

## HSA/HRA Qualified Medical Expenses

This is a quick reference list of expenses that can be reimbursed from a health savings account (HSA) or a health reimbursement arrangement (HRA).

Medical expenses allowed as deductions are determined by Section 213 (d) of the Internal Revenue Code. This list applies to reimbursement under an HSA as well. However, eligible medical expenses under an HRA draw from this list of deductible medical expenses, but will exclude some expenses in the plan design. For more detailed information, please refer to IRS Publication 502 titled, "Medical and Dental Expenses," Catalog Number 15002Q. You can order the publication by calling (800) TAX FORM or see it online at [www.irs.gov/pub/irs-pdf/p502.pdf](http://www.irs.gov/pub/irs-pdf/p502.pdf). For tax advice, please seek the services of a competent professional.

<b>Eligible Medical Expenses</b>		
<ul style="list-style-type: none"> <li>Abdominal supports</li> <li>Acupuncture</li> <li>Air conditioner (when necessary for relief from difficulty in breathing)</li> <li>Alcoholism treatment</li> <li>Ambulance</li> <li>Anesthetist</li> <li>Arch supports</li> <li>Artificial limbs</li> <li>Autoeette (when used for relief of sickness or disability)</li> <li>Birth control pills (by prescription)</li> <li>Blood tests</li> <li>Blood transfusions</li> <li>Braces</li> <li>Cardiographs</li> <li>Chiropractor</li> <li>Christian Science practitioner</li> <li>Contact lenses</li> <li>Contraceptive devices (by prescription)</li> </ul>	<ul style="list-style-type: none"> <li>Convalescent home (for medical treatment only)</li> <li>Crutches</li> <li>Dental treatment</li> <li>Dental X-rays</li> <li>Dentures</li> <li>Dermatologist</li> <li>Diagnostic fees</li> <li>Diathermy</li> <li>Drug addiction therapy</li> <li>Drugs (prescription)</li> <li>Elastic hosiery (prescription)</li> <li>Eyeglasses</li> <li>Fees paid to health institute prescribed by a doctor</li> <li>FICA and FUTA tax paid for medical care service</li> <li>Fluoridation unit</li> <li>Guide dog</li> <li>Gum treatment</li> <li>Psychoanalyst</li> <li>Psychologist</li> </ul>	<ul style="list-style-type: none"> <li>Psychotherapy</li> <li>Radium therapy</li> <li>Registered nurse</li> <li>Special school costs for the handicapped</li> <li>Spinal fluid test</li> <li>Splints</li> <li>Sterilization</li> <li>Surgeon</li> <li>Telephone or TV equipment to assist the hard-of-hearing</li> <li>Therapy equipment</li> <li>Transportation expenses (relative to health care)</li> <li>Ultraviolet ray treatment</li> <li>Vaccines</li> <li>Vasectomy</li> <li>Vitamins (if prescribed)</li> <li>Wheelchair</li> <li>X-rays</li> </ul>
<b>Eligible Over-the-Counter Drugs</b>		
<ul style="list-style-type: none"> <li>Antacids</li> <li>Allergy medications</li> <li>Pain relievers</li> <li>Cold medicine</li> <li>Anti-diarrhea medicine</li> <li>Cough drops and throat lozenges</li> </ul>	<ul style="list-style-type: none"> <li>Sinus medications and nasal sprays</li> <li>Nicotine medications</li> <li>Nasal sprays</li> <li>Pedialyte®</li> <li>First aid creams</li> <li>Calamine lotion</li> </ul>	<ul style="list-style-type: none"> <li>Wart removal medication</li> <li>Antibiotic ointments</li> <li>Suppositories and creams for hemorrhoids</li> <li>Sleep aids</li> <li>Motion sickness pills</li> </ul>
<b>Ineligible Medical Expenses</b>		
<ul style="list-style-type: none"> <li>Advance payment for services to be rendered next year</li> <li>Athletic club membership</li> <li>Automobile insurance premium allocable to medical coverage</li> <li>Boarding school fees</li> <li>Bottled water</li> <li>Commuting expenses of a disabled person</li> <li>Cosmetic surgery and procedures</li> <li>Cosmetics, hygiene products and similar items</li> <li>Funeral, cremation or burial expenses</li> </ul>	<ul style="list-style-type: none"> <li>Health programs offered by resort hotels, health clubs and gyms</li> <li>Illegal operations and treatments</li> <li>Illegally procured drugs</li> <li>Maternity clothes</li> <li>Penalties for failure to precertify according to health plan rules</li> <li>Premiums for life insurance, income protection, disability, loss of limbs, sight or similar benefits</li> <li>Scientology counseling</li> <li>Social activities</li> </ul>	<ul style="list-style-type: none"> <li>Special foods and beverages</li> <li>Specially designed car for the handicapped other than an Autoeette or special equipment</li> <li>Swimming pool</li> <li>Travel for general health improvement</li> <li>Tuition and travel expenses to send a problem child to a particular school</li> </ul>
<b>Ineligible Over-the-Counter Drugs</b>		
<ul style="list-style-type: none"> <li>Toiletries (including toothpaste)</li> <li>Acne treatments</li> <li>Lip balm (including ChapStick® or Carmex®)</li> </ul>	<ul style="list-style-type: none"> <li>Cosmetics (including face cream and moisturizer)</li> <li>Medicated shampoos and soaps</li> <li>Vitamins (daily)</li> <li>Fiber supplements</li> </ul>	<ul style="list-style-type: none"> <li>Dietary supplements</li> <li>Weight-loss drugs for general well-being</li> <li>Herbs</li> </ul>

In general, health insurance may not be purchased with HSA funds. There are four exceptions; HSA funds can be used to pay for:

- 1) A health plan during any period of continuation coverage required under any federal law
- 2) 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
- 4) For individuals over age 65, premiums for Medicare Part A, B, or D, a Medicare HMO and/or the employee share of premiums for employer-sponsored health insurance, including premiums for employer-sponsored retiree health insurance

Due to the Health Care Reform legislation, deduction of the cost of over-the-counter drugs from Health Reimbursement Arrangement (HRA) accounts is permitted only through 12-31-2010.