



## **HSA INSIDER**

a division of Canopy Financial

### **HSA Road Rules** for Employees/Individuals

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## Publisher’s Note

Downloaded by millions since 2004, HSA Road Rules is an easy-to-understand guidebook that distills the most important principles about HSAs.

The information contained in HSA Road Rules may not necessarily apply to your specific circumstances or take into account your individual tax or employee benefits situation. We make no claims concerning HSA Road Rules’ accuracy or validation by any third party. Please consult your own tax or legal advisor for assistance.

## About Canopy Financial

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## Introduction to Health Savings Accounts (HSAs)

A Health Savings Account (HSA) is like a 401(k) for healthcare. It is a tax-advantaged personal savings or investment account that individuals can use to save and pay for qualified health expenses, now or in the future. Paired with a qualified high deductible health plan (HDHP), an HSA is a powerful financial tool that empowers consumers to be more actively involved in their health care decisions.

However, unlike other financial savings vehicles (Roth IRA, Traditional IRA, 401K, etc.), an HSA has the unique potential to offer triple tax savings through:

- ▶ Pre-tax or tax-deductible contributions to the HSA
- ▶ Tax-free interest or investment earnings
- ▶ Tax-free distributions, when used for qualified medical expenses

Contributions can be made by the employer, the employee/individual, or both. Tax-free withdrawals can be made to pay for qualified medical expenses incurred by the account holder, spouse, children and other dependents.

HSAs are also portable, which means that individuals keep their HSAs, if changing jobs or becoming unemployed. Also, since the account is owned by the individual, there is no “use-it-or-lose-it” provision, like with a Flexible Spending Account (FSA). Instead, unused contributions roll over each year, with interest and/or investment earnings compounding on a tax-free basis, like an IRA or 401(k). HSAs offer the potential for long-term, tax-free savings that can be used for future medical expenses, such as Medicare premiums and certain long-term care expenses and insurance.

Any adult who is not already enrolled in Medicare and is covered by an HDHP (and has no other first dollar coverage except for preventive care) may establish an HSA. There are no income limitations.

## Section 1

# Universal HSA Principles for Consumers

- 1 You must be enrolled in an HSA-qualified high deductible health plan (HDHP) to open or contribute to a Health Savings Account (HSA) in your own name.
- 2 Switching to an HDHP from a traditional low deductible health plan will substantially lower your health plan premium. The money you save in premiums can be deposited into your HSA.
- 3 The money in your HSA is entirely your own. Even if your employer makes contributions to your HSA, your employer cannot restrict what you can spend it on. Since it is your money, it also stays with you when you change jobs.
- 4 You are in charge of your HSA funds, making you and your doctor the decision makers, not some third-party. Spending your own money also means that you will likely inquire more about the cost of your health care expenditures, helping to introduce marketplace competition into the world of health care.
- 5 There is no time limit as to when you can reimburse yourself for your health care expenses; you just need to keep legible receipts and records in case you do reimburse yourself or if you are audited.
- 6 You decide whether and how much to spend from the account for your medical expenses, whether to spend out-of-pocket or to save the HSA money for the future. Just like a 401(k), earnings that compound tax-free for several years have the potential to grow exponentially into a supplemental retirement nest egg. After age 65 (or if you're disabled), funds can be withdrawn for non-qualified expenses without being subject to the 10% penalty, but ordinary income taxes still apply.
- 7 Anyone can contribute to another person's HSA. The tax benefit from such a contribution is gained by the person receiving the contribution, not the person giving the contribution.
- 8 You decide which company will hold your HSA money (your trustee or custodian), and what type of investments you make with your account. Any investment allowed for IRAs is allowed for HSAs (please see Table A).
- 9 IRS Publication 502 provides a list of most allowable HSA expenditures.

Please see Table D and E of this document for a partial and summary list of allowable (tax-free) and non allowable (not tax-free) expenditures from your HSA.

Section 2

## HSA Eligibility Road Rules

1 The account holder must be enrolled in an HSA-qualified high deductible health plan (HDHP).

2 An HSA-qualified HDHP has the following characteristics:

a.

