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LB 965

be a person that turns 62 years of age or older within the tax year that is paying long-term care insurance premiums. Long-term care insurance premiums would be defined with reference to the Long-Term Care Insurance Act which is already on our books and is a policy that covers the individual or his or her spouse. Tax-free withdrawals from the account would be for either long-term care costs, which was in LB 965, or insurance premiums, which was in a second bill but it's the idea that we're putting into LB 965, so long as the person is a qualified individual, meaning handicapped, over 65, or over 62 for the purposes of paying for insurance premiums. All other withdrawals would be taxable income and subject to a 10 percent penalty and was provided under the original version of the act. So you get to use this mechanism for other than the paying of direct services. You can use it to pay long-term insurance premiums under two limitations. One, you've got to be 62 years and older. And secondly, the maximum amount of premiums that you can receive this tax benefit for would be \$2,000. That won't be the price of long-term healthcare insurance. I'm 57, my long-term healthcare insurance...long-term insurance, rather, is \$3,300 a year. So if you move somebody who would be 65 years of age, the price of that insurance will be higher than that. I think we'd be looking at half or somewhat less than half of the premium amount would have this benefit. We do not know how much this amendment costs. The underlying bill costs between \$700,000 and \$800,000. If I had to give a rough justice guess based on what we learned in the A bill that accompanied the other...or the fiscal note that accompanied the other bill, I'm guessing that with this amendment we're adding about again as much as is in the bill now. We're probably looking at a bill that moves from \$800,000 a year to \$1.6 or perhaps \$2 million a year at the outside, I would guess. It would be a significant public policy gain if we can create an effective incentive mechanism for people to buy long-term care insurance. Those who serve on the Appropriations Committee, Senator Heidemann and others, will tell you, Medicaid is eating the state budget from the inside out. It's like one of those aliens that comes out of the stomach. And that's what Medicaid is. We've swallowed it into our state budget and it's eating its way out. One of the few ways of controlling that is to move this expensive kind of procedure into a privately funded procedure in which we are not