

## Which medical expenses can be paid for with tax-deductible HSA funds?

The following is a partial list of eligible/potentially eligible/ineligible medical expenses. If you have any questions about an item's eligibility, please contact SelectAccount<sup>SM</sup> customer service at (651) 662-5065 or toll free at 1-800-859-2144.

### Eligible medical expenses

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Abortion	Eye surgery (laser or radial keratotomy)	Patterning exercises
Acupuncture	Eyeglasses – prescription sunglasses/safety glasses	Physical exams (routine, medical, well-child)
Alcoholism treatment	Eyeglasses – reading	Physical therapy
Ambulance	Fertility treatments (e.g., artificial insemination, egg donor fees, in vitro)	Prenatal/postnatal exams
Artificial limbs	Flu shots	Prescription drugs (special rules apply, e.g., prescription drugs obtained from out of country are not covered)
Asthma treatments/nebulizer	Fluoridation treatment at a dental office	Preventive care screenings (e.g., mammogram, colonoscopy)
Blood pressure monitoring devices	Gambling problem treatment	Prosthesis
Body scans (e.g., MRI, CAT Scan)	Hearing tests, aids and batteries	Psychiatric care
Brace (e.g., knee, back, wrist)	Home health care	Shipping and handling fees for eligible expenses
Braille books/magazines (excess cost)	Hormone replacement therapy (HRT)	Sleep study
Chiropractic treatments (e.g., adjustments)	Immunizations	Smoking cessation medications/programs
Circumcision	Individual counseling (counseling must be performed to alleviate or prevent a physical or mental defect or illness)	Speech therapy
Coinsurance amounts (health, dental or vision)	Lab tests	Support (e.g., wrist, knee, elbow)
Contact lenses (corrective)	Medical alert bracelet or necklace	Surgical stockings (e.g., Jobst stockings)
Contraceptives (e.g., birth control pills, condoms, Norplant)	Medical records charges	Taxes paid for eligible expenses
Convalescent home (for medical treatment only)	Mental health treatment facility	Telephone/television equipment for hearing-impaired persons (excess cost)
Copayments (health, dental or vision)	“Morning-after” contraceptive pills	Transportation expenses relative to health care (corresponding medical documentation requested)
C-PAP machine and supplies	Occlusal guards to prevent teeth grinding	Tubal ligation/tubal ligation reversal
Crutches (purchase or rental)	Oral surgery	Vaccinations
Deductibles (health, dental or vision)	Organ transplant (including donor's expenses)	Vasectomy/vasectomy reversal
Dental procedures, non-cosmetic (e.g., X-rays, fillings, extractions, crowns, implants)	Orthodontics	Walkers/canes (purchase or rental)
Dentures/denture adhesive	Oxygen and oxygen equipment	Wheelchair (purchase or rental)
Diabetic supplies (e.g., insulin, syringe, monitor, insulin pump)	Patient responsibilities under the medical, dental or vision plan solely because of the plan's deductible, copay (coinsurance), reasonable and customary charge limit or benefit limit	X-rays
Drug addiction/substance abuse treatment		
Embryo, egg and sperm storage fees		
Eye exams		

### Potentially eligible medical expenses (requires Letter of Medical Necessity)

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Abdominal supports	Fluoridation device	Mentally handicapped residential or group home
Air conditioner (capital expense)	Genetic testing	Mineral supplements (if prescribed by a physician for a specific medical condition)
Air purifier (potential capital expense)	Group therapy	Mouthwash
Arch supports	Guide dog/service animal (purchase, care for, training)	Orthopedic inserts
Athletic club membership	Herbal treatments	Orthopedic shoes (excess cost)
Autoette	Holistic or natural healers, dietary substitutes, drugs and medicines	Personal trainer fees
Automobile modifications (capital expense)	Home improvements (e.g., exit ramps, widening doorways) (capital expense)	Prescription drugs that also have a cosmetic purpose (e.g., Retin-A, Rogaine, Botox, Propecia)
Bariatric surgery	Household products/improvements to treat allergies	Special education costs for dependents with disabilities
Behavioral modification programs	Inclinor	Special foods/beverages (if prescribed by a physician to treat a specific condition) (excess cost)
Breast pumps	Lactation consultant	Stem cell, harvesting and/or storage of
Breast reconstructive surgery	Lead-based paint removal	Umbilical cord, freezing and storing of
Breast reduction surgery that is medically necessary	Learning disability treatment	Varicose veins, treatment of
Childbirth/lamaze classes (related to pre-birth)	Lodging (away from home for outpatient care – special rules may apply)	Vitamins (if prescribed by a physician for a specific medical condition, e.g., prenatal vitamins)
Cosmetic surgery (for repair or reconstruction after accident or surgery or for correction of birth defect)	Massage therapy	Weight loss program and medications (if prescribed by a physician for a specific medical condition – excludes food)
Dietary/nutritional supplements	Mastectomy-related special bras	Wigs
DNA collection and storage	Medical conference admission and transportation (excludes meals and lodging)	
Dyslexia testing and instruction		
Elevator (capital expense)		
Exercise equipment or programs		

