



WA Cares Fund - update

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OFFICE of the
**INSURANCE
COMMISSIONER**
WASHINGTON STATE

The Path to WA Cares

2015-2018

State Legislature
Passes ESSB 6052 &
ESSB 6032
requiring DSHS to
contract with an
actuarial firm to
[conduct independent
feasibility studies of LTC](#)
policy options

2014

Joint Legislative
Executive Committee
on Aging and Disability
explores LTC public
policy innovations

2019

State Legislature
Passes SSHB 1087

- **ESD** Collects Premiums
- **DSHS** Administers Benefit
- **HCA** Tracks Lifetime Benefit
- **State Actuary** Performs Actuarial Audit Functions

2022

January 1

Employers begin
deducting premiums
from employee wages

2025

January 1

Benefit becomes
available for qualified
individuals

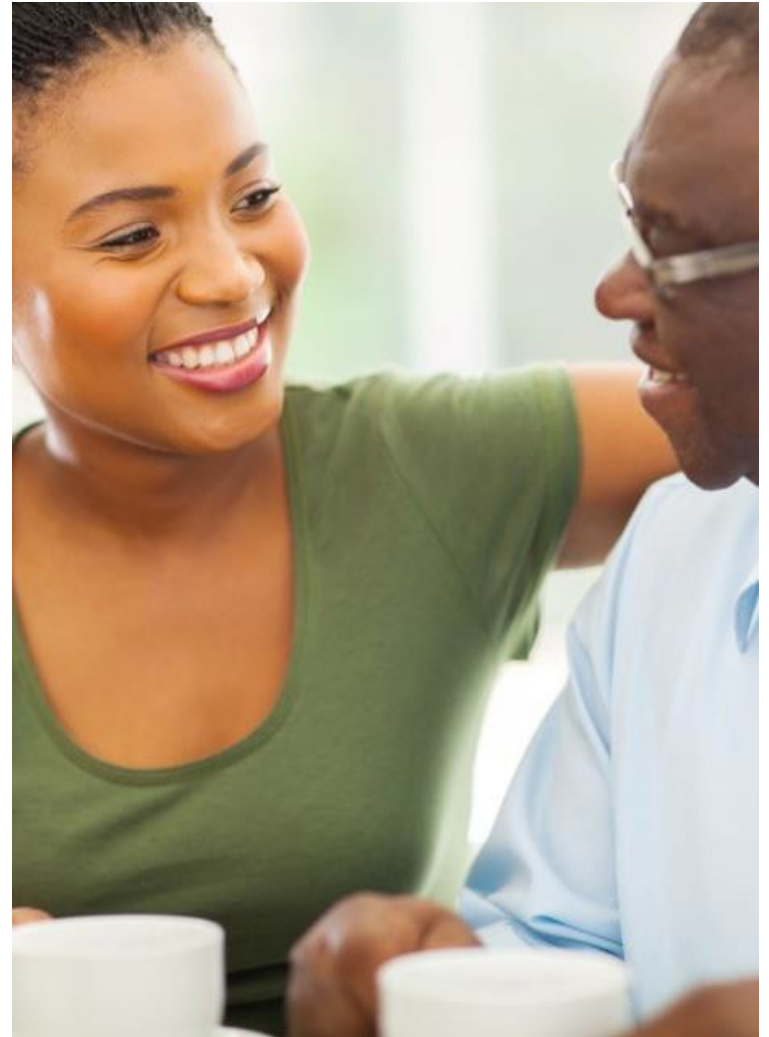
WA Cares Fund will protect state budget

Washington's budget for LTC in the current 2019-2021 biennium:	LTC spending as a percentage of the state budget:
\$6.4 billion	6.3%

These costs and their impact on the state budget would have doubled in roughly two decades, along with the increase in our aging population, without a policy intervention.

Description of WA Cares Fund

***Aging and Long-Term
Support Administration,
Department of Social
and Health Services***



What is WA Cares Fund?

