

APPENDIX 2

Allowable⁴ (Tax-Free) Expenditures from Your Health Savings Account

Examples of Allowable Expenditures from Your Health Savings Account

Acupuncture
Alcoholism treatment
Ambulance services
Artificial limbs and teeth
Bandages
Birth control pills (by prescription only)
Breast reconstruction surgery (mastectomy)
Childbirth, labor and delivery services
Chiropractic services
Christian Science Practitioner services
Contact lenses
Cosmetic surgery, but only if due to trauma or disease
Crutches
Dental care
Dermatology services
Diagnostic devices
Drug addiction treatment (inpatient)
Eyeglasses
Fertility treatments
Gynecology services
Hearing aids
Home care
Hospice care
Hospital services (inpatient and outpatient)
Laboratory services
Laser eye surgery (e.g., LASIK)
Long-term care (does not include custodial care)
Maternity care
Medicare deductibles, copays, coinsurance, premiums

⁴ NOTE: This list is illustrative and is not meant to be an exhaustive list. There have been thousands of cases involving the many nuances of what constitutes "medical care" under the Internal Revenue Code, which governs Health Savings Accounts. A determination of whether an expense is qualified as "medical care" is based on all the relevant facts and circumstances. To be an expense for medical care, the expense has to be primarily for the diagnosis, cure mitigation, treatment, or prevention or alleviation of a physical or mental defect or illness. The determination often hangs on the word "primarily." Additional information is available from IRS Publication 502 (available through www.irs.gov). Consult your physician and tax advisor, if you have questions.

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APPENDIX 2 (cont.)

Examples of Allowable Expenditures from Your Health Savings Account (cont.)

Nursing services
Nursing home care
Ophthalmology services
Organ transplants (including donor's expenses)
Orthodontia
Orthopedic services, including orthopedic shoes
Osteopathic services
Over-the-counter medicines
Oxygen and equipment
Pediatric services
Personal care services for chronically ill persons
Podiatry services
Pre-natal and post-natal care
Prescription medicines
Prosthetics
PSA tests
Psychiatric care
Psychology services
Radiology services
Smoking cessation programs
Splints
Surgical services
Transportation expenses for health care
Vaccines
Vision services
Vitamins (only if prescribed by a licensed practitioner)
Wheelchairs
X-Rays

APPENDIX 2 (cont.)

Non-Allowable (Not Tax-Free) Expenditures from Your Health Savings Account

Examples of Non-Allowable Expenses

Advance payment for future medical expenses
Athletic club membership
Automobile insurance premiums
Babysitting (for healthy children)
Boarding school fees
Bottled water
Cosmetics and personal hygiene products
Dancing lessons
Diaper service
Domestic help
Electrolysis or hair removal
Funeral expenses
Hair transplants
Health programs at resorts, health clubs, & gyms
Household help
Illegal operations and treatments
Illegally procured drugs
Maternity clothes
Nutritional supplements
Premiums for life, disability, other accident insurance
Scientology counseling
Social activities
Special foods/beverages
Swimming lessons
Teeth whitening
Travel for general health improvement