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 coupled 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