

What Medical Expenses Are Deductible?

- Abortion
- Acupuncture
- Alcoholism – inpatient treatment at a therapeutic center for alcohol addiction (includes meals and lodging provided by the center).
- Ambulance
- Artificial Limbs and Artificial Teeth
- Birth Control Pills
- Braille books and magazines to the extent the cost exceeds a regular printed edition.
- Breast reconstruction after a mastectomy (Rev. Rul. 2003-57).
- Car – special hand controls, etc. for disabled individuals.
- Chiropractor
- Christian Science Practitioner
- Contact Lens – including equipment and materials such as a saline and enzyme cleaner.
- Crutches (Rev. Rul. 2003-58)
- Dentists & Dental Treatment
- Drug Addiction – inpatient treatment at a therapeutic center (includes meals and lodging provided by center)
- Drugs – Prescription
- Elastic hosiery
- Equipment, supplies and diagnostic devices even if not prescribed by a physician (Rev. Rul. 2003-58)
- Eyeglasses – includes examination fees
- Fertility Enhancement – in vitro and surgery (PLR 200318017)
- Guide Dog or Other Animal – includes care expenses of the animal.
- Health Club – only if the treatment is prescribed by a physician and the physician issued a statement that the treatment is necessary to alleviate a physical or mental defect or illness of the individual receiving the treatment.
- Health Maintenance Organization (HMO) – treated as insurance premiums.
- Hearing Aids (including batteries)
- Home Care
- Hospital Services
- Insurance Premiums – hospitalization, surgical fees, X-rays, etc. including prescription drugs, replacement of lost or damaged contact lenses membership in “free choice” medical services, Medicare or qualified long-term care
- Laboratory Fees
- Laser Eye Surgery
- Lead-Based Paint Removal – to prevent a child who has or who has had lead poisoning from eating the paint.
- Learning Disability - tuition fees for a special school for a child with severe learning disabilities caused by mental or physical impairments, including nervous systems disorders. Doctors must recommend child attend.
- Legal Fees – necessary to authorize treatment for mental illness.
- Lodging while away from home - \$50 per night for each person. Includes a person accompanying an ill person.
 - Lodging not provided in a hospital or similar institution must meet all of the following criteria:
 - Lodging is primarily and essentially for medical care;
 - Medical care is provided by a doctor in a licensed hospital or equivalent;
 - Lodging is not lavish or extravagant; and,
 - There is no significant element of personal pleasure, recreation or vacation in the travel away from home.

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- Meals – only for inpatient care.
- Medical Conferences – admission to or transportation to a medical conference if it concerns the chronic illness of you, spouse, or dependent. Must spend a majority of your time at the conference attending sessions. Does not include meals or lodging.
- Medicines – prescribed medicines and drugs (requires a prescription) and insulin.
- Medical Services – for legal medical services provided by physicians, surgeons, specialists, or other medical practitioners.
- Mentally Retarded – the cost of keeping a mentally retarded person in a special home, not the home of a relative, on the recommendation of a psychiatrist to help in the person adjust.
- Nursing Home – cost of medical care in a nursing home, including the cost of meals and lodging in the home if the main reason for being there is to get medical care. If the reason for being there is personal, deduct only the portion for nursing and medical care.
- Nursing Services – services need not be performed by a nurse as long as the services are of a kind of generally performed by a nurse (giving medication, changing dressings, bathing and grooming).
- Operations – legal operations that are necessary (not cosmetic surgery).
- Optometrist
- Oxygen – for oxygen and oxygen equipment to relieve breathing problems caused by a medical condition.
- Psychiatric Care – includes the cost of supporting a mentally ill dependent at a specially equipped medical center; does not include psychoanalysis you must get as a part of your training to be a psychoanalyst.
- Schools and Education, Special – payments to a special impaired or physically disabled person if the main reason for using the school is its resources for relieving the disability. Includes the cost of teaching Braille to the visually impaired, teaching lip reading to the hearing impaired and giving remedial language training to correct a condition caused by a birth defect. You cannot include the cost of sending a problem child to a special school for benefits the child may get from the course study and the disciplinary methods.
- Sterilization – cost of a legal sterilization.
- Stop-Smoking Program – stop-smoking program. You cannot include drugs that do not require a prescription such as a nicotine patch or gum (Rev. Rul. 99-28).
- Telephone – the cost and repair of special telephone equipment that lets a hearing-impaired person communicate over a regular telephone.
- Television – the cost of equipment that displays the audio part of a television program for the hearing-impaired.
- Therapy
- Transplants – surgical, laboratory, and transportation expenses for a donor or possible donor of an organ.
- Transportation Costs – primarily for and essential to medical care, includes bus, taxi, train, plane, ambulance, parking fees, tolls, and automobile expenses at the greater of out-of-pocket expenses for gas and oil or \$.14 per mile for 2004.
- Trips – transportation to another city if the trip is primarily for and essential to receiving medical services. Does not include vacations even if recommended by a doctor.
- Weight-Loss Programs – undertaken at a physician's direction to treat an existing disease (such as heart disease or obesity). Not deductible if it is to improve your general health and well-being (Rev. Rul. 2002-19 and Rev. Rul. 79-151).
- Wheelchair – used mainly for the relief of sickness or disability and not just to provide transportation to and from work.
- X-Rays

