
U.S. Senate Committee on Finance

For Immediate Release

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Grassley, Lincoln Introduce Bill to Help People Pay for Long-term Care

WASHINGTON -- Sen. Chuck Grassley, chairman of the Committee on Finance, and Sen. Blanche Lincoln, a committee member, today introduced bipartisan legislation to help Americans pay for the high costs of long-term care -- nursing home stays, assisted living, home health aides, and other services -- that easily can exceed retirement budgets.

“More and more, Americans are interested in private insurance to pay for long-term care,” Grassley said. “A lot of people get sticker shock when they see how much a nursing home or home health nurse costs. Long-term care insurance helps with the expenses, but most people find the policies unaffordable. This bill helps to make long-term care insurance more affordable, and more accessible, for more Americans. It also helps family caregivers by providing a tax credit to offset the costs of taking care of family members with long-term care needs.”

Lincoln said, “I believe that Congress has an opportunity to look for solutions to help Baby Boomers who will be retiring in less than a decade prepare for their futures. Unless we encourage Americans to plan ahead, demand and costs for long term care services could deplete the savings of future retirees and exhaust government programs. These tax incentives are a good first step forward to help us avoid problems down the road.”

The legislation, the *Long-Term Care and Retirement Security Act of 2005*, is a longstanding priority for Grassley, which he introduced several times in past congresses with then-Sen. Bob Graham. Now, Lincoln is succeeding Graham as the lead Democratic co-sponsor of this legislation.

Grassley and Lincoln said the younger the person, the less expensive the long-term care insurance policy, but most people aren't ready to buy a policy until retirement. The bill gives individuals an above-the-line tax deduction for the cost of their long-term care insurance policy. This significant deduction would phase in, with a faster phase-in for those 55 years old and older.

The bill also allows individuals or their caregivers a \$3,000 tax credit to help cover their long-term care expenses. This would apply to those who have been certified by a doctor as needing help with at least three activities of daily living, such as eating, bathing or dressing. This credit would help caregivers pay for medical supplies, nursing care and any other expenses incurred while caring for family members with disabilities.

Another provision allows employers to include the deduction provision for long-term care policies in “cafeteria plans” in which employees are able to choose from a variety of benefits for different types of care, and flexible spending accounts in which employees set aside pre-tax dollars

to pay for long-term care insurance.

A companion bill sponsored by Reps. Nancy Johnson and Earl Pomeroy is pending in the House.