2003 ANNUAL REPORT OF

THE JOINT COMMISSION ON HEALTH CARE

TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA

REPORT DOCUMENT NO. 6

COMMONWEALTH OF VIRGINIA
RICHMOND
2004

COMMONWEALTH of VIRGINIA

Joint Commission on Health Care

Delegate Harvey B. Morgan
Chairman

Kim Snead
Executive Director

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June 16, 2004

TO: The Honorable Mark R. Warner, Governor of Virginia
and Members of the General Assembly

Pursuant to the provisions of the *Code of Virginia* (Title 30, Chapter 18, §§30-168 through 30-170) establishing the Joint Commission on Health Care and setting forth its purpose, I have the honor of submitting herewith the Annual Report for the calendar year ending December 31, 2003.

This 2003 Annual Report includes a summary of the Joint Commission's 2003 activities and legislative recommendations to the 2004 Session of the General Assembly. Copies of the legislation sponsored by the Joint Commission during the 2004 Session are included.

Final reports of the studies conducted were published or made available on the General Assembly website. These reports are also available from the Joint Commission staff office.

Sincerely,

Harvey B. Morgan
Chairman

Kim Snead

Kim Snead
Executive Director

JOINT COMMISSION ON HEALTH CARE: 2003

Chairman
The Honorable Harvey B. Morgan

Vice Chairman
The Honorable William T. Bolling

The Honorable R. Edward Houck
The Honorable Benjamin J. Lambert, III
The Honorable Stephen H. Martin
The Honorable William C. Mims
The Honorable Linda T. Puller
The Honorable Nick Rerras
The Honorable William C. Wampler, Jr.
The Honorable Clifford L. Athey, Jr.
The Honorable Robert H. Brink
The Honorable L. Preston Bryant, Jr.
The Honorable Benjamin L. Cline
The Honorable Jeannemarie A. Devolites
The Honorable Franklin P. Hall
The Honorable Phillip A. Hamilton
The Honorable S. Chris Jones
The Honorable Kenneth R. Melvin

Secretary of Health and Human Resources
The Honorable Jane H. Woods

Executive Director
Kim Snead

JOINT COMMISSION ON HEALTH CARE

Executive Director

Kim Snead

Senior Health Policy Analyst

April R. Kees

Intern

Ashley R. Hopkins

Office Manager

Mamie V. White

Access to the Internet

The Joint Commission's home page on the Internet is located at:
http://legis.state.va.us/jchc/jchchome.htm

Acknowledgements

The Joint Commission extends its sincere appreciation to the Office of the Clerk of the Senate, the Office of the Clerk of the House, the Division of Legislative Services, and the Division of Legislative Automated Systems for their assistance and support throughout 2003.

Table of Contents

I. Summary of 2003 Activities and Related 2004 General Assembly Actions 1

Appendix A: 2004 Legislation

Appendix B: 2004 Budget Amendments

I. SUMMARY OF 2003 ACTIVITIES AND RELATED 2004 GENERAL ASSEMBLY ACTIONS

STATUTORY AUTHORITY

The Joint Commission on Health Care (JCHC) was created by the 1992 Session of the Virginia General Assembly, pursuant to Senate Bill 501 and House Bill 1032 to continue the work of the Commission on Health Care for All Virginians (Senate Joint Resolution 118, 1990 Session). On July 1, 2003, the responsibilities of the Joint Commission on Behavioral Health Care were assumed by JCHC.

The Joint Commission is authorized in Title 30, Chapter 18, §30.168 through §30.170 of the *Code of Virginia*. The purpose of the Commission is to study, report and make recommendations on all areas of health care provision, regulation, insurance, liability, licensing, and delivery of services. In so doing, the Commission endeavors to ensure that the greatest number of Virginians receives quality health care.

2003 JOINT COMMISSION ACTIVITIES

During 2003, the Joint Commission held four meetings. An additional meeting was held in January 2004 before the 2004 Session of the General Assembly had convened. The agenda for each meeting is shown on the following pages.

Joint Commission on Health Care
May 6, 2003

I.	**Call to Order**	Delegate Harvey B. Morgan Chairman
II.	**Overview of Agenda**	Kim Snead Executive Director
III.	**Status of 2003 Legislation and Proposed 2003 Workplan**	Kim Snead
IV.	**Report on Plan for Developing Preferred Drug List Program**	Patrick W. Finnerty, Director Department of Medical Assistance Services

Joint Commission on Health Care
June 18, 2003

I.	**Call to Order**	Delegate Harvey B. Morgan Chairman
II.	**Overview of Agenda**	Kim Snead Executive Director
III.	**Collaborative Public/Private Programs to Improve Health Care Access in Rural Virginia**	Rene Cabral-Daniels, Director Office of Health Policy/Planning Va. Department of Health Rebecca J. Davis, Ph.D. Executive Director Va. Rural Health Association
IV.	**Making Prostate Cancer History in Virginia**	Carol Noggle Board Member VA Prostate Cancer Coalition
V.	**Update on FAMIS**	Linda L. Nablo, Director Div. of Child Health Insurance Department of Medical Assistance Services
VI.	**Discussion of Preferred Drug List Implementation**	Sam Musynski American Psychiatric Association
VII.	**Authorization for Electronic Monitoring in Nursing Facilities**	Kim Snead
VIII.	**Update on Medicaid Reimbursement of Physicians**	April R. Kees Senior Health Policy Analyst

Joint Commission on Health Care
October 15, 2003

I.	**Call to Order**	Delegate Harvey B. Morgan Chairman
II.	**Overview of Agenda**	Kim Snead Executive Director
III.	**Public Comments on Electronic Monitoring**	Kim Snead
IV.	**Prescription Drug Access Partnership Initiative**	Deborah D. Oswalt Executive Director Va. Health Care Foundation
V.	**Report on Medicaid Transportation**	Patrick W. Finnerty, Director Department of Medical Assistance Services John Shermyen, President LogistiCare
VI.	**Report on Community-Based Health Improvement Initiatives**	Randolph L. Gordon, MD, MPH Co-Chair Virginia Center for Healthy Communities
VII.	**Report on Olmstead Plan for Virginia**	Jerry Deans Asst. Commissioner for Facility Management (DMHMRSAS) and Olmstead Task Force Representative
VIII.	**Prescriptive Authority of Nurse Practitioners**	April R. Kees Senior Health Policy Analyst
IX.	**Healthy Lives Prescription Assistance Plan**	Kim Snead

Joint Commission on Health Care
November 12, 2003

I.	**Call to Order**	Delegate Harvey B. Morgan Chairman
II.	**Overview of Agenda**	Kim Snead Executive Director
III.	**Annual Report of Virginia Health Information**	Richardson Grinnan, M.D. President, VHI
IV.	**Medicaid Reimbursement of Physicians**	April R. Kees Senior Health Policy Analyst
V.	**Decision Matrix**	Kim Snead April R. Kees

Joint Commission on Health Care
January 13, 2004

I.	**Call to Order**	Delegate Harvey B. Morgan Chairman
II.	**Discussion of Changes in Proposed Legislation**	Kim Snead
III.	**Identification of Patrons for Legislation and Budget Amendments**	Delegate Harvey B. Morgan

SUBCOMMITTEE ACTIVITIES

The Joint Commission on Health Care has established two standing subcommittees—the Long-Term Care Subcommittee and the Behavioral Health Care Subcommittee.

Long-Term Care Subcommittee

The Long-Term Care Subcommittee, originally established in 1997, continued during 2003 with Delegate Hamilton as the Chairman.

Long-Term Care Subcommittee

Delegate Phillip A. Hamilton, Chairman
Delegate Robert H. Brink
Delegate Benjamin L. Cline
Delegate Jeannemarie A. Devolites
Delegate Franklin P. Hall
Delegate Harvey B. Morgan

Senator William T. Bolling
Senator R. Edward Houck
Senator Benjamin J. Lambert, III
Senator Stephen H. Martin
Senator Linda T. Puller

The Long-Term Care Subcommittee held four meetings in 2003. The meeting agendas included the following reports:

Long-Term Care Subcommittee
May 6, 2003

I.	**Call to Order**	Delegate Phillip A. Hamilton Chairman
II.	**Overview of Agenda**	April Kees Senior Health Policy Analyst
III.	**Report on Long-Term Care Insurance Programs for State Employees**	Eileen Castolene Head of Plan Sponsor and Consumer Services Aetna, Inc.
IV.	**Overview of 2003 LTC Studies and Proposed Subcommittee Workplan**	April Kees
V.	**Incentives for Purchasing Long-Term Care Insurance**	April Kees

Long-Term Care Subcommittee
June 18, 2003

I.	**Call to Order**	Delegate Phillip A. Hamilton Chairman
II.	**Overview of Agenda**	April Kees Senior Health Policy Analyst
III.	**Overview of Activities on a Strategic Plan to Address the Nursing Shortage (HB 2818)**	Alan Edwards Associate for Academic Affairs State Council of Higher Education for Virginia
IV.	**The Nursing Shortage: What is Different Today?**	Jo Anne Henry, Ed.D., RNCS Advisory Council on the Future of Nursing and Va. Partnership for Nursing
V.	**Reimbursement for Medicaid Nursing Home Services Recent History**	Scott Crawford, Director Provider Reimbursement Division Department of Medical Assistance Services
VI.	**Overview of Financing Mechanisms for Long-Term Care**	April Kees
VII.	**Update on the Olmstead Plan**	April Kees

Long-Term Care Subcommittee
October 15, 2003

I.	**Call to Order**	Delegate Phillip A. Hamilton Chairman
II.	**Overview of Agenda**	April Kees Senior Health Policy Analyst
III.	**Report on the Strategic Plan to Address the Nursing Shortage (HB 2818)**	P. J. Maddox, Ph.D. Director, Office of Research Center for Health Policy, Research and Ethics, George Mason University
IV.	**Regulations and Issues Related to Special Care Units**	Lynne Williams Licensing Operations Manager Division of Licensing Programs Department of Social Services
V.	**Access Issues Related to Waiver Programs**	Marcia A. Tetterton, Executive Director Virginia Association for Home Care Mike Walker, President Continuing Care Management, Inc. Charlene Peters, Executive Director Instructive Visiting Nurse Association Barbara Swain, Home Care Director Bay Aging Ralph L. Axselle, Jr. Legislative Consultant, Williams Mullen
VI.	**Report on LTC Liability Insurance**	April Kees

Long-Term Care Subcommittee
November 12, 2003

I.	**Call to Order**	Delegate Phillip A. Hamilton Chairman
II.	**Overview of Agenda**	April R. Kees Senior Health Policy Analyst
III.	**Long-Term Care Decision Matrix**	April R. Kees
IV.	**DMAS Response on Personal Care Issues**	Cindi B. Jones, Chief Deputy Director Dept. of Medical Assistance Services

Behavioral Health Care Subcommittee

The Behavioral Health Care Subcommittee was established in July 2003 with Senator Martin as Chairman.

