



**RBD FASTFACTS – THE
MEDICAL EXPENSE
DEDUCTION UNDER
HOTMA**

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FASTFacts Health & Medical Expense Deduction

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Disclaimer

The material contained in this document is not comprehensive of the continually emerging issues surrounding policies in The Multifamily Housing industry. In addition, the handbook guidance is derived from The HUD Handbook 4350.3 Rev 1 Change 4 released in August 2013 and in December 2013 and subsequent notices and memos from HUD.

These materials were updated 3/2024.

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FASTFacts Health & Medical Expense Deduction



Of all the items that need to be verified, we receive the most inquiries regarding the Medical Expense Deduction. Let's take a quick look at HUD's guidance provided through the HOTMA Final Rule effective 1/1/2024. These are the rules for any certification effective 1/1/2024 or later. Owner/agents have the option to wait for site software updates before implementing this change. All HOTMA changes must be implemented no later than 1/1/2025.

Families are eligible for the Health & Medical Care Expense Deduction, when the Head-of-Household (HOH), co-HOH or spouse is either:

- ✧ 62 years of age or older; or
- ✧ Disabled.

Medical expenses include all expenses the family **anticipates to incur during the 12 months following certification/recertification** that are not reimbursed by an outside source, such as insurance.

The owner **may** use the ongoing expenses the family paid in the 12 months preceding the certification/recertification to estimate anticipated medical expenses.

In addition to anticipated expenses, past one-time nonrecurring medical expenses that have been paid in full may be included in the calculation of the medical expense deduction for current tenants at an initial, interim or annual recertification. Past one-time nonrecurring medical expenses that have been paid in full are not applicable when calculating anticipated medical expenses at move-in. If the tenant is under a payment plan, the expense would be counted as anticipated

There are two options for addressing one-time medical expenses. These expenses may be added to the family's total medical expenses either: (1) at the time the expense occurs, through an interim recertification, or (2) at the upcoming annual recertification

NOTE: *If the one-time expense is added at an interim recertification, it cannot be added to expenses at the annual recertification.*

When a family is making regular payments over time on a bill for a past one-time medical expense, those payments are included in anticipated medical expenses. However, if a family has received a deduction for the full amount of a medical bill it is paying over time, the family cannot continue to count that bill even if the bill has not yet been paid.

Not all elderly or disabled applicants or participants are aware that their unreimbursed expenses for medical care are included in the calculation of adjusted income for elderly or disabled families. For that reason, **it is important for owners to ask enough questions to obtain complete information about allowable medical expenses.**

The following list highlights some of the most common expenses that may be deducted.

- a. Services of doctors and health care professionals;
- b. Services of health care facilities;
- c. Medical insurance premiums or costs of an HMO;
- d. Prescription/nonprescription medicines that have been prescribed by a physician;
- e. Transportation to treatment;
- f. Dental expenses;
- g. Eyeglasses, hearing aids, batteries;

FASTFacts Health & Medical Expense Deduction

- h. Live-in or periodic medical assistance such as nursing services, or costs for an assistance animal and its upkeep;
- i. Monthly payments on accumulated medical bills;
- j. Medical care of a permanently institutionalized family member if his or her income is included in annual income; and
- k. Long-term care insurance premiums. The family member paying a long-term care insurance premium must sign a certification that states the insurance is guaranteed renewable, does not provide a cash surrender value, will not cover expenses covered under Medicare, and restricts the use of refunds. The certification must be maintained in the family's occupancy file.

With HOTMA, HUD has revised the definition of Health & Medical Care Expenses to reflect the Internal Revenue Service (IRS) definition of the term and provide additional clarity. HUD indicates that owner/agents should refer to IRS [Publication 502, Medical and Dental Expenses](#) when determining if medical expenses should be included as part of the medical expense deduction. Owner/agents should use this publication with HH 4350.3 Exhibit 5-3.

Note: Remember, the rule about whose medical expenses count, for HUD purposes, are different than the rules established by the IRS.

For HUD programs, the Health & Medical Care Expense Deduction includes out-of-pocket medical expenses for all family members of a qualified family (elderly or disabled family). Remember, Fosters, Live-in Aides and members with a Relationship Code of "None of the Above" are not family members.

Owner/agents must verify and include any out-of-pocket medical expenses for any family member listed on the 50059.

