdominal supports	Gum treatment	Practical nurse for medical services
Acupuncture	Gynecologist	Prenatal care
Alcoholism treatment	Hearing aids and batteries	Prescription medicines
Ambulance	Hospital bills	Psychiatrist
Anesthetist	Hydrotherapy	Psychoanalyst
Artificial limbs	Insulin treatment	Psychologist
Autoette (when used for relief of sickness/disability)	Lab tests	Psychotherapy
Blood tests	Lead paint removal	Radium therapy
Blood transfusions	Metabolism tests	Registered nurse
Braces	Neurologist	Smoking cessation programs
Cardiographs	Nursing	Special school costs for the handicapped
Chiropractor	Obstetrician	Spinal fluid test
Contact lenses and solution	Operating room costs	Splints
Contraception	Ophthalmologist	Sterilization
Convalescent home (for medical treatment only)	Optician	Surgeon
Crutches	Optometrist	Telephone or TV equipment to assist the hard-of-hearing
Dental treatment	Oral surgery	Therapy equipment
Dental X-rays	Organ transplant (including donor's expenses)	Transportation expenses (relative to health care)
Dentures	Orthotics	Vaccines
Dermatologist	Orthopedic shoes	Vasectomy
Diagnostic fees	Orthopedist	Weight-loss programs (as treatment of a specific disease diagnosed by a physician such as hypertension or heart disease)
Diathermy	Osteopath	Wheelchair
Drug addiction therapy	Oxygen and oxygen equipment	X-rays
Drugs (prescription)	Pediatrician	
Elastic hosiery (prescription)	Physician	
Eyeglasses	Physiotherapist	
Fluoridation unit	Podiatrist	
Guide dog	Postnatal treatments	

### *Over-the-counter drugs*

Allergy medications	Cough drops and throat lozenges	Sinus medication and nasal sprays
Antacids	First aid creams	Sleep aids
Antibiotic ointments	Motion sickness pills	Suppositories and creams for hemorrhoids
Anti-diarrhea medicine	Nicotine medications and nasal sprays	Wart removal medication
Calamine lotion	Pain relievers	
Cold medicine	Pedialyte	

## Ineligible medical expenses

Advancement payment for services to be rendered next year	Cosmetics, hygiene products, and similar items	Social activities
Athletic club membership	Funeral, cremation, or burial expenses	Special foods and beverages
Automobile insurance premium allocable to medical coverage	Health programs offered by resort hotels, health clubs, and gyms	Specially designed car for the handicapped other than an autoette or special equipment
Boarding school fees	Illegal operations and treatments	Swimming pool
Bottled water	Illegally procured drugs	Travel for general health improvement
Commuting expenses of a disabled person	Maternity clothes	Tuition and travel expenses for a problem child to a particular school
Cosmetic surgery and procedures	Premiums for life insurance, income protection, disability, loss of limbs, sight or similar benefits	

## *Ineligible over-the-counter drugs*

Acne treatments	Herbs	Toiletries (including toothpaste)
Cosmetics (including face cream and moisturizer)	Lip balm (including Chapstick or Carmex)	Vitamins (daily)
Dietary supplements	Medicated shampoos and soaps	Weight loss drugs for general well-being
Fiber supplements	Suntan lotion	

In general, health insurance may not be purchased with HSA funds. However, there are three exceptions to this. HSA funds can be used to pay for:

1. A health plan during any period of continuation of coverage required under any federal law (COBRA).
2. A portion of the premiums for a qualified long-term care insurance contract.
3. A health plan during a period in which the individual is receiving unemployment compensation under any federal or state law.

Individuals age 65 and above may use HSA funds for health insurance **other than** a Medicare supplement policy (Medicare premiums, premiums for individual health insurance, and retiree medical premiums under an employer plan).