
21.

Medical and Dental Expenses

What's New

Standard mileage rate. The standard mileage rate allowed for operating expenses for a car when you use it for medical reasons is 23 cents per mile. See [Transportation](#) under *What Medical Expenses Are Includible*.

Introduction

This chapter will help you determine the following.

- What medical expenses are.
- What expenses you can include this year.
- How much of the expenses you can deduct.
- Whose medical expenses you can include.
- What medical expenses are includible.
- How to treat reimbursements.
- How to report the deduction on your tax return.
- How to report impairment-related work expenses.
- How to report health insurance costs if you are self-employed.

Useful Items

You may want to see:

Publications

- 502** Medical and Dental Expenses
- 969** Health Savings Accounts and Other Tax-Favored Health Plans

Form (and Instructions)

- Schedule A (Form 1040)** Itemized Deductions

What Are Medical Expenses?

Medical expenses are the costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and the costs for treatments affecting any part or function of the body. These expenses include payments for legal medical services rendered by physicians, surgeons, dentists, and other medical practitioners. They include the costs of equipment, supplies, and diagnostic devices needed for these purposes.

Medical care expenses must be primarily to alleviate or prevent a physical or mental defect

or illness. They do not include expenses that are merely beneficial to general health, such as vitamins or a vacation.

Medical expenses include the premiums you pay for insurance that covers the expenses of medical care, and the amounts you pay for transportation to get medical care. Medical expenses also include amounts paid for qualified long-term care services and limited amounts paid for any qualified long-term care insurance contract.

What Expenses Can You Include This Year?

You can include only the medical and dental expenses you paid this year, regardless of when the services were provided. If you pay medical expenses by check, the day you mail or deliver the check generally is the date of payment. If you use a "pay-by-phone" or "online" account to pay your medical expenses, the date reported on the statement of the financial institution showing when payment was made is the date of payment. If you use a credit card, include medical expenses you charge to your credit card in the year the charge is made, not when you actually pay the amount charged.

Separate returns. If you and your spouse live in a noncommunity property state and file separate returns, each of you can include only the medical expenses each actually paid. Any medical expenses paid out of a joint checking account in which you and your spouse have the same interest are considered to have been paid equally by each of you, unless you can show otherwise.

Community property states. If you and your spouse live in a community property state and file separate returns, or are registered domestic partners in Nevada, Washington, or California (or a person in California who is married to a person of the same sex), any medical expenses paid out of community funds are divided equally. Each of you should include half the expenses. If medical expenses are paid out of the separate funds of one individual, only the individual who paid the medical expenses can include them. If you live in a community property state, and are not filing a joint return, see Publication 555, Community Property.

How Much of the Expenses Can You Deduct?

You can deduct on Schedule A (Form 1040) only the amount of your medical and dental expenses that is more than 7.5% of your AGI (Form 1040, line 38).

In this chapter, the term "7.5% limit" is used to refer to 7.5% of your AGI. The phrase "subject to the 7.5% limit" is also used. This phrase means that you must subtract 7.5% (.075) of your AGI from your medical expenses to figure your medical expense deduction.

Example. Your AGI is \$40,000, 7.5% of which is \$3,000. You paid medical expenses of

\$2,500. You cannot deduct any of your medical expenses because they are not more than 7.5% of your AGI.

Whose Medical Expenses Can You Include?

You can generally include medical expenses you pay for yourself, as well as those you pay for someone who was your spouse or your dependent either when the services were provided or when you paid for them. There are different rules for decedents and for individuals who are the subject of multiple support agreements. See [Support claimed under a multiple support agreement](#), later.

Yourself

You can include medical expenses you paid for yourself.

Spouse

You can include medical expenses you paid for your spouse. To include these expenses, you must have been married either at the time your spouse received the medical services or at the time you paid the medical expenses.

Example 1. Mary received medical treatment before she married Bill. Bill paid for the treatment after they married. Bill can include these expenses in figuring his medical expense deduction even if Bill and Mary file separate returns.

If Mary had paid the expenses, Bill could not include Mary's expenses in his separate return. Mary would include the amounts she paid during the year in her separate return. If they filed a joint return, the medical expenses both paid during the year would be used to figure their medical expense deduction.

Example 2. This year, John paid medical expenses for his wife Louise, who died last year. John married Belle this year and they file a joint return. Because John was married to Louise when she received the medical services, he can include those expenses in figuring his medical expense deduction for this year.

Dependent

You can include medical expenses you paid for your dependent. For you to include these expenses, the person must have been your dependent either at the time the medical services were provided or at the time you paid the expenses. A person generally qualifies as your dependent for purposes of the medical expense deduction if both of the following requirements are met.

1. The person was a qualifying child (defined later) or a qualifying relative (defined later), and
2. The person was a U.S. citizen or national, or a resident of the United States, Canada, or Mexico. If your qualifying child was

adopted, see [Exception for adopted child](#), next.

You can include medical expenses you paid for an individual that would have been your dependent except that:

1. He or she received gross income of \$3,800 or more in 2012,
2. He or she filed a joint return for 2012, or
3. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2012 return.

