

The Medical Expense Deduction for Seniors and People with Disabilities

How to help your clients claim their full benefit
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Goals

- Participants will gain an understanding the basics of the medical expense deduction: how to claim it, what documentation is required, and what to do at recertification
- Participants will feel empowered to help clients claim the medical expense deduction and have new tools to inform clients about the deduction and support them through the process of claiming it

Medical Expense Deduction

- Deduction that allows seniors and people with disabilities to claim their out of pocket medical costs
- Deductions are **crucial** in determining the benefit amount for 3SVT participants
 - ***Remember***: for every \$3 decrease in net income, benefits increase \$1!
- The medical expense deduction is underutilized – and as a result many Vermonters are not receiving their full benefit



How Does it Work?

- Available to seniors and people with disabilities with out-of-pocket medical expenses of **over \$35** per month
- If monthly medical expenses are between \$35.01 and \$173, claim a standard of \$138
 - Only list and document enough expenses to get to \$35.01
- If medical expenses are over \$173, household can claim full costs
 - Must document and list every expense



What Can Be Deducted

- **Short answer:** Anything out-of-pocket for medication used monthly (does not need to be within last 30 days, if item lasts for more than 30 days), including:
 - Premiums & co-pays
 - OTCs (Pain relievers, antacids, vitamins, sleeping aids, etc) when recommended
 - Existing bills
 - Transportation
 - Medical equipment & supplies (Medical batteries, denture supplies, eyeglasses, etc) when recommended
 - And more! Look at your handouts for more examples



Documentation & Verification

- The medical expense deduction uses a 12 month 'look back' period for cases
- **Premiums, Co-Pays, Deductibles:** Proof of plan, premium, cost, & period covered.
- **Prescription Co-Pays:** Printout from pharmacy for past 12 months with name and SSN – must show cost.
- **Existing Bills:** client must be actively paying bill, and DCF needs to know total so a monthly statement is more helpful than a canceled check.
 - Can claim monthly payment (esp. if they will be paying over mult. cert. periods)
- **Transportation:** DCF must verify that a trip took place, but can calculate mileage – appropriate documentation could include an appointment card or receipts with date (taxi & bus fare are also allowable expenses)

Over the Counter Meds

- OTCs have a bit more complicated verification requirement – clients do NOT need to submit receipts
- **Option 1:** Client uses Form 120 (Section VI on back) and lists and medications or items recommended by health professional (with dosage)
 - **This form must be signed by a health professional**
- **Option 2:** Client can get a printout from their HP that lists recommended OTCs with dosage amounts
 - **This does NOT need to be signed** – since it is coming from the health professional's office, it is assumed to be recommended

Service Animals

- Applicant may deduct the cost of purchasing, training, and maintaining a service animal, including:
 - Vet bills, food bills, and professional training related to the specific task they perform
 - Obedience training is not an allowable cost
- The service animal must be 'trained to provide a specific service' – no rigid definition
 - The trainer does not need to have a particular credential or background, and there is no verification of training needed unless questionable – client could even perform the training
- Emotional support animals do not count as service animals

Now What?

- Once the FMED has been calculated and clients are receiving benefits, there are a few things to keep in mind
- During certification period
 - Client can report large expenses at any time (i.e. eye glasses) or changes to medical expenses if it will increase their deduction
- At interim report:
 - If medical expenses have not changed, simply state that
 - If additional expenses to report – report and submit appropriate documentation

Recertification

Household
Receiving Standard
Deduction

If HH still pays over \$35 monthly, they do not need to re-verify anything

If HH now has over \$173 monthly, verify everything (benefit may increase)

If HH no longer has at least \$35 monthly, deduction is no longer allowable

Household
Claiming over \$173
monthly

All expenses must be verified at every recertification

Tips

- Use the largest expense first, or the one that is easiest to verify (ex. Medicare premiums)
 - OTCs are typically the most difficult costs to verify, but sometimes they are the easiest (or only) way to get people over \$35
- Encourage clients to only submit the verification necessary for the deduction they qualify for
- If the household is eligible to receive the max 3SquaresVT benefit without the medical expense deduction, it may not be worthwhile for them to claim it
 - Use the benefits calculator on vermontfoodhelp.com to see if the HH is already eligible for the max benefit
 - Anything submitted will be processed by DCF

Maximum Benefits

- Confirm with benefits calculator on VFH that client is not already receiving the max benefit for their household size:

Household Size	Max Benefit
1	\$194
2	\$357
3	\$511
4	\$649
5	\$771
6	\$925

Barriers & Solutions

- What barriers do you encounter when talking with clients about the medical expense deduction?
- What barriers do you encounter when helping someone claim the deduction?
- How have you helped clients learn about the medical deduction? What kind of language, materials, info is helpful without being overwhelming?
- Do you have tips for helping someone through the process or keeping the deduction at recertification?
- Are there materials, tools, etc. that you would find helpful?
- How do we help more people with disabilities get the deduction when they don't have access to case managers like older adults do?