

# 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

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| <ul style="list-style-type: none"> <li>• Acupuncture</li> <li>• Alcoholism (rehab, transportation for medically advised attendance at AA)</li> <li>• Ambulance</li> <li>• Amounts not covered under another health plan</li> <li>• Annual physical examination</li> <li>• Artificial limbs and teeth</li> <li>• Birth control pills and prescription contraceptives</li> </ul> | <ul style="list-style-type: none"> <li>• Body scans</li> <li>• Breast reconstruction surgery</li> <li>• Chiropractor</li> <li>• Contact lenses</li> <li>• Crutches</li> <li>• Dental treatments</li> <li>• Eyeglasses and eye surgery</li> <li>• Hearing aids</li> <li>• Home care</li> </ul> | <ul style="list-style-type: none"> <li>• Long-term care expenses</li> <li>• Medicines (prescribed, not imported from other countries)</li> <li>• Nursing home</li> <li>• Nursing services</li> <li>• Optometrist</li> <li>• Orthodontia</li> <li>• Oxygen</li> <li>• Stop-smoking programs</li> <li>• Surgery</li> </ul> | <ul style="list-style-type: none"> <li>• Telephone equipment and repair for hearing impaired</li> <li>• Therapy</li> <li>• Transplants</li> <li>• Weight-loss program (if prescribed by a physician for a specific disease)</li> <li>• Wheelchairs</li> <li>• Wigs (if prescribed)</li> </ul> |
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## Nonqualified medical expenses

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| <ul style="list-style-type: none"> <li>• Babysitting, child care and nursing services for a normal, healthy baby (may qualify under a dependent care FSA)</li> <li>• Dancing lessons</li> <li>• Diaper service</li> <li>• Elective cosmetic surgery</li> </ul> | <ul style="list-style-type: none"> <li>• Electrolysis or hair removal</li> <li>• Funeral expenses</li> <li>• Future medical care</li> <li>• Hair transplants</li> <li>• Health club dues</li> <li>• Insurance premiums other than those explicitly included</li> </ul> | <ul style="list-style-type: none"> <li>• Medicines and drugs from other countries</li> <li>• Nonprescription drugs, medicines, and supplements (unless prescribed)</li> </ul> | <ul style="list-style-type: none"> <li>• Nutritional supplements, unless recommended by a medical practitioner as treatment for a specific medical condition diagnosed by a physician</li> <li>• Teeth whitening</li> </ul> |
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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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