

SENATE BILL REPORT

SHB 1732

As Passed Senate, January 26, 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, 1/25/22 [DP, DNP].

Floor Activity: Passed Senate: 1/26/22, 46-3.

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

Majority Report: Do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Capital; Robinson, Vice Chair, Operating & Revenue; Wilson, L., Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Ranking Minority Member, Capital; Billig, Braun, Carlyle, Conway, Dhingra, Gildon, Hasegawa, Hunt, Keiser, Mullet, Muzzall, Pedersen, Rivers, Van De Wege, Wagoner, Warnick and Wellman.

Minority Report: Do not pass.

Signed by Senator Schoesler, Assistant Ranking Member, Capital.

Staff: 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.

Staff Summary of Public Testimony: PRO: This program is greatly needed so individuals don't have to spend-down their assets and bear the costs of long-term care. With the first of its kind legislation like this there is always room for improvements. The updates are needed to continue strengthening our safety net for older adults. Seventy percent of people will need some form of long-term care and most are not prepared to cover it. It is important people who are near retirement and pay into the program receive some sort of benefit. This makes the program more racially equitable. We appreciate pausing the program to address systemic issues and hopefully stimulate the private insurance market. Many of the changes to the program have been confusing to employers. Public officials have said that the premiums are delayed but the January 1, 2022 premium assessment date is in statute. This bill makes the necessary statutory changes to effectively delay the program and helps clarify things for employers. Unpaid caregivers make sacrifices to care for loved ones. This program will support caregivers to get the pay and respect they deserve. The coverage is much more reliable than anything that can be offered on the private market. The program is projected to result in state Medicaid savings which can be targeted to ensure the state's Medicaid funding for existing long-term care services is adequate.

OTHER: Many people are resistant to the payroll tax imposed by this program. There are better ways to help the state Medicaid budget rather than making people rely on the private or public market. For many people, private long-term care insurance is more affordable

than this program. Delaying implementation is preferable but still results in uncertainty for employers, employees and insurers. Citizens have no options for private insurance since insurers exited the state because of this program. We are concerned the delay will lead to a complete doughnut hole with no options for long-term care insurance.

Persons Testifying: PRO: Amy Anderson, Association of Washington Business; Mel Sorensen, ADP; Cathy MacCaul, AARP; Uini Lealaitafea; Laura Cepoi, Area Agencies on Aging; Dani Rice; Amber Carter, Identity Clark County; Julie Salvi, Washington Education Association; Lauri St Ours, WHCA; Michele Horaney; Elizabeth Turnbow; Jess Gomez, Washingtonians for a Responsible Future; Alyssa Evans; Maddie Foutch, SEIU 775; Kate White Tudor, W4A.

OTHER: Elizabeth Hovde, Washington Policy Center; Tom Kwieciak, WA Farm Bureau/Building Industry Association of WA; Peggy Shashy.

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