



FREE GUIDE · SELF-EMPLOYED HEALTH COVERAGE

Is Your Health Insurance a Write-Off?

How the self-employed health insurance deduction works, who qualifies, and the mistakes that quietly cost owners thousands.

If you're self-employed and paying for your own health insurance, you may be able to deduct 100% of your premiums — no itemizing required. But the rules on *who* qualifies and *how* to claim it depend on how your business is set up.

What can be deducted

- ☐ Medical insurance premiums for you, your spouse, and dependents
- ☐ Dental and vision premiums
- ☐ Medicare premiums (Parts B and D, and Medicare Advantage) once you're enrolled
- ☐ Qualified long-term care premiums
Capped at an age-based dollar limit that adjusts each year — ask us for your number.

Who qualifies — and how it's claimed

Your setup	Do you qualify?	How it's claimed
Sole proprietor / single-member LLC	Yes, if the business shows a profit	Deducted on your personal return (Schedule 1) — not on Schedule C
Partnership / multi-member LLC	Yes — premiums paid or reimbursed by the partnership	Reported on your K-1 as guaranteed payments, then deducted personally
S corporation owner (more than 2%)	Yes — but only if done correctly	Premiums must run through payroll and appear in Box 1 of your W-2; then you deduct them personally
Your spouse's employer offers coverage	Not for any month you were eligible for that plan	Eligibility alone disqualifies the month — even if you didn't enroll

The rules that trip people up

- ☐ **The deduction can't exceed your business profit**
A loss year means no deduction (S-corp owners: the limit is your W-2 wages). Excess premiums may still count as itemized medical expenses.
- ☐ **S-corp owners: skipping the W-2 step kills the deduction**
If premiums aren't added to Box 1 wages, the IRS position is that no deduction is allowed. This is the single most common error we fix.



☐ **Marketplace subsidies change the math**

If you get an Advance Premium Tax Credit, only the after-subsidy cost is deductible — and the deduction and credit interact. Worth a professional calculation.

☐ **It reduces income tax, not self-employment tax**

The deduction lowers your taxable income but not the 15.3% SE tax base.

Worth asking about

☐ **An HSA on top:** if your plan is HSA-qualified, contributions are a second deduction

☐ **Hiring your spouse:** in some setups, a spouse-employee health reimbursement arrangement can convert family medical costs into a business deduction

☐ **QSEHRA / ICHRA:** reimbursement arrangements if you have employees

FREE GUT-CHECK

Not sure your premiums are being handled right? Send us your setup — entity type, who pays the premium, and whether a spouse has coverage available — and we'll tell you what your deduction should look like.

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