Behavioral Health Care Subcommittee

Senator Stephen H. Martin, Chairman	
Senator R. Edward Houck	Delegate Robert H. Brink
Senator William C. Mims	Delegate Jeannemarie A. Devolites
Senator Linda T. Puller	Delegate Franklin P. Hall
Senator William C. Wampler, Jr.	Delegate Harvey B. Morgan

The Behavioral Health Care Subcommittee held three meetings during 2003. The meeting agendas included the following reports:

Behavioral Health Care Subcommittee
July 8, 2003

I.	**Call to Order**	Senator Stephen H. Martin Chairman
II.	**Overview of Agenda**	Kim Snead Executive Director
III.	**Proposed 2003 Workplan**	Kim Snead
IV.	**Remarks Regarding the Role of the Medicaid Pharmacy and Therapeutics Committee**	Randy Axelrod, M.D. Chairman, P & T Committee Chief Medical Officer, Anthem
V.	**System Overview and Update on Reinvestment Initiatives**	James S. Reinhard, M.D. Commissioner Dept. of Mental Health, Mental Retardation and Substance Abuse Services

Behavioral Health Care Subcommittee
September 2, 2003

I.	**Call to Order**	Senator Stephen H. Martin Chairman
II.	**Overview of Agenda**	Kim Snead Executive Director
III.	**Remarks about Michigan Experience with Preferred Drug List Development**	Karen E. Sanders, MS American Psychiatric Association
IV.	**Status Report on the Implementation of a Medicaid Preferred Drug List Program**	Patrick W. Finnerty, Director Department of Medical Assistance Services

V. Presentations Regarding Behavioral Health Care Priorities

Virginia Association of Community Services Boards
Voices for Virginia's Children
Virginia Network of Private Providers
Coalition for Mentally Disabled Citizens of Virginia
vaACCSES
Virginia Hospital & Healthcare Association
The Arc of Virginia

Written Comments Received In Lieu of Presentation
Virginia Coalition of Private Provider Associations

Behavioral Health Care Subcommittee
October 7, 2003

I.	**Call to Order**	Senator Stephen H. Martin Chairman
II.	**Overview of Agenda**	Kim Snead Executive Director
III.	**Update on Suicide Prevention Plan Being Developed by VDH**	Kim Snead
IV.	**Update on Development of Medicaid Preferred Drug List Program**	Patrick W. Finnerty, Director Department of Medical Assistance Services
V.	**Policy and Plan to Provide Access to MH/MR/SA Services for Children, Adolescents and their Families** *(Budget Item 329-G)*	James M. Martinez, Jr. Director of Mental Health Services Department of Mental Health, Mental Retardation and Substance Abuse Services
VI.	**Decision Matrix Discussion**	

A major task for the Behavioral Health Care Subcommittee was to complete a three-year study, Treatment Options for Offenders Who Have Mental Illness or Substance Abuse Disorders. To complete the study, two workgroups – an Adult Offender Workgroup and a Juvenile Offender Workgroup - met to develop recommendations to be considered by the Task Force Studying Treatment Options for Offenders with Mental Illness on Substance Abuse Disorders (or Treatment Task Force). The Treatment Task Force considered the workgroups' recommendations and made recommendations to the Behavioral Health Care Subcommittee for its consideration. The members of the Treatment Task Force are as follows:

Task Force Studying Treatment Options for Offenders with Mental Illness or Substance Abuse Disorders

Senator Stephen H. Martin, Chairman
Senator R. Edward Houck
Senator Janet D. Howell
Secretary Jane H. Woods
Deputy Secretary Barry R. Green
Delegate Robert Tata
Delegate Glenn M. Weatherholtz
Gary L. Close, Commonwealth's Attorney for Culpeper County

The Treatment Task Force met three times during 2003. The meeting agendas follow:

Treatment Task Force
July 8, 2003

I.	**Call to Order**	Senator Stephen H. Martin Chairman
II.	**Overview of Agenda**	Kim Snead Executive Director
III.	**Proposed 2003 Workplan**	Kim Snead
IV.	**Update of Effect of Budget Actions on MH/SA Services for Offenders**	James J. Morris, Ph.D. Director Office of Forensic Services Dept. of Mental Health, Mental Retardation and Substance Abuse Services Barry R. Green Deputy Secretary of Public Safety
V.	**Report on Uniform MH Screenings in Secure Detention Centers**	Scott M. Reiner Program Development Manager Dept. of Juvenile Justice
VI.	**Comment on Uniform MH Screenings in Secure Detention Centers**	Joanne Smith President, Virginia Council on Juvenile Detention

Treatment Task Force
September 2, 2003

I.	**Call to Order**	Senator Stephen H. Martin Chairman
II.	**Overview of Agenda**	Kim Snead Executive Director
III.	**Evaluation of Mental Health and Substance Abuse Programs for Offenders**	Barry R. Green Deputy Secretary of Public Safety James J. Morris, Ph.D. Director Office of Forensic Services Dept. of Mental Health, Mental Retardation and Substance Abuse Services
IV.	**Cross-Training Curriculum and Dissemination of Innovative Practices**	James M. Martinez, Jr. Director of Mental Health Services Dept. of Mental Health, Mental Retardation and Substance Abuse Services
V.	**Discharge Planning for Adult Offenders**	Robin L. Hulbert, Ph.D. Mental Health Program Director Dept. of Corrections
VI.	**Access to Medicaid for Offenders**	Catherine K. Hancock Mental Health Policy Analyst Department of Medical Assistance Services

Treatment Task Force
October 7, 2003

I.	**Call to Order**	Senator Stephen H. Martin Chairman
II.	**Overview of Agenda**	Kim Snead Executive Director
III.	**Decision Matrix Discussion**	Kim Snead

JOINT COMMISSION ON HEALTH CARE
FINAL REPORTS

During 2003, the Joint Commission conducted studies in response to four legislative requests. These studies were presented in the form of "issue briefs" to the Commission during its 2003 meetings. The issue briefs and staff reports were posted on the Joint Commission's home page on the Internet to allow interested individuals to download the documents for review and comment.

Public comments were solicited on all of the staff reports, and a summary of the comments was presented to the Joint Commission members. Following the public comment period, all of the reports were posted on the "Reports to the General Assembly" website section of the Legislative Information System.

Figure 1 identifies each of the Joint Commission's 2003 studies, the authority for each study, and the legislative document number for each report.

Figure 1
2003 Joint Commission on Health Care Reports to the General Assembly

Name of Study	Authority for Study	Document Number
Prescriptive Authority of Nurse Practitioners	HB 818 (2000)	HD 10, 2004
Healthy Lives Prescription Plan	HB 2225, SB 2341	RD 14, 2004
Authorization for Electronic Monitoring in Nursing Facilities	SB 922	RD 15, 2004
Treatment Options for Offenders Who Have Mental Illness or Substance Abuse Disorders	SJR 97 (2002) and SJR 440 (2001)	SD 9, 2004

Notes:
Except as noted, joint resolutions and bills are from the 2003 General Assembly Session. JCHC reports are published as House/Senate or Report documents. These documents may be accessed from the General Assembly Homepage under Legislative Studies: Reports to the General Assembly or requested from the Bill Room in the General Assembly Building.

2004 LEGISLATIVE PROPOSALS

As a result of the work completed by the Joint Commission during 2003, a package of legislative proposals (legislation and budget amendments) was introduced during the 2004 Session of the General Assembly.

Bills and Resolutions

The following paragraphs identify each bill or resolution as introduced. A copy of each approved bill or resolution is provided in Appendix A with the page numbers identified below.

(Unless otherwise noted, all of the following bills were approved by the General Assembly and signed by the Governor as described.)

HB 692 — Adds language to the statutory provisions of the Joint Commission on Health Care in *Code of Virginia* Title 30, Chapter 18 to explicitly state the responsibility of state entities to cooperate and provide assistance to the Commission. (Appendix A, page 1)

HB 1050/ SB 263 — Amends and reenacts *Code of Virginia* Title 58.1 to convert the tax deduction for the purchase of long-term care insurance to be a tax credit of 10 percent of the insurance premium paid. (Appendix A, page 3 and page 11)

HB 1050 and SB 263 were carried over to the 2005 General Assembly Session.

HJR 205 — Requests the Board of Nursing to collect and report information regarding prescriptive authority granted for nurse practitioners. (Appendix A, page 19)

SJR 81 — Encourages the Department of Mental Health, Mental Retardation and Substance Abuse Services to provide nonfinancial assistance in developing demonstration projects designed to divert individuals with mental illness, substance abuse disorders, and co-occurring disorders from jail or secure detention. (Appendix A, page 21)

SJR 88 — Encourages the Department of Corrections and the Department of Juvenile Justice to include an evaluation and reporting component to any new mental health or substance abuse treatment initiative undertaken for offenders in their custody. (Appendix A, page 23)

Budget Amendment Requests

The JCHC introduced budget amendment requests during the 2004 General Assembly Session. A brief description of each budget request is provided at Appendix B. At the time of the completion of the annual report, the General Assembly had adopted a budget, but action had not been taken by the Governor.