Prior to implementation of HOTMA, the definition of the Health & Medical Expense Deduction is the out-of-pocket medical expenses incurred for a member of the family that exceeds 3% of Annual Income.

Example – New Move-in (Before HOTMA Implementation) Before New Site Software has Been Installed – Calculating the Health & Medical Care Expense Deduction - Mr. & Mrs. Wells

Age of Wade Wells – HOH Qualifier	64
Age of Willa Wells - Spouse	58
Wade's Annual Income	\$25,000
Willa's Annual Income	\$22,000
Total Annual Income	\$47,000
3% of Annual Income	\$1,410
Wade's Out-of-pocket Medical Expenses	\$3,000
Willa's Out-of-pocket Medical Expenses	\$2,700
Total Medical Expenses for both members	\$5,700
Less 3% of Annual Income	<\$1,410>
Medical Expense Deduction	\$4,290
Annual Income	\$47,000
Health & Medical Care Expense Deduction	<\$4,290>
Elderly/Disabled Family Deduction	<\$400>
Annual Adjusted Income	\$42,310
Monthly Adjusted Income	\$3,526 (3,525.83)
TTP (30% of Adjusted Income)	\$1,058 (1,057.80)

FASTFacts Health & Medical Expense Deduction

For the first time in over 25 years, Congress is modifying the definition of the Health & Medical Care Expense Deduction and the Disability Expense Deduction.

HOTMA increases the income threshold from three percent (3%) to ten percent (10%). In other words, the Health & Medical Care Expense Deduction is now the amount by which out-of-pocket medical expenses exceed ten percent (10%) of the family's Annual Income.

This change will not affect an existing resident's rent until the owner/agent creates the first certification after updating site software implementing HOTMA.

Example – New Move-in (After HOTMA Implementation) Calculating the Health & Medical Care Expense Deduction - Mr. & Mrs. Wells

Age of Wade Wells – HOH Qualifier	64
Age of Willa Wells - Spouse	58
Wade's Annual Income	\$25,000
Willa's Annual Income	\$22,000
Total Annual Income	\$47,000
10% of Annual Income (After HOTMA)	\$4,700
Wade's Out-of-pocket Health & Medical Care Expenses	\$3,000
Willa's Out-of-pocket Health & Medical Care Expenses	\$2,700
Total Health & Medical Care Expenses for both members	\$5,700
Less 10% of Annual Income (After HOTMA)	<\$4,700>
Health & Medical Care Expense Deduction (formerly Medical Expense)	\$1,000
Annual Income	\$47,000
Health & Medical Care Expense Deduction (after HOTMA)	<\$1,000>
Elderly/Disabled Family Deduction (after HOTMA)	<\$525>
Annual Adjusted Income	\$45,475
Monthly Adjusted Income	\$3,790 (3,789.58)
TTP (30% of Adjusted Income)	\$1,137
Increase	\$79/month

Residents who were receiving the Medical Expense Deduction or Disability Assistance Expense Deduction immediately prior to the implementation of HOTMA, qualify for a Phase-in Hardship Exemption. In these cases, the Phase-in Exemption is automatically applied with the first AR or IR created after site software has been updated.

- ✧ For the first 12 months the deduction will be the amount that is over 5% of Annual Income.
- ✧ For the second 12 months the deduction will be the amount that is over 7.5% of Annual Income.
- ✧ After that, the deduction will be the amount that is over 10% of Annual Income.

FASTFacts
Health & Medical Expense Deduction

Calculating the Health & Medical Care Expense Deduction (Before HOTMA)
2023 AR Mr. & Mrs. Mukawa

Age of Mitsuki Mukawa - HOH	63
Age of Maiki Mukawa - Spouse	57
Mitsuki's Annual Income	\$22992
Maiki's Annual Income	\$20232
Total Annual Income	\$43224
3% of Annual Income (Before HOTMA)	\$1297
Mitsuki's Out-of-pocket Health & Medical Care Expenses	\$2700
Maiki's Out-of-pocket Health & Medical Care Expenses	\$2500
Total Health & Medical Care Expenses for both members	\$5200
Less 3% of Annual Income (Before HOTMA)	<\$1297>
Health & Medical Care Expense Deduction	\$3903
Annual Income	\$43224
Health & Medical Care Expense Deduction (Before HOTMA)	<\$3903>
Elderly/Disabled Family Deduction (Before HOTMA)	<\$525>
Annual Adjusted Income	\$38796
Monthly Adjusted Income	\$3233
TTP (30% of Adjusted Income)	\$970 (969.90)

