



# HSA GUIDE

Provided by HUB International Limited (West)





# HSA GUIDE

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# HSA GUIDE

When you're choosing a health plan, there are many factors that affect your decision. If you want an option with flexibility, a high level of choice and tax-advantaged savings, a high deductible health plan with a health savings account (HSA) might be the right choice for you.

## What Are HSAs?

Health savings accounts (HSAs) are a great way to save money and efficiently pay for medical expenses. HSAs are tax-advantaged savings accounts that accompany high deductible health plans (HDHPs).

HSAs were created in 2003 to provide individuals who have HDHPs with a tax-preferred method of saving money for medical expenses. There are certain advantages to putting money into these accounts, including investment earnings and favorable tax treatment. The rationale behind the HSA/HDHP combination is that people will have a clearer idea of their medical costs and more control over their spending, enabling them to reduce their medical costs.

HSA money can be used tax-free when paying for qualified medical expenses, helping you pay your HDHP's larger deductible. At the end of the year, you keep any unspent money in your HSA. This rolled over money can grow with tax-deferred investment earnings, and, if it is used to pay for qualified medical expenses, then the money will continue to be tax-free. Your HSA and the money in it belongs to you—not your employer or insurance company.

An HSA can be a tremendous asset as you save for and pay medical bills because it gives you tax advantages, more control over your own spending and the ability to save for future expenses.

## Why Have an HSA?

HSA/HDHPs take a different approach to health coverage than other plans with lower deductibles. Having an HSA provides you with many benefits, including flexibility and easy saving, helping you plan and pay for medical expenses.

### HSA Advantages

Here are some of the advantages an HSA provides you with:

*Security* – Your HSA can provide a savings buffer for unexpected or high medical bills.

*Affordability* – In most cases, you can lower your monthly health insurance premiums when you switch to health insurance coverage with a higher deductible, and these HDHPs can be paired with an HSA.

*Flexibility* – You can use your HSA to pay for current medical expenses, including your deductible and expenses that your insurance may not cover, or you can save your funds for future medical expenses, such as:

- Health insurance or medical expenses if unemployed
- Medical expenses after retirement (before Medicare)
- Out-of-pocket expenses when covered by Medicare
- Long-term care expenses and insurance

Also, you do not have to use your HSA to pay for medical expenses. You can withdraw money from your HSA at any time and for any reason. However, if your HSA money is not used for medical expenses, you will have to pay income tax on your withdrawal. You will also have to pay a 20 percent additional tax, unless the withdrawal is made after you attain age 65, become disabled or after your death.



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**Savings** – You can save the money in your HSA for future medical expenses, all while your account grows through tax-deferred investment earnings.

**Tax Savings** – An HSA provides you with triple tax savings:

1. Tax deductions when you contribute to your account
2. Tax-free earnings through investment
3. Tax-free withdrawals for qualified medical expenses

**Control** – You make the decisions regarding:

- How much money you will put in the account
- When to make contributions to the account
- Whether to save the account for future expenses or pay current medical expenses
- Which expenses to pay for from the account
- How to invest the money in the account

**Portability** – Accounts are completely portable, meaning you can keep your HSA even if you:

- Change jobs
- Change your medical coverage
- Become unemployed
- Move to another state

**Ownership** – Funds remain in the account from year to year, just like an IRA. There are no “use it or lose it” rules for HSAs, making it a great way to save money for future medical expenses.

## Is an HSA Right for You?

HSAs are a growing trend in health care and offer many advantages, but whether it's the right choice for you depends on several factors.

Comparing HSA/HDHPs to traditional health plans can be difficult, as each has pros and cons. For example, traditional health plans typically have higher monthly premiums, a smaller deductible and fixed copays. You pay less out-of-pocket costs due to the lower deductible, but you will pay more each month in premiums.

HDHPs with HSAs generally have lower monthly premiums and a higher deductible. You may pay more out-of-pocket medical expenses, but you can use your HSA to cover those costs, and you pay less each month for your premium.

