

Know Your Benefits

HSA Examples of Eligible Expenses

The expenses that may be reimbursed by your health savings account (HSA) on a tax-free basis are:

- Qualified medical expenses incurred by the account beneficiary and his or her spouse and dependents;
- COBRA premiums;
- Health insurance premiums while receiving unemployment benefits;
- Qualified long-term care premiums*;
- Any health insurance premiums paid, other than for a Medicare supplemental policy, by individuals age 65 or older; and
- Effective Jan. 1, 2020, qualifying over-the-counter (OTC) drugs, along with menstrual care products, are also treated as qualified medical expenses.

Distributions made from an HSA to reimburse the account beneficiary for eligible expenses are excluded from gross income.

Qualified Medical Expenses

The Internal Revenue Service (IRS) defines qualified medical care expenses as amounts paid for the diagnosis, cure or treatment of a disease, and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate a physical or mental defect or illness.

The products and services listed below are examples of medical expenses eligible for payment under your HSA, when such services are not covered by your high-deductible health plan. To be an expense for medical care, the expense has to be primarily for the prevention or alleviation of a physical or mental defect or illness.

This list is not all-inclusive; additional expenses may qualify, and the items listed below are subject to change in accordance with IRS regulations. For more information or clarification on individual list items, refer to [Publication 502](#) or consult a tax professional.

- Acupuncture
- Alcoholism treatment
- Ambulance
- Artificial limb
- Artificial teeth
- Bandages
- Birth control pills
- Body scan
- Breast pumps and supplies
- Breast reconstruction surgery following mastectomy
- Capital expenditures (improvements or special equipment installed to a home, if meant to accommodate a disabled condition)
- Car modifications or special equipment installed for health reasons
- Chiropractor
- Contact lenses
- Crutches
- Dental treatment (not including teeth whitening)
- Diagnostic devices

- Disabled dependent care expenses (medical care of the disabled dependent)
- Drug addiction treatment
- Eye exam
- Eyeglasses
- Eye surgery
- Fertility enhancement (for example, in vitro fertilization or surgery)
- Guide dog or other service animal
- Hearing aids
- Hospital services
- Laboratory fees
- Lactation expenses
- Lodging at a hospital or similar institution
- Long-term care insurance premiums*
- Medical conference expenses, if the conference concerns a chronic illness of yourself, your spouse or your dependent
- Medications
- Nursing services
- Operations
- Optometrist
- Osteopath
- Oxygen
- Physical examination
- Pregnancy test kit
- Prosthesis
- Psychiatric care
- Psychoanalysis
- Psychologist
- Sterilization
- Stop-smoking programs

- Surgery
- Special telephone for hearing-impaired individuals
- Television for hearing-impaired individuals
- Therapy received as medical treatment
- Transplants
- Transportation for medical care
- Vasectomy
- Vision correction surgery
- Weight-loss program if it is a treatment for a specific disease
- Wheelchair
- Wigs
- X-rays

Source: www.irs.gov

Plans that do not allow reimbursement of all eligible medical expenses as defined by the IRS and Department of Treasury must customize this article prior to use.

** For purposes of reimbursement of qualified long-term care premiums from an HSA, reimbursement in excess of the amount which may be deducted on an individual's personal tax return is not an eligible expense. IRS 213(d)(10) establishes the tax deduction allowed for qualified long-term care premiums on individual tax returns. If the HSA reimburses long-term care premiums for an amount greater than set forth in IRC 213(d)(10), the amount greater than allowed is included in the account holder's taxable income and is subject to a 20 percent penalty.*