



Affordable Housing Training & Consulting Services, LLC

11 Tamarack Drive, Essex Junction, VT 05452
(802) 598-3464 • info@AHTCSonline.com

AHTCS Webinar For Medical Expenses

Rev. 1 02/21/16

Affordable Housing Training & Consulting Services
11 Tamarack Drive,
Essex Junction, VT 05452

Phone: 802-598-3464 Fax: 802-872-1169
E-Mail: Info@AHTCSonline.com

Visit us on the web at: <http://www.AHTCSonline.com>

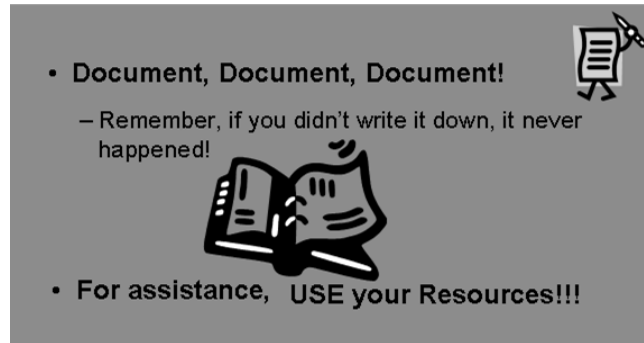
Notification

All documentation, procedures, and any other material supplied in connection therewith remain the exclusive property of AHTCS Online LLC., or in certain cases, its licensees. Any use or copying of such materials not specifically authorized by the license agreement shall be deemed a violation of the agreement. Such a violation will terminate the licensee's right to use such material and may render the licensee liable for both actual and punitive damages. This notification constitutes part of the documentation and accordingly may not be removed therefore.

AHTCS Online LLC, SHALL NOT BE LIABLE FOR DAMAGES OF ANY KIND RESULTING FROM ERRORS OR OMISSIONS IN THE TRAINING MATERIALS NOR SHALL AHTCS Online LLC., BE LIABLE FOR ANY DAMAGES RESULTING FROM THE USE OF THE TRAINING MATERIALS OR OTHER INFORMATION CONVEYED AT AN AHTCS Online LLC., COURSE.

Copyright 2016 AHTCS Online LLC. All rights reserved.
All other brands and product names are trademarks or
registered trademarks of their respective owners.
Printed in the United States of America.

Best Practices



- **Document, Document, Document!**
 - Remember, if you didn't write it down, it never happened!
- **For assistance, USE your Resources!!!**

Best Practices are defined as practical techniques gained from practical experience that may be used to improve the monthly process. Some examples....

ALWAYS make sure that you write everything down...who you spoke to, what the problem was and what the solution was (if there was one). Everyone should have a notebook of problems and solutions. Hardware, software, HUD Handbook 4350.3 questions, anything that you feel deserves a section, create one!

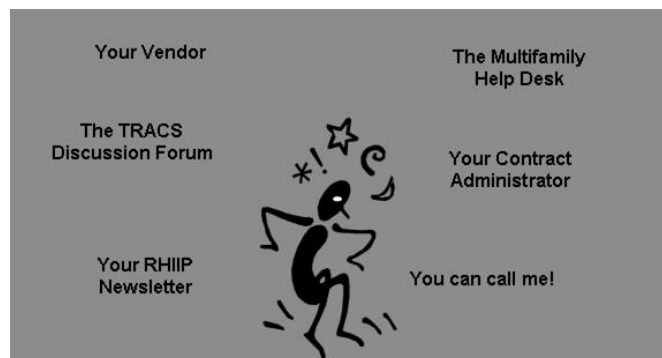
If the person you are speaking with are belittling you or just being curt, just ask to speak with someone else. If you don't understand what the other person told you, don't be afraid to have them explain it again. Remember, you want the information, no matter what it takes!

If you have to leave a message or send a fax, make sure you give them all of the pertinent information, such as your full name, property name, phone number, account ID and times you will or will not be available to receive a return call.

Make a backup of your data before you try to fix things on your own or before you call for help.

Also remember as frustrated that you are with what you are doing, it's usually not the fault of the person trying to help you. As I would not want you to put up with anyone speaking curtly, I would expect you to treat the person on the other end with the same respect. "You get more bees with honey!"

Know and Use Your Resources!



Your Vendor

The Multifamily Help Desk

The TRACS Discussion Forum

Your Contract Administrator

Your RHIP Newsletter

You can call me!

Please take advantage of the resources that are available to you!!

