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# Health Savings Accounts Examples of Ineligible Medical Expenses



The products and services listed below are examples of expenses **NOT** eligible for payment under your [C\_OfficialName] **Health Savings Account**, according to the Internal Revenue Service. Typically, expenses for items that promote general health are not eligible expenses. Please note that this list is not all-inclusive, and is subject to change.

In addition, the following expenses may not be reimbursed from an HSA:

- ◆ Premiums for Medicare supplemental policies;
- ◆ Expenses covered by another insurance plan; or
- ◆ Expenses incurred prior to the date the HSA was established.\*

**While the trustee is not required to determine if a claim submitted for reimbursement is an eligible expense, ineligible expenses reimbursed from an HSA must be included in the account holder's taxable income and is subject to a 10% penalty, unless funds are distributed as a result of the account beneficiary's death, disability, or after he or she is eligible for Medicare, the 10% penalty does not apply.**

- |                                |                                  |                                    |
|--------------------------------|----------------------------------|------------------------------------|
| ✓ Babysitting and Child Care   | ✓ Health Club Dues               | ✓ Nutritional Supplements          |
| ✓ Controlled Substances        | ✓ Health Coverage Tax Credit     | ✓ Personal Use Items               |
| ✓ Cosmetic Surgery             | ✓ Household Help                 | ✓ Swimming Lessons                 |
| ✓ Dancing Lessons              | ✓ Illegal Operations and         | ✓ Teeth Whitening                  |
| ✓ Diaper Service               | Treatments                       | ✓ Veterinary Fees – except for the |
| ✓ Electrolysis or Hair Removal | ✓ Insurance Premiums             | care of seeing- or hearing-        |
| ✓ Funeral Expenses             | ✓ Maternity Clothes              | impaired animals                   |
| ✓ Future Medical Care          | ✓ Medicines and Drugs from Other | ✓ Weight-Loss Program              |
| ✓ Hair Transplant              | Countries                        |                                    |

*Plans that do not allow reimbursement of **all** eligible medical expenses as defined by the IRS and Department of Treasury must customize this brochure prior to use.*

\* IRS Rev. Ruling 2004-25 provides transitional relief for individuals that have purchased a qualifying high deductible health plan but have been unable to establish an HSA because they cannot locate a trustee or custodian willing to establish an HSA. Eligible individuals that establish an HSA account on or before April 15, 2005, may pay or reimburse on a tax-free basis an otherwise qualified medical expense if the expense was incurred on or after the later of a) January 1, 2004, or b) the first day of the first month that the individual became eligible to contribute to an HSA. The IRS Ruling does not provide transitional relief to individuals that have been unable to locate an insurance carrier that offers a qualifying high deductible health plan.

\*\* Eligible only with doctor's certification identifying the medical condition and length of treatment program.

\*\*\* Eligible only with doctor's certification identifying the physical nature of the medical condition and the length of treatment program. Massage therapy for the sole purpose of tension or stress relief (even with a doctor's statement) does not qualify as an eligible medical expense.