



SPENDING ACCOUNT ELIGIBLE EXPENSE GUIDE

HEALTHCARE FLEXIBLE SPENDING ACCOUNTS
DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS
HEALTH REIMBURSEMENT ARRANGEMENTS
HEALTH SAVINGS ACCOUNTS
LIMITED FLEXIBLE SPENDING ACCOUNTS AND
LIMITED HEALTH REIMBURSEMENT ARRANGEMENTS
COMMUTER SPENDING ACCOUNTS

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OVERVIEW

This guide provides participants with a detailed listing of general healthcare and dependent care expenses allowed by the Internal Revenue Service (IRS) for reimbursement under certain spending account plans. Please note that (1) this list is not exhaustive, (2) this list is subject to change at any time, (3) your employer's plan may differ from what is noted in this document, and (4) this document has not been approved by the IRS, and is reflective of SHPS' understanding of the requirements for eligible expenses.

Always check your employer's summary plan description (SPD) or plan document for specifics regarding eligible expenses under your spending account plan(s). Your employer's plan document has final authority regarding all aspects of plan design, including what constitutes a reimbursable expense. If any conflict arises between this guide and your employer's SPD or plan document, the terms of your employer's documents will apply.

If you have consulted your employer's plan documentation and still have questions regarding eligible expenses after reading this guide, please call the customer service number provided to you by your employer to speak to a customer service representative.

HOW TO USE THIS GUIDE

This guide is divided into five sections as noted below, each representing a unique type of spending account:

- [Section 1: Healthcare Flexible Spending Accounts](#)
- [Section 2: Dependent Care Flexible Spending Accounts](#)
- [Section 3: Health Reimbursement Arrangement](#)
- [Section 4: Health Savings Accounts](#)
- [Section 5: Limited Flexible Spending Accounts and Limited Health Reimbursement Arrangements](#)
- [Section 6: Commuter Spending Account](#)

Click on any of the above links to take you directly to the referenced section. Each segment contains detailed information regarding what expenses are typically eligible under each plan.

SECTION 1: HEALTHCARE FLEXIBLE SPENDING ACCOUNTS (FSA)

The IRS allows a Healthcare FSA to reimburse eligible §213(d) medical expenses (including certain over-the-counter or “OTC” items) of an employee, the employee’s spouse, and the employee’s dependent children. In general, reimbursable expenses are those that result from the diagnosis, care, mitigation, treatment, or prevention of disease or illness affecting any part or function of the body. Expenses recommended for the bettering of an individual’s general health or well-being (e.g., vitamins or fitness club memberships) are generally not eligible for reimbursement.

Only you, your spouse, children, or other person who is a qualified dependent as defined by the IRS is able to incur an eligible expense. **Remember, your employer’s plan may differ from this guide. For specific information relating to your plan, check your employer’s plan documents.**

ELIGIBLE HEALTHCARE EXPENSES

To be considered for reimbursement, all eligible expenses must be incurred¹ during your company’s plan year, while you are participating in your company’s plan and prior to your termination in the plan.

Who is a Qualified Dependent?

- A child under the age of 19 who is not a full-time student, or up to the age of 24, if a full-time student.
- An individual who lives with you—such as a parent, sibling, or in-law for whom you provide more than one-half of the individual’s support.
- A child over the age of 19 who is permanently disabled.

HEALTHCARE EXPENSE LISTING

The expense chart is divided into three columns, outlined below:

- **Healthcare Expense Type:**
 - This column defines the specific expense that is eligible, potentially eligible, or ineligible. Expenses are displayed alphabetically.
- **Eligible for Reimbursement:**
 - This column states if the expense is generally reimbursable from the spending account.

Note: For many expense types, there are certain exceptions or requirements. It is important that you read the special exceptions or requirement related to the expense (see below).

- **Special Exceptions or Requirements:**
 - This column provides additional details to ensure your particular expense is eligible – this area will indicate whether an expense requires a letter of medical necessity and/or whether the expense is only partially reimbursable.

