

106TH CONGRESS  
2D SESSION

# H. R. 4498

To amend the Internal Revenue Code of 1986 to provide tax incentives to enhance long-term care and to convene a National Summit on Long-Term Care, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 18, 2000

Mrs. BIGGERT (for herself, Mr. BAKER, Mr. KUYKENDALL, Mr. PORTER, Mr. FLETCHER, and Mr. SHIMKUS) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Education and the Workforce, Commerce, and Banking and Financial Services, 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

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## A BILL

To amend the Internal Revenue Code of 1986 to provide tax incentives to enhance long-term care and to convene a National Summit on Long-Term Care, 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 “Live Long and Prosper  
5 Act of 2000”.

1 **SEC. 2. FINDINGS.**

2 (a) FINDINGS.—The Congress finds the following:

3 (1) There are more than 34 million Americans  
4 aged 65 and older living in the United States today.  
5 By 2030 that number is expected to double to 70  
6 million.

7 (2) As the number of elderly Americans in-  
8 creases and as medical advances extend the average  
9 human life span, the need for some form of long-  
10 term home or institutional care will only continue to  
11 grow.

12 (3) The Nation is not presently ready—either  
13 through private or public financing vehicles—to  
14 meet this growing need. Nor are individuals and  
15 families financially ready to meet their long-term  
16 care needs, which, in the case of nursing home care,  
17 now cost more than \$40,000 on average per year.

18 (4) Most long-term care is currently financed  
19 either through out-of-pocket expenditures or through  
20 the medicaid program.

21 (5) Many Americans are not aware that med-  
22 icaid covers long-term care costs only after the per-  
23 son has divested their assets and that medicare cov-  
24 ers extremely few long-term care expenses.

25 (6) While private long-term care insurance has  
26 the potential to protect families from the cata-

1       strophic costs of long-term care services, private in-  
2       surance finances only an estimated 7 percent of  
3       long-term care.

4           (7) In order to meet the impending need, the  
5       Federal Government has attempted to promote the  
6       purchase of private long-term care insurance by es-  
7       tablishing favorable Federal tax rules for tax-quali-  
8       fied policies with the enactment of the Health Insur-  
9       ance Portability and Accountability Act of 1996.

10          (8) The Health Insurance Portability and Ac-  
11       countability Act of 1996 has helped raise public  
12       awareness of the importance of private long-term  
13       health care insurance coverage. However, the Act  
14       has fallen short of expectations relating to the in-  
15       creased purchase of long-term care insurance in the  
16       individual market. What's more, the Act did little to  
17       encourage employers to provide long-term care cov-  
18       erage as part of their employee benefit plans.

19          (9) It is in the fundamental interest of the  
20       United States that Congress and the Administration  
21       take immediate steps to educate the public on the  
22       need to prepare for long-term care health care costs  
23       and to enact additional financial incentives to pro-  
24       tect them from the same.

1 **SEC. 3. PURPOSES.**

2 It is the purpose of this Act—

3 (1) to advance the public’s knowledge and un-  
4 derstanding of long-term care, as well as long-term  
5 health care insurance and its critical importance to  
6 the future well-being of American workers and their  
7 families;

8 (2) to financially encourage employers to offer  
9 private long-term care insurance coverage to employ-  
10 ees, but also to encourage every generation to plan  
11 for and to obtain long-term care insurance either  
12 through their employers or on their own;

13 (3) to provide for a periodic, bipartisan long-  
14 term care summit in conjunction with the White  
15 House to elevate the issue of long-term care to na-  
16 tional prominence; and

17 (4) to initiate through the Departments of  
18 Health and Human Services, Labor and other ap-  
19 propriate Executive Branch agencies a timely, up-to-  
20 date, broad-based, public education campaign to en-  
21 hance the nation’s commitment to meeting the grow-  
22 ing crisis in long-term care financing.

1       **TITLE I—TAX INCENTIVES TO**  
 2       **ENHANCE LONG-TERM CARE**

3       **SEC. 101. DEDUCTION FOR HEALTH AND LONG-TERM CARE**  
 4                   **INSURANCE COSTS OF INDIVIDUALS NOT**  
 5                   **PARTICIPATING IN EMPLOYER-SUBSIDIZED**  
 6                   **HEALTH PLANS.**

7       (a) IN GENERAL.—Part VII of subchapter B of chap-  
 8       ter 1 of the Internal Revenue Code of 1986 is amended  
 9       by redesignating section 222 as section 223 and by insert-  
 10      ing after section 221 the following new section:

11      **“SEC. 222. LONG-TERM CARE INSURANCE COSTS.**

12           “(a) IN GENERAL.—In the case of an individual,  
 13       there shall be allowed as a deduction an amount equal to  
 14       the applicable percentage of the eligible long-term care  
 15       premiums (as defined in section 213(d)(10)) paid during  
 16       the taxable year for the taxpayer and the taxpayer’s  
 17       spouse and dependents.