## Ineligible medical expenses

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Bottled water	Illegally obtained drugs	Prescription drug discount program fees
Cleaning service	Late fees (e.g., for late payment of bills for medical services)	Prescription drugs and medicines obtained from other countries
Cosmetic surgery and procedures	Lodging while attending a medical conference	Sports training and activities
Cosmetics, hygiene products and similar items	Marijuana or other controlled substances in violation of federal law	Surrogate expenses
Dancing lessons	Marriage counseling	Swimming lessons
Diapers or diaper service	Maternity clothes	Swimming pool and maintenance
Diet foods	Meals	Tanning salons and equipment
Ear or body piercing	Medical newsletter	Teeth whitening
Electrolysis or hair removal	Missed appointment fees	Transportation costs of disabled individual commuting to and from work
Feminine hygiene products (e.g., tampons)	New parent/newborn child care classes	Travel for general health improvement
Funeral, cremation or burial expenses	Non-prescription eyeglasses, sunglasses, safety glasses or contacts	Veneers
Hair colorants	Prepayments	Vision discount program fees
Hair transplants		
Household help		
Illegal operations and treatments		

## Eligible medical expense

Medical expenses you can have reimbursed through your HSA include services incurred by you or your eligible dependents for the diagnosis, treatment or prevention of disease or for the amounts you pay for transportation to get medical care.

In general, deductions allowed for medical expenses on your federal income tax according to Internal Revenue Code Section 213(d) may be reimbursed through your HSA. It is possible that changes in the IRS rules can affect the eligible, potentially eligible, and/or ineligible expense categories.

HSA eligible medical expenses do not include medical premiums except COBRA, health insurance (other than Medicare Supplement policies) after the individual has reached age 65, qualified long-term care insurance, and health coverage while the account holder is receiving unemployment compensation. Premiums for employer-sponsored retiree medical plans can also be paid from the HSA.

## Potentially eligible medical expenses

In order to determine eligibility for potentially eligible items, you will need to obtain a Letter of Medical Necessity from your health care provider. You can obtain a Letter of Medical Necessity to have your health care provider complete at [www.selectaccount.com](http://www.selectaccount.com).

## Excess cost

Some expenses are only partially reimbursable. This means only the portion of the cost that exceeds the price of a regular item (excess cost) is eligible. The member must submit a price comparison for a similar item along with their claim form. If the item is potentially eligible, the member must also submit a Letter of Medical Necessity.

*Example:* If your health care provider recommends orthopedic shoes and the cost is \$15 more than regular shoes, only the \$15 excess cost is eligible for reimbursement.

## Capital expense

A capital expense is an improvement and/or special equipment added to a home or other capital expenditure that may be eligible if the primary purpose is medical care. A Letter of Medical Necessity is required from your health care provider. To submit your capital expense, you must have an appraisal of your home within one year prior to the installation and an appraisal after the installation to determine the value added to the home. The amount eligible is the difference between the cost of the expense and the increase in the additional value of your home. If the improvement/special equipment is used by individuals other than the person needing it for medical care, the eligible amount should be divided by the number of people using the item. *Example:* A ramp is purchased for \$3,000 and prior to installation your house is appraised at \$100,000. After installation of the ramp your house is appraised for \$101,000. The amount that is eligible under your HSA is \$2,000. If you have questions about a capital expense, please contact customer service for a more detailed explanation.

These lists are intended to serve as a quick reference and are provided with the understanding that SelectAccount<sup>SM</sup> is not engaged in rendering tax advice. For more detailed information, please refer to IRS Publication 502, "Medical and Dental Expenses," Catalog Number 15002Q. Publications can be ordered from the IRS by calling 1-800-TAX-FORM (1-800-829-3676). If tax advice is required, seek the services of a competent professional.