Calculating the Health & Medical Care Expense Deduction (After HOTMA with Phase-in)
2024 AR Mr. & Mrs. Mukawa

Age of Mitsuki Mukawa - HOH	64
Age of Maiki Mukawa - Spouse	58
Mitsuki's Annual Income	\$25000
Maiki's Annual Income	\$22000
Total Annual Income	\$47000
5% of Annual Income (After HOTMA – Phase-in)	\$2350
Mitsuki's Out-of-pocket Health & Medical Care Expenses	\$3000
Maiki's Out-of-pocket Health & Medical Care Expenses	\$2700
Total Health & Medical Care Expenses for both members	\$5700
Less 5% of Annual Income (After HOTMA – Phase-in)	<\$2350>
Health & Medical Care Expense Deduction	\$3350
Annual Income	\$47000
Health & Medical Care Expense Deduction (After HOTMA – Phase-in)	<\$3350>
Elderly/Disabled Family Deduction (After HOTMA – Phase-in)	<\$525>
Annual Adjusted Income	\$43125
Monthly Adjusted Income	\$3594 (3593.75)
TTP (30% of Adjusted Income)	\$1078 (1078.20)
Increase First Year	\$108/month

Residents may also qualify for a Financial Hardship Exemption. See your company policies for additional information about any Financial Hardship Exemption available to your residents.

FASTFacts Health & Medical Expense Deduction

PROJECTING AND VERIFYING THE MEDICAL EXPENSE

What is the best way to predict and verify medical expenses? The first thing you should do is determine the type of certification. If you are processing a move-in, you should remember that past one-time nonrecurring medical expenses that have been paid in full are not included when calculating anticipated medical expenses at move-in.

For example: you have a resident taking a series of medications on a daily basis. If you obtain a pharmacy printout, the printout can be used to determine and verify that the expense will occur. The trick is to use the current year pricing unless there has been no change. You may want to confirm the actual expense using 1) the most current bill or 2) verification of the cost from the pharmacist. This is especially important with the recent change to the cost of generic drugs. Some common generic drugs have seen a 300 to 400% cost increase in 2015.

The cost of over-the-counter medicines can be used as part of the medical expense deduction if the products are used to diagnose, prevent or treat a specific medical condition as opposed to a product used for general good health. For example, many people with heart disease take a baby aspirin every day to reduce the risk of a heart attack; that expense would be allowable.

Some people take iron supplements for general good health. In this case, use of iron supplements for general good health and not to treat a specific medical condition.

A little-known fact about the recurring expenses is that you are not limited to the treatments administered in the last year. Remember, you are anticipating all out-of-pocket medical expenses for the upcoming year.

Question: *A tenant has provided a list of medications that he/she is prescribed to take. If the tenant has been buying some of the medications, but cannot afford to buy all of them, should the owner/agent allow the expense deductions for all of the medications on the list, if the cost can be verified by the pharmacy?*

Is this a situation where only the medications for which the tenant has receipts can be counted?

Answer: *The owner/agent must include all medical expenses the family anticipates to incur during the 12 months following certification/recertification that are not reimbursed by an outside source, such as insurance (Chapter 5, Paragraph 5-10 D.3). If the tenant indicates that he/she will begin to purchase the medications during the next 12 months and the cost will not be covered by an outside source, the cost of the medications may be included in the calculation of the deduction. If the tenant does not plan to purchase the medications for the next 12 months, the tenant may request an interim recertification when he/she begins purchasing the prescriptions.*

If you want to use the 12-month method, you can, but that is not the only way to verify medical expenses. There is also no concern with overlap of verification dates. We hear about this a lot.

If you have a resident and the resident's AR is due in June 2024, you send the first reminder notice out around February 1. You may not meet with the resident until April 2024. In that year, you would probably use a pharmacy printout that ran from April 2023 through March 2024. But let's say, the next year, the resident meets with you in February 2025. You would probably use a printout that included February 2024 through January 2025.

Since you are using the prior 12 months' information to estimate the next 12 months' recurring medical expense, this overlap should not be an issue. Do not use this same method for one-time non-recurring expenses.