APPENDIX A

VIRGINIA ACTS OF ASSEMBLY -- 2004 SESSION

CHAPTER 296

An Act to amend the Code of Virginia by adding in Chapter 18 of Title 30 a section numbered 30-170.1, relating to the Joint Commission on Health Care.

[H 692]

Approved March 31, 2004

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 18 of Title 30 a section numbered 30-170.1 as follows:

§ 30-170.1. Cooperation of other state agencies and political subdivisions.

The Commission may request and shall receive from every department, division, board, bureau, commission, authority or other agency created by the Commonwealth, or to which the Commonwealth is party, or from any political subdivision of the Commonwealth, cooperation and assistance in the performance of its duties.

042963136

HOUSE BILL NO. 1050

Offered January 14, 2004

Prefiled January 14, 2004

A BILL to amend and reenact § 58.1-322 of the Code of Virginia and to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.11, relating to individual income tax deductions and credits for the cost of long-term care insurance premiums.

Patrons—Hamilton, Athey, Brink and Morgan; Senators: Houck, Lambert and Puller

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Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-322 of the Code of Virginia is amended and reenacted, and that the Code of Virginia is amended by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.11 as follows:

§ 58.1-322. Virginia taxable income of residents.

A. The Virginia taxable income of a resident individual means his federal adjusted gross income for the taxable year, which excludes combat pay for certain members of the Armed Forces of the United States as provided in § 112 of the Internal Revenue Code, as amended, and with the modifications specified in this section.

B. To the extent excluded from federal adjusted gross income, there shall be added:

1. Interest, less related expenses to the extent not deducted in determining federal income, on obligations of any state other than Virginia, or of a political subdivision of any such other state unless created by compact or agreement to which Virginia is a party;

2. Interest or dividends, less related expenses to the extent not deducted in determining federal taxable income, on obligations or securities of any authority, commission or instrumentality of the United States, which the laws of the United States exempt from federal income tax but not from state income taxes;

3. Unrelated business taxable income as defined by § 512 of the Internal Revenue Code;

4. The amount of a lump sum distribution from a qualified retirement plan, less the minimum distribution allowance and any amount excludable for federal income tax purposes that is excluded from federal adjusted gross income solely by virtue of an individual's election to use the averaging provisions under § 402 of the Internal Revenue Code; and

5. through 8. [Repealed.]

9. The amount required to be included in income for the purpose of computing the partial tax on an accumulation distribution pursuant to § 667 of the Internal Revenue Code.

C. To the extent included in federal adjusted gross income, there shall be subtracted:

1. Income derived from obligations, or on the sale or exchange of obligations, of the United States and on obligations or securities of any authority, commission or instrumentality of the United States to the extent exempt from state income taxes under the laws of the United States including, but not limited to, stocks, bonds, treasury bills, and treasury notes, but not including interest on refunds of federal taxes, interest on equipment purchase contracts, or interest on other normal business transactions.

2. Income derived from obligations, or on the sale or exchange of obligations of this Commonwealth or of any political subdivision or instrumentality of this Commonwealth.

3. [Repealed.]

4. Benefits received under Title II of the Social Security Act and other benefits subject to federal income taxation solely pursuant to § 86 of the Internal Revenue Code.

4a. Through December 31, 2000, the same amount used in computing the federal credit allowed under § 22 of the Internal Revenue Code by a retiree under age 65 who qualified for such retirement on the basis of permanent and total disability and who is a qualified individual as defined in § 22 (b) (2) of the Internal Revenue Code; however, any person who claims a deduction under subdivision 5 of subsection D of this section may not also claim a subtraction under this subdivision.

4b. For taxable years beginning on or after January 1, 2001, up to $20,000 of disability income, as defined in § 22 (c) (2) (B) (iii) of the Internal Revenue Code; however, any person who claims a deduction under subdivision 5 of subsection D of this section may not also claim a subtraction under this subdivision.

5. The amount of any refund or credit for overpayment of income taxes imposed by the Commonwealth or any other taxing jurisdiction.

6. The amount of wages or salaries eligible for the federal Targeted Jobs Credit which was not

59 deducted for federal purposes on account of the provisions of § 280C (a) of the Internal Revenue Code.
60 7, 8. [Repealed.]
61 9. [Expired.]
62 10. Any amount included therein less than $600 from a prize awarded by the State Lottery
63 Department.
64 11. The wages or salaries received by any person for active and inactive service in the National
65 Guard of the Commonwealth of Virginia, not to exceed the amount of income derived from 39 calendar
66 days of such service or $3,000, whichever amount is less; however, only those persons in the ranks of
67 O3 and below shall be entitled to the deductions specified herein.
68 12. Amounts received by an individual, not to exceed $1,000 in any taxable year, as a reward for
69 information provided to a law-enforcement official or agency, or to a nonprofit corporation created
70 exclusively to assist such law-enforcement official or agency, in the apprehension and conviction of
71 perpetrators of crimes. This provision shall not apply to the following: an individual who is an employee
72 of, or under contract with, a law-enforcement agency, a victim or the perpetrator of the crime for which
73 the reward was paid, or any person who is compensated for the investigation of crimes or accidents.
74 13. [Repealed.]
75 14. (Expires for taxable years beginning on and after January 1, 2004) The amount of any qualified
76 agricultural contribution as determined in § 58.1-322.2.
77 15, 16. [Repealed.]
78 17. For taxable years beginning on and after January 1, 1995, the amount of "qualified research
79 expenses" or "basic research expenses" eligible for deduction for federal purposes, but which were not
80 deducted, on account of the provisions of § 280C (c) of the Internal Revenue Code and which shall be
81 available to partners, shareholders of S corporations, and members of limited liability companies to the
82 extent and in the same manner as other deductions may pass through to such partners, shareholders, and
83 members.
84 18. For taxable years beginning on or after January 1, 1995, all military pay and allowances, not
85 otherwise subtracted under this subsection, earned for any month during any part of which such member
86 performed military service in any part of the former Yugoslavia, including the air space above such
87 location or any waters subject to related naval operations, in support of Operation JOINT ENDEAVOR
88 as part of the NATO Peace Keeping Force. Such subtraction shall be available until the taxpayer
89 completes such service.
90 19. For taxable years beginning on and after January 1, 1996, any income received during the taxable
91 year derived from a qualified pension, profit-sharing, or stock bonus plan as described by § 401 of the
92 Internal Revenue Code, an individual retirement account or annuity established under § 408 of the
93 Internal Revenue Code, a deferred compensation plan as defined by § 457 of the Internal Revenue Code,
94 or any federal government retirement program, the contributions to which were deductible from the
95 taxpayer's federal adjusted gross income, but only to the extent the contributions to such plan or
96 program were subject to taxation under the income tax in another state.
97 20. For taxable years beginning on and after January 1, 1997, any income attributable to a
98 distribution of benefits or a refund from a prepaid tuition contract or savings trust account with the
99 Virginia College Savings Plan, created pursuant to Chapter 4.9 (§ 23-38.75 et seq.) of Title 23. The
100 subtraction for any income attributable to a refund shall be limited to income attributable to a refund in
101 the event of a beneficiary's death, disability, or receipt of a scholarship.
102 21. For taxable years beginning on or after January 1, 1998, all military pay and allowances, to the
103 extent included in federal adjusted gross income and not otherwise subtracted, deducted or exempted
104 under this section, earned by military personnel while serving by order of the President of the United
105 States with the consent of Congress in a combat zone or qualified hazardous duty area which is treated
106 as a combat zone for federal tax purposes pursuant to § 112 of the Internal Revenue Code.
107 22. For taxable years beginning on or after January 1, 2000, the gain derived from the sale or
108 exchange of real property or the sale or exchange of an easement to real property which results in the
109 real property or the easement thereto being devoted to open-space use, as that term is defined in
110 § 58.1-3230, for a period of time not less than 30 years. To the extent a subtraction is taken in
111 accordance with this subdivision, no tax credit under this chapter for donating land for its preservation
112 shall be allowed for three years following the year in which the subtraction is taken.
113 23. Effective for all taxable years beginning on or after January 1, 2000, $15,000 of military basic
114 pay for military service personnel on extended active duty for periods in excess of 90 days; however,
115 the subtraction amount shall be reduced dollar-for-dollar by the amount which the taxpayer's military
116 basic pay exceeds $15,000 and shall be reduced to zero if such military basic pay amount is equal to or
117 exceeds $30,000.
118 24. Effective for all taxable years beginning on and after January 1, 2000, the first $15,000 of salary
119 for each federal and state employee whose annual salary is $15,000 or less.
120 25. Unemployment benefits taxable pursuant to § 85 of the Internal Revenue Code.