Minimum Deductible	2008	2009
Self-only coverage	\$1,100	\$1,150
Family coverage	\$2,200	\$2,300

The minimum deductible is indexed annually for inflation; this information is released no later than the preceding June 1st.

b.

Maximum Out-of-Pocket Limit	2008	2008
Self-only coverage	\$5,600	\$5,800
Family coverage	\$11,200	\$11,600

The maximum out-of-pocket limit includes deductibles and co-pays and is also indexed annually for inflation; non-covered expenses by the health plan do not count towards the out-of-pocket limit.

c. Your HSA-qualified HDHP offers first dollar coverage for many preventive care services, meaning that certain preventive care services are not subject to the deductible. Preventive care services may include: periodic health evaluations such as annual physicals, screening services like mammograms, routine prenatal and well-child care, child and adult immunizations, tobacco cessation programs, and obesity weight loss programs. Check with your health plan provider for specifics;

d. Prescription drugs taken to prevent the onset of a condition for which a person has developed risk factors may be considered preventive care, thus potentially allowing co-pays to apply to preventive care, rather than being subject to the deductible;

e. As a general rule of thumb, if you are treating an existing illness or condition with either a drug or procedure, that drug or procedure is not considered preventive care (an already existing condition cannot be prevented). If you are trying to stave off an illness or condition by taking a drug or with a procedure, that may be considered preventive care. Some drugs, such as cholesterol lowering ones, can be either preventive or non-preventive under HSA rules, depending on your own health situation;

f. Higher out-of-pocket (co-pays and co-insurance) may be incurred for out-of-network care. Consider this when selecting your health plan provider;

g. Effective January 1, 2006, prescription drug coverage before the deductible is met is no longer allowed, unless the prescription drug use is preventive.

3 You cannot be covered by any other health insurance that reimburses you for health expenses you incur, unless it is another HSA-qualified HDHP. If a family has all its members covered under two HSA-qualified HDHPs, or some family members are on one qualified plan and the other family members are under another qualified plan, the maximum annual contribution to the account remains in force. Just because you have coverage with two HSA-qualified HDHPs does not mean you can double your HSA contribution.

4 For those covered by two HSA-qualified HDHPs, it is a violation of the coordination of benefit rules to be paid by each plan for the same expense.

- 5 Flexible Spending Accounts (FSAs) and Health Reimbursement Arrangements (HRAs) may make you ineligible for an HSA unless they are: (1) “limited purpose” (limited to dental, vision, child care, or preventive care) or (2) “post-deductible” (pay for medical expenses after the plan deductible is met). HRAs that set aside money only for retiree health expenses are also acceptable as are ones that are suspended.
- 6 An employer can restrict the type of expenditures an employee makes from their FSA during a two and a half month grace period that some employers may grant to employees for relief from the FSA “use-it-or-lose-it” rule. If an employer restricts the FSA expenditures to non-health items (such as is the case with a limited-purpose FSA) during this grace period, then such employee is eligible for an HSA, provided they have the proper high deductible health plan.
- 7 If you are enrolled in Medicare or Medicaid, you cannot open an HSA.
- 8 Tricare (military healthcare) does not currently offer an HSA-qualified high deductible health plan. Therefore, if you are on Tricare, you cannot have an HSA.
- 9 If you have received any Veterans Administration health benefits in the last three months, you cannot have an HSA.
- 10 If you are Medicare eligible and are not enrolled in Medicare, you can open or contribute to an HSA if you have an HSA-qualified health insurance plan (please see Table B).
- 11 You cannot establish separate HSA accounts for your minor dependent children.
- 12 You do not have to have earned income from employment to have an HSA.
- 13 Unlike an IRA, there are no income limits to having an HSA.
- 14 You do not have to itemize your deductions on your federal income taxes to deduct your contributions to an HSA. HSA deductions are “above-the-line” before Adjusted Gross Income (AGI) is calculated.
- 15 You can open an HSA and also have specific disease or illness, accident, disability, dental care, vision care, and long-term care insurance, and be enrolled in Employee Assistance, disease management, drug discount, and wellness programs.

