

NATIONAL ACTIVE AND RETIRED FEDERAL
EMPLOYEES ASSOCIATION MARYLAND FEDERATON
(NARFE)

Prepared testimony of Edward Bice
March 11, 2020

REGARDING SB 786 INCOME TAX CREDIT FOR LONG
TERM CARE PREMIUMS

My name is Edward Bice and I am a member of the National Active and Retired Federal Employees Association. I am a resident of Bowie, Maryland.

Maryland NARFE strongly supports SB 786 sponsored by Senator Klausmeier. This bill will provide an annual tax credit of \$500 for the purchase and retention of long-term care insurance instead of the present one time \$500 tax credit.

This bill provides a continuing incentive to maintain LTC insurance coverage, not just to buy it. This is the crucial difference. The State of Maryland is telling people that it is important to buy LTC insurance at an earlier age (50-60) when premiums are less and to keep it in force. Incentives to encourage the purchase of long-term care insurance should be viewed as an investment in easing the future burden on our state's MEDICAID resources whose expenditures are above the national average and consumes a quarter of the budget.,

The pay back on the incentive may not be realized for a decade or more as by the age of 85, 40%-50% of residents will be affected by Alzheimer's or other conditions that will require care. By 2030, it is estimated that 130,000 Maryland residents will have Alzheimer's requiring institutionalized or specialized home medical care. Alzheimer's is the only leading cause of death that has no cure or a preventable treatment.

Premiums for LTC insurance are increasing from 4-12%. Cost of care is increasing from plus 6%.

Since most of seniors and "Boomers" do not have LTC insurance, Maryland's MEDICAID costs will increase the tax burden on succeeding generations.

Thank you for this chance to testify. I will be happy to respond to your questions.

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