Bristol Myers Squibb™

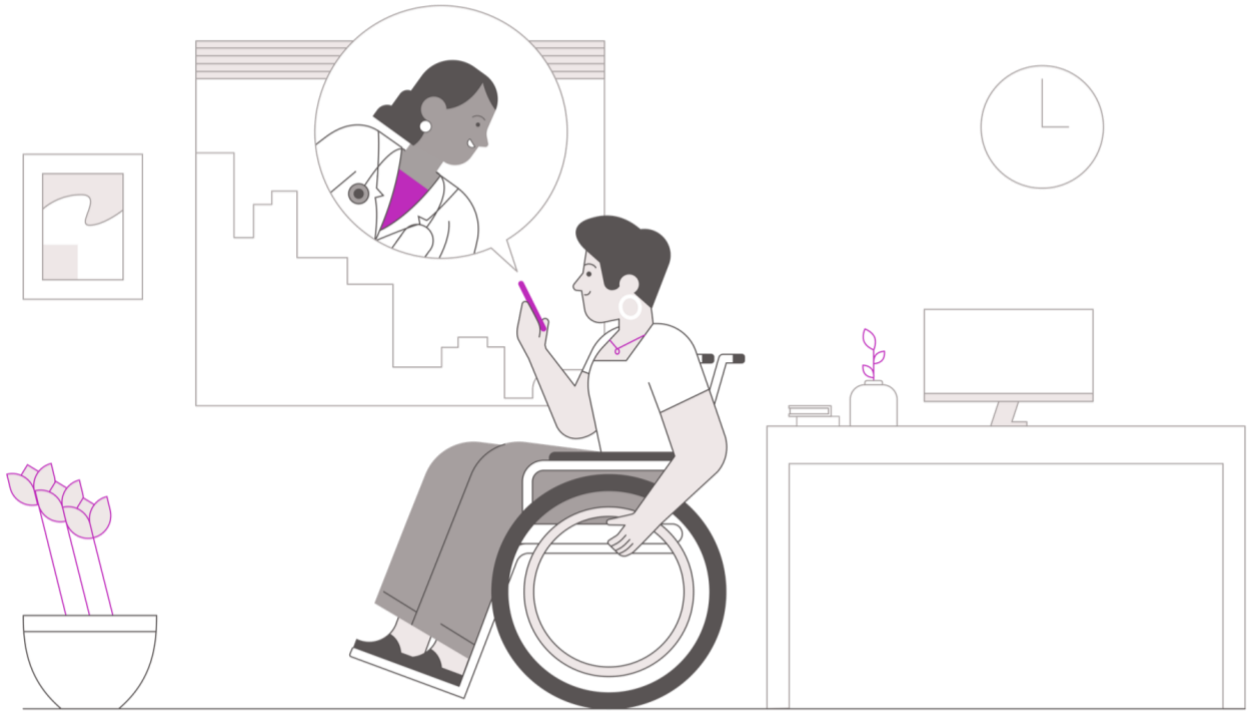
Health Savings Account

For use with the Consumer Choice Plan

This document summarizes the qualified medical expenses that you can pay for with Health Savings Account contributions.

To open a Health Savings Account, you must first enroll in the Consumer Choice Plan through Bristol Myers Squibb and next open your account online through Fidelity NetBenefits at https://www.netbenefits.com/bms.

For more information about your Health Care choices, refer to the health care benefits information available at bms.healthbenefitsus.com.



As of January 2022

Understanding Qualified Medical Expenses for Health Savings Accounts (HSAs)

Take tax-free[1] distributions from your HSA to pay for qualified medical expenses.

When it's time to use the money in your HSA, it's important to understand the types of medical expenses that can be paid or reimbursed tax free.[1] Distributions from an HSA are tax free[1] only when used to pay for qualified medical expenses as defined by the Internal Revenue Code (IRC).

