

Medical Deductions--What Qualifies?

Overview of Credit: The costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and the costs for treatments affecting any part or function of the body. Expenses must be paid during the year not just incurred. ***Some restrictions apply. *** See Publication 502 for details. [PUBLICATION 502](#)

Abortion
Acupuncture
Alcoholism
Ambulance
Annual Physical Examination
Artificial Limb
Artificial Teeth
Bandages
Birth Control Pills
Body Scan
Braille Books and Magazines
Breast Pumps and Supplies
Breast Reconstruction Surgery
Capital Expenses
Car
Chiropractor
Christian Science Practitioner
Contact Lenses
Crutches
Dental Treatment
Diagnostic Devices
Disabled Dependent Care Expenses
Drug Addiction
Drugs
Eye Exam
Eyeglasses
Eye Surgery
Fertility Enhancement
Founder's Fee
Guide Dog or Other Service Animal
Health Institute
Health Maintenance Organization (HMO)
Hearing Aids

Home Care
Home Improvements
Hospital Services
Insurance Premiums
Intellectually and Developmentally Disabled, Special Home
Laboratory Fees
Lactation Expenses
Lead-Based Paint Removal
Learning Disability
Legal Fees
Lifetime Care—Advance Payments
Lodging
Long-Term Care
Meals
Medical Conferences
Medical Information Plan
Medicines
Nursing Home
Nursing Services
Operations
Optometrist
Organ Donors
Osteopath
Oxygen
Physical Examination
Pregnancy Test Kit
Premium Tax Credit
Prosthesis
Psychiatric Care
Psychoanalysis
Psychologist
Special Education
Sterilization
Stop-Smoking Programs
Surgery

Telephone
Television
Therapy
Transplants
Transportation
Trips
Tuition
Vasectomy

Vision Correction Surgery
Weight-Loss Program
Wheelchair
Wig
X-ray

**The standard mileage rate allowed for operating expenses for a car when you use it for medical reasons is 17 cents a mile (Tax Season 2020)

**The standard mileage rate allowed for operating expenses for a car when you use it for medical reasons is 16 cents a mile (Tax Season 2021)

What Expenses Aren't Includible?

Baby Sitting, Childcare, and Nursing
Services for a Normal, Healthy Baby
Controlled Substances
Cosmetic Surgery
Dancing Lessons
Diaper Service
Electrolysis or Hair Removal
Flexible Spending Arrangement
Funeral Expenses
Future Medical Care
Hair Transplant
Health Club Dues
Health Coverage Tax Credit (HCTC)
Health Savings Accounts
Household Help

Illegal Operations and Treatments
Insurance Premiums
Maternity Clothes
Medical Savings Account (MSA)
Medicines and Drugs from Other
Countries
Nonprescription Drugs and Medicines
Nutritional Supplements
Personal Use Items
Premium Tax Credit
Swimming Lessons
Teeth Whitening
Veterinary Fees
Weight-Loss Program

Damages for Personal Injuries

If you receive an amount in settlement of a personal injury suit, part of that award may be for medical expenses that you deducted in an earlier year. If it is, you must include that part in your income in the year you receive it to the extent it reduced your taxable income in the earlier year. See [What if You Receive Insurance Reimbursement in a Later Year](#), discussed earlier under *How Do You Treat Reimbursements*.

Example.

You sued this year for injuries you suffered in an accident last year. You sought \$10,000 for your injuries and didn't itemize your damages. Last year, you paid \$500 for medical expenses for your injuries. You deducted those expenses on last year's tax return. This year you settled your lawsuit for \$2,000. Your settlement didn't itemize or allocate the damages. The \$2,000 is first presumed to be for the medical expenses that you deducted. The \$500 is includible in your income this year because you deducted the entire \$500 as a medical expense deduction last year.

Future medical expenses.

If you receive an amount in settlement of a damage suit for personal injuries, part of that award may be for future medical expenses. If it is, you must reduce any future medical expenses for these injuries until the amount you received has been completely used.

Example.