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

<b>“For taxable years beginning in calendar year—</b>	<b>The applicable percentage is—</b>
2001 .....	60 05
2002 .....	70 05
2003 .....	80 05
2004 .....	90 05
2005 and thereafter .....	100.

21           “(c) LIMITATION BASED ON OTHER COVERAGE.—

1           “(1) COVERAGE UNDER CERTAIN SUBSIDIZED  
2 EMPLOYER PLANS.—

3           “(A) IN GENERAL.—Subsection (a) shall  
4 not apply to any taxpayer for any calendar  
5 month for which the taxpayer participates in  
6 any long-term care plan maintained by any em-  
7 ployer of the taxpayer or of the spouse of the  
8 taxpayer if 50 percent or more of the cost of  
9 coverage under such plan (determined under  
10 rules similar to the rules of section 4980B) is  
11 paid or incurred by the employer.

12           “(B) EMPLOYER CONTRIBUTIONS TO CAF-  
13 TERIA PLANS AND FLEXIBLE SPENDING AR-  
14 RANGEMENTS.—Employer contributions to a  
15 cafeteria plan, a flexible spending, or similar ar-  
16 rangement which are excluded from gross in-  
17 come under section 106 shall be treated for  
18 purposes of subparagraph (A) as paid by the  
19 employer.

20           “(C) AGGREGATION OF PLANS OF EM-  
21 PLOYER.—A health plan which is not otherwise  
22 described in subparagraph (A) shall be treated  
23 as described in such subparagraph if such plan  
24 would be so described if all health plans of per-  
25 sons treated as a single employer under sub-

1 section (b), (c), (m), or (o) of section 414 were  
2 treated as one health plan.

3 “(d) SPECIAL RULES.—

4 “(1) COORDINATION WITH DEDUCTION FOR  
5 HEALTH INSURANCE COSTS OF SELF-EMPLOYED IN-  
6 DIVIDUALS.—The amount taken into account by the  
7 taxpayer in computing the deduction under section  
8 162(l) shall not be taken into account under this  
9 section.

10 “(2) COORDINATION WITH MEDICAL EXPENSE  
11 DEDUCTION.—The amount taken into account by  
12 the taxpayer in computing the deduction under this  
13 section shall not be taken into account under section  
14 213.

15 “(e) REGULATIONS.—The Secretary shall prescribe  
16 such regulations as may be appropriate to carry out this  
17 section, including regulations requiring employers to re-  
18 port to their employees and the Secretary such informa-  
19 tion as the Secretary determines to be appropriate.”.

20 (b) DEDUCTION ALLOWED WHETHER OR NOT TAX-  
21 PAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a)  
22 of section 62 of such Code is amended by inserting after  
23 paragraph (17) the following new item:

24 “(18) LONG-TERM CARE INSURANCE COSTS.—  
25 The deduction allowed by section 222.”.

1 (c) CLERICAL AMENDMENT.—The table of sections  
2 for part VII of subchapter B of chapter 1 of such Code  
3 is amended by striking the last item and inserting the fol-  
4 lowing new items:

“Sec. 222. Long-term care insurance costs.

“Sec. 223. Cross reference.”.

5 (d) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to taxable years beginning after  
7 December 31, 2000.

8 **SEC. 102. LONG-TERM CARE INSURANCE PERMITTED TO BE**  
9 **OFFERED UNDER CAFETERIA PLANS AND**  
10 **FLEXIBLE SPENDING ARRANGEMENTS.**

11 (a) CAFETERIA PLANS.—Subsection (f) of section  
12 125 of the Internal Revenue Code of 1986 (defining quali-  
13 fied benefits) is amended by inserting before the period  
14 at the end “unless such product is a qualified long-term  
15 care insurance contract (as defined in section 7702B).

16 (b) FLEXIBLE SPENDING ARRANGEMENTS.—Section  
17 106 of such Code (relating to contributions by employer  
18 to accident and health plans) is amended by striking sub-  
19 section (c).

20 (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 2000.