There are a lot of resources that either people are not aware of, or they feel they are too busy.....I could go on and on. The truth of the matter is, if you don't take the time to acquaint yourself with these resources, you could be forever in the dark. If you have ever walked around and thought "My co-worker knows everything about TRACS", there is no reason that you can't know just as much if not more. Take the initiative!!

Know and Use Your Resources



Affordable Housing Training & Consulting Services, LLC

11 Tamarack Drive, Essex Junction, VT 05452
(802) 598-3464 • info@AHTCSonline.com

Use CTRL-D or this
Bookmark AHTCS

Subscribe to AHTCS
Subscribe

Share AHTCS:
Enter Address Here
Send this URL

- About AHTCS
- Classes
- Consulting
- Industry Links
- Contact Us

Affordable Housing Training & Consulting Services, LLC (AHTCS):

Offers a variety of web-based online Section 8 classes and TRACS consulting services which specialize in the training of the affordable housing industry. These online classes include TRACS trainings, EIV trainings, 4350 HUD Handbook training, Special Claims training, REAC, Tenant File Management and preparing for your next MOR. We also perform Voucher recovery, data clean up and customized affordable housing training seminars.

Catch up with us
on our new Weblog!



Subscribe to our
News feed



Click here for the:
Class Schedule & Pricing

Click on the class below to view the Class Description
Pricing and to Register for our online webinar!!

Click here for the:
Registration Form



(Payments now accepted by Credit Card and Paypal)



TRACS

Enterprise Income
Verification (EIV)

Special Claims

REAC Physical
Inspections



Know and Use Your Resources

AHTCS HOME PAGE ABOUT AHTCS CONTACT AHTCS CLASSES CLASS REGISTRATION FORM CLASS SCHEDULE REGISTER FOR AHTCS BLOG



AHTCS Blog

The Blogosphere for the Affordable Housing Industry

Posts Comments



Affordable Housing Training & Consulting Services, LLC

11 Tamarack Drive, Essex Junction, VT 05452
(802) 598-3464 • info@AHTCSonline.com

Search

CA's obligation to reconcile the Voucher with the property

In the past year or so I have had two clients who after several months of having their vouchers revised by their CA, were not given any reason for the revision and when they inquired as to why their voucher was revised they were simply told to "figure it out on their own". I got involved with my clients to help resolve the issues and called the CA myself. Rarely did I get a return phone call and there was never any follow up from the CA. Meanwhile, the Property Manager was getting squeezed from the owner wondering where their subsidy payment was. This put the PM in a very difficult position and often put their job at risk. This situation could have easily been avoided by the CA by them sending a reconciliation report back to the property after each month's review. This gives the PM an opportunity to do their own reconciliation to see each tenant's subsidy amount paid. In my opinion, the CA is there to help facilitate the process and not impede it. The intention of the RHHP was to reduce under payments and over payments. I don't see how CA's who behave in this manner, contribute to this initiative when they fail to fully service the contract. I know they are not alone. [Continue reading CA's obligation to reconcile the Voucher with the property](#)

March 14th, 2011 | Tags: Affordable Housing Industry Announcement, Contract Administrator, HUD Forms and Notices, MAT 2020, TRACS, TRACS Industry meeting | Category: HUD 52670 Voucher, HUD Regulatory, Industry Announcements, TRACS | Leave a comment

Preparing for your next Physical REAC Inspection

Preparing for a REAC Inspection

You wouldn't believe how many affordable housing property owners & property managers I have spoken to who were in a state of panic because they were getting ready for their REAC inspection. My advice to those is just be prepared the best you can. Easier said than done, huh? Not really. My first suggestion is to perform your own pre-inspection using your [physical inspection check list](#) (make sure to include your maintenance person). When you walk your property, don't walk with your head down. Look around at your surroundings, correcting the most visible problems BEFORE the "big day." Sometimes there are inconsistencies with the way that the physical inspections are performed

Connect and Follow Us on



Client Testimonials

Client Testimonials

HUD Multifamily Industry

EIV HUD Notice 10-10
Tenant Rental Assistance
Certification System

City Landscapes



Recent Posts

- CA's obligation to reconcile the Voucher with the property
- Preparing for your next Physical REAC Inspection
- What should be included in the EIV "Master File?"
- Section 8 Renewal Guide and MCM Operating Procedures
- Our HUD Multifamily Industry Resources
- Choosing the right affordable housing software vendor
- Renters' Insurance for all Section 8 Tenants
- Disaster Recovery for your affordable housing property... are you prepared?
- HUD Proposes New Rule To Ensure Equal Access To Housing Regardless Of