NOTE: Reasonable benefit designs (lifetime limits on benefits, limits to usual, customary and reasonable amounts, limits on specific benefits, pre-certification requirements) are not counted toward the out-of-pocket maximum.

Section 3

## HSA Contribution Road Rules

- 1 You must have an HSA-qualified HDHP to open or contribute to an HSA.
- 2 If you no longer have an HSA-qualified HDHP, you cannot contribute to your HSA, but you can maintain and spend the already deposited funds as stipulated by law.
- 3 Beginning in 2007, the maximum HSA contribution is not limited to the annual deductible under the high deductible health plan. Prior to 2007, your annual HSA deposit could never exceed your insurance plan's deductible, unless you were 55 or older and were making "catch-up" contributions.

4 Maximum Contribution Per Year	2008	2009
Self-only coverage	\$2,900	\$3,000
Family coverage	\$5,800	\$5,950

The maximum amount you can contribute per year is indexed annually for inflation and excludes "catch-up" contributions for those 55 years and older.

- 5 Beginning in 2007, as long as you are enrolled in an HSA-qualified HDHP for at least the last full month of the year, you are eligible to make a full HSA contribution for that year, provided that you remain enrolled in an eligible HDHP for the full following calendar year. If you do not have coverage at the end of the following calendar year, the maximum contribution amount is pro-rated based on the number of full months you had the HDHP.

For example, let's say you become eligible on December 1, 2008. Even though you did not have HDHP coverage for the first 11 months of the year, you are still eligible to make a full-year HSA contribution of \$2,900, provided that you maintain HDHP coverage for a period beginning December 1, 2008, and ending December 31, 2009.

- 6 Deposits to an HSA must be made in cash or through a rollover from a Flexible Spending Account (FSA), Health Reimbursement Arrangement (HRA), Individual Retirement Account (IRA) or another HSA (HSA).
- 7 For FSA/HRA rollovers, contributions to an HSA must not exceed an amount equal to the lesser of (1) the balance in the health FSA or HRA as of September 21, 2006, or (2) the balance in the health FSA or HRA as of the date of the distribution. The distribution is not includible in income (or carry other penalties) and does not count against the maximum tax deductible contribution that can be made to the HSA.
- 8 For IRA rollovers, a direct trustee-to-trustee transfer can be made only one time per lifetime (the only exception being if a contributing individual goes from having self-only to family coverage during the tax year). The amount that can be distributed from the IRA and contributed to an HSA is limited to the otherwise maximum deductible contribution amount to the HSA based on the type of coverage under the high deductible health plan at the time of the contribution. Amounts distributed from an IRA under the provision are not includible in income to the extent they would otherwise be includible in income and are not subject to the 10-percent additional tax on early distributions. The provision does not apply to simplified employee pensions (SEPs) or to SIMPLE retirement accounts.
- 9 Individuals 55 and older can make additional "catch-up" contributions until they enroll in Medicare. For a schedule of the increasing "catch-up" deposit amounts allowed, please see Table B.

