

FSA, HSA: Eligible and Ineligible Expenses

The following guidelines relate to expenses currently allowed and not allowed by the Internal Revenue Service as deductible medical expenses. This list is not necessarily inclusive or exclusive. It is based on an interpretation of IRC Section 213 and is not intended to be legal advice.

Please note that the list is subject to change based on regulations, revenue rulings and case law. The list is intended only as a general guideline for covered expenses. All items on the list may be subject to further restriction. Questions regarding reimbursable health care expenses should be referred to a tax consultant.

- What expenses can be reimbursed?
- Whose expenses can be reimbursed?
- Ineligible Expenses
- Ineligible Receipts
- Alphabetical List of Covered and Not Covered Items
- Capital Expenses
- Dependent Day Care Expenses
- Get the Form(s) What expenses can be reimbursed?

FSA and HSA: A health care FSA or HSA can only be used to reimburse health care expenses that qualify as federal income tax deductions under Section 213 of the federal tax code. If an expense is not reimbursable under Section 213, it **cannot** be reimbursed by an FSA or HSA.

Whose expenses can be reimbursed?

FSA and HSA: You can use funds to pay qualified health care expenses incurred by the employee, spouse, or a dependent for whom an exemption is claimed under Section 152 of the tax code.

**** Qualified health care expenses as defined by Section 213** include amounts paid for the diagnosis, treatment, or prevention of disease, and for treatments affecting any part or function of the body. The expenses must be to alleviate or prevent a physical defect or illness. Expenses for solely cosmetic reasons generally are not expenses for medical care. Examples include face lifts, hair transplants, and hair removal (electrolysis). Also, expenses that are merely beneficial to one's general health (for example, vacations) are not expenses for medical care.

Ineligible Expenses

The following expenses are not eligible for reimbursement under a Health FSA or HSA:

- Annual medical contract fees for exclusive provider care
- Arch supports, knee wrist braces (unless prescribed for a specific medical condition)
- Breast pumps (unless medically required to care for a premature infant)
- Blood pressure machines (unless prescribed by a physician as medically required for constant monitoring of blood pressure due to a medical condition)
- Cosmetic surgery
- Dental bleaching or any other teeth whitening
- Domestic help fees (for services of a non-medical nature)
- Electric toothbrushes replacement brushes
- Electrolysis or hair removal
- Hair transplant
- Health club dues/memberships (unless part of a medically prescribed regimen to treat a specific condition)
- Humidifiers (unless prescribed by a physician to treat a specific medical condition)
- Insurance premiums of any kind (see below exceptions for HRA and HSA)
- Laetrile, even if prescribed by a doctor, is not reimbursable.
- Lens replacement insurance
- Marijuana, even if prescribed for medicinal purposes, is not reimbursable.
- Massage therapy (unless prescribed by a physician to treat an injury or trauma, or for rehabilitative purposes)
- Over the counter items which are items not categorized as a medicine or drug and may include, but are not limited to, hot pads, support pillows, bandages, ACE wraps, nail clippers, pumice stones, feminine hygiene products, etc. are not reimbursable (unless used to treat a specific medical condition). Over-the-counter toiletries or personal hygiene items which may include, but are not limited to shampoo, toothpaste, conditioners, hand creams, deodorant, shaving cream, razors, dental floss, body powders, hair gels/sprays, make-up, nail polish accessories, soap, mouthwash, etc. are not reimbursable.
- Physical therapy treatments for general well-being
- Supplements - The cost of supplements taken for general well-being are not reimbursable. However, the cost of supplements taken to alleviate a specific medical condition is reimbursable. A physician should substantiate the diagnosis of a specific medical condition and acknowledge that the supplement being used alleviates the medical condition diagnosed.
- Tuition for special schools (unless it is a special school to treat a specific condition such as blindness, speech, etc.)
- Union dues
- Vitamins - Daily multi-vitamins taken for general well-being are not reimbursable. Vitamins taken to treat a specific medical condition are reimbursable. A diagnosis of the medical condition should accompany the vitamin claim. Prenatal vitamins obtained by prescription are reimbursable.
- Weight loss machines See Exercise equipment

Ineligible Receipts

in addition, the following are not acceptable receipts:

- Bankcard statements
- Canceled checks
- Charges submitted that are illegible
- Estimates of expenses (A statement is required showing date of service and type of medical expense.)
- Statement balances and/or balance forwards are never acceptable.