The decision is different for each individual. If you are generally healthy and/or have a reasonable idea of your annual health care expenses, then you could save a lot of money from the lower premiums and valuable tax-advantaged account with an HSA/HDHP plan. For example, even someone with a chronic condition could take advantage of an HSA/HDHP plan if he or she has a good idea of his or her annual expenses and then budgets enough money to cover cost of care.

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However, if you are older, more prone to illness or unexpected medical conditions, or prefer certainty in medical costs over the possible risk of unexpected out-of-pocket expenses, you may want to stick with a traditional plan. You'll pay more in monthly premiums, but you will have a lower deductible and fixed copays.

To help determine if an HSA is right for you and how much you might save in taxes, contact HUB International Limited (West).

## How Do HSAs Work?

To have an HSA and make contributions to the account, you must meet several basic qualifications. Here's what you need to know to start saving with an HSA.

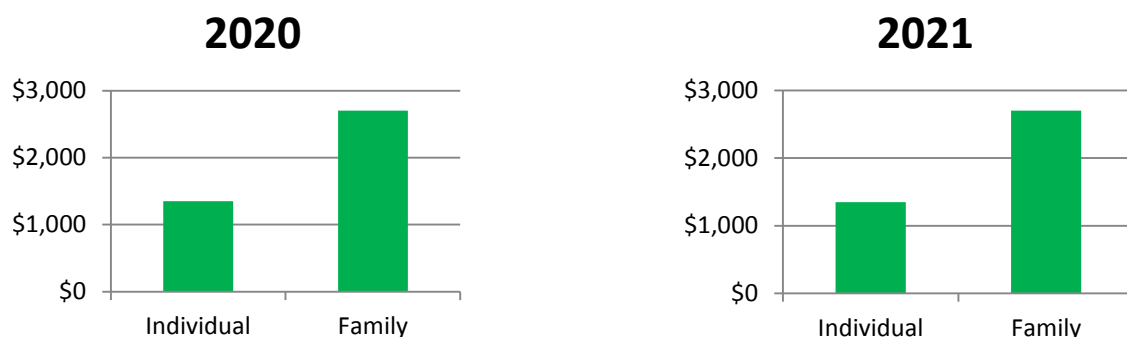
**HSA Eligibility** – In order to qualify for an HSA, you must be an adult who meets the following qualifications:

- Have coverage under an HSA-qualified, high deductible health plan (HDHP)
- Have no other health insurance plan (this exclusion does not apply to certain other types of insurance, such as dental, vision, disability or long-term care coverage)
- Are not enrolled in Medicare
- Cannot be claimed as a dependent on someone else's tax return

HSAs must be used with an HDHP. To qualify as an HDHP, a health plan must satisfy requirements for the minimum annual deductible and the maximum out-of-pocket expenses.

For 2020, the minimum annual deductible for a qualifying HDHP was \$1,400 for an individual and \$2,800 for a family. For 2021, the annual deductible is unchanged.

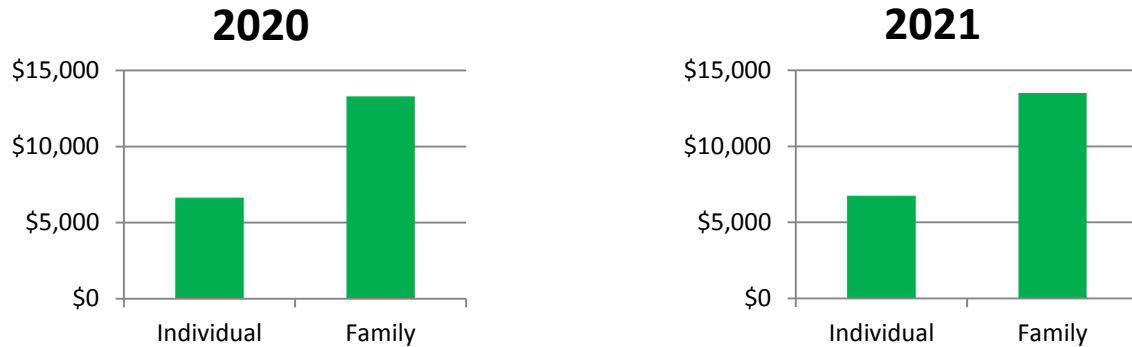
### Minimum Annual Deductible for a Qualifying HDHP



