



HSA Road Rules



A Consumer's Guide to Health Savings Accounts (HSAs)

12TH Edition – 2015 Limits



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Publisher's Note

HSA Road Rules has been a valuable resource for millions of Americans since 2004. It is an easy-to-understand guidebook that gives you the information you need to know about HSAs. Even with this information you need to review your own situation. Everything in here may not apply to you. You also need to decide if a health savings account (HSA) is right for you. If you do have an HSA, you need to decide how much you want to contribute. You also need to decide how you want to use it. If you need tax or legal advice, please speak with your own tax or legal advisor. He or she can help you understand how an HSA will work for you.

Disclaimer: Any Federal income tax information contained in this communication (including any attachments) is not intended to (and cannot) be used by anyone to avoid IRS penalties. You should not consider this legal or tax advice. You should seek advice based on your particular circumstances from an independent tax advisor. This material is for informational purposes only.

Introduction to Health Savings Accounts (HSAs)

An HSA is for qualified medical expenses. You must have a qualified high deductible health plan (HDHP) to contribute to an HSA. An HSA lets you take more control of your health care.

You use the HSA to pay for qualified medical expenses. You can use it as you have expenses. Or you can save the funds for future expenses. You decide when you use your funds. You also decide what expenses you pay with your HSA funds. You can also invest the funds.

An HSA offers triple tax savings.

- Pre-tax or tax-deductible contributions.⁽¹⁾
- Tax-free interest and investment earnings.⁽²⁾
- Tax-free distributions, when used for qualified medical expenses.

Anyone can contribute to your HSA. This includes you, your employer, your spouse or anyone else. You can then make tax-free withdrawals to pay for eligible medical expenses. This includes expenses for you, your spouse and your tax dependents. This is true even if you have a self-only HDHP.

HSAs are portable. This means that you keep your HSA. This is true even if you change employers or stop working. Unlike a Flexible Spending Account (FSA), there is no “use-it-or-lose-it” rule with HSAs. If you don’t use funds, they remain in your HSA each year. They also continue to earn tax-free interest.

If you invest your HSA funds, they remain in the investment account, like an IRA or 401(k). This all means that HSAs have the potential for long-term, tax-free savings.

In addition to having a qualified HDHP, there are some other eligibility requirements.

- You can’t be enrolled in Medicare.
- You can’t have any non-permitted coverage.
- You can’t be claimed as someone else’s tax dependent.

There are no income limits.

⁽¹⁾ ***You should consult a tax advisor. Tax references are at the federal level. State taxes may vary.***

⁽²⁾ ***Investment products are not FDIC insured, have no bank guarantee and may lose value.***

Universal HSA Principles for Consumers

Qualified HDHP

- You must have a qualified HDHP. There are some rules about what makes the HDHP qualified for HSA. We will cover those later in this guide. You also can't be enrolled in Medicare or Tricare; be someone else's tax dependent; or have any non-permitted coverage.

HSA Ownership

- The money in your HSA is yours to keep. Even if your employer makes contributions to your HSA, those funds are yours. This is true even if you change employers or are no longer working.
- You are in charge of your HSA funds. This makes you the decision maker. When you spend your own money you will likely ask more about the cost of your health care. This can help make you a savvy health care consumer.

HSA Withdrawals

- You can use your HSA for expenses that you incur after you have established your HSA. This means that you have to incur the expenses after you have the HSA. You can't use the funds for medical care that you had before you open the HSA. There is no time limit for when you actually reimburse yourself.
- You must keep all receipts and records. These will show that you used your HSA funds to pay for eligible medical expenses. You also want these receipts in case you are audited by the IRS.
- You decide if, when, and how much to spend from your HSA. You also decide if you want to use the funds now or save them for the future.
- If you use your funds to pay for a non-eligible expense, you will have to pay income taxes on that amount. You may also have to pay a 20% tax penalty. This penalty does not apply however if you are age 65 or older or you are disabled at the time you make this withdrawal to pay for a non-eligible expense but you would still have to pay income taxes on that amount.

HSA Contributions

- Anyone can contribute to your HSA. This includes you, your spouse, your employer and anyone else. No matter who contributes to your HSA, you get the tax benefit for the contribution.