121 26. For taxable years beginning on and after January 1, 2001, any amount received as military
122 retirement income by an individual awarded the Congressional Medal of Honor.
123 27. Effective for all taxable years beginning on and after January 1, 1999, income received as a
124 result of (i) the "Master Settlement Agreement," as defined in § 3.1-1106; (ii) the National Tobacco
125 Grower Settlement Trust dated July 19, 1999; and (iii) the Tobacco Loss Assistance Program, pursuant
126 to 7 C.F.R. Part 1464 (Subpart C, §§ 1464.201 through 1464.205), by (a) tobacco farmers; (b) any
127 person holding a tobacco marketing quota, or tobacco farm acreage allotment, under the Agricultural
128 Adjustment Act of 1938; or (c) any person having the right to grow tobacco pursuant to such a quota or
129 allotment, but only to the extent that such income has not been subtracted pursuant to subdivision C 18
130 of § 58.1-402.
131 28. For taxable years beginning on and after January 1, 2000, items of income attributable to,
132 derived from or in any way related to (i) assets stolen from, hidden from or otherwise lost by an
133 individual who was a victim or target of Nazi persecution or (ii) damages, reparations, or other
134 consideration received by a victim or target of Nazi persecution to compensate such individual for
135 performing labor against his will under the threat of death, during World War II and its prelude and
136 direct aftermath. This subtraction shall not apply to assets acquired with such items of income or with
137 the proceeds from the sale of assets stolen from, hidden from or otherwise lost to, during World War II
138 and its prelude and direct aftermath, a victim or target of Nazi persecution. The provisions of this
139 subdivision shall only apply to an individual who was the first recipient of such items of income and
140 who was a victim or target of Nazi persecution, or a spouse, widow, widower, or child or stepchild of
141 such victim.
142 "Victim or target of Nazi persecution" means any individual persecuted or targeted for persecution by
143 the Nazi regime who had assets stolen from, hidden from or otherwise lost as a result of any act or
144 omission in any way relating to (i) the Holocaust; (ii) World War II and its prelude and direct
145 aftermath; (iii) transactions with or actions of the Nazi regime; (iv) treatment of refugees fleeing Nazi
146 persecution; or (v) the holding of such assets by entities or persons in the Swiss Confederation during
147 World War II and its prelude and aftermath. A victim or target of Nazi persecution shall also include
148 any individual forced into labor against his will, under the threat of death, during World War II and its
149 prelude and direct aftermath. As used in this subdivision, "Nazi regime" means the country of Nazi
150 Germany, areas occupied by Nazi Germany, those European countries allied with Nazi Germany, or any
151 other neutral European country or area in Europe under the influence or threat of Nazi invasion.
152 29. For taxable years beginning on and after January 1, 2002, any gain recognized as a result of the
153 Peanut Quota Buyout Program of the Farm Security and Rural Investment Act of 2002 pursuant to 7
154 C.F.R. Part 1412 (Subpart H, §§ 1412.801 through 1412.811) as follows:
155 a. If the payment is received in installment payments pursuant to 7 C.F.R. § 1412.807(a)(2), then the
156 entire gain recognized may be subtracted.
157 b. If the payment is received in a single payment pursuant to 7 C.F.R. § 1412.807(a)(3), then 20
158 percent of the recognized gain may be subtracted. The taxpayer may then deduct an equal amount in
159 each of the four succeeding taxable years.
160 30. Effective for all taxable years beginning on and after January 1, 2002, but before January 1,
161 2005, the indemnification payments received by contract poultry growers and table egg producers from
162 the U.S. Department of Agriculture as a result of the depopulation of poultry flocks because of low
163 pathogenic avian influenza in 2002. In no event shall indemnification payments made to owners of
164 poultry who contract with poultry growers qualify for this subtraction.
165 31. Effective for all taxable years beginning on or after January 1, 2001, the military death gratuity
166 payment made after September 11, 2001, to the survivor of deceased military personnel killed in the line
167 of duty, pursuant to Chapter 75 of Title 10 of the United States Code; however, the subtraction amount
168 shall be reduced dollar-for-dollar by the amount that the survivor may exclude from his federal gross
169 income in accordance with § 134 of the Internal Revenue Code.
170 D. In computing Virginia taxable income there shall be deducted from federal adjusted gross income:
171 1. a. The amount allowable for itemized deductions for federal income tax purposes where the
172 taxpayer has elected for the taxable year to itemize deductions on his federal return, but reduced by the
173 amount of income taxes imposed by the Commonwealth or any other taxing jurisdiction and deducted
174 on such federal return and increased by an amount which, when added to the amount deducted under
175 § 170 of the Internal Revenue Code for mileage, results in a mileage deduction at the state level for
176 such purposes at a rate of 18 cents per mile; or
177 b. Two thousand dollars for taxable years beginning January 1, 1987, through December 31, 1987;
178 $2,700 for taxable years beginning January 1, 1988, through December 31, 1988; and $5,000 for
179 married persons (one-half of such amounts in the case of a married individual filing a separate return);
180 and $3,000 for single individuals for taxable years beginning on and after January 1, 1989; provided that
181 the taxpayer has not itemized deductions for the taxable year on his federal income tax return. For

182 purposes of this section, any person who may be claimed as a dependent on another taxpayer's return for
183 the taxable year may compute the deduction only with respect to earned income.
184 2. a. A deduction in the amount of $700 for taxable years beginning January 1, 1987, through
185 December 31, 1987, and $800 for taxable years beginning on and after January 1, 1988, for each
186 personal exemption allowable to the taxpayer for federal income tax purposes. For taxable years
187 beginning on and after January 1, 1987, each blind or aged taxpayer as defined under § 63 (f) of the
188 Internal Revenue Code shall be entitled to an additional personal exemption.
189 b. An additional deduction of $200 for taxable years beginning January 1, 1987, through December
190 31, 1987, for each blind or aged taxpayer as defined under § 63 (f) of the Internal Revenue Code. The
191 additional deduction for blind or aged taxpayers allowed under this subdivision and the additional
192 personal exemption allowed to blind or aged taxpayers under subdivision 2 a of this subsection shall be
193 allowable regardless of whether the taxpayer itemizes deductions for the taxable year for federal income
194 tax purposes.
195 3. A deduction equal to the amount of employment-related expenses upon which the federal credit is
196 based under § 21 of the Internal Revenue Code for expenses for household and dependent care services
197 necessary for gainful employment.
198 4. An additional $1,000 deduction for each child residing for the entire taxable year in a home under
199 permanent foster care placement as defined in § 63.2-908, provided the taxpayer can also claim the child
200 as a personal exemption under § 151 of the Internal Revenue Code.
201 5. Effective for all taxable years beginning on or after January 1, 1996, a deduction in the amount of
202 $12,000 for taxpayers age 65 or older, or $6,000 for taxpayers age 62 through 64.
203 6. For taxable years beginning on and after January 1, 1997, the amount an individual pays as a fee
204 for an initial screening to become a possible bone marrow donor, if (i) the individual is not reimbursed
205 for such fee or (ii) the individual has not claimed a deduction for the payment of such fee on his federal
206 income tax return.
207 7. a. A deduction shall be allowed to the purchaser or contributor for the amount paid or contributed
208 during the taxable year for a prepaid tuition contract or savings trust account entered into with the
209 Virginia College Savings Plan, pursuant to Chapter 4.9 (§ 23-38.75 et seq.) of Title 23. Except as
210 provided in subdivision 7 c, the amount deducted on any individual income tax return in any taxable
211 year shall be limited to $2,000 per prepaid tuition contract or savings trust account. No deduction shall
212 be allowed pursuant to this section if such payments or contributions are deducted on the purchaser's or
213 contributor's federal income tax return. If the purchase price or annual contribution to a savings trust
214 account exceeds $2,000, the remainder may be carried forward and subtracted in future taxable years
215 until the purchase price or savings trust contribution has been fully deducted; however, except as
216 provided in subdivision 7 c, in no event shall the amount deducted in any taxable year exceed $2,000
217 per contract or savings trust account. Notwithstanding the statute of limitations on assessments contained
218 in § 58.1-312, any deduction taken hereunder shall be subject to recapture in the taxable year or years in
219 which distributions or refunds are made for any reason other than (i) to pay qualified higher education
220 expenses, as defined in § 529 of the Internal Revenue Code or (ii) the beneficiary's death, disability, or
221 receipt of a scholarship. For the purposes of this subdivision, the term "purchaser" or "contributor"
222 means the person shown as such on the records of the Virginia College Savings Plan as of December 31
223 of the taxable year. In the case of a transfer of ownership of a prepaid tuition contract or savings trust
224 account, the transferee shall succeed to the transferor's tax attributes associated with a prepaid tuition
225 contract or savings trust account, including, but not limited to, carryover and recapture of deductions.
226 b. The amount paid for a prepaid tuition contract during taxable years beginning on or after January
227 1, 1996, but before January 1, 1998, shall be deducted in taxable years beginning on or after January 1,
228 1998, and shall be subject to the limitations set out in subdivision 7 a.
229 c. A purchaser of a prepaid tuition contract or contributor to a savings trust account who has attained
230 age 70 shall not be subject to the limitation that the amount of the deduction not exceed $2,000 per
231 prepaid tuition contract or savings trust account in any taxable year. Such taxpayer shall be allowed a
232 deduction for the full amount paid for the contract or contributed to a savings trust account, less any
233 amounts previously deducted. If a prepaid tuition contract was purchased by such taxpayer during
234 taxable years beginning on or after January 1, 1996, but before January 1, 1998, such taxpayer may take
235 the deduction for the full amount paid during such years, less any amounts previously deducted with
236 respect to such payments, in taxable year 1999 or by filing an amended return for taxable year 1998.
237 8. For taxable years beginning on and after January 1, 2000, the total amount an individual actually
238 contributed in funds to the Virginia Public School Construction Grants Program and Fund, established in
239 Chapter 11.1 (§ 22.1-175.1 et seq.) of Title 22.1, provided the individual has not claimed a deduction for
240 such amount on his federal income tax return.
241 9. For taxable years beginning on and after January 1, 1999, an amount equal to 20 percent of the
242 tuition costs incurred by an individual employed as a primary or secondary school teacher licensed
243 pursuant to Chapter 15 (§ 22.1-289.1 et seq.) of Title 22.1 to attend continuing teacher education courses