Alphabetical List of Covered and Not Covered Items

Following is an alphabetical list of frequently encountered items. Some of these items may be reimbursed, and some may not; each item is followed by a brief note indicating which category the item falls into.

A-D

- **Abortion** - Medical expenses associated with a legal abortion are reimbursable.
- **Acupuncture** - Medical expenses paid for acupuncture are reimbursable.
- **Alcoholism and drug abuse** - Medical expenses paid to a treatment center for alcohol or drug abuse are reimbursable. This includes meals and lodging provided by the center during treatment.
- **Alternative providers** - Expenses paid to alternative providers for homeopathic or holistic treatments or procedures are generally not covered unless prescribed to treat a specific medical condition. Naturopathic procedures or treatments using natural agents such as air, water or sunshine are generally not reimbursable.
- **Ambulance** - Medical expenses paid for ambulance service are reimbursable.
- **Artificial limb** - Medical expenses paid for an artificial limb are reimbursable.
- **Artificial teeth** - See Medical aids
- **Attendant** - See Nursing services
- **Automobile** - See Car
- **Birth control pills and devices** - Medical expenses paid for birth control pills and devices prescribed by a doctor are reimbursable.
- **Braille books and magazines** - The amount by which the cost of Braille books and magazines for use by a visually impaired person exceeds the price for regular books and magazines is reimbursable.
- **Breast augmentation** - Expenses related to breast augmentation (such as implants or injections) are not reimbursable because the procedure is cosmetic in nature. However, medical costs related to the removal of breast implants that are defective or are causing a medical problem are reimbursable.
- **Breast reduction** - Medical expenses related to breast reduction surgery are reimbursable only if a physician substantiates that the procedure is medically required and not for cosmetic purposes (that is, to prevent or treat an illness or disease).
- **Capital expenses** - If their main purpose is medical care, capital expenses paid for special equipment installed in a participant's home or for improvements to the home are reimbursable. For further details, see discussion under the heading, "Capital Expenses," below.

- **Car** - Medical expenses are reimbursable for special hand controls and other special equipment installed in a car for the use of a person with disabilities. Also, the amount by which the cost of a car specially designed to hold a wheelchair exceeds the cost of a regular car is a reimbursable medical expense. However, the cost of operating a specially equipped car is not reimbursable (see Transportation).
- **Chair** - The cost of a reclining chair purchased on the advice of a physician to alleviate a heart, back or other condition is reimbursable.
- **Child care** - See Dependent day care expenses
- **Childbirth classes** - Expenses for childbirth classes are reimbursable, but are limited to expenses incurred by the mother-to-be. Expenses incurred by a "coach"-even if that is the father-to-be-are not reimbursable. To qualify as medical care, the classes must address specific medical issues, such as labor, delivery procedures, breathing techniques and nursing.
- **Chiropractor** - Expenses paid to a chiropractor for medical care are reimbursable.
- **Christian Science practitioners** - Medical expenses paid to Christian Science practitioners are reimbursable.
- **Clinic** - Medical expenses for treatment at a health clinic are reimbursable.