- A universal long-term care program enacted in Washington State
- An earned benefit – only those who contribute are eligible
- Self-funded from worker contributions, reducing the need to raise taxes to pay for Medicaid LTSS costs associated with the coming age wave
- Affordable contributions across our careers is a more efficient and effective way to pay for long-term care
- Lifetime maximum benefit of \$36,500
- Contributions begin 1/1/2022; Benefits begin 1/1/2025
- Workers contribute 0.58% of their wages



How WA Cares Works

- Every employee contributes a little over a half a percent (0.58%) of wages.
- Premiums go into dedicated Trust Fund
 - that can be used only for this program.
- If you have private LTC insurance, you can:
 - Keep it and use it to supplement the WA Cares \$36,500 benefit; or
 - Apply to permanently withdraw from WA Cares 10/1/2021 thru 12/31/2022

Typical WA Income
\$52,075/year

Typical contribution
\$302/year

How WA Cares Works

What do employers need to know?

- Employers collect premiums from employee wages beginning January 1, 2022.
- Workers contribute to WA Cares; employers do not.
- Employers report wages and remit employee premiums to ESD.
- If an employee has LTC insurance and does not want additional coverage through WA Cares, they can apply to opt out through ESD. Employers do not process opt-out applications.
- Employers collect premiums from all workers except those who have provided confirmation from ESD certifying exemption from WA Cares coverage.
- Self-employed earners may opt in to WA Cares through ESD.

How WA Cares Works

Vesting and eligibility

To meet vesting criteria, you must have earned your WA Cares benefit by working and contributing:

- At least ten years at any point in your life without a break of five or more years, or
- Three of the last six years;
- And at least 500 hours per year during those years.

To be eligible for benefits, you must require assistance with at least three activities of daily living.

The Benefit is Flexible

- You can spend up to \$36,500 on a combination of services and supports.
- The benefit is flexible, and you choose how you want to use it.
- You can hire a home-care aide, pay a family member, make home modifications, etc.

Who is not automatically covered?

- Federal employees are not included
- Self-employed people can opt-in beginning January 1, 2022
- Tribes have the option to opt-in at any time

Who may be unable to claim benefits?

Under current statute:

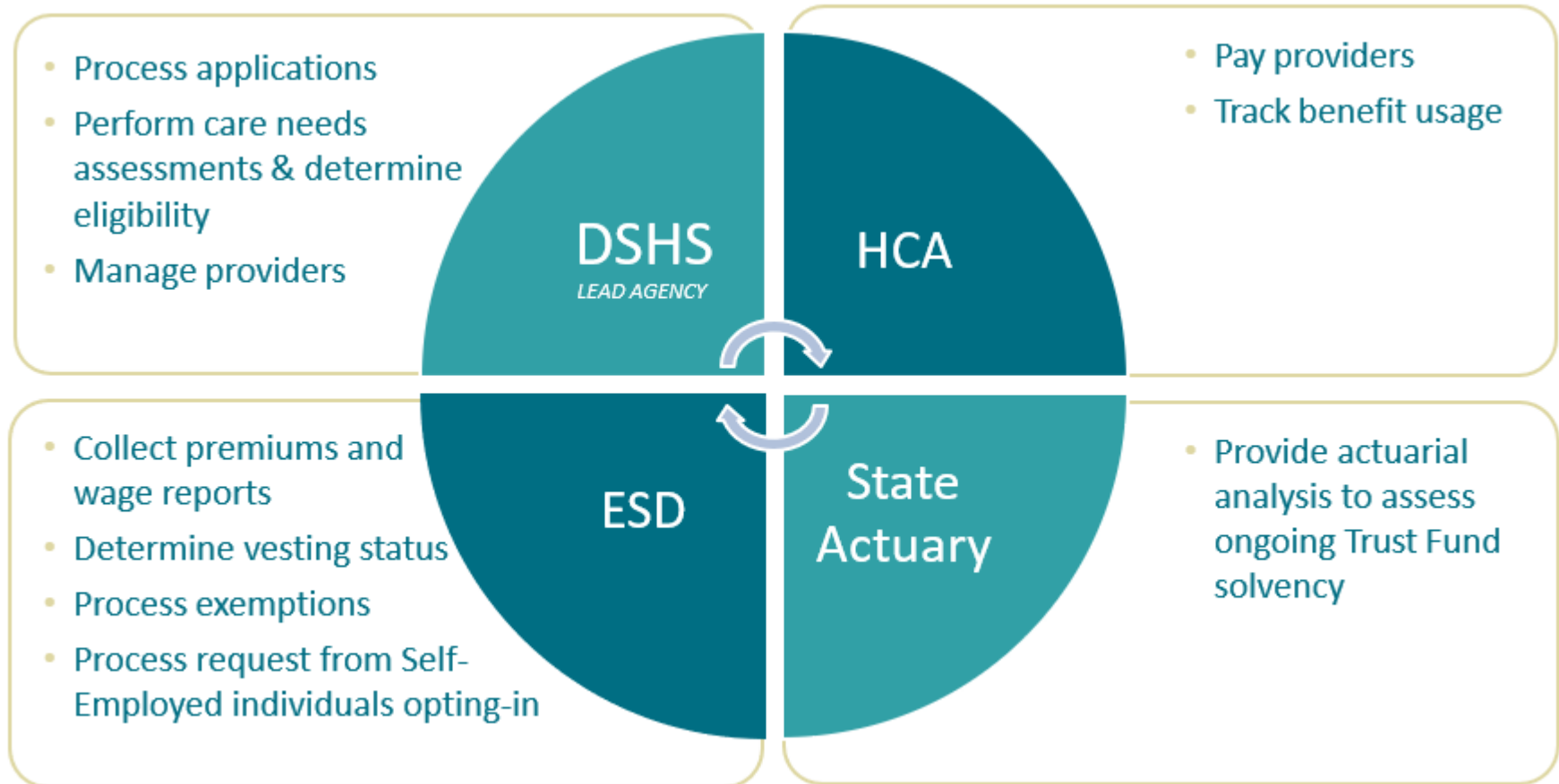
- People who live in border states and work in Washington will pay in but cannot access benefits unless they reside in Washington when they need care.
- People who will retire before they permanently vest will be unable to claim if they need care beyond three years of retiring.
- People who move out of state will not be able to access benefits unless they return.

