



Kristin Manwaring Insurance

## WA State Long-Term Care Trust Act



Washington State enacted the first public long-term care program, signed into law by Governor Jay Inslee on March 19, 2019. The Long-Term Care Trust Act is a program funded through employee payroll taxes to create a basic level of long-term care protection for working Washington residents.

### What is Long-Term Care insurance?

Health insurance covers short term, skilled care needs, where long-term care (LTC) insurance covers care expected to last 90 days or more. It is designed to meet personal care needs, such as bathing, eating, dressing, toileting, etc. Long-term care is provided by professional caregivers at home or in a facility.

### What we know about the law:

- The program is funded through an employee payroll tax
- All W-2 employees will pay 0.58% payroll tax on all wages and compensation
- Tax rate is set until 1/1/2024 and is reviewed biennially
- Once vested, the benefit is up to \$100/day (up to \$36,500/lifetime) and can be adjusted for inflation
- LTC benefits are only available to vested residents of the state of Washington and are not transferable
- Individuals that own a private qualified long-term care insurance policy can elect to opt-out of the program by applying for an exemption with Employment Security Department

### When does the tax begin?

- The tax will be collected beginning January 1, 2022, unless the employee has opted out
- The window for employees to opt-out of the new LTC payroll tax is October 1, 2021 to December 31, 2022
- In order to be eligible to opt-out, you must have a qualified long-term care policy with an issue date of November 1, 2021 or earlier
- Benefits become available starting January 1, 2025

### Who it Impacts?

- All Washington W-2 workers, including employee-owners of corporations
- Optional for self-employed workers – must opt-in
- Residents that move out of state for longer than five years will forfeit benefits and premiums
- Those who are currently retired do not pay premiums and do not qualify for benefits

## How it works

- Employees pay a tax that a trust fund invests and distributes after employees are vested and qualified
- Vesting period for benefits is who paid the tax for either:
  - Three of the past six years or
  - Ten years without a break of five or more years
- Care providers must be approved by Department of Social and Health Services
- Once vested, residents require assistance with three Activities of Daily Living (ADLs) to qualify for benefits. These ADL's include:



## Opt-Out for Individuals – What you need to know

- The Act allows individuals to opt-out of the program if they have a qualified LTC plan that is equal or better than the state's policy
- A LTC Policy or Life Insurance Policy with an