244 that are required as a condition of employment; however, the deduction provided by this subsection shall
245 be available only if (i) the individual is not reimbursed for such tuition costs and (ii) the individual has
246 not claimed a deduction for the payment of such tuition costs on his federal income tax return.
247 10. For taxable years beginning on ~~and~~ *or* after January 1, 2000, *but prior to January 1, 2004,* the
248 amount an individual pays annually in premiums for long-term health care insurance, provided the
249 individual has not claimed a deduction for federal income tax purposes.
250 E. There shall be added to or subtracted from federal adjusted gross income, as the case may be, the
251 individual's share, as beneficiary of an estate or trust, of the Virginia fiduciary adjustment determined
252 under § 58.1-361.
253 F. There shall be added or subtracted, as the case may be, the amounts provided in § 58.1-315 as
254 transitional modifications.
255 *§ 58.1-339.11. Long-term care insurance tax credit.*
256 *A. For taxable years beginning on or after January 1, 2004, any individual shall be entitled to a*
257 *credit against the tax levied pursuant to § 58.1-320 for certain long-term care insurance premiums paid*
258 *by the individual during the taxable year. The amount of the credit for each taxable year shall equal 10*
259 *percent of the amount paid by the individual during the taxable year in long-term care insurance*
260 *premiums for long-term care insurance coverage for himself. For purposes of this section, "long-term*
261 *care insurance premium" means the amount paid during a taxable year for any qualified long-term care*
262 *insurance contract as defined in § 7702B(b) of the Internal Revenue Code covering an individual, and*
263 *as such section may be amended.*
264 *B. If the amount of the credit as determined in subsection A exceeds the individual's income tax*
265 *liability for the taxable year, the amount that exceeds such liability may be carried over for credit*
266 *against the income taxes of such individual in the next five taxable years or until the full credit is used,*
267 *whichever occurs first.*
268 *C. The credit described in this section shall not be claimed to the extent the individual has claimed a*
269 *deduction for federal income tax purposes for long-term care insurance premiums for himself.*
270 *D. To claim the credit authorized under this section, the individual shall attach to his individual*
271 *income tax return proof of payment for the long-term care insurance premiums. The Tax Commissioner*
272 *shall establish guidelines regarding the information to include and the format for such proof of payment.*
273 *Such guidelines shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq.).*

DEPARTMENT OF TAXATION
2004 Fiscal Impact Statement

1. **Patron** Phillip A. Hamilton

2. **Bill Number** HB 1050
House of Origin:
_X_ **Introduced**
____ **Substitute**
____ **Engrossed**

Second House:
____ **In Committee**
____ **Substitute**
____ **Enrolled**

3. **Committee** House Finance

4. **Title** Individual Income Tax, Credit for the Purchase of Long-Term Care Insurance

5. **Summary/Purpose:**

This bill would provide a credit against the individual income tax for long-term care insurance premiums paid by the individual during the taxable year. The amount of the credit for each taxable year would equal 10% of the amount paid in long-term care insurance premiums. In addition, this credit would replace the current Virginia deduction for long-term care insurance.

This bill is effective for taxable years beginning on or after January 1, 2004.

6. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

6a. Expenditure Impact:

Fiscal Year	*Dollars*	*Fund*
2003-04	$32,000	GF
2004-05	$158,520	GF
2005-06	$3,564	GF
2006-07	$3,671	GF
2007-08	$3,781	GF
2008-09	$3,895	GF
2009-10	$4,011	GF

6b. Revenue Impact:

Fiscal Year	*Dollars*	*Fund*
2003-04	$0	GF
2004-05	<$2.5 million>	GF
2005-06	<$2.7 million>	GF
2006-07	<$3.0 million>	GF
2007-08	<$3.3 million>	GF
2008-09	<$3.6 million>	GF
2009-10	<$4.0 million>	GF

7. **Budget amendment necessary:** Yes.
ITEM: Page1, Revenue Estimates
284 and 286, Department of Taxation

8. **Fiscal implications:**

Administrative Impact

The Department would incur administrative costs of $32,000 for FY 2004, $158,520 for FY 2005, $3,564 for FY 2006, $3,671 for FY 2007, $3,781 for FY 2008, $3,895 for FY 2009, and $4,011 for FY 2010 for forms revision, systems development, and additional instructional material.

Revenue Impact

This bill would decrease General Fund revenues by $2.5 million in FY 2005, $2.7 million in FY 2006, $3.0 million in FY 2007, $3.3 million in FY 2008, $3.6 million in FY 2009, and $4.0 million in FY 2010.

9. **Specific agency or political subdivisions affected:**

Department of Taxation

10. **Technical amendment necessary:** No.

11. **Other comments:**

General

Under the Internal Revenue Code, a qualified long-term care insurance contract is defined as an insurance contract that provides only coverage of qualified long-term care services. The contract must be guaranteed renewable, not provide for a cash surrender, refunds and dividends must be used only to reduce future premiums, and generally not pay or reimburse expenses incurred for services or items that would be reimbursed under Medicare.

Long-term health care insurance provides coverage for the costs of nursing home care and in home care that can last over extended periods of time. This type of insurance is promoted as a way to provide asset protection against the exorbitant costs of long term care. Most traditional health insurance plans do not cover long-term care.

Federal Treatment of Long Term Care Insurance

Federal law allows a deduction for those who itemize for long term care insurance premiums. An individual can deduct only the part of the medical and dental expenses, including long-term care insurance, which is more than 7.5% of the individual's adjusted gross income. An individual can deduct long-term care insurance premiums paid for himself, a spouse or dependent(s). In order to deduct long-term care insurance premiums for a spouse or dependent, the individual must have been a spouse or dependent either at the time the insurance was purchased or at the time the long-term care insurance benefits are received.

The amount of qualified long-term care premiums that can be deducted is limited. The amount of allowable premium is based on age; if the individual is under the age of 40 the maximum allowable deduction is $250, age 41 to 50 the maximum is $470, age 51 to 60 the maximum is $940, age 61 to 70 the maximum is $2,510 and individuals age 71 and over the maximum is $3,310.

Proposal

This bill would provide a credit against the individual income tax for long-term care insurance premiums paid by the individual during the taxable year. The amount of the credit for each taxable year shall equal 10% of the amount paid in premiums for long-term care insurance coverage for himself. Long-term care insurance premiums are defined as the amounts paid during the year for a qualified long-term care insurance contract. In addition, this credit would replace the current deduction for long-term care insurance.

An individual may not claim the credit to the extent the individual has claimed a deduction for federal income tax purposes for long-term care insurance premiums for himself. Any unused credit may be carried over in the next five taxable years.

Other Legislation

Senate Bill 263 is identical to this bill.

House Bill 1214 creates dual credits against individual income taxes for certain long-term care insurance premiums paid by individuals during the taxable year for individuals at least 55 years of age.

cc : Secretary of Finance

042962136

SENATE BILL NO. 263
Offered January 14, 2004
Prefiled January 14, 2004

A BILL to amend and reenact § 58.1-322 of the Code of Virginia and to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.11, relating to individual income tax deductions and credits for the cost of long-term care insurance premiums.

Patrons—Lambert, Houck and Puller; Delegates: Athey, Brink, Hamilton and Morgan

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Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:
1. That § 58.1-322 of the Code of Virginia is amended and reenacted, and that the Code of Virginia is amended by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.11 as follows:

§ 58.1-322. Virginia taxable income of residents.

A. The Virginia taxable income of a resident individual means his federal adjusted gross income for the taxable year, which excludes combat pay for certain members of the Armed Forces of the United States as provided in § 112 of the Internal Revenue Code, as amended, and with the modifications specified in this section.

B. To the extent excluded from federal adjusted gross income, there shall be added:

1. Interest, less related expenses to the extent not deducted in determining federal income, on obligations of any state other than Virginia, or of a political subdivision of any such other state unless created by compact or agreement to which Virginia is a party;

2. Interest or dividends, less related expenses to the extent not deducted in determining federal taxable income, on obligations or securities of any authority, commission or instrumentality of the United States, which the laws of the United States exempt from federal income tax but not from state income taxes;

3. Unrelated business taxable income as defined by § 512 of the Internal Revenue Code;

4. The amount of a lump sum distribution from a qualified retirement plan, less the minimum distribution allowance and any amount excludable for federal income tax purposes that is excluded from federal adjusted gross income solely by virtue of an individual's election to use the averaging provisions under § 402 of the Internal Revenue Code; and

5. through 8. [Repealed.]

9. The amount required to be included in income for the purpose of computing the partial tax on an accumulation distribution pursuant to § 667 of the Internal Revenue Code.

C. To the extent included in federal adjusted gross income, there shall be subtracted:

1. Income derived from obligations, or on the sale or exchange of obligations, of the United States and on obligations or securities of any authority, commission or instrumentality of the United States to the extent exempt from state income taxes under the laws of the United States including, but not limited to, stocks, bonds, treasury bills, and treasury notes, but not including interest on refunds of federal taxes, interest on equipment purchase contracts, or interest on other normal business transactions.

2. Income derived from obligations, or on the sale or exchange of obligations of this Commonwealth or of any political subdivision or instrumentality of this Commonwealth.

3. [Repealed.]

4. Benefits received under Title II of the Social Security Act and other benefits subject to federal income taxation solely pursuant to § 86 of the Internal Revenue Code.

4a. Through December 31, 2000, the same amount used in computing the federal credit allowed under § 22 of the Internal Revenue Code by a retiree under age 65 who qualified for such retirement on the basis of permanent and total disability and who is a qualified individual as defined in § 22 (b) (2) of the Internal Revenue Code; however, any person who claims a deduction under subdivision 5 of subsection D of this section may not also claim a subtraction under this subdivision.

4b. For taxable years beginning on or after January 1, 2001, up to $20,000 of disability income, as defined in § 22 (c) (2) (B) (iii) of the Internal Revenue Code; however, any person who claims a deduction under subdivision 5 of subsection D of this section may not also claim a subtraction under this subdivision.

5. The amount of any refund or credit for overpayment of income taxes imposed by the Commonwealth or any other taxing jurisdiction.

