

SENATE BILL REPORT

SB 5258

As of February 20, 2015

Title: An act relating to a study regarding the funding of long-term services and supports.

Brief Description: Requiring a study for funding options for long-term care services and supports.

Sponsors: Senators Bailey, Keiser, Dammeier, Darneille, Fraser, Rolfes, Frockt, Warnick and Conway.

Brief History:

Committee Activity: Health Care: 2/03/15, 2/10/15 [DP-WM].

Ways & Means: 2/19/15.

SENATE COMMITTEE ON HEALTH CARE

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Dammeier, Vice Chair; Frockt, Ranking Minority Member; Angel, Bailey, Baumgartner, Brown, Cleveland, Conway, Jayapal, Keiser, Parlette and Rivers.

Staff: Kathleen Buchli (786-7488)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Mark Eliason (786-7454)

Background: By 2030 nearly 20 percent of the people in our state will be age 65 or older and by 2060 the population of people who are age 85 or older in our state will more than triple. This aging population will affect many areas of state government, including health care, long-term services and supports, housing, transportation, and protections for vulnerable adults.

The Aging and Long-Term Support Administration within the Department of Social and Health Services (DSHS) provides a variety of services for the aging population. These include long-term care services; investigations of abuse, neglect, and exploitation of vulnerable adults, and licensing and regulatory oversight of long-term care facilities. Some low-income individuals may qualify to receive some of these services paid by the Washington State Medicaid (Medicaid) program which is administered by the state in

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compliance with federal laws and regulations and is jointly financed by the federal and state government.

The Joint Legislative Executive Committee on Aging and Disability Issues (Committee) was established in the 2013-15 operating budget. The Committee was charged with the responsibility to identify strategic actions to prepare for the aging of Washington's population. In its December 2014 Final Report, the Committee identified several policy options for future discussion or action of the Legislature. One of those options was to continue the work of the Committee and another option was to conduct a long-term care insurance study on ways to finance long-term care insurance for citizens of Washington State, including options for public financing and public-private partnerships.

Summary of Bill: DSHS must contract for an independent feasibility study and actuarial modeling of public and private options for leveraging private resources to help individuals prepare for long-term services and supports needs. The study must model two options: (1) A long-term care benefit paid for and open to workers, funded through a payroll deduction that would provide a one-to-three year long-term care insurance benefit; and (2) a public-private reinsurance or risk-sharing model to provide a stable and ongoing source of reimbursement to insurers for a portion of their catastrophic long-term services and support losses in order to provide additional insurance capacity in the state.

The two options must be evaluated based on expected costs and benefits to participants; anticipated number of participants; savings to the Medicaid program; and legal and financial risks to the state. The Committee must provide oversight and direction for this evaluation and must convene interested stakeholders to provide input on study design.

The study must be submitted to DSHS by December 20, 2016. DSHS must then submit an Interim Report to include the director's findings and recommendations based on the study to the Legislature by July 1, 2016, and a Final Report by January 15, 2017.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Health Care): PRO: We need information on the feasibility of long-term care options. Long-term care services and supports are not paid through the Medicaid program, there are concerns that people are spending down their savings to qualify for Medicaid. Being impoverished should not be the way to access care. The age wave is coming and people are going to need long-term services and supports. We have a small time to prepare before the aging population will need these services. All advocates believe that this should be done.

Persons Testifying (Health Care): PRO: Senator Bailey, prime sponsor; Mike Tucker, American Assn. of Retired Persons; Jerry Reilly, Eldercare Alliance; Robin Dale, WA Health Care Authority.

Staff Summary of Public Testimony (Ways & Means): PRO: We need information on the feasibility of offering individuals long-term care insurance to help people plan for their long-term care needs. The age wave is coming and we cannot continue to sustain this current trajectory of spending money since Medicaid cannot completely afford to meet the needs of everyone who is going to need long-term care and supports in the future. Everyday, individuals must spend down their assets to qualify for Medicaid and an increase in Medicaid population puts a financial strain on the state and providers. Providing individuals with ways to plan for their own long-term care needs is essential in being able to meet the need into the future.

Persons Testifying (Ways & Means): PRO: Senator Bailey, prime sponsor, Mary Clogston, American Assn. of Retired Persons; Robin Dale, WA Health Care Assn.; Jerry Reilly, Elder Care Alliance; Scott Sigmon, Leading Age WA.