



Health and Taxes

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Are out-of-pocket medical expenses tax-deductible? It depends on your income and how much you spend.

In general, taxpayers who itemize their deductions can deduct medical expenses over and above 7.5% of their adjustable gross income. So, if a person earning \$40,000 a year were to go to the hospital and the procedure, doctor's bills and the cost of the hospital stay was \$10,000, then the first \$3,000 would not be deductible (7.5% of \$40,000), but \$7,000 would qualify. If another person earning \$150,000 incurred the same expense, none of it would be deductible, based on the tax code.

The list of deductible medical-related expenses is pretty broad: payments to doctors, dentists, surgeons, chiropractors, psychologists and psychiatrists and hospitals would qualify, as would prescription drugs, dentures, eyeglasses, contact lenses, hearing aids, wheelchairs and even service animals. Insurance premiums for medical care or long-term care can be deductible if you pay them yourself. If you pay a nurse for home care or nursing home care for yourself or your spouse, those costs may be deductible as well.

The list of expenses that cannot be deducted is a bit shorter: funeral expenses, over-the-counter medications, controlled substances that are not prescribed by a doctor, toothpaste, toiletries and cosmetics, and cosmetic surgery.

There may be planning opportunities here, but they tend to come under gloomy circumstances. If a family member is treated for cancer or requires other expensive medical intervention, there's a high probability that a significant percentage of those medical costs, in that year, will be deductible. During that same calendar year, it provides an opportunity for the spouse to finally get the dental procedure that he/she may have been putting off, buy a new pair of reading glasses or schedule a long-delayed hip replacement operation—and have any and all of it qualify as a write off on that year's taxes.

Sources:

<https://www.nerdwallet.com/taxes/learn/medical-expense-tax-deduction>

<https://www.irs.gov/publications/p502>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

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