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HB 62 Income Tax - Credit for Long-Term Care Premiums (Long-Term Care Relief Act of 2022)
FAVORABLE
House Ways and Means Committee
January 25, 2022

Good afternoon Chair Atterbeary and members of the House Ways and Means Committee. I am Tammy Bresnahan Director of Advocacy for AARP MD. AARP MD and members support HB 62. AARP MD thanks Delegate Stewart for sponsoring this important legislation.

AARP is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse.

HB 62 allows an existing one-time long-term care insurance income tax credit by allowing the credit to be claimed for every year a policy is in force. For each year a policy is in effect, a taxpayer can claim a maximum credit equal to the lesser of 20% of the eligible long-term care insurance premiums paid or \$2,000. A taxpayer may not claim the tax credit if (1) Maryland adjusted gross income is \$250,000 or more or (2) the insured individual was covered by a long-term care insurance policy purchased after December 31, 2004. The bill takes effect July 1, 2022 and applies to tax year 2022 and beyond.

A single illness can slam a retiree with exorbitant bills. Nursing home care is among the biggest potential budget busters in retirement. That's why getting insurance to cover a chunk of the costs for in-home care, an assisted living facility or a private room in a nursing home is a personal finance move to consider. Many Long-Term Care Insurance (LTCI) policies cover a range of services in several settings, including homes, adult day service centers, assisted living, and nursing facilities. Many older people who do not have LTCI often look to Medicaid for coverage for nursing home stay—costing the state thousands of dollars. For those who pay for LTCI, an income tax credit should be provided for the purchase of that insurance.

AARP MD thanks the Ways and Means Committee for allowing us to testify on HB 62. We respectfully ask the Committee for a Favorable report. If you have any questions, please feel free to contact me at tbresnahan@aarp.org. or by calling 410-302-8451.