FASTFacts Health & Medical Expense Deduction

If you are completing an Annual Certification or an Interim Certification, include past one-time nonrecurring medical expenses **that have been paid in full** as part of the medical expense if that expense has not been used on a prior certification.

It is up to the resident to request an IR to include the expense or wait until the next AR. Once the expense has been included on a certification, it cannot be used again.

Sometimes, residents choose to make payments on a one-time expense. Let's say Mr. Stevens has spinal fusion surgery and the charges after all insurance reimbursements are \$8000.00. Mr. Stevens is paying \$100.00 per month. Include \$1,200.00 per year as a recurring medical expense until the \$8,000.00 is paid.

In an effort to create a more comprehensive policy and to ensure that residents are treated in a fair and equitable manner, we created an unofficial list of medical expenses including some guidance on how these medical expenses may be treated when determining the medical expense deduction for qualified families.

FASTFacts
Health & Medical Expense Deduction

Allowable Medical Expense	Comments
Acupuncture	Include the amount paid for acupuncture.
Alcoholism	Include amounts paid for an inpatient's treatment at a therapeutic center for alcohol addiction. This includes meals and lodging provided by the center during treatment. Include amounts paid for transportation to and from Alcoholics Anonymous meetings if the attendance is pursuant to medical advice that membership in Alcoholics Anonymous is necessary for the treatment of a disease involving the excessive use of alcoholic liquors.
Ambulance	Include amounts paid for ambulance service.
Artificial Limb	Include the amount paid for an artificial limb.
Artificial Teeth	Include the amount paid for artificial teeth.
Bandages	Include the cost of medical supplies such as bandages.
Birth Control Pills	Include the amount paid for birth control pills prescribed by a doctor.
Body Scan	Include the cost of an electronic body scan.
Braille Books and Magazines	Include the part of the cost of Braille books and magazines for use by a person with a visual disability that is more than the cost of regular printed editions.
Breast Pumps and Supplies	Include the cost of breast pumps and supplies that assist lactation.
Breast Reconstruction Surgery	Include the amounts paid for breast reconstruction surgery, as well as breast prosthesis, as long as the surgery is to address other necessary surgery such as a mastectomy to treat or prevent cancer.
Cannabidiol (CBD)	Only include CBD products or other marijuana derivatives specifically approved by the FDA. The FDA has approved Epidiolex, which contains a purified form of the drug substance cannabidiol (CBD) for the treatment of seizures associated with Lennox-Gastaut syndrome or Dravet syndrome
Capital Expense	Include amounts paid for special equipment installed in a home, or for improvements, if their main purpose is medical care for a household member. Only reasonable costs to accommodate a home to a disabled condition are considered medical care. Additional costs for personal motives, such as for architectural or aesthetic reasons, aren't medical expenses.
Chiropractor	Include fees paid to a chiropractor for medical care.
Christian Science Practitioner	Include fees paid to Christian Science practitioners for medical care.
Contact Lenses	Include amounts paid for contact lenses needed for medical reasons. You can also include the cost of equipment and materials required for using contact lenses, such as saline solution and enzyme cleaner. See <i>Eyeglasses</i> and <i>Eye Surgery</i> , later.
Crutches	Include the amount paid to buy or rent crutches.

FASTFacts
Health & Medical Expense Deduction

Allowable Medical Expense	Comments
Dental Treatment	Include the amounts paid for the prevention and alleviation of dental disease. Preventive treatment includes the services of a dental hygienist or dentist for such procedures as teeth cleaning, the application of sealants, and fluoride treatments to pre-vent tooth decay. Treatment to alleviate dental disease include services of a dentist for procedures such as X-rays, fillings, braces, extractions, dentures, and other dental ailments.
Devices used in diagnosing and treating illness and disease.	Include the cost of devices used in diagnosing and treating illness and disease. <i>Example.</i> You have diabetes and use a blood sugar test kit to monitor blood sugar levels. Include the cost of the blood sugar test kit.
Drug Addiction	Include amounts paid for an inpatient's treatment at a therapeutic center for drug addiction. This includes meals and lodging at the center during treatment.
Eye Exam	Include the amount paid for eye examinations.
Eyeglasses	Include amounts paid for eyeglasses and contact lenses needed for medical reasons. See <i>Contact Lenses</i> for more information.
Eye Surgery	Include the amount paid for eye surgery to treat defective vision, such as laser eye surgery or radial keratotomy.
Fertility Enhancement	Include the cost of medical procedures to overcome an inability to have children. Procedures such as in vitro fertilization (including temporary storage of eggs or sperm).
Service Animal	Include the costs of buying, training, and maintaining a guide dog or other service animal to assist a person, with a hearing or visual disability or a person with other physical disabilities. In general, this includes any costs, such as food, grooming, and veterinary care, incurred in maintaining the health and vitality of the service animal so that it may perform its duties.
Health Institute	Include fees paid for treatment at a health institute only if the treatment is pre-scribed by a physician and the physician issues 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)	Include amounts paid to receive medical care from an HMO. These amounts are treated as medical insurance premiums. See <i>Insurance Premiums</i> , later.
Hearing Aids	Include the cost of a hearing aid and batteries, repairs, and maintenance needed
Home Care	See <i>Nursing Services</i> , later.
Hospital Services	Include amounts paid for the cost of inpatient care at a hospital or similar institution if a principal reason for being there is to receive medical care. This includes amounts paid for meals and lodging. Also see <i>lodging</i> , later.
Insurance Premiums	Include insurance premiums paid for policies that cover medical care.