- 10 In the year you enroll in Medicare, you must pro-rate your “catch-up” contribution for the number of months you had HSA-qualified HDHP coverage, prior to the month your Medicare enrollment is effective.
- 11 If you have a family plan with multiple per-person deductibles, you cannot deposit more into the HSA than the maximum amount allowed for family coverage. For example, a family of two with a \$4,000 per person deductible cannot deposit \$8,000 into their 2008 family HSA; rather, the maximum contribution is \$5,950.
- 12 You can “front load” or fully fund your HSA on day one of your HSA being in effect, provided you do not exceed the annual maximum amount. You can make the deposit anytime after your HSA is open.
- 13 If you become covered by a HDHP in a month later than January, you can “back load” or make full contributions for the preceding months up to January. If, however, you fall out of qualifying insurance coverage (for reasons other than death or disability), all the back loaded months of HSA contributions for which you are not eligible are includible in your gross income and you face a 10-percent additional tax to the amount includible.
- 14 You can deposit funds into your HSA in a lump sum or in any amounts or frequency you wish. However, your account trustee/custodian can impose minimum deposit and balance requirements.
- 15 Rollovers from an Archer Medical Savings Account into a HSA are allowed if completed within 60 days of withdrawing the funds from your Archer Medical Savings Account.
- 16 The term “rollover” has several meanings. Rollover of HSA funds from year to year of unspent balances is well understood. However, IRA and HSA rollovers have another meaning to the IRS: you are allowed to take any amount of your HSA funds out of your account out once a year, and there is no limitation on what those funds can be spent on. If the funds are returned to the HSA within 60 days, there is no tax or penalty. However, if those funds are not returned to the HSA within 60 days, then you must pay the taxes due on those funds, and the 10% penalty. Unofficially, this “rollover” rule is known as the “playing with fire” rule.
- 17 Unlimited HSA trustee to HSA trustee transfers are allowed, meaning you can move your HSA account any number of times you want in a given year.
- 18 If you have contributed an amount into your HSA which exceeds your maximum allowable deposit, you may withdraw the excess amount and any earnings on the excess amount prior to April 15th of the following year without paying a tax penalty. However, you must pay income tax on your excess contributions and income tax on any earnings of the excess contribution.
- 19 If you do not withdraw the excess contribution to your HSA prior to April 15th of the following year, you must pay a 6% excise tax on the excess contribution, and on any earnings of the excess contribution. If in the next year you decreased your maximum contribution by the amount of your excess contribution made the year before, you do not have to pay the 6% excise tax again. If, however, you leave the excess contribution in, and do not decrease your maximum contribution by the amount of your excess contribution made the year before, you will have to pay the 6% excise tax each year the excess contributions and earnings are in the HSA.
- 20 If your employer is paying COBRA for you, your employer does not have to continue making deposits into your HSA. However, your employer does have to pay the continuing premium for your qualified HDHP.

## HSA Spending Road Rules

- 1 There is a wide range of allowable tax-free HSA expenditures, including vision and dental expenses, and, for example, braces for your children. A description of qualified HSA expenditures can be found in IRS Publication 502, and is located at the web at: [www.irs.gov/pub/irs-pdf/p502.pdf](http://www.irs.gov/pub/irs-pdf/p502.pdf). Publication 502 has great examples, but it is not the definitive list (please see Table D for a partial list of allowable tax-free expenditures and Table E for non allowable expenditures).
- 2 If a distribution from your HSA is used for purposes other than a qualified health care expense as defined in IRS Publication 502, then the amount withdrawn is subject to both income tax and a 10% penalty, unless the person who makes such a withdrawal from their HSA is over the age of 65. If 65 years old or older, the amount withdrawn for non-medical purposes is treated as retirement income, and is subject to normal income tax, but is not subject to the 10% penalty.
- 3 Withdrawals that were made for what the HSA owner thought were qualified medical expenditures, but turned out not to be qualified medical expenditures, can be returned to the HSA if there is clear and convincing evidence that the expenditure was a mistake of fact. Such repayment to the HSA must be made on or before April 15th of the year following when the individual knew, or should have known, the expenditure was a mistake.
- 4 Other qualified expenses from an HSA include out-of-pocket health expenditures while enrolled in Medicare (including Medicare premiums, deductibles, coinsurance and co-pays but not “Medigap”), employee share of health insurance premiums for employer-based coverage, premiums for COBRA continuation health insurance coverage from a former employer, premiums for qualified long-term care insurance coverage subject to the age limits in the Internal Revenue Code (please see Table C), and medical services provided in other countries.
- 5 Everyone with an HSA must keep all their receipts showing their expenditures from their account. There are two key reasons to do this: (1) if you exceed your deductible, you may need the receipts to send to your insurer, and (2) in case you are audited by the IRS, you need to explain your HSA expenditures.
- 6 You may use funds from your HSA to reimburse expenses from a previous year, but only if you had an HSA at the time the expenses were incurred.
- 7 Your spouse will inherit your HSA upon your death, unless you provide otherwise.
- 8 Should the HSA owner have no spouse, the funds in the account shall no longer be treated as an HSA but part of the individual’s estate and will be subject to estate taxes.
- 9 HSA funds cannot be used to pay for health insurance premiums unless the individual is receiving federal or state unemployment benefits.