HSA Eligibility Road Rules

Qualified High Deductible Health Plan (HDHP)

- To be eligible for an HSA, you must have a qualified HDHP.
- An HDHP has a higher deductible than most health plans. With this type of plan, you first pay a deductible. Your coverage level (self-only vs. family) sets your deductible. A self-only plan covers just you. A family plan covers you and at least one other person. Once you pay the deductible, then the plan pays for medical care according to its terms. A qualified HDHP has the following elements.
 - > Minimum deductibles
 - > Limit on out-of-pocket expenses
 - > Allowance to cover preventive care
- **Minimum deductibles** – A qualified HDHP must have a minimum deductible, which is set each year by the IRS. This means that the plan can't have a deductible that is less than this. If it does, it is not a qualified plan for the HSA. A deductible is set for the plan year.

Minimum Annual Deductible	2014	2015
Self-only coverage	\$ 1,250	\$ 1,300
Family coverage	\$ 2,500	\$ 2,600

- **Limit on out-of-pocket expenses** – A qualified HDHP has a limit for what you pay out-of-pocket, which is set each year by the IRS. This limit is for the plan year. This limit is the maximum amount that you may pay for deductibles, copays and co-insurance. These maximum amounts apply just to in-network services, maximum out of pocket expenses for out of network services may be higher. **Note:** This does not include what you pay for premiums; lifetime limits; and expenses that the plan does not cover.

Maximum Out-of-Pocket Limit	2014	2015
Self-only coverage	\$ 6,350	\$ 6,450
Family coverage	\$ 12,700	\$ 12,900

- **Preventive care** – The HDHP may cover preventive care while you are still meeting the deductible. As described in the Affordable Care Act and in IRS Notice 2004-23, this could include regular checkups as well as routine gynecological and well-child exams. It also includes counseling to prevent illness, disease or other health problems. For your reference, a listing of recommendations and guidelines can be found at: www.HealthCare.gov/center/regulations/prevention.html.

Allowable Other Coverage

- In general, in order to be eligible for an HSA, you can't have any coverage other than the HDHP. However, there are some other plans that you may have and still be eligible for the HSA. These include the following.
 - > Workers' compensation
 - > Medical liability for personal property (for example, car insurance)
 - > Coverage for a specific illness or disease
 - > A daily fixed amount for a hospital stay
 - > Dental
 - > Vision
 - > Long-term care (LTC)

- > Employee Assistance Program (EAP)
- > Wellness

Flexible Spending Account (FSA) and Health Reimbursement Arrangement (HRA)**

- You can have a limited purpose FSA (LPFSA) or a limited purpose HRA (LPHRA). The LPFSA and LPHRA reimburse for dental, vision and preventive care.
- You can have a post-deductible HRA or a post-deductible LPFSA. They reimburse expenses that you incur after you meet your plan deductible.
- You can have a combination of limited purpose and post-deductible.

Non-Permitted Coverage

- You can't have a regular FSA or HRA. If you or your spouse has one of these you are not eligible to contribute to an HSA.
- If you are enrolled in Medicare or Medicaid, you're not eligible for an HSA. If you had an HSA when you enrolled in Medicare or Medicaid you can still use the funds. You just can't contribute to the account. **Note:** If you are eligible for Medicare but not yet enrolled, you can still contribute to the HSA.
- If you are enrolled in Tricare you're not eligible for an HSA. (Tricare is health coverage for people in the military.) If you had an HSA when you started on Tricare you can still use the funds. You just can't contribute to the account.
- If you receive care from the Veterans Administration (VA), that may affect your HSA eligibility. Generally, when you receive VA care you are not eligible for an HSA for the next three months. This means that you can't contribute for the three months after having VA care.

⁽³⁾ All spending accounts have limitations and exclusions; please refer to your employer's plan documents for specific information about your plan.