FASTFacts
Health & Medical Expense Deduction

Allowable Medical Expense	Comments
Employer-Sponsored Health Insurance Plan	<p>Do not include any insurance premiums paid by an employer-sponsored health insurance plan unless the premiums are included on the Form W-2, Wage and Tax Statement. Also, do not include any other medical and dental expenses paid by the plan.</p> <p>Example. A federal employee participating in the premium conversion plan of the Federal Employee Health Benefits (FEHB) program. The employee's share of the FEHB premium is paid by making a pre-tax reduction to salary. Because insurance premiums are paid with money that is never included in gross income, OAs cannot deduct the premiums paid with that money.</p> <p>Long-term care services. When an employer makes contributions to provide coverage for qualified long-term care services under a flexible spending or similar arrangement must be included as income. This amount will be re-reported as wages on a Form W-2.</p> <p>Health reimbursement arrangement (HRA). If medical expenses are reimbursed by a health reimbursement arrangement, do not include those expenses. This is because an HRA is funded solely by the employer.</p>
Medicare A	The payroll tax paid for Medicare A is not a medical expense. If a resident is not covered under social security (or was not a government employee who paid Medicare tax), the resident can voluntarily enroll in Medicare A. In this situation, include the premiums paid for Medicare A as a medical expense.
Medicare B	Medicare B is a supplemental medical insurance. Premiums paid for Medicare B are a medical expense.
Medicare D	Medicare D is a voluntary prescription drug insurance program for persons with Medicare A or B. Include as a medical expense premiums paid for Medicare D.
Insurance Premiums Do not include	<p>Do not include premiums paid for:</p> <p>Life insurance policies,</p> <p>Policies for loss of life, limb, sight, etc.,</p> <p>Policies providing payment for loss of earnings,</p> <p>Policies that pay you a guaranteed amount each week for a stated number of weeks if you are hospitalized for sickness or injury,</p> <p>The part of car insurance that provides medical insurance coverage for all persons injured in or by the car because the part of the premium providing insurance is not stated separately from the part of the premium providing insurance for medical care for others.</p>
Laboratory Fees	Include the amounts paid for laboratory fees that are part of medical care.

FASTFacts
Health & Medical Expense Deduction

Allowable Medical Expense	Comments
Lodging	Include the cost of meals and lodging at a hospital or similar institution if a principal reason for being there is to receive medical care. You may be able to include the cost of lodging not provided in a hospital or similar institution. Include the cost of such lodging while away from home if all of the following requirements are met. 1. The lodging is primarily for and essential to medical care. 2. The medical care is provided by a doctor in a licensed hospital or in a medical care facility related to, or the equivalent of, a licensed hospital. 3. The lodging isn't lavish or extravagant under the circumstances. 4. There is no significant element of personal pleasure, recreation, or vacation in the travel away from home.
Long-term Care	Include amounts paid for qualified long-term care services and premiums paid for qualified long-term care insurance contracts
Maternity Clothes	You can't include amounts paid for maternity clothes.
Meals	Include the cost of meals at a hospital or similar institution if a principal reason for being there is to get medical care. You can't include the cost of meals that aren't part of inpatient care.
Medical Information Plan	Include amounts paid to a plan that keeps medical information in a computer data bank and retrieves and furnishes the information upon request to an attending physician.
Medicines	Include amounts paid for prescribed medicines and drugs. A prescribed drug is one that requires a prescription by a doctor for its use by an individual. You can also include amounts paid for insulin.
Medicines and Drugs from Other Countries	In general, do not include the cost of a prescribed drug brought in (or ordered shipped) from another country. You can only include the cost of a drug that was imported legally. For example, Include the cost of a prescribed drug the Food and Drug Administration announces can be legally imported by individuals. Include the cost of a prescribed drug you purchase and consume in another country if the drug is legal in both the other country and the United States.
Non-Prescription Medical Supplies	Do not include an item ordinarily used for personal, living, or family purposes unless it is used primarily to prevent or alleviate a physical or mental defect or illness. For example, incontinence supplies or the cost of a wig purchased upon the advice of a physician for the mental health of a patient who has lost all of his or her hair from disease can be included with medical expenses.
Nursing Services	