LTSS Trust Commission Benefit Eligibility Workgroup is considering policy options to address these issues.

Cross Agency Responsibilities

- ***DSHS Aging and Long-Term Support Administration***
- ***Employment Security Department***
- ***Health Care Authority***
- ***Office of the State Actuary***
- ***Office of the Insurance Commissioner***
(Not part of authorizing legislation)

Cross Agency Responsibilities



Office of the Insurance Commissioner

- Is not an administering agency for WA Cares Fund by statute
- Acts as a partner as the official regulator for long-term care insurance in Washington
- Acts as a partner to WA Cares Fund by providing consumer protection

RCW 50B.04.085 – Premium assessment

RCW 50B.04.085

Premium assessment—Exemptions.

(1) An employee who attests that the employee has long-term care insurance purchased before November 1, 2021, may apply for an exemption from the premium assessment under RCW 50B.04.080. An exempt employee may not become a qualified individual or eligible beneficiary and is permanently ineligible for coverage under this title.

(2)(a) The employment security department must accept applications for exemptions only from October 1, 2021, through December 31, 2022.

(b) Only employees who are eighteen years of age or older may apply for an exemption.

(3) The employment security department is not required to verify the attestation of an employee that the employee has long-term care insurance.

Chapter 192-905 WAC - Exemptions

WAC 192-905-005 Eligibility requirements for an employee to receive an exemption from the long-term services and supports trust program. (1) An employee who has long-term care insurance as outlined in RCW 50B.04.085 and attests to this, may apply for an exemption from the premium assessment under RCW 50B.04.080. "Long-term care insurance" has the meaning provided in RCW 48.83.020.

(2) Only an employee who is eighteen years of age or older on the date of application may apply for an exemption.

(3) The employee must provide identification that verifies their age at the time of application.

(4) The department may verify an employee's long-term care insurance coverage and may request additional information from the employee.

[Statutory Authority: RCW 50B.04.020 and 50B.04.085. WSR 21-11-013, § 192-905-005, filed 5/7/21, effective 6/7/21.]

Overview of exemption criteria

Workers who have their own private long-term care insurance may apply for an exemption.

Exemptions are permanent. If approved, workers won't have premiums assessed and forfeit their right to the benefit for life.

Workers seeking an exemption must apply themselves through ESD. Employers cannot apply on behalf of employee.