In addition, annual out-of-pocket expenses under the plan (including deductibles, copays and coinsurance) cannot exceed \$6,900 for single coverage and \$13,800 for family coverage in 2020. For 2021, the limits are \$7,000 and \$14,000, respectively.

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## Annual Out-of-pocket Expenses Maximum



In general, the deductible must apply to all medical expenses (including prescriptions) covered by the plan. However, plans can pay for preventive care services on a first-dollar basis (that is, without a deductible or copay). Preventive care can include care such as routine prenatal and well-child care, child and adult immunizations, annual physicals and mammograms.

**Opening Your HSA** - Your employer may offer an HSA option, or you can open an account on your own through a bank or other financial institution. Banks, credit unions, insurance companies and other financial institutions are all permitted to be trustees or custodians of these accounts. Other financial institutions that handle IRAs or Archer MSAs are also automatically qualified to establish HSAs.

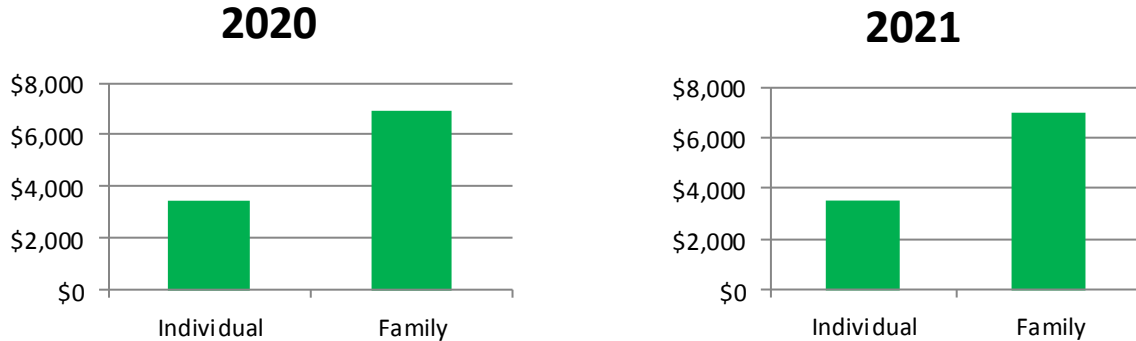
**Contributions** - Contributions to your HSA can be deducted when you file your income taxes. If your employer offers a Section 125 plan (sometimes called a "cafeteria plan"), you may be able to make your HSA contributions on a pre-tax basis. That means that your HSA contribution will be taken out of your wages and no federal income tax or employment tax will be withheld on the contribution.

**Determining your contribution** - Your eligibility to contribute to an HSA is determined monthly. You must have HDHP coverage on the first day of the month to make an HSA contribution for that month. There is a limited exception that allows individuals who become HSA-eligible during a calendar year to make the full contribution amount for that year. Under this exception, individuals who are eligible to contribute to an HSA on Dec. 1 of a calendar year are allowed to contribute an amount equal to the annual HSA contribution amount provided they remained covered by the HSA for at least the 12-month period following that year. Contributions can be made as late as April 15 of the following year.

**Limits** - You can make a contribution to your HSA for each month that you are eligible. For each month that you are eligible, you can contribute one-twelfth of the annual maximum for HSA contributions. The full contribution rule described above for individuals who are eligible on Dec. 1 of a calendar year is an exception to the rule that HSA contributions limits are determined monthly. You can contribute no more than the designated annual maximum. For 2020, the maximum was \$3,550 for single coverage and \$7,100 for family coverage. For 2021, the maximum is \$3,600 for single coverage and \$7,200 for family coverage. Individuals who are age 55 and older can also make additional "catch-up" contributions of up to \$1,000 annually.

