

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 862

To require the Secretary of Health and Human Services to submit to the Congress a proposal for the regulation of long-term care insurance policies, including an analysis and evaluation of such policies as are available to individuals, and to amend the Internal Revenue Code of 1986 to allow tax-free distributions from individual retirement accounts for the purchase of long-term care insurance coverage by individuals who have attained age 59½.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 1993

Mr. ROWLAND introduced the following bill; which was referred jointly to the Committees on Ways and Means and Energy and Commerce

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## A BILL

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Long-Term Care In-  
3 surance for the Elderly Act of 1993”.

4 **SEC. 2. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RE-**  
5 **TIREMENT ACCOUNTS FOR THE PURCHASE**  
6 **OF LONG-TERM CARE INSURANCE COVERAGE**  
7 **BY INDIVIDUALS WHO HAVE ATTAINED AGE**  
8 **59½.**

9 Subsection (d) of section 408 of the Internal Revenue  
10 Code of 1986 (relating to tax treatment of distributions  
11 from individual retirement accounts) is amended by add-  
12 ing at the end the following new paragraph:

13 “(8) DISTRIBUTIONS TO PURCHASE LONG-TERM  
14 CARE INSURANCE.—

15 “(A) IN GENERAL.—Paragraph (1) shall  
16 not apply to the applicable percentage of any  
17 amount paid or distributed out of an individual  
18 retirement account or individual retirement an-  
19 nuity to the individual for whose benefit the ac-  
20 count or annuity is maintained if—

21 “(i) the individual has attained age  
22 59½ by the date of the payment or dis-  
23 tribution, and

24 “(ii) the entire amount received (in-  
25 cluding money and any other property) is  
26 used within 90 days to purchase long-term

1 care insurance for the benefit of the indi-  
2 vidual or the spouse of the individual (if  
3 the spouse has attained age 59½ by the  
4 date of the payment or distribution).

5 “(B) APPLICABLE PERCENTAGE.—For  
6 purposes of subparagraph (A), the term ‘appli-  
7 cable percentage’ means in the case of a tax-  
8 payer whose adjusted gross income for the tax-  
9 able year is—

10 “(i) not greater than the minimum  
11 amount, 100 percent,

12 “(ii) greater than the minimum  
13 amount but not greater than the maximum  
14 amount, a percentage equal to—

15 “(I) the difference between the  
16 maximum amount and such adjusted  
17 gross income, divided by

18 “(II) the difference between the  
19 maximum amount and the minimum  
20 amount, or

21 “(iii) greater than the maximum  
22 amount, zero percent.

23 “(C) DEFINITIONS.—For purposes of sub-  
24 paragraph (A)—

1           “(i) LONG-TERM CARE INSURANCE.—

2           The term ‘long-term care insurance’ means  
3           an insurance policy which at a minimum,  
4           provides reimbursement for expenses in-  
5           curred by, and services provided to, the  
6           beneficiary for catastrophic and long-term  
7           care at a nursing facility within the mean-  
8           ing of section 1919(a) of the Social Secu-  
9           rity Act (42 U.S.C. 1396r(a)) and at the  
10          home of the beneficiary in the case of serv-  
11          ices of a homemaker/home health aide, per-  
12          sonal care services, and nursing care pro-  
13          vided by a licensed professional nurse.

14          “(ii) MINIMUM AMOUNT.—The term  
15          ‘minimum amount’ means, with respect to  
16          any taxable year, \$45,000 increased by an  
17          amount which is equal to \$45,000 multi-  
18          plied by the cost-of-living adjustment (as  
19          defined in section 1(f)(3)) for the calendar  
20          year in which the taxable year begins.

21          “(iii) MAXIMUM AMOUNT.—The term  
22          ‘maximum amount’ means, with respect to  
23          any taxable year, \$100,000 increased by  
24          an amount which is equal to \$100,000  
25          multiplied by the cost-of-living adjustment

1 (as defined in section 1(f)(3)) for the cal-  
2 endar year in which the taxable year be-  
3 gins.

4 “(iv) ROUNDING.—If any amount de-  
5 termined under clause (ii) or (iii) is not a  
6 multiple of \$10, the amount shall be  
7 rounded to the nearest multiple of \$10 (or  
8 if the amount is a multiple of \$5 and not  
9 a multiple of \$10, the amount shall be in-  
10 creased to the next multiple of \$10).”

11 **SEC. 3. REPORT TO CONGRESS ON MINIMUM STANDARDS**  
12 **FOR LONG-TERM CARE INSURANCE POLI-**  
13 **CIES.**

14 (a) IN GENERAL.—Within 1 year after the date of  
15 the enactment of this Act, the Secretary of Health and  
16 Human Services shall issue a report to the Congress after  
17 consultation with representatives of the following:

- 18 (1) Consumer groups.
- 19 (2) Insurance companies.
- 20 (3) Long-term care facilities.
- 21 (4) Hospitals.
- 22 (5) Home health care agencies.
- 23 (6) State commissioners of insurance.

24 (b) CONTENTS OF REPORT.—The report required in  
25 subsection (a)—

1           (1) shall propose a regulatory program which  
2 provides for the application of minimum standards  
3 and requirements with respect to long-term care in-  
4 surance policies, and

5           (2) should analyze and evaluate—

6           (A) the various catastrophic and long-term  
7 care insurance policies available to individuals,  
8 and

9           (B) any other areas of examination deter-  
10 mined to be appropriate by the Secretary of  
11 Health and Human Services.

12 **SEC. 4. EFFECTIVE DATE.**

13       The amendment made by section 2 shall apply to  
14 amounts paid or distributed after the 1st day of the 1st  
15 calendar year which begins after the date of the enactment  
16 of this Act.

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