What Over-The-Counter Medical Items Are Deductible?**Eligible Expenses:**

The following is a list of over-the-counter (OTC) items the IRS has determined to be primarily for medical care and that can be reimbursed when purchased in reasonable quantities without a medical practitioner's note. This is only deductible in HSA, 125 and 105 type plans per Rev. Rul. 2003-102.

- | | |
|---|---|
| <input type="checkbox"/> Allergy Medicine | <input type="checkbox"/> Motion sickness pills |
| <input type="checkbox"/> Antacids | <input type="checkbox"/> Nasal sinus sprays |
| <input type="checkbox"/> Bactine | <input type="checkbox"/> Nasal strips |
| <input type="checkbox"/> Band-Aids/bandages | <input type="checkbox"/> Nicotine gum or patches for stop-smoking purposes |
| <input type="checkbox"/> Bug-bite medication | <input type="checkbox"/> Pain reliever |
| <input type="checkbox"/> Anti-diarrhea medicine | <input type="checkbox"/> Pedialyte for ill child's dehydration |
| <input type="checkbox"/> Calamine lotion | <input type="checkbox"/> Pregnancy test kits |
| <input type="checkbox"/> Carpal-tunnel wrist supports | <input type="checkbox"/> Products for muscle or joint pain – BenGay and Tiger Balm, for example |
| <input type="checkbox"/> Cold medicines | <input type="checkbox"/> Reading glasses |
| <input type="checkbox"/> Cold/Hot packs for injuries | <input type="checkbox"/> Rubbing alcohol |
| <input type="checkbox"/> Condoms | <input type="checkbox"/> Sinus medications |
| <input type="checkbox"/> Contact lens cleaning solution | <input type="checkbox"/> Sleeping aids used to treat occasional insomnia |
| <input type="checkbox"/> Cough drops | <input type="checkbox"/> Special ointment or cream for sunburn |
| <input type="checkbox"/> Diaper rash ointments | <input type="checkbox"/> Spermicidal foam |
| <input type="checkbox"/> First aid cream | <input type="checkbox"/> Thermometers (ear or mouth) |
| <input type="checkbox"/> First aid kits | <input type="checkbox"/> Throat lozenges |
| <input type="checkbox"/> Hemorrhoid medication | <input type="checkbox"/> Visine and other eye products |
| <input type="checkbox"/> Incontinence supplies | <input type="checkbox"/> Wart remover treatment |
| <input type="checkbox"/> Laxatives | |
| <input type="checkbox"/> Liquid adhesive for small cuts | |
| <input type="checkbox"/> Menstrual cycle products for pain and cramp relief | |

Dual Purpose:

Some dual purpose OTC items can be reimbursed if they are used for a medical purpose. They must be accompanied by a medical practitioner's note stating that the person has a specific medical condition and the doctor recommends the OTC drug to treat it and the treatment is not a cosmetic procedure.