TRACS Home Page

TUESDAY, APRIL 09, 2013

HUD.GOV
U.S. Department of Housing and Urban Development
Secretary Shaun Donovan

Connect with HUD
Audiences Información en Español
Site Map A-Z Index Text A A A Search

HOME PRESS ROOM HOMEOWNER HELP STATE INFO PROGRAM OFFICES TOPIC AREAS ABOUT HUD RESOURCES CONTACT US

Housing Home | About Us | Single Family | Healthcare Programs | Multifamily | Housing Counseling | Online Systems | Risk Management

HUD > Program Offices > Housing > Multifamily > TRACS > Multifamily Housing - TRACS

Tenant Rental Assistance Certification System (TRACS)

TRACS is a HUD computer system developed to help improve financial controls over assisted housing programs by automating manual procedures and incorporating automated controls.

- Secure Sign-in
- Apply for user ID and Password
- Industry User Guide for TRACS Internet Applications
- Industry Quick Reference Guide for TRACS Manual Voucher Submission
- Discussion Forum
- Documents
- Announcements
 - TRACS Industry Meeting
 - Registration
 - Guide to Getting Paid When Vouchers Are "Flagged" or "Rejected" in TRACS
 - Archived announcements prior to 2009
 - TRACS Industry Meetings
 - Security Training Requirements
- TRACS Tenant Characteristics Report

Print Friendly Version SHARE

What's New

TRACS 202D Scheduled Conference Calls

Related Information

- Multifamily Online Systems
- Enterprise Income Verification (EIV) system
- Rental Housing Integrity Improvement Project (RHIP)

Want More Information?

When you call for assistance to the Multifamily Helpdesk, remember they support applications other than just TRACS.

TRACS – Tenant Rental Assistance Certification System <http://www.hud.gov/offices/hsg/mfh/trx/trxsum.cfm>

DAP – Development Application System

REMS – Real Estate Management System <http://www.hud.gov/offices/hsg/mfh/rem/rem.cfm>

MDDR – Multifamily Delinquency and Reporting System http://www.hud.gov/offices/hsg/mfh/gendocs/mddr_urefguide.pdf

APPS – Active Partner Performance System <http://www.hud.gov/offices/hsg/mfh/apps/appsmf.m.cfm>

TRACS Discussion Forum
[HTTPS://WWW.FACEBOOK.COM/GROUPS/AHTDF/](https://www.facebook.com/groups/AHTDF/)

The **Discussion Forum** is your lifeline to the industry. Post your questions professionally and you will get a professional response. Industry leaders will typically respond but you don't have to be one to help somebody out. If you know the answer, by all means please help them.

Announcements contain postings from the HUD TRACS team. Examples are shown below:

Posted January 14, 2013

TRACSMail Down

HUD is currently investigating problems with TRACSMail. Customers are reporting errors logging into TRACSMail. We are working as quickly as possible to resolve this issue and will post a message on the announcement page when the problem has been fixed. We apologize for the inconvenience.

Posted January 15, 2013

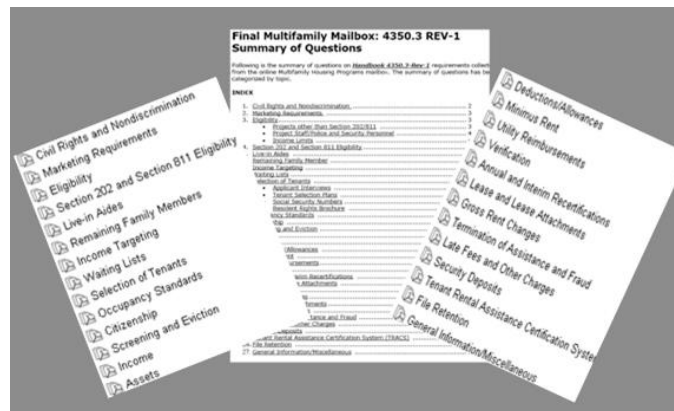
TRACSMail Back Up

All TRACSMail services are back up. We apologize for the inconvenience.

The **Enterprise Income Verification (EIV)** link will bring you to the EIV home page. All EIV information can be found at this location: <http://www.hud.gov/offices/hsg/mfh/rhiip/eiv/eivhome.cfm> You will find the EIV Users Guide to be very helpful.

The **TRACS Industry Meeting** link will give you all of the presentations that were done at past Industry Meetings. There are no note pages but the presentations can still be helpful or at least give you the gist of what was presented.