- **COBRA Premiums** - COBRA premiums that you pay for yourself or your eligible dependents are not reimbursable under a health FSA or HRA. However, COBRA premiums are reimbursable under an HSA.
- **Coinsurance amounts** - Medical coinsurance amounts and deductibles are reimbursable.
- **Contact lenses** - See Vision Care
- **Cosmetic surgery** - Medical expenses for cosmetic surgery are reimbursable only if the surgery is necessary to improve a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease. However, medical expenses paid for other cosmetic surgery are not deductible medical expenses under Code Section 213, and thus are not reimbursable. This applies to any procedure that is directed at improving the patient's appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease. For example, face lifts, hair transplants, hair removal (electrolysis), liposuction and teeth bleaching generally are not deductible. If there is a concern that a medical or dental surgery could be considered cosmetic, a doctor's certification should be obtained explaining how the procedure meaningfully promotes the proper function of the body or prevents or treats an illness or disease. This will help to prove that the claim is reimbursable.
- **Crutches** - Medical expenses paid to buy or rent crutches are reimbursable.
- **Dancing lessons, swimming lessons, etc** - Dancing lessons, swimming lessons, etc., are not reimbursable even if they are recommended by a doctor.
- **Day care** - See Dependent day care
- **Deductibles** - Medical insurance deductibles and coinsurance amounts under the employer's plan are reimbursable.
- **Dental treatment** - Medical expenses for dental treatment are reimbursable. This includes fees paid to dentists for X-rays, fillings, braces, extractions, dentures, dental implants, veneers, etc. Also see Cosmetic surgery
- **Dependent day care expenses** - Dependent day care expenses are not reimbursable under a health FSA, HRA or HSA, but may be reimbursable under a dependent care FSA
- **Diaper service** - Payments for diapers or diaper services are not reimbursable unless they are needed to relieve the effects of a particular disease.
- **Diets** - See Special foods
- **Disability** - See Braille books and magazines, Car, Guide dog, Learning disability, Mentally retarded, Personal use items, Schools, Television, Therapy, Transportation, Wheelchair. Also see discussion under the heading "Capital Expenses," below.
- **Drugs** - See Medicines
- **Drug addiction** - See Alcoholism

E-L

- **Ear piercing** - Expenses for ear piercing are not reimbursable.
- **Electrolysis or hair removal** - see Cosmetic surgery
- **Employment-related expenses** - Employment-related expenses such as employment physicals are not reimbursable. (Note, however, that physical exams that are not employment-related are reimbursable. See Physical exams)
- **Employment taxes** - See Nursing services.
- **Exercise equipment** - The cost of exercise equipment for general well-being is not reimbursable. If the equipment is prescribed by a physician to treat specific medical conditions (e.g. diabetes), then the expense should be reimbursable. The physician should substantiate the necessity of the item.
- **Eyeglasses** - See Vision Care.
- **Fitness programs** - Fitness programs or physical therapy for general health are not reimbursable.
- **Food** - See Special foods.
- **Funeral expenses** - Expenses for funerals are not reimbursable.
- **Group medical insurance** - See Insurance premiums.

