Flexible Spending Accounts: What’s Eligible?

The IRS defines eligible health 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 condition or illness. This list is not meant to be all-inclusive.

Eligible Expenses

**DENTAL SERVICES**
- Dental X-Rays
- Dentures
- Exams/Teeth Cleaning
- Extractions
- Fillings
- Gum Treatment
- Oral Surgery
- Orthodontia/Braces

**MEDICAL TREATMENTS/PROCEDURES**
- Acupuncture
- Alcoholism and Drug Addiction (inpatient treatment)
- Hearing Exams
- Hospital Services
- Infertility
- In Vitro Fertilization
- Norplant Insertion or Removal
- Physical Examination (not employment-related)
- Physical Therapy
- Reconstructive Surgery (if medically necessary due to a congenital defect or accident)
- Speech Therapy
- Sterilization
- Transplants (including organ donor)
- Vaccinations/Immunizations
- Vasectomy and Vasectomy Reversal
- Weight Loss Programs (as prescribed by your doctor)

**OBSTETRIC SERVICES**
- Lamaze Class (child rearing classes excluded)
- Midwife Expenses
- OB/GYN Exams
- OB/GYN Prepaid Maternity Fees (reimbursable after date of birth)
- Pre and Postnatal Treatments

**LAB EXAMS/TESTS**
- Blood Tests
- X-Rays
- Cardiographs
- Laboratory Fees
- Metabolism Tests
- Urine/Stool Analysis

**VISION SERVICES**
- Eye Examinations
- Eyeglasses
- Contact Lenses
- Laser Eye Surgeries
- Artificial Eyes
- Prescription Sunglasses
- Radial Keratotomy/LASIK

**MEDICATION**
- Insulin
- Prescribed Birth Control and Vitamins
- Prescription Drugs

**PRACTITIONERS**
- Allergist
- Chiropractor
- Christian Science
- Dermatologist
- Homeopath
- Naturopath
- Osteopath
- Physician
- Psychiatrist
- Psychologist

**MEDICAL EQUIPMENT, SUPPLIES and SERVICES**
- Abdominal/Back Supports
- Ambulance Services
- Arches/Orthopedic Shoes
- Contraceptive, prescribed
- Counseling
- Crutches
- Hearing Devices and Batteries
- Hospital Bed
- Learning Disability (special school/teacher)
- Medic Alert Bracelet or Necklace
- Oxygen Equipment
- Prescribed Medical and Exercise Equipment
- Prosthesis
- Splints/Casts or Support Hose (if medically necessary)
- Syringes
- Transportation Expenses (essential to medical care)
- Tuition Fee at Special School for Disabled Child
- Weight Loss Drugs (to treat specific disease)
- Wheelchair
- Wigs (hair loss due to disease)

**Ineligible Expenses**

The IRS does not allow the following expenses to be reimbursed under FSAs and HSAs. This list is not meant to be all-inclusive.

- Baby-sitting and Child Care
- Contact Lens or Eyeglass Insurance
- Cosmetic Surgery/Procedures
- Dancing/Exercise/Fitness Programs
- Diaper Service
- Electrolysis
- Personal Trainers or Exercise Equipment
- Hair Loss Medication
- Hair Transplant
- Health Club Dues
- Insurance Premiums and Interest (allowed for HSA)
- Long Term Care Premiums (allowed for HSA)
- Marriage Counseling
- Maternity Clothes
- Vitamins or Nutritional Supplements
- Swimming Lessons
- Teeth Whitening/Bleaching
- Over the Counter Medications (see reverse)

**Dependent Care Assistance Program (DCAP)**

Under DCAP, the IRS allows eligible employees to pay for qualified daycare expenses on a tax favored basis. The participant and spouse must be gainfully employed, seeking gainful employment, or in school for the following expenses to qualify under the plan.

The following is a sample list of eligible and ineligible expenses.

