

Long Term Care Legislative Update

June 16, 2022

The state of the market

The traditional long-term care (LTC) market has been challenged due to a strict regulatory environment, low interest rates, rising claims, and lower than expected lapses; leading to higher prices often unaffordable to a large portion of the affected population. People **reaching the age of 65 now have an average life expectancy of an additional 19.4 years¹**; and **70% of those will require long-term care²**, with a large portion of this care provided by a family member—creating additional caregiving pressures on the working population and impacting employers.

As the costs associated with eldercare increase, and Medicaid budgets are further strained, state governments are looking for new ways to address the looming problem. As state Medicaid budgets get depleted and liabilities grow, more states are considering or sponsoring legislation around employee funded LTC solutions. **Adding complexity, a number of insurers have opted out of the traditional LTC market, leaving relatively few to provide much-needed long-term care solutions.**

Long Term Care State Legislative update

Washington

The first to enact a law is Washington State, which is now slated to take effect July 1, 2023. The program, Long-Term Services & Supports (LTSS) is publicly funded by a 0.58% payroll tax on all wages and remuneration withheld quarterly by employers and is mandatory for all W-2 employees. Owners of private LTC insurance were permitted to “opt-out” by applying for an exemption by November 1, 2021.

April 13, 2022 Washington Cares Fund Law Changes

- Workers near retirement (born before 1968) will be able to qualify for partial benefits on a pro-rated basis. (1/10th of the lifetime benefit for each year)
- Opt-out available to:
 - Anyone who purchased a private LTC policy before Nov. 1, 2021. Applications accepted until 12/31/22
 - Anyone who works in Washington but resides in another state: Opt-out start date 1/1/23
 - Anyone working in Washington with a temporary visa: Opt-out start date 1/1/23
 - Spouses of military stationed in Washington: Opt-out start date 1/1/23
 - Veterans with a 70% or more disability: Opt-out start date 1/1/23
- Still Being Considered:
 - Recertification: Opted-out individuals to re-attest every 3 years

For more information on the WA Cares Fund program click [here](#).

California

California has secured funding and enacted a Task Force to explore an LTC Services Support program (LTSS). The goal of the Task Force is to recommend options for establishing a statewide long-term care insurance program, and comment on the respective degrees of feasibility of those options in a report submitted to the commissioner, the Governor, and the Legislature on or before January 1, 2023. While it is still too early to know what the program will ultimately look like, we believe that the tax will be progressive, based on income level, and a shared employer and employee responsibility. The Task Force is currently split between having an opt-out provision or a reduce program contribution for individuals with private LTC insurance.

