

Health Savings Account Eligible and Excluded Expenses

HSA funds can be used to pay qualifying medical expenses on a tax-favored basis as outlined in Section 213(d) of the Internal Revenue Code. Your HSA funds can pay for deductibles or coinsurance under your high deductible health plan. In addition, certain medical expenses that may not be covered by your medical benefits, but included in Section 213(d) are also eligible.

Qualified expenses include*:

Acupuncture	Legal abortions
Alcoholism and drug treatment	Legal fees (to authorize treatment for mental illness)
Ambulance costs	Some long-term care insurance**
Artificial limbs and teeth	Medical Insurance premiums while unemployed**
Birth control pills	Medicare HMO coverage**
Braille books and magazines (the added cost of having materials in Braille)	Medicare parts A or B**
Car controls for the handicapped	Mental nervous disorders
Chiropractors and chiropractic care	Nursing services
Christian Science practitioners	Obstetrical expenses
Contact lens solution, cleaners and replacement coverage	Operations, if medically necessary
Copays	Organ transplants
Crutches	Over-the-counter drugs (to alleviate or treat illness or injuries)
Deductibles	Oxygen
Dental fees, exams and cleanings	Periodontal fees
Dental implants, dentures and bridges	Premiums for COBRA continuation**
Diagnostic tests	Prescription drugs (drugs with Rx #)
Experimental medical treatment	Psychiatric care
Eye examinations	Psychoanalysis
Eyeglasses; reading and prescription sunglasses	Radial keratotomy
Guide dogs (purchase, training and maintenance)	Retiree contributions to employer-sponsored coverage**
Hearing treatment including devices and batteries	Smoking cessation programs (includes nicotine gum or patches)
Hospital services	Telephone for the deaf
Invitro fertilization	Transportation for medical care
Inpatient therapy	Vaccinations
Insulin injections	Walkers
Laboratory fees	Wheelchairs
Lasik (laser) eye surgery	X-rays
Lamaze classes (for mothers only)	
Lead based paint removal	

*And other items as may be allowed by the IRS under Section 213

**This item is not listed under Section 213(d), but is allowed by the health savings account regulations

Excluded expenses include:

The following is a **partial list** of expenses that are usually **not** covered under the HSA.

Cosmetic surgery or procedures	Medical savings account deposits
Dancing lessons (even if recommended by a doctor)	Over-the-counter drugs, products or formulas for general health (vitamins, beauty aids, lotion, toothpaste)
Diaper services	Personal use items
Domestic help fees (for non-medical services)	Physical or massage therapy for general health
Electrolysis	Premiums for Medigap insurance
Funeral expenses	Solutions for the care and maintenance of eyeglasses
Health insurance premiums	Supplements prescribed by alternative providers (i.e., Naturopath, Acupuncturist)
Homeopathic items	Swimming lessons (even if recommended by a doctor)
Household help	Teeth bleaching
Illegal operations or treatments	Union dues
Liposuction	
Marriage counseling	
Maternity clothes	

For more information about qualified medical expenses, we recommend reviewing IRS Publication 502, available at www.irs.gov, or talking with your tax advisor.

This material is a high-level summary and provides general information about HSAs. Individuals are responsible for determining whether or not a specific treatment or service is a qualified expense under HSA regulation. This flyer is not an insurance contract or a complete statement of the provisions or requirements of HSAs. Custodial services for Health Savings Accounts offered by Principal Life Insurance Company. Bank products and services provided by Principal Bank, Member FDIC, Equal Housing Lender. Contact your local sales representative for more information, including availability of specific products in your state, costs and a full proposal.