

HOUSE BILL REPORT

HB 2777

As Passed House:
February 17, 2014

Title: An act relating to studying options for providing long-term care coverage.

Brief Description: Concerning a study to determine the feasibility of coverage for long-term care services and support needs.

Sponsors: Representatives Tharinger, Jinkins, Appleton, Ryu, Fitzgibbon, Ormsby, Pollet and Morrell.

Brief History:

Committee Activity:

Appropriations: 2/10/14 [DP].

Floor Activity:

Passed House: 2/17/14, 78-19.

Brief Summary of Bill

- Directs the Department of Social and Health Services (DSHS) to contract for a study of public and private options for leveraging private resources to help individuals prepare for long-term service and support needs.
- The DSHS must submit a report of findings and recommendations to the relevant policy and fiscal committees of the Legislature by January 15, 2015.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 25 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Carlyle, Cody, Dunshee, Fagan, Green, Haigh, Haler, Harris, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, Morrell, Parker, Pettigrew, Seaquist, Springer, Sullivan and Tharinger.

Minority Report: Do not pass. Signed by 5 members: Representatives Ross, Assistant Ranking Minority Member; Christian, G. Hunt, Schmick and Taylor.

Staff: James Kettel (786-7123).

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.

Background:

Long-term care insurance is an insurance policy, contract, or rider that provides coverage for at least 12 consecutive months for the covered person. Long-term care insurance covers services such as home health care, nursing home care, and care in an assisted living facility.

Life insurance is a contract between an individual and an insurer that specifies a premium payment from the individual to the insurer. In exchange for the premium payment, the insurer promises to pay a designated beneficiary a sum of money upon the death of the insured individual, terminal illness, or another trigger specified in the contract.

An annuity is a contract between an individual and a financial institution that allows the individual to make an initial investment, and then create a repayment schedule for the initial investment, with interest, over a specified amount of time.

Medicaid life settlement is the sale of a life insurance policy by a policy owner. Proceeds from a Medicaid life settlement may be larger than the surrender value of the policy, but smaller than the face amount of the policy.

A health benefit exchange is a marketplace that offers health plans for purchase by individuals, families, and small businesses. The health benefit exchange in Washington is called Washington Health Plan Finder.

Within the Department of Social and Health Services (DSHS), the Aging and Long-Term Support Administration (AL TSA) administers the Long-Term Care (LTC) program. Long-term care is budgeted at \$3.8 billion total (\$1.8 billion State General Fund) to serve roughly 60,000 clients during the 2013-15 biennium. Long-term care accounts for about one-third of the DSHS budget, and 6 percent of the overall state operating budget. Most of the LTC budget pays for personal care, and other community based client services, that are primarily funded by state and federal matching funds (i.e., Medicaid). The institutional-based Medicaid entitlement program in the LTC is the nursing home, or skilled nursing facility program.

Summary of Bill:

The DSHS must contract for a study of public and private options for leveraging private resources to help individuals prepare for long-term service and support needs. The study should model at least three options, including: (1) a public long-term care insurance benefit; (2) regulatory changes that would encourage new products on the insurance market; and (3) a new marketplace for long-term care insurance policies. The report must include an evaluation of expected costs and benefits, anticipated number of participants, projected savings to the state Medicaid program, legal risks, and financial risks.

The Joint Legislative Executive Committee on Aging and Disability must provide oversight for this study and must convene interested stakeholders to provide input on study design. The DSHS must submit a report of findings and recommendations to the relevant policy and fiscal committees of the Legislature by January 15, 2015.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) One of the key challenges facing our state is the aging of our population. Many people will need long-term services and support at some point in their lifetime. The vast majority of people do not have a plan for how to pay for their care needs. Many people are uninsured when it comes to long-term care. This study would be a great step forward by helping to model some different options to help people finance their long-term services and supports. The organizations that advocate for the needs of older adults, and the workers providing services to older adults, are not always in agreement. It is very exciting to see how many organizations support this bill.

(Opposed) None.

Persons Testifying: Misha Werschkul, Service Employees International Union Local 775; and Mary Clogston, Association of Retired Persons of Washington.

Persons Signed In To Testify But Not Testifying: None.