FASTFacts
Health & Medical Expense Deduction

Allowable Medical Expense	Comments
	Include wages and other amounts paid for nursing services. The services need not be performed by a nurse as long as the services are of a kind generally performed by a nurse. This includes services connected with caring for the patient's condition, such as giving medication or changing dressings, as well as bathing and grooming the patient. Generally, only the amount spent for nursing services is a medical expense. If the attendant also provides personal and household services, amounts paid to the attendant must be divided between the times spent performing household and personal services and the time spent for nursing services.
Nutritional Supplements/Over-the-counter Medicine	Do not include the cost of nutritional supplements, vitamins, herbal supplements, "natural medicines," etc. unless they are recommended by a medical professional as treatment for a specific medical condition. Items taken to maintain ordinary good health may not be included.
Operations	Include amounts paid for legal operations that are not for unnecessary cosmetic surgery.
Osteopath	Include amounts paid to an osteopath for medical care.
Oxygen	Include amounts paid for oxygen and oxygen equipment to relieve breathing problems caused by a medical condition. This includes additional utility costs to tenant because of oxygen machine (in properties with tenant paid utilities only)
Personal Protective Equipment (PPE) Related to COVID-19	Items intended to reduce risk of transmitting illness or preventing illness, including personal protective equipment (PPE), can be an eligible medical expense for tenants when it recommended by the CDC. Items such as face coverings, or PPE (e.g., goggles and gloves), are an eligible medical expense if the item was purchased on or after March 27, 2020, and only for the period during which a national, state, or local COVID-19 emergency is in effect. In addition to being included as current medical expense, eligible families are permitted to include these items as a medical expense retroactive to March 27, 2020 and calculate TTP accordingly. Refer to Handbook 4350.3 paragraph 5-10.D for guidance on the treatment of medical expenses to allow, and subparagraph 6 for guidance on the treatment of one-time nonrecurring medical expenses that have been paid in full.
Physical Examination	Include the amount paid for an annual physical examination and diagnostic tests by a physician. Residents do not have to be ill at the time of the examination.
Pregnancy Test Kit	Include the amount paid to purchase a pregnancy test kit to determine pregnancy.
Psychiatric Care	Include amounts paid for psychiatric care. This includes the cost of supporting a mentally ill dependent at a specially equipped medical center where the dependent receives medical care as long as that dependent is listed on the 50059. See <i>Psychoanalysis</i> , next, and <i>Transportation</i> , later.

