

Health Savings Accounts and Health Reimbursement Arrangements (small group only) are health care financing programs that enable insureds and employees to be reimbursed for qualified medical care expenses. Qualified expenses are defined under Section 213(d) of the IRS Code.

Medical care expense is defined as amounts paid for the diagnosis, cure, treatment or prevention of disease, and for treatments affecting any part or function of the body. Medical care expenses must be primarily to alleviate or prevent a physical or mental defect or illness.

**NOTE:** Many HRA plans are designed by employers to reimburse employees only for qualified medical expenses applied to the plan deductible. Consequently, a medical expense could be a qualified expense, as defined by the IRS, but not reimbursable according to the employer's HRA plan design.

Below are examples of both qualified and non-qualified medical expenses. For additional information, refer to IRS Publication 502 titled, "Medical and Dental Expenses", Catalog Number 15002Q. The publication is available at the IRS web site, [www.irs.gov](http://www.irs.gov) or by calling 800-TAX-FORM (800-829-3676).

### Examples of Qualified Medical Expenses

- Acupuncture
- Alcoholism treatment
- Ambulance
- Artificial limbs or prostheses
- Artificial teeth
- Birth control pills (by prescription)
- Braces
- Breast reconstruction surgery
- Car - special hand controls or equipment to accommodate a disabled person
- Chiropractor
- Christian Science practitioner
- Contact lenses and cleaning solutions
- Crutches
- Dental treatment
- Dentures
- Dermatologist
- Diagnostic devices (blood sugar test kit)
- Drug addiction treatment
- Eyeglasses
- Fertility enhancement
- Guide dog or assistance animal
- Hearing aids and batteries
- Home care
- Home improvements to accommodate a disabled person
- Hospital services
- Lab fees
- Laser eye surgery
- Lead paint removal
- Lodging (away from home for prescribed outpatient care)
- Long-term care premiums (certain limits apply)
- Long-term care services
- Nonprescription medications
- Nursing home
- Nursing services (including board and meals)
- Ophthalmologist
- Optician
- Optometrist
- Organ transplant (including donor's expenses)
- Osteopath
- Oxygen and oxygen equipment
- Physician services
- Podiatrist
- Prescription medications
- Psychiatric care
- Psychiatrist
- Psychologist
- Special home for the mentally retarded
- Special school costs for the handicapped
- Sterilization
- Surgery
- Stop-smoking programs (physician prescribed)
- Telephone or TV equipment to assist the hearing impaired
- Therapy
- Transportation (primarily for and essential to medical care)
- Vasectomy
- Weight loss programs to treat an existing disease
- Wheelchair
- X-rays

### Examples of Non-Qualified Medical Expenses

- Athletic or health club membership
- Automobile insurance premium allocable to medical coverage
- Babysitting and childcare for a healthy baby
- Bottled water
- Cosmetic surgery and procedures (unless for deformity)
- Cosmetics, hygiene products and similar items
- Diaper service
- Domestic help
- Electrolysis or hair removal
- Funeral, cremation or burial expenses
- Hair transplant
- Illegal operations and treatments
- Maternity clothes
- Nutritional supplements
- Premiums for life insurance, income protection, disability, loss of limbs, sight or similar benefits