1 **SEC. 103. ADDITIONAL PERSONAL EXEMPTION FOR TAX-**  
2 **PAYER CARING FOR ELDERLY FAMILY MEM-**  
3 **BER IN TAXPAYER'S HOME.**

4 (a) IN GENERAL.—Section 151 of the Internal Rev-  
5 enue Code of 1986 (relating to allowance of deductions  
6 for personal exemptions) is amended by redesignating sub-  
7 section (e) as subsection (f) and by inserting after sub-  
8 section (d) the following new subsection:

9 “(e) ADDITIONAL EXEMPTION FOR CERTAIN ELDER-  
10 LY FAMILY MEMBERS RESIDING WITH TAXPAYER.—

11 “(1) IN GENERAL.—An exemption of the ex-  
12 emption amount for each qualified family member of  
13 the taxpayer.

14 “(2) QUALIFIED FAMILY MEMBER.—For pur-  
15 poses of this subsection, the term ‘qualified family  
16 member’ means, with respect to any taxable year,  
17 any individual—

18 “(A) who is an ancestor of the taxpayer or  
19 of the taxpayer’s spouse or who is the spouse  
20 of any such ancestor,

21 “(B) who is a member for the entire tax-  
22 able year of a household maintained by the tax-  
23 payer, and

24 “(C) who has been certified, before the due  
25 date for filing the return of tax for the taxable  
26 year (without extensions), by a physician (as

1 defined in section 1861(r)(1) of the Social Se-  
2 curity Act) as being an individual with long-  
3 term care needs described in paragraph (3) for  
4 a period—

5 “(i) which is at least 180 consecutive  
6 days, and

7 “(ii) a portion of which occurs within  
8 the taxable year.

9 Such term shall not include any individual otherwise  
10 meeting the requirements of the preceding sentence  
11 unless within the 39½-month period ending on such  
12 due date (or such other period as the Secretary pre-  
13 scribes) a physician (as so defined) has certified that  
14 such individual meets such requirements.

15 “(3) INDIVIDUALS WITH LONG-TERM CARE  
16 NEEDS.—An individual is described in this para-  
17 graph if the individual—

18 “(A) is unable to perform (without sub-  
19 stantial assistance from another individual) at  
20 least two activities of daily living (as defined in  
21 section 7702B(c)(2)(B)) due to a loss of func-  
22 tional capacity, or

23 “(B) requires substantial supervision to  
24 protect such individual from threats to health  
25 and safety due to severe cognitive impairment

1 and is unable to perform, without reminding or  
2 cuing assistance, at least one activity of daily  
3 living (as so defined) or to the extent provided  
4 in regulations prescribed by the Secretary (in  
5 consultation with the Secretary of Health and  
6 Human Services), is unable to engage in age  
7 appropriate activities.

8 “(4) SPECIAL RULES.—Rules similar to the  
9 rules of paragraphs (1), (2), (3), (4), and (5) of sec-  
10 tion 21(e) shall apply for purposes of this sub-  
11 section.”.

12 (b) EFFECTIVE DATE.—The amendment made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2000.

## 15 **TITLE II—NATIONAL SUMMIT ON** 16 **LONG-TERM CARE**

### 17 **SEC. 201. NATIONAL SUMMIT ON LONG-TERM CARE.**

18 (a) IN GENERAL.—Part 5 of subtitle B of title I of  
19 the Employee Retirement Income Security Act of 1974 is  
20 amended by adding at the end the following new section:

21 “NATIONAL SUMMIT ON LONG-TERM CARE AND  
22 FINANCING

23 “SEC. 518. (a) AUTHORITY TO CALL SUMMIT.—Not  
24 later than September 1, 2002, the President shall convene  
25 a National Summit on Long-Term Care at the White  
26 House, to be hosted by the President with the bipartisan

1 support of both Houses of the Congress. Such a National  
2 Summit shall be convened thereafter in 2004 and 2006  
3 on or after August 1 of each year involved. Such a Na-  
4 tional Summit shall—

5           “(1) advance the public’s knowledge and under-  
6 standing of what constitutes long-term care, meth-  
7 ods of financing long-term care, and its importance  
8 to the future well-being of American workers and  
9 their families;

10           “(2) facilitate the development of a broad-  
11 based, public education program to encourage and  
12 enhance individual commitment to financially pre-  
13 pare for some form of long-term or institutional  
14 health care;

15           “(3) develop recommendations for additional re-  
16 search, reforms in public policy, and actions in the  
17 field of long-term care insurance; and

18           “(4) disseminate the report of, and information  
19 obtained by, the National Summit and exhibit mate-  
20 rials and works of the National Summit.

21           “(b) PLANNING AND DIRECTION.—The National  
22 Summit shall be planned and conducted under the direc-  
23 tion of the Secretary, in consultation with, and with the  
24 assistance of, the heads of such other Federal departments  
25 and agencies as the President may designate. Such assist-

1   ance may include the assignment of personnel. The Sec-  
2   retary shall, in planning and conducting the National  
3   Summit, consult with the congressional leaders specified  
4   in subsection (e)(2). The Secretary shall also, in carrying  
5   out the Secretary’s duties under this subsection, consult  
6   and coordinate with at least two organizations made up  
7   of private sector businesses and associations partnered  
8   with Government entities to promote financial security in  
9   retirement through long-term care insurance.