Key dates for exemption applications:

- By November 1, 2021 - Have a qualifying private long-term care insurance policy.
- October 1, 2021 – December 2022: Apply to ESD for an exemption.

Overview of exemption criteria

Policies must meet the definition for long-term care insurance in law

- Long-term care (LTC) insurance, according to [Washington state law \(leg.wa.gov\)](http://leg.wa.gov), is an insurance policy, contract or rider that provides coverage for at least 12 consecutive months to an insured person if they experience a debilitating prolonged illness or disability.
- LTC insurance typically pays benefits when an insured person can no longer independently do two or more activities of daily living (ADLs).
- LTC insurance may be included as a rider on some life insurance and annuity policies. However, some life insurance policy riders don't qualify as long-term care insurance in our state according to [the definition of LTC insurance as defined in RCW 48.83.020 \(leg.wa.gov\)](http://leg.wa.gov). [See a list of companies approved to sell long-term care insurance in Washington state.](#)

Exemption responsibilities

Employees:

- Employees will apply for an exemption online by attesting that they have purchased long-term care insurance before November 1, 2021. Applications will be available October 1, 2021.
- Must provide notification of exemption to all current and future employers.
- The only acceptable notification is a copy of the employee's approved exemption letter from ESD.

Employment Security Department (ESD):

- Approve exemption applications and provide an approval letter to employees.

Exemption responsibilities

Employers:

- Employees are not entitled to a refund of premiums that were assessed before their exemption was approved or before the approved exemption letter was provided to their employer.
- Employers must maintain a copy of the employee's approved exemption letter.
- Employers should not collect premiums from exempt employees who have provided the approved exemption letter.

Assumptions in baseline analysis

Assumptions in Milliman's most recent baseline analysis

Benefit eligibility trigger

- Individuals who have vested can draw benefits once they require assistance with a minimum number of ADLs or severe cognitive impairment
- RCW 50B.04 currently defines the benefit eligibility criteria as requiring assistance with at least 3 ADLs
- Milliman assumed the type and numbers of ADLs by care setting will be consistent with current definitions under the state Medicaid program

Assumptions in baseline analysis

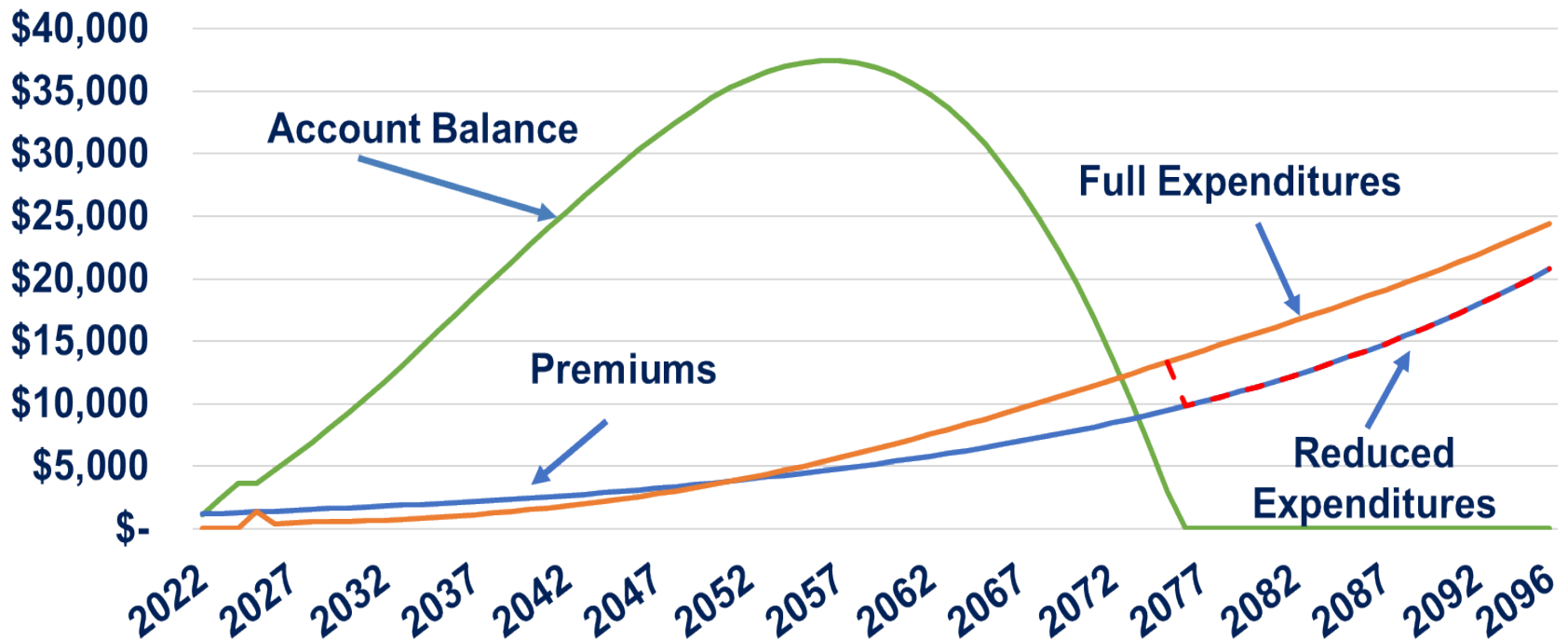
Assumptions in Milliman's most recent baseline analysis

