

Health Savings Accounts (HSA) eligible and excluded expenses

HSA funds can be used to pay deductibles and other qualifying medical expenses on a tax-favored basis as outlined in Section 213(d) of the Internal Revenue Code. These are the same medical expenses the IRS has determined are deductible for income tax purposes. Within that general rule, your HSA funds can pay for anything that your High Deductible Health Plan (HDHP) considers a “covered charge,” including charges that your HDHP did not pay because they were subject to the deductible or coinsurance. In addition, certain medical expenses not covered by your insurance, but included in Section 213(d) are also eligible. For more information about qualified medical expenses, we recommend reviewing IRS Publication 502, available at www.irs.gov, or talking with your tax advisor.

QUALIFIED EXPENSES INCLUDE¹:

Acupuncture	Laboratory fees
Alcoholism and drug treatment	Lasik (laser) eye surgery
Ambulance costs	Lamaze classes (for mothers only)
Artificial limbs and teeth	Lead-based paint removal
Birth control pills	Learning disabilities – tuition or fees for special schools (call for details)
Braille books and magazines (the added cost of having materials created in Braille)	Legal abortions
Car controls for the handicapped	Legal fees (to authorize treatment for mental illness)
Chiropractors and Chiropractic care	Some long-term care insurance ²
Christian science practitioners	Medical insurance premiums while unemployed ²
Contact lens, solutions, cleaners and replacement coverage	Medicare HMO coverage ²
Copays	Medicare parts A or B ²
Crutches	Mental nervous disorders
Deductibles	Nursing services
Dental fees, exams and cleanings	Obesity (call for details)
Dental implants, Dentures and Bridges	Obstetrical expenses
Diagnostic tests	Operations, if medically necessary
Experimental medical treatment	Organ transplants
Eye examinations	Orthodontic treatment (call for details)
Eyeglasses, prescription sunglasses and reading glasses	Orthopedic shoes (call for details)
Guide dogs (purchase, training and maintenance)	Over-the-counter drugs (to alleviate or treat illness or injuries)
Hearing treatment including devices and batteries	Oxygen
Hospital services	Periodontal fees
Invitro fertilization	Premiums for COBRA continuation ²
Inpatient therapy	Prescription drugs (drugs with Rx #)
Insulin injections	Psychiatric care
	Psychoanalysis

¹ And other items as may be allowed by the IRS under Section 213(d)

² This item is not listed under Section 213(d), but is allowed by the Health Savings Account regulations

Psychologist fees (see exclusions)
Radial keratotomy
Retiree contributions to employer-sponsored coverage²
Smoking cessation programs (includes nicotine gum or patches)
Telephone for the deaf
Television with audio display for the hearing impaired (call for details)

Transportation for medical care
Vaccinations
Walkers
Weight loss treatments and prescriptions (restrictions apply – call for details)
Wheelchairs
X-rays

Following is a partial list of health care expenses that are usually not covered under the Health Savings Account. For more information about qualified medical expenses, we recommend reviewing IRS Publication 502, available at www.irs.gov, or talking with your tax advisor.

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

This material is a high-level summary and provides general information about Health Savings Accounts. 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.

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Principal Life Insurance Company
Des Moines, Iowa 50392-0002
www.principal.com