10       “(c) PURPOSE OF NATIONAL SUMMIT.—The purpose  
11   of the National Summit shall be to—

12               “(1) increase the public awareness of the value  
13       of preparing for long-term care and financing  
14       against long-term care risks;

15               “(2) advance the public’s knowledge and under-  
16       standing of long-term care financing and long-term  
17       care insurance, and its critical importance to the fu-  
18       ture well-being of American workers and their fami-  
19       lies;

20               “(3) advance the public’s knowledge of the  
21       shortcomings of long-term care services provided  
22       under the medicare and medicaid programs and to  
23       discuss financial alternatives to such programs;

24               “(4) facilitate the development of a broad-  
25       based, public education program to encourage and

1 enhance individual commitment to financially pre-  
2 paring for long-term care expenses;

3 “(5) identify the problems which hinder workers  
4 in preparing for possible long-term care needs;

5 “(6) identify the barriers which impede employ-  
6 ers, especially small employers, from assisting work-  
7 ers in accessing long-term care insurance;

8 “(7) examine the impact and effectiveness of in-  
9 dividual employers to promote long-term care insur-  
10 ance coverage and to promote participation in em-  
11 ployer sponsored health plans;

12 “(8) examine the impact and effectiveness of  
13 government programs at the Federal, State, and  
14 local level to educate the public about the need for,  
15 and to encourage the purchase of, long-term care in-  
16 surance;

17 “(9) develop such specific and comprehensive  
18 recommendations for the legislative and executive  
19 branches of the Government and for private sector  
20 action as may be appropriate for promoting long-  
21 term care coverage, as well as preparing American  
22 workers to financially meet long-term care needs;  
23 and

24 “(10) develop recommendations for the coordi-  
25 nation of Federal, State, and local policies and needs

1 with each other and with the efforts of the private  
2 sector to meet the growing need for long-term care  
3 services, and to identify the appropriate authority  
4 and entities to implement such recommendations.

5 “(d) NATIONAL SUMMIT PARTICIPANTS.—

6 “(1) IN GENERAL.—To carry out the purposes  
7 of the National Summit, the National Summit shall  
8 bring together—

9 “(A) professionals and other individuals  
10 working in the fields of employee benefits and  
11 retirement savings;

12 “(B) Members of Congress and officials in  
13 the executive branch;

14 “(C) representatives of State and local  
15 governments;

16 “(D) representatives of private sector insti-  
17 tutions, including individual employers, con-  
18 cerned about promoting the issue of retirement  
19 savings and facilitating savings among Amer-  
20 ican workers; and

21 “(E) representatives of the general public.

22 “(2) STATUTORILY REQUIRED PARTICIPA-  
23 TION.—The participants in the National Summit  
24 shall include the following individuals or their des-  
25 ignees:

1           “(A) the Speaker and the Minority Leader  
2 of the House of Representatives;

3           “(B) the Majority Leader and the Minority  
4 Leader of the Senate;

5           “(C) the Chairman and ranking Member of  
6 the Committee on Education and the Workforce  
7 of the House of Representatives;

8           “(D) the Chairman and ranking Member  
9 of the Committee on Labor and Human Re-  
10 sources of the Senate; and

11           “(E) the Chairman and ranking Member  
12 of the Special Committee on Aging of the Sen-  
13 ate;

14           “(F) the Chairman and ranking Member  
15 of the Ways and Means Committee of the  
16 House of Representatives;

17           “(G) the Chairman and ranking Member  
18 of the Finance Committee of the Senate; and

19           “(H) the parties referred to in subsection  
20 (b).

21           “(3) ADDITIONAL PARTICIPANTS.—Of the re-  
22 maining participants—

23           “(A) one-fifth shall be appointed by the  
24 President;

1           “(B) one-fifth shall be appointed by the  
2 Speaker of the House of Representatives;

3           “(C) one-fifth shall be appointed by the  
4 Minority Leader of the House of Representa-  
5 tives;

6           “(D) one-fifth shall be appointed by the  
7 Majority Leader of the Senate; and

8           “(E) one-fifth shall be appointed by the  
9 Minority Leader of the Senate.

10 Such remaining participants shall be selected prior  
11 to May 1, 2001, without regard to political affili-  
12 ation or past partisan activity and shall be rep-  
13 resentative of the diversity of thought in the fields  
14 of employee benefits and retirement income savings.

