

Can You Deduct Lipedema-related Expenses from Your Taxes?

Anne Han from Texas was kind enough to share this information with me. If you have any questions, please contact your tax preparer. Many, many many thanks to Anne!

According to Anne:

Medical and Dental Expenses

Medical and Dental expenses can be included in amended tax returns for the tax years 2015, 2016 and 2017 because these tax years are still open to the IRS to audit. Anyone who wants to verify if they should amend their return based on their medical expenses in those years should contact a tax professional. Not all tax professionals can practice before the IRS, so please consider your tax professional's qualifications for filing amended returns.

Hang on to ALL medical receipts and documentation for at least three years after an amended return or tax return is filed. This is the standard amount of time that the IRS can audit a return. The IRS can keep the time period open for longer, but it has to prove there was fraud or some other reason the keep the audit period open longer.

The IRS may change the deduction amount if they determine the medical deduction itemized amount to be too high. This can be fought but you might want to consult a CPA or Enrolled Agent to represent you before the IRS.

Specific lists of items that can and cannot be deducted follow the information provided for 2015 to 2018.

2015 and 2016

Medical and dental expenses can be taken if the following is true:

There is no reimbursement for the expenses through insurance or other means

For example, HSA or FSA reimbursement

The total of all of the expenses exceeds 7.5% of your adjusted gross income (AGI)

The AGI amount is the amount found on the last line of page one or the first line of page 2 on your 1040

Example:

Total Medical Expenses \$10,000

AGI - \$100,000

7.5% of AGI - \$7,500

\$10,000 - \$7,500 = \$2,500 – Itemized deduction amount on Schedule A

Medical expenses are paid in the tax year you are filing your taxes

The medical expenses are taken as deductions when they are paid and not when they occur

Medications have to be prescribed drugs to be considered deductions

Supplements can be included IF you can get a doctor to prescribe the supplement

Medical expenses include:

Medical care used to:

Diagnose, cure, mitigate, treat or prevent disease

Correct the function of any part of the body

Cannot be considered cosmetic in function

Make sure you get documentation from many doctors who say liposuction is the best course of treatment

The IRS definition of COSMETIC is:

The term “cosmetic surgery” means any procedure which is directed at improving the patient’s appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease” Internal Revenue Code Section 213(d)(9)(B)

This definition is from the IRS only and may not be what the insurance companies consider to be the definition of cosmetic; But including it in our documentation to the insurance companies may help in the long run. If the IRS allows the deduction for our surgeries, why would insurance not cover it?

Transportation made primarily for and essential to medical care

Lodging

Must not be extravagant or lavish

Do not stay at the Ritz Carlton or a resort hotel

Medical care must be provided by a physician in a licensed hospital or in a medical facility related to or the equivalent of a licensed hospital

Do not go to a doctor who wouldn't be able to get privileges in a hospital

There cannot be a significant element of personal pleasure to the trip

Do not stay in a resort

Do not make your doctor's appointment in the middle of the vacation

If you do, you may be able to claim a portion of your lodging costs

Do not exceed \$50 a night for each night per person

Parent and sick child \$100 a night

Sick adult and spouse \$50 a night

Car Travel

Automobile expenses may be the actual gasoline costs or the mileage amount times the standard mileage rate

Mileage rate takes into account gas costs and wear and tear on the vehicle and is usually the larger amount in regards to deduction

2015 mileage rate – 23 cents per mile (.23)

2016 mileage rate – 19 cents per mile (.19)

Other Travel Methods

Cost of tickets, baggage, etc

Qualified long term care services

Insurance, including premiums for Medicare Part B

Do not include the amounts paid by your employer for employer sponsored insurance unless the amount is put on your W-2

Long Term Care Insurance Contract premiums

Premiums must be paid during the current taxable year

There are limits to the premiums paid based on age

No deduction if the premiums are considered unreasonably large compared to what the charge would be for using the contract

Long Term care costs paid to relatives do not count as medical expenses UNLESS the spouse or other relative is a licensed professional

For 2015 and 2016, the standard deduction for a married couple with no dependents is \$12,600 and \$6,300 for an individual.

For a married couple with an AGI of \$100,000, the medical expenses would need to exceed \$20,100 for you to itemize them if you have no other itemized deductions

For a single person with an AGI of \$100,000 the medical expenses would need to exceed \$13,800 for you to itemize them if you have no other itemized deductions

2017

Medical costs must exceed 7.5% of AGI

Example:

Medical Expenses - \$10,000

AGI - \$100,000

7.5% of AGI - \$7,500

Medical expense Deduction - \$10,000 - \$7,500 = \$2,500

Car travel

Automobile expenses may be the actual gasoline costs or the mileage amount times the standard mileage rate

Mileage rate takes into account gas costs and wear and tear on the vehicle and is usually the larger amount in regards to deduction

2017 mileage rate – 17 cents per mile (.17)

For 2017, the standard deduction for a married couple with no dependents is \$12,700 and \$6,350 for an individual.

