Long Term Care Trust Act

Alyssa Schnitzius
Director of Senior Living & Community Services
Trust Act Coalition Partners

- Alzheimer's Association
- Washington Health Care Association
- Washington State Senior Citizens lobby
- SEIU 775
- Washington Association on Area Agencies on Aging
- AARP
- Washington State Long Term Care Ombuds
- LeadingAge Washington

- ElderCare Alliance
- Adult Family Home Council
- Caring Across Generations
- MS Society
- Representative Laurie Jinkins
- Senator Guy Palumbo

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Demographics ~ Drive Change

- The older population (65 years and above) is set to double by 2030.
- Over 60,000 Washingtonians rely on long-term services and supports (LTSS). This is projected to nearly double by the year 2040.
- 65% of all LTSS costs are paid for by Medicaid.

Washington’s spending on Medicaid-funded long-term care estimated to almost double to $4.01 billion per year in 2030.

https://responsiblefuture.org/facts/#facts_solution
Early on the committee’s focus became how do we pay for LTC

SSB 6052 was passed in the 2015 ~ directed state agency to contract with an actuarial firm to conduct a feasibility study and actuarial modeling for two options:
  - public long-term care benefit; and
  - public-private reinsurance risk-sharing model

The actuarial study was completed in 2016

Findings: Private option had little potential to meet objectives ~ generate Medicaid savings, provide desired coverage, and protect against family impoverishment. Public option met desired goals.

HB 1636 Introduced in 2017

Long Term Care Trust introduced to provide a public long term care benefit to all Washington Residents

- 0.49% payroll tax
- $100 a day benefit unit
- Narrow scope of covered services
- Would require family caregivers to become contracted individual providers

Bill Failed ~ Many unanswered questions: portability, interaction with Medicare, Medicaid and whether family caregivers were eligible to be paid under the benefit.
HB 1087 Introduced 2018
Payroll Premium

- All Washington W-2 employees will pay in
- 0.58% payroll tax
- Jan 1, 2022 payroll deductions begin
- At that time, any self-employed persons can opt in
- Individuals with private LTC insurance coverage can opt-out
- Individuals currently retired or out of the workforce would not pay into the system and would not be eligible for the benefit. Those individuals would not have a buy in option
- Employment security department collects all premiums and deposits in the long-term services and supports trust account

$0.58 per $100

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Vesting

To qualify, an individual must pay into the benefit:

- A total of ten years without interruption of five or more consecutive years; or
- Three years within the last six years (safeguard for unexpected crises)
- Must work 10% of full time or 208 hours per year
- No longer eligible for benefit if leave state for 5 years or more
- No premiums required once an individual turns 65
Benefit

- Lifetime benefit of $36,500
- $100 benefit units
- No daily limit*
- Increasing at a 3% index subject to annual commission approval
- DSHS will disburse payments to registered LTSS providers, using an existing payment system
What it pays for

- Assisted living
- Nursing home services
- Adult family home
- In-home care
- Adult day services
- Memory care
- Respite
- Care transition coordination
- Transportation

- Environmental modifications
- Adaptive equipment
- Personal emergency response system
- Meal delivery
- Services that assist paid and unpaid family member
- Education and training
Eligible Individual

- An individual who is age 18+, residing in state of Washington
- Was not disabled before the age of 18
- Needs assistance with at least 3 ADLs, based on WA Medicaid standards
- Assessments completed by state agency within 45 days of request
## Comparison of HIPAA and Washington State Activities of Daily Living Criteria