- **Guide dog or other animal** - The cost of a guide dog or other animal used by the visually impaired or hearing impaired is reimbursable. Costs associated with a dog or other animal trained to assist persons with other physical disabilities are also reimbursable, as are amounts paid for the care of these specially trained animals.
- **Hair transplant** - see Cosmetic surgery.
- **Health club dues** - Health club dues, YMCA dues, or amounts paid for steam baths for general health or to relieve physical or mental discomfort not related to a particular medical condition are not reimbursable.
- **Hearing aids** - Medical expenses for a hearing aid and batteries are reimbursable.
- **Herbs** - The cost of herbs taken for general well-being are not reimbursable. However, the cost of herbs taken to alleviate a specific medical condition are reimbursable. The diagnosis of a medical condition must accompany the claim documentation.
- **Holistic treatments** - See Alternative providers.
- **Homeopathic treatments** - See Alternative providers.
- **Hospital** - Expenses incurred as a hospital in-patient or out-patient for laboratory, surgical and diagnostic services qualify as medical expenses.
- **Hot tub** - See Capital Expenses.
- **Household help** - The cost of household help, even if recommended by a doctor, is prohibited. However, certain expenses paid to an attendant providing nursing-type services are reimbursable. (See Nursing services).
- **Human guide** - Expenses for a human guide-to take a blind child to school, for example-are reimbursable. Also see Guide dog.
- **Impotence or sexual inadequacy** - Medical expenses related to the treatment of impotence are reimbursable if substantiated by a physician.
- **Infertility** - Medical expenses related to the treatment of infertility are reimbursable. Eligible expenses may include egg donor costs, infertility monitors, in-vitro fertilization and sperm washing. Surrogate costs associated with a qualified dependent of the taxpayer are reimbursable and may include such things as blood compatibility testing and psychological exams. If the surrogate mother is not a qualified dependent of the taxpayer, the costs that the surrogate mother incurs are not reimbursable. Storage costs associated with the freezing of blood cords, embryos, placentas and sperm (sperm banks) are generally reimbursable when a specific medical condition exists. Additionally, these costs are reimbursable only for a limited period until they can be used to treat the existing condition (generally up to one year). Diagnosis of the medical condition is required.
- **Insulin** - The cost of insulin is reimbursable.
- **Insurance premiums** - Premiums for any health plan are not reimbursable under a health FSA. However, see below exceptions for HRA and HSA.
- **Laboratory fees** - Laboratory fees that are part of medical care are reimbursable.
- **Lasik eye surgery** - According to the IRS, radial keratotomy (RK) (or other corrective eye surgery such as lasik surgery) is a deductible expense under IRC Section 213 and thus reimbursable under a health FSA, HRA or HSA.
- **Lead-based paint removal** - The cost of removing lead-based paints from surfaces in a home to prevent a child who has (or has had) lead poisoning from eating the paint are reimbursable. These surfaces must be in poor repair (peeling or cracking) or within the child's reach. The cost of repainting the scraped area, however, is not reimbursable.
- **Learning disability** - Tuition payments to a special school for a child who has severe learning disabilities caused by mental or physical impairments, including nervous system disorders, are reimbursable. A doctor must recommend that the child attend the school. See Schools. Also, tutoring fees paid on a doctor's recommendation for a child's tutoring by a teacher who is specially trained and qualified to work with children who have severe learning disabilities are reimbursable.
- **Legal fees** - Legal fees paid to authorize treatment for mental illness are reimbursable. However, any part of a legal fee that is a management fee, for example, a guardianship or estate management fee, is not reimbursable.

- **Licensing requirements** - Neither the tax code nor IRS regulations require a plan participant to determine whether a provider is qualified, authorized under state law or licensed to practice before using his/her services. In Revenue Ruling 63-91, the IRS ruled that: "Amounts paid for medical services rendered by practitioners, such as chiropractors, psychotherapists, and others rendering similar type services, constitute expenses for 'medical care' within the provisions of section 213 of the Code, even though the practitioners who perform the services are not required by law to be, or are not (even though required by law) licensed, certified, or otherwise qualified to perform such services." The main issue is the nature of the treatment, not the license held by the practitioner. Thus, services provided by a range of organizations and individuals may be reimbursable, including care provided by hospitals, medical doctors, dentists, eye doctors, chiropractors, nurses, osteopaths, podiatrists, psychiatrists, psychologists, physical therapists, acupuncturists, psychoanalysts and others.
 - **Life insurance premiums** - Life insurance premiums are not reimbursable.
 - **Liposuction** - see Cosmetic surgery
 - **Lodging and meals** - The cost of lodging and meals at a hospital or similar institution are reimbursable if the employee's main reason for being there is to receive medical care. (Also see Nursing home.) The cost of lodging not provided in a hospital or similar institution while an employee is away from home is reimbursable if four requirements are met: (1) the lodging is primarily for and essential to medical care; (2) medical care is provided by a doctor in a licensed hospital or in a medical care facility related to, or the equivalent of, a licensed hospital; (3) the lodging is not lavish or extravagant under the circumstances; and (4) there is no significant element of personal pleasure, recreation or vacation in the travel away from home.
 - The reimbursable amount cannot exceed \$50 for each night for each person. Lodging is included for a person for whom transportation expenses are a medical expense because that person is traveling with the person receiving the medical care. For example, if a parent is traveling with a sick child, up to \$100 per night is reimbursable as a medical expense for lodging.
 - Meals and lodging away from home for medical treatment that is not received at a medical facility, or for the relief of a specific condition, are not reimbursable even if the trip is made on the advice of a doctor.
- Long-term care insurance premiums** - Long-term care insurance premiums are not reimbursable under a health FSA. However, see below exceptions for HRA and HSA.

