



Senior Medical Expense Deduction

Looking at new sources of support for long-term care

The Problem: Oregon's long-term care system remains severely threatened. Long-term care in Oregon serves those who are most vulnerable and the need for services continues to increase. Our long-term care caseload shows seniors who are at low-income levels and significant levels of impairment. As Oregon faces a revenue shortfall and increased need, there are new proposals to find sources of funding to support services for seniors.

New Approaches: Oregon has provided a medical expense deduction to older Oregonians over the age of 62 since 1991. This deduction allows Oregon seniors to deduct their medical expenses up to 7.5% of their Annual Gross Income. Combined with the federal provision that allows medical expenses to be deducted in excess of 7.5% of annual gross income, these provisions allow the taxpayer over the age of 62 to fully deduct their medical expenses if they itemize their deductions.

This deduction is currently not limited to low or moderate-income individuals. During this legislative session, the deduction is being reviewed with proposals to phase it out for households at the highest income levels in order to realize savings that could be **redirected to services in long-term care for seniors and people with disabilities**. In this current climate of insufficient revenue to provide the necessary services to our vulnerable populations, revising this deduction could be a sound policy and budget decision. Lowering eligibility at the highest incomes for the medical expense deduction would still allow taxpayers to benefit from the Federal deduction.

Why This is Important Now: Narrowing the senior medical expense deduction can be an important strategy as we work together to preserve long-term care services and supports in Oregon. We should explore using these tax savings to move our system in the policy direction that values and prioritizes independence while avoiding higher long term care costs for state budgets.

- Revising the use of this deduction would keep the benefit available to low-income seniors who need help with their medical expenses and not erase the deduction completely.
- There could be well thought out proposals to revise the deduction to limit use at the highest income levels and redirect the dollars saved to preserving necessary programs in long-term care.
- Capturing the savings from revising this medical deduction could direct these resources to stabilize services and supports for Oregon's seniors and people with disabilities – including Oregon Project Independence which is in danger of being eliminated.

Now is the time to look at reforming our revenue system and work together to help our most vulnerable, preserve jobs and strengthen Oregon's system of home and community based care.

Oregon's seniors and people with disabilities need to work together with our Legislative leaders to find solutions to protect independence, dignity and the ability to stay in our homes and communities for as long as possible.

Now is the time to work together to find smart solutions to deal with tough times.

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