



November 20, 2019

The Honorable Patrick Toomey  
Chairman, Senate Finance Subcommittee on Health  
219 Senate Dirksen Office Building  
Washington, D.C. 20510

Dear Chairman Toomey:

On behalf of the American Seniors Housing Association (ASHA), I write to express our support for your discussion draft legislation to expand the use of retirement plan funds to obtain long-term care insurance.

ASHA is a national organization of over 550 member companies involved in the operation, development, investment and financing of the entire spectrum of seniors housing – independent living, assisted living, memory care and Continuing Care Retirement Communities (CCRCs). Our member's communities serve a wide range of seniors, from those who require very little assistance with activities of daily living (ADL) to those with significant needs associated with Alzheimer's and related dementia. ASHA and its members are committed to promoting quality, innovation, and long-term investment in housing and care that will enable seniors to receive the highest quality services and to age with dignity in the setting of their choice.

This draft bill is important for many reasons, but at its core it helps people prepare for what the country's aging demographics suggest will be a necessary financial expense in our later years, long term care services and supports. Data indicates that a person who lives to be 65 will have a 70% chance of needing long term care and this need will increase with age. These projections are especially concerning for those seniors who are unprepared financially. Nearly 4 in 10 mistakenly expect to rely on Medicare to pay for their long-term care needs and 1 in 3 have done little to no planning for their own care needs.

Research by the Insured Retirement Institute (IRI) confirms this data. According to the study, 24% of baby boomers have no retirement savings – the lowest level since the study started in 2011. Only 55% of them have some retirement savings and, of those, 42% have less than \$100,000. Thus, approximately half of retirees are, or will be, living off their Social Security benefits.

And the costs of care are not insignificant. According to the 2019 Genworth Costs of Care Survey, the average annual cost of assisted living is approximately \$48,000, skilled nursing costs range from \$90,000 for a semi-private room to \$102,000 for private room, and home health care costs come in at around

\$53,000. We also know that Alzheimer's is now the most expensive disease in the U.S. In 2019, it will cost \$290 billion dollars, including \$195 billion in Medicare and Medicaid payments. Our members care for these residents and are well acquainted with the emotional and financial challenges they and their families face. Paying for long term care is limited to private savings, Medicaid for the low income, hybrid life insurance policies and long-term care insurance, which has been diminished as a viable option in recent years.

Therefore, it is important that all efforts to encourage or incentivize savings for retirement and long-term care expenses be given serious consideration by Congress. Preserving the 7.5% income threshold for purposes of the medical expense deduction is another important way to offset the significant costs of healthcare and supportive services that benefits the 5 million frail seniors who use this deduction. This tax treatment should be made permanent. Preserving the medical expense deduction and increasing utilization of LTCI coverage are important components of a sound retirement plan and therefore must be a part of any solution.

Thank you for your leadership on this issue. If we can be of further assistance, please don't hesitate to reach out to me or Jeanne McGlynn Delgado, VP, Government Relations, at 202-885-5561 or [Jeanne@seniorshousing.org](mailto:Jeanne@seniorshousing.org). We look forward to working with you on these important issues.

Sincerely,

A handwritten signature in black ink that reads "David Schless". The signature is written in a cursive, flowing style.

David Schless  
President