

## WA Cares Fund

The WA Cares fund, effective January 1, 2022, will make Washington the first state in the nation to create a publicly funded insurance program that will provide working residents of Washington an opportunity to vest into a basic level of LTC benefits. The program will be funded by Washington workers who will pay premium assessments (a tax) through payroll deductions.

### What Is It?

- A long-term services and supports (“LTSS”) benefit, which is publicly funded by a 0.58% payroll tax on all wages and remuneration, withheld quarterly by employers
- The benefit is vested by individuals who work a minimum of 500 hours per year and pay premiums for at least ten years (without a break of five consecutive years) OR who pay premiums for three of the last six years (and have a LTC event)
- Benefits are paid directly to providers at Medicaid-comparable rates

### Why Did They Create it?

- Washington will spend \$4B per year on Medicaid-funded LTC by 2030
- The state’s 850,000 unpaid family caregivers face financial insecurity: nationally, 20% of family caregivers spend an average of 20% of their own income on out-of-pocket caregiving costs
- Family caregivers who leave work lose an average of \$300,000 in lifetime income and benefits

### Who Qualifies?

- Mandatory for all W-2 employees in Washington State
- Self-employed and independent contractors may opt in
- Those who are permanently retired may not pay premiums or qualify for benefits
- Those under age 18 may not participate
- Only Washington residents can qualify for benefits
- Residents who move out of state for five or more years forfeit both benefits and premiums

## **How Does It Work?**

- Benefits are paid in \$100 “stackable” units, up to a \$36,500 lifetime maximum
- Each year, benefits will be reviewed and may be raised at a rate “no greater than the Washington Consumer Price Index”
- Beneficiaries must need assistance with a minimum of 3 of 10 “activities of daily living”: medication management, personal hygiene, eating, toileting, transferring, body care, bathing, ambulation/mobility, dressing and cognitive impairment
- Providers must be on a Department of Social and Health Services-approved list

## **What LTSS Services Are Covered?**

- Funds can be spent on nursing facilities, residential settings (including assisted living and adult family homes), professional caregiving such as home health care, wheelchair ramps, emergency alert devices, medication reminders, training for family, Meals on Wheels, rides to doctors appointments, dementia education, caregiver support, and/or care coordination
- Family members may qualify upon receiving 21–35 hours of formal training (depends on situation)

## **When Does it Become Effective?**

- Statewide employer education will begin by October 1, 2021
- The first payroll deductions begin January 1, 2022
- The first claim for benefits can begin on January 1, 2025
- The Trust Act Commission will issue its first report on participation, benefits paid and Medicaid savings on January 2, 2026

## **Will the Tax Rate Increase?**

- Although designed to remain level, there is no guarantee the payroll tax rate won't change
- The first payroll tax review will occur on January 1, 2024, and be conducted by the Pension Funding Council

## **What Qualifies as Long Term Care Insurance in the State of Washington?**

- RCW 48.83.0201 enacted by the Washington State Legislature currently defines “long-term care insurance” for Washington state (not federal) purposes. Included in the definition are the following types of insurance:
  - Long-term care riders on life insurance and annuities
  - Qualified long-term care insurance contracts
  - The long-term care riders or policies purchased under group coverage

## Can You Opt Out?

- Owners of private LTC insurance may opt out of the program by purchasing private LTC insurance prior to **November 1, 2021**
- Once you have the policy, the window for an employee to get the exemption certificate from the Employment Security office is Oct. 1, 2021 through Dec. 31, 2022
- Once the certificate is obtained, the employee must take the certificate to their employer HR dept to become exempt from the tax. The tax is paid by payroll deductions, so the employer must be shown the certificate by the employee as proof that they should not be paying the tax. If the employee changes jobs, they must show the certificate to the new employer. Once the employer has been notified, the tax will cease being taken from the employee's paycheck starting the following quarter. (Meaning they will still pay the tax for a few weeks unless they manage to get their exemption certificate and get it to their employer prior to Dec. 31, 2021)

## Please contact us with questions:

### Oppenheimer Life Agency, Ltd.

85 Broad Street  
New York, NY 10004  
(212) 668-8000  
(800) 221-5588

---

Source:

<https://app.leg.wa.gov/billssummary?BillNumber=1323&Initiative=false&Year=2021>

## Important Note Regarding Opt-Out

DISCLAIMER: The Washington State Trust Commission is solely responsible for approving exemptions from the 0.58% payroll tax. Oppenheimer & Co. Inc. makes no warranty or guarantee that a policy purchased will qualify for a payroll tax exemption from the Washington Long-Term Services & Supports Trust Program. Material provisions of the Program are subject to future rulemaking and recommendations by the Washington State Legislature and members of the Trust Commission. Implementation and administrations of the Trust Program is an active collaboration between the Health Care Authority, the Department of Social & Health Services, the Office of the State Actuary, and the Employment Security Department. The information shared in this document is the best available information at the time of publication. This document is a summary, and is not financial, legal or tax advice.

© 2021 Oppenheimer & Co. Inc. Transacts Business on All Principal Exchanges and Member SIPC. All rights reserved.

3576545.1