HUD Handbook 4350.3 FAQ



<http://www.ahtconline.com/Industry%20Links/FAQs/4350.3%20FAQ%2008.07.pdf>

All of the question and answers from this web page have subsequently been included in the new release of the HUD Handbook 4350.3. Check out the document! It is 45 pages long so you may have to load the printer. If your printer has the ability to print on both sides, I would suggest doing just that to save paper.

RHIIP Newsletter

<http://www.hud.gov/offices/hsg/mfh/rhiip/mfhrhiip.cfm>



On January 13, 2006, The Office of Multifamily Housing Programs (Headquarters) launched the LISTSERV “Multifamily Housing RHIIP Tips” (RHIIP LISTSERV), a free mailing list service dedicated to the latest developments in issues related to HUD’s multifamily housing. The RHIIP LISTSERV was created to quickly deliver new information to interested stakeholders of the various HUD Multifamily Housing programs.

RHIIP LISTSERV Sample Subjects

- **RHIIP Tip:** Rental housing occupancy related tips to assist property managers in reducing subsidy calculation errors.
- **RHIIP News:** RHIIP related news items.
- **RHIIP Profile:** Profile of an individual who is making an impact in the RHIIP Initiative.
- **Other Items of Interest:** Information not related to the RHIIP Initiative that will be of interest to our Industry partners.

How to subscribe to the RHIIP LISTSERV

The RHIIP LISTSERV works just like an automated mailing list. To receive the RHIIP LISTSERV you have to subscribe. Here are the steps:

1. Go to www.hud.gov;
2. Click on the MAILING LISTS link on the lower left hand side of the page;
3. Click the Multifamily Housing RHIIP Tips LISTSERV link in the middle of the page;
4. Enter your email address;
5. Open your email account and **respond to a confirmation email within 48 hours** to complete your registration.

Medical Expense Deductions

This class will detail the importance of HUD approved medical expenses and the acceptable verification process for those who are eligible for the expense.

1. The medical expense deduction is permitted only for families in which the head, spouse, or co-head is at least 62 years old or is a person with disabilities (elderly or disabled families).
2. If the family is eligible for a medical expense deduction, owners must include the unreimbursed medical expenses of all family members, including the expenses of nonelderly adults or children living in the family.
3. Medical expenses include all expenses the family anticipates to incur during the 12 months following certification/recertification that are not reimbursed by an outside source, such as insurance.
4. The owner may use the ongoing expenses the family paid in the 12 months preceding the certification/recertification to estimate anticipated medical expenses.

Example – Medical Expense Paid over a Period of Time

Jimmy Page was playing a concert last year when an amplifier crushed his right hand. So he had some surgery correct this musical mishap . He had been paying \$105 a month toward the \$5,040 debt. Each year that amount (\$105 x 12 months or \$1,260 annually) will need to be included in his total medical expenses.

5. The medical expense deduction is that portion of total medical expenses that exceeds 3% of annual income.

Example – Calculating the Medical Expense Deduction			
Age of head	72	Annual income	\$12,000
		Total medical expenses	\$1,260
<u>Sample Calculation</u>			
	Annual income		\$12,000
			<u>x .03</u>
	3% of annual income		\$ 360
	Total medical expenses		\$1,260
			<u>- \$360</u>
	Allowable medical expenses		\$ 900

6. In addition to anticipated expenses, past one-time nonrecurring medical expenses that have been paid in full may be included in the calculation of the medical expense deduction for current tenants at an initial, interim or Annual recertification.

Past one-time nonrecurring medical expenses that have been paid in full are not applicable when calculating anticipated medical expenses at move-in.

If the tenant is under a payment plan, the expense would be counted as anticipated

- a. There are two options for addressing one-time medical expenses. These expenses may be added to the family's total medical expenses either: (1) at the time the expense occurs, through an interim recertification, or (2) at the upcoming annual recertification

NOTE: If the one-time expense is added at an interim recertification, it cannot be added to expenses at the annual recertification.

- b. The following example illustrates the two options. Tenants may use either option.

Example – One-Time, Nonrecurring Medical Expenses

The following example illustrates the two options. Tenants may use either option.

Mick Jagger and his wife Marianne Faithful had a total of \$2,932 in medical expenses last year (Year 1). Of this amount, \$932 covered Mick's gall bladder surgery; \$2,000 was for routine costs that are expected to re-occur in the coming year. The entire amount may be included in the Mick's medical costs for the coming year (Year 2) despite the fact that the gall bladder surgery is a past event that is not likely to re-occur.

