

Compliance Bulletin

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IRS Releases FAQs on Medical Expenses Related to General Health, Nutrition and Wellness



On March 17, 2023, the IRS released a set of frequently asked questions (FAQs) to address whether certain costs related to general health, nutrition and wellness are medical expenses that can be paid or reimbursed by a health savings account (HSA), health flexible spending account (FSA) or health reimbursement arrangement (HRA).

In general, only expenses that qualify as medical care under Internal Revenue Code (Code) Section 213 are eligible to be paid or reimbursed under an HSA, health FSA or HRA. The FAQs provide that costs for the following are medical expenses:

- Dental exams, eye exams and physical exams;
- Programs to treat a drug-related substance use disorder or alcohol use disorder; and
- Smoking cessation programs.

The FAQs also address under what circumstances the costs of therapy, nutritional counseling, weight-loss programs, gym memberships and nutritional supplements can be considered medical expenses that may be paid or reimbursed under an HSA, health FSA or HRA.

Action Items

The IRS released these FAQs as part of the federal government's National Strategy on Hunger, Nutrition and Health. While they do not include any new guidance, they provide helpful reminders of when expenses related to general health, nutrition and wellness can be reimbursed by an HSA, health FSA or HRA. Employers that sponsor health FSAs or HRAs should review their plan designs to ensure that only medical expenses are eligible to be paid or reimbursed.

Medical Expenses – Code Section 213

Medical expenses under Code Section 213 are eligible to be paid or reimbursed under an HSA, FSA or HRA. Medical expenses are the costs of diagnosis, cure, mitigation, treatment or prevention of disease, and for the purpose of affecting any part or function of the body.

These expenses include payments for legal medical services rendered by physicians, surgeons, dentists and other medical practitioners. They include the costs of equipment, supplies and diagnostic devices needed for these purposes. They also include the costs of medicines and drugs that are prescribed by a physician.

Medical expenses must primarily alleviate or prevent a physical or mental disability or illness. They do not include expenses that are merely beneficial to general health.

IRS FAQs

The IRS' FAQs provide guidance on whether certain expenses related to general health, nutrition and wellness are medical expenses that can be paid or reimbursed by an HSA, health FSA or HRA.

Type of Expense	Eligible Expense for HSA, Health FSA or HRA?
Dental exam	Yes, because the exam provides a diagnosis of whether a disease or illness is present.
Eye exam	Yes, because the exam provides a diagnosis of whether a disease or illness is present.
Physical exam	Yes, because the exam provides a diagnosis of whether a disease or illness is present.

Type of Expense	Eligible Expense for HSA, Health FSA or HRA?
Drug abuse treatment program	Yes, because the program treats a disease (substance use disorder, alcohol use disorder or tobacco use disorder).
Alcohol abuse treatment program	Yes, because the program treats a disease (substance use disorder, alcohol use disorder or tobacco use disorder).
Smoking cessation program	Yes, because the program treats a disease (substance use disorder, alcohol use disorder or tobacco use disorder).
Therapy	Yes, if the therapy is a treatment for a disease. For example, an amount paid for therapy to treat a diagnosed mental illness is a medical expense, but an amount paid for marital counseling is not.
Nutritional counseling	Yes, but only if nutritional counseling treats a specific disease diagnosed by a physician (such as obesity or diabetes). Otherwise, the cost of nutritional counseling is not a medical expense.
Weight-loss program	Yes, but only if the program treats a specific disease diagnosed by a physician (such as obesity, diabetes, hypertension or heart disease). Otherwise, the cost of a weight-loss program is not a medical expense.
Gym membership	Yes, but only if the membership was purchased for the sole purpose of affecting a structure or function of the body (such as a prescribed plan for physical therapy to treat an injury) or the sole purpose of treating a specific disease diagnosed by a physician (such as obesity, hypertension or heart disease). Otherwise, the cost of a gym membership is for the general health of the individual and is not a medical expense.
Exercise for improvement of general health (for example, swimming or dance lessons)	No, because the exercise, even if recommended by a doctor, is only for the improvement of general health.
Food or beverages purchased for weight loss or other health reasons	<p>Yes, but only if:</p> <ul style="list-style-type: none"> • The food or beverage does not satisfy normal nutritional needs; • The food or beverage alleviates or treats an illness; and • The need for the food or beverage is substantiated by a physician. <p>The medical expense is limited to the amount by which the cost of the food or beverage exceeds the cost of a product that satisfies normal nutritional needs. If any of the three requirements above are not met, the cost of food or beverages is not a medical expense.</p>
Nonprescription (over-the-counter) drugs and medicines	Yes, the cost of over-the-counter drugs may be paid or reimbursed by an HSA, health FSA or HRA.
Nutritional supplements	Yes, but only if the supplements are recommended by a medical practitioner as treatment for a specific medical condition diagnosed by a physician. Otherwise, the cost of nutritional supplements is not a medical expense.

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