

HOUSE BILL REPORT

HB 1286

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to a study regarding the funding of long-term services and supports.

Brief Description: Requiring a study for funding options for long-term care services and supports.

Sponsors: Representatives Tharinger, Harris, Jinkins, Johnson, Caldier, G. Hunt, Wylie, McBride, Kilduff, Takko and Peterson.

Brief History:

Committee Activity:

Health Care & Wellness: 2/6/15, 2/13/15 [DP].

Brief Summary of Bill

- Requires the Department of Social and Health Services to contract for a feasibility study and actuarial modeling of public and private options for leveraging private resources to help individuals prepare for long-term services and supports needs.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass. Signed by 14 members: Representatives Cody, Chair; Riccelli, Vice Chair; Schmick, Ranking Minority Member; Harris, Assistant Ranking Minority Member; Caldier, Clibborn, Jinkins, Johnson, Moeller, Robinson, Rodne, Short, Tharinger and Van De Wege.

Minority Report: Do not pass. Signed by 1 member: Representative DeBolt.

Staff: Alexa Silver (786-7190).

Background:

The Joint Legislative Executive Committee on Aging and Disability Issues (Committee) was established in the 2013-15 Operating Budget. The Committee was charged with the

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responsibility to identify strategic actions to prepare for the aging of Washington's population by:

- establishing a profile of Washington's older population and population with disabilities and a projection of those populations through 2030;
- establishing an inventory of services and supports from health care and long-term services and supports;
- identifying budget and policy options to effectively use public resources to reduce the growth rate in state expenditures compared to current policies;
- identifying strategies to better serve the health care needs of the aging population and people with disabilities and promote healthy living;
- identifying options for financing mechanisms for long-term care services and supports to promote additional private responsibility to meet needs for services;
- identifying options to promote financial security in retirement, support people staying in the workforce, and expand the availability of workplace retirement savings plans; and
- identifying options to help communities adapt to the aging demographic in planning for housing, land use, and transportation.

During the 2014 interim, the Committee examined ways to enable Washington residents to become more financially independent and self-sufficient. This review included overviews on long-term care funding, including both public and private sector options, and long-term care options and Medicaid avoidance. The Committee's 2014 report identified a long-term care insurance study as a short-term policy option. As described in the report, this policy option includes a contracted actuarial insurance industry study of options to finance long-term care insurance, including options for public financing and public-private partnerships.

Summary of Bill:

The Department of Social and Health Services (Department) must contract for an independent feasibility study and actuarial modeling of public and private options for leveraging private resources to help individuals prepare for long-term services and supports needs.

The study must model two options. The first option would be a long-term care benefit paid for and open to workers and funded by a payroll deduction. It would provide a one-to-three year, capped-dollar long-term care insurance benefit, the maximum length of which would be determined by actuarial analysis. The second option would be a public-private reinsurance or risk-sharing model, with the purpose of providing a stable and ongoing source of reimbursement to insurers for a portion of their catastrophic long-term services and supports losses to provide additional insurance capacity for the state. The entity would operate as a public-private partnership supporting the private sector's role as the primary risk bearer.

The report must include an evaluation of each option based on the expected costs and benefits, the total anticipated number of participants, the projected savings to the state Medicaid program, if any, and the legal and financial risks to the state.

The Joint Legislative Executive Committee on Aging and Disability must provide oversight and direction for the analysis and must convene interested stakeholders to provide input on the study design.

An interim report is due to the Department by July 1, 2016, and the final study and analysis must be completed and submitted to the Department by December 20, 2016. The Department must submit a report that includes findings and recommendations to the Legislature no later than January 15, 2017.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) There is a long-term care financial crisis looming for the aging population. The state's population is growing older, but baby boomers are not prepared to pay for long-term services and supports; 25 percent of families have less than \$25,000 to pay for long-term care. Most people do not realize that Medicare does not pay for long-term services and supports until savings are spent down to almost nothing. People find themselves in trying situations of needing care but not being able to afford it. Alzheimer's is the most expensive disease in America; in 2012, the annual cost to a family to care for a person with Alzheimer's ranged from \$57,000 to \$108,000, depending on the care setting. The Medicaid budget is going up, but the aging population is going up even faster, which is an unsustainable trend for the state. The stresses on long-term services and supports today will be magnified in the future. It is time to explore public and private options for financing long-term care, and the independent feasibility study and actuarial modeling are very important next steps. This bill has broad support, and the Governor has included similar language in his budget proposal.

(Opposed) None.

Persons Testifying: Representative Tharinger, prime sponsor; Mike Tucker, AARP; Bob LeRoy, Alzheimer's Association of Washington; Jerry Reilly, Elder Care Alliance; and Deb Murphy, Leading Age Washington.

Persons Signed In To Testify But Not Testifying: None.