

Abstract: Americans who are 65 and older qualify for basic Medicare insurance, but they may need to pay additional premiums to get the level of coverage they desire. The premiums can be expensive — especially for a married couple with both spouses paying them. One aspect of paying premiums might be a positive, however: For those who are eligible, those premiums may help lower their tax bills.

Medicare premiums may lower your taxes

Do you pay premiums for Medicare health insurance? If so, you may be able to combine them with other qualifying health care expenses and claim them as an itemized deduction for medical expenses on your individual tax return. This includes amounts for “Medigap” insurance and Medicare Advantage plans, which cover some costs that Medicare Parts A and B don’t cover.

For 2022, you can deduct medical expenses only if you itemize deductions and only to the extent that total qualifying expenses exceeded 7.5% of your adjusted gross income. The Tax Cuts and Jobs Act nearly doubled the standard deduction amounts for 2018 through 2025. For tax year 2022, the standard deduction amounts are: \$12,950 for single filers; \$25,900 for married joint-filing couples; and \$19,400 for heads of households. Higher standard deductions mean that fewer individuals are itemizing deductions. However, if you have significant medical expenses, including Medicare premiums, you may be able to itemize and enjoy some tax savings.

Important note: Self-employed people and shareholder-employees of S corporations can generally claim an above-the-line deduction for their health insurance premiums, including Medicare premiums. That means they don’t need to itemize to get the tax savings from their premiums.

In addition to Medicare premiums, you can deduct a variety of other medical expenses, including those for ambulance services, dental treatment, dentures, eyeglasses, hospital services, lab tests, qualified long-term care services and prescription medicines. You may also qualify to deduct transportation costs to get to medical appointments. If you drive, track your mileage and you can deduct 18 cents per mile for 2022.

Contact us with your questions about Medicare coverage options or claiming medical expense deductions on your personal tax return. We can help you identify an optimal overall tax-planning strategy based on your personal circumstances.