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## Annual Contribution Maximum



*Who can contribute* - Contributions to your HSA can be made by anyone, including you, your employer or a family member; the combined contributions of you and your employer (and anyone else making contributions to your HSA) can not exceed the HSA maximum contribution limit.

Contributions to the account must stop once you are enrolled in Medicare. However, you can still use your HSA funds to pay for medical expenses tax-free.

### **City of Boulder Contribution**

The City of Boulder will also contribute funds into your Health Savings Account. Initial deposits from the City will be made after the first pay period in which you have met all the requirements listed in this section. Please note, if you and a spouse are both employed by the City, you are only eligible for an HSA contribution from the City up to \$1,000 annually or prorated if applicable.

### **Contribution Schedule**

Health Savings Account contributions will be made monthly throughout the plan year. Once your medical coverage begins and your HSA account has been opened and verified, you will begin receiving monthly employer HSA contributions.

- Employee Only (Single) Coverage: up to \$500 deposit annually
- Family Coverage (Two Person, Family): up to \$1,000 deposit annually

To receive the City contribution you must:

- Be enrolled into one of the City's High Deductible Health Plans
- Open and maintain an HSA account with a financial institution of your choice

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- If you are enrolling into the HSA for the first time in 2021, you must spend all your 2020 Healthcare Flexible Spending dollars by December 19, 2020 in order to receive the City's HSA incentive contribution in the first pay period of 2020. If you intend to use the FSA grace period, your 2020 Healthcare FSA dollars must be spent by March 15, 2021.

## **Using Your HSA**

An HSA is managed by the account holder, giving you the choice of when to use your HSA dollars. You can begin using your HSA money as soon as your account is activated and contributions have been made. You can use your HSA account for any purpose, including paying expenses that are not qualified medical expenses. However, you only get the tax benefits of an HSA when you use the account for qualified medical expenses. If you use it for another purpose, you will be required to pay income tax on the withdrawal, and you may also be required to pay another 20 percent tax, unless you make the withdrawal after you reach age 65, become disabled or after your death.

## **Qualified Medical Expenses**

You can use money in your HSA to pay for any qualified medical expense permitted under federal tax law, which includes most medical care and services, as well as dental and vision care. HSA distributions are tax-free if they are used for qualified medical expenses incurred by the account holder or his or her spouse or dependents. The qualified medical expenses must be incurred after the HSA is established.

Qualified medical expenses are defined in Section 213(d) of the federal tax code. Section 213(d) defines "medical care" to include amounts paid "for the diagnosis, cure, mitigation, treatment or prevention of disease, or for the purpose of affecting any structure or function of the body."

You can use your HSA account to pay for your health plan deductible, your copay or coinsurance for doctor's office visits and prescription drugs, your share of the cost for dental care, such as exams and cleanings, and your costs for vision care, such as exams, eyeglasses and contact lenses. See Appendix B for a list of eligible expenses.

Generally, you cannot use your HSA to pay for medical insurance premiums, except specific instances, including:

- Any health plan coverage while receiving federal or state unemployment benefits
- Continuation coverage under federal law (COBRA or USERRA coverage)
- Qualified long-term care insurance
- Any deductible health insurance for HSA account holders who are age 65 or over (whether or not they are entitled to Medicare) other than a Medicare supplemental policy

You can use your HSA to pay for medical expenses for yourself, your spouse or your dependent children, even if your dependents are not covered by your HDHP. Any amounts used for purposes other than to pay for qualified medical expenses are taxable as income and subject to an additional 20 percent penalty. Examples of taxable expenses include:

- Medical procedures and expenses not considered qualified under federal tax law
- Over-the-counter drugs and medications without a prescription (except insulin)
- Other types of health insurance unless specifically described above
- Medicare supplement insurance premiums
- Non health-related expenses





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After the age of 65, you can withdraw money for nonmedical expenses without penalty, but you will have to pay taxes on the money. If you become disabled, the account can be used for other purposes without paying the additional penalty. If you withdraw money from an HSA for nonmedical expenses before you turn 65 (or become disabled), you will have to both pay taxes and a 20 percent penalty.

