



Health Insurance and Medical Deductions - eHealthInsurance Releases Top Consumer Tips for Tax Season

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MOUNTAIN VIEW, CA, Feb 07, 2012 (MARKETWIRE via COMTEX) --Today eHealthInsurance (NASDAQ: EHTH), the leading online source of health insurance for individuals, families and small businesses, released a series of tips for health insurance consumers working on their 2011 federal tax returns.

Many consumers overlook deductions built into the tax code that are designed to make medical care and health insurance more affordable. Consumers who had high medical expenditures in 2011, who pay for their own individually-purchased health insurance, who are self-employed, or who care for aging parents should educate themselves on the opportunities to deduct a portion of these expenses from their federal income tax.

The tips below do not constitute personal tax advice and eHealthInsurance recommends that consumers explore these issues with a certified public accountant or tax professional when completing their federal income taxes for the year 2011.

Health-related Tax Tips for Tax Year 2011

- Itemizing health insurance and medical expenses - If you itemize on your federal tax return you may be able to deduct medical expenses from your taxable income. According to IRS Publication 502, qualifying medical expenses may include monthly premiums you pay for coverage (including some Medicare premiums), copayments, deductibles, dental expenses, and costs for some services not covered by your insurance plan. You can even deduct mileage (at 19 cents per mile for the first half of 2011 and 23.5 cents for the second) accrued while driving to and from regular appointments. Keep in mind: you can only deduct the portion of your medical expenses that exceeds 7.5% of your adjusted gross income. That means this deduction isn't for everyone, but if you (or one of your dependents) were seriously ill or hospitalized last year -- or if you paid COBRA premiums in 2011 -- you may qualify.
- Expenses for the care for an aging parent - If your elderly parent earned less than \$3,700 in 2011 (excluding Social Security) and you provided more than half of his or her financial support, you may be able to claim your parent as a dependent. This earns you an additional dependent exemption, even if your parent doesn't live with you. And if you've paid for the medical or nursing care of a dependent parent, you may also be able to itemize your costs as qualified medical expenses.
- Medicare premiums and medical home improvements - If you're a retired senior, you may have an easier time meeting the 7.5% adjusted gross income threshold to deduct itemized medical expenses on your federal return. In addition to your out-of-pocket expenses for medical, dental or vision care, you may also be able to include capital expenses for the installation of home medical equipment or improvements of your property for wheel-chair access. In addition, premiums taken from your Social Security check to pay for Medicare Part B may qualify as deductible, as well as premiums you paid for Medicare Part D (Prescription Drug) coverage or a Medicare Supplemental plan.
- Deducting health insurance premiums as a business expense - If you had self-employment income in 2011, you may be able to deduct health insurance premiums you paid for yourself and your dependents as an 'above the line' business expense (that is, without itemizing) on your federal tax return. Be aware, however, that you may not deduct premiums (including Medicare premiums) paid for any month in which you were eligible to participate in an employer-sponsored health insurance plan, and that the amount you deduct cannot be greater than your net self-employment income for the year. Also, keep in mind that you

cannot include what you paid toward your monthly premiums as an 'above the line' expense and also itemize it. Talk to a tax professional to learn more about the different types of self-employment status and the tax implications of each in your state.

- Getting the most from your Health Savings Account (HSA) - An HSA is a tax-advantaged savings account used in conjunction with an HSA-eligible health insurance plan. Account contributions, qualified distributions and earnings are all tax-exempt. An HSA allows you to deposit a portion of your pre-tax income into a savings account and use those funds to pay for qualified medical expenses. Unused money can be invested and accrue from year to year. If you have an HSA, be sure to deduct your contributions up to federally prescribed limits. Contributions to your HSA designated for 2011 and made before April 17, 2012 can be counted toward your 2011 federal taxes. According to IRS Publication 969, HSA contributions for the 2011 tax year are capped at \$3,050 for individuals and \$6,150 for families. If you're over age 55, you may qualify to make an additional \$1,000 contribution for the year.

Additional Consumer Resources:

- Download or request a FREE no-obligation printed copy of our book, Individual Health Insurance For Dummies, Health Care Reform Special Edition, produced in cooperation with For Dummies(R), a branded imprint of Wiley, and co-authored by eHealthInsurance
- Follow eHealthInsurance's consumer blog, Get Smart - Get Covered
- Watch educational health insurance videos from eHealthInsurance on YouTube
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About eHealth eHealth, Inc. (NASDAQ: EHTH) is the parent company of eHealthInsurance, the nation's leading online source of health insurance for individuals, families and small businesses. Through the company's website, www.eHealthInsurance.com, consumers can get quotes from leading health insurance carriers, compare plans side by side, and apply for and purchase health insurance. eHealthInsurance offers thousands of individual, family and small business health plans underwritten by more than 180 of the nation's leading health insurance companies. eHealthInsurance is licensed to sell health insurance in all 50 states and the District of Columbia, making it the ideal model of a successful, high-functioning health insurance exchange. Through the company's eHealthTechnology solution (www.eHealthTechnology.com), eHealth is also a leading provider of health insurance exchange technology. eHealthTechnology's exchange platform provides a suite of hosted e-commerce solutions that enable health plan providers, resellers and government entities to market and distribute products online. eHealth, Inc. also provides powerful online and pharmacy-based tools to help seniors navigate Medicare health insurance options, choose the right plan and enroll in select plans online through its wholly-owned subsidiary, PlanPrescriber.com (www.planprescriber.com) and through its Medicare website www.eHealthMedicare.com.

For more health insurance news and information, visit the eHealthInsurance consumer blog: Get Smart - Get Covered.

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