

HSA Qualified Medical Expenses

How can I use the money in my health savings account (HSA)?

Once you have contributed money into your HSA, you can use it to pay for qualified medical expenses federal income tax-free. This includes doctor's visits, prescriptions, and dental and vision care for yourself as well as your spouse or dependents.

Examples of Qualified Medical Expenses

Listed below are the most common examples of qualified medical expenses. You can find a complete listing at www.irs.gov. Search under Internal Revenue Service (IRS) Publication 502, Medical and Dental Expenses.

- Acupuncture
- Alcoholism treatment
- Ambulance
- Artificial limb
- Artificial teeth
- Breast reconstruction surgery (mastectomy-related)
- Chiropractor
- Contact lenses
- Cosmetic surgery (if due to trauma or disease)
- Dental treatment (X-rays, fillings, braces, extractions, etc.)
- Diagnostic devices (such as blood sugar test kits for diabetics)
- Doctor's office (including physicians, surgeons, specialists or other medical practitioners) visits and procedures
- Drug addiction treatment
- Drugs, prescription
- Eyeglasses and exams
- Eye surgery (such as laser eye surgery or radial keratotomy)
- Fertility enhancements
- Hearing aids (and batteries for use)
- Hospital services
- Laboratory fees
- Long-term care (for medical expenses and premiums)
- Nursing home
- Nursing services
- Operations/surgery (excluding unnecessary cosmetic surgery)
- Physical therapy
- Prescription medicines or drugs
- Psychiatric care
- Psychologist
- Speech therapy
- Stop-smoking programs
- Vasectomy
- Weight-loss programs (to treat a specific disease diagnosed by a physician)
- Wheelchair
- Wig
- X-rays

Some Insurance Premiums Qualify

Generally, you cannot use your HSA to pay for health insurance premiums, but there are exceptions. You may use your HSA to pay for:

- Eligible long-term care
- Health care coverage while receiving federal or state unemployment benefits
- COBRA health care continuation coverage
- Medicare premiums and out-of-pocket expenses for Part A, Part B, Part C and Part D

Expenses That Don't Qualify

If you pay for anything other than qualified expenses with your HSA, the amount will be taxable, and you will pay an additional 20 percent tax penalty. If you are age 65 or older, the tax penalty does not apply, but the amount must be reported as taxable income.

- Advance payment for future medical care
- Amounts reimbursed from any other source (such as other health coverage or a Flexible Spending Account)
- Babysitting, child care and nursing services for a normal, healthy baby
- Betting (including lottery, gaming, chips, or track wagers)
- Cosmetic surgery (unless due to trauma or disease)
- Diaper Services
- Electrolysis or hair removal
- Funeral expenses
- Gasoline
- Health club dues
- Household help
- Illegal operations and treatments
- Maternity clothes
- Meals
- Nutritional supplements
- Over-the-counter drugs and medicines (unless a prescription is presented)
- Personal use items (such as toothbrush, toothpaste)
- Swimming lessons
- Teeth whitening
- Weight-loss programs (unless prescribed to treat a specific disease)

The examples listed here are not all-inclusive and the IRS may modify its list from time to time. Consult your tax advisor if you should require specific tax advice.



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