



# TAX DEDUCTIBILITY INFORMATION

## Assisted Living and Alzheimer's Care

While we cannot give tax advice, we understand that there may be some tax benefit available to residents living at Elmcroft and/or family members of residents. Please consult with your attorney or tax accountant on the information outlined below.

The information contained herein is taken from Internal Revenue Service Publication 502 (2000), "Medical and Dental Expenses" (<http://www.irs.gov> and key "502" into the bottom search box). According to this publication, you can include in medical expenses the cost of medical care in a nursing home or home for the aged for yourself, your spouse, or your dependents; including the cost of meals and lodging in the home if the main reason for being there is to get medical care. To be deductible, medical expenses must exceed 7.5% of the taxpayer's adjusted gross income. Eligibility also applies to adult children paying for these services if they are paying at least 50% of their parent's financial support and claim their parent as a deduction.

Medical expenses include long-term care expenses as long as they are "qualified." Qualified long-term care expenses include "Necessary...personal care services ...required by a chronically ill individual and provided pursuant to a plan of care prescribed by a licensed healthcare practitioner."

An individual is chronically ill if a licensed healthcare practitioner has certified, within the previous 12-month period, that the resident meets one of the following criteria:

1. Individual is unable to perform (without substantial assistance from another individual) at least two activities of daily living (ADL's) due to loss of functional capacity for at least 90 days. ADL's are eating, toileting, transferring, bathing, dressing and continence.
2. Individual requires substantial supervision to protect him or her from threats to health and safety due to severe cognitive impairment.

Qualification requires that a determination be made by a licensed health care practitioner, such as a physician. While Elmcroft cannot provide you with that statement, we have provided a form below for signature by a licensed healthcare practitioner.

\_\_\_\_\_ is "chronically ill" as defined by Internal Revenue Publication 502 (2000), "Medical and Dental Expenses" because he or she meets at least one of the following criteria (please check all that apply):

Unable, for at least 90 days, to perform at least two activities of daily living (ADL's) without substantial assistance from another individual due to loss of functional capacity. ADL's are eating, toileting, transferring, bathing, dressing and continence.

Requires substantial supervision to be protected from threats to health and safety due to severe cognitive impairment.

\_\_\_\_\_  
Physician's printed name

\_\_\_\_\_  
Physician's signature

\_\_\_\_\_  
Physician's office address (street address, city, state, zip)

\_\_\_\_\_  
Date