Exception for adopted child. If you are a U.S. citizen or U.S. national and your adopted child lived with you as a member of your household for 2012, that child does not have to be a U.S. citizen or national or a resident of the United States, Canada, or Mexico.

Qualifying Child

A qualifying child is a child who:

1. Is your son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, half brother, half sister, or a descendant of any of them (for example, your grandchild, niece, or nephew),
2. Was:
 - a. Under age 19 at the end of 2012 and younger than you (or your spouse, if filing jointly),
 - b. Under age 24 at the end of 2012, a full-time student, and younger than you (or your spouse, if filing jointly), or
 - c. Any age and permanently and totally disabled,
3. Lived with you for more than half of 2012,
4. Did not provide over half of his or her own support for 2012, and
5. Did not file a joint return, or, if he or she did, it was only to claim a refund.

Adopted child. A legally adopted child is treated as your own child. This includes a child lawfully placed with you for legal adoption.

You can include medical expenses that you paid for a child before adoption if the child qualified as your dependent when the medical services were provided or when the expenses were paid.

If you pay back an adoption agency or other persons for medical expenses they paid under an agreement with you, you are treated as having paid those expenses provided you clearly substantiate that the payment is directly attributable to the medical care of the child.

But if you pay the agency or other person for medical care that was provided and paid for before adoption negotiations began, you cannot include them as medical expenses.



You may be able to take an adoption credit for other expenses related to an adoption. See the Instructions for Form 8839, Qualified Adoption Expenses, for more information.

Child of divorced or separated parents. For purposes of the medical and dental expenses deduction, a child of divorced or separated parents can be treated as a dependent of both parents. Each parent can include the medical expenses he or she pays for the child, even if the other parent claims the child's dependency exemption, if:

1. The child is in the custody of one or both parents for more than half the year,
2. The child receives over half of his or her support during the year from his or her parents, and
3. The child's parents:
 - a. Are divorced or legally separated under a decree of divorce or separate maintenance,
 - b. Are separated under a written separation agreement, or
 - c. Live apart at all times during the last 6 months of the year.

This does not apply if the child's exemption is being claimed under a multiple support agreement (discussed later).

Qualifying Relative

A qualifying relative is a person:

1. Who is your:
 - a. Son, daughter, stepchild, foster child, or a descendant of any of them (for example, your grandchild),
 - b. Brother, sister, half brother, half sister, or a son or daughter of either of them,
 - c. Father, mother, or an ancestor or sibling of either of them (for example, your grandmother, grandfather, aunt, or uncle),
 - d. Stepbrother, stepsister, stepfather, stepmother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law, or
 - e. Any other person (other than your spouse) who lived with you all year as a member of your household if your relationship did not violate local law,
2. Who was not a qualifying child (see [Qualifying Child](#) earlier) of any other person for 2012, and
3. For whom you provided over half of the support in 2012. But see [Child of divorced or separated parents](#), earlier, and [Support claimed under a multiple support agreement](#), next.

Support claimed under a multiple support agreement. If you are considered to have provided more than half of a qualifying relative's support under a multiple support agreement, you can include medical expenses you pay for that person. A multiple support agreement is used when two or more people provide more than half of a person's support, but no one alone provides more than half.

Any medical expenses paid by others who joined you in the agreement cannot be included

as medical expenses by anyone. However, you can include the entire unreimbursed amount you paid for medical expenses.

Example. You and your three brothers each provide one-fourth of your mother's total support. Under a multiple support agreement, you treat your mother as your dependent. You paid all of her medical expenses. Your brothers reimbursed you for three-fourths of these expenses. In figuring your medical expense deduction, you can include only one-fourth of your mother's medical expenses. Your brothers cannot include any part of the expenses. However, if you and your brothers share the nonmedical support items and you separately pay all of your mother's medical expenses, you can include the unreimbursed amount you paid for her medical expenses in your medical expenses.

Decedent

Medical expenses paid before death by the decedent are included in figuring any deduction for medical and dental expenses on the decedent's final income tax return. This includes expenses for the decedent's spouse and dependents as well as for the decedent.

The survivor or personal representative of a decedent can choose to treat certain expenses paid by the decedent's estate for the decedent's medical care as paid by the decedent at the time the medical services were provided. The expenses must be paid within the 1-year period beginning with the day after the date of death. If you are the survivor or personal representative making this choice, you must attach a statement to the decedent's Form 1040 (or the decedent's amended return, Form 1040X) saying that the expenses have not been and will not be claimed on the estate tax return.



Qualified medical expenses paid before death by the decedent are not deductible if paid with a tax-free distribution from any Archer MSA, Medicare Advantage MSA, or health savings account.

Amended returns and claims for refund are discussed in [chapter 1](#).

What if you pay medical expenses of a deceased spouse or dependent? If you paid medical expenses for your deceased spouse or dependent, include them as medical expenses on your Form 1040 in the year paid, whether they are paid before or after the decedent's death. The expenses can be included if the person was your spouse or dependent either at the time the medical services were provided or at the time you paid the expenses.

What Medical Expenses Are Includible?

Use [Table 21-1](#) later, as a guide to determine which medical and dental expenses you can include on Schedule A (Form 1040).

This table does not include all possible medical expenses. To determine if an expense not listed can be included in figuring your medical