## Life Events

### Various life events may affect your HSA.

*New health plan (non-HDHP)* – An HSA is an individually owned account. If you are no longer participating in an HDHP, you cannot make contributions to your HSA, but you can continue to use the money you have already saved in your HSA. If you are switching to a Marketplace plan under the Affordable Care Act (ACA), some plans, typically bronze and silver plans, may be HSA-compatible, in which case you can then choose to keep contributing to an HSA.

*Employment status changes* – An HSA is an individually owned account; if you leave your current employer, the HSA money is yours and you may choose to leave your funds in the current HSA account, transfer the funds to an HSA with your new employer or take a distribution and roll over the funds to another qualifying account within 60 days.

*Divorce* – The HSA owned by one spouse may be divided or transferred entirely to an HSA for the other spouse by court judgment in a divorce. If you transfer your HSA to your spouse as part of your divorce or separation, it is not a taxable transfer.

*Death* – You can designate a beneficiary to inherit your HSA after your death. The tax treatment of the HSA will then depend on whether a spouse or non-spouse inherited the HSA account.

## Adult Dependents and Your HSA

If you cover an adult dependent on your High Deductible Healthcare Plan, but you do not claim that dependent on your taxes (they claim themselves), they will not be able to use any funds you contribute to your HSA. Healthcare reform legislation passed in 2010 allows adult children up to age 26 to be covered by their parents' health plans, including high-deductible plans. However, the tax laws regarding HSAs have not changed. An adult child must still be considered a tax dependent in order for their medical expenses to qualify for payment or reimbursement from a parent's HSA. This means that an employee whose 24-year-old child is covered on their HSA-qualified health plan is not eligible to use HSA funds to pay that child's medical bills unless the child qualifies as a tax dependent.

According to the Internal Revenue Service (IRS) definition, a dependent is a qualifying child (daughter, son, stepchild, sibling or step sibling, or any descendant of these) who meet these three criteria:

- Has the same principal place of abode as the covered employee for more than one-half of the taxable year, and
- Has not provided more than one-half of his or her own support during the taxable year, and
- Is not yet 19 (or, if a student, not yet 24) at the end of the tax year, or is permanently and totally disabled.

One way around this is for an adult child to set up their own HSA. As long as they are covered on the family qualified HDHP, adult children can contribute the full family HSA amount into their HSA account. The dependent's contributions will not reduce the amount their parents can deposit into their accounts.

Example: Tim Jones has an HSA qualified HDHP through his employer. He covers himself, his wife Karen and their 24 year old daughter, Jill. Jill has a scheduled knee surgery. While Tim and Karen can't use their HSA money toward Jill's surgery, Jill can open her own HSA account and contribute the full family contribution to her HSA (\$6,750 for 2017). She can use that HSA money to pay for her surgery out of pocket amount. Karen and Tim can also contribute the full family contribution into their HSA account as well

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## Saving With an HSA

HSAs serve as a tax-advantaged fund that can be used to pay for current or future medical expenses. The account is consumer-controlled. If the funds are not used, the money will roll over to the next year and continue to grow over time. One of the most attractive features of the HSA is that these funds grow through the accrual of tax-free interest or investment earnings.