- Acne treatment (Retin A) – only to treat a specific medical condition such as acne vulgaris.
- Dietary supplements or herbal medicines to treat a specific medical condition in narrow circumstances.
- Fiber supplements under narrow circumstances.
- Glucosamine/chondroitin for arthritis or other medical condition.
- Orthopedic shoes and inserts (for orthopedic shoes, you can be reimbursed only for the extra cost over buying non-orthopedic shoes).
- OTC hormone therapy and treatment for menopause for symptoms such as hot flashes and night sweats.
- Pills for persons who are lactose intolerant.
- Prenatal Vitamins
- St. John's Wart - for depression
- Sunscreen
- Weight-loss drugs to treat a specific disease (including obesity).

Ineligible Expenses

Some OTC items will not be reimbursed under any circumstances since they are toiletries or cosmetics or likely to be primarily for general health and well-being

- | | |
|---|--|
| <input type="checkbox"/> Chap stick | <input type="checkbox"/> One-a-day vitamins |
| <input type="checkbox"/> Face cream, moisturizers | <input type="checkbox"/> Suntan lotion |
| <input type="checkbox"/> Medicated shampoos and soaps | <input type="checkbox"/> Teeth whitening (Rev. Rul. 2003.58) |

Other Non-Deductible Items

1. Controlled substances in violation of state law (e.g. marijuana)
2. Cosmetic surgery
3. Dance lessons
4. Diaper service
5. Dietary foods if not prescribed by a physician for an existing condition
6. Exercise program to improve general health
7. Funeral expenses
8. Health club dues unless related to a specific medical condition
9. Maternity clothes
10. Nursing services for a normal healthy baby
11. Vitamins and herbs

What Qualified Preventive Care Screening Services are Deductible?

Pursuant to the safe-harbor definition of preventive care in IRS Notice 2004-23, the following medical screening services are deemed to qualify as preventive care. This means HSA and Code Section 125 and 105 plans can pay for these services without charging any deductible or by charging a lower deductible than the minimum deductible for garden-variety medical expenses.

Cancer Screening

Breast Cancer (e.g. Mammogram)
Cervical Cancer (e.g. Pap Smear)
Colorectal Cancer
Prostate Cancer (e.g. PSA Test)
Skin Cancer
Oral Cancer
Ovarian Cancer
Testicular Cancer
Thyroid Cancer

Heart and Vascular Diseases Screening

Abdominal Aortic Aneurysm
Carotid Artery Stenosis
Coronary Heart Disease
Hemoglobinopathies
Hypertension
Lipid Disorders

Infectious Diseases Screening

Bacteriuria
Chlamydial Infection
Gonorrhea
Hepatitis B Virus Infection
Hepatitis C
Human Immunodeficiency Virus (HIV)
Infection
Syphilis
Tuberculosis Infection

Mental Health Conditions and Substance Abuse Screening

Dementia
Depression
Drug Abuse
Problem Drinking
Suicide Risk
Family Violence

Metabolic, Nutritional, and Endocrine Conditions Screening

Anemia, Iron Deficiency
Dental and Periodontal Disease
Diabetes Mellitus
Obesity in Adults
Thyroid Disease
Musculoskeletal Disorders Screening
Osteoporosis

Obstetric and Gynecologic Conditions Screening

Bacterial Vaginosis in Pregnancy
Gestational Diabetes Mellitus
Home Uterine Activity Monitoring
Neural Tube Defects
Preeclampsia
Rh Incompatibility
Rubella
Ultrasonography in Pregnancy
Pediatric Conditions Screening
Child Development Delay
Congenital Hypothyroidism
Pediatric Conditions Screening
Child Development Delay
Congenital Hypothyroidism
Leads Levels in Childhood and Pregnancy
Phenylketonuria
Scoliosis, Adolescent Idiopathic

Vision and Hearing Disorders Screening

Glaucoma
Hearing Impairment in Older Adults
Newborn Hearing