



Health Savings Account (HSA) Qualified Expenses

The money you contribute to your HSA is tax-deductible and can be withdrawn tax-free as long as:

1. It is used to pay for qualified medical care expenses as defined by the IRS.
(See IRS Publication 502 “Medical and Dental Expenses” available at <http://www.irs.gov/pub/irs-pdf/p502.pdf>.)
2. And it is used to pay for expenses that have not already been compensated or reimbursed by insurance.

The information contained in this document is provided solely for informational purposes to help you determine which expenses may qualify, and it does not constitute tax or legal advice. These lists are not exhaustive and are subject to change by the IRS. You should consult with a qualified tax or legal advisor with questions regarding your HSA expenses.

Examples of Qualified Medical Expenses Include:

- | | |
|---|--|
| <ul style="list-style-type: none"> • Acupuncture • Alcoholism treatment • Ambulance services • Artificial limb or prosthesis • Birth control/contraceptives • Braces • Braille materials • Breast pumps and lactation supplies • Car adaptations (for a disability) • Chiropractic services • Christian Science Practitioner • Contact lenses, solutions, and cleaners • Cosmetic surgeries and procedures (if related to accident, birth defect, or disease) • Crutches • Dental treatment (x-rays, fillings, dentures, extractions, oral surgery, etc.) • Diagnostic services and devices • Doctors’ services • Drug addiction therapy • Eyeglasses, eye exams, and eye surgery • Fertility enhancement • Fluoridation units • Guide dogs • Handicap equipment • Hearing aids and batteries • Home improvements (health-related only, e.g., wheelchair access) | <ul style="list-style-type: none"> • Hospital services • Hydrotherapy • Insulin • Laboratory tests • Lead paint removal • Lodging (away from home for outpatient care) • Nursing home costs (including board & meals) • Nursing services • Operations and surgeries • Orthopedic shoes and arch supports • Over-the-counter items - <i>see page 2 for more details.</i> • Oxygen and oxygen equipment • Prenatal and postnatal care • Prescription medicines and equipment • Psychiatric services • Smoking cessation programs • Special school or home costs for physically and mentally impaired • Splints • Sterilization/vasectomy • Telephone/television for impaired • Therapy services and equipment • Transplants • Transportation expenses (relative to healthcare) • Tuition for child with learning disability • Vaccines • Wheelchairs • X-rays |
|---|--|

“Your Country Bank Since 1891”

Member FDIC

Bruning
800-403-5889

Hebron
800-405-6167

Broken Bow
877-872-2757

Holdrege
877-995-3880

Examples of NON-Qualified Medical Expenses Include:

- | | |
|--|--|
| <ul style="list-style-type: none"> • Advance payment for services rendered next year • Athletic club or health club memberships • Auto insurance premiums (medical portion) • Boarding school fees and childcare • Commuting expenses of a disabled person • Cosmetic surgery and procedures (unless due to accident, birth defect, or disease) • Cosmetics, hygiene products, and toiletry items • Diaper service • Dietary supplements, herbs, or minerals • Domestic help • Funeral expenses • Hair removal or hair transplant procedures • Illegal operations and treatments • Illegally procured drugs • Maternity clothes | <ul style="list-style-type: none"> • Nicotine gum or patches • Over-the-counter medications (unless accompanied by a prescription) <i>See below for more details.</i> • Premiums for life insurance, income protection, disability, loss of limbs or sight • Scientology counseling • Social activities • Special foods or beverages, including bottled water • Swimming pools • Teeth whitening • Travel for general health improvement • Tuition and travel expenses to send a special needs child to a particular school • Vitamins (unless by prescription) • Weight loss programs |
|--|--|

Qualification of Over-the-Counter (OTC) Items

(effective January 1, 2011)

Qualified Over-the-Counter Items:

- Band aids
- Birth control
- Braces and supports
- Contact lens solution and supplies
- Elastic bandages and wraps
- First aid supplies
- Reading glasses

NON-Qualified Over-the-Counter Items:

- (unless accompanied by a prescription)
- Acid controllers
 - Acne medications
 - Allergy and sinus medications
 - Cold, cough, and flu medications
 - Creams and lotions (burn, itch, rash, etc.)
 - Pain relievers
 - Sleep aids and sedatives
 - Stomach remedies

In general, health insurance may not be purchased with HSA funds. However, the following types of insurance premiums typically do qualify:

1. COBRA premiums or other continuation coverage required under any other federal law.
2. Qualified long-term care insurance premiums (some limitations apply).
3. Health plan premiums during a period in which the individual is receiving unemployment compensation under any federal or state law.
4. For individuals age 65 and over, premiums for Medicare Part A, B, or D, a Medicare HMO, and/or the employee share of premiums for employer-sponsored retiree health insurance.

As an HSA owner, it is your responsibility to know which expenses are qualified and to maintain your records for tax purposes. Neither your employer nor Bruning State Bank is responsible for auditing your HSA distributions. HSA funds used for non-qualified expenses will be taxable and will also be subject to a 20% IRS penalty if you are under the age of 65, unless they are made after death or disability. When in doubt, please consult your tax advisor!