FASTFacts
Health & Medical Expense Deduction

Allowable Medical Expense	Comments
Psychoanalysis	Include payments for psychoanalysis. However, do not include payments for psychoanalysis that is part of required training to be a psychoanalyst.
Psychologist	Include amounts paid to a psychologist for medical care.
Stop-Smoking Programs	Include amounts paid for a program to stop smoking. However, do not include amounts paid for drugs that do not require a prescription, such as nicotine gum or patches, that are designed to help stop smoking.
Surgery	See <i>Operations</i> , earlier.
Telephone	Include the cost of special telephone equipment that lets a person who is deaf, hard of hearing or has a speech disability communicate over a regular telephone. This includes teletypewriter (TTY) and telecommunications device for the deaf (TDD) equipment. You can also include the cost of repairing the equipment.
Television	Include the cost of equipment that displays the audio part of television programs as subtitles for persons with a hearing disability. This may be the cost of an adapter that attaches to a regular set. It also may be the part of the cost of a specially equipped television that exceeds the cost of the same model regular tele-vision set.
Therapy	Include amounts paid for therapy received as medical treatment.
Transportation/Trips	<p>Include amounts paid for transportation primarily for, and essential to, medical care. Include : Bus, taxi, train, or plane fares or ambulance service, Transportation expenses of a parent who must go with a child who needs medical care,</p> <p>If the individual is receiving reimbursement for the cost of transportation to/from treatment or the lodging from another source, the cost or mileage is not eligible for the medical expense deduction. Owner/agents may use actual expenses or the current IRS published rate but not both. You can also include parking fees and tolls. You can add these fees and tolls regardless of whether you are using actual expenses or the standard mileage rate.</p> <p>Transportation expenses Do not include. Do not include the cost of transportation in the following situations. Going to and from work, even if a medical condition requires an unusual means of transportation. Travel for purely personal reasons to another city for an operation or other medical care. Travel that is merely for the general improvement of one's health. The costs of operating a specially equipped car for other than medical reasons. <i>(These expenses may be included as a Attendant Care and Auxiliary Apparatus Expense. Owner/agents must evaluate the expense to see if it conforms to HUD's definition).</i></p>

FASTFacts
Health & Medical Expense Deduction

Allowable Medical Expense	Comments
	<p>Include amounts paid for transportation to another city if the trip is primarily for, and essential to, receiving medical services. You may be able to include up to \$50 for each night for each person. Include lodging for a person traveling with the person receiving the medical care. For example, if a parent is traveling with a sick child, up to \$100 per night can be included as a medical expense for lodging. Meals are not included. See <i>Lodging</i>, earlier.</p> <p>Do not include a trip or vacation taken merely for a change in environment, improvement of morale, or general improvement of health, even if the trip is made on the advice of a doctor. However, see <i>Medical Conferences</i>, earlier.</p>
Vasectomy or Sterilization	Include the amount paid for sterilization or a vasectomy.
Weight-Loss Program	Include amounts paid to lose weight if it is a treatment for a specific disease diagnosed by a physician (such as obesity, hypertension, or heart disease). This includes fees paid for membership in a weight reduction group as well as fees for attendance at periodic meetings. Do not include membership dues in a gym, health club, or spa as medical expenses, but include separate fees charged there for weight loss activities.
Wheelchair	Include the cost of a wheelchair purchased upon the advice of a physician or other licensed medical professional.
Wig	Include the cost of a wig purchased upon the advice of a physician for the mental health of a patient who has lost all of his or her hair from disease.
X-ray	Include amounts paid for X-rays for medical reasons.

What Expenses Are Not Included?	Following is a list of some items that Do not include as part of the Health & Medical Expense Deduction. The items are listed in alphabetical order.
Baby Sitting, Childcare, and Nursing Services for a Normal, Healthy Baby	Do not include amounts paid for the care of children, even if the expenses enables the resident to get medical or dental treatment. Also, any expense allowed as a childcare credit cannot be treated as an expense paid for medical care.
Cannabidiol (CBD)	Do not include any CBD products or other marijuana derivatives unless specifically approved by the FDA. FDA has approved Epidiolex, which contains a purified form of the drug substance cannabidiol (CBD) for the treatment of seizures.
Controlled Substances	Do not include amounts paid for controlled substances (such as marijuana, laetrile, etc.) that are not legal under federal law, even if such sub-stances are legalized by state law.
Cosmetic Surgery	Generally, do not include amounts paid for unnecessary cosmetic surgery. This includes any procedure that is directed at improving the patient's appearance and does not meaningfully promote the proper function of the body or