¹ Please check your plan document language for a definition of the word “incurred.”

- Letter of Medical Necessity Required: These expenses will require a doctor’s statement indicating the specific medical disorder, the specific treatment needed, and how the treatment will alleviate the medical condition. Please see Appendix B for a sample Letter of Medical Necessity, which will need to be submitted along with your claim form to be considered for reimbursement.
- Partial Reimbursement Only: These expenses are only partially eligible, meaning that only the portion of the cost that exceeds the price of a ‘regular’ item of the same type is allowable for reimbursement.

Example: Your doctor recommends a special furnace filter that traps allergens and costs \$12 more than a regular filter. You will only be able to claim the \$12 cost difference.

Healthcare Expense Type	Eligible for Reimbursement	Special Exceptions or Requirements
A		
AA, Alcoholism, Drug, or Substance Abuse Treatments	Yes	Payment to a treatment center for alcohol or substance abuse is an eligible medical expense. This includes meals and lodging provided by the center during inpatient medical treatment.
Abortion	Yes	Check your employer’s specific FSA plan to make sure this expense is covered.
Acne Treatment	Maybe	Acne treatments are eligible when prescribed by a doctor. Letter of Medical Necessity Required
Acupuncture	Yes	
Adoption Fees	No	You may submit healthcare expenses for an adopted child once they become your qualified dependent, including healthcare expenses incurred during the adoption process, such as physical examinations.
Air Conditioner, Purifier or Humidifier (for allergy relief)	Yes	Partial Reimbursement Only Letter of Medical Necessity Required If installing a permanent fixture in your house, this is considered a Capital Modification .
Allergy Relief <ul style="list-style-type: none"> • Prescription and over-the-counter allergy medicines • Allergy shots 	Yes	
Allergy Relief <ul style="list-style-type: none"> • Electro-static air purifier • Humidifier • Home/auto air conditioners • Air filters • Special vacuum cleaners • Special pillows, mattress covers, etc. to alleviate an allergic condition • Removal of flooring* 	Yes	Partial Reimbursement Only Letter of Medical Necessity Required If installing a permanent fixture in your house, this is considered a Capital Modification . *The replacement of flooring is not an eligible expense, only the removal may be eligible; however, final determination will be made based upon the documentation received.
Ambulance Service	Yes	
Artificial Limb (prosthesis) or Teeth (dentures)	Yes	
Artificial Insemination <ul style="list-style-type: none"> • Fertility exams • Embryo replacement and storage • Egg donor: recipient’s medical expenses (recipient must be FSA participant or participant’s dependent and the charges are covered by a medical plan) 	Yes	

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Healthcare Expense Type	Eligible for Reimbursement	Special Exceptions or Requirements
<ul style="list-style-type: none"> In-vitro fertilization Sperm bank/semen storage for artificial insemination Sperm implants due to sterility Sperm washing See also "Fertility Treatments" 		
Audio Books <ul style="list-style-type: none"> Books on tape Books on CD Books online or other digital formats 	Yes	Partial Reimbursement Only
Automobile <ul style="list-style-type: none"> Installing equipment such as hand controls, lifts or ramps Special-design vehicles 	Yes	<p>Modification: The cost of installing hand controls and other special equipment installed in an automobile for the use of a disabled person is an eligible medical expense.</p> <p>Special-design vehicle: Partial Reimbursement Only Only the difference in cost between a regular vehicle and one specifically designed to hold a wheelchair or other medical equipment is an eligible medical expense.</p> <p>Operating cost: The cost of operating a specially equipped vehicle, except as discussed under Transportation, is NOT an eligible expense.</p>
B		
Baby Formula	Maybe	Baby formula may be eligible only if a specific medical condition is being treated. Partial Reimbursement Only Letter of Medical Necessity Required
Birth Control / Family Planning <ul style="list-style-type: none"> Norplant or Depo-Provera Ovulation kits Condoms Spermicides Birth control pills, patches or rings Diaphragm or IUD Tubal ligation Vasectomy <p>The birth control list is not exhaustive.</p>	Yes	
Blood Storage	Maybe	Fees for storing blood for surgery in the near future are an eligible medical expense. Fees for storing blood for use in the indefinite future are NOT an eligible expense.
Body Scan <ul style="list-style-type: none"> CT body scanning Full body scanning Whole body scanning 	Yes	Body scans ordered by your doctor for a specific medical purpose are eligible.
Botox Treatment	Maybe	Botox is generally cosmetic and NOT an eligible expense. Botox used to improve a deformity that arises from, or is directly related to, a birth defect, a disfiguring disease or an injury resulting from an accident or trauma is an eligible expense. Botox used for the treatment of migraines is an eligible expense. Letter of Medical Necessity Required
Braces and other Orthodontics	Yes	
Braille Books and Magazines	Yes	Partial Reimbursement Only

