

Testimony in support of H. 166 to Senate Finance (Rep. Kate Lalley, Shelburne-6)

GOAL/PURPOSE

The bill seeks to re-align the Vermont tax treatment for medical deductions with the Federal tax treatment by eliminating the limit on deducting medical expenses made to Continuing Care Retirement Communities (CCRCs).

CCRCs - A HEALTHCARE OPTION FOR MIDDLE EARNER VERMONT SENIORS

- CCRCs provide housing and access to a spectrum of PRE-PAID medical care in the same community.
- These fees at CCRCs are the mechanism to prepay medical expenses and provide the funding so residents will be taken care of even if their funds are exhausted.
- Fees that DO NOT change with level of care, distinguish this type of care from other senior congregate care types.
- **The annually calculated medical portion of the fees that are deducted for Federal purposes were an allowable deduction in Vermont until 2018. We are asking for this to be reinstated.**

BENEFITS TO VERMONT

- **CCRCs can help provide more housing for Vermont.**
 - The lack of suitable 'step down' housing options for middle income seniors keeps many stuck in homes that no longer meet their needs. This has been identified as contributing factor in our housing supply problem.
 - Demand for senior housing is high and growing; over 1300 are on waiting lists (2-5 years) for affordable Cathedral Square senior housing. CCRCs are part of the solution for housing middle income seniors.
- **More housing alternatives for seniors frees up existing houses for young families.**
 - Most people finance lifecare at Wake Robin by selling a family home (25 units a year typically turn over).
 - Champlain Housing Trust estimates that 25% of the 1300 senior *on their 2-5 year waiting list* own their own homes. Given that many seniors live alone that's 325 homes potentially available, but stuck in the pipeline. CCRCs can help Vermont increase housing options for seniors.
 - CCRCs in walkable downtowns leverage investments in infrastructure and public transportation dollars, provide centrally located jobs and services, and focus density where it makes sense. This helps to discourage housing as sprawl and/or development on hillsides.
 - CCRCs offer another way for middle income Vermonters to age in place with dignity, live a lower emissions lifestyle, and remain in their communities.
- **CCRCs reduce hospital stays and the cost of providing care to seniors.**
 - Having a supportive setting to convalesce after hospital stays frees up scarce hospital beds and helps seniors remain healthy longer.
 - Seniors living on fixed incomes worry about unexpected future costs and taxes increase.
 - CCRCs ensure that someone will be cared for even if their funds are exhausted.

- “Pay-as-you-go” Assisted Living or paying out of pocket for home health care services can result in people outliving their money. This forces them to rely on family to cover the difference or add to already burdened Medicaid rolls.
- **CCRCs link state planning, public health, and environmental goals, including housing density in our centers and avoiding development on working and forested lands, workforce development, and the growing imperative to provide for Vermont’ seniors.**
 - CCRCs are employment anchors that provide well-paid jobs in healthcare and related services.
 - CCRCs in centrally located but underperforming downtowns puts these valuable settings to more productive use, leveraging investments in essential infrastructure and public transit.
 - CCRCs provide economies of scale that enhance our capabilities to provide healthcare to residents in the broader community, and to have services like daycare centers.
 - Along with other forms of age-friendly housing CCRCs help a community attract investment and revitalize. They can help set the stage to build new housing in walkable neighborhoods.
- **The CCRC model touches on many important state policy priorities in ways that could generate new streams of revenues and bring prosperity to more places in Vermont.**
 - Promoting ‘age friendly’ forms of housing in walkable downtowns expands the local tax base, promotes attractive and accessible public spaces that attract new investment while showcasing Vermont’s high quality of life.
 - CCRCs can provide stable, affordable and effective care to middle income Vermont seniors, a subset of our growing population of seniors. This helps older Vermonters live better and remain healthier longer.
 - The CCRC model of senior living could encourage higher rates of retirement saving among younger Vermonters.
- **Tax revenue from removing the medical deduction for CCRCs was estimated at 250K annually by JFO (in 2019). Encouraging more CCRCs in Vermont could provide new revenue that offsets or might exceed the lost tax revenue from reinstating the deduction.**

