

HCS HB 40, 116 & 367 -- INCOME TAX DEDUCTION FOR LONG-TERM CARE INSURANCE PREMIUMS

SPONSOR: Portwood

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Ticket to Work by a vote of 8 to 0.

This substitute changes the laws regarding the long-term care insurance income tax deduction. For taxable years beginning after January 1, 2007, Missouri residents will be allowed to deduct from their taxable income an amount equaling 100% of all nonreimbursed amounts paid for qualified long-term care insurance premiums to the extent the amounts are included in the individual's adjusted gross income.

The substitute establishes the Missouri Long-Term Care Partnership Act which requires the departments of Social Services and Insurance, Financial Institutions, and Professional Registration to coordinate a long-term care insurance partnership program where private insurance and Missouri Medicaid funds will be used to finance long-term care. Under the program, an individual may purchase a qualified state long-term care insurance policy that meets certain criteria without first being required to substantially exhaust their resources.

The directors of the departments must submit a report on the progress of the partnership program to the General Assembly on September 1, 2008, and on January 1 each year thereafter.

FISCAL NOTE: Estimated Cost on General Revenue Fund of Approximately \$2,880,000 in FY 2008, FY 2009, and FY 2010. No impact on Other State Funds in FY 2008, FY 2009, and FY 2010.

PROPOSERS: Supporters of HB 40 say that the bill benefits senior citizens who are trying to take care of themselves by allowing them to protect their assets, provides an incentive for people to purchase an often out-of-reach but important insurance, financially protects families of long-term care facility patients, can save the Missouri Medicaid Program money, and is necessary due to increasing health care costs.

Supporters of HB 116 and HB 367 say that the bills benefit senior citizens who are trying to take care of themselves by allowing them to protect their assets, provide an incentive for people to purchase an often out-of-reach but important insurance, can save the Missouri Medicaid Program money, and are necessary due to increasing health care costs.

Testifying for HB 40 were Representative Portwood; AARP;

Association of Retired Missouri State Employees; Silver Haired Legislature; Missouri Health Care Association; Alliance; Missouri Association of Insurance and Financial Advisors; Bruce Ward, St. Louis Chapter of Missouri Association of Insurance and Financial Advisors; Franc Flotron, Golden Security Senior Advisors; America's Health Insurance Plans; American Council of Life Insurers; and Missouri Association of Homes for the Aging.

Testifying for HB 116 were Representative Denison; AARP; Association of Retired Missouri State Employees; Silver Haired Legislature; Missouri Health Care Association; and Alliance.

Testifying for HB 367 were Representative Dethrow; AARP; Association of Retired Missouri State Employees; Silver Haired Legislature; Missouri Health Care Association; and Alliance.

OPPONENTS: There was no opposition voiced to the committee.