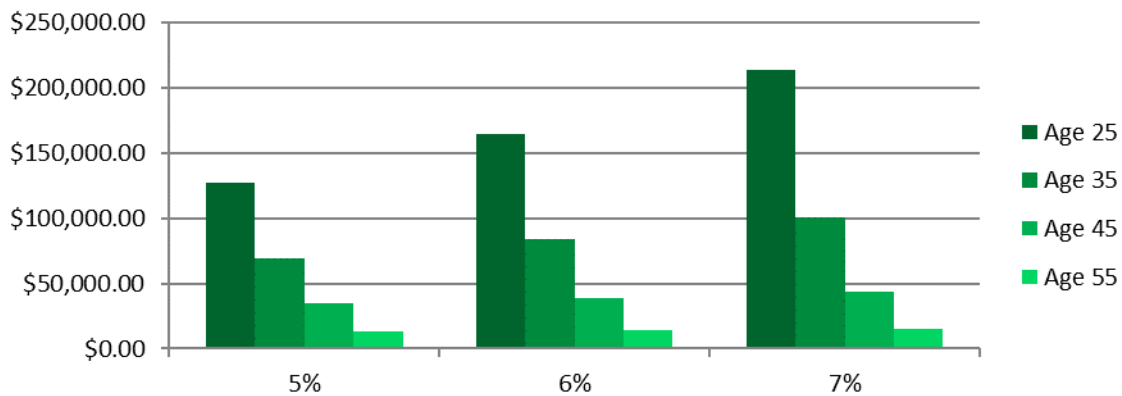
The HSA is proving itself to be a wise investment tool, not only for current health care needs, but also for long-term retirement planning. The HSA fund is tax-deductible, compounds tax-free interest and earnings and is tax-free to withdraw from for medical bills. Also, people who are age 55 and older can make additional contributions, called “catch-up payments,” to their accounts in order to accelerate the rate of savings.

For example, if you spend \$700 a year on health care costs, anything you contribute above that is money invested for your future. Maximum allowable contributions enhance this opportunity further, particularly for those investing at a younger age.

Because an HSA can be invested in the market with tax-free earnings, the opportunity for long-term growth is exponential. Owners of individual retirement accounts (IRAs) or Roth IRAs who are HSA-eligible can shift IRA funds to an HSA without facing a tax penalty. The IRS allows a one-time transfer that does not exceed your maximum annual HSA contribution limit. The same types of investments permitted for IRAs are allowed for HSAs, including bank accounts, stocks, bonds, mutual funds, annuities and certificates of deposit.

You can build your HSA balance by consistently making contributions and investing what you roll over to the next year. If you start at a young age, you can amass considerable savings.

### Your Potential Savings at Age 65



Start At	5%	6%	7%
Age 25	\$126,840	\$164,408	\$213,610
Age 35	\$69,761	\$83,802	\$101,073
Age 45	\$34,719	\$38,993	\$43,865
Age 55	\$13,207	\$13,972	\$14,784

\* Assumes \$1,000 per year balance rolling over.

## HSA Recordkeeping

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If you have an HSA, you are ultimately responsible for proving how the account is used because it is individually owned. Typically, your HSA provider will give you an HSA debit card (or checks) to pay directly from your HSA, or you can pay out-of-pocket and request reimbursement later. With an HSA, you must keep proper records for your expenses to avoid tax headaches later on.

**Documentation is key** - An HSA can be used for a wide range of health care services within the limits established by law. Be sure you understand what medical expenses are HSA-qualified, and be sure you are able to produce receipts for those items or services that you purchase with your HSA. You may face income taxes and a 20 percent penalty on any distribution that you cannot prove was for a qualified medical expense.

**Your HSA statement** - Your HSA provider will send you a statement outlining your contributions, employer contributions made on your behalf, payments made to providers from your HSA, interest earned and any fees charged to your account. Keep these statements safely filed away as you would any other bank statement because they may be required in the event of an IRS audit.

**Maintaining records** - To protect yourself in the event that you are audited by the IRS, keep records of all HSA documentation for at least as long as your income tax return is considered open (subject to an audit), or as long as you maintain the account, whichever is longer. Hold on to any insurer's explanation of benefits statement that documents your expenses for services covered under your HDHP. Also, when you pay an expense from your HSA and the expense is not filed with your health insurance carrier (for example, a vision or dental expense not covered by insurance), make sure you save the receipt.

See Appendix A for a sample HSA log sheet.

## Case Studies and Examples

Following are three case studies that demonstrate how an HSA can benefit you in various life stages and circumstances.