<table>
<thead>
<tr>
<th></th>
<th>HIPAA</th>
<th>WA Medicaid LTSS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bathing</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Dressing</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Transfer Assistance</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Continence</td>
<td>X</td>
<td>(under toileting)</td>
</tr>
<tr>
<td>Toileting</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Eating</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Medication management</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Personal Hygiene</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Body Care</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Ambulation/Mobility</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Cognitive Impairment</td>
<td>X presence can be used in lieu of ADLs assistance above</td>
<td>X presence lowers the number of ADLs where assistance is required</td>
</tr>
<tr>
<td>How is eligibility determined</td>
<td>Eligibility determined by physical assistance of another person or stand-by assistance necessary to prevent by physical intervention injury to the individual</td>
<td>Eligibility is determined by verbal, stand-by or physical assistance needed to assist individual in performing the ADL in the 7 days prior to the assessment</td>
</tr>
<tr>
<td></td>
<td>Severe cognitive impairment = loss or deterioration of intellectual capacity such that substantial supervision is needed to protect from health and safety threats</td>
<td>Cognitive impairment = require supervision due to one or more of the following: Disorientation, memory impairment, impaired decision making, or wandering</td>
</tr>
</tbody>
</table>
# Projected Medicaid Savings

<table>
<thead>
<tr>
<th>Year</th>
<th>2025</th>
<th>2041</th>
<th>2052</th>
<th>Total by 2052</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$34 million saved per year</td>
<td>$113 million per year</td>
<td>$470 million per year</td>
<td>$3.9 billion in savings</td>
</tr>
</tbody>
</table>
2018 Milliman Feasibility Study

- Started with a 0.49% payroll tax from the 2016 study

- The 2018 study added the following changes to the base plan:
  - The addition of an opt-out provision (at the start of the program only) for those who currently have LTC insurance coverage
  - A shorter elimination period
  - The addition of an ‘hours worked’ requirement to the vesting criteria
  - A change in the benefit eligibility criteria

- 2018 base plan additions brings payroll tax to 0.52%

- The coalition then had to decide what other specifications to add in after the Milliman report came back

- Link to report- https://app.leg.wa.gov/ReportsToTheLegislature/Home/
<table>
<thead>
<tr>
<th>Base Plan Specifications</th>
<th>Base Plan</th>
<th>Variables that add to base plan tax rate</th>
<th>Variables the subtract from base plan tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Rate</td>
<td>.52%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hours worked per year</td>
<td>25% of fulltime (500 hours/year)</td>
<td>10% of full time (no impact) No hours worked provision (+.04%)</td>
<td>50% of full time (-.02%)</td>
</tr>
<tr>
<td>Benefit Eligibility</td>
<td>WA Medicaid Eligibility</td>
<td></td>
<td>HIPAA 2 ADL + cognitive imp (-.03%) HIPAA 3 ADL + cognitive imp. (-.11%)</td>
</tr>
<tr>
<td>Elimination Period</td>
<td>30 days</td>
<td></td>
<td>90 days (-.04%)</td>
</tr>
<tr>
<td>Benefit Structure</td>
<td>Actual expenses incurred for approved services without the broad range of services available in WA</td>
<td>Matches Washington’s flexibility (.01-.02)</td>
<td></td>
</tr>
<tr>
<td>Daily Benefit Amount</td>
<td>$100 in 2025, indexing at 3% per year</td>
<td><strong>No daily limit, average cost (actual expenses) (+.05%)</strong> No daily limit, high cost (actual expenses) (.07%)</td>
<td></td>
</tr>
<tr>
<td>Premium Payments</td>
<td>None</td>
<td></td>
<td>$25/month for all 65+ (-.12%) $50/month for all 65+ (-.19%) $25/month benefits (-.01%) $50/month for all receiving benefits (-.01%)</td>
</tr>
<tr>
<td>Base Plan Specifications</td>
<td>Base Plan</td>
<td>Variables that add to base plan tax rate</td>
<td>Variables the subtract from base plan tax rate</td>
</tr>
<tr>
<td>--------------------------</td>
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<td>----------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Divesting Period</td>
<td>Individuals of all ages are no longer eligible for program if they have left the state for 5 years</td>
<td>10% payout of daily benefit (+.01%)&lt;br&gt;25% payout of daily benefit (+.05%)&lt;br&gt;50% payout of daily benefit (+.11%)&lt;br&gt;No divesting (+.24%)</td>
<td></td>
</tr>
<tr>
<td>Income cap/wage base subject to payroll tax</td>
<td>None (zero) – all wages apply</td>
<td>Cap at Social Security (SSA) wage limit (+.11%)&lt;br&gt;Apply to SSA limit and apply again at $250,000 and greater (+.06%)&lt;br&gt;Apply to SSA limit and apply again at $500,000 and greater (+.09%)</td>
<td></td>
</tr>
<tr>
<td>Lifetime benefit limit</td>
<td>365 days (1 year)</td>
<td>2 years ($73,000) (+.31%)&lt;br&gt;3 years ($109,500) (+.50%)</td>
<td></td>
</tr>
<tr>
<td>Opt-out provision</td>
<td>One-time opt out for individuals with LTC insurance</td>
<td>None (No opt out has no impact)</td>
<td></td>
</tr>
<tr>
<td>Retiree buy-in program</td>
<td>No buy-in</td>
<td></td>
<td>No underwriting $1,706&lt;br&gt;Full underwriting $ 752&lt;br&gt;Mid-option including vesting period and wait time $1,579</td>
</tr>
<tr>
<td>Vesting Requirements</td>
<td>Tax payments for a total of 10 years without interruption of 5 or more consecutive years, or 3 of last 6 years</td>
<td>none</td>
<td></td>
</tr>
<tr>
<td>Minimum age for Participation</td>
<td>18</td>
<td>none</td>
<td></td>
</tr>
</tbody>
</table>
Important Policy Choices Heading into 2019 Legislation