6. The amount of wages or salaries eligible for the federal Targeted Jobs Credit which was not

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59 deducted for federal purposes on account of the provisions of § 280C (a) of the Internal Revenue Code.
60 7, 8. [Repealed.]
61 9. [Expired.]
62 10. Any amount included therein less than $600 from a prize awarded by the State Lottery
63 Department.
64 11. The wages or salaries received by any person for active and inactive service in the National
65 Guard of the Commonwealth of Virginia, not to exceed the amount of income derived from 39 calendar
66 days of such service or $3,000, whichever amount is less; however, only those persons in the ranks of
67 O3 and below shall be entitled to the deductions specified herein.
68 12. Amounts received by an individual, not to exceed $1,000 in any taxable year, as a reward for
69 information provided to a law-enforcement official or agency, or to a nonprofit corporation created
70 exclusively to assist such law-enforcement official or agency, in the apprehension and conviction of
71 perpetrators of crimes. This provision shall not apply to the following: an individual who is an employee
72 of, or under contract with, a law-enforcement agency, a victim or the perpetrator of the crime for which
73 the reward was paid, or any person who is compensated for the investigation of crimes or accidents.
74 13. [Repealed.]
75 14. (Expires for taxable years beginning on and after January 1, 2004) The amount of any qualified
76 agricultural contribution as determined in § 58.1-322.2.
77 15, 16. [Repealed.]
78 17. For taxable years beginning on and after January 1, 1995, the amount of "qualified research
79 expenses" or "basic research expenses" eligible for deduction for federal purposes, but which were not
80 deducted, on account of the provisions of § 280C (c) of the Internal Revenue Code and which shall be
81 available to partners, shareholders of S corporations, and members of limited liability companies to the
82 extent and in the same manner as other deductions may pass through to such partners, shareholders, and
83 members.
84 18. For taxable years beginning on or after January 1, 1995, all military pay and allowances, not
85 otherwise subtracted under this subsection, earned for any month during any part of which such member
86 performed military service in any part of the former Yugoslavia, including the air space above such
87 location or any waters subject to related naval operations, in support of Operation JOINT ENDEAVOR
88 as part of the NATO Peace Keeping Force. Such subtraction shall be available until the taxpayer
89 completes such service.
90 19. For taxable years beginning on and after January 1, 1996, any income received during the taxable
91 year derived from a qualified pension, profit-sharing, or stock bonus plan as described by § 401 of the
92 Internal Revenue Code, an individual retirement account or annuity established under § 408 of the
93 Internal Revenue Code, a deferred compensation plan as defined by § 457 of the Internal Revenue Code,
94 or any federal government retirement program, the contributions to which were deductible from the
95 taxpayer's federal adjusted gross income, but only to the extent the contributions to such plan or
96 program were subject to taxation under the income tax in another state.
97 20. For taxable years beginning on and after January 1, 1997, any income attributable to a
98 distribution of benefits or a refund from a prepaid tuition contract or savings trust account with the
99 Virginia College Savings Plan, created pursuant to Chapter 4.9 (§ 23-38.75 et seq.) of Title 23. The
100 subtraction for any income attributable to a refund shall be limited to income attributable to a refund in
101 the event of a beneficiary's death, disability, or receipt of a scholarship.
102 21. For taxable years beginning on or after January 1, 1998, all military pay and allowances, to the
103 extent included in federal adjusted gross income and not otherwise subtracted, deducted or exempted
104 under this section, earned by military personnel while serving by order of the President of the United
105 States with the consent of Congress in a combat zone or qualified hazardous duty area which is treated
106 as a combat zone for federal tax purposes pursuant to § 112 of the Internal Revenue Code.
107 22. For taxable years beginning on or after January 1, 2000, the gain derived from the sale or
108 exchange of real property or the sale or exchange of an easement to real property which results in the
109 real property or the easement thereto being devoted to open-space use, as that term is defined in
110 § 58.1-3230, for a period of time not less than 30 years. To the extent a subtraction is taken in
111 accordance with this subdivision, no tax credit under this chapter for donating land for its preservation
112 shall be allowed for three years following the year in which the subtraction is taken.
113 23. Effective for all taxable years beginning on or after January 1, 2000, $15,000 of military basic
114 pay for military service personnel on extended active duty for periods in excess of 90 days; however,
115 the subtraction amount shall be reduced dollar-for-dollar by the amount which the taxpayer's military
116 basic pay exceeds $15,000 and shall be reduced to zero if such military basic pay amount is equal to or
117 exceeds $30,000.
118 24. Effective for all taxable years beginning on and after January 1, 2000, the first $15,000 of salary
119 for each federal and state employee whose annual salary is $15,000 or less.
120 25. Unemployment benefits taxable pursuant to § 85 of the Internal Revenue Code.

121 26. For taxable years beginning on and after January 1, 2001, any amount received as military
122 retirement income by an individual awarded the Congressional Medal of Honor.
123 27. Effective for all taxable years beginning on and after January 1, 1999, income received as a
124 result of (i) the "Master Settlement Agreement," as defined in § 3.1-1106; (ii) the National Tobacco
125 Grower Settlement Trust dated July 19, 1999; and (iii) the Tobacco Loss Assistance Program, pursuant
126 to 7 C.F.R. Part 1464 (Subpart C, §§ 1464.201 through 1464.205), by (a) tobacco farmers; (b) any
127 person holding a tobacco marketing quota, or tobacco farm acreage allotment, under the Agricultural
128 Adjustment Act of 1938; or (c) any person having the right to grow tobacco pursuant to such a quota or
129 allotment, but only to the extent that such income has not been subtracted pursuant to subdivision C 18
130 of § 58.1-402.
131 28. For taxable years beginning on and after January 1, 2000, items of income attributable to,
132 derived from or in any way related to (i) assets stolen from, hidden from or otherwise lost by an
133 individual who was a victim or target of Nazi persecution or (ii) damages, reparations, or other
134 consideration received by a victim or target of Nazi persecution to compensate such individual for
135 performing labor against his will under the threat of death, during World War II and its prelude and
136 direct aftermath. This subtraction shall not apply to assets acquired with such items of income or with
137 the proceeds from the sale of assets stolen from, hidden from or otherwise lost to, during World War II
138 and its prelude and direct aftermath, a victim or target of Nazi persecution. The provisions of this
139 subdivision shall only apply to an individual who was the first recipient of such items of income and
140 who was a victim or target of Nazi persecution, or a spouse, widow, widower, or child or stepchild of
141 such victim.
142 "Victim or target of Nazi persecution" means any individual persecuted or targeted for persecution by
143 the Nazi regime who had assets stolen from, hidden from or otherwise lost as a result of any act or
144 omission in any way relating to (i) the Holocaust; (ii) World War II and its prelude and direct
145 aftermath; (iii) transactions with or actions of the Nazi regime; (iv) treatment of refugees fleeing Nazi
146 persecution; or (v) the holding of such assets by entities or persons in the Swiss Confederation during
147 World War II and its prelude and aftermath. A victim or target of Nazi persecution shall also include
148 any individual forced into labor against his will, under the threat of death, during World War II and its
149 prelude and direct aftermath. As used in this subdivision, "Nazi regime" means the country of Nazi
150 Germany, areas occupied by Nazi Germany, those European countries allied with Nazi Germany, or any
151 other neutral European country or area in Europe under the influence or threat of Nazi invasion.
152 29. For taxable years beginning on and after January 1, 2002, any gain recognized as a result of the
153 Peanut Quota Buyout Program of the Farm Security and Rural Investment Act of 2002 pursuant to 7
154 C.F.R. Part 1412 (Subpart H, §§ 1412.801 through 1412.811) as follows:
155 a. If the payment is received in installment payments pursuant to 7 C.F.R. § 1412.807(a)(2), then the
156 entire gain recognized may be subtracted.
157 b. If the payment is received in a single payment pursuant to 7 C.F.R. § 1412.807(a)(3), then 20
158 percent of the recognized gain may be subtracted. The taxpayer may then deduct an equal amount in
159 each of the four succeeding taxable years.
160 30. Effective for all taxable years beginning on and after January 1, 2002, but before January 1,
161 2005, the indemnification payments received by contract poultry growers and table egg producers from
162 the U.S. Department of Agriculture as a result of the depopulation of poultry flocks because of low
163 pathogenic avian influenza in 2002. In no event shall indemnification payments made to owners of
164 poultry who contract with poultry growers qualify for this subtraction.
165 31. Effective for all taxable years beginning on or after January 1, 2001, the military death gratuity
166 payment made after September 11, 2001, to the survivor of deceased military personnel killed in the line
167 of duty, pursuant to Chapter 75 of Title 10 of the United States Code; however, the subtraction amount
168 shall be reduced dollar-for-dollar by the amount that the survivor may exclude from his federal gross
169 income in accordance with § 134 of the Internal Revenue Code.
170 D. In computing Virginia taxable income there shall be deducted from federal adjusted gross income:
171 1. a. The amount allowable for itemized deductions for federal income tax purposes where the
172 taxpayer has elected for the taxable year to itemize deductions on his federal return, but reduced by the
173 amount of income taxes imposed by the Commonwealth or any other taxing jurisdiction and deducted
174 on such federal return and increased by an amount which, when added to the amount deducted under
175 § 170 of the Internal Revenue Code for mileage, results in a mileage deduction at the state level for
176 such purposes at a rate of 18 cents per mile; or
177 b. Two thousand dollars for taxable years beginning January 1, 1987, through December 31, 1987;
178 $2,700 for taxable years beginning January 1, 1988, through December 31, 1988; and $5,000 for
179 married persons (one-half of such amounts in the case of a married individual filing a separate return);
180 and $3,000 for single individuals for taxable years beginning on and after January 1, 1989; provided that
181 the taxpayer has not itemized deductions for the taxable year on his federal income tax return. For