### HSA Case Study 1

Justin is a healthy 28-year-old single man who is active in sports and goes to the gym three times a week. He contributes \$1,000 each year to his HSA. His plan's annual deductible is \$1,500 for individual coverage. If Justin uses his HSA to pay for covered services, this will reduce his out-of-pocket amount needed to meet his deductible before traditional health coverage begins. Here is a look at the first two years of Justin's HSA plan, assuming the use of in-network providers. (This example only includes HSA contribution amounts and does not reflect any investment earnings.)

#### Year 1

HSA - \$1,000 contribution	\$1,000
<b>Total Expenses:</b>	
Prescription drugs: \$150	- \$150
<b>HSA Rollover to Year 2</b>	<b>\$850</b>
Since Justin did not spend all of his HSA dollars, he did not need to pay any additional amounts out-of-pocket this year.	

#### Year 2

HSA Balance: \$850 from Year 1, plus \$1,000 contribution for Year 2	\$1,850
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<b>Total Expenses:</b>	
Office visits: \$100	
<del>Preventive care services: \$150</del> (Paid for by insurance benefits)	
+ Prescription drugs: \$200	
\$300	- \$300
<b>HSA Rollover to Year 3</b>	<b>\$1,550</b>
Once again, since Justin did not spend all of his HSA dollars, he did not need to pay any additional amounts out-of-pocket this year.	

## HSA Case Study 2

The Bennetts haven't had the best luck when it comes to medical expenses—daughter Jasmine was diagnosed with asthma a few years ago, and son Alex has broken several bones. They contribute \$2,000 to their HSA each year. Their plan's annual deductible is \$5,000 for family coverage. If they choose to use their HSA to pay for covered services, it will reduce the out-of-pocket amount needed to meet their deductible before traditional health coverage begins. Here is a look at the first two years of the Bennetts' HSA plan, assuming the use of in-network providers:

### Year 1

HSA - \$2,000 contribution	\$2,000
<b>Total Expenses:</b>	
<del>Preventive Care Services: \$600</del> (Paid for by insurance benefits)	
Office Visits: \$350	
Prescription Drugs: \$200	
+ Emergency Room Visits: \$350	
\$900	-\$900
<b>HSA Rollover to Year 2</b>	<b>\$1,100</b>
Since the Bennetts did not spend all of their HSA dollars, they did not need to pay any additional amounts out-of-pocket this year.	

### Year 2

HSA Balance: \$1,100 from Year 1, plus \$2,000 contribution for Year 2	\$3,100
<b>Total Expenses:</b>	
<del>Preventive Care Services: \$600</del> (Paid for by insurance benefits)	
Office Visits: \$300	
+ Prescription drugs: \$200	

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\$500	-\$500
<b>HSA Rollover to Year 3</b>	<b>\$2,600</b>
Again, since the Bennetts did not spend all of their HSA dollars, they did not need to pay any additional amounts out-of-pocket this year.	

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## HSA Case Study 3

Angela is divorced and in good health at age 62, but, due to a car accident, her expenses were higher than usual her second year of enrollment. Thanks to her HSA savings from her first year, she had money to help cover most of her expenses in the second year. Angela contributes \$2,000 to her HSA each year, and her plan's deductible is \$2,500. If she chooses to use her HSA to pay for covered services, this will reduce or eliminate the out-of-pocket amount needed to meet her deductible before traditional health coverage begins. Here is a look at the first two years of Angela's HSA plan, assuming the use of in-network providers:

### Year 1

HSA - \$2,000 contribution	\$2,000
<b>Total Expenses:</b>	
Prescription Drugs - \$150	
Office Visits - \$200	
+ <del>Preventive Care Services - \$350 (Paid for by insurance benefits)</del>	
\$350	-\$350
<b>HSA Rollover to Year 2</b>	<b>\$1,650</b>
Since Angela did not spend all of her HSA dollars, she did not need to pay any additional amounts out-of-pocket this year.	