M-O

- **Marriage counseling** - Expenses for marriage counseling services do not qualify as medical expenses. However, sexual inadequacy or incompatibility treatment is reimbursable if the treatment is provided by a psychiatrist.
- **Maternity clothes** - Expenses for maternity clothes are not reimbursable.
- **Massage** - Fees paid for massages are not reimbursable unless prescribed and substantiated by a physician to treat a physical defect or illness.
- **Mattresses** - Mattresses and mattress boards for the treatment of arthritis are reimbursable.
- **Meals** - See Lodging and meals or Special Foods
- **Medical aids** - Medical aids such as false teeth, hearing aids, orthopedic shoes, crutches and elastic hosiery are reimbursable.
- **Medical information plan** - Amounts paid to a plan that keeps medical information so that it can be retrieved from a computer data bank for medical care are reimbursable.
- **Medical services** - Only legal medical services are reimbursable. Amounts paid for illegal operations or treatments, regardless of whether they are rendered by licensed or unlicensed practitioners, are not reimbursable.
- **Medicare Part A** - The tax paid for Medicare Part A is not reimbursable under a health FSA or HRA. However, see below exceptions for HSA.
- **Medicare Part B** - Premiums paid for Medicare Part B are not reimbursable under a health FSA or HRA. However, see below exception for HSA.

- **Medicines** - Amounts paid for prescribed medicines and drugs are reimbursable. A prescribed drug is one which requires a prescription by a doctor for its use by an individual. The cost of insulin is also reimbursable.
- **Mentally retarded, special home for** - The cost of keeping a mentally retarded person in a special home (not the home of a relative) on the recommendation of a psychiatrist to help the person adjust from life in a mental hospital to community living is reimbursable.
- **Naturopathic treatments** - See Alternative providers
- **Nursing home** - The cost of medical care in a nursing home or home for the aged for an employee, or for an employee's spouse or dependent, is reimbursable. This includes the cost of meals and lodging in the home if the main reason for being there is to get medical care.
- **Nursing services** - Wages and other amounts paid for nursing services are reimbursable. Services need not be performed by a nurse as long as the services are of a kind generally performed by a nurse. This includes services connected with caring for the patient's condition, such as giving medication or changing dressings, as well as bathing and grooming the patient.
 - Only the amount spent for nursing services is reimbursable. If the attendant also provides personal and household services, these amounts must be divided between the time spent performing household and personal services and the time spent on nursing services.
 - Meals - Amounts paid for an attendant's meals are also reimbursable. This cost may be calculated by dividing a household's total food expenses by the number of household members to find the cost of the attendant's food, then apportioning that cost in the same manner used for apportioning an attendant's wages between nursing services and all other services (see above).
 - Upkeep - Additional amounts paid for household upkeep because of an attendant are also reimbursable. This includes extra rent or utilities paid because of having to move to a larger apartment to provide space for an attendant.
 - Infant care - Nursing or baby sitting services for a normal, healthy infant are not reimbursable.
 - Social Security, unemployment (FUTA) and Medicare taxes paid for a nurse, attendant or other person who provides medical care are reimbursable.
- **Optometrist** - See Vision Care
- **Orthodontia** - Expenses are generally reimbursable, however, because services are generally provided over an extended period of time, the rules of reimbursement are handled differently from all other health care expenses. Reimbursement is based upon actual payments made rather than traditional dates of service. If you have dental insurance that covers orthodontia, you will be required to submit both an explanation of benefits (EOB) and an itemized bill showing payments you have made. If your orthodontia expenses are not covered by insurance, you may submit proof of your payment in either the form of an itemized bill or itemized paid receipt.
- **Orthopedic shoes** - See Medical aids
- **Organ donor** - See Transplants
- **Over the counter medicines and drugs** - Expenses are generally reimbursable unless used for general well-being or for purely cosmetic purposes. Eligible expenses may include, but are not limited to acetaminophen, acne products, allergy products, antacid remedies, antibiotic creams/ointments, anti-fungal foot sprays/creams, aspirin, baby care products, cold remedies, cough syrups and drops, contraceptive and family planning items, eye drops and contact lens solutions, ear drops, ibuprofen, laxatives, migraine remedies, nasal sprays, pain relievers, peroxide and rubbing alcohol, sleep aids, and topical creams for itching, stinging, burning, pain relief, sore healing or insect bites.
- **Over the counter supplies** - Expenses paid for bandages, first aid kits, gauze bandages, home test kits (e.g. diabetic, pregnancy), and snake bite and bee sting kits are reimbursable.
- **Oxygen** - Amounts paid for oxygen or oxygen equipment to relieve breathing problems caused by a medical condition are reimbursable.

