810-3-15-.26 Qualified Long-Term Care Coverage.

(1) Effective for taxable years beginning after December 31, 1997, the amount of premiums paid for qualified long-term care insurance coverage is deductible as an itemized deduction.

(2) For tax years beginning on or after January 1, 1995, and ending December 31, 1997, individual taxpayers may include as an adjustment to income the amount paid for premiums for qualifying long-term care coverage pursuant to Section 40-18-15.

(3) "Qualified long-term care services" shall include any care for necessary diagnostic, preventive, therapeutic, and rehabilitative services and maintenance or personal care services which are required by a chronically ill individual in a qualified facility or services which are pursuant to a plan of care prescribed by a licensed health care practitioner.

(4) Premiums paid for long-term care insurance contracts are deductible if the contract meets the following requirements:

(a) Offers coverage only for qualified long-term care services and benefits incidental to the coverage.

(b) Guaranteed renewal.

(c) No cash surrender value.

(d) All refunds of premiums and all policyholder dividends or similar amounts under the contract are to be applied as a reduction in future premiums or to increase future benefits, except for a refund of premiums on surrender or cancellation of the policy.

(5) A long-term care insurance contract shall be treated as an accident or health insurance contract. The amount of coverage under the long-term care insurance contract shall be equal to or greater than Medicaid coverage for a period of at least three years.

(6) An insurance contract shall not fail to be treated as a long-term care contract by reason of the payments being made on a per diem or other periodic basis without regard to the expenses incurred during the period to which the payments relate.

(7) A long-term care insurance contract may cover Medicare reimbursable expenses where Medicare is a secondary payor.

(8) In the case of long-term care insurance coverage provided by a rider on a life insurance contract, this regulation shall apply as if the portion of the contract providing long-term care coverage was a separate contract.

(9) The deduction is available only to the person or entity who pays the premiums.

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