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Healthcare Expense Type	Eligible for Reimbursement	Special Exceptions or Requirements
Breast Pumps	Maybe	Breast pumps are reimbursable under limited circumstances. To be an eligible expense, the participant must have a diagnosed disease, injury or illness, and the breast pump must be directly related to treating or alleviating that diagnosed condition. Letter of Medical Necessity Required
C		
Capital Modification (house) A capital modification is an expense incurred for the primary purpose of accommodating a participant's personal residence to a disability of the FSA participant or participant's dependent. <ul style="list-style-type: none"> • Constructing ramps • Widening doorways • Installing railing or support bars to bathrooms, stairways, etc. • Lowering or modifying kitchen or bathroom cabinets • Altering the location of, or modifying electrical outlets and fixtures • Installing porch lifts and other forms of lifts (generally, this excludes elevators because they may add to the fair market value of your residence) • Modifying fire alarms, smoke detectors and other warning systems • Modifying hardware on doors • Grading of ground to provide access to the residence • Isolation of lead paint through wall covering (wallboard, paneling)* 	Yes	<p><i>This list is not exhaustive.</i></p> <p>Capital modifications that do not increase the value of the participant's personal residence will generally be reimbursed for the full cost of the expense.</p> <p>Capital modifications that do increase the value of the participant's personal residence will generally be reimbursed for a portion of expense cost. The reimbursement amount is reduced by the increase in the value of the property. The remaining balance is the eligible medical expense. A capital expense worksheet can be found in IRS Publication 502 to determine the amount that may be reimbursable.</p> <p>Only reasonable costs incurred to accommodate a participant's personal residence to the disability are considered eligible. Additional costs attributable to personal motivations, such as architectural or aesthetic reasons, are not allowable as medical expenses.</p> <p><i>Operation and upkeep:</i> If a capital modification qualifies as an eligible medical expense, amounts paid for operation and upkeep also qualify as eligible medical expenses as long as the medical reason for the capital modification still exists. This is allowable even if none or only part of the original expense qualified as medical care expense (e.g., fuel to operate, cost of repairs, cleaning costs).</p> <p><i>Improvements to rental property:</i> Amounts paid by a disabled person to buy and install special plumbing fixtures for example, mainly for medical reasons, in a rented house may qualify as eligible medical expenses provided the rental property is the participant's principal residence.</p> <p>Warranties are NOT an eligible medical expense. *Does not include the cost of painting the wallboard as a medical expense.</p>
Childbirth-Related <ul style="list-style-type: none"> • Childbirth prep classes (Lamaze) • Midwife fees • Maternity girdles (for back pain) or special support hose (for leg circulation) • Home pregnancy tests • Ovulation kits 	Yes	New parents, newborn childcare classes, or sibling classes are NOT eligible.
Childbirth-Related <ul style="list-style-type: none"> • Doula fees 	Maybe	Typically doulas do not provide medical care. To be considered, a claim must include a statement detailing the medical care provided by the doula.
Chiropractor Fees	Yes	
Christian Science Practitioners	Yes	
Church of Scientology	No	
Circumcision	Yes	Fees for "ritual" circumcision performed by a non-healthcare

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