P-S

- **Parking** - see Transportation
- **Personal use items** - Items that are ordinarily used for personal, living, and family purposes are not reimbursable unless they are used primarily to prevent or alleviate a physical or mental defect or illness. For example, the cost of a wig purchased at the advice of a physician for the mental health of a patient who has lost all of his or her hair from disease is reimbursable.
 - If an item purchased in a special form primarily to alleviate a physical defect is one that in normal form is ordinarily used for personal, living and family purposes, the cost of the special form in excess of the cost of the normal form is reimbursable. (Also see Braille books and magazines)
- **Phone equipment** - See Telephone
- **Physical exams** - Physical exams are generally reimbursable, except for employment-related physicals. See Employment-related expenses
- **Pre-existing conditions** - Medical expenses not covered because of the plan's pre-existing condition limitation are reimbursable.
- **Premiums** - Premiums, of any kind, that you pay for yourself or your eligible dependents are not reimbursable under a health FSA. However, see below exceptions for HRA and HSA.
- **Prescription drugs** - See Medicines
- **Private hospital room** - The extra cost of a private hospital room is reimbursable.
- **Propecia** - Reimbursable when prescribed by a physician for a specific medical condition, but not for cosmetic purposes (that is, to stimulate hair growth).
- **Prosthesis** - See Artificial limb
- **Psychiatric care** - Expenses for psychiatric care are reimbursable. These expenses include the cost of supporting a mentally ill dependent at a specially equipped medical center where the dependent receives medical care. Also see Psychoanalysis and Transportation
- **Psychoanalysis** - Expenses for psychoanalysis are reimbursable.
- **Psychologist** - Expenses for psychological care are reimbursable.
- **Radial Keratotomy** - According to the IRS, radial keratotomy (RK) (or other corrective eye surgery such as lasik surgery) is a deductible expense under IRC Section 213 and thus reimbursable under a health FSA, HRA or HSA.
- **Reasonable and customary charges, amounts in excess of** - Medical expenses in excess of the plan's reasonable and customary charges are reimbursable.
- **Resort** - See Spa or resort
- **Retin-A** - Reimbursable when prescribed by a physician for treatment of acne, but not aging.
- **Rogaine** - Reimbursable when prescribed by a physician for a specific medical condition, but not for cosmetic purposes (that is, to stimulate hair growth).
- **Schools, special** - Expenses paid to a special school for a mentally impaired or physically disabled person are reimbursable if the main reason for using the school is its resources for treating the disability. This includes the cost of a school that:
 1. teaches Braille to a visually impaired child;
 2. teaches lip-reading to a hearing-impaired child; or
 3. provides remedial language training to correct a condition caused by a birth defect.

The cost of meals, lodging and ordinary education supplied by a special school is reimbursable only if the main reason for using the school is its resources for treating the mental or physical disability. The cost of sending a non-disabled "problem child" to a special school for benefits the child may get from the course of study and disciplinary methods is not reimbursable.

- **Scientology "audits"** - Amounts paid to the Church of Scientology for "audits" do not qualify as expenses for medical care.
- **Sexual counseling** - Expenses for counseling regarding sexual inadequacy or incompatibility are reimbursable if the counseling is provided to a husband and/or wife by a psychiatrist.

