

109TH CONGRESS
2D SESSION

H. R. 6211

To amend the Internal Revenue Code of 1986 to allow individuals a deduction for qualified long-term care insurance premiums, a credit for individuals who care for those with long-term care needs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 2006

Ms. HERSETH introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to allow individuals a deduction for qualified long-term care insurance premiums, a credit for individuals who care for those with long-term care needs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Comprehensive Long-
5 Term Care Support Act of 2006”.

6 **SEC. 2. FINDINGS.**

7 The Congress hereby finds:

1 (1) As our Nation’s seniors live longer lives, the
 2 United States faces a major challenge in long-term
 3 health care needs.

4 (2) The United States does not have a com-
 5 prehensive system to support long-term care needs.

6 (3) Eighty-six percent of people age 85 and
 7 older have at least one chronic condition which can
 8 cause pain, disability, and loss of functioning.

9 (4) Long-term care is expected to place a huge
 10 burden on State Medicaid programs, which are the
 11 primary source of funding for nursing homes.

12 **SEC. 3. DEDUCTION FOR QUALIFIED LONG-TERM CARE IN-**
 13 **SURANCE PREMIUMS.**

14 (a) IN GENERAL.—Part VII of subchapter B of chap-
 15 ter 1 of the Internal Revenue Code of 1986 (relating to
 16 additional itemized deductions) is amended by redesign-
 17 ating section 224 as section 225 and by inserting after
 18 section 223 the following new section:

19 **“SEC. 224. PREMIUMS ON QUALIFIED LONG-TERM CARE IN-**
 20 **SURANCE CONTRACTS.**

21 “(a) IN GENERAL.—In the case of an individual,
 22 there shall be allowed as a deduction an amount equal to
 23 the applicable percentage of the amount of eligible long-
 24 term care premiums (as defined in section 213(d)(10))
 25 paid during the taxable year for coverage for the taxpayer

1 or any member of the family of the taxpayer under a quali-
 2 fied long-term care insurance contract (as defined in sec-
 3 tion 7702B(b)).

4 “(b) APPLICABLE PERCENTAGE.—For purposes of
 5 subsection (a), the applicable percentage shall be deter-
 6 mined in accordance with the following table:

“For taxable years beginning in calendar year:	The applicable percentage is:
2007	50
2008	75
2009 or thereafter	100.

7 “(c) MEMBER OF THE FAMILY.—For purposes of
 8 this section, the term ‘member of the family’ means, with
 9 respect to any individual—

10 “(1) the spouse of the individual,

11 “(2) an ancestor or lineal descendant of the in-
 12 dividual or the individual’s spouse,

13 “(3) a brother or sister of the individual or any
 14 individual described in paragraph (1) or (2), and

15 “(4) the spouse of any individual described in
 16 paragraph (2) or (3).

17 “(d) COORDINATION WITH OTHER DEDUCTIONS.—
 18 Any amount paid by a taxpayer for any qualified long-
 19 term care insurance contract to which subsection (a) ap-
 20 plies shall not be taken into account in computing the
 21 amount allowable to the taxpayer as a deduction under
 22 section 162(l) or 213(a).”.

1 (b) LONG-TERM CARE INSURANCE PERMITTED TO
2 BE OFFERED UNDER CAFETERIA PLANS AND FLEXIBLE
3 SPENDING ARRANGEMENTS.—

4 (1) CAFETERIA PLANS.—Section 125(f) of the
5 Internal Revenue Code of 1986 (defining qualified
6 benefits) is amended by inserting before the period
7 at the end “; except that such term shall include the
8 payment of premiums for any qualified long-term
9 care insurance contract (as defined in section
10 7702B) to the extent the amount of such payment
11 does not exceed the eligible long-term care premiums
12 (as defined in section 213(d)(10)) for such con-
13 tract”.

14 (2) FLEXIBLE SPENDING ARRANGEMENTS.—
15 Section 106 of such Code (relating to contributions
16 by an employer to accident and health plans) is
17 amended by striking subsection (c).

18 (c) CONFORMING AMENDMENTS.—

19 (1) Section 62(a) of the Internal Revenue Code
20 of 1986 is amended by inserting after paragraph
21 (20) the following new item:

22 “(21) PREMIUMS ON QUALIFIED LONG-TERM
23 CARE INSURANCE CONTRACTS.—The deduction al-
24 lowed by section 224.”.