For a married couple with an AGI of \$100,000, the medical expenses would need to exceed \$20,200 for you to itemize them if you have no other itemized deductions

For a single person with an AGI of \$100,000 the medical expenses would need to exceed \$13,850 for you to itemize them if you have no other itemized deductions

2018

Medical costs must exceed 7.5% of AGI

Example:

Medical Expenses - \$10,000

AGI - \$100,000

7.5% of AGI - \$7,500

Medical expense Deduction - \$10,000 - \$7,500 = \$2,500

Car travel

Automobile expenses may be the actual gasoline costs or the mileage amount times the standard mileage rate

Mileage rate takes into account gas costs and wear and tear on the vehicle and is usually the larger amount in regards to deduction

2017 mileage rate – 18 cents per mile (.18)

For 2018, the standard deduction for married couples is \$24,000 and for individuals is \$12,000

For a married couple with AGI of \$100,000 the medical expenses would need to exceed \$31,500 for you to itemize them if you have no other itemized deductions.

For a single person with an AGI of \$100,000 the medical expenses would need to exceed \$19,500 for you to itemize them if you have no other itemized deductions.

Specific Items the IRS has stated ARE medical expenses:

Acupuncture

Ambulance

Annual Physical

Medical supplies

Bandages

Body Scans

Breast Reconstruction Surgery and Prosthesis following Mastectomy

Expenses for special equipment installed in the home:

Permanent improvements that increase home value may be partially included as medical expenses

Entrance and exit ramps from home

Widening doorways, hallways, entrances and exits

Railings, support bars or other modifications to bathrooms

Lowering or modifying kitchen cabinets and equipment

Moving or modifying electrical outlets and fixtures

Installing porch lifts or other forms of lifts

Modifying smoke detectors, fire alarms or other warning systems

Modifying stairways

Adding handrails or grab bars

Modifying hardware on doors

Modifying areas in front entrance and exit doorways

Grading the ground to provide access to the residence

Costs must be reasonable and cannot be for architectural or aesthetic reasons

Operation and upkeep of these expenses

Car modifications

Special hand controls

Other equipment installed in a car

Medical expenses are calculated as the difference between the cost of a regular car and a car specially designed

Chiropractor

Contact Lenses

Crutches

Dental Treatment

Diagnostic devices

Glucometer, etc

Drugs

Eye Exams

Eyeglasses

Guide Dog or Service Animal

Food

Grooming

Veterinary Care

Health Institutes

Must be prescribed by a doctor

HMO costs

Hearing Aids

Home Care

Hospital Services

Lab Fees

Lead Based Paint Removal

Learning Disability

Legal Fees

For authorization of treatment for mental illness

Lodging

Qualified Long-Term Care Services

Medical care and rehabilitative services for a chronically ill individual and provided pursuant to a plan of care prescribed by a licensed healthcare practitioner

Definition of a chronically ill individual

Patient is unable to perform at least 2 daily activities of daily living without substantial assistance from another individual for at least 90 days

Activities of daily living

Eating

Toileting

Transferring

Bathing

Dressing

Continence

Substantial supervision needed to be protected from health and safety due to severe cognitive impairment

Meals

Included if the meal is at a hospital or similar setting if the principal reason for being there is to get treatment

Inpatient meals only

Medical conferences

Cost of admission and transportation to a medical conference if the conference concerns the chronic illness of you, your spouse or your dependent.

The annual FDRS conference counts!!!

Majority of the time at the conference must be spent attending sessions on medical information

Nursing Services

Nursing Home

Employment taxes paid to an employee who provides medical care

Oxygen

Physical Examination

Prosthesis

Psychiatric Care

Surgery

Telephone for deaf, hard of hearing or speech disability

Television – equipment that displays the audio part of television programs as subtitles for persons with a hearing disability.

Therapy

Transplants

Transportation

Bus, tax, train or plane fares

Transportation cost of parents who must go with a child who needs medical care

Transportation expenses of a nurse or other person who can give injections, medications or other treatment for a patient who is travelling to get medical care and is unable to travel alone

Transportation expenses for regular visits to see a mentally ill dependent, if these visits are recommended as part of treatment

Weight-Loss Program

Amounts paid to lose weight if it is a treatment for a specific disease diagnosed by a physician

- Obesity
- Hypertension
- Heart Disease

Includes:

- Fees paid for membership in weight reduction group
- Fees for attending periodic meetings

Cannot include:

- Gym Membership, health club or spa

 - Can include separate fees charged to these entities for weight loss activities

- Cost of diet food or beverages, unless

 - Food doesn't satisfy normal nutritional needs
 - Food alleviates or treats an illness, and
 - Need for the food is substantiated by a physician

 - Cost of food allowed is limited to the amount the cost of the special food is larger than the cost of a normal diet

Wheelchair

Wig

X-ray

Specific items EXCLUDED from Medical Expenses:

- Baby-sitting, Childcare and Nursing Services for a normal healthy baby

 - Not included even if you pay someone to watch your kids while you get treatment

- Controlled substances

 - Cannot deduct payments for any substance that is illegal under FEDERAL LAW

- Cosmetic Surgery

Dancing lessons, swimming lessons, etc

Diaper Service

Unless needed to relieve the effects of a particular disease

Funeral Expenses

Future Medical Care

Health Club Dues

Household help

Except for nursing services, etc

No maids, cleaning services, chefs, etc

Medicines or drugs from other countries

Personal use items

Unless it is used primarily to prevent or alleviate a physical or mental disability