15           “(4) PRESIDING OFFICERS.—The National  
16 Summit shall be presided over equally by representa-  
17 tives of the executive and legislative branches.

18           “(e) NATIONAL SUMMIT ADMINISTRATION.—

19           “(1) ADMINISTRATION.—In administering this  
20 section, the Secretary shall—

21           “(A) request the cooperation and assist-  
22 ance of such other Federal departments and  
23 agencies and other parties referred to in sub-  
24 section (b) as may be appropriate in the car-  
25 rying out of this section;

1           “(B) furnish all reasonable assistance, in-  
2           cluding financial assistance, to State agencies,  
3           area agencies, and other appropriate organiza-  
4           tions to enable them to organize and conduct  
5           conferences in conjunction with the National  
6           Summit;

7           “(C) make available for public comment a  
8           proposed agenda for the National Summit that  
9           reflects to the greatest extent possible the pur-  
10          poses for the National Summit set out in this  
11          section;

12          “(D) prepare and make available back-  
13          ground materials for the use of participants in  
14          the National Summit that the Secretary con-  
15          siders necessary; and

16          “(E) appoint and fix the pay of such addi-  
17          tional personnel as may be necessary to carry  
18          out the provisions of this section without regard  
19          to provisions of title 5, United States Code,  
20          governing appointments in the competitive serv-  
21          ice, and without regard to chapter 51 and sub-  
22          chapter III of chapter 53 of such title relating  
23          to classification and General Schedule pay  
24          rates.

1           “(2) DUTIES.—The Secretary shall, in carrying  
2 out the responsibilities and functions of the Sec-  
3 retary under this section, and as part of the Na-  
4 tional Summit, ensure that—

5           “(A) the National Summit shall be con-  
6 ducted in a manner that ensures broad partici-  
7 pation of Federal, State, and local agencies and  
8 private organizations, professionals, and others  
9 involved in the area of long-term care and pro-  
10 vides a strong basis for assistance to be pro-  
11 vided under paragraph (1)(B);

12           “(B) the agenda prepared under paragraph  
13 (1)(C) for the National Summit is published in  
14 the Federal Register; and

15           “(C) the personnel appointed under para-  
16 graph (1)(E) shall be fairly balanced in terms  
17 of points of views represented and shall be ap-  
18 pointed without regard to political affiliation or  
19 previous partisan activities.

20           “(f) REPORT.—The Secretary shall prepare a report  
21 describing the activities of the National Summit and shall  
22 submit the report to the President, the Speaker and Mi-  
23 nority Leader of the House of Representatives, the Major-  
24 ity and Minority Leaders of the Senate, and the chief exec-

1 utive officers of the States not later than 90 days after  
2 the date on which the National Summit is adjourned.

3 “(g) DEFINITION.—For purposes of this section, the  
4 term ‘State’ means a State, the District of Columbia, the  
5 Commonwealth of Puerto Rico, the Commonwealth of the  
6 Northern Mariana Islands, Guam, the Virgin Islands,  
7 American Samoa, and any other territory or possession  
8 of the United States.

9 “(h) AUTHORIZATION OF APPROPRIATIONS.—

10 “(1) IN GENERAL.—There is authorized to be  
11 appropriated for fiscal years beginning on or after  
12 October 1, 2000, such sums as are necessary to  
13 carry out this section.

14 “(2) RELIANCE ON PRIVATE CONTRIBUTIONS.—

15 The Secretary may accept private contributions, in  
16 the form of money, supplies, or services, to defray  
17 the costs of the National Summit. The Secretary  
18 shall ensure, to the extent practicable, that at least  
19 one-half of the funds available to the Secretary for  
20 each fiscal year to carry out the provisions of this  
21 section consist of such private contributions.

22 “(i) CONTRACTS.—The Secretary may enter into con-  
23 tracts to carry out the Secretary’s responsibilities under  
24 this section, but only to the extent, or in such amounts,  
25 as are provided in advance in appropriations Acts.”.

1 (b) CONFORMING AMENDMENT.—The table of con-  
 2 tents in section 1 of such Act (as amended by section 3  
 3 of this Act) is amended further by inserting after the item  
 4 relating to section 516 the following new item:

“Sec. 518. National Summit on Long-Term Care and Financing.”.

5 (c) AUTHORIZATIONS OF APPROPRIATIONS FOR FIS-  
 6 CAL YEAR 2001.—Notwithstanding subsection (i) of sec-  
 7 tion 518 of the Employee Retirement Income Security Act  
 8 of 1974 (added by this section), the amount authorized  
 9 to be appropriated for fiscal year 2001 to carry out such  
 10 section is an amount equal to \$1,200,000.

