

# Long-term Care Needs a Long-term Solution

*The Long-term Care Retirement and Security Act of 2009*

Dear Colleague:

With an ever aging population, most families at one point or another are forced to make a decision regarding the future of a loved one who needs assistance with everyday living. These decisions are limited and costly, and many find themselves struggling between the high price of institutionalization or informal family care. ***Action such as the “Long-term Care Retirement and Security Act of 2009,” must be taken to alleviate the financial and emotional burden that families find themselves under.***

Long-term care can be provided in a few different ways. According to the National Long-term Care Study (NLTC), 60% of those over the age of 65 live alone, increasing their need for long term care. With regard to nursing homes, a study by the U.S. Department of Health and Human Services found that people who reach age 65 have a 40% chance of entering a nursing home. About 10 percent of the people who enter a nursing home will stay there five years or more. More than nursing homes, adult children or grandchildren are cited as the main care givers to the elderly population. According to research conducted by the American Association of Retired People (AARP), two-thirds of older people with disabilities relied solely on “informal” help; approximately 75% of which was unpaid care from friends and family.

Long-term care is a variety of services that includes medical and non-medical care to people who have a chronic illness or disability. Long-term care can be provided at home, in the community, in assisted living or in nursing homes. While, long-term care is often used for the elderly, it is important to remember that it could be needed at any age. Also, while there are a variety of ways to pay for long-term care, special thought should be put into how the care will be funded. Generally, Medicare doesn't pay for long-term care. Medicare pays only for a medically necessary skilled nursing facility or home health care.

This legislation would amend the Internal Revenue Code to allow a deduction for eligible long-term care insurance premiums for a taxpayer and the taxpayer's spouse and dependents; and a credit for eligible caregivers caring for certain individuals with long-term care needs. This legislation has three provisions. The first two detail the major elements of the legislation regarding deductions and credits. The final portion of the bill addresses consumer protections. Specifically this legislation would:

- Permit individuals to make a tax deduction in an amount equal to the “applicable percentage” of eligible long-term premiums. An “Applicable Percentage” is defined as 25% in 2010/2011, 35% in 2012, 65% in 2013, and 100% thereafter.

*These deductions would create incentives for individuals and by 2017 the number of individual LTC policy holders will increase by 9%, and 8% of individuals will increase the richness of their policy.*

- Require coordination of deductions and prohibit an individual from making the same deductions twice.
- Permit long-term care deductions to be made under cafeteria plans and flexible spending arrangements. *Under cafeteria plans a 12 % increase in the number of active employees with LTC policies by 2017, as well as flexible spending accounts creating an incentive for individuals to enroll in FSA's and use their funds toward LTC.*
- Establish an “applicable credit” for caregivers of those with long-term care needs. An “applicable credit” refers to \$1,500 in 2010, \$2,000 in 2011, \$2,500 in 2012, and \$3,000 for 2013 and thereafter. The applicable credit is multiplied by the number of individuals with respect to whom the taxpayer is an eligible caregiver.
- Establish consumer protections based on the National Association of Insurance Commissioners' recommendations for qualified long-term care policies.

Creating incentives and helping families to afford long-term care insurance will encourage many more Americans to take personal responsibility for their long-term care needs; not only providing more LTC coverage but preserving public funds for those who truly need them.

**I hope you consider cosponsoring this important legislation.** If you have any questions, or would like to become a cosponsor, please contact Ashley Fishburn, [ashley.fishburn@mail.house.gov](mailto:ashley.fishburn@mail.house.gov), or call (202) 225-1252.

Sincerely,



Adam H. Putnam  
Member of Congress