

# SENATE BILL REPORT

## SB 6267

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As of February 11, 2020

**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:** Senators Takko, King and Van De Wege; by request of Employment Security Department.

**Brief History:**

**Committee Activity:** Health & Long Term Care: 1/24/20, 2/03/20 [DPS-WM].

Ways & Means: 2/10/20.

**Brief Summary of First Substitute Bill**

- Clarifies the exemption requirements for individuals with existing long-term care insurance to opt-out of the Long-Term Services and Supports Trust Program and makes technical corrections.

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### SENATE COMMITTEE ON HEALTH & LONG TERM CARE

**Majority Report:** That Substitute Senate Bill No. 6267 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Cleveland, Chair; Randall, Vice Chair; O'Ban, Ranking Member; Becker, Conway, Dhingra, Frockt, Keiser, Muzzall, Rivers and Van De Wege.

**Staff:** LeighBeth Merrick (786-7445)

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Maria Hovde (786-7474)

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*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:** In 2019, the Legislature established the Long-Term Services and Supports (LTSS) Trust Program, which provides up to \$36,500 in lifetime benefits for eligible beneficiaries to apply to the cost of their long-term care. The LTSS trust program is funded through a 0.58 percent premium assessment on an employee's wages. An employee who demonstrates that they have long-term care insurance is exempt from the premium assessment. Premium assessment begins January 1, 2022, with benefits available beginning January 1, 2025. The Health Care Authority, Department of Social and Health Services, the Employment Security Department (ESD), and a newly established LTSS Trust Commission are required to work together to administer the program.

**Summary of Bill (First Substitute):** An employee who attests they have long-term care insurance is permitted to apply for an exemption from the premium assessment. An exempt employee is permanently ineligible from receiving the LTSS trust program's benefits. ESD must only accept applications for exemptions from October 1, 2021, through December 31, 2022, and is not required to verify that the employee has long-term care insurance. Employees who are 18 years old or older may apply for the exemption.

Approved exemptions will take effect on the first day of the quarter immediately following the approval of the exemption. Exempt employees are not entitled to a refund of any premium deductions made before the effective date of an approved exemption. An exempt employee must provide written notification to all current and future employers of an approved exemption. If an exempt employee fails to notify an employer of an exemption, the exempt employee is not entitled to a refund of any premium deductions made before notification is provided.

Employers must not deduct premiums after being notified by an employee of an approved exemption, and must retain written notifications of exemptions received from employees. An employer who deducts premiums after being notified by the employee of an exemption is solely responsible for refunding any premiums deducted after the notification to the employee. The employer is not entitled to a refund from ESD for any premiums remitted to ESD that were deducted from exempt employees. ESD must adopt rules necessary to implement and administer the exemption activities, including rules on the submission and processing of exemption applications.

Technical corrections are made to statutory references.

**EFFECT OF CHANGES MADE BY HEALTH & LONG TERM CARE COMMITTEE (First Substitute):**

- Changes the start date for ESD to receive exemption applications from July 1, 2021, to October 1, 2021.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony on Original Bill (Health & Long Term Care):** *The committee recommended a different version of the bill than what was heard.* PRO: The LTSS trust program bill included a floor amendment that exempted people with long-term care insurance from being included in the LTSS trust program. This bill was requested by the ESD to clarify the exemption process. It will also help keep ESD's costs in administering the program down. This bill more accurately reflects the Milliman model for a one-time opt so we know it will not impact the solvency of the trust. The exemption window is generous so that people can opt-out even after premiums start being collected. However, it is limited so people can not game the system and come in and out. All of the riders in RCW 48.83.020 should apply to the definition of long-term care insurance. People who can afford long-term care insurance should not have to pay into the program. The application for the exemption window should not be limited so people that choose long-term care insurance in the future can opt-out of the program.

**Persons Testifying (Health & Long Term Care):** PRO: Senator Dean Takko, Prime Sponsor; Kate White Tudor, Washington Association of Area Agencies on Aging; John Mangan, American Council of Life Insurers; Mark Ingersoll, Washington Brokerage; Nick Streuli, Legislative Director, Employment Security Department.

**Persons Signed In To Testify But Not Testifying (Health & Long Term Care):** No one.

**Staff Summary of Public Testimony on First Substitute (Ways & Means):** PRO: This bill clarifies how the exemption process will work in order to reduce administrative costs. These changes more closely reflect actuarial modeling that was done previously and will assist in making sure that the fund is stable in the long term.

**Persons Testifying (Ways & Means):** PRO: Nick Streuli, Legislative Director, Employment Security Department; Kate White Tudor, Washington Association of Area Agencies on Aging.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.