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To: House Ways and Means Committee

From: The Maryland Society of Accounting and Tax Professionals, Inc.

Re: HB 160 Sponsor: Delegate Vaughn Stewart

Contact Person: Giavante Hawkins, Executive Director

Position: FOR

Income Tax - Credit for Long-Term Care Premiums
(Long-Term Care Relief Act of 2023)

IN FAVOR

The Maryland Society of Accounting and Tax Professionals, Inc. (MSATP), representing the voices of over 2,000 tax and accounting professional members, supports this bill with amendments. As tax and accounting professionals serving over 700,000 Maryland residents, we are acutely aware of the extremely high cost of long-term care in Maryland.

We see some clients rip through a substantial nest egg. Some even become wards of the State. According to SeniorLiving.org 2023, nursing home costs in Maryland will average \$10,342 per month for a semiprivate room. According to simplyinsurance.com, the average annual cost of long-term care insurance for a 55-year-old in Maryland is \$3,228. An August 2022 Forbes article cites US DHHS statistics that nearly 70% of 65-year-olds will need some form of long-term care in their lifetime for a length of time averaging 3 years. A survey cited by Forbes indicates only 10% of people have long-term care insurance.

This is potentially a great piece of legislation. However, we recommend deleting section (c)(3) that states: "may not be claimed with respect to an insured individual if the insured individual was covered by long-term care insurance PURCHASED at any time

AFTER DECEMBER 31, 2004. The bill as proposed only helps a small percentage of the population (based on the above-referenced Forbes survey) that may have purchased insurance prior to 12/31/2004. We suggest that the bill should focus on the majority of the population that does not have LTC insurance. Based on the statistics above, the aging will be an increased drain on the annual budget. KFF.org indicates Maryland spent \$3.1 Billion of its \$56.4 Billion 2021 budget on long term care and another \$6.2 Billion on Managed Care and health plans.

The tax revenue initially "lost" by the State on the front end by providing the annual tax credit should be recouped and then some on the back end by insurance companies picking up more of the cost of long-term care services instead of the State of Maryland.

Therefore, we urge a Favorable Report on HB 160