HSA Contribution Road Rules

General Contribution Rules

- You must have a qualified HDHP to contribute to an HSA.
- You can deposit funds into the HSA any time during the year and in any amount up to the annual pre-tax limit which includes any employer contribution.
- You can contribute up to the tax filing deadline for the year. For most people, that is April 15 of the next year.
- If you no longer have an HDHP, you can't continue to contribute to your HSA. However, you can still contribute up to your annual limit for the time you were eligible for the HSA. This means that you can contribute for the months that you had the HDHP. You can do this up until the tax filing deadline. See the Proration Rule section below. **Note:** You can continue to spend the HSA funds for eligible expenses.
- Each year the IRS sets the contribution limits for the next year. These limits are for HDHP coverage (self-only vs. family). These limits are the most that you can contribute for the year to an HSA. These amounts may change each year for the cost-of-living adjustment.

Maximum Contribution Per Year	2014	2015
Self-only coverage	\$ 3,300	\$ 3,350
Family coverage	\$ 6,550	\$ 6,650

- Deposits to an HSA must be made in cash.
- If you are married and one of you has a family HDHP, then both of you have family coverage. This is true even if one of you has a family plan and the other one has a self-only plan. Each of you can have an HSA. This means that together you can contribute up to the family limit. You can't each contribute up to the family limit.
 - > If you each have a self-only plan, then you can each contribute up to the self-only limit to your respective HSA.
 - > If you have a family plan with a deductible for each person you can still contribute only up to the family limit. Let's look at an example. You have a \$4,000 deductible for each person. You and your spouse are on the plan. The contribution limit for the two of you is the family limit for the year. Between the two of you, you can contribute up to that amount. (In 2015, the maximum family limit is \$6,650.)

Last-month Rule

Sometimes an employee does not have the HDHP for the entire year. He or she may start at some point after January 1. This would be true for late enrollees, new hires and for plan years that do not start on January 1.

- If you have an HDHP on December 1, you can contribute to the HSA as if you were eligible all year. You would have to stay in the HDHP through the “testing period.” The testing period starts with the month of December. It continues through the end of the next year. This is a total of 13 months. If you do not stay in an HDHP through the testing period, then the contributions for the months that you did not have the HDHP are no longer tax-free. You would also have to pay a 10% penalty.
 - > Let’s look at an example. You have a self only plan as of December 1, 2015. You did not have an HDHP for the first 11 months of the year. You can still contribute to the HSA for the full year. For 2015, that is \$3,350. You must have an HDHP from December 1, 2015 through December 31, 2016. That’s the testing period. If you no longer have the HDHP at some point in 2016, you would have to pay income taxes on the amount that you contributed for the first 11 months of 2015. You would also have to pay a 10% tax penalty on that amount.
- If you have a self-only HDHP on January 1 and end the year with a family HDHP, the last-month rule applies. Since you would have a family plan on December 1, you can contribute as if you had a family plan all year. You would then have to meet the testing period. That means that you must have an HDHP through the end of the next tax year.

Proration

- If you have an HDHP for part of the year but not on December 1, then the Proration rule applies. This means that you contribute to the HSA just for the months that you are eligible. To prorate, you would calculate your contribution for each month that you are eligible. How much you can contribute for each month is based on the plan you have on the first day of the month.
 - > Let’s look at an example. On January 1, 2015, you have a family HDHP. On May 1, you no longer have an HDHP. This means you are eligible to make contributions for just the first four months of the year. The most that you can contribute for the year is \$2,216.64 ($\$6,650/12 = \554.16×4 months).
- If you have a family HDHP on January 1 and end the year with a self-only HDHP, you would have to prorate your contributions. You would have to prorate for the months when you had a family plan. You would then have to do this for the months when you had a self-only plan. Then you add those amounts together to determine your maximum contribution amount for the year.
 - > Let’s look at an example. On January 1, 2015, you have a family HDHP. On May 1, you change to a self only plan. For the first four months of the year, you can contribute \$2,216.64 ($\$6,650/12 = \554.16×4 months). That’s when you had a family plan. For the rest of the year, you can contribute \$2,233.33 ($\$3,350/12 = \279.16×8 months). That’s for when you had a self-only plan. The most you can contribute for the year is \$4,449.97 ($\$2,216.64 + \$2,233.33$).

Note: With proration, there is no testing period.

Rollovers

- The term “rollover” has several meanings.
 - > Funds in the HSA “rollover” from year to year.
 - > You can rollover funds from one HSA to another HSA.
 - > You can rollover funds from an IRA to an HSA.

