

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

IRS regulations require that you keep all receipts and any documentation for eligible medical expenses with your personal tax records. 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 SelectAccountSM customer service at (651) 662-5065 or toll free at 1-800-859-2144.

Eligible medical expenses

Abdominal supports	Drug addiction/substance abuse treatment	Orthopedic inserts
Abortion	Embryo, egg and sperm storage fees	Oxygen and oxygen equipment
Acupuncture	Eye exams	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
Alcoholism treatment	Eye surgery (laser or radial keratotomy)	Physical exams (routine, medical, well-child)
Ambulance	Eyeglasses – prescription sunglasses/safety glasses	Physical therapy
Arch supports	Eyeglasses – reading	Prenatal/postnatal exams
Artificial limbs	Fertility treatments (e.g., artificial insemination, egg donor fees, in vitro)	Prescription drugs (prescription drugs imported from other countries are not covered)
Asthma treatments/nebulizer	Flu shots	Preventive care screenings (e.g., mammogram, colonoscopy)
Bariatric surgery	Fluoridation treatment at a dental office	Prosthesis
Blood pressure monitoring devices	Gambling addiction treatment	Psychiatric care
Body scans (e.g., MRI, CAT Scan)	Group therapy (for patient)	Shipping and handling fees for eligible expenses
Brace (e.g., knee, back, wrist)	Hearing tests and aids	Sleep study
Breast pumps	Home health care	Smoking cessation medications/programs
Childbirth/lamaze classes (related to birth)	Hormone replacement therapy (HRT)	Speech therapy
Chiropractic treatments (e.g., adjustments)	Immunizations	Taxes paid for eligible expenses
Circumcision	Individual counseling (counseling must be performed to alleviate or prevent a physical or mental defect or illness)	Transportation expenses relative to health care (corresponding medical documentation requested)
Coinsurance amounts (health, dental or vision)	Lab tests	Tubal ligation/tubal ligation reversal
Contact lenses (corrective)	Long Term Care Premiums	Vaccinations
Convalescent home (for medical treatment only)	Mastectomy-related special bras	Varicose veins, treatment of
Copayments (health, dental or vision)	Medical records charges	Vasectomy/vasectomy reversal
C-PAP machine and supplies	Mental health treatment facility	Walkers/canes (purchase or rental)
Crutches (purchase or rental)	Nutritional consultation	Wheelchair (purchase or rental)
Deductibles (health, dental or vision)	Occlusal guards to prevent teeth grinding	X-rays
Dental procedures, non-cosmetic (e.g., X-rays, fillings, extractions, crowns, implants)	Oral surgery	
Dentures	Organ transplant (including donor's expenses)	
Diabetic supplies (e.g., insulin, syringe, monitor, insulin pump)	Orthodontics	

Potentially eligible medical expenses (The IRS requires a Letter of Medical Necessity from your health care provider to keep with your personal tax records)

Air conditioner (capital expense)	Genetic testing	Medical conference admission and transportation (excludes meals and lodging)
Air purifier (potential capital expense)	Group therapy for family member	Mentally handicapped residential or group home
Athletic club membership	Guide dog/service animal (purchase, care for, training)	Orthopedic shoes
Automobile modifications (capital expense)	Herbal treatments	Personal trainer fees
Behavioral modification programs	Holistic or natural healers consult	Prescription drugs that also have a cosmetic purpose (e.g., Retin-A, Rogaine, Botox, Propecia)
Breast reconstructive surgery	Home improvements (e.g., exit ramps, widening doorways) (capital expense)	Special education costs for dependents with disabilities
Breast reduction surgery that is medically necessary	Household products/improvements to treat allergies	Stem cell, harvesting and/or storage of
Cosmetic surgery (for repair or reconstruction after accident or surgery or for correction of birth defect)	Lactation consultant	Umbilical cord, freezing and storing of
DNA collection and storage	Lead-based paint removal	Telephone/television equipment for hearing-impaired persons
Dyslexia testing and instruction	Learning disability treatment	Weight loss program (if prescribed by a physician for a specific medical condition excludes food)
Elevator (capital expense)	Lodging (away from home for outpatient care – special rules may apply)	Wigs
Exercise equipment or programs	Manual therapy	
Fluoridation device	Massage therapy	
Food thickeners		

Ineligible medical expenses

Birthing tubs	Illegal operations and treatments	Prepayments
Bottled water	Illegally obtained drugs	Prescription drug discount program fees
Braille books/magazines	Late fees (e.g., for late payment of bills for medical services)	Prescription drugs and medicines imported from other countries
Cleaning service	Lodging while attending a medical conference	Special foods/beverage
Cosmetic surgery and procedures	Marijuana or other controlled substances in violation of federal law	Sports training and activities
Cosmetics, hygiene products and similar items	Marriage counseling	Surrogate expenses
Dancing lessons	Maternity clothes	Swimming lessons
Diapers or diaper service	Meals	Swimming pool and maintenance
Diet foods	Medical newsletter	Tanning salons and equipment
Ear or body piercing	Missed appointment fees	Teeth whitening
Electrolysis or hair removal	Mouthwash	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		Vision discount program fees
Hair transplants		
Household help		

Eligible medical expense

Medical expenses that can be reimbursed through your HSA include services and supplies 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. You cannot deduct medical expenses on your federal income tax that have been 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.

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. 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. A Letter of Medical Necessity is required from your health care provider to be kept with your personal tax records.

For assistance in calculating capital expense, the Capital Expense Worksheet and Letter of Medical Necessity are available at www.selectaccount.com. If you have questions about a capital expense, please contact customer service for a more detailed explanation.

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These lists are intended to serve as a quick reference and are provided with the understanding that SelectAccount 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.