**ELIGIBLE EXPENSES**
- After-school care or extended day programs
- Amounts paid to babysitter inside or outside participant's home
- Pre-kindergarten/nursery school etc.
- FICA or FUTA taxes of day care provider
- Nanny and Au Pair expenses (Agency fee)
- Application Fee (after service begins)
- Expenses paid to relative (e.g., parent or grandparent of participant for child care)
- Sick-child center
- Summer day camps
- Adult day care

**INELIGIBLE EXPENSES**
- Educational expenses—kindergarten, first grade and above
- Overnight camp expenses
- Housekeeping expenses not related to dependent day care
- Sick employee (that is, care for a dependent while the sick employee stays home)
- Transportation expenses
- College tuition
- Diaper service
- Tuition fees and deposits
- Residential nursing homes
- Piano, dancing, art, ballet lessons etc.
- Activity fees
- Health care expenses for a dependent

Section 213d governs the eligible expenses for HSA, FSA and DCAP plans. Publications 502 and 503 are written to help taxpayers determine what qualified expenses can be deducted on their income tax returns FSAs and DCAP, respectively. They should not be used as the sole determinant for what is reimbursable under these plans.
Over-The-Counter (OTC) Items
Effective January 1, 2011

Eligible OTC Medical Supplies: Itemized receipt with claim request

- Adult incontinence products (e.g. Depends)
- Birth control products (e.g. prophylactics)
- Contact lens solutions
- Denture adhesives
- Ear supplies (e.g. ear plugs)
- First aid supplies (e.g. band-aids)
- Health monitors (e.g. blood pressure, cholesterol, HIV, thermometers)
- Hearing aid batteries
- Heat wraps (e.g. ThermaCare)
- Heating pads, hot water bottles
- Insulin & diabetic supplies
- Medicine dropper/spoon
- Motion sickness devices
- Supports/braces (e.g. ankle, knee, wrist, therapeutic glove)

Please note that this is not a complete list, but is intended to provide Plan participants with examples of OTC items that may be eligible.

OTC Drugs and Medicines Requiring a Prescription

- Acne medications
- Allergy & sinus medications (Benadryl, Claritin, Sudafed)
- Anti-fungal medications (Lotramin AF)
- Anti-itch medications (Caladryl, Cortizone)
- Cold sore medications
- Cough, cold & flu medications
- Decongestants
- Diaper rash ointments
- Gastrointestinal aids (antacids, anti-diarrhea medicines, laxatives – non-fiber, nausea medications)
- Lactose intolerance pills
- Nasal sprays for congestion (e.g. Afrin)
- Pain relievers (e.g. aspirin, Excedrin, Tylenol, Advil, Motrin)
- Pre-natal vitamins
- Sleeping aids
- Suppositories
- Toothache relievers (e.g. Orajel)
- Topical ointments for gingivitis
- Wart remover medications
- Yeast infection creams (e.g. Monistat)

Dual-Purpose Items: Itemized receipt and Certification of Medical Necessity form required with claim request

- Calcium supplements
- Fiber supplements
- Foot insoles
- Herbal medicines
- Homeopathic remedies
- Hormone therapy
- Joint supplements
- Nasal strips & snore relief (e.g. Breathe Right)
- Vaporizers/humidifiers
- Vitamins/minerals/supplements

Ineligible OTC Items: Do not submit for reimbursement

- Baby diapers
- Cosmetics
- Deodorants
- Face creams
- Feminine hygiene products
- Hair removal products
- Insect repellants
- Lip balms (e.g. Chapstick, Blistex)
- Lotions/moisteners
- Mouthwashes
- Shampoos
- Soaps
- Sport energy liquids, bars, etc.
- Stay awake aids (e.g. No Doz)
- Sun tan lotions
- Teeth whitening products
- Toiletries
- Toothpaste
- Tooth brush
- Wrinkle reducers

Please note that this is not a complete list, but is intended to provide Plan participants with examples of OTC items that may be eligible.

To be reimbursed for these expenses, a completed claim form must be submitted to UAS along with one of the following:

- A customer receipt identifying the name of the person for whom the prescription applies, the date and amount of the purchase, and an Rx number; or
- A customer receipt that reflects the date and the amount of the purchase, along with a copy of the prescription.