If, during the coming year (Year 2), Mick experiences additional one-time medical costs not anticipated at the annual recertification, they may request an interim recertification or wait for their next annual recertification (during Year 3) and ask for the unanticipated expenses to be included in the medical expense calculation for the following year.

The owner may wish to explain to Mick that including one-time medical expenses in an annual recertification rather than in an interim recertification will result in a rent reduction for a larger number of months.

For example, let us assume Marianne has unanticipated dental surgery during Year 2 at a cost of \$3,550, six months after the annual recertification. Their current TTP is \$560; their annual income is \$25,000.

Annual income	\$25,000
Less elderly household deduction	- \$400
Less allowable medical deduction (\$2,932 less 3% of \$25,000)	<u>- \$2,182</u>
Adjusted annual income	\$22,418
Adjusted monthly income	\$1,868
TTP	\$560

If Mick and Marianne request an interim recertification, the \$3,550 additional cost will lower their rent for 6 months; if they wait for their annual recertification, the cost of the dental surgery will affect their rent for 12 months.

Annual income	\$25,000
Less elderly household deduction	- \$400
Less allowable medical deduction (\$6,482 less 3% of \$25,000)	<u>- \$5,732</u>
Adjusted annual income	\$18,868
Adjusted monthly income	\$1,572
TTP	\$472

At their current annual income, the large dental bill reduces rent by \$88.

OPTION #1: If the Year 2 rent is adjusted through an interim recertification, Mick and Marianne will save 6 months times \$88 or \$528.

OPTION #2: If they wait until their annual recertification, the large bill will affect their rent s of Year 3, and they will save twice as much, or \$1,056.

7. When a family is making regular payments over time on a bill for a past one-time medical expense, those payments are included in anticipated medical expenses. However, if a family has received a deduction for the full amount of a medical bill it is paying over time, the family cannot continue to count that bill even if the bill has not yet been paid.

Example – Medical Expense Paid over a Period of Time

Jimmy Page was playing a concert last year when an amplifier crushed his right hand. So he had some surgery correct this musical mishap. He had been paying \$105 a month toward the \$5,040 debt. Each year that amount (\$105 x 12 months or \$1,260 annually) will need to be included in his total medical expenses.

A review of his file indicates that a total of \$5,040 has been added to total medical expenses over the four-year period. However, Jimmy now brings a current invoice to his annual recertification interview.

Over the four-year period he says that he has missed five payments and still owes \$525. Although he still owes this amount, the bill cannot be included in their current medical expenses because the expense has already been deducted.

8. Not all elderly or disabled applicants or participants are aware that their unreimbursed expenses for medical care are included in the calculation of adjusted income for elderly or disabled families. For that reason, it is important for owners to ask enough questions to obtain complete information about allowable medical expenses. The following list highlights some of the most common expenses that may be deducted. A list of examples of eligible medical expenses may be found in Exhibit 5-3.

Exhibit 5-3: Examples of Medical Expenses That Are Deductible and Nondeductible

The following are examples of eligible items for medical expense deductions. Please note that this list is not exhaustive.

Type of Medical Expenses	May Include
Services of recognized health care professionals	Services of physicians, nurses, dentists, opticians, mental health practitioners, osteopaths, chiropractors, Christian Science practitioners, and acupuncture practitioners
Services of health care facilities; laboratory fees, X-rays and diagnostic tests, blood, oxygen	Hospitals, health maintenance organizations (HMOs), laser eye surgery, out-patient medical facilities, and clinics.
Alcoholism and drug addiction treatment	
Medical insurance premiums	Expenses paid to an HMO; Medicaid insurance payments that have not been reimbursed; long-term care premiums (not prorated)
Prescription and nonprescription medicines	Aspirin, antihistamine only if prescribed by a physician for a particular medical condition
Transportation to/from treatment and lodging	Actual cost (e.g., bus fare) or, if driving in a car, a mileage rate based on IRS rules. *If the individual is receiving reimbursement for the cost of transportation to/from treatment or the lodging from another source, the cost or mileage is not eligible for the medical expense deduction*.
Medical care of permanently institutionalized family member IF his/her income is included in Annual Income	
Dental Treatment	Fees paid to the dentist; x-rays; fillings, braces, extractions, dentures
Eyeglasses, contact lenses	
Hearing aid and batteries, wheelchair, walker, artificial limbs, Braille books and magazines, oxygen and oxygen equipment	Purchase and upkeep (e.g., additional utility costs to tenant because of oxygen machine [in properties with tenant paid utilities only])
Attendant care or periodic medical care	Nursing services, assistance animal and its upkeep
Payments on accumulated medical bills	Scheduled payments