You were injured in an accident. You sued and sought a judgment of \$50,000 for your injuries. You settled the suit for \$45,000. The settlement provided that \$10,000 of the \$45,000 was for future medical expenses for your injuries. You can't include the first \$10,000 that you pay for medical expenses for those injuries.

Health Insurance Costs for Self-Employed Persons

If you were self-employed and had a net profit for the year, you may be able to deduct, as an adjustment to income, amounts paid for medical and qualified long-term care insurance on behalf of yourself, your spouse, your dependents, and your children who were under age 27 at the end of 2020. For this purpose, you were self-employed if you were a general partner (or a limited partner receiving guaranteed payments) or you received wages from an S corporation in which you were more than a 2% shareholder. The insurance plan must be established under your trade or business and the deduction can't be more than your earned income from that trade or business.

You can't deduct payments for medical insurance for any month in which you were eligible to participate in a health plan subsidized by your employer, your spouse's employer, or an employer of your dependent, or your child under age 27, at the end of 2020. You can't deduct payments for a qualified long-term care insurance contract for any month in which you were eligible to participate in a long-term care insurance plan subsidized by your employer or your spouse's employer.

If you qualify to take the deduction, use the Self-Employed Health Insurance Deduction Worksheet in the Instructions for Forms 1040 and 1040-SR to figure the amount you can deduct. But if any of the following applies, don't use that worksheet.

- You had more than one source of income subject to self-employment tax.
- You file Form 2555, Foreign Earned Income.
- You are using amounts paid for qualified long-term care insurance to figure the deduction.

If you can't use the worksheet in the Instructions for Forms 1040 and 1040-SR, use the worksheet in Pub. 535, Business Expenses, to figure your deduction.

If you were an eligible TAA recipient, ATAA recipient, RTAA recipient, or PBGC payee, see the Instructions for Form 8885 to figure the amount to enter on the worksheet.

Use Pub. 974, Premium Tax Credit, instead of the worksheet in the 2020 Instructions for Forms 1040 and 1040-SR if the insurance plan established, or considered to be established, under your business was obtained through the Health Insurance Marketplace and you are claiming the premium tax credit.

When figuring the amount you can deduct for insurance premiums, don't include amounts paid for health insurance coverage with retirement plan distributions that were tax free because you are a retired public safety officer.

Where to report.

You take this deduction on Form 1040 or 1040-SR. If you itemize your deductions and don't claim 100% of your self-employed health insurance costs on Form 1040 or 1040-SR, include any remaining premiums with all other medical expenses on Schedule A (Form 1040) subject to the 7.5% limit.

Child under age 27.

If the insurance policy covers your nondependent child who was under age 27 at the end of 2020, you can claim the premiums for that coverage on Form 1040 or 1040-SR. If you can't claim 100% of your self-employed health insurance costs on Form 1040 or 1040-SR, any excess amounts attributable to that child aren't eligible to be claimed on Schedule A (Form 1040).

Generally, family health insurance premiums don't increase if coverage for an additional child is added. If this is the situation, no allocation would be necessary. If the premiums did increase (such as where coverage was expanded from single to family to add the nondependent child), you can allocate the amount on Form 1040 or 1040-SR to the nondependent child and any excess amounts not attributable to that child would be eligible to be claimed on Schedule A.

Example 1.

Kate is self-employed in 2020 and has self-only coverage for health insurance. Her premium for that coverage was \$5,000 for the year. She changes to family coverage only to add her 26-year-old nondependent child to the plan. Her health insurance premium increases to \$10,000 for the year. After completing the Self-Employed Health Insurance Deduction Worksheet in the Instructions for Forms 1040 and 1040-SR, she can only deduct \$4,000 on Form 1040 or 1040-SR. The \$4,000 is allocable to the nondependent child. On Schedule A, she can only claim the \$5,000 allocable to her coverage. She can't claim the \$1,000 excess premiums allocable to the nondependent child.

Example 2.

The facts are the same as in *Example 1*, except that Kate had family coverage when she added her 26-year-old nondependent child to the policy. There was no increase in the \$10,000 premium. In this case, she could claim \$4,000 on Form 1040 or 1040-SR and \$6,000 on Schedule A.