11 **TITLE III—FEDERAL OUTREACH**  
 12 **EFFORTS TO PROMOTE LONG-**  
 13 **TERM CARE**

14 **SEC. 301. OUTREACH BY THE DEPARTMENT OF LABOR.**

15 (a) IN GENERAL.—Part 5 of subtitle B of title I of  
 16 the Employee Retirement Income Security Act of 1974  
 17 (29 U.S.C. 1131 et seq.) is amended by adding at the end  
 18 the following new section:

19 “OUTREACH TO PROMOTE THE FINANCING AND  
 20 PURCHASE OF LONG-TERM CARE PROTECTION

21 “SEC. 519. (a) IN GENERAL.—The Secretary shall  
 22 maintain an ongoing program of outreach to the public  
 23 designed to promote the financing and purchase of long-  
 24 term health care insurance by the American workforce.

1       “(b) METHODS.—The Secretary shall carry out the  
2 requirements of subsection (a) by means which shall en-  
3 sure effective communication to the public, including pub-  
4 lication of public service announcements, public meetings,  
5 creation of educational materials, and establishment of a  
6 site on the Internet.

7       “(c) INFORMATION TO BE AVAILABLE.—The infor-  
8 mation to be made available by the Secretary as part of  
9 the program of outreach required under subsection (a)  
10 shall include the following:

11           “(1) a description of the vehicles currently  
12 available to individuals and employers for purchasing  
13 and maintaining long-term care coverage, specifically  
14 including information explaining to employers, in  
15 simple terms, the characteristics and operation of  
16 the different long-term care insurance vehicles, in-  
17 cluding steps to establish each such vehicle, and

18           “(2) information regarding matters relevant to  
19 purchasing long-term care insurance, such as—

20                   “(A) what constitutes long-term care,

21                   “(B) the forms of long-term care insur-  
22                   ance,

23                   “(C) the shortcomings of long-term care  
24                   provided under the medicaid and medicare pro-

1           grams, particularly ‘spend down’ requirements  
2           and potential loss of independence,

3                   “(D) the importance of preparing for long-  
4           term care needs early in life, and

5                   “(E) the importance of the timing of pur-  
6           chasing long-term care insurance.

7           “(d) ESTABLISHMENT OF SITE ON THE INTERNET.—  
8   The Secretary shall establish a permanent site on the  
9   Internet concerning long-term care. The site shall contain  
10 at least the following information:

11                   “(1) a means for individuals to calculate their  
12           possible long-term care needs, based on their retire-  
13           ment income goal as a percentage of their preretire-  
14           ment income;

15                   “(2) a description in simple terms of the com-  
16           mon types of long-term care, as well as long-term  
17           care insurance arrangements available to both indi-  
18           viduals and employers (specifically including small  
19           employers);

20                   “(3) materials explaining to employers in simple  
21           terms the characteristics and operation of long-term  
22           care insurance arrangements for their workers and  
23           what the basic legal requirements are under this Act  
24           and the Internal Revenue Code of 1986, and related

1 provisions of law, including the steps to establish  
2 each such arrangement;

3 “(4) copies of all educational materials devel-  
4 oped by the Department of Labor, and by other  
5 Federal agencies in consultation with such Depart-  
6 ment, to promote long-term care savings by workers  
7 and employers; and

8 “(5) links to other sites maintained on the  
9 Internet by governmental agencies and nonprofit or-  
10 ganizations that provide additional detail on long-  
11 term care insurance plans and related topics on sav-  
12 ings or investing.

13 “(e) COORDINATION.—The Secretary shall coordinate  
14 the outreach program under this section with similar ef-  
15 forts undertaken by other public and private entities.”.

16 (b) CONFORMING AMENDMENT.—The table of con-  
17 tents in section 1 of such Act is amended by inserting  
18 after the item relating to section 518 the following new  
19 item:

“Sec. 519. Outreach to promote the financing and purchase of long-term care  
protection.”.

20 **SEC. 302. STUDY AND OUTREACH BY THE DEPARTMENT OF**  
21 **HEALTH AND HUMAN SERVICES.**

22 (a) STUDY.—

1           (1) IN GENERAL.—The Secretary of Health and  
2 Human Services shall provide, in accordance with  
3 this section, for a study in order to determine—

4           (A) future demand for long-term health  
5 care services (including institutional and home  
6 and community-based services) in the United  
7 States in order to meet the needs in the 21st  
8 century; and

9           (B) long-term options to finance the provi-  
10 sion of such services.

11          (2) DETAILS.—The study shall include the fol-  
12 lowing:

13           (A) An identification of the relevant demo-  
14 graphic characteristics affecting demand for  
15 long-term health care services, at least through  
16 the year 2050.