The IRS generally defines qualified medical expenses as the medical care[2] expenses you pay for yourself, your spouse, or your qualified dependents,[2] but only to the extent the expenses are not covered by insurance or otherwise. Qualified medical expenses may include:

- Acupuncture
- Ambulance
- Annual physical examination
- Artificial limb
- Artificial teeth
- Birth control pills, prescribed by a doctor
- Breast reconstruction surgery
- Chiropractor
- Contact lenses
- Cosmetic surgery, if deemed medical care
- Crutches
- Dental treatment
- Diagnostic devices
- Drug addiction
- Eligible long-term-care insurance premiums
- Eye exam
- Eyeglasses
- Eye surgery
- Fertility enhancement
- Guide dog
- Health insurance premiums, on a limited basis (see below)
- Hearing aids
- Home care
- Hospital services
- Insulin
- Laboratory fees
- Lactation expenses
- Lead-based paint removal, subject to certain requirements
- Learning disability
- Lifetime care—advance payments, subject to certain requirements
- Medical information plan
- Medicines and drugs, prescribed by a doctor
- Menstrual care products
- Nursing home
- Nursing services
- Optometrist
- Osteopath
- Over-the-counter medications
- Oxygen
- Psychiatric care
- Psychologist
- Qualified long-term-care services
- Stop-smoking programs
- Surgery
- Therapy
- Transplants
- Vasectomy
- Vision correction surgery
- Weight-loss programs for treatment of a doctor-diagnosed disease
- Wheelchair
- X-rays

It is your responsibility to determine whether a particular expense is a qualified medical expense. Keep in mind that special rules apply for HSA purposes, including that:

Only certain health insurance premiums are reimbursable by an HSA, including:

- COBRA coverage
- Coverage while on unemployment insurance
- If age 65 and over, coverage for Medicare Parts A, B, and D, and Medicare Advantage
- If age 65 and over, coverage for employer-sponsored health insurance, including the cost of retiree health insurance

Only qualified medical expenses incurred after an HSA is established[3] are eligible for payment or reimbursement from an HSA.

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Nonqualified medical expenses

Although many medical expenses are eligible for payment or reimbursement from an HSA, there are some expenses that do not qualify. A sample list of nonqualified expenses is provided below.

- Controlled substances
- Cosmetic surgery, if not deemed medical care
- Dancing lessons
- Diaper service
- Electrolysis or hair removal
- Funeral expenses
- Hair transplant
- Health club dues
- Health insurance premiums, unless otherwise permitted
- Household help
- Maternity clothes
- Medicare Supplemental Premiums (i.e., MediGap coverage)
- Medicines and drugs from other countries
- Nutritional supplements
- Personal use items
- Swimming lessons
- Teeth whitening

If an HSA is used to pay for a nonqualified medical expense, the distribution is considered taxable, must be included in your gross income for tax purposes, and may be subject to a 20% penalty[4] when you file your income taxes.[5]

Helpful tip

Manage your HSA by handling your payments, expenses, claims, and receipts all in one place with Fidelity Track and Pay. In the event of an IRS audit, having all your records together, including receipts and statements from your insurance company, will help to document that you used your HSA exclusively for qualified medical expenses.

To enroll in Track and Pay, visit **Fidelity.com/trackandpay**. Follow the online instructions to link your HSA and health plan. Note: You will need your health plan's website login info to complete enrollment.

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[1]With respect to federal taxation only. Contributions, investment earnings, and/or distributions may or may not be subject to state taxation. See your tax professional for more information on the state tax implications of HSAs.

[2]The term "medical care" is defined in IRC Section 213(d), and the term "dependent" is defined in IRC Section 152. For more information regarding HSAs and qualified medical expenses, refer to IRS Publication 969, "Health Savings Accounts and Other Tax-Favored Health Plans," as well as Publication 502, "Medical and Dental Expenses." Both are available on the IRS website at www.irs.gov. Or, you may want to contact a tax professional.

[3]State law determines when an HSA is established, which may be based on when the HSA was opened and funded. See your tax professional for more information on the state tax implications of HSAs.

[4]This penalty does not apply if you become disabled, once you reach age 65, or after your death.

[5]If a distribution is reasonably, but mistakenly, used to pay for a nonqualified medical expense, you may be able to "repay" your account under certain circumstances. Please consult a tax professional to understand how this may affect your personal situation.

The information provided herein is general in nature and provides examples of eligible qualified medical expenses based on IRS Publications 502 and 969, and other IRS guidance. The examples are not all-inclusive and may be subject to change. It is not intended, nor should it be construed, as legal or tax advice. Because the administration of an HSA is a taxpayer responsibility, you are responsible for the tax consequences of distributions from your HSA, and you may want to consult a tax professional if you need specific tax advice. You are also encouraged to review information in IRS Publications 502 and 969 online at www.irs.gov, or you can call the IRS, Forms and Publications, to request a copy of each at 800.829.3676.

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