



**Statement of the Maryland Federation of
National Active and Retired Federal Employees
HB 1276 - Income Tax – Credit for Long-Term Care Premiums
House Ways and Means Committee, February 20, 2024
Position - FAV**

Good afternoon, Chair Atterbeary and Members of the Ways and Means Committee. My name is Robert N. Goldberg and I am a member of the State Legislative Committee (SLC) of the Maryland Federation of the National Active and Retired Federal Employees Association (NARFE). The mission of NARFE is to promote the general welfare of current and future federal annuitants by advising them about their rights under retirement laws and regulations and to serve as an advocate for legislation that serves their interests. NARFE represents approximately 300,000 federal employees and annuitants living in Maryland and the more than 800,000 seniors aged 65 and older in the Maryland. For many years, NARFE's SLC has advocated for legislation in Maryland which would foster the purchase of long-term care (LTC) insurance by Maryland residents. With this bill, we see the opportunity to help buyers of LTC policies by offering a modest annual tax credit. For the benefit of all Maryland taxpayers, NARFE supports House Bill 1276, Income Tax – Credit for Long-Term Care Premiums.

HB 1276 would introduce a tax credit of \$250 for tax years after 2025 December 31. Note that individuals who have claimed tax credits for LTC insurance before 2026 January 1 would be excluded from taking this tax credit. Thus, it encourages individuals to purchase LTC insurance when they are many years away from retirement. This is when the purchase of this insurance buys them more coverage should they ever need it. It looks to the future well-being of that individual. The fiscal and policy note states that "general fund revenues increase by \$1.19 million, reflecting an estimated net decrease in the amount of credits claimed. FY 2028 and 2029 reflect diminishing net increases in general fund revenues as prior-year claimants claim the credit in successive years. In FY 2030, general fund revenues decrease by an estimated \$0.53 million, reflecting a net increase in the amount of credits claimed. Expenditures are not affected."

Some Facts

- Americans over the age of 85 have a 50% chance of being afflicted with Alzheimer's disease. This means that these seniors will likely require institutionalized or specialized home medical care. In fact, 70% of adults over age 65 will need long-term care in their lifetime. And, 20% will require long-term care for more than five years. See The Maryland Governor's Task Force on Long-Term Care Education and Planning, [TASK FORCE ON LONG-TERM CARE EDUCATION AND PLANNING](#).

- Rising costs makes long-term care insurance less attractive to those several year away from retirement.
- ***Most importantly***, Maryland's Medicaid costs are above the national average and Medicaid expenditures currently ***constitute a quarter of our state's budget***. A large portion of Maryland's Medicaid funds pay for treatment and cognitive care for an aging population. Many who will require this care believe that Medicaid will fully pay for their long-term care needs, and so are seriously under-estimating their future needs.

Conclusion

The Maryland Federation of the National Active and Retired Federal Employees Association believes the need for a thorough and careful study of how to optimize and leverage long-term care insurance and help individuals prepare for long-term care services and support needs is overdue. However, HB 1276 is clearly an important step in the right direction. We thank Delegates Howard, Buckel, Hartman, Hornberger, Miller, and Reilly for introducing this important legislation. It is in Maryland's interest to encourage the purchase of long-term care insurance when individuals are younger. And the fiscal and policy note states that it comes with little or no additional cost to Maryland. We urge a favorable report on this important legislation by the Ways and Means Committee.

Submitted by Dr. Robert N. Goldberg for the State Legislative Committee, Maryland Federation of the National Active and Retired Federal Employees Association
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