

Medical Care

I. Eligible persons

- a. Participant
- b. Spouse, child or other dependent of the participant, or primary beneficiary if plan allows
 - i. If dependent is a step child, they must be providing 50% or more of their expenses. Dependents should be claimed on the participant's taxes.

II. Eligible expenses

- a. Amounts not covered by insurance for medical and dental care expenses permitted under Section 213(d) of the Internal Revenue Code. Medical expenses are defined as “the costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and for the purpose of affecting any part or function of the body”.
 - i. IRS Publication 502 provides a current list of permitted expenses under IRC 213(d).

III. Ineligible expenses

- a. Amounts for medical and dental care expenses that are not permitted under Section 213(d) of the Internal Revenue Code (generally these are considered “wants”, not “needs”)
 - i. IRS Publication 502 also provides a current list of unpermitted expenses under IRC 213(d). F

IV. Required Documentation

- a. Some medical care expenses are paid for by the insurance company, and others are not. For the portion of those medical care expenses that the insurance company will not pay (unreimbursed qualifying medical care expenses), the participant should generally maintain both a current bill for service and an Explanation of Benefits:
 - i. Current bill for service (statement or due date on bill no more than 90 days old)
 - 1. If the bill for service outlines (itemizes) the services rendered and also shows insurance payments and adjustments, the participant does not need to provide the Explanation of Benefits (EOB) below (Section IV.a.ii.)

- ii. Explanation of Benefits (EOB) for each bill submitted indicating
 - 1. Service rendered that qualifies as a medical care expense
 - 2. Date of such service
 - 3. Amount of coverage paid
 - 4. Amount currently owed
 - 5. If the participant cannot produce an Explanation of Benefits, they must obtain a copy from the insurance company. If the insurance company cannot provide a copy, the participant may obtain a copy of the medical history with respect to the service rendered, including any amount paid by the insurance company
- a. Some medical care expenses will not be covered at all by the insurance company. For qualifying medical care expenses for treatment not covered by the insurance policy:
 - i. Current bill of service (statement or due date on bill no more than 90 days old) that lists the information noted in Section IV.a. above AND
 - ii. Explanation of Benefits (EOB) evidencing a denial of coverage OR
 - iii. A letter from the insurance company stating that no Explanation of Benefits is available
- b. If prepayment of certain medical care expenses is required on or before the time of treatment:
 - i. Estimate of the cost of the procedure from the insurance company and/or medical professional AND
 - ii. Letter from the medical professional stating that the payment is required either in advance or at the time of the procedure (this can be combined with the estimate)
 - iii. NOTE: Generally, you cannot include in medical expenses current payments for medical care (including medical insurance) to be provided substantially beyond the end of the year. This rule does not apply in situations where the future care is purchased in connection with obtaining lifetime care or long-term care

- d. If medical care expenses will be paid in installments:
 - i. Explanation of Benefits (EOB) evidencing the service rendered and that the lifetime maximum permitted by the insurance company has been reached for the applicable medical expense AND
 - ii. Current bill showing the remaining amount to be paid. If the current bill does not show the details of the specific service provided, the participant should keep the original bill that provides that information
- di. Past-due medical expenses
 - i. Bill of service dating back from the original date of services to the current date AND
 - ii. Documentation indicating that the services were rendered and the amount is past due
 - iii. NOTE: Past due medical expenses without proof they are still owed will not be considered an immediate and heavy financial need

V. Examples/Notes

- a. A bill shall be considered current if issued within 90 days from the date of the hardship request
- b. Medical Credit Card Expenses
 - i. Balances for eligible medical expenses charged to medical credit cards shall NOT be eligible for a hardship distribution
- c. Regular Credit Card Expenses
 - i. Balances for eligible medical expenses charged to all other credit cards shall NOT be eligible for a hardship distribution