

State of Connecticut Medical Flexible Spending Account Capital Expense Form

Revised 03/14



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|---|------------------------|--------------------------|-------------------|
| EMPLOYEE NAME | SOCIAL SECURITY NUMBER | EMPLOYEE NUMBER | DAYTIME PHONE NO. |
| HOME ADDRESS (if not on file) (<input type="checkbox"/> Check if new address) | | CITY, STATE, ZIP CODE | |
| EMAIL ADDRESS (if not on file) | PATIENT NAME | RELATIONSHIP TO EMPLOYEE | |

CAPITAL EXPENSE

This section must be completed if you are claiming a capital expense for yourself, your spouse or your tax-qualified dependent. It must accompany a Medical Necessity Form Letter.

Pursuant to IRS Publication 502: you can include in medical expenses amounts you pay for special equipment installed in a home, or for improvements, if their main purpose is medical care for you, your spouse, or your dependent. The cost of permanent improvements that increase the value of your property may be partly included as a medical expense. The cost of the improvement is reduced by the increase in the value of your property. The difference is a medical expense. If the value of your property is not increased by the improvement, the entire cost is included as a medical expense. Certain improvements made to accommodate a home to your disabled condition, or that of your spouse or your dependents who live with you, do not usually increase the value of the home and the cost can be included in full as medical expenses. These improvements include, but are not limited to, the following items:

- ✓ Constructing entrance or exit ramps for your home
- ✓ Widening doorways at entrances or exits to your home.
- ✓ Widening or otherwise modifying hallways and interior doorways.
- ✓ Installing railings, support bars, or other modifications to bathrooms.
- ✓ Lowering or modifying kitchen cabinets and equipment.
- ✓ Moving or modifying electrical outlets and fixtures.
- ✓ Installing porch lifts and other forms of lifts (but elevators generally add value to the house).
- ✓ Modifying stairways.
- ✓ Modifying fire alarms, smoke detectors, and other warning systems.
- ✓ Adding handrails or grab bars anywhere (whether or not in bathrooms).
- ✓ Modifying areas in front of entrance and exit doorways.
- ✓ Modifying hardware on doors.
- ✓ Grading the ground to provide access to the residence.

CAPITAL EXPENSE WORKSHEET

| | |
|---|----------|
| 1. Enter the amount you paid for the home improvement: | \$ _____ |
| 2. Enter the value of your home immediately after your home improvement: | \$ _____ |
| 3. Enter the value of your home immediately before your home improvement: | \$ _____ |
| 4. Subtract line 3 from line 2. This is the increase in the value of your home due to the improvement: <ul style="list-style-type: none"> ✓ If line 4 is more than or equal to line 1, you have no medical expenses due to the home improvement; stop here. ✓ If line 4 is less than line 1, go to line 5. | \$ _____ |
| 5. Subtract line 4 from line 1. These are your medical expenses due to the home improvement: | \$ _____ |

I certify that the above information is a true and accurate representation of expenses for special equipment installed in a home or home improvement whose main purpose is medical care for myself, my spouse or my tax-qualified dependent.

Participant Signature _____ **Date** _____

CAPITAL EXPENSE WORKSHEET EXAMPLE

| | | |
|----|--|------------|
| 1. | Enter the amount you paid for the home improvement: | \$ 8,000 |
| 2. | Enter the value of your home immediately after your home improvement: | \$ 124,400 |
| 3. | Enter the value of your home immediately after your home improvement: | \$ 120,000 |
| 4. | Subtract line 3 from line 2. This is the increase in the value of your home due to the improvement: ✓ If line 4 is more than or equal to line 1, you have no medical expenses due to the home improvement; stop here. ✓ If line 4 is less than line 1, go to line 5. | \$ 4,400 |
| 5. | Subtract line 4 from line 1. These are your medical expenses due to the home improvement: | \$ 3,600 |

Example: You have a heart ailment. On your doctor's advice, you install an elevator in your home so that you will not have to climb stairs. The elevator costs \$8,000. An appraisal shows that the elevator increases the value of your home by \$4,400. You figure your medical expense as shown in the filled-in example above.

Operation and upkeep.

Amounts you pay for operation and upkeep of a capital asset qualify as medical expenses, as long as the main reason for them is medical care. This rule applies even if none or only part of the original cost of the capital asset qualified as a medical care expense.

Example: If, in the previous example, the elevator increased the value of your home by \$8,000, you would have no medical expense for the cost of the elevator. However, the cost of electricity to operate the elevator and any costs to maintain it are medical expenses as long as the medical reason for the elevator exists.

Improvements to property rented by a person with a disability.

Amounts paid to buy and install special plumbing fixtures for a person with a disability, mainly for medical reasons, in a rented house are medical expenses.

Example: John has arthritis and a heart condition. He cannot climb stairs or get into a bathtub. On his doctor's advice, he installs a bathroom with a shower stall on the first floor of his two-story rented house. The landlord did not pay any of the cost of buying and installing the special home plumbing and did not lower the rent. John can include in medical expenses the entire amount he paid.

KEEP A COPY FOR YOUR RECORDS

MAIL OR FAX COMPLETED FORM TO: Progressive Benefit Solutions, LLC (PBS),
14 Business Park Drive #8, Branford, CT 06405
FAX: (203) 974-4890 Phone: 1-866-906-8023