

HSA Eligible Expenses

An eligible expense is defined as an expense for “medical care.” This is defined as amounts paid for the “diagnosis, cure, mitigation, treatment or prevention of disease, or for the purpose of affecting any structure or function of the body.” The list below is a quick reference, for a more detailed listing please refer to IRS Publication 502, Medical and Dental Expenses.

HSA Eligible Medical Expenses	
Acupuncture	Guide dog (for visually-impaired or hearing-impaired)
Alcoholism treatment	Hearing aids and hearing aid batteries
Ambulance services	Hospital services (including meals and lodging)
Artificial limb or prosthesis	Insulin
Artificial teeth	Laboratory fees
Birth control pills	Prescription medicines or drugs*
Braille books/magazines (portion of costs)	Nursing home
Car adaptations (for a person with a disability)	Nursing services
Chiropractors	Operations or surgery
Christian science practitioners	Psychiatric care
Contact lenses (including saline solution and cleaner)	Psychologist
Crutches	Telephone equipment for hearing- or visually-impaired
Dental treatment (x-rays, fillings, extractions, dentures, braces, etc.)	Telephone equipment for visually-impaired
Diagnostic devices (such as a blood sugar test kit)	Therapy or counseling
Doctor's fees	Transplants
Drug addiction treatment	Transportation for medical care
Eyeglasses (including eye examinations)	Vasectomy
Eye surgery (including laser eye surgery)	Wheelchair
Fertility enhancement (including in-vitro fertilization)	X-rays

* Effective January 1, 2011, expenses for over-the-counter (OTC) drugs will not be eligible for payment or reimbursement from an HSA without a doctor's prescription. This change is a result of new healthcare reform legislation. A few examples of OTC medicines that will require a doctor's prescription for payment or reimbursement from an HSA are:

- Acid controllers
- Allergy and sinus medications
- Cold, cough, and flu medications
- Pain relief medications
- Sleep aids and sedatives

Ineligible HSA Medical Expenses	
Babysitting, childcare, and nursing services for a normal, healthy baby	Illegal operations and treatments
Controlled substances obtained in violation of federal law	Maternity clothes
Cosmetic surgery	OTC medications (without a doctor's prescription)
Dancing lessons	Personal use items
Diaper service	Swimming lessons
Electrolysis or hair removal	Teeth whitening
Funeral expenses	Vacation or travel
Hair transplant	Veterinary fees
Health club dues	Weight loss programs for improvement of appearance, general health, or sense of well-being
Household help	

Important reminders about qualified medical expenses

- Items that are merely beneficial to an individual's general good health, such as vitamins or dietary supplements, are not qualified medical expenses.
- Drugs must be purchased legally.
- Remember to save your receipts and your doctor's prescriptions for OTC medicines for tax purposes.
- There may be situations when your doctor recommends a treatment that will be good for your health, but it still may be considered ineligible, such as a vacation.
- As the HSA owner, you are ultimately responsible for determining whether a healthcare expense is eligible for reimbursement from your HSA.
- If an HSA expenditure is not used for a qualified medical expense, you will be required to pay income tax and a 20 percent penalty on the amount used.