December 8, 2017

Dear House and Senate Conferees:

We, the undersigned organizations, write to express our support for the medical expense deduction provision included in the Senate-passed “Tax Cuts and Jobs Act of 2017” and urge its inclusion in the final version of the bill. We believe that every effort should be made to maintain the medical expense deduction and to keep the threshold for the deduction as low as possible to help protect people with high medical costs.

The Senate legislation delays the tax increase from 7.5 percent to 10 percent of the income threshold after which medical expenses can be deducted on itemized returns. We support this delay as a needed, immediate step in the right direction to permanently restore the tax threshold for all Americans with high out-of-pocket medical costs.

For the approximately 8.8 million Americans who annually take this deduction, it provides important tax relief which helps offset the costs of acute and chronic medical conditions for older Americans, children, pregnant women, individuals with disabilities, and other adults as well as the costs associated with long term care and assisted living. Medical expenses that qualify for this deduction can include amounts paid for prevention, diagnosis, treatment, equipment, qualified long-term care services costs as well as long term care insurance premiums. Low and middle-income families and individuals with significant disabilities face a constant stream of deductibles and high co-pays, and also pay out-of-pocket for various services and devices that enable the individual to live a productive life in the community.

In addition, the medical expense deduction— with a threshold based on a percentage of income— is truly middle class tax relief. According to 2014 estimated IRS data:

- 6.3 million (69%) of those claiming the deduction reported income of $75,000 or less;
- 4.5 million (49%) of those claiming it reported income of $50,000 or less;
- 55% of all households claiming the deduction (almost 5 million taxpayers) had at least one member of the household age 65 or older; and
- At least 18% of all returns claiming the deduction had at least one member of the household who was age 50-64.

Even with Medicare, beneficiaries spend a large portion of their income on out-of-pocket expenses. The average Medicare beneficiary spends about $5,680 out-of-pocket on medical care. Furthermore, older Americans often face high costs for long-term services and support, which are generally not covered by Medicare, as well as hospitalizations and prescription drugs. Tax relief in this area can provide needed resources, especially important to middle income seniors with high medical costs.

We once again thank Senators Collins, Portman and Brown for their work to protect this important tax deduction and encourage Conferees to retain the Senate-passed language in the
final bill. If you have questions or need additional information you can reach out to Brendan Rose at 202-434-3922 or brose@aarp.org.

Sincerely,

AARP
ACCSES
Alliance for Aging Research
ALS Association
Alzheimer's Association
Alzheimer's Impact Movement
American Association on Health and Disability
American Health Care Association
American Psychological Association
American Seniors Housing Association
Argentum
Autistic Self Advocacy Network
Autism Speaks
Cancer Support Community
Christopher and Dana Reeve Foundation
Critical Mass: The Young Adult Cancer Alliance
Cystic Fibrosis Foundation
Disability Rights Education and Defense Fund
Disability Rights Legal Center
FORCE: Facing Our Risk of Cancer Empowered
Healthywomen
Lakeshore Foundation
LeadingAge
Lupus Foundation of America
Lymphoma Research Foundation
March of Dimes
Medicare Rights Center
The Michael J. Fox Foundation for Parkinson’s Research
National Adult Day Services Association
National Alliance on Mental Illness
National Association of Nutrition and Aging Services Programs (NANASP)
National Association of ACOs
National Center for Assisted Living
National Coalition for Cancer Survivorship
National Committee to Preserve Social Security and Medicare (NCPSSM)
National Council for Behavioral Health
National Council on Aging
National Multiple Sclerosis Society
National Organization for Rare Disorders (NORD)
National Patient Advocate Foundation
National Respite Coalition
Oral Health America (OHA)
Paralyzed Veterans of America
Pioneer Network
Susan G. Komen
Triage Cancer
United Spinal Association
Well Spouse Association
ZERO - The End of Prostate Cancer