Note: Each of these is explained below.
- Funds remain in the HSA from year to year. There is no use-it-or-lose-it rule for HSAs.
- You can roll over funds from an Archer Medical Savings Account (MSA) into your HSA. You can also roll over from one HSA to another HSA. You must complete this within 60 days of withdrawing the funds. You can do this once a year. The rollover amount does not count toward your contribution limit.
- If you have an IRA, you can make a one-time transfer of funds to your HSA. This is a tax-free trustee- to- trustee transfer. The amount of this transfer is limited to your contribution limit for the year. This is based on the HDHP plan (self-only vs. family) that you have in the month of the transfer. **Note:** This is not allowed for a Simplified Employee Pension (SEP) IRA or a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) IRA.
 - > This transfer amount counts toward your annual contribution limit.
 - > There is a “testing period.” You must remain in the HDHP through the end of the testing period. The testing period starts in the transfer month. It continues through the next 12 months. This is a total of 13 months.
 - > If you do not have an HDHP through the end of the testing period, you will have to pay income taxes on the transfer amount. You may also have to pay a 10% penalty tax.

Note: If you change from a self-only plan to a family plan, you can do a second transfer. The amount of the second transfer however is limited to the difference between the contribution limits between a self-only and a family plan.

Trustee-to-Trustee Transfers

- If you instruct one bank or trustee to move HSA funds to another HSA with a different bank or trustee, this is a trustee-to-trustee transfer. This is not a rollover. You can do this as often as you want.

Catch-up Contributions

- If you are 55 and older you can contribute an additional \$1,000 to your HSA. This is a “catch-up” contribution. You can do this each year that you are eligible for an HSA. Once you enroll in Medicare you are no longer permitted to make these contributions.
- If you have to prorate contributions for the year, then you would also do this for your “catch-up” contribution.
- If you have a family HDHP that covers your spouse, and your spouse is age 55 or older, he or she can make a catch-up contribution. If your spouse wants to do this, he or she would have to open up his or her own HSA. Only one person can own an HSA. This means that your spouse can’t contribute his or her catch-up contribution to your HSA. **Note:** This is assuming that your spouse is not yet enrolled in Medicare.

HSA and Medicare

- If you have a family HDHP, and your spouse is enrolled in Medicare, you may contribute up to the family limit. Your spouse would not be able to contribute to an HSA. Only you would be able to do that. **Note:** This is assuming that you are not yet enrolled in Medicare.
- Once you enroll in Medicare, you are no longer eligible to make contributions to your HSA. Your eligibility to make contributions to the HSA will cease on the date of your enrollment in Medicare. Going forward, even though you are no longer eligible to contribute to an HSA, you may continue to use your HSA funds.

Excess Contributions

The amount that you can contribute to an HSA each year is based on a number of factors. These include your level of HDHP coverage (self-only or family); how long you had the HDHP; and your age. If you contribute more to the HSA than what you can contribute for the year, you have an “excess contribution.”

- If you have an excess contribution, you may withdraw that amount as well as any earnings on that amount. You have until the tax filing deadline to do this. For most people, the tax filing deadline is April 15 of the following year. You will have to pay income tax on this amount. However, you will not have to pay a tax penalty.
- If you do not withdraw the excess contribution by the tax filing deadline, you must also pay a 6% excise tax. This tax applies to the excess amount and its earned interest. You will have to pay this excise tax each year that you leave the excess in the HSA. You can use the excess toward the annual contribution limit of another year. If you do that, you will not have to pay the excise tax again.

Note: If you fail to meet a testing period (for the last month-rule or a rollover from an IRA), you can't treat that amount as an excess contribution. You will still have to pay income and penalty taxes for that amount.

COBRA

- COBRA continuation applies to the HDHP offered by your employer. If your employer offers COBRA, then COBRA continuation applies to the HDHP plan but your employer is not required to continue to make HSA contributions during the COBRA continuation period.