FASTFacts
Health & Medical Expense Deduction

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	prevent or treat illness or disease. You generally do not include the amount paid for procedures such as face lifts, hair transplants, hair removal (electrolysis), and liposuction. Include the amount paid for cosmetic surgery if it is necessary to improve a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease. Example. An individual undergoes surgery that removes a breast as part of treatment for cancer. She pays a surgeon to reconstruct the breast. The surgery to reconstruct the breast corrects a deformity directly related to the disease. The cost of the surgery may be included in her medical expenses
Dancing Lessons	Do not include the cost of dancing lessons, swimming lessons, etc., even if they are recommended by a doctor, if they are only for the improvement of general health.
Diaper Service	Do not include the amount paid for diapers or diaper services, unless they are needed to relieve the effects of a particular disease or medical condition such as incontinence.
Flexible Spending Account	Do not include amounts for which the resident is fully reimbursed by a flexible spending account if part of the resident's income on contributed on a pre-tax basis to pay for the qualified benefit.
Funeral Expenses	Do not include amounts you paid for funerals or burial expenses.
Future Medical Care	Generally, do not include current payments for medical care (including medical insurance) to be provided beyond the 12-month certification period. However, long-term care insurance is an allowable medical expense.
Health Club Dues	Do not include health club dues or amounts paid to improve one's general health or to relieve physical or mental discomfort not related to a particular medical condition. Do not include the cost of membership in any club organized for business, pleasure, recreation, or other social purpose.
Health Savings Accounts	Do not include any payment or distribution for medical expenses out of a health savings account. Contributions to health savings accounts are de-ducted separately.
Household Help	Do not include the cost of household help, even if such help is recommended by a doctor. This is a personal expense that is not deductible. However, you may be able to include certain expenses paid to a person providing nursing-type services. For more information, see <i>Nursing Services</i> , earlier, under <i>What Medical Expenses Are Includible</i> . Also, certain maintenance or personal care services provided for qualified long-term care can be included in medical expenses.

FASTFacts
Health & Medical Expense Deduction

What Expenses Are Not Included?	Following is a list of some items that Do not include as part of the Health & Medical Expense Deduction. The items are listed in alphabetical order.
Illegal Operations and Treatments	Do not include amounts paid for illegal operations, treatments, or controlled substances whether rendered or prescribed by licensed or unlicensed practitioners.
Maternity Clothes	Do not include amounts paid for maternity clothes.
Medical Savings Account (MSA)	Do not include amounts contributed to an Archer MSA. Do not include expenses paid for with a tax-free distribution from an Archer MSA. You also cannot use other funds equal to the amount of the distribution and include the expenses. For more information on Archer MSAs, see Publication 969.
Medicines and Drugs From Other Countries	In general, do not include the cost of a prescribed drug brought in (or ordered shipped) from another country. You can only include the cost of a drug that was imported legally. For example, Include the cost of a prescribed drug the Food and Drug Administration announces can be legally imported by individuals.
	Include the cost of a prescribed drug purchased and consumed in another country if the drug is legal in both the other country and the United States.
Nutritional Supplements	Do not include the cost of nutritional supplements, vitamins, herbal supplements, “natural medicines,” etc. unless they are recommended by a medical practitioner as treatment for a specific medical condition diagnosed by a physician. Otherwise, these items are taken to maintain ordinary good health, and are not for medical care.
Personal Use Items	Do not include an item ordinarily used for personal, living, or family purposes unless it is used primarily to prevent or alleviate a physical or mental defect or illness. For example, the cost of a wig purchased upon the advice of a physician for the mental health of a patient who has lost all of his or her hair from disease or incontinence supplies can be included with medical expenses. The cost of a toothbrush and toothpaste is a nondeductible personal expense.
Special Education	Do not include the cost of sending a child with behavioral problems to a school where the course of study and the disciplinary methods have a beneficial effect on the child's attitude if the availability of medical care in the school is not a principal reason for sending the student there.
Swimming Lessons	See <i>Dancing Lessons</i> , earlier.
Teeth Whitening	Do not include amounts paid to whiten teeth.
Veterinary Fees	You generally cannot include veterinary unless the fees are for the care of an assistance animal (service animal or companion animal).
Weight-Loss Program	Do not include the cost of a weight-loss program if the purpose of the weight loss is the improvement of appearance, general health, or sense of well-being. Do not include amounts paid to lose weight unless the weight loss

FASTFacts
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What Expenses Are Not Included?	<p>Following is a list of some items that Do not include as part of the Health & Medical Expense Deduction. The items are listed in alphabetical order.</p> <p>is a treatment for a specific disease diagnosed by a physician (such as obesity, hypertension, or heart disease). If the weight-loss treatment is not for a specific disease diagnosed by a physician, Do not include either the fees paid for membership in a weight reduction group or fees for attendance at periodic meetings. Also, Do not include membership dues in a gym, health club, or spa. Do not include the cost of diet food or beverages in medical expenses because the diet food and beverages substitute for what is normally consumed to satisfy nutritional needs.</p>
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