Elimination period

- Milliman was asked to model a 45-day elimination period (EP) based on an assumption that DSHS will need 45 days to determine eligibility
- The modeled EP assumes the WA Cares Fund will not pay benefits for the first 45 consecutive days during which the individual has a qualifying level disability meeting the benefit eligibility trigger

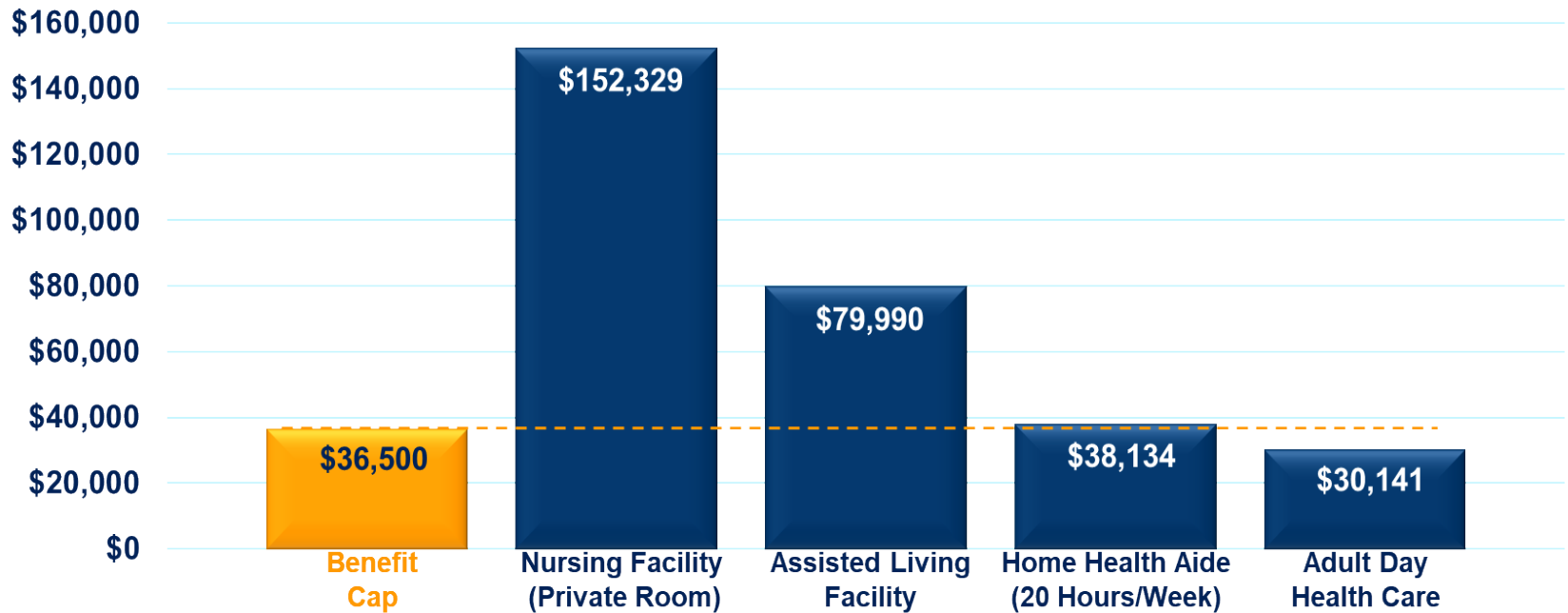
Milliman's 75-year projection

Figure 1—Projected Account Balance, Premiums, and Expenditures by Calendar Year (\$ in Millions)



