

State Tax Incentives for Long Term Care Insurance Premiums

State	Credit/Deduction/ No Incentive	Summary
Alabama	Deduction	Allows an itemized deduction for premiums paid for qualified long term care coverage under a policy that meets the requirements in Alabama. Qualified long term care insurance (LTCI) premiums are not included in medical expenses.
Alaska	No incentive	
Arizona	Deduction	Allows for an itemized medical expense deduction for premiums paid for qualified long term care coverage which are reduced by medical expenses allowed to be taken as a federal itemized deduction.
Arkansas	Deduction	Allows for itemized medical expense deduction to the extent allowed for federal income tax purposes.
California	Deduction	Allows for itemized medical expense deduction to the extent allowed for federal income tax purposes.
Colorado	Credit	Allows for a state income tax credit equal to the lesser of 25% of premiums paid or \$150 per policy. The credit is available only to individual taxpayers with federal taxable income less than \$50,000 (or 2 individuals filing jointly and claiming credit for one policy) and individuals filing jointly with \$100,000 and claiming a credit for two policies. Unused credit may not be carried forward or refunded.
Connecticut	No incentive	
Delaware	Deduction	Allows for itemized medical expense deduction to the extent allowed for federal income tax purposes.
District of Columbia	Deduction	An individual may deduct from gross income the amount the individual pays annually in premiums for LTCI, as defined in § 313601(5); provided the deduction shall not exceed \$500 per year per individual, whether the individual files individually or jointly.
Georgia	Deduction	Allows for itemized medical expense deduction to the extent allowed for federal income tax purposes.
Hawaii	Deduction	Allows for itemized medical expense deduction to the extent allowed for federal income tax purposes.
Idaho	Deduction	Allows for the individual taxpayer to deduct the full amount of premiums paid, to the extent the premiums have not otherwise been deducted or accounted for by the taxpayer for Idaho income tax purposes, for the taxpayer, a dependent, or an employee.
Illinois	No incentive	The LTCI premium deduction expired at the end of 2004.
Indiana	Deduction	Allows for a deduction of eligible premium for an individual taxpayer or spouse, or both for Indiana Partnership policies only. For self-employed individuals, the deduction is reduced to the extent the deduction is taken on the federal return.
Iowa	Deduction	Allows for itemized medical and dental expense deduction to the extent allowed for federal income tax purposes
Kansas	Deduction	Allows for a deduction from federal adjusted gross income for premiums paid up to \$600 for 2006 (\$1,200 for married filing jointly). The deduction is increased by \$100 each year to a maximum of \$1,000.
Kentucky	Deduction	Allows for a deduction from federal adjusted gross income any amount paid for LTCI premiums as defined by Kentucky code.
Louisiana	No incentive	
Maine	Deduction/credit	Allows an individual taxpayer to take a state income tax deduction equal to total premiums paid less any amount claimed as a deduction for federal income tax purposes. Allows employers providing benefits to employees a credit for the lesser of 1) \$5,000; 2) 20% of costs incurred for this benefit; or 3) \$100 for each covered employee.
Maryland	Credit	Allows an individual taxpayer to take a credit for 100% of eligible premiums paid for self, spouse, parents or children, up to a \$500 per person cap. Allows employers providing benefits to employees a credit for the lesser of 1) \$5,000; 2) 5% of costs incurred for this benefit; or 3) \$100 for each covered employee. Applies to situated employer groups only.
Massachusetts	Deduction	Allows for medical expense deduction to the extent allowed for federal income tax purposes.
Michigan	No incentive	
Minnesota	Credit/deduction	Allows for a tax credit for premiums paid equal to the lesser of 1) 25% of premiums paid to the extent not deducted in determining federal taxable income; or 2) \$100 (\$200 per year if married filing jointly). A deduction is also allowed to the extent premiums are not used to claim credit.
Mississippi	Deduction	Allows for itemized medical expense deduction to the extent allowed for federal income tax purposes.
Missouri	Deduction	Allows for a state tax deduction equal to 50% of unreimbursed premiums paid to the extent not included in individual itemized deductions.