182 purposes of this section, any person who may be claimed as a dependent on another taxpayer's return for
183 the taxable year may compute the deduction only with respect to earned income.
184 2. a. A deduction in the amount of $700 for taxable years beginning January 1, 1987, through
185 December 31, 1987, and $800 for taxable years beginning on and after January 1, 1988, for each
186 personal exemption allowable to the taxpayer for federal income tax purposes. For taxable years
187 beginning on and after January 1, 1987, each blind or aged taxpayer as defined under § 63 (f) of the
188 Internal Revenue Code shall be entitled to an additional personal exemption.
189 b. An additional deduction of $200 for taxable years beginning January 1, 1987, through December
190 31, 1987, for each blind or aged taxpayer as defined under § 63 (f) of the Internal Revenue Code. The
191 additional deduction for blind or aged taxpayers allowed under this subdivision and the additional
192 personal exemption allowed to blind or aged taxpayers under subdivision 2 a of this subsection shall be
193 allowable regardless of whether the taxpayer itemizes deductions for the taxable year for federal income
194 tax purposes.
195 3. A deduction equal to the amount of employment-related expenses upon which the federal credit is
196 based under § 21 of the Internal Revenue Code for expenses for household and dependent care services
197 necessary for gainful employment.
198 4. An additional $1,000 deduction for each child residing for the entire taxable year in a home under
199 permanent foster care placement as defined in § 63.2-908, provided the taxpayer can also claim the child
200 as a personal exemption under § 151 of the Internal Revenue Code.
201 5. Effective for all taxable years beginning on or after January 1, 1996, a deduction in the amount of
202 $12,000 for taxpayers age 65 or older, or $6,000 for taxpayers age 62 through 64.
203 6. For taxable years beginning on and after January 1, 1997, the amount an individual pays as a fee
204 for an initial screening to become a possible bone marrow donor, if (i) the individual is not reimbursed
205 for such fee or (ii) the individual has not claimed a deduction for the payment of such fee on his federal
206 income tax return.
207 7. a. A deduction shall be allowed to the purchaser or contributor for the amount paid or contributed
208 during the taxable year for a prepaid tuition contract or savings trust account entered into with the
209 Virginia College Savings Plan, pursuant to Chapter 4.9 (§ 23-38.75 et seq.) of Title 23. Except as
210 provided in subdivision 7 c, the amount deducted on any individual income tax return in any taxable
211 year shall be limited to $2,000 per prepaid tuition contract or savings trust account. No deduction shall
212 be allowed pursuant to this section if such payments or contributions are deducted on the purchaser's or
213 contributor's federal income tax return. If the purchase price or annual contribution to a savings trust
214 account exceeds $2,000, the remainder may be carried forward and subtracted in future taxable years
215 until the purchase price or savings trust contribution has been fully deducted; however, except as
216 provided in subdivision 7 c, in no event shall the amount deducted in any taxable year exceed $2,000
217 per contract or savings trust account. Notwithstanding the statute of limitations on assessments contained
218 in § 58.1-312, any deduction taken hereunder shall be subject to recapture in the taxable year or years in
219 which distributions or refunds are made for any reason other than (i) to pay qualified higher education
220 expenses, as defined in § 529 of the Internal Revenue Code or (ii) the beneficiary's death, disability, or
221 receipt of a scholarship. For the purposes of this subdivision, the term "purchaser" or "contributor"
222 means the person shown as such on the records of the Virginia College Savings Plan as of December 31
223 of the taxable year. In the case of a transfer of ownership of a prepaid tuition contract or savings trust
224 account, the transferee shall succeed to the transferor's tax attributes associated with a prepaid tuition
225 contract or savings trust account, including, but not limited to, carryover and recapture of deductions.
226 b. The amount paid for a prepaid tuition contract during taxable years beginning on or after January
227 1, 1996, but before January 1, 1998, shall be deducted in taxable years beginning on or after January 1,
228 1998, and shall be subject to the limitations set out in subdivision 7 a.
229 c. A purchaser of a prepaid tuition contract or contributor to a savings trust account who has attained
230 age 70 shall not be subject to the limitation that the amount of the deduction not exceed $2,000 per
231 prepaid tuition contract or savings trust account in any taxable year. Such taxpayer shall be allowed a
232 deduction for the full amount paid for the contract or contributed to a savings trust account, less any
233 amounts previously deducted. If a prepaid tuition contract was purchased by such taxpayer during
234 taxable years beginning on or after January 1, 1996, but before January 1, 1998, such taxpayer may take
235 the deduction for the full amount paid during such years, less any amounts previously deducted with
236 respect to such payments, in taxable year 1999 or by filing an amended return for taxable year 1998.
237 8. For taxable years beginning on and after January 1, 2000, the total amount an individual actually
238 contributed in funds to the Virginia Public School Construction Grants Program and Fund, established in
239 Chapter 11.1 (§ 22.1-175.1 et seq.) of Title 22.1, provided the individual has not claimed a deduction for
240 such amount on his federal income tax return.
241 9. For taxable years beginning on and after January 1, 1999, an amount equal to 20 percent of the
242 tuition costs incurred by an individual employed as a primary or secondary school teacher licensed
243 pursuant to Chapter 15 (§ 22.1-289.1 et seq.) of Title 22.1 to attend continuing teacher education courses

244 that are required as a condition of employment; however, the deduction provided by this subsection shall
245 be available only if (i) the individual is not reimbursed for such tuition costs and (ii) the individual has
246 not claimed a deduction for the payment of such tuition costs on his federal income tax return.
247 10. For taxable years beginning on ~~and~~ *or* after January 1, 2000, *but prior to January 1, 2004,* the
248 amount an individual pays annually in premiums for long-term health care insurance, provided the
249 individual has not claimed a deduction for federal income tax purposes.
250 E. There shall be added to or subtracted from federal adjusted gross income, as the case may be, the
251 individual's share, as beneficiary of an estate or trust, of the Virginia fiduciary adjustment determined
252 under § 58.1-361.
253 F. There shall be added or subtracted, as the case may be, the amounts provided in § 58.1-315 as
254 transitional modifications.
255 *§ 58.1-339.11. Long-term care insurance tax credit.*
256 *A. For taxable years beginning on or after January 1, 2004, any individual shall be entitled to a*
257 *credit against the tax levied pursuant to § 58.1-320 for certain long-term care insurance premiums paid*
258 *by the individual during the taxable year. The amount of the credit for each taxable year shall equal 10*
259 *percent of the amount paid by the individual during the taxable year in long-term care insurance*
260 *premiums for long-term care insurance coverage for himself. For purposes of this section, "long-term*
261 *care insurance premium" means the amount paid during a taxable year for any qualified long-term care*
262 *insurance contract as defined in § 7702B(b) of the Internal Revenue Code covering an individual, and*
263 *as such section may be amended.*
264 *B. If the amount of the credit as determined in subsection A exceeds the individual's income tax*
265 *liability for the taxable year, the amount that exceeds such liability may be carried over for credit*
266 *against the income taxes of such individual in the next five taxable years or until the full credit is used,*
267 *whichever occurs first.*
268 *C. The credit described in this section shall not be claimed to the extent the individual has claimed a*
269 *deduction for federal income tax purposes for long-term care insurance premiums for himself.*
270 *D. To claim the credit authorized under this section, the individual shall attach to his individual*
271 *income tax return proof of payment for the long-term care insurance premiums. The Tax Commissioner*
272 *shall establish guidelines regarding the information to include and the format for such proof of payment.*
273 *Such guidelines shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq.).*

DEPARTMENT OF TAXATION
2004 Fiscal Impact Statement

1. **Patron** Benjamin J. Lambert III

2. **Bill Number** SB 263
House of Origin:
X **Introduced**
_____ **Substitute**
_____ **Engrossed**

3. **Committee** Senate Finance

4. **Title** Individual Income Tax: Credit for the Purchase of Long-Term Care Insurance

Second House:
_____ **In Committee**
_____ **Substitute**
Enrolled

5. **Summary/Purpose:**

This bill would provide a credit against the individual income tax for long-term care insurance premiums paid by the individual during the taxable year. The amount of the credit for each taxable year would equal 10% of the amount paid in long-term care insurance premiums. In addition, this credit would replace the current Virginia deduction for long-term care insurance.

This bill is effective for taxable years beginning on or after January 1, 2004.

6. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

6a. Expenditure Impact:

Fiscal Year	*Dollars*	*Fund*
2003-04	$32,000	GF
2004-05	$158,520	GF
2005-06	$3,564	GF
2006-07	$3,671	GF
2007-08	$3,781	GF
2008-09	$3,895	GF
2009-10	$4,011	GF

6b. Revenue Impact:

Fiscal Year	*Dollars*	*Fund*
2003-04	$0	GF
2004-05	<$2.5 million>	GF
2005-06	<$2.7 million>	GF
2006-07	<$3.0 million>	GF
2007-08	<$3.3 million>	GF
2008-09	<$3.6 million>	GF
2009-10	<$4.0 million>	GF

7. **Budget amendment necessary:** Yes.
ITEM: Page1, Revenue Estimates
284 and 286, Department of Taxation

8. **Fiscal implications:**

Administrative Impact

The Department would incur administrative costs of $32,000 for FY 2004, $158,520 for FY 2005, $3,564 for FY 2006, $3,671 for FY 2007, $3,781 for FY 2008, $3,895 for FY 2009, and $4,011 for FY 2010 for forms revision, systems development, and additional instructional material.

Revenue Impact

This bill would decrease General Fund revenues by $2.5 million in FY 2005, $2.7 million in FY 2006, $3.0 million in FY 2007, $3.3 million in FY 2008, $3.6 million in FY 2009, and $4.0 million in FY 2010.

9. **Specific agency or political subdivisions affected:**

Department of Taxation

10. **Technical amendment necessary:** No.

11. **Other comments:**

General

Under the Internal Revenue Code, a qualified long-term care insurance contract is defined as an insurance contract that provides only coverage of qualified long-term care services. The contract must be guaranteed renewable, not provide for a cash surrender, refunds and dividends must be used only to reduce future premiums, and generally not pay or reimburse expenses incurred for services or items that would be reimbursed under Medicare.

Long-term health care insurance provides coverage for the costs of nursing home care and in home care that can last over extended periods of time. This type of insurance is promoted as a way to provide asset protection against the exorbitant costs of long term care. Most traditional health insurance plans do not cover long-term care.

Federal Treatment of Long Term Care Insurance

Federal law allows a deduction for those who itemize for long term care insurance premiums. An individual can deduct only the part of the medical and dental expenses, including long-term care insurance, which is more than 7.5% of the individual's adjusted gross income. An individual can deduct long-term care insurance premiums paid for himself, a spouse or dependent(s). In order to deduct long-term care insurance premiums for a spouse or dependent, the individual must have been a spouse or dependent either at the time the insurance was purchased or at the time the long-term care insurance benefits are received.

