



WA Long-Term Care Trust Act

Although a number of states have explored the idea of a publicly-funded Long-Term Care (LTC) benefit, including Hawaii and Minnesota, the state of Washington was the first to take definitive action. Governor Jay Inslee (D-WA) signed the LTC Trust Act into law effective July 28, 2019, following approval in the Washington state House (by a vote of 55-41) and Senate (by a vote of 26-22).

EXEMPTION & BILL SIGNING UPDATE

On Wednesday April 14th, the Washington State House concurred with the amendments passed by the Senate, approving SHB 1323 by a final vote of 58 to 39. Governor Inslee then signed the bill on Wednesday, April 21st. **The amended bill includes a new opt-out deadline of November 1, 2021.** Please contact us for an engrossed version of the bill, which consolidates all the amendments that were approved and incorporated into this law.

While many Trust Act details are still TBD, the Employment Security Department's (ESD) exemption rules likely to be announced in late April due to the "volume of questions, comments and inquiries." The Trust Commission holds its next public meeting on May 25th from 1:00pm to 4:00pm PDT.

WHAT IS IT?

- A long-term services and supports ("LTSS") benefit, which is publicly funded by a **0.58% payroll tax on all wages and remuneration**, withheld quarterly by employers
- The benefit is vested by individuals who work a **minimum of 500 hours per year** and pay premiums for at least ten years (without a break of five consecutive years) OR who pay premiums **for three of the last six years**
- Benefits are paid directly to providers at Medicaid-comparable rates

WHO?

- **Mandatory for all W-2 employees** in Washington State
- Self-employed and **independent contractors may opt in**
- Those who are currently retired may not pay premiums or qualify for benefits
- Those under age 18 may not participate
- Owners of **private LTC insurance may opt out** of the program permanently by applying for an **exemption** between October 1, 2021, and December 31, 2022

WHEN?

- Statewide **employer education** will begin later this year
- The first **payroll deductions** begin January 1, 2022
- **Public outreach** will begin in 2024
- The first **claim for benefits** can begin on January 1, 2025
- The Trust Act Commission will issue its first report on participation, benefits paid and Medicaid savings on January 2, 2026

WHERE?

- Only **Washington residents can qualify for benefits**
- Residents who move out of state for five or more years forfeit both benefits and premiums

WHY?

- Washington will **spend \$4B per year** on Medicaid-funded LTC by 2030
- The state's **850,000 unpaid family caregivers** face financial insecurity: nationally, 20% of family caregivers spend an average of 20% of their own income on out-of-pocket caregiving costs
- **Family caregivers who leave work lose an average of \$300,000** in lifetime income and benefits

HOW DOES THE TRUST ACT WORK?

- Benefits are paid in **\$100 "stackable" units**, up to a **\$36,500 lifetime maximum**
- Each year, benefits will be reviewed and may be raised at a rate "no greater than the **Washington Consumer Price Index**"
- Beneficiaries must need assistance with a **minimum of 3 of 10 "activities of daily living"**: medication management, personal hygiene, eating, toileting, transferring, body care, bathing, ambulation/mobility, dressing and cognitive impairment
- **Providers must be on a Department of Social and Health Services-approved list**

WHICH KINDS OF LTSS SERVICES ARE COVERED?

- Funds can be spent on nursing facilities, residential settings (including assisted living and adult family homes), professional caregiving such as home health care, wheelchair ramps, emergency alert devices, medication reminders, training for family, Meals on Wheels, rides to doctor appointments, dementia education, caregiver support, and/or care coordination
- Family members may qualify upon receiving **21–35 hours of formal training** (depends on situation)

WILL THE TAX RATE INCREASE?

- Although designed to remain level, there is **no guarantee** that the payroll tax rate won't change
- The first **payroll tax review** will occur on January 1, 2024, and be conducted by the Pension Funding Council

DISCLAIMER: The Washington State Trust Commission is solely responsible for approving exemptions from the .58% payroll tax. LTCI Partners makes no warranty or guarantee that a policy purchased will qualify for a payroll tax exemption from the Washington Long-Term Services & Supports Trust Program.

Material provisions of the Program are subject to future rulemaking and recommendations by the Washington State Legislature and members of the Trust Commission. Implementation and administrations of the Trust Program is an active collaboration between the Health Care Authority, the Department of Social & Health Services, the Office of the State Actuary, and the Employment Security Department. The information shared in this document is the best available information at the time of publication.

This document is a summary, and is not financial, legal or tax advice.

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