Type of Medical Expenses	May Not Include
Cosmetic surgery	Do not include in medical expenses amounts paid for unnecessary cosmetic surgery. This applies to any procedure that is directed at improving the patient's appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease. Procedures such as face-lifts, hair transplants, hair removal (electrolysis), and liposuction generally are not deductible. However, if medical complications, e.g., infections, etc., occur as a result of the procedure that requires medical treatment, the medical treatment expenses would be treated as a medical expense deduction. Amounts paid for cosmetic surgery may be deducted if necessary to improve a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease.
Health club dues	Do not include in medical expenses the cost of membership in any club organized for business, pleasure, recreation, or other social purpose, such as health club dues, YMCA dues, or amounts paid for steam baths for general health or to relieve physical or mental discomfort not related to a particular medical condition.
Household help	Do not include in medical expenses the cost of household help, even if such help is recommended by a doctor. However, certain expenses paid to a person providing nursing-type services may be deductible as medical costs.
Nutritional supplements, vitamins, herbal supplements, "natural medicines"	Do not include in medical expenses the cost of nutritional supplements, vitamins, herbal supplements, "natural medicines," etc., unless they are recommended in writing by a medical practitioner licensed in the locality where practicing. These items must be recommended as treatment for a specific medical condition diagnosed by a physician or other health care provider licensed to make a diagnosis in the locality where practicing. Otherwise, these items are taken to maintain ordinary good health, and are not for medical care.
Personal use items	Do not include in medical expenses an item ordinarily used for personal, living, or family purposes unless it is used primarily to prevent or alleviate a physical or mental defect or illness. For example, the cost of a wig purchased upon the advice of a physician for the mental health of a patient who has lost all of his or her hair from disease or incontinence supplies can be included with medical expenses
Nonprescription medicines	Do not include in medical expenses nonprescription medicines unless they are recommended in writing by a medical practitioner licensed in the locality where practicing. These items must be recommended as treatment for a specific medical condition diagnosed by a physician or other health care provider licensed to make a diagnosis in the locality where practicing.

Acceptable Verification Methods

A. Methods of Verification

Owners must use verification methods that are acceptable to HUD. The owner is responsible for determining if the verification documentation is adequate and credible. **Appendix 3** provides a detailed list of acceptable forms of verification by type of information.

B. Third-Party Verification

1. *The following describes the types of third-party verification in order of acceptability

Acceptable Sources						
Factor to be Verified	Third Party			Provided by Applicant	Self-Declaration	Verification Tips
	Written	Provided by Applicant	Oral			
<ul style="list-style-type: none"> • Medical expenses. *(See Chapter 5, Paragraph 5-10.D)* 	<ul style="list-style-type: none"> • Verification by a doctor, hospital or clinic, dentist, pharmacist, etc., of estimated medical costs to be incurred or regular payments expected to be made on outstanding bills which are not covered by insurance. 	<ul style="list-style-type: none"> • Copies of income tax forms (Schedule A, IRS Form 1040) that itemize medical expenses, when the expenses are not expected to change over the next 12 months. • Receipts, or pay stubs, which indicate health insurance premium costs, or payments to a resident attendant. • Receipts or ticket stubs that verify transportation expenses directly related to medical expenses. 	<ul style="list-style-type: none"> • Telephone or in person contact with these sources, documented in file by the owner. 	<ul style="list-style-type: none"> • Copies of cancelled checks that verify payments on outstanding medical bills that will continue for all or part of the next 12 months. • Cancelled checks which indicate health insurance premium costs, or payments to a resident attendant. 	<ul style="list-style-type: none"> • Notarized statement or signed affidavit of transportation expenses directly related to medical treatment, if there is no other source of verification. 	<ul style="list-style-type: none"> • Medical expenses are not allowable as deduction unless applicant is an elderly or disabled family. Status must be verified.
<ul style="list-style-type: none"> • Need for an assistive animal. *(See Chapter 3, Paragraph 3-29)* 	<ul style="list-style-type: none"> • Letter from *appropriate third party unless the need is readily apparent or already known*. 					<ul style="list-style-type: none"> • If the owner's policy is to verify this need, owner must implement policy consistently.
<p>aNOTE: Requests for verification from *a third party source* must be accompanied by a Consent to Release form *HUD-9887-A*.</p> <p>bNOTE: If the original document is witnessed but is a document that should not be copied, the owner should record the type of document, any control or serial numbers, and the issuer. The owner should also initial and date this notation in the file.</p> <p>cNOTE: For all oral verification, file documentation must include facts, time and date of contact, and name and title of the third party.</p> <p>dNOTE: For use of EIV Income Reports as third party verification of employment and income a current Consent for Release form HUD-9887 must be on file.*</p> <p>eNOTE: See examples and requirements found in Paragraph 5-13.B.1</p>						

