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SENATE JOINT RESOLUTION NO. 104

Offered January 26, 1998

Directing the Secretary of Finance, in cooperation with the Secretary of Health and Human Resources, to study the costs and benefits of offering a long-term care insurance tax credit.

Patrons—Martin, Bolling, Gartlan, Lambert, Schrock, Walker and Woods; Delegates: Baker, Diamonstein and Hall

Referred to the Committee on Rules

WHEREAS, the number of Virginians aged 85 and older is expected to nearly double between 1990 and 2010; and

WHEREAS, approximately 70 percent of nursing home services in Virginia are reimbursed through Medicaid funding; and

WHEREAS, in 1995, long-term care insurance policies in Virginia paid approximately \$44 million in claims compared with approximately \$470 million in Virginia Medicaid expenditures for long-term care services in 1995; and

WHEREAS, long-term care insurance is a policy that pays for the cost of receiving future long-term care; and

WHEREAS, long-term care insurance offers a means of promoting individual responsibility in meeting long-term care costs; and

WHEREAS, long-term care insurance offers a means of protecting an individual's assets from being depleted by long-term care costs and offers a means of enhancing consumer choice in selecting long-term care options; and

WHEREAS, the federal government created by law, through the Health Insurance Portability and Accountability Act of 1996, a provision that individuals may be able to deduct all or part of the premiums of a "qualified" long-term care policy if an individual's medical expenses exceed 7.5 percent of the individual's adjusted gross income; and

WHEREAS, according to the National Association of Insurance commissioners, 42,792 lives were covered by long-term care insurance policies in Virginia in 1995; and

WHEREAS, the challenge is how to encourage younger and healthier persons to purchase long-term care insurance for themselves or their family members; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Secretary of Finance, in cooperation with the Secretary of Health and Human Resources, be directed to study the costs and benefits of offering a long-term care insurance tax credit. The study will include (i) any appropriate tax credit options for an individual or the individual's family who would purchase a long-term care insurance policy on behalf of the individual; (ii) any additional alternative incentive plans, including Medicaid spend-down credits; and (iii) recommendations for a benefit package which provides insurance benefits to adequately and appropriately protect the interests of the insured and the Commonwealth.

The Secretaries of Finance and of Health and Human Services shall complete their work in time to submit their findings and recommendations to the Governor and the 1999 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

INTRODUCED

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