



INSURANCE ASSOCIATION OF CONNECTICUT

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Statement

Insurance Association of Connecticut

Aging Committee

February 5, 2015

**HB 6396, An Act Concerning An Income Tax
Deduction For Long-Term Care Insurance Premiums**

I am Eric George, President of the Insurance Association of Connecticut (IAC). The IAC supports HB 6396, An Act Concerning An Income Tax Deduction For Long-Term Care Insurance Premiums.

HB 6396 seeks to create an incentive for the purchase of long term care insurance by permitting individuals a tax deduction for the premium payments for such policies. The current system for financing long term care is expensive and fragmented. People are living longer and the baby boom generation is getting closer and closer to needing long term care, placing unprecedented strains on Connecticut's Medicaid budgets.

More times than not the financial responsibility for long-term care falls to the state. Medicaid continues to be the fastest growing part of the Connecticut state budget. It is projected that Medicaid costs will increase 360 percent by 2030 when the last baby boomers reach age 65. In Connecticut, the current average cost for a stay in a long-term care facility is \$102,000 per year. States are looking for ways to offset those costs and HB 6396 is a viable and cost effective means for controlling long term care costs. Creating tax incentives for the purchase of long term care insurance products is a valuable tool to achieve that goal.

Long term care insurance provides individuals with a way to finance and control their own long term care while reducing their dependency on the state for those needs. Tax incentives, such as that contemplated by HB 6396, would make long term care coverage more affordable and thus more accessible to those who will need it. As such, the incentive created will entice more individuals to buy coverage. The more people that purchase the coverage will likely reduce the number or extent of the draw on the state in the future.

Twenty four states already offer some form of tax incentives, either in the form of credits or deductions. Providing incentives for long term care insurance will be the best investment the state can make. HB 6396 is a win-win proposal for the state and insureds alike.

The IAC urges your support of HB 6396. Thank you for the opportunity to present IAC's viewpoint.