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Employee Benefits – Question of the Month

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Q: We have an employee who's asking if she can be reimbursed out of her HSA for lodging expenses she incurred when her husband was unexpectedly hospitalized while they were on vacation. They had planned to be in Branson for the first week of July and had booked a condo for the full week (through Saturday, July 7th). However, on Thursday the 5th, the husband had a heart attack and had to be hospitalized. As a result, the employee extended her stay for several days while her husband recovered. Would it be appropriate for her to submit the lodging expenses for reimbursement through her HSA?

A: While I think there is room for interpretation depending on the specific facts, it appears that the employee should be able to use her HSA to pay for at least some of these hotel expenses. Costs that can be reimbursed from an HSA (as well as an FSA) are discussed in detail in [IRS Publication 502](#). Here is the section on lodging expenses (with my emphasis added):

You may be able to [make a claim for reimbursement of] medical expenses [for] the cost of lodging not provided in a hospital or similar institution. You can include the cost of such lodging while away from home if **all** of the following requirements are met:

1. The lodging is primarily for and essential to medical care.
2. The medical care is provided by a doctor in a licensed hospital or in a medical care facility related to, or the equivalent of, a licensed hospital.
3. The lodging isn't lavish or extravagant under the circumstances.
4. ***There is no significant element of personal pleasure, recreation, or vacation in the travel away from home.***

The amount you include in medical expenses for lodging can't be more than \$50 for each night for each person. ***You can include lodging for a person traveling with the person receiving the medical care.*** For example, if a parent is traveling with a sick child, up to \$100 per night can be included as a medical expense for lodging.

In the situation you described, it appears that the employee should be able to submit the hotel expenses (capped as described above) for the extra nights she had to spend in Branson as a result of her husband's unexpected hospitalization. What's less clear is whether she should seek reimbursement for the nights when her husband was in the hospital, but they had already planning to be in Branson anyway. In any event, I would advise the employee to consult her tax advisor to be sure.

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