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HB28 Income Tax Credit for Caregivers of Family Members
FAVORABLE
House Ways and Means Committee
February 2, 2023

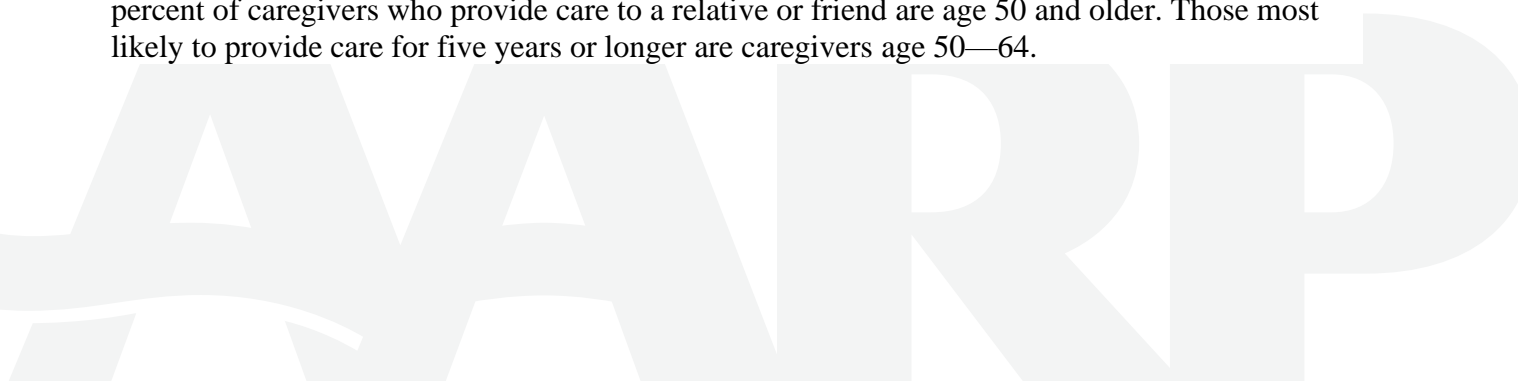
Good afternoon Chair Atterbeary and members of the House Ways and Means Committee. I am Karen Kalla, member of the AARP Maryland Executive Council and resident of Anne Arundel County. AARP MD and its members support HB28 Income Tax Credit for Caregivers of Family Members. We thank Delegates Lehman, Foley, Hartman, Henson, Hill, D. Jones, Pena-Melnyk, Ruth, Solomon, and Terrasa 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 28 allows for a taxpayer to claim a credit against the state income tax for the amount of expenses incurred for services provided to a qualified senior family member that include: home health agency, adult day care, companionship, personal care attendant, homemaker, respite care, health care equipment and supplies, home modification, and devices to assist the individual in daily living activities. In order to claim the credit of no more than \$5,000 for a relative who is 60 years and older, residing in the same home as the taxpayer for at least 6 months; the taxpayer must submit with their income tax return, proof of the taxpayer's qualified expenses, a letter of medical necessity signed by a physician or nurse practitioner, and a statement that the taxpayer assisted with at least three daily living activities. HB28 also provides a state income tax credit of \$10,000 for the qualified expenses incurred by a taxpayer who cares for two or more qualified senior relatives living in their home.

In 2021, Blue Cross Blue Shield estimated the total cost of uncompensated care by family caregivers to be \$470 million. This was calculated assuming that the 41 million caregivers provided an average of 16 hours of care per week at an average of about \$13.81 per hour. The average duration of care is 4.5 years, but 29 percent of caregivers have provided care for five or more years.

According to a national survey in 2020, 61 percent of family caregivers are women. About 54 percent of caregivers who provide care to a relative or friend are age 50 and older. Those most likely to provide care for five years or longer are caregivers age 50—64.



Family caregivers can incur high out-of-pocket costs for the care they provide and oversee. More than three out of four caregivers had out-of-pocket costs related to caregiving, spending on average, \$7,000 per year in 2016. Long distance caregivers (defined as living more than one hour from the care recipient) incurred the highest out-of-pocket costs of \$11,923. On average, caregivers are spending nearly 20% of their income on caregiving activities.

Caregivers provide help with a wide range of activities of daily living (such as bathing and dressing) and instrumental activities of daily living (such as paying bills, doing housework and laundry, and managing medications). Family caregivers sometimes provide complex health care, including medical and nursing tasks such as tube feedings and dressing wounds. They also often coordinate health care and facilitate access to services and supports. *And they do all of this on top of managing their own lives, jobs, and often those of other family members.*

Caregivers, by taking care of a senior-family member, help reduce the need for expensive long-term care medical and other assisted living services—services that can increase the overall costs of health insurance and state supported programs. Caregivers should not only be *recognized* for their generous personal and financial services to those in need but also *supported* by local and state services and governments. HB28 is designed specifically to compensate and provide some relief for those who give of their own time and money to care for a senior family member. Doing so will help to improve the quality of life for individuals, families, and their communities; and make Maryland a more desirable place for seniors to live.

For these reasons, AARP MD respectfully asks for the Committee to give HB28 a Favorable report. If you have any questions, please contact Tammy Bresnahan at tbresnahan@aarp.org. or by calling 410-302-8451.