State	Credit/Deduction/ No Incentive	Summary
Montana	Deduction/credit	Allows for a deduction for all premiums paid by the taxpayer, except premiums that are deducted in determining Montana adjusted gross income or for which a credit is allowed under Montana law, for policies or certificates that provide coverage for taxpayer, spouse, parents or grandparents. Allows for a limited credit for expense of caring for elderly family members (including premiums for LTCI). Credit is determined based on the taxpayer's adjusted gross income and cannot exceed \$5,000 per qualifying family member in a taxable year (\$10,000 for two or more family members).
Nebraska	Deduction	Allows for itemized medical expense deduction to the extent allowed for federal income tax purposes.
Nevada	No incentive	
New Hampshire	No incentive	
New Jersey	Deduction	Allows for deduction for unreimbursed medical expenses only to the extent such expenses exceed 2% of New Jersey gross income.
New Mexico	Deduction/credit	Allows for deduction as part of unreimbursed or uncompensated medical care expenses. Total medical expense deduction is limited based on income level. Allows individual taxpayers 65 and older and not dependent to claim a credit of \$2,800 for medical care expenses (including LTCI premiums) paid for the taxpayer, spouse or dependents if expenses equal \$28,000 or more within a taxable year and if expenses are not reimbursed or compensated.
New York	Credit	Allows a tax credit equal to 20% of premium paid during the taxable year.
North Carolina	Credit	Allows for itemized medical expense deduction to the extent allowed for federal income tax purposes.
North Dakota	Credit	Allows a tax credit equal to 25% of premium paid during the taxable year for taxpayer, spouse, parent or stepparent, not to exceed \$100 per each insured individual.
Ohio	Deduction	Allows for a deduction for unreimbursed premiums paid for individual taxpayer, spouse and dependents to the extent not allowed in computing federal or Ohio adjusted gross income.
Oklahoma	Deduction	Allows for itemized medical expense deduction to the extent allowed for federal income tax purposes.
Oregon	Credit	Allows a tax credit equal to the lesser of 15% of premium paid during the taxable year or \$500 if the policy also covers dependents or parents. Taxpayers must add premiums to Oregon income to the extent they were deducted on their federal return. Allows employers a credit for Oregon-based employees equal to the lesser of 15% of the total amount of LTCI premiums paid or incurred during the tax year, or \$500 multiplied by the number of employees covered. Unused credits may not be carried over.
Pennsylvania	No incentive	
Rhode Island	Deduction	Allows for itemized medical expense deduction to the extent allowed for federal income tax purposes.
South Carolina	Deduction	Allows for itemized medical expense deduction to the extent allowed for federal income tax purposes.
South Dakota	No incentive	
Tennessee	No incentive	
Texas	No incentive	
Utah	Deduction	Allows for a deduction of all premiums for all resident and nonresident taxpayers to the extent the amount was not deducted in determining federal taxable income.
Vermont	Deduction	Allows for itemized medical expense deduction to the extent allowed for federal income tax purposes.
Virginia	Credit/deduction	Allows for a credit equal to 15% of premiums paid by the individual not to exceed over the life of any policy 15% of the amount of premiums paid for the first 12 months of coverage. If credit exceeds individual income tax liability for the tax year, excess can be carried over for credit for the next 5 years or until credit is used. Allows for a deduction, from federal adjusted gross income in calculating Virginia taxable income, for premiums not claimed on federal tax return or a credit for the premiums.
Washington	No incentive	
West Virginia	Deduction	Allows for a deduction, from federal adjusted gross income in calculating West Virginia taxable income, for premiums paid for taxpayer, spouse, parent, or dependent, only to the extent the amount is not allowable as a deduction when arriving at the taxpayer's federal adjusted gross income.
Wisconsin	Deduction	Allows for a subtraction from federal adjusted gross income a portion of the amount of premiums paid for taxpayer and spouse when computing Wisconsin taxable income.
Wyoming	No incentive	

The information provided in this chart is general and informational only. The information is not tax advice and does not guarantee that state benefits will be available. One should consult his/her tax advisor to determine if state tax benefits are available in his/her situation. This chart represents state law as it existed when this chart was created and may not reflect recent changes in state law.