### Year 2

HSA Balance: \$1,650 from Year 1, plus \$2,000 contribution for Year 2	\$3,650
<b>Total Expenses:</b>	
<del>Preventive Care Services - \$350 (Paid for by insurance benefits)</del>	
Hospital and Surgery Charges - \$4,300	
Prescription drugs - \$250	
+ <del>Physical Therapy - \$8,000</del>	
\$12,550 (has \$3,650 in HSA, which Angela uses for the deductible and part of her coinsurance)	-\$3,650
Charges paid by traditional health coverage after deductible met (80% x \$10,050)	\$8,040
<b>Total amount Angela pays out-of-pocket</b>	<b>\$860</b>
<b>HSA Rollover to Year 3</b>	<b>\$0</b>
Since Angela carried over a balance of \$1,650 from Year 1, she was able to meet her deductible and cover a significant portion of her coinsurance with her HSA dollars.	



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## Appendix B - Qualified Medical Expenses

The qualified medical expenses that can be reimbursed by an HSA on a tax-free basis are limited to expenses for medical care (as defined in the federal tax code) for the HSA owner and his or her spouse and dependents, to the extent those expenses are not reimbursed by the high deductible health plan or any other source.

The federal tax code defines medical care expenses as amounts paid for the diagnosis, cure, mitigation or treatment of a disease, and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate a physical or mental defect or illness.

The products and services listed below are examples of medical expenses that may be eligible for payment under your HSA on a tax-free basis. This list is not exhaustive; additional expenses may qualify as medical expenses, and the items listed below are subject to change. Keep in mind that, under a rule that went into effect Jan. 1, 2011, over-the-counter medicine or drug expenses (other than insulin) cannot be reimbursed tax-free from your HSA without a prescription. This rule does not apply to items for medical care that are not medicines or drugs.

- Acupuncture
- Alcoholism treatment
- Ambulance
- Annual physical examination
- Artificial limb
- Artificial teeth
- Bandages
- Birth control pills
- Body scan
- Breast pumps and supplies
- Breast reconstruction surgery following mastectomy
- Capital expenses (improvements or special equipment installed to a home, if meant to accommodate a disabled condition)
- Car modifications or special equipment installed for a person with a disability
- Chiropractor
- Contact lenses
- Crutches
- Dental treatment (not including teeth whitening)
- Diagnostic devices



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- Disabled dependent care expenses (medical care of the disabled dependent)
- Drug addiction treatment
- Eye exam
- Eye glasses
- Eye surgery
- Fertility enhancement (for example, in vitro fertilization or surgery)
- Guide dog or other service animal
- Hearing aides
- Hospital services
- Laboratory fees
- Lactation expenses
- Lodging at a hospital or similar institution
- Long-term care insurance premiums\*
- Medical conference expenses, if the conference concerns a chronic illness of yourself, your spouse or your dependent
- Medical information plan
- Medications, if prescribed
- Nursing services
- Operations
- Optometrist
- Osteopath
- Oxygen
- Physical examination
- Pregnancy test kit
- Premiums for COBRA continuation coverage
- Prosthesis
- Psychiatric care
- Psychoanalysis
- Psychologist



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- Sterilization
- Stop-smoking programs
- Surgery
- Special telephone for hearing-impaired individuals
- Television for hearing-impaired individuals
- Therapy received as medical treatment
- Transplants
- Transportation for medical care
- Vasectomy
- Vision correction surgery
- Weight-loss program if it is a treatment for a specific disease
- Wheelchair
- X-rays

\*For purposes of reimbursement of qualified long-term care premiums from an HSA, reimbursement in excess of the amount that may be deducted on an individual's personal tax return is not an eligible expense. Section 213(d)(10) of the federal tax code establishes the tax deduction allowed for qualified long-term care premiums on individual tax returns. If the HSA reimburses long-term care premiums for an amount greater than what is set forth in Section 213(d)(10), the amount greater than what is allowed is included in the account holder's taxable income and is subject to a 20 percent penalty.