(d) **EFFECTIVE DATES.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 25D the following new section:

17 “(a) ALLOWANCE OF CREDIT.—

•HR 6211 IH

1 “(2) APPLICABLE CREDIT AMOUNT.—For pur-
 2 poses of paragraph (1), the applicable credit amount
 3 shall be determined in accordance with the following
 4 table:

“For taxable years beginning in calendar year:	The applicable credit amount is:
2007	\$1,000
2008	\$1,500
2009	\$2,000
2010	\$2,500
2011 or thereafter	\$3,000.

5 “(b) LIMITATION BASED ON ADJUSTED GROSS IN-
 6 COME.—

7 “(1) IN GENERAL.—The amount of the credit
 8 allowable under subsection (a) shall be reduced (but
 9 not below zero) by \$100 for each \$1,000 (or fraction
 10 thereof) by which the taxpayer’s modified adjusted
 11 gross income exceeds the threshold amount. For
 12 purposes of the preceding sentence, the term ‘modi-
 13 fied adjusted gross income’ means adjusted gross in-
 14 come increased by any amount excluded from gross
 15 income under section 911, 931, or 933.

16 “(2) THRESHOLD AMOUNT.—For purposes of
 17 paragraph (1), the term ‘threshold amount’ means—

18 “(A) \$150,000 in the case of a joint re-
 19 turn, and

20 “(B) \$75,000 in any other case.

21 “(3) INDEXING.—In the case of any taxable
 22 year beginning in a calendar year after 2007, each

1 dollar amount contained in paragraph (2) shall be
 2 increased by an amount equal to the product of—

3 “(A) such dollar amount, and

4 “(B) the medical care cost adjustment de-
 5 termined under section 213(d)(10)(B)(ii) for
 6 the calendar year in which the taxable year be-
 7 gins, determined by substituting ‘August of
 8 2006’ for ‘August of 1996’ in subclause (II)
 9 thereof.

10 If any increase determined under the preceding sen-
 11 tence is not a multiple of \$50, such increase shall
 12 be rounded to the next lowest multiple of \$50.

13 “(c) DEFINITIONS.—For purposes of this section—

14 “(1) APPLICABLE INDIVIDUAL.—

15 “(A) IN GENERAL.—The term ‘applicable
 16 individual’ means, with respect to any taxable
 17 year, any individual who has been certified, be-
 18 fore the due date for filing the return of tax for
 19 the taxable year (without extensions), by a phy-
 20 sician (as defined in section 1861(r)(1) of the
 21 Social Security Act) as being an individual with
 22 long-term care needs described in subparagraph
 23 (B) for a period—

24 “(i) which is at least 180 consecutive
 25 days, and

1 “(ii) a portion of which occurs within
2 the taxable year.

3 Such term shall not include any individual oth-
4 erwise meeting the requirements of the pre-
5 ceding sentence unless within the 39½ month
6 period ending on such due date (or such other
7 period as the Secretary prescribes) a physician
8 (as so defined) has certified that such indi-
9 vidual meets such requirements.

10 “(B) INDIVIDUALS WITH LONG-TERM CARE
11 NEEDS.—An individual is described in this sub-
12 paragraph if the individual meets any of the fol-
13 lowing requirements:

14 “(i) The individual is at least 6 years
15 of age and—

16 “(I) is unable to perform (with-
17 out substantial assistance from an-
18 other individual) at least 3 activities
19 of daily living (as defined in section
20 7702B(c)(2)(B)) due to a loss of
21 functional capacity, or

22 “(II) requires substantial super-
23 vision to protect such individual from
24 threats to health and safety due to se-
25 vere cognitive impairment and is un-

1 able to preform, without reminding or
2 cuing assistance, at least 1 activity of
3 daily living (as so defined) or to the
4 extent provided in regulations pre-
5 scribed by the Secretary (in consulta-
6 tion with the Secretary of Health and
7 Human Services), is unable to engage
8 in age appropriate activities.

9 “(ii) The individual is at least 2 but
10 not 6 years of age and is unable due to a
11 loss of functional capacity to perform
12 (without substantial assistance from an-
13 other individual) at least 2 of the following
14 activities: eating, transferring, or mobility.

15 “(iii) The individual is under 2 years
16 of age and requires specific durable med-
17 ical equipment by reason of a severe health
18 condition or requires a skilled practitioner
19 trained to address the individual’s condi-
20 tion to be available if the individual’s par-
21 ents or guardians are absent.

22 “(2) ELIGIBLE CAREGIVER.—

23 “(A) IN GENERAL.—A taxpayer shall be
24 treated as an eligible caregiver for any taxable
25 year with respect to the following individuals:

1 “(i) The taxpayer.

2 “(ii) The taxpayer’s spouse.

3 “(iii) An individual with respect to
4 whom the taxpayer is allowed a deduction
5 under section 151 for the taxable year.

