

SENATE BILL REPORT

SB 6238

As of January 26, 2018

Title: An act relating to long-term care services and supports.

Brief Description: Concerning long-term care services and supports.

Sponsors: Senators Palumbo, Bailey, Cleveland, King, Keiser, Billig, Frockt and Conway.

Brief History:

Committee Activity: Health & Long Term Care: 1/25/18.

Brief Summary of Bill

- Establishes a long-term services and supports trust (LTSS Trust) that is funded through an employee paid payroll tax.
- Creates 365 daily benefit units of up to \$100 each for beneficiaries to apply to the cost of their long-term care.
- Requires that the Health Care Authority (HCA), Department of Social and Health Services (DSHS), the Employment Security Department (ESD), and a newly established LTSS Trust Commission work together to administer the program.

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Staff: LeighBeth Merrick (786-7445)

Background: LTSS is a range of services and supports for individuals who need assistance with daily living tasks such as bathing, dressing, ambulation, transfers, toileting, medication assistance or administration, personal hygiene, transportation, and other health-related tasks. People need LTSS when they experience difficulty completing daily-living tasks as a result of aging, chronic illness, cognitive functioning, or disability and may need it for several weeks, months, or years. LTSS is delivered in institutional, home, and community-based settings through paid and unpaid providers. In Washington, LTSS settings include services provided in a person's home, assisted living facilities, adult day centers, adult family homes, skilled nursing facilities, or continuing care retirement communities. Medicaid is the primary

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public payer for LTSS. If a person does not qualify for Medicaid, they must use their private resources and income to pay for LTSS.

The 2015-2017 Operating Budget funded DSHS to contract for an independent feasibility study and actuarial modeling of two options to provide financial assistance to persons with LTSS needs. The first option was to review a public, time-limited long-term care benefit for workers funded through a payroll deduction. The second option was to review a public-private reinsurance model to provide a stable and ongoing source of reimbursement to insurers for a portion of catastrophic LTSS losses. The study was submitted to the Legislature in January 2017.

Summary of Bill: LTSS Trust Commission (Commission). The Commission is formed and beginning January 1, 2019, will establish rules and policies for administering the LTSS benefit, including: beneficiary eligibility, qualifications for LTSS providers, payment criteria, annual adjustment of the benefit unit, and financial reporting requirements. The DSHS secretary is the chair of the Commission. The Commission is comprised of one member from each of the two largest caucuses of the state Senate and the House of Representatives, the commissioner of the ESD, the DSHS secretary, the HCA director, one member from a union representing long-term care workers, one representative from an organization representing retired people, one representative from an association representing nursing homes and assisted living, one representative from an association representing adult family homes, and two individuals receiving LTSS. The Commission is required to report annually on the status of the LTSS Trust to the Legislature, beginning December 1, 2023.

Premiums. Beginning January 1, 2022, ESD will assess a 0.49 percent payroll deduction on all employees in the state of Washington. The employer is responsible for collecting the employees' premiums and remitting the amounts collected to ESD. Independent contractors may elect coverage and are required to pay 0.49 percent of their earnings to ESD beginning January 1, 2023. ESD will deposit all of the premiums collected into the LTSS Trust and funds will be used to assist covered individuals to pay for LTSS. Funding must be appropriated prior to spending any of the account funds. The LTSS Trust must reimburse any other sources that are used in the establishment of the LTSS Trust.

LTSS Benefit. Qualified individuals may begin accessing their benefit beginning January 1, 2025. The benefit is up to \$100 per day—adjusted annually for inflation—for a maximum of 365 days, and is applied to the cost of LTSS received in Washington State. The benefit must be used at an LTSS provider that is registered with the LTSS Trust program. DSHS will disburse payments to the registered LTSS providers. If the benefit amount exceeds the cost of the LTSS, the unused portion of the benefit is credited to the beneficiary for future use. If the benefit amount is less than the cost of the LTSS, the beneficiary must pay the LTSS provider the difference.

Eligible Beneficiaries. Individuals must be financially and functionally qualified before becoming an eligible beneficiary. HCA determines if individuals are financially qualified. The criteria for financially qualifying is that the individual must be at least 18-years old, a Washington State resident, and had paid LTSS Trust premiums for a total of ten five of which were consecutive or three years within the last six years. DSHS determines if individuals are functionally qualified. An individual must not be eligible for Medicare funded LTSS and

must require assistance with at least three activities of daily living to be functionally qualified. A person may not receive benefits until 30 days after they are determined to be an eligible beneficiary.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: Yes.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The aging population is continuing to grow. The majority of people will need some form of LTSS and very few people have LTSS insurance. This would prevent people from having to impoverish themselves to receive Medicaid support and save the state billions of dollars. It is a national issue and other states are looking at similar approaches. Families struggle when a loved one needs LTSS because they are not aware that there are very few public resources until they need them. People are forced to leave the workforce to care for an aging loved one. The Commission should include representation from the largest organization representing home care agencies.

OTHER: This approach was vetted by the Joint Legislative Executive Committee on Aging and Disability. This program would result in savings to the state and the benefit level would meet the needs of the majority of people that require LTSS.

Persons Testifying: PRO: Senator Guy Palumbo, Prime Sponsor; Josephine Kalipeni, Director of Policy & Partnerships, Caring Across Generations; Lawrence Nitz, Political Science Department, University of Hawaii; Dan Murphy, Executive Director, Northwest Regional Council; Ruth Egger, Puget Sound Advocates for Retirement Action; Barbara Kaelberer, citizen; Cynthia Snyder, citizen; Leslie Emerick, Washington Home Care Association; Walt Bowen, Washington State Senior Lobby.

OTHER: Bill Moss, Aging and Long Term Support Administration, DSHS.

Persons Signed In To Testify But Not Testifying: No one.