Section 125

Flexible Spending Account

Qualified medical expenses:
- Unreimbursed medical care expenses as defined by Internal Revenue Code section 213, excluding premiums for health insurance coverage and long-term care expenses

Nonqualified medical expenses:
- Expenses not under Internal Revenue Code section 213
- Health insurance premiums under a continuation of coverage arrangement (such as COBRA)
- Health insurance premiums when receiving unemployment compensation
- Qualified long-term care insurance premiums

IRS Code Section 213(d) Eligible Medical Expenses

An eligible expense is defined as those expenses paid for care as described in Section 213 (d) of the Internal Revenue Code. Below are two lists which may help determine whether an expense is eligible.

For more detailed information, please refer to IRS Publication 502 titled, “Medical and Dental Expenses,” If tax advice is required, you should seek the services of a competent professional.

Deductible Medical Expenses

- Abdominal supports
- Abortion
- Acupuncture
- Air conditioner (when necessary for relief from difficulty in breathing)
- Alcoholism treatment
- Ambulance
- Anesthetist
- Arch supports
- Artificial limbs
- Aubette (when used for relief of sickness/disability)
- 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
- Diality
- 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
- Hearing 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
- Ostearthritis
- Oxygen and oxygen equipment
- Pediatrician
- Physician
- Physical therapist
- Podiatrist
- Postnatal treatments
- Practical nurse for medical services
- Prenatal care
- Prescription medicines
- Psychiatrist
- Psychoanalyst
- Psychologist
- Psychotherapy
- Radiation Therapy
- Registered nurse
- Special school costs for the handicapped
- Spinal fluid test
- Sprints
- 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

Eligible Over-the-Counter Drugs

- Antacids
- Allergy Medications
- Pain Relievers
- Cold medicine
- Anti-diarrhoea medicine
- Cough drops and throat lozenges
- Sinus Medications and Nasal sprays
- Wart removal medication
- Antibiotic ointments
- Suppositories and creams for hemorrhoids
- Sleep aids
- Motion sickness pills
Non-Deductible 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 automobile 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

Ineligible Over-the-Counter Drugs

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