Relative benefit value

Projected Annual Median Long-Term Care Costs, 2025 (Washington State)



Source: [Genworth Cost of Care Survey](#).

How long does long-term care typically last?

Both tables show average length of care if long-term care is needed. Not everyone requires long-term care services during their lifetime.

Boston College Study	
Duration	Likelihood
0-1 years	29%
1-3 years	38%
3+ years	33%
Total	100%

Source: Center for Retirement Research at Boston College: What Level of Long-Term Services and Supports Do Retirees Need?

Federal Research Brief	
Duration	Likelihood
0-1 years	18%
1-2 years	15%
2-5 years	27%
5+ years	40%
Total	100%

Source: Research brief from federal Department of Health and Human Services/Urban Institute: Long-Term Care Services and Supports for Older Americans: Risks and Financing.

Benefit eligibility workgroup charter

- I. **Near retirees:** People nearing full retirement are unlikely to permanently vest. Those who retire before 2025 will have paid in for nearly three years without achieving even temporary vesting, while those who retire between 2025 and 2031 will have paid in 3-9 years without achieving permanent vesting.
- II. **Border-state residents commuting to work in WA:** Under current statute, people who live in Idaho or Oregon but work for a Washington employer pay premiums but cannot receive benefits unless they move to (“reside in”) Washington when they have a long-term care need. This impacts approximately 150,000 people who will begin paying premiums in 2022 and will affect many more in the decades to come.
- III. **Non-immigrant visa holders:** Foreign workers who have to return to their respective countries when their work visas expire will also be required to pay in, but they cannot receive benefits because they cannot remain in Washington long-term.
- IV. **People who leave the state:** A significant share of the workforce leave the state either during their working years or after retirement. Some may have paid in less than 10 years and left before they could permanently vest, others will have vested and will be unable to claim benefits when they need LTC. Per the current statute, only people who reside in Washington when they need care can utilize WA Cares Fund benefits.

Supplemental private LTC insurance

Workgroup Purpose:

- As required by SHB 1323, the Commission shall work with insurers to support the development of private LTC insurance products that supplement the WA Cares Fund benefit

Workgroup Objectives:

- Serve as forum for clarifying questions, providing information and solving problems surrounding the relation of supplemental plans to the WCF benefit;
- Identify and develop recommendations to reduce impediments to the design of attractive, affordable supplemental private plans;
- Identify and develop recommendations to manage coordination of benefits challenges between WCF and supplemental private plans;
- Develop recommendations for consumer protections in supplemental plans that ensure consistency with NAIC model Act consumer protections and to the extent needed, strengthen such protections for these supplemental policies.

Supplemental private LTC insurance

Membership:

- Chair of the LTSS Trust Commission (or designee), who will serve as Chair of the Workgroup;
- Washington State Insurance Commissioner or designee;
- Director of the Health Care Authority or designee;
- Five other members of the LTSS Trust Commission;
- Five representatives from private long-term care insurance carriers currently selling policies in Washington State;
- Two consumer protection advocates with expertise in long-term care insurance.

Procedure:

- The workgroup will strive for consensus in all its recommendations. Where consensus cannot be achieved, a recommendation may be approved by a vote of two-thirds of the workgroup members.

Supplemental private LTC insurance

Workgroup Timeline and Scope:

- Fall 2021 to spring 2022
- Recommendations shared with Commission in summer 2022 for consideration in January 2023 Report to the Legislature

Activity in the private market

- Producers
- Marketing
- Insurers
- Record level consumer complaints
- Record level website activity

Thank you!

To learn more, please visit:

- WA Cares Fund wacaresfund.wa.gov

Questions?

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