

LINE 16. Medical Care Expense Deduction

If you file a New Mexico PIT-1, you may claim a deduction for medical care expenses paid during the tax year for you, your spouse, or a dependent. Eligible filers include out-of-state residents with income tax responsibility to New Mexico. This deduction is available through December 31, 2024.

Deduction Amount

To determine the deduction amount to enter, use *Line 16 Worksheet for Calculating Medical Care Expense Deduction* and the instructions on this page.

You may claim the medical care expense deduction in an amount equal to the percentage of medical care expenses paid during the tax year based on your filing status and adjusted gross income. See the above *Medical Care Expenses* table.

IMPORTANT: You must complete **both** lines 16 and 16a.

Married Couples Filing Separately

Married couples filing separately may claim only those expenses personally incurred. The other spouse may not claim any expenses already claimed or planned to claim by the spouse incurring the expense.

Requirement 1: Provider Must Be Licensed or Certified to Practice in New Mexico

When medical expenses are incurred for services provided by a medical doctor, osteopathic physician, dentist, podiatrist, chiropractic physician, or psychologist, the person providing the service must be licensed or certified to practice in New Mexico. In the medical expenses incurred to calculate the medical care expense deduction, you cannot include expenses paid to a provider who does not meet this requirement.

An exception to the requirement for the doctor to be licensed or certified in New Mexico applies when medical expenses are for qualified long-term care services as defined in Section 7702B (c) of the IRC.

Requirement 2: Claim Only Unreimbursed and Uncompensated Expenses Not In Federal Itemized Deduction Amount For purposes of the medical care expense deduction, you may claim only unreimbursed and uncompensated medical expenses **not** included in your itemized deduction amount on federal Schedule A. You may include on line 16 medical care expenses not included in the itemized deduction amount that are part of the federal 10% of adjusted gross income.

Ineligible Expenses Reimbursed and compensated insurance premiums, like those paid with pre-tax dollars under cafeteria and similar benefit plans, are ineligible.

Do not claim payments to a veterinarian or veterinary clinic or any other expenses for family pets or other animals. These expenses are ineligible.

Eligible Expenses

Some of the expenses you may include are the following:

1. Amounts paid as premiums under Part B of Title XVIII of the Social Security Act (Medicare),
2. Amounts paid for a qualified long-term care insurance contract defined in Section 7702B(b) of the IRC, **and**
3. Unreimbursed insurance premiums and co-payments not deducted for federal purposes.

NOTE: Premiums paid with pre-tax dollars through payroll deductions are not eligible.

Additional Exemption and Tax Credit

If you or your spouse are at least 65 years old and you paid unreimbursed and uncompensated medical care expenses over \$28,000 during 2020, you may **also** be eligible to claim an exemption of \$3,000 and a tax credit of \$2,800. For details, see the instructions for PIT-ADJ, line 17 and PIT-RC, line 23.

Definitions

The following definitions apply for purposes of this deduction:

1. "Health care facility" means a hospital, outpatient facility, diagnostic and treatment center, rehabilitation center, free-standing hospice, physician's office, or other similar facility, regardless of location, where medical care is provided and which is licensed by any governmental entity;
2. "Medical care" means the diagnosis, cure, mitigation, treatment or prevention of disease, or care for the purpose of affecting any structure or function of the body;
3. "Medical care expenses" means amounts paid for:
 - a. The diagnosis, cure, mitigation, treatment or prevention of disease, or care for the purpose of affecting any structure or function of the body, if **provided by a physician or in a health care facility**. Cosmetic surgery is not eligible;
 - b. Prescribed drugs or insulin, and oxygen. A "prescribed drug" is a drug or biologically active substance for use in or on humans that requires a prescription or administration by a person licensed to do so. Costs for over-the-counter drugs are not eligible. Prescribed drugs for animals are not eligible;
 - c. Qualified long-term care services as defined in Section 7702B (c) of the Internal Revenue Code;
 - d. Insurance covering medical care, including amounts you paid as premiums under part B of Title XVIII of the Social Security Act (Medicare) or for a qualified long-term care insurance contract defined in Section 7702B (b) of the Internal Revenue Code, if the insurance or other amount is income for the tax year;
 - e. Nursing services, regardless of where the services are rendered, if provided by a practical nurse or a professional

nurse licensed to practice in the state according to the Nursing Practice Act;

f. Specialized treatment or the use of special therapeutic devices if a physician prescribes the treatment or device, and the patient can show that the expense was incurred primarily for the prevention or alleviation of a physical or mental defect or illness. "Special therapeutic devices" include corrective eyeglasses, contact lenses and hearing aids prescribed by a physician. However, expenses for guide dogs are excluded;

g. Care in an institution other than a hospital, such as a sanitarium or rest home, if the principal reason for the presence of the person in the institution is to receive the medical care available. If the meals and lodging are a necessary part of such care, the cost of the meals and lodging are "medical care expenses";

4. "Physician" means a medical doctor, osteopathic physician, dentist, podiatrist, chiropractic physician or psychologist licensed or certified to practice in New Mexico.

Keep Documentation of Expenses

Keep full documentation of all medical care expenses for which you claim a deduction. Receipts are necessary if you are selected for audit or verification of deductions claimed.

IMPORTANT: Do not send your documentation with your tax return.