17           (B) The viability and capacity of commu-  
18 nity-based and other long-term health care serv-  
19 ices under different Federal programs, includ-  
20 ing through the medicare and medicaid pro-  
21 grams, grants to States, housing services, and  
22 changes in tax policy.

23           (C) How to improve the quality of long-  
24 term health care services.

1           (D) The integration of long-term health  
2           care services for individuals between different  
3           classes of health care providers (such as hos-  
4           pitals, nursing facilities, and home care agen-  
5           cies) and different Federal programs (such as  
6           the medicare and medicaid programs).

7           (E) The possibility of expanding private  
8           sector initiatives, including long-term care in-  
9           surance, to meet the need to finance such serv-  
10          ices.

11          (F) An examination of the effect of enact-  
12          ment of the Health Insurance Portability and  
13          Accountability Act of 1996 on the provision and  
14          financing of long-term health care services, in-  
15          cluding on portability and affordability of pri-  
16          vate long-term care insurance.

17          (G) The financial impact of the provision  
18          of long-term health care services on caregivers  
19          and other family members.

20          (H) The impact of insurance options on  
21          low-income older Americans, and the options for  
22          eligibility to improve access to insurance, or  
23          other non-medicare coverage.

24          (I) The possible redesign of the medicaid  
25          program to separate out the acute and long-

1 term care responsibilities of State and Federal  
2 government, including options that allow a state  
3 to permit an individual to contract with such  
4 state for access to long-term care services in  
5 lieu of spending down assets.

6 (J) The feasibility of developing a dem-  
7 onstration program covering no more than 1  
8 percent of the medicare population that would  
9 allow an individual to supplement medicare cov-  
10 erage by specific inclusion of long-term care in-  
11 surance to cover the gaps in medicare.

12 (K) The feasibility of the medicare pro-  
13 gram supplementing the cost of long-term care  
14 insurance by using the actuarial value of the  
15 skilled nursing and home health benefits.

16 (3) REPORT AND RECOMMENDATIONS.—

17 (A) IN GENERAL.—Not later than 1 year  
18 after the date of the enactment of this Act, the  
19 Secretary shall provide for a report on the  
20 study under this subsection.

21 (B) RECOMMENDATIONS.—The report  
22 shall include recommendations regarding each  
23 of the following:

24 (i) The most effective and efficient  
25 manner that the Federal government may

1 use its resources to educate the public on  
2 planning for needs for long-term health  
3 care services.

4 (ii) The public, private, and joint pub-  
5 lic-private strategies for meeting identified  
6 needs for long-term health care services.

7 (iii) The role of states in the financing  
8 of long-term health care services.

9 (C) INCLUSION OF COST ESTIMATES.—The  
10 report shall include cost estimates of the var-  
11 ious options for which recommendations are  
12 made.

13 (4) CONDUCT OF STUDY.—

14 (A) USE OF OUTSIDE EXPERTS.—The Sec-  
15 retary of Health and Human Services shall seek  
16 to enter into an appropriate arrangement with  
17 any qualified non-governmental entity.

18 (B) CONSULTATION.—The study should be  
19 conducted in consultation with experts from a  
20 wide-range of groups from the public and pri-  
21 vate sectors.

22 (b) ADDITIONAL OUTREACH TO SENIORS.—

23 (1) STATE COUNSELING PROGRAMS.—There are  
24 authorized to be appropriated \$5,000,000 annually  
25 to supplement senior health insurance counselling

1 programs in states to provide information on long  
2 term care issues related to medicare and medicaid,  
3 insurance, and other related matters. Such funding  
4 shall be distributed in the same manner as funds au-  
5 thorized and appropriated pursuant to the Omnibus  
6 Budget and Reconciliation Act of 1990.

7 (2) INFORMATION OUTREACH.—The Secretary  
8 of Health and Human Services shall create within  
9 the Administration on Aging and Health Care Fi-  
10 nancing Administration standing components dedi-  
11 cated to information outreach on long-term care  
12 issues.

13 (3) ESTABLISHMENT OF SITE ON THE INTER-  
14 NET.—The Secretary of Health and Human Services  
15 shall establish a permanent site on the Internet con-  
16 cerning long-term care. The site shall contain at  
17 least the following information:

18 (1) a means for individuals to calculate their  
19 possible long-term care needs and public and private  
20 coverage options;

21 (2) a description in simple terms of the com-  
22 mon types of long-term care, as well as long-term  
23 care insurance arrangements available, including a  
24 comparison database of all insurance companies ac-  
25 tively marketing products; and

1           (3) access to educational materials developed by  
2           other Federal agencies, including links to other sites  
3           maintained on the Internet by governmental agen-  
4           cies and nonprofit organizations that provide addi-  
5           tional detail on long-term care, caregiving, Federal  
6           programs, and insurance.

