



QUALIFIED AND NONQUALIFIED MEDICAL EXPENSES

Use your health care spending account to pay for or get reimbursed for a variety of medical goods and services and some health insurance premiums (for select accounts). See the complete list of qualified and unqualified medical expenses in *IRS Publication 502—Medical and Dental Expenses*. And see the complete list of qualified dependent care expenses for a dependent care FSA in *IRS Publication 503—Child and Dependent Care Expenses*.

Qualified medical expenses

- Acupuncture
- Alcoholism (rehab, transportation for medically advised attendance at AA)
- Ambulance
- Amounts not covered under another health plan
- Annual physical examination
- Artificial limbs and teeth
- Birth control pills and prescription contraceptives
- Body scans
- Breast reconstruction surgery
- Chiropractor
- Contact lenses
- Crutches
- Dental treatments
- Eyeglasses and eye surgery
- Hearing aids
- Home care
- Long-term care expenses
- Medicines (prescribed, not imported from other countries)
- Nursing home
- Nursing services
- Optometrist
- Orthodontia
- Oxygen
- Stop-smoking programs
- Surgery
- Telephone equipment and repair for hearing impaired
- Therapy
- Transplants
- Weight-loss program (if prescribed by a physician for a specific disease)
- Wheelchairs
- Wigs (if prescribed)

Nonqualified medical expenses

- Babysitting, child care and nursing services for a normal, healthy baby (may qualify under a dependent care FSA)
- Dancing lessons
- Diaper service
- Elective cosmetic surgery
- Electrolysis or hair removal
- Funeral expenses
- Future medical care
- Hair transplants
- Health club dues
- Insurance premiums other than those explicitly included
- Medicines and drugs from other countries
- Nonprescription drugs, medicines, and supplements (unless prescribed)
- Nutritional supplements, unless recommended by a medical practitioner as treatment for a specific medical condition diagnosed by a physician
- Teeth whitening

If your account is used for nonqualified medical expenses you'll have to pay income taxes on the withdrawal plus a 20% penalty. Keep all itemized receipts and copies of prescriptions for over-the-counter medications in case of an IRS audit.

Qualified medical expenses for a limited-purpose FSA are restricted to qualified out-of-pocket costs for dental and vision care. Other expenses normally eligible under a standard FSA aren't eligible under a limited-purpose FSA.

This document should not replace professional medical or tax advice. Please consult your tax advisor. If you have questions regarding a medical condition, please consult a qualified health care professional.

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