“Qualified long term care” services are necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitative services, and maintenance or personal care services required by a chronically ill individual provided under a plan of care presented by a licensed health care practitioner.

To qualify as chronically ill, an individual must be certified by a physician or other licensed health care practitioner (e.g., nurse, social worker, etc.) as unable to perform without substantial assistance at least two activities of daily living for at least 90 days due to a loss of functional capacity, or as requiring substantial supervision for protection due to severe cognitive impairment (memory loss, disorientation, etc.). Of course, a victim of Alzheimer's disease qualifies.

“Qualified long term care insurance" is insurance that provides coverage only for qualified long term care services, doesn't pay costs that are covered by Medicare, is guaranteed renewable, and doesn't provide for a cash surrender value. A policy isn't disqualified merely because it pays benefits on a per diem or other periodic basis without regard to the expenses incurred during the specific payment period.

For individuals 40 years old or younger, the 2008 limit on deductible long-term care insurance premiums is $310 per year. For individuals over 40 to 50, $580; over 50 to 60, $1,150; over 60 to 70, $3,080, and over 70, $3,850. These limits are per individual. Thus, a married couple filing jointly each of whom is over 70 can deduct up to $7,700 a year in premiums ($3,850 times two). The limitation amounts are adjusted for inflation every year. (These limits apply solely to long-term care insurance premiums. No limits apply to directly incurred long-term care expenses.)

Please note that the costs of qualified long term care or insurance for such care aren't necessarily deductible for all taxpayers. These rules merely state that they may be included in deductible medical expenses. These are only deductible to the extent they exceed 7.5% of adjusted gross income (the normal floor for all medical expenses). For example, if a married couple filing jointly has adjusted gross income of $80,000, only medical costs in excess of $6,000 ($80,000 × 7.5%) may be claimed as an itemized deduction.

In determining your total medical costs, however, be sure to include those that you incur for your dependents as well as for yourself. For example, a taxpayer undertaking to cover the long-term care of an elderly parent or grandparent may be able to include these costs along with his own medical expenses on his return. They may be included if the parent or grandparent is the taxpayer's dependent. For these purposes, the test will generally be met if the taxpayer is providing over 50% of the support of the parent or grandparent (including medical costs). (The taxpayer may not be able to claim a dependency exemption if the parent or grandparent has gross income above $3,500 in 2008 or is filing a joint return, but will still be able to include the medical costs with his own.)