2. The following describes use of electronic information when used as third party verification.

Electronic Verification; The owner may obtain accurate third-party written verification by facsimile, email, or Internet, if adequate effort is made to ensure that the sender is a valid third-party source.

a. Facsimile. Information sent by fax is most reliable if the owner and the verification source agree to use this method in advance during a telephone conversation. The fax should include the company name and fax number of the verification source.

b. Email. Similar to faxed information, information verified by email is more reliable when preceded by a telephone conversation and/or when the email address includes the name of an appropriate individual and firm.

c. Internet. Information verified on the Internet is considered third party verification if the owner is able to view web-based information from a reputable source on the computer screen. Use of a printout from the Internet may also be adequate verification in many instances.

C. Review of Documents

Appendix 6-C

HUD Occupancy Handbook, Appendix 6-C: Guidance About Types of Information to Request When Verifying Eligibility and Income

P. Medical Expenses

The following provide suggested information to verify with a third party and acceptable forms of verification:

1. Written verification by a doctor, hospital or clinic personnel, dentist, pharmacist, etc., of:
 - a. The estimated medical costs to be incurred by the applicant and of regular payments due on medical bills;
 - b. The extent to which those expenses will be reimbursed by insurance or a government agency; and
 - c. Whether the provider accepts Medicare assignment.
2. The insurance company's or an employer's written confirmation of health insurance premiums to be paid by the applicant.
3. Social Security Administration's written confirmation of Medicare premiums to be paid by the applicant over the next 12 months.
4. For attendant care:
 - a. Doctor's certification that the assistance of an attendant is medically necessary;
 - b. Attendant's written confirmation of hours of care provided and amount and frequency of payments received from the family (or copies of cancelled checks the family used to make those payments); and
 - c. Applicant's certification as to whether any of those payments have been or will be reimbursed by outside sources.
5. Receipts, cancelled checks, or pay stubs that indicate health insurance premium costs, etc., that verify medical and insurance expenses likely to be incurred in the next 12 months.
6. Copies of payment agreements with medical facilities or cancelled checks that verify payments made on outstanding medical bills that will continue over all or part of the next 12 months.
7. Receipts or other record of medical expenses incurred during the past 12 months that can be used to anticipate future medical expenses. Owners may use this approach for "general medical expenses" such as non-prescription drugs and regular visits to doctors or dentists, but not for one-time, nonrecurring expenses from the previous year.

Some compiled questions from those who submitted ;)

- 1) AFLAC premiums – eligible or not? (Our position here has been not, since AFLAC is not medical insurance and benefits are paid out to the individual, more like 'income insurance' rather than medical)
- 2) Dietary needs – ie. special meals for a diabetic person – eligible or not?
- 3) Medic Alert necklaces/bracelets (we think this would be similar to Life Alert)
- 4) Should resident be the one responsible to state what medications they take on a regular basis, and should the owner ask for that information?
- 5) I would like to know what the legitimate "medical" deductions for assistive animals are. Two of the expenses I am questioning are the clipping of the nails and the "haircuts" for poodles, etc.

<http://www.ahtconline.com/Industry%20Links/FAQs/4350.3%20FAQ%208.07.pdf>

87. Question: A tenant has provided a list of medications that he/she is prescribed to take. If the tenant has been buying some of the medications, but cannot afford to buy all of them, should the owner/agent allow the expense deductions for all of the medications on the list, if the cost can be verified by the pharmacy? Is this a situation where only the medications for which the tenant has receipts can be counted?

Answer: The owner/agent must include all medical expenses the family anticipates to incur during the 12 months following certification/recertification that are not reimbursed by an outside source, such as insurance (Chapter 5, Paragraph 5-10 D.3). If the tenant indicates that he/she will begin to purchase the medications during the next 12 months and the cost will not be covered by an outside source, the cost of the medications may be included in the calculation of the deduction. If the tenant does not plan to purchase the medications for the next 12 months, the tenant may request an interim recertification when he/she begins purchasing the prescriptions.

88. Question: Can the cost of Life Line or a cell phone recommended by a physician for a frail, elderly person to use in case of a medical emergency be counted as a medical expense?