HSA Spending Road Rules

Eligible Expenses

- You may use your HSA to pay for eligible medical care expenses. The medical care can be for you, your spouse and your tax dependents. This is true even if you have a self-only HDHP.
- You can use your HSA funds when you have to pay for eligible expenses out-of-pocket. This includes what you pay for deductibles, co-insurance and copays.
- You can also use your HSA funds to pay for some insurance premiums.
 - > Long-term care (LTC) insurance⁽⁴⁾
 - > COBRA health care continuation
 - > Health care coverage while receiving unemployment benefits
 - > Medicare and other health insurance if age 65 and older, not including Medicare supplement
- You can use your HSA for expenses incurred on or after the effective date of the HSA.
- You can find more information in IRS Publications 969 and 502. You can find them at www.irs.gov. You can also go to Table C for a sample list of qualified medical expenses. Table D is a sample list of non-qualified medical expenses. These two tables are at the end of this guide. Please note that Publication 502 contains guidance on what medical expenses are deductible on an individual's federal income tax form based on Internal Revenue Code Section 213(d), but that some expenses such as insurance premiums, that would be deductible under IRC 213(d) cannot be reimbursed from an HSA.

Non- Qualified Medical Expenses

- You can use your HSA funds for a non-qualified medical expense; however, you will have to pay income taxes on that amount. You may also have to pay a 20% tax penalty.
 - > If you are age 65 or older or disabled at the time you use your HSA funds for a non-qualified medical expense, you will not have to pay the 20% penalty. You would still have to pay income taxes on this amount.

Mistaken Distribution

- If you used HSA funds for a non-qualified medical expense, you can return the money to your HSA. You would have to do this before the tax filing deadline for the year in which you knew, or should have known, that the withdrawal was a mistake. If you return the money before the deadline, you will not have to pay a penalty for this.

Record Keeping

- You must keep all your receipts showing how you used your HSA funds. There are two key reasons to do this. One is to show that you used your funds for qualified medical expenses. The other is in case you are audited by the IRS.

Inheriting the HSA

- You should choose a beneficiary when you set up your HSA. If you name your spouse as the designated beneficiary of your HSA, your spouse will inherit your HSA upon your death and it will be treated as your spouse's HSA after your death. If you name someone else as the designated beneficiary, then that person will inherit the HSA, however, the account will no longer be considered an HSA, and the fair market value of the HSA becomes taxable to the designated beneficiary in the year in which you die. If there is no designated beneficiary, the HSA will become part of your estate and the fair market value is included on your final income tax return.

⁽⁴⁾ ***The premiums for long-term care insurance that you can treat as qualified medical expenses are subject to limits based on age and are adjusted annually.***

HSA Tax Road Rules

Tax reporting is part of an HSA. We will report your contributions to and distributions from your HSA to the IRS. We will also report them to you. You must use IRS Form 8889 to report your HSA activity. You must file this form with your Form 1040.

Who	What	When	Why
HSA Account Owner	<ul style="list-style-type: none"> Completes Form 8889 with your income tax return If you have any excess contributions, use Form 5329 	<ul style="list-style-type: none"> Prior to the annual tax filing deadline Prior to the annual tax filing deadline 	<ul style="list-style-type: none"> To show contributions to and distributions from your HSA Only needed if you have excess contributions that you have not withdrawn
Employer	<ul style="list-style-type: none"> Sends Form W-2 that includes HSA contribution information <p>Note: HSA contributions made through a cafeteria plan are included in Box 12 using a code of "W."</p>	<ul style="list-style-type: none"> In January (for the prior tax year) 	<ul style="list-style-type: none"> To report HSA contributions made through a cafeteria plan <p>Note: Some employers do not offer pre-tax contributions.</p>
Custodian	<ul style="list-style-type: none"> Sends Form 1099-SA to you* Sends Form 5498-SA to you* <p>* Also sends a copy to the IRS</p>	<ul style="list-style-type: none"> In January No later than the end of May 	<ul style="list-style-type: none"> Reports annual distribution information for use in tax preparation and filing <p>Note: Many custodians send Form 5498-SA at the end of May. This will include HSA contributions made through the tax filing deadline.</p>

Tax Reporting – Employer

- If you make contributions pre-tax from your pay, your employer will report these on your W-2. Your amount for the year will be in Box 12. They will use a code of "W."
Note: The IRS defines your pre-tax contributions as employer contributions.
- Your employer may contribute to your HSA. If so, they will also report this amount on your W-2. Your employer will combine this amount with your contributions. The full amount will be in Box 12. **Note:** This does not include any post-tax contributions you make on your own to your HSA.

