



## Overview of HRA-Reimbursable Medical Expenses

Before submitting a claim for HRA reimbursement of medical expenses, it is important to determine what is reimbursable and what is not reimbursable under your HRA plan.

To be reimbursed by an employer, medical expenses must meet two criteria:

1. They must be allowed by the IRS.
2. They must be allowed by the company's plan document.

This document will help you determine whether which medical expenses are allowed by the IRS. Please keep in mind that simply because medical services or over-the-counter (OTC) drugs are eligible for reimbursement under IRS guidelines, they are not necessarily approved for reimbursement under a company's HRA plan. The company may restrict which medical expenses it will reimburse. Generally, the company will specify which IRS-approved medical expenses are excluded from the plan. Employees should carefully review their HRA plan documents to determine which medical expenses will not be reimbursed.

### IRS Guidelines

Internal Revenue Service (IRS) Code Section 213(d) and IRS Publication 502 provide the guidelines for reimbursable and non-reimbursable medical expenses; however, some cases may not be completely clear-cut.

IRS Publication 502 defines medical care for the purposes of deducting or reimbursing these expenses. The definition is as follows:

**(1) The term "medical care" means amounts paid –**

- A. For the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body,
- B. For transportation primarily for and essential to medical care referred to in subparagraph (A),
- C. For qualified long-term care services (as defined in section 7702B (c)), or
- D. For insurance (including amounts paid as premiums under part B of title XVIII of the Social Security Act, relating to supplementary medical insurance for the aged) covering medical care referred to in subparagraphs (A) and (B) or for any qualified long-term care insurance contract (as defined in section 7702B (b)).

The following lists of reimbursable and non-reimbursable medical expenses and OTC drugs were compiled by the Connecticut Business & Industry Association and are based upon IRS Code Section 213(d) and IRS Publication 502.



## Medical Expenses:

- Abdominal supports
- Abortion
- Acupuncture
- Air conditioner (when necessary for relief from breathing difficulty)
- Alcoholism treatment
- Ambulance
- Anesthetist
- Arch supports
- Artificial limbs
- Autoette (when used for sickness/disability relief)
- Birth control pills (by prescription)
- Blood tests
- Blood transfusions
- Braces
- Cardiographs
- Chiropractor
- Christian Science practitioner
- Contact lenses
- Contraceptive devices (by prescription)
- Convalescent home (for medical treatment only)
- Crutches
- Dental treatment
- Dental x-rays
- Dentures
- Dermatologist
- Diagnostic fees
- Diathermy
- Drug addiction therapy
- Drugs (prescription)
- Elastic hosiery (prescription)
- Eyeglasses
- Fees paid to health institute prescribed by a doctor
- FICA and FUTA tax paid for medical care service
- Fluoridation unit
- Guide dog
- Gum treatment
- Gynecologist
- Healing services
- Hearing aids and batteries
- Hospital bills
- Hydrotherapy
- Insulin treatment
- Lab tests
- Lead paint removal
- Legal fees
- Lodging (away from home for outpatient care)
- Metabolism tests
- Neurologist
- Nursing (including board and meals)
- Obstetrician
- Operating room costs
- Ophthalmologist
- Optician
- Optometrist
- Oral surgery
- Organ transplant (including donor's expenses)
- Orthopedic shoes
- Orthopedist
- Osteopath
- Oxygen and oxygen equipment
- Pediatrician
- Physician
- Physiotherapist
- Podiatrist
- Postnatal treatments
- Practical nurse for medical services
- Prenatal care
- Prescription medicines
- Psychiatrist
- Psychoanalyst
- Psychologist
- Psychotherapy
- Radium therapy
- Registered nurse
- Special school costs for the handicapped
- Spinal fluid test
- Splints
- Sterilization
- Surgeon
- Telephone or TV equipment to assist the hard-of-hearing
- Therapy equipment
- Transportation expenses (relative to health care)
- Ultra-violet ray treatment
- Vaccines
- Vasectomy
- Vitamins (if prescribed)
- Wheelchair
- X-rays



## Over-the-Counter Drugs:

- Antacids
- Allergy medications
- Pain relievers
- Cold medicine
- Anti-diarrhea medicine
- Cough drops and throat lozenges
- Sinus medications and nasal sprays
- Nicotine medications and nasal sprays
- Pedialyte
- First aid creams
- Calamine lotion
- Wart removal medication
- Antibiotic ointments
- Suppositories and creams for hemorrhoids
- Sleep aids
- Motion sickness pills

## Non-Reimbursable Medical Expenses and OTC Drugs\*

### Medical Expenses

- Advancement payment for services to be rendered next year
- Athletic club membership
- Automobile insurance premium allocable to medical coverage
- Boarding school fees
- Bottled water
- Commuting expenses of a disabled person
- Cosmetic surgery and procedures
- Cosmetics, hygiene products and similar items
- Funeral, cremation, or burial expenses
- Health programs offered by resort hotels, health clubs, and gyms
- Illegal operations and treatments
- Illegally procured drugs
- Maternity clothes
- Non-prescription medication
- Premiums for life insurance, income protection, disability, loss of limbs, sight or similar benefits
- Scientology counseling
- Social activities
- Special foods and beverages
- Specially designed car for the handicapped other than an autoette or special equipment
- Stop-smoking programs
- Swimming pool
- Travel for general health improvement
- Tuition and travel expenses a problem child to a particular school
- Weight loss programs

### Over-the-Counter Drugs

- Toiletries (including toothpaste)
- Acne treatments
- Lip balm (including Chapstick or Carmex)
- Cosmetics (including face cream and moisturizer)
- Suntan lotion
- Medicated shampoos and soaps
- Vitamins (daily)
- Fiber supplements
- Dietary supplements
- Weight loss drugs for general well being
- Herbs



## IRS Language on Eligible and Ineligible Medical Expenses

For further clarification, you may visit the websites provided below. Remember that all medical expenses incurred by employees with an HRA must comply with IRS Code Section 213(d) and IRS Publication 502.

*IRS Code Section 213(d):*

[http://www.law.cornell.edu/uscode/uscode26/usc\\_sec\\_26\\_00000213----000-.html](http://www.law.cornell.edu/uscode/uscode26/usc_sec_26_00000213----000-.html)

*IRS Publication 502:*

<http://www.irs.gov/publications/p502/index.html>

## Contact Us

If you still have questions, please contact Zane Benefits at 800-391-9209 or [info@zanebenefits.com](mailto:info@zanebenefits.com).

\*Source: Connecticut Business & Industry Association,

[http://www.cbia.com/ins/hlt/br/magicpages/213\(d\)EligibleMedicalExpenses.pdf](http://www.cbia.com/ins/hlt/br/magicpages/213(d)EligibleMedicalExpenses.pdf)

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