



Long-Term Care Insurance

ACTION NEEDED:

NAHU urges Congress to pass the following legislation during the 109th Congress:

- H.R. 2682/S. 1244, the Long-Term Care and Retirement Security Act
- S. 1602, the Long-Term Care Choices Act
- H.R. 976, the Long-Term Care Act of 2005

These pieces of legislation would greatly improve affordability and accessibility of long-term care insurance and make responsible planning for this eventual need within the means of more Americans.

BACKGROUND:

NAHU applauds Congress for passing LTC partnership language earlier this year, but we would still like to see more done in this area. By 2020, one in every six Americans is expected to be over the age of 65. Therefore, it is essential to pass legislation that will encourage the purchase of LTC insurance. With advances in medicine and the aging of the baby boomer generation, an increasing number of individuals will need LTC. These individuals will be best served, and the burden on the government minimized, if the purchase of private LTC policies is encouraged by both tax and public policy.

NAHU has been committed to actively supporting the following reforms for many years:

Allow an above-the-line tax deduction for LTC insurance premiums.

This will encourage the purchase of LTC insurance by everyone, including younger Americans who will benefit by making their initial purchase when premiums are most affordable. Over the lifetime of those individuals purchasing coverage, this will save the Medicaid system more expense than it currently costs the tax system in lost revenues. The above-the-line deduction will pay for itself through savings in the Medicaid program. For every \$1.00 the government loses in tax revenue, it saves \$1.06 in Medicaid money. (*Tax Deductibility of Long-Term Care Insurance Premiums, Marc Cohen and Maurice Weinrobe, March 2000*)

Include LTC insurance in employee benefit cafeteria plans and Flexible Spending Arrangements.

Giving employees the opportunity to purchase group LTC insurance policies through Section 125 plans with pretax dollars will allow many more moderate and middle-class families to plan ahead. Through education efforts by employers and the government, this provision will go a long way to dispel the myth that LTC insurance policies are only for the wealthy.

Provides financial assistance for those who are already ill, or for their caregivers, with a tax credit of up to \$3,000 for LTC services.

Families provide the majority of care to chronically ill and disabled loved ones living at home. These families know the immensity of the burden in caring for someone with a long-term illness and the challenge in locating appropriate assistance and services. Providing this level of care takes its toll physically, emotionally and financially. The proposed \$3,000 tax credit will help caregiving families pay for supplies, home modifications and other services vital to keeping a loved one at home.