**Tentative consensus so far:**
- Base plan 0.52% in baseline
- WA Medicaid eligibility (ADLs) in baseline
- 30 day elimination period in baseline
- WA flexible benefit choices +.01
- No daily benefit limit +.05
- Vest only if working 25% of full time that year (10% full time-no change) in baseline

**Total so far** 0.58%

**Options still in play to further reduce payroll tax:**
- Vest only if working 50% of full time that year -.02%
- Extend elimination period to 90 days -.04%
- Retain benefit at $100/day -.05%
Amendments

No daily limit, average cost (actual expenses) (+.05%)

- Daily limit removed ~ form of rate setting needed to ensure the trust is actuarially sound
- The long term care commission will reconvene summer of 2019 to “establish payment maximums for approved services with a floor not lower than medicaid payments for comparable services. A service or supply may be limited by dollar amount, duration, or number of visits.
The Role of the Commission

The bill establishes a long-term services and supports trust commission

- There is an initial report due January 1, 2021 where they will make recommendations regarding;
  - Whether and how to extend coverage to individuals who became disabled before the age of 18
  - Investment strategies
  - Rate setting
  - The annual adjustment of the benefit unit
  - Criteria for minimum qualifications for the registration of long-term services and supports providers
  - Criteria for determining that an individual has met the requirements to be a qualified individual
  - Changes to rules or policies to improve the operation of the program
On Going Reports by the Commission

Beginning December 1, 2026, and annually thereafter, the commission must report to the Legislature on the program, including:

- Projected and actual program participation
- Fund balances
- Benefits paid
- Demographic information on program participants, including age, gender, race, ethnicity, geographic distribution by county, legislative district, and employment sector; and
- The extent to which the operation of the program has resulted in savings to Medicaid
How Did We Get This Far?

- One dedicated staff member from SEIU running a public awareness campaign
  - Wrote letter to the editors in many Washington newspaper
  - Gathered testimony from real people telling their stories
  - Social media blasts
  - Targeted outreach to legislators

- Dedicated policy and strategy staff
  - Facilitated the coalition and policy making decisions
  - Targeted lobbying efforts
  - Facilitated the bill writing

- Number of lobbyists from the different coalition organizations
Status of HB 1087

House

- Passed the house with 63 yea and 33 nay votes
- Some of the Opposition Centered On
  - May entice individuals from neighboring states to establish residency here to access the benefit
  - Won’t be financially sound and state will have to pay to fix it
  - Reservations on being one of the first states to do it

Senate

- 3/15 Public hearing in the Senate Committee on Health & Long Term Care