Tax Reporting – Custodian

- PayFlex is the custodian of the HSA you have with your employer. We must report all contributions to your HSA. We will report them on Form 5498-SA. This form also includes the Fair Market Value (FMV) of your HSA. The FMV will be as of December 31 of that year. We have until May 31 of the next year to mail this form to you. This form will include contributions through the tax filing deadline. You can contribute to your HSA up until the tax filing deadline. For most people, this is April 15 of the following year.
 - > We will also report any excess contributions on Form 5498-SA. This is true even if we returned the funds to you.
- We must also report distributions from your HSA. We will report these on Form 1099-SA. We must mail this form by January 31 to you. It will include distributions through December 31 of the previous year. Distributions include:
 - > Withdrawals
 - > Debit card purchases
 - > Check payments to providers
 - > Bill payment transactions
 - > Return of excess contributions

Tax Reporting – Account Owner

- You must report your HSA activity on Form 8889. This includes contributions to and withdrawals from the HSA. You must include this form as part of your federal income tax return (Form 1040).
- If you have to report excess contributions, you must do so on Form 5329. You only have to report them if you left them in the HSA. If you did not have any or you removed them, you do not have to file this form.
- You can get Forms 8889 and 5329 on the IRS website. This is www.irs.gov. You can also get instructions for these forms. You may also call the IRS at 1-800-TAX-FORM. You can also visit an IRS office in person.

Excess Contributions

- If you have an excess contribution you should remove it from the HSA. If you do this in a timely manner, you will have to report that excess amount plus any interest on Form 1040; however you will not owe any excise taxes on the amount of the excess contribution. You will report it as “Other Income.”
- If you do not remove the excess, then you must report it. You will do this on Form 8889. You will then report that amount on Form 5329. You will also have to calculate and pay an excise tax on this amount.

Trustee-to-Trustee Transfers

- You do not have to report a trustee-to-trustee transfer. With a trustee-to-trustee transfer, the funds pass directly from one custodian to the other. If you accept a payout from an HSA and then direct the funds to another custodian, that is not a trustee-to-trustee transfer. That is a rollover.

Rollover

- You can do one rollover per year. You must complete this within 60 days of withdrawing the funds.

State Taxes

- Most states follow the federal tax law for pre-tax contributions to your HSA. This means that if you contribute pre-tax to an HSA you will not pay federal and state income taxes on those amounts. However, some states do not allow this. For those states, you would still have to pay state income taxes on your HSA salary contributions. Please consult with your tax advisor or your state department of revenue to determine how state taxes may impact your HSA.

Table A

Allowable HSA Investments

Allowable HSA Investments
Bank Accounts
Annuities
Certificates of Deposit
Stocks
Bonds
Mutual Funds

Note: An HSA custodian or trustee may limit or restrict certain types of investments.

Not Allowable HSA Investments
Collectables – including any work of art, antique, metal, gem, stamp, coin, alcoholic beverage or other personal property as described in Section 408(m)(3) of the Internal Revenue Code
Life Insurance Contracts

Table B

Allowable Expenditures on Long-Term Care Insurance

In order to use HSA funds for long-term care (LTC), your LTC insurance contract must meet the following requirements.

1. Be guaranteed renewable
2. Not provide for cash surrender value or other money that can be paid, assigned, pledged, or borrowed
3. Provide that refunds, other than refunds on the death of the insured or complete surrender or cancellation of the contract, and dividends under the contract, must be used only to reduce future premiums or increase future benefits
4. Generally may not pay or reimburse expenses incurred for services or items that would be reimbursed under Medicare, except where Medicare is a secondary payer, or the contract makes per diem or other periodic payments without regard to expenses

There is a limit to how much of your HSA funds you can use to pay for LTC premiums. These amounts may change each year for inflation. The amounts issued by the IRS for 2014 are below.