6 “(iv) An individual who would be de-
7 scribed in clause (iii) for the taxable year
8 if section 152(d)(1)(B) were applied by
9 substituting for the exemption amount an
10 amount equal to the sum of the exemption
11 amount, the standard deduction under sec-
12 tion 63(c)(2)(C), and any additional stand-
13 ard deduction under section 63(c)(3) which
14 would be applicable to the individual if
15 clause (iii) applied.

16 “(v) An individual who would be de-
17 scribed in clause (iii) for the taxable year
18 if the requirements of clause (iv) are met
19 with respect to the individual and section
20 152(c)(1) were applied without regard to
21 subparagraph (D).

22 “(B) SPECIAL RULES WHERE MORE THAN
23 1 ELIGIBLE CAREGIVER.—

24 “(i) IN GENERAL.—If more than 1 in-
25 dividual is an eligible caregiver with re-

1 spect to the same applicable individual for
2 taxable years ending with or within the
3 same calendar year, a taxpayer shall be
4 treated as the eligible caregiver if each
5 such individual (other than the taxpayer)
6 files a written declaration (in such form
7 and manner as the Secretary may pre-
8 scribe) that such individual will not claim
9 such applicable individual for the credit
10 under this section.

11 “(ii) NO AGREEMENT.—If each indi-
12 vidual required under clause (i) to file a
13 written declaration under clause (i) does
14 not do so, the individual with the highest
15 modified adjusted gross income (as defined
16 in section 32(c)(5)) shall be treated as the
17 eligible caregiver.

18 “(iii) MARRIED INDIVIDUALS FILING
19 SEPARATELY.—In the case of married indi-
20 viduals filing separately, the determination
21 under this subparagraph as to whether the
22 husband or wife is the eligible caregiver
23 shall be made under the rules of clause (ii)
24 (whether or not one of them has filed a
25 written declaration under clause (i)).

1 “(d) IDENTIFICATION REQUIREMENT.—No credit
 2 shall be allowed under this section to a taxpayer with re-
 3 spect to any applicable individual unless the taxpayer in-
 4 cludes the name and taxpayer identification number of
 5 such individual, and the identification number of the phy-
 6 sician certifying such individual, on the return of tax for
 7 the taxable year.

8 “(e) TAXABLE YEAR MUST BE FULL TAXABLE
 9 YEAR.—Except in the case of a taxable year closed by rea-
 10 son of the death of the taxpayer, no credit shall be allow-
 11 able under this section in the case of a taxable year cov-
 12 ering a period of less than 12 months.”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Section 6213(g)(2) of the Internal Revenue
 15 Code of 1986 is amended by striking “and” at the
 16 end of subparagraph (L), by striking the period at
 17 the end of subparagraph (M) and inserting “, and”,
 18 and by inserting after subparagraph (M) the fol-
 19 lowing new subparagraph:

20 “(N) an omission of a correct TIN or phy-
 21 sician identification required under section
 22 25E(d) (relating to credit for taxpayers with
 23 long-term care needs) to be included on a re-
 24 turn.”.

1 (2) The table of sections for subpart A of part
 2 IV of subchapter A of chapter 1 of such Code is
 3 amended by inserting after the item relating to sec-
 4 tion 25D the following new item:

“Sec. 25E. Credit for taxpayers with long-term care needs.”.

5 (c) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply to taxable years beginning after
 7 December 31, 2006.

8 **SEC. 5. INCREASED FUNDING FOR NATIONAL FAMILY**
 9 **CAREGIVER SUPPORT PROGRAM.**

10 (a) IN GENERAL.—Section 303(e) of the Older Amer-
 11 icans Act of 1965 (42 U.S.C. 3023(e)) is amended—

12 (1) by striking paragraph (1),

13 (2) in paragraph (2)—

14 (A) by striking “(2)” and inserting “(1)”,

15 (B) by inserting “\$250,000,000 for fiscal
 16 year 2007 and” before “such”, and

17 (C) by striking “each of the 4 succeeding
 18 fiscal years” and inserting “fiscal years 2008,
 19 2009, 2010, and 2011”, and

20 (3) in paragraph (3)—

21 (A) by striking “(3)” and inserting “(2)”,
 22 and

23 (B) by striking “paragraphs (1) and (2)”
 24 and inserting “paragraph (1)”.

1 (b) NATIVE AMERICANS.—Section 643(2) of the
2 Older Americans Act of 1965 (42 U.S.C. 3057n(2)) is
3 amended by striking “\$5,000,000 for fiscal year 2001”
4 and inserting “\$10,000,000 for fiscal year 2007”.

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