



WA Cares Supplemental Plans

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**National Association of
Insurance Commissioners
Spring National Meeting**
Senior Issues Task Force



Washington State
Health Care Authority



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About the WA Cares Fund

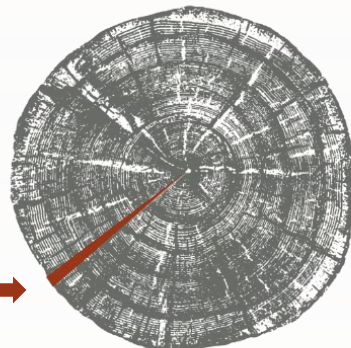
- Earned benefit
- Self-funded by worker contributions
- Works like an insurance program
- Only contribute while you're working
- Everyone covered at same rate regardless of pre-existing conditions
- No copays, no deductibles, and you never have to file a claim

Typical Income:

\$50,091

Typical Contribution:

\$291/year



0.58%

Contributions

0.58%

Amount workers
contribute from wages



Contributions begin

Benefits

\$36,500

Lifetime maximum benefit
(adjusted annually up to
inflation)



Benefits available

LTSS Trust Commission Recommendations Report

Supplemental Private LTC Insurance (SPLTCI)

Consensus was reached on set of recommendations on the structuring of a SPLTCI market, organized in six areas:

- Consumer protection
- Venue for filing policies
- Benefit trigger and elimination period
- Transition issues for near-retiree cohorts
- Continuity of covered care settings and providers
- Coordination of benefits between WA Cares and SPLTCI policies

LTSS Trust Commission Supplemental Private LTCI Recommendations – Consumer Protection

Challenge: Ensuring consumers are aware of cost and benefit tradeoffs involved in choices around policy design features, particularly for a product which claims to supplement WA Cares benefits.

Recommendations:

- Develop consumer guide for people seeking Supplemental Private Long-Term Care Insurance (SPLTCI) coverage to help them make informed choices
- Direct and fund Office of the Insurance Commissioner to expand Statewide Health Insurance Benefits Advisors (SHIBA) program to educate SPLTCI consumers (focus on middle-income market)
- Create new section of statute in Title 48 to regulate policies that can be marketed and sold as supplemental to WA Cares
 - Should apply to SPLTCI products only and not disrupt current long-term care insurance market
 - Should be sufficiently detailed and thorough to give consumers adequate information to protect them as they make decisions about purchasing a product that entails a substantial long-term financial commitment
 - Everything known about SPLTCI policies should be disclosed up front so consumers are not surprised later

LTSS Trust Commission Supplemental Private LTCI Recommendations – Venue for Filing SPLTCI Policies

Challenge: Issues regarding filing venue could create barrier to market entry by private LTC insurance carriers.

Recommendation:

- Washington State should endeavor to work through the logistical challenges for allowing “mix and match” to reach the agreed-upon goal of facilitating the development of a vibrant and competitive SPLTCI market

LTSS Trust Commission Supplemental Private LTCI Recommendations – Benefit Trigger & Elimination Period

Challenge: potential gaps in coverage related to benefit trigger and elimination period

Recommendations:

- SPLTCI deductible (monetary component of SPLTCI elimination period) should be equal to WA Cares full maximum lifetime benefit (starting at \$36,500) and automatically adjusted for inflation
- WA Cares annual benefit inflation adjustment should be automatic, rather than an annual discretionary determination by the LTSS Trust Council
- Carriers may not require that a client undergo a functional assessment or satisfy a benefit trigger in order to determine that a SPLTCI elimination period has begun or ended
 - Carrier may conduct a functional assessment and apply a benefit trigger for purposes of approving SPLTCI claim and authorizing SPLTCI benefits
 - SPLTCI policies must accept exhaustion of maximum WA Cares benefits (currently \$36,500) by a SPLTCI policyholder – or for WA Cares beneficiaries with partial benefits, exhaustion of WA Cares benefits and utilization of paid care which together total proposed statutory SPLTCI deductible (currently \$36,500) – as sufficient to satisfy monetary component (deductible) of SPLTCI elimination period

LTSS Trust Commission Supplemental Private LTCI Recommendations – Benefit Trigger & Elimination Period (2/2)

- For proof of exhaustion of WA Cares benefits, will suffice that WA Cares Fund informs carrier when a client's WA Cares benefits are exhausted
- SPLTCI policies' elimination period may include, in addition to the monetary component (deductible), a time component such as 3, 6, 9, or 12 months, but not to exceed 12 months
- For policies that include both monetary and time component, a policyholder would satisfy SPLTCI elimination period after later of 2 events:
 - Exhausting WA Cares benefits
 - Being on their WA Cares claim for the time period specified in the policy
- New SPLTCI consumer guide, SHIBA counseling, and disclosures should support consumers in assessing tradeoffs between various elimination period options and price points and educate consumers about importance of budgeting their WA Cares benefits carefully to reduce the likelihood and size of a potential donut hole



Thank you

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