2014 Allowable Long-Term Care Premium Amounts	
Age 40 or Under	Up to \$370
Age 41 to 50	Up to \$700
Age 51 to 60	Up to \$1,400
Age 61 to 70	Up to \$3,720
Age 71 or Over	Up to \$4,660

Table C

Sample List of HSA Qualified Medical Expenses from Your HSA

You use the HSA funds to pay for qualified medical expenses. You are the one to determine if you are paying for qualified medical expenses. Generally speaking, qualified medical expenses are the costs of diagnosis, cure, mitigation, treatment or prevention of disease, and the cost for treatments affecting any part or function of the body. It is not for general health. See IRS Publications 969 and 502 for more information.

Sample List of Qualified Medical Expenses from Your HSA	
Note: This is not a complete list	
Acupuncture	Alcoholism Treatment
Ambulance	Artificial Limb
Artificial Teeth	Bandages
Birth Control Pills (by prescription)	Breast Reconstruction Surgery (mastectomy)
Car, Special Hand Controls (for disability)	Certain Capital Expenses (for the disabled)
Chiropractors	Christian Science Practitioners
COBRA premiums	Contact Lenses
Cosmetic Surgery (if due to trauma or disease)	Crutches
Dental Treatment	Dermatologist
Diagnostic Devices	Disabled Dependent Care Expenses
Drug Addiction Treatment (inpatient)	Drugs (prescription)
Eyeglasses	Fertility Enhancement
Guide Dog	Gynecologist
Health Institute (if prescribed by physician)	Hospital Services
Hearing Aids	Home Care
Insulin	Laboratory Fees
Lasik Surgery	Lead-Based Paint Removal
Learning Disability Fees (prescription)	Legal Fees (if for mental illness)
Life-Care Fees	Lodging (for out-patient treatment)
Long-Term Care (medical expenses)	Long-Term Care Insurance (up to allowable limits)
Meals (associated with receiving treatments)	Medical Conferences (for ill spouse/dependent)
Medicare Premiums (except Medicare Supplement)	Medicare Deductibles
Nursing Care	Mentally Retarded (specialized homes)
Obstetrician	Nursing Homes
Operations – Surgical	Operating Room Costs
Optician	Ophthalmologist
Organ Transplant (including donor's expenses)	Optometrist
Orthopedic Shoes	Orthodontia
Osteopath	Orthopedist
Over-the-Counter Medicines or Drugs for which you have a prescription	Out-of-pocket expenses while enrolled in Medicare
Pediatrician	Oxygen and Equipment
Podiatrist	Personal Care Services (for chronically ill)
Prenatal Care	Post-Nasal Treatments
Prosthesis	Prescription Medicines
Psychiatric Care	PSA Test
Psychoanalysis	Psychiatrist
Psychologist	Psychoanalyst
Radium Treatment	Qualified Long-Term Care Services
Special Education for Children (ill or disabled)	Smoking Cessation Programs
Spinal Tests	Specialists
Sterilization	Splints
Telephones and Television for Hearing Impaired*	Surgery
Therapy	Transportation Expenses for Health Care
Transplant	Vaccines
Vitamins (if prescribed)	Weight Loss Programs
Wheelchair	Wig (hair loss from disease)
X-Rays	

*Only the cost above regular equipment is an eligible expense.

Table D

Sample List of Non-Allowable Expenditures from Your HSA

Sample List of Non-Qualified Medical Expenses from Your HSA This is not a complete list	
Advance Payment for Future Medical Expenses	Athletic Club Membership
Over-the-Counter Medicines or Drugs for which you do not have a prescription	Babysitting (for healthy children)
Boarding School Fees	Bottled Water
Commuting Expenses for the Disabled	Controlled Substances
Cosmetics and Hygiene Products	Dancing Lessons
Diaper Service	Domestic Help
Electrolysis or Hair Removal	Funeral Expenses
Hair Transplant	Health Programs at Resorts, Health Clubs, & Gyms
Household Help	Illegal Operations and Treatments
Illegally Procured Drugs	Maternity Clothes
Medigap premiums	Nutritional Supplements
Premiums for Life or Disability Insurance	Premiums for Accident Insurance
Premiums for your HSA-qualified health plan	Scientology Counseling
Social Activities	Special Foods/Beverages
Swimming Lessons	Teeth Whitening
Travel for General Health Improvement	

Note: There may be fees associated with an HSA. The types of fees may be similar to those you may pay for bank checking account transactions. Please see the HSA fee schedule in your HSA enrollment materials for more information.