## Why HSAs Were Designed this Way

- 1** Why can't the out-of-pocket amount be tied to the maximum contribution?  
Tying the maximum contribution rate to the out-of-pocket maximum is a viable policy, but the cost to the Federal government in lost taxable income made that idea politically unviable when the law was passed.
- 2** Why not carve out prescription drugs and allow tiered co-pays?  
Including prescription drugs as a benefit below the deductible will drive up the low cost of HSA-qualified HDHPs, and, as a result, reduce the amount of savings derived from switching to an HDHP. Likewise, tiered co-pays, or any other benefit that is paid outside the deductible, greatly diminishes the effect of consumers spending their own money. When you spend your own money, you spend it differently than if you are spending someone else's money. Think of going out for an all expenses paid meal, versus going to a restaurant where you are paying: you order differently.
- 3** Why can't early retirees pay their HSA-qualified health insurance premium from their HSA?  
This change in the law was suggested but the objection is that given that there are millions in the individual market who have health insurance but receive no tax break for their purchase, why should insured early retirees get special treatment?
- 4** Why can't seniors use their HSA to pay for Medigap coverage?  
The guiding principle of HSAs is for people to use their own money to meet a substantial deductible, thereby providing a financial incentive to spend the funds wisely and not to over consume. The main purpose of a Medigap policy is to insure the Medicare deductible.  
  
Allowing HSA funds to pay for Medigap insurance would be akin to allowing HSA funds to buy insurance to cover the HSA deductible. In other words, it would be using HSA funds to defeat the entire purpose of an HSA.
- 5** Why are the long-term care premium amounts that can be paid out of an HSA limited?  
During the HSA legislation drafting process, there were other issues being negotiated that needed political capital more than allowing for unlimited amounts to be spent on long-term care premiums.
- 6** Why can't HSA distributions be tax free upon your death?  
The revenue loss to the Federal government made the price tag for that suggestion too high.
- 7** Why can't we have one joint HSA and still make "catch-up" contributions?  
There can be only one primary account holder of the HSA. Both spouses may contribute. The practical effect of this restriction is not significant.
- 8** Are "catch-up" contributions pro-rated when you turn 55 and 65?  
Please see Table B.
- 9** If I am self-employed, can I contribute on a pre-tax basis?  
How about for partnerships or for S corporation owners who own more than 2% or for LLC owners? Self-employed can only take an above-the-line deduction for their premium and HSA contribution. Regardless of how your S corporation or LLC is structured, the only way you can structure your HSA contributions is as an above-the-line deduction. The HSA legislation simply cited current law in this regard. It was a political impossibility in the HSA legislation to make the necessary change in law to allow pre-tax contributions for LLC owners, S corporation owners or the self-employed. For further guidance for partnerships and S corporations, see IRS Guidance 2005-8 at [www.treas.gov/press/releases/reports/notice%2020058.pdf](http://www.treas.gov/press/releases/reports/notice%2020058.pdf).

- 10** What is an “above-the-line” deduction?  
An above-the-line deduction reduces your Federal taxable income dollar for dollar by the amount you contribute. You do not have to itemize to claim this deduction. For example, if you contribute \$1,000 to your HSA, you reduce your Federal taxable income by \$1,000.
- 11** Why can’t I pay my health insurance premiums with my HSA?  
The money in your HSA is designed to meet your health care expenses below your deductible, not to meet your health insurance premiums. What if people spent their entire HSA deposit on their insurance premiums, and found no funds left to meet their health care costs to meet their deductible? The only time you are allowed to pay the health insurance premium with your HSA funds is if you are collecting Federal or State unemployment benefits or are on COBRA.
- 12** Can you provide a list of qualified medical expenses?  
See Tables D and E for a list of allowable and non allowable medical expenses. Please also see IRS Publication 502, which can be found in the U.S. Treasury section of this website, or at [www.irs.gov/pub/irs-pdf/p502.pdf](http://www.irs.gov/pub/irs-pdf/p502.pdf).

Table A

## Allowable HSA Investments

Allowable HSA Investments
Bank Accounts
Annuities
Certificates of Deposit
Stocks
Bonds
Mutual Funds
Certain types of Bullion or Coins

NOTE: Your HSA custodian or trustee may 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 “Catch-Up” Contributions

Allowable HSA Investments	
Tax Year 2004	Up to \$500.00
Tax Year 2005	Up to \$600.00
Tax Year 2006	Up to \$700.00
Tax Year 2007	Up to \$800.00
Tax Year 2008	Up to \$900.00
Tax Year 2009 and Beyond	Up to \$1,000.00

Each spouse age 55 or older can contribute up to the maximum “catch-up” amount. If you did not have HDHP coverage for the full year, you must pro-rate your “catch-up” contribution for the number of full months you were “eligible”, i.e., had HDHP coverage. If you had HSA-qualified high deductible health plan coverage for the entire year, you can deposit the entire “catch-up” amount starting with the year you turn 55, regardless of when you turn 55 during the year. If both spouses want to make “catch-up” contributions, each spouse must have a separate HSA.

In the year you enroll in Medicare, you must prorate your “catch-up” contribution for the number of months you had HSA-qualified HDHP coverage, prior to the month your Medicare enrollment is effective. You can delay enrollment in Medicare Part A only if you delay taking Social Security. You can delay taking Social Security up until age 70 and one half years old.

Once either spouse enrolls in Medicare, that spouse can no longer contribute any funds, including “catch-up” amounts, to their HSA. If you are not enrolled in Medicare, you can contribute to your HSA and continue to make “catch-up” contributions.

NOTE: If you enroll in Social Security you will be automatically enrolled in Medicare Part A, which will disqualify you from contributing to an HSA.

Table C

## Allowable Expenditures on Long-Term Care Insurance

In order to spend money from your HSA on long-term care, your long-term care insurance contract must:

- 1 Be guaranteed renewable;
- 2 Not provide for a 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 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.

The amount of qualified long-term care premiums that can be paid from an HSA is limited. Beginning in 2006, the below amounts can be included as a qualified medical expense. These amounts may be adjusted annually for inflation. For 2008, these inflation-adjusted amounts, as published in IRS Publication 502, are:

2008 Allowable Long-Term Care Premium Amounts	
Age 40 or Under	Up to \$290
Age 41 to 50	Up to \$550
Age 51 to 60	Up to \$1,100
Age 61 to 70	Up to \$2,950
Age 71 or Over	Up to \$3,670

Table D

## Allowable Expenditures from Your HSA

There have been thousands of cases involving the many nuances of what constitutes “medical care” for purposes of section 213(d) of the Internal Revenue Code. A determination of whether an expense is for “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 prevention or alleviation of a physical or mental defect or illness. The determination often hangs on the word “primarily”.

NOTE: If you are receiving federal or state unemployment insurance, you may pay for your health insurance premiums out of your HSA. See next page for a list of allowable expenditures.

Allowable Expenditures from Your HSA	
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)	H.M.O. (certain expenses)
Hearing Aids	Home Care
Hospital Services	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	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	Orthodonture
Osteopath	Orthopedist
Over-the-Counter Medicines	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 the Hearing	Surgeon
Therapy	Impaired
Treatment	Transportation Expenses for Health Care
Vitamins (if prescribed)	Vaccines
Wheelchair	Weight Loss Programs
X-Rays	Wig (hair loss from disease)

Table E

**Non-Allowable Expenditures from Your HSA**

<b>Non-Allowable Expenditures from Your HSA</b>	
Advance Payment for Future Medical Expenses	Athletic Club Membership
Automobile Insurance Premium	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 Feeds/Beverages
Swimming Lessons	Teeth Whitening
Travel for General Health Improvement	Tuition in a Particular School for Problem Children