

HOUSE BILL REPORT

SSB 6267

As Reported by House Committee On:
Health Care & Wellness
Appropriations

Title: An act relating to modifying the long-term services and supports trust program by clarifying the ability for individuals with existing long-term care insurance to opt-out of the premium assessment and making technical corrections.

Brief Description: Modifying the long-term services and supports trust program by clarifying the ability for individuals with existing long-term care insurance to opt-out of the premium assessment and making technical corrections.

Sponsors: Senate Committee on Health & Long Term Care (originally sponsored by Senators Takko, King and Van De Wege; by request of Employment Security Department).

Brief History:

Committee Activity:

Health Care & Wellness: 2/27/20 [DP];

Appropriations: 2/29/20 [DP].

Brief Summary of Substitute Bill

- Establishes a process for employees with long-term care insurance who wish to be exempted from paying the premium assessment under the Long-Term Services and Supports Trust Program to apply to the Employment Security Department for an exemption.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass. Signed by 14 members: Representatives Cody, Chair; Macri, Vice Chair; Schmick, Ranking Minority Member; Chambers, Chopp, Davis, DeBolt, Harris, Maycumber, Riccelli, Robinson, Stonier, Thai and Tharinger.

Staff: Chris Blake (786-7392).

Background:

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.

In 2019 the Long-Term Services and Supports Trust Program (Trust Program) was enacted to provide long-term services and supports benefits to persons who have paid into the Trust Program for a specific amount of time and who have been assessed as needing a certain amount of assistance with activities of daily living.

Beginning January 1, 2022, a premium of 0.58 percent will be assessed on the wages of all employees in Washington who have worked at least 500 hours during the year. Washington residents who are at least 18 years old and who have paid the premium for either: (1) three years within the last six years; or (2) for a total of 10 years, are granted "qualified individual" status. A qualified individual may become an "eligible beneficiary" upon having been assessed as requiring assistance with at least three activities of daily living. Upon becoming an eligible beneficiary, a person may receive approved services in the form of benefit units that the Department of Social and Health Services pays to a long-term services and supports provider for performing services on behalf of eligible beneficiaries. Employees who demonstrate that they have long-term care insurance are exempt from the premium assessment.

The Trust Program is administered jointly by the Department of Social and Health Services, the Employment Security Department, and the Health Care Authority. Trust Program 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.

Summary of Bill:

An "exempt employee" is defined as a person who has been granted an exemption from paying the premium assessment under the Long-Term Services and Supports Trust Program (Trust Program) by the Employment Security Department (Department). An employee may apply to the Department to be an exempt employee if the employee attests to having long-term care insurance. The Department must accept applications only from October 1, 2021, through December 31, 2022. The Department is not required to verify the attestations from applicants.

Exempt employees may not become qualified individuals and are permanently ineligible for the Trust Program. Exempt employees are not entitled to refunds of premiums paid prior to being granted exempt status. Exempt employees are responsible for notifying current and future employers of their exempt status. If an exempt employee fails to notify an employer of an exemption, the employee is not entitled to a refund of premiums deducted prior to the notification. Employers must not deduct premiums once an employee has notified them of the employee's exempt status.

Statutory references are changed to account for the 2019 recodification of the Family Medical Leave Act.

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) The addition of an opt-out provision to the Long-Term Services and Supports Trust Program (Trust Program) created administrative challenges for the Employment Security Department. This is a compromise to align the opt-out process with the modeling that was done for the Trust Program. This is a technical fix. This will help preserve the actuarial balance of the fund to be more sustainable into the future. This will make the process very clear for people who already have long-term care insurance and do not want to be part of the Trust Program. This bill will potentially stabilize the market for long-term care insurance by letting insurers create a wrap-around product.

(Opposed) There are numerous deficiencies in the bill. The way the exemption was written takes a period that usually takes about seven years and condenses it to a matter of months. The bill needs to be clear about what constitutes long-term care insurance because, without that certainty, people will not be able to make decisions. There are many promises that this bill will strengthen the private long-term care insurance market, but that market was not a stakeholder in this process and they should be brought to the table to get better advice and more informed decisions.

Persons Testifying: (In support) Nick Streuli, Employment Security Department; and Kate White-Tudor, Washington Association of Area Agencies on Aging.

(Opposed) Stephen Forman, Long Term Care Associates, Inc.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 30 members: Representatives Ormsby, Chair; Robinson, 1st Vice Chair; Bergquist, 2nd Vice Chair; Stokesbary, Ranking Minority Member; Rude, Assistant Ranking Minority Member; Caldier, Chandler, Chopp, Cody, Corry, Dolan, Dye, Fitzgibbon, Hansen, Hudgins, Kilduff, Kraft, Macri, Mosbrucker, Pettigrew, Ryu, Schmick, Senn, Springer, Steele, Sullivan, Sutherland, Tarleton, Tharinger and Ybarra.

Minority Report: Do not pass. Signed by 1 member: Representative Hoff.

Staff: Mary Mulholland (786-7391).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Health Care & Wellness:

No new changes were recommended.

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) A better, more streamlined way for individuals to opt out of the Long-Term Services and Supports Trust Program will be established. An estimated 90 to 95 percent of the state population does not have private long-term care insurance, so the population with private long-term care insurance is quite small. The parameters created in the bill will help stabilize actuarial projections and will avoid implementation costs for the Employment Security Department.

(Opposed) None.

Persons Testifying: Kate White-Tudor, Washington Association of Area Agencies on Aging.

Persons Signed In To Testify But Not Testifying: None.