7   **SEC. 303. STUDY BY THE DEPARTMENT OF HOUSING AND**  
8                           **URBAN DEVELOPMENT.**

9           (a) IN GENERAL.—The Secretary of Housing and  
10          Urban Development shall, in consultation with the Sec-  
11          retary of Health and Human Services, conduct a study  
12          to identify and develop methods to better use the housing  
13          stock in the United States to more effectively address the  
14          housing component of the future long-term care needs of  
15          the people of the United States, by—

16                 (1) developing pilot programs to use home eq-  
17                 uity and reverse mortgage options so that individual  
18                 homeowners may build, retain, and use equity in  
19                 their homes—

20                         (A) to pay for long-term care services so  
21                         that homeowners can age in place; and

22                         (B) to enter into assisted living, continuing  
23                         care retirement communities, or other housing  
24                         options for seniors; and

1           (2) in consultation with the homeowners' insur-  
2           ance industry and other interested parties, deter-  
3           mining the feasibility of homeowner insurance op-  
4           tions that assist homeowners in retrofitting their  
5           homes to better accommodate aging and disability  
6           needs.

7           (b) REPORT.—Not later than 1 year after the date  
8           of the enactment of this Act, the Secretary of Housing  
9           and Urban Development shall submit a report to the Con-  
10          gress on the results of the study under this section. The  
11          report shall include recommendations for improving the  
12          use of housing to address the long-term care needs of the  
13          people of the United States.

14   **SEC. 304. OUTREACH BY THE SOCIAL SECURITY ADMINIS-**  
15                                   **TRATION.**

16          (a) INFORMATION RELATING TO MEDICARE, MED-  
17          ICAID, AND LONG-TERM CARE TO BE INCLUDED IN SO-  
18          CIAL SECURITY ACCOUNT STATEMENTS.—

19               (1) IN GENERAL.—Section 1143 of the Social  
20          Security Act (42 U.S.C. 1320b–13) is amended by  
21          adding at the end the following new subsection:

22                       “Notices for Individuals Attaining Age 50

23                       “(d)(1) Statements provided under this section to in-  
24          dividuals in the year following the year in which they at-

1 tain age 50 shall include, in addition to information other-  
2 wise required under this section—

3 “(A) a description of the benefits available  
4 under title XVIII as hospital insurance benefits for  
5 the aged and disabled and supplementary medical  
6 insurance benefits for the aged and disabled,

7 “(B) a description of the benefits available  
8 under State plans for medical assistance under title  
9 XIX, and

10 “(C) information regarding the necessity for,  
11 and assistance with respect to, planning and prepa-  
12 ration prior to retirement for long-term care after  
13 retirement.

14 “(2) Information included in statements pursuant to  
15 paragraph (1) shall be prepared in consultation with the  
16 Secretary of Health and Human Services.”.

17 (2) EFFECTIVE DATE.—The amendment made  
18 by paragraph (1) shall apply with respect to state-  
19 ments issued after December 31, 2001. All state-  
20 ments provided under section 1143 of the Social Se-  
21 curity Act in 2002 to individuals who attained age  
22 50 prior to 2001 shall include the information de-  
23 scribed in section 1143(d)(1) of such Act.

24 (b) STUDY REGARDING LONG-TERM CARE.—

1           (1) STUDY.—As soon as practicable after the  
2           date of the enactment of this Act, the Commissioner  
3           of Social Security shall, in consultation with the Sec-  
4           retary of Health and Human Services, conduct a  
5           study regarding—

6                   (A) the most feasible means by which a  
7                   small portion of the wages paid to, and self-em-  
8                   ployment income derived by, individuals during  
9                   their working life could be directed toward the  
10                  purchase of long-term care insurance as a  
11                  means of necessary asset protection for pur-  
12                  poses of retirement,

13                  (B) the savings obtainable in providing for  
14                  the financing of long-term care in the form of  
15                  regular payments made over the term of a full  
16                  work life, and

17                  (C) the feasibility of providing for sup-  
18                  plementation by long-term care insurance of  
19                  benefits received as social security disability in-  
20                  surance benefits prior to attaining retirement  
21                  age.

22           (2) REPORT.—Not later than one year after the date  
23           of the enactment of this Act, the Commissioner shall sub-  
24           mit to the President and to each House of the Congress

- 1 a report, together with any recommendations, regarding
- 2 the results of the study under paragraph (1).

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