The amount of qualified long-term care premiums that can be deducted is limited. The amount of allowable premium is based on age; if the individual is under the age of 40 the maximum allowable deduction is $250, age 41 to 50 the maximum is $470, age 51 to 60 the maximum is $940, age 61 to 70 the maximum is $2,510 and individuals age 71 and over the maximum is $3,310.

Proposal

This bill would provide a credit against the individual income tax for long-term care insurance premiums paid by the individual during the taxable year. The amount of the credit for each taxable year shall equal 10% of the amount paid in premiums for long-term care insurance coverage for himself. Long-term care insurance premiums are defined as the amounts paid during the year for a qualified long-term care insurance contract. In addition, this credit would replace the current deduction for long-term care insurance.

An individual may not claim the credit to the extent the individual has claimed a deduction for federal income tax purposes for long-term care insurance premiums for himself. Any unused credit may be carried over in the next five taxable years.

Other Legislation

House Bill 1050 is identical to this bill.

House Bill 1214 would create a credit against individual income taxes for long-term care insurance premiums paid by individuals during the taxable year for individuals at least 55 years of age.

cc : Secretary of Finance

HOUSE JOINT RESOLUTION NO. 205

Requesting the Board of Nursing to collect information on nurse practitioner prescriptive authority. Report.

Agreed to by the House of Delegates, February 17, 2004
Agreed to by the Senate, March 9, 2004

WHEREAS, licensed nurse practitioners, pursuant to § 54.1-2957.01 of the Code of Virginia, other than certified registered nurse anesthetists, have the authority to prescribe controlled substances and devices as set forth in Chapter 34 (§ 54.1-3400 et seq.) of Title 54.1; and

WHEREAS, House Bill No. 818 (2000) granted nurse practitioners greater authority to prescribe controlled substances and devices according to the following schedule: (i) Schedules V and VI controlled substances on and after July 1, 2000; (ii) Schedules IV through VI on and after January 1, 2002; and (iii) Schedules III through VI controlled substances on and after July 1, 2003; and

WHEREAS, with the aging of the population in Virginia and the United States, the demand for health care providers is increasing; and

WHEREAS, it has been found that there are Virginia communities that do not have adequate access to primary care; and

WHEREAS, some research has concluded that providing appropriate access to primary care will require the increased use of physician extenders, including nurse practitioners; and

WHEREAS, the Joint Commission on Health Care, in its 2003 report titled "Nurse Practitioner Prescriptive Authority," found that the Board of Nursing does not collect information on the practice locations of nurse practitioners and that the collection of only the home address does not allow for the evaluation of where nurse practitioners are practicing; and

WHEREAS, having information regarding the practice location of nurse practitioners would allow a comparison to primary health professional shortage areas or medically underserved areas; and

WHEREAS, information concerning written practice agreements between nurse practitioners and physicians is not automated, making the Board of Nursing unable to provide information regarding the number of nurse practitioners authorized to prescribe at the various Schedule levels; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Board of Nursing be requested to collect information on nurse practitioner prescriptive authority. The Board shall collect information regarding the (i) practice locations of nurse practitioners and (ii) number of nurse practitioners with the authority to prescribe each Schedule of controlled substances and devices.

All agencies of the Commonwealth shall provide assistance to the Board of Nursing in collecting the information, upon request.

The Board of Nursing shall submit to the Joint Commission on Health Care, the Senate Committee on Education and Health, and the House Committee on Health, Welfare and Institutions an executive summary and the information collected on nurse practitioner prescriptive authority by no later than October 1, 2004.

The Board of Nursing shall submit to the Division of Legislative Automated Systems an executive summary and the information collected on nurse practitioner prescriptive authority no later than the first day of the 2005 Regular Session of the General Assembly. The executive summary shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

ENROLLED

SENATE JOINT RESOLUTION NO. 81

Encouraging the Department of Mental Health, Mental Retardation and Substance Abuse Services to provide nonfinancial assistance in developing demonstration projects designed to divert individuals with mental illness, substance abuse, and co-occurring disorders from jail or secure detention.

Agreed to by the Senate, February 17, 2004
Agreed to by the House of Delegates, March 1, 2004

WHEREAS, the Joint Commission on Behavioral Health Care and subsequently the Behavioral Health Care Subcommittee of the Joint Commission on Health Care assisted by the Commission on Youth and a Task Force Studying Treatment Options for Offenders with Mental Illness or Substance Abuse Disorders undertook a three-year study as required by Senate Joint Resolution No. 440 (2001), Senate Joint Resolution No. 97 (2002) and House Joint Resolution No. 142 (2002); and

WHEREAS, the Joint Commission on Behavioral Health Care and subsequently the Behavioral Health Care Subcommittee of the Joint Commission on Health Care found in its three-year study that a number of mental health and substance abuse treatment programs undertaken as State and local initiatives in Virginia have served as valuable alternatives or additions to incarceration; and

WHEREAS, information about the existence, structure, and approach of the various mental health and substance abuse initiatives for offenders is not widely known; and

WHEREAS, the Department of Mental Health, Mental Retardation and Substance Abuse Services has initiated regional reinvestment projects and a major restructuring effort to provide "a more comprehensive and fully developed system of community-based care"; and

WHEREAS, the Department of Mental Health, Mental Retardation and Substance Abuse Services, in connection with its reinvestment and restructuring initiatives, is developing a web-based Internet site for evidence-based, best, and promising practices; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Department of Mental Health, Mental Retardation and Substance Abuse Services be encouraged to provide nonfinancial assistance in developing demonstration projects designed to divert individuals with mental illness, substance abuse, and co-occurring disorders from jail or secure detention. The Department is requested to incorporate information within its web-based Internet site about such programs and continue the activities of its Forensic Work Group.

ENROLLED

SENATE JOINT RESOLUTION NO. 88

Encouraging the Department of Corrections and the Department of Juvenile Justice to include an evaluation and reporting component in any new mental health or substance abuse treatment initiative undertaken for offenders in their custody.

Agreed to by the Senate, February 17, 2004
Agreed to by the House of Delegates, March 9, 2004

WHEREAS, the Joint Commission on Behavioral Health Care and subsequently the Behavioral Health Care Subcommittee of the Joint Commission on Health Care assisted by the Commission on Youth and a Task Force Studying Treatment Options for Offenders with Mental Illness or Substance Abuse Disorders undertook a three-year study as required by Senate Joint Resolution No. 440 (2001), and Senate Joint Resolution No. 97 and House Joint Resolution No. 142 (2002); and

WHEREAS, the Joint Commission on Behavioral Health Care and subsequently the Behavioral Health Care Subcommittee of the Joint Commission on Health Care found in its three-year study that while a number of studies have shown mental health and substance abuse treatment as an alternative to or in combination with incarceration is effective in reducing the incidence of subsequent criminal behavior, there is a need for evaluation that is specific to the treatment programs being provided in Virginia; and

WHEREAS, it was reported to the Behavioral Health Care Subcommittee of the Joint Commission on Health Care that neither the Department of Corrections nor the Department of Juvenile Justice comprehensively evaluates the effectiveness of the mental health and substance abuse treatment programs provided for offenders, although it is their intention to improve evaluation and to incorporate evaluation requirements and funding in future programs; now, therefore, be it

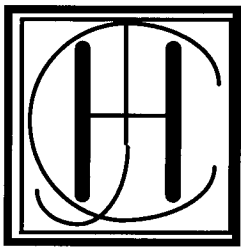
RESOLVED by the Senate, the House of Delegates concurring, That the Department of Corrections and the Department of Juvenile Justice be encouraged to include an evaluation and reporting component in any new mental health or substance abuse treatment initiative that is established for offenders in their custody.

APPENDIX B

2004 JCHC BUDGET AMENDMENTS

Budget Amendments Approved by the General Assembly	
Indicates JCHC support for the continuation of state funding of local initiatives to address the needs of adults and juveniles with mental health, mental retardation, or co-occurring disorders who come into contact with the criminal justice system.	Item 11 #1c Language only
Requests funding of $110,000 for each year of the biennium for Rx Partnership (within VDH budget).	Item 314 #3c $75,000 in FY 2005 $75,000 in FY 2006
Requests that DMHMRSAS, in cooperation with DCJS, incorporate information in its web-based Internet site about programs that divert individuals with mental illness, substance abuse or co-occurring disorders from jail or secure detention.	Item 330 #1c Language only
Requires an evaluation and reporting component in any new mental health or substance abuse treatment initiative implemented by DOC for adult offenders.	Item 410 #1c Language only
Requires an evaluation and reporting component in any new mental health or substance abuse treatment initiative implemented by DJJ for juvenile offenders.	Item 439 #1c Language only

Budget Amendments that Were Not Approved
Increases Medicaid reimbursement of physicians to 75% of Medicare rate – $13 million in GFs and $13 million in NGFs in FY 2005 – $14.1 million in GFs and $14.1 million in NGFs in FY 2006
Increases Medicaid reimbursement of personal care services by $1/hour in FY 2005 and by an additional $1/hour in FY 2006 – $5.45 million in GFs and $5.45 million in NGFs in FY 2005 – $11.45 million in GFs and $11.45 million in NGFs in FY 2006
Provides funding to develop a methodology for setting reimbursement rates for personal care services – $16,000 in GFs and $16,000 in NGFs in FY 2005
Increases the personal maintenance allowance for home and community-based Medicaid waivers to 150% of the federal poverty guideline – $1.65 million in GFs and $1.65 million in NGFs in FY 2005 – $1.65 million in GFs and $1.65 million in NGFs in FY 2006
Provides funding to establish a public education/awareness campaign on the benefits of long-term care insurance – $50,000 in GFs in FY 2005 – $50,000 in GFs in FY 2006
Provides funding to support the outpatient reporting system – $50,000 in GFs in FY 2005 – $50,000 in GFs in FY 2006



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