Answer: The cost of Life Line or a cell phone should not be considered as a medical expense. An allowable medical expense is an item that treats or alleviates a medical condition. Life Line or a cell phone do not qualify as a medical expense since neither have an impact on the actual medical condition.

89. Question: Can the various options for calculating medical expenses be combined on one certification? When calculating medical expenses, can owners/agents choose which method to use or should the owner/agent use the past twelve months, if anticipating a tenant's medical expenses is not possible? Must the same method be used consistently or on a case-by-case basis? If using the previous twelve months and an ongoing expense stops or a new one starts, should an interim be conducted?

Answer: The owner/agent determines the procedure to be used to determine anticipated medical expenses based on the guidance in Chapter 5, Paragraph 5-10 D. Since this amount is an estimate, the owner should use a methodology that will provide the most accurate estimate. Whatever procedure is selected should be used consistently for all tenants. It is possible that all options would be included in the owner's procedure for determining medical expenses.

90. Question: Can a resident include the cost of the medical insurance portion of his car insurance (assuming that the cost can be broken down) as a medical deduction? The Handbook allows for premiums paid to an HMO, but does not address medical insurance premiums paid to a different source such as car insurance.

Answer: There are no portions of automobile insurance eligible for a medical expense deduction. An HMO is clearly a medical expense.

91. Question: Chapter 5, Exhibit 5-3 states that a physician must prescribe nutritional supplements and non-prescription medicines. Can this only be done by a physician? Can a nurse practitioner, chiropractor, physician's assistant, licensed herbalist, or other health care professional prescribe nutritional supplements, herbal medicines or non-prescription medicines? Are nutritional supplements and herbal medicines allowable medical expenses even if they are available over the counter?

Answer: If a medical practitioner is licensed to prescribe medicines and recommends in writing a nutritional supplement, herbal medicine or nonprescription drug as a treatment for a specific medical condition diagnosed by a physician or other health care provider who is licensed to make a diagnosis in the locality where practicing, the cost of the medicine can be included as a medical expense even if it is available over the counter. Herbal medicines, nutritional supplements and nonprescription drugs are not counted if the medicine is recommended to maintain ordinary good health. An example of a nonprescription drug that may or may not be a medical expense is: A doctor provides a recommendation to an elderly tenant that she take calcium medication (non-prescription) and milk with calcium daily, which is very essential for the tenant's bones. The calcium medication may be allowable if the physician has diagnosed a medical condition such as osteoporosis and recommends calcium medication as part of the treatment. If the doctor has recommended the calcium medication to maintain the health of the tenant's bones, it is for ordinary good health and is not allowable.

92. Question: If a tenant in a wheelchair pays \$20 every two weeks to enable him/her to run errands, can the amount spent be considered a medical expense?

Answer: Household help is not a medical expense. As stated in the examples in Chapter 5, Exhibit 5-3 concerning "Household help" - it is counted as a medical expense only if it is a nursing-type service or certain maintenance, or personal care service provided for qualified long-term care.

93. Question: Chapter 5, Paragraph 5-10 D.8.h refers to the upkeep of a service animal as a medical expense. What are some of the things that HUD considers "upkeep" of the service animal?

Answer: Items considered a part of the "upkeep" of a service animal include dog food, veterinary bills, required shots, license fee, and the ID tattoo on the ear. Owners must use their discretion when discerning what is considered "upkeep" items.

106. Question: Some banks and pharmacies charge tenants a \$25 fee for verifications and will only verify amounts using their form, and not HUD's. Can the project absorb the charges or should the tenant pay the cost? If the tenant is allowed to pick up the form(s) at the bank or pharmacy, there is no cost. Under these circumstances, can the tenant bring the verification(s) to the owner/agent? Please advise.

Answer: Owners/agents are permitted to accept verification documentation from tenants under certain circumstances. See Appendix 3 under the column "Documents Provided by Applicant"; pages 5 and 7 for bank information; and page 12 for medical expenses. Exhibit 3 provides several examples of exceptions to the rule. If the owner/agent is certain that the information provided on the verification form is from the third party source, the verification can be accepted from the tenant. The owner/agent, however, must document in the family file why third party verification was not obtained from that source. Charges for the cost of obtaining verifications are a project expense.

156. Question: If an owner verifies that a tenant's out-of-pocket medical expenses do not exceed three percent of his gross income, must the owner still enter that medical expense into the HUD-50059 rent calculation?

Answer: Since the HUD-50059 is a group of data requirements, owners should enter all verified data into the automated system and allow the system to determine if medical expenses should be included in the rent calculation. This provides an audit trail and helps to reduce errors.