

SENATE BILL REPORT

SB 6267

As of January 29, 2020

Title: An act relating to modifying the long-term services and supports trust program by clarifying the ability for individuals with existing long-term care insurance to opt-out of the premium assessment and making technical corrections.

Brief Description: Modifying the long-term services and supports trust program by clarifying the ability for individuals with existing long-term care insurance to opt-out of the premium assessment and making technical corrections.

Sponsors: Senators Takko, King and Van De Wege; by request of Employment Security Department.

Brief History:

Committee Activity: Health & Long Term Care: 1/24/20.

Brief Summary of Bill

- Clarifies the exemption requirements for individuals with existing long-term care insurance to opt-out of the Long-Term Services and Supports Trust Program and makes technical corrections.

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Staff: LeighBeth Merrick (786-7445)

Background: In 2019, the Legislature established the Long-Term Services and Supports (LTSS) Trust Program, which provides up to \$36,500 in lifetime benefits for eligible beneficiaries to apply to the cost of their long-term care. The LTSS trust program is funded through a of 0.58 percent premium assessment on an employee's wages. An employee who demonstrates that they have long-term care insurance is exempt from the premium assessment. Premium assessment begins January 1, 2022, with benefits available beginning January 1, 2025. The Health Care Authority, Department of Social and Health Services, the Employment Security Department (ESD), and a newly established LTSS Trust Commission are required to work together to administer the program.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill: An employee who attests they have long-term care insurance is permitted to apply for an exemption from the premium assessment. An exempt employee is permanently ineligible from receiving the LTSS trust program's benefits. ESD must only accept applications for exemptions from July 1, 2021, through December 31, 2022, and is not required to verify that the employee has long-term care insurance. Employees who are 18 years old or older may apply for the exemption.

Approved exemptions will take effect on the first day of the quarter immediately following the approval of the exemption. Exempt employees are not entitled to a refund of any premium deductions made before the effective date of an approved exemption. An exempt employee must provide written notification to all current and future employers of an approved exemption. If an exempt employee fails to notify an employer of an exemption, the exempt employee is not entitled to a refund of any premium deductions made before notification is provided.

Employers must not deduct premiums after being notified by an employee of an approved exemption, and must retain written notifications of exemptions received from employees. An employer who deducts premiums after being notified by the employee of an exemption is solely responsible for refunding any premiums deducted after the notification to the employee. The employer is not entitled to a refund from ESD for any premiums remitted to ESD that were deducted from exempt employees. ESD must adopt rules necessary to implement and administer the exemption activities, including rules on the submission and processing of exemption applications.

Technical corrections are made to statutory references.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: The LTSS trust program bill included a floor amendment that exempted people with long-term care insurance from being included in the LTSS trust program. This bill was requested by the ESD to clarify the exemption process. It will also help keep ESD's costs in administering the program down. This bill more accurately reflects the Milliman model for a one-time opt so we know it will not impact the solvency of the trust. The exemption window is generous so that people can opt-out even after premiums start being collected. However, it is limited so people can not game the system and come in and out. All of the riders in RCW 48.83.020 should apply to the definition of long-term care insurance. People who can afford long-term care insurance should not have to pay into the program. The application for the exemption window should not be limited so people that choose long-term care insurance in the future can opt-out of the program.

Persons Testifying: PRO: Senator Dean Takko, Prime Sponsor; Kate White Tudor, Washington Association of Area Agencies on Aging; John Mangan, American Council of Life Insurers; Mark Ingersoll, Washington Brokerage; Nick Streuli, Legislative Director, Employment Security Department.

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