

SENATE BILL REPORT

SHB 1732

As of January 24, 2022

Title: An act relating to delaying the implementation of the long-term services and supports trust program by 18 months to allow for the extension of benefits to persons born before January 1, 1968, by modifying conditions for becoming a qualified individual and eligible beneficiary and allowing for the refunding of prematurely collected premiums.

Brief Description: Delaying the implementation of the long-term services and supports trust program by 18 months.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Sullivan, Chopp, Johnson, J., Walen, Chapman, Berry, Cody, Dolan, Fey, Macri, Peterson, Ryu, Santos, Senn, Shewmake, Wylie, Simmons, Callan, Slatter, Ramos, Bergquist, Tharinger, Valdez, Thai, Pollet, Morgan, Taylor, Stonier, Ortiz-Self, Gregerson, Davis, Riccelli, Ormsby, Duerr, Orwall, Bateman, Kloba and Frame).

Brief History: Passed House: 1/19/22, 91-6.

Committee Activity: Ways & Means: 1/24/22.

Brief Summary of Bill

- Delays the start date for the premium assessments under the Long-Term Services and Supports Trust Program (LTSS Trust Program) from January 1, 2022, to July 1, 2023.
- Delays the date benefits become available under the LTSS Trust Program from January 1, 2025 to July 1, 2026.
- Allows individuals born before January 1, 1968, who do not meet the LTSS Trust Program's vesting requirements, to receive partial benefits based on the number of years of premium payments.
- Requires employers to refund employees any LTSS Trust premiums collected before July 1, 2023.

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

SENATE COMMITTEE ON WAYS & MEANS

Staff: LeighBeth Merrick (786-7445) and Maria Hovde (786-7474)

Background: In 2019, the Legislature established the Long-Term Services and Supports Trust Program (LTSS Trust Program), which provides up to \$36,500 in lifetime benefits, plus adjustments for inflation at the direction of the LTSS Trust Commission, for eligible beneficiaries to apply to the cost of their long-term care. The LTSS Trust Program is funded through a 0.58 percent premium assessment on an employee's wages. The premium assessment begins January 1, 2022, and eligible beneficiaries may begin receiving benefits on January 1, 2025. An individual who is a Washington resident, at least 18 years old, assessed as needing assistance with at least three activities of daily living, and paid into the program for either three of the last six or years or a total for ten years with no more than a five year interruption, is eligible to receive benefits.

The LTSS Trust Program is administered jointly by the Department of Social and Health Services (DSHS), the Employment Security Department (ESD), and the Health Care Authority. Oversight is provided by the Long-Term Services and Supports Trust Commission which includes legislators, agency directors, and representatives from area agencies on aging, stakeholders, and consumers of approved services. The LTSS Trust Commission's January 1, 2022, report included a recommendation to allow individuals who retire before 2032 with the option to continue paying the premiums until they are vested. The Trust Commission also considered other options for individuals who retire before 2032, including pro-rated benefits, continued premium payments until benefits are needed, opt-outs for persons over a certain age, and premium refunds.

Summary of Bill: The implementation of many of the LTSS Trust's activities are delayed. The start dates for assessing the premiums and providing the benefits under the LTSS Trust program are both delayed by 18 months. Premium assessment will begin on July 1, 2023, rather than January 1, 2022, and benefits will become available on July 1, 2026, rather than January 1, 2025. Self-employed individuals must elect coverage before July 1, 2026, rather than January 1, 2025. The employer outreach program that ESD and DSHS must conduct is updated to account for the delayed premium assessments. The first biennial actuarial audit and valuation of the LTSS Trust Program is due July 1, 2025, rather than January 1, 2024. The reporting requirement for the LTSS Trust Commission to recommend a methodology for calculating future administrative expenses is delayed from November 15, 2025, to November 15, 2027. The requirement for the LTSS Trust Commission to begin reporting on certain aspects of program participation is delayed from December 1, 2026, to December 1, 2028.

The employer must refund the employee any premiums collected before July 1, 2023. The refund must be provided within 120 days of the premium collection. If the employer remitted the premiums to ESD, ESD must refund the employer who is then required to refund the premiums to the employee.

Individuals born before January 1, 1968, who do not meet vesting requirements may receive partial benefits. These individuals may receive 10 percent of the maximum benefit for each year they worked at least 500 hours and paid the premiums.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on January 18, 2022.

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

Effective Date: The bill contains an emergency clause and takes effect immediately.