- **Smoking drugs** - The cost of drugs to stop smoking for the improvement of general health are reimbursable.
- **Smoking program** - The cost of a program to stop smoking for the improvement of general health is reimbursable.
- **Spa or resort** - Although a visit to a spa or resort may be prescribed by a physician for medical treatment, only the costs of the medical services provided are reimbursable, not the cost of transportation. (see Transportation and Trips.)
- **Special foods** - The costs of special foods and/or beverages-even if prescribed-that substitute for other foods or beverages which a person would normally consume and which satisfy nutritional requirements (such as the consumption of bananas for potassium, for example) are not deductible. However, prescribed special foods or beverages are reimbursable if they are consumed primarily to alleviate or treat an illness or disease, and not for nutritional purposes. Special foods and beverages are reimbursable only to the extent that their cost is greater than the cost of the commonly available version of the same product.
- **Sterilization** - The cost of a legal sterilization (a legally performed operation to make a person unable to have children) is reimbursable.
- **Substance abuse** - See Alcoholism and drug abuse.
- **Supplements** - The cost of supplements taken for general well-being are not reimbursable. However, the cost of supplements taken to alleviate a specific medical condition is reimbursable. A physician should substantiate the diagnosis of a specific medical condition and acknowledge that the supplement being used alleviates the medical condition diagnosed.
- **Swimming lessons** - See Dancing lessons

T-Z

- **Telephone** - The costs of purchasing and repairing special telephone equipment that lets a hearing-impaired person communicate over a regular telephone are reimbursable.
- **Television** - The cost of equipment that displays the audio part of TV programs as subtitles for the hearing-impaired is reimbursable. This may include an adapter that attaches to a regular TV or the cost of a specially equipped TV in excess of the cost of the same model regular TV set.
- **Therapy** - Amounts paid for therapy received as medical treatment are reimbursable. Payments made to an individual for special exercises administered to a mentally retarded child are also reimbursable. These so-called "patterning" exercises consist mainly of coordinated physical manipulation of the child's arms and legs to imitate crawling and other normal movements. (Also see Fitness programs.)
- **Transplants** - Payments for surgical, hospital, laboratory and transportation expenses for a prospective or actual donor of a kidney or other organ are reimbursable.
- **Transportation** - Amounts paid for transportation primarily for, and essential to, medical care are reimbursable. (See also Reimbursable Transportation Expenses Do Not Include.) Reimbursable expenses include:
 - A. bus, taxi, train or plane fare, or ambulance service;
 - B. actual car expenses, such as gas and oil (but not expenses for general repair, maintenance, depreciation and insurance);
 - C. parking fees and tolls;
 - D. transportation expenses of a parent who must accompany a child who needs medical care;
 - E. transportation expenses of a nurse or other person who can give injections, medications or other treatment required by a patient who is traveling to get medical care and is unable to travel alone;
 - F. transportation expenses for regular visits to see a mentally ill dependent if these visits are recommended as a part of treatment.
 - G. Instead of actual expenses, it is acceptable to use a flat rate per mile for each mile a car is used for medical purposes. The allowable mileage rate for medical transportation is 22 cents per mile for expenses incurred on or after September 1, 2005. The prior rate of 14 cents continues to apply to expenses incurred before 9/1/2005. The cost of tolls and parking may be added to this amount.

Reimbursable transportation expenses do not include:

- H. transportation expenses to and from work, even if a medical condition requires an unusual means of transportation; or
 - I. transportation expenses incurred if, for non-medical reasons, an employee chooses to travel to another location (or to a resort or spa) for an operation or other medical care prescribed by a doctor.
- **Trips** - Amounts paid for transportation to another location, if the trip is primarily for and essential to receiving medical services, are reimbursable. (Also see Lodging and meals.) A trip or vacation taken for a change in environment, improvement of morale or general improvement of health, is not reimbursable, even if it is taken at the advice of a doctor. (See Spa or resort.)
 - **Tuition** - Charges for medical care included in the tuition of a college or private school are reimbursable if the charges are separately stated in the tuition bill. (Also see Learning disability and Schools, special.)
 - **Tutor's fees** - See Learning disability
 - **Vacation** - See Trips.
 - **Vaccines** - Expenses for vaccines are reimbursable.
 - **Vasectomy** - Medical expenses related to a vasectomy are reimbursable.
 - **Vision care** - Optometric services and medical expenses for eyeglasses and contact lenses needed for medical reasons are reimbursable. Eye exams and expenses for contact lens solutions are also reimbursable. However, premiums for contact lens replacement insurance are not reimbursable. (Also see Radial keratotomy) (Also see Lasik Eye Surgery).
 - **Vitamins** - Daily multi-vitamins taken for general well-being are not reimbursable. Vitamins taken to treat a specific medical condition are reimbursable. A diagnosis of the medical condition should accompany the vitamin claim. Prenatal vitamins obtained by prescription are reimbursable.
 - **Wage continuation policies** - Premiums paid under wage continuation policies are not reimbursable.
 - **Weight loss machines** - See Exercise Equipment.
 - **Weight loss programs, treatments and prescriptions** - The cost of weight loss programs, treatments and prescriptions for general health are not reimbursable even if a doctor prescribes them. However, if the program, treatment or prescription is prescribed by a physician to treat a medical illness (e.g., heart disease), the expense should be reimbursable. The physician should substantiate the necessity of the item.
 - **Well baby care** - See Nursing services.
 - **Wheelchair** - Amounts paid for an autoette or a wheelchair used mainly for the relief of sickness or disability, and not just to provide transportation to and from work, are reimbursable. The cost of operating and maintaining the autoette or wheelchair is also reimbursable.
 - **Wigs** - See Personal use items.
 - **X-ray fees** - Amounts paid for X-rays taken for medical reasons are reimbursable.

Capital Expenses

Medical expenses incurred by employees for special equipment installed in the home or for improvements are reimbursable if their main purpose is medical care. Under Code Section 213, the cost of permanent improvements that increase the value of the property may be partly deducted as a medical expense. The cost of the improvement is reduced by the increase in the value of the property; the difference is a deductible medical expense. If the value of the property is not increased by the improvement, the entire cost is deductible as a medical expense. Improvements made to accommodate a residence for a person's disability do not usually increase the value of the residence, and the full cost is usually reimbursable. Only reasonable costs to accommodate a personal residence to a disabled condition are considered medical care. Additional costs for personal motives, such as for architectural or aesthetic reasons, are not reimbursable.

Worksheet

The following worksheet may be used to figure the amount of a reimbursable capital expense:

Operation and Maintenance

If a capital expense qualifies as a reimbursable medical expense, then expenses related to operation and maintenance also qualify as medical expenses, as long as the medical reason for the capital expense still exists. This is so even if none or only part of the original capital expense qualified as a medical care expense.

Improvements To Property Rented By A Person With Disabilities

Amounts paid by a person with disabilities to buy and install special plumbing fixtures, mainly for medical reasons, in a rented house are reimbursable medical expenses. For example, Don has arthritis and a heart condition. He cannot climb stairs or get into a bathtub. On his doctor's advice, he installs a bathroom with a shower stall on the first floor of his two-story rented house. Don's landlord did not pay any of the cost of buying and installing the special plumbing and did not lower the rent. Don can deduct the entire amount he paid.

Health Reimbursement Arrangement (HRA) Exceptions

In addition to the above listed allowable expenses, the following are reimbursable under an HRA:

- Long Term Care insurance premiums

Health Savings Account (HSA) Exceptions

In addition to the above listed eligible expenses, the following are reimbursable under an HSA:

- expenses for Long Term Care services;
- Long Term Care insurance premiums;
- Medicare Part A or B, Medicare HMO, and employer-sponsored retiree health insurance premiums (other than Medicare Supplement policies) for individuals who have reached age 65;
- COBRA premiums;
- premiums for a health plan during a period in which an individual is receiving unemployment compensation.

1. -	Enter the cost of the improvement.	\$ _____
2. -	Enter the increase in the value of the home.	\$ _____
	If line 2 is equal to or greater than line 1, the amount is not reimbursable. If line 2 is less than line 1, go on to line 3.	
3. -	Subtract line 2 from line 1.	\$ _____
	This is the deductible medical expense.	\$ _____