

Qualified Medical Expenses

IRS Publication 502, "Medical and Dental Expenses," lists expenses that can be itemized and claimed on a Schedule A (Form 1040). Most of those expenses qualify for tax-free withdrawal from a Health Savings Account (HSA) or a health Flexible Spending Account (FSA), unless the expenses were reimbursed by your health care coverage (i.e., your employer-sponsored health insurance plan).

Generally HSA and health FSA funds can be used to pay for anything that your health insurance plan (including high deductible health plans with an HSA) considers a "covered charge," including charges not paid by your health insurance because they were subject to a co-pay, deductible or coinsurance.

The following is a sample list of medical expenses that qualify for tax-free withdrawal from an HSA or health FSA. Many items not on this list may also be covered. This list is provided as reference only and is not meant to be comprehensive. Individuals are responsible for determining whether a specific treatment or service is a qualified expense. The Patient Protection and Affordable Care Act made changes to the reimbursements available, effective Jan. 1, 2011, by eliminating the availability of over-the-counter drugs as a tax-free withdrawal from an HSA, HRA or FSA without a prescription. A partial list of items has been made available at this time of what items will be affected by this change.

MEDICAL EXPENSES THAT QUALIFY FOR TAX-FREE WITHDRAWAL FROM AN HSA OR FSA:

- Acupuncture
- Alcohol & drug treatment
- Ambulance costs
- Anesthesia
- Artificial limbs and teeth
- Automobile modifications for handicapped
- Bandages
- Birth control pills
- Braille books and magazines
- Chiropractic care
- Christian Science practitioners
- Contact lens and solutions
- Co-pays
- Corrective eye surgery
- Crutches
- Dental fees, including exams and cleanings
- Dental implants
- Diagnostic tests
- Eye examinations
- Eyeglasses, including prescription sunglasses and reading glasses
- Fertility enhancement
- Guide dogs (purchase, training and maintenance)
- Hearing aids and batteries
- Hospital services
- Inpatient therapy
- Insulin injections
- Laboratory fees
- Long-term care insurance (restrictions apply)
- Medical insurance premiums while unemployed
- Medicare coverage
- Mental/nervous treatment
- Nursing care
- Obstetrical expenses
- Organ transplants
- Orthodontic treatment (restrictions apply)
- Oxygen and equipment
- Periodontal fees
- Premiums for COBRA continuation
- Prescription drugs
- Psychiatric care
- Smoking-cessation programs
- Telephone for the deaf
- Transportation for medical care
- Vaccinations
- Walkers
- Weight loss treatments (restrictions apply)
- Wheelchairs
- X-rays

In addition, HSA funds can be used to pay for certain insurance premiums. The following items can be paid for through an HSA, but not with an FSA.

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| <ul style="list-style-type: none"> • Long-term care insurance premiums (restrictions apply) | <ul style="list-style-type: none"> • Medical insurance premiums while unemployed | <ul style="list-style-type: none"> • COBRA continuation premiums |
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The following is a partial list of items that are usually NOT covered under an HSA or FSA.

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| <ul style="list-style-type: none"> • Cosmetic surgery and procedures • Diaper services • Domestic help fees (for nonmedical services) • Electrolysis • Funeral expenses • Health insurance premiums • Homeopathic items | <ul style="list-style-type: none"> • Illegal operations and treatments • Liposuction • Marriage counseling • Maternity clothes • Over-the-counter products for general health (such as vitamins, toothpaste, lotion) • Over-the-counter drugs (to alleviate illness or injury) | <ul style="list-style-type: none"> • Personal use items • Physical or massage therapy for general health • Premiums for Medigap • Swimming and dancing lessons, even if recommended by a doctor • Teeth whitening |
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Over-the-counter Purchases No Longer Permitted Without a Prescription, Effective Jan. 1, 2011

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| <ul style="list-style-type: none"> • Acid controllers • Allergy and sinus • Antibiotic products • Anti-diarrheals • Anti-gas • Anti-itch and insect bite • Antiparasitic treatments | <ul style="list-style-type: none"> • Baby rash ointments/creams • Cold sore remedies • Cough, cold and flu • Digestive aids • Feminine anti-fungal/anti-itch • Hemorrhoidal preps • Laxatives | <ul style="list-style-type: none"> • Motion sickness • Pain relief • Respiratory treatments • Sleep aids and sedatives • Stomach remedies |
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Source: www.sig-is.org/imwp/idms/popups/pop_download.asp?contentID=17611

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