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Testimony in Support of HB 327
Long-Term Care Relief Act of 2025
Testimony by Delegate Vaughn Stewart
January 30, 2025 | Ways & Means Committee

What the Bill Does

HB 327 expands the eligibility and benefits of Maryland's income tax credit for long-term care insurance premiums. The bill increases the maximum credit to the lesser of $1,500 or 15% of eligible premiums, raising it from the previous cap of $500 per insured individual. To qualify, taxpayers must be at least 85 years old and have a Maryland adjusted gross income below $100,000 for individual filers or $200,000 for joint filers. The credit applies only to policies purchased after December 31, 2004, and cannot be claimed by multiple taxpayers for the same insured individual. These changes will take effect for taxable years beginning on or after January 1, 2025.

Why the Bill is Important

Long-term care insurance can be a lifeline for older Marylanders, offering coverage for essential services such as transportation and in-home care that Medicare does not provide. Following expert advice, many middle- and working-class seniors purchased policies in their 50s or 60s, believing they had planned wisely and saved enough to manage premiums for the rest of their lives.

Unfortunately, insurance companies' flawed actuarial calculations from the 1970s have resulted in relentless premium hikes for long-term care insurance holders. When these policies first launched, assumptions about policyholder behavior were inaccurate, particularly underestimating how long seniors would keep their coverage. This miscalculation has led insurers to raise premiums nearly every year, often hitting the 15% cap allowed by regulation. As a result, many seniors have drained their life savings to keep up with these increases, which often add hundreds—or even thousands—of dollars to their annual costs.

For example, one Genworth policyholder saw premiums climb from $3,156 in 2014 to $4,900 in 2020. Another endured an increase from $2,238 to $4,345 between 2002 and 2015—nearly doubling the initial cost. A third faces an annual premium hike from $7,450 to almost $10,000 for herself and her partner. Seniors have shared heartbreaking stories of skipping meals, selling their homes, and rationing medications just to afford their long-term care premiums. These relentless cost increases are crushing those who did everything right—planning ahead and trusting the system to safeguard their future.

Why the Committee Should Vote Favorably

Maryland seniors who have held onto their long-term care insurance policies, despite relentless premium increases, have saved the state a fortune by reducing reliance on publicly funded programs like Medicaid. These policies cover critical services that would otherwise fall to state-supported safety nets. By shouldering these costs themselves, these seniors have lessened the financial burden on Maryland's healthcare and social service systems. Supporting this bill not only helps these responsible individuals maintain their coverage but also continues to alleviate strain on state resources, making it a smart and compassionate investment in Maryland's future.

Maryland seniors who planned ahead shouldn't have to choose between basic needs and their coverage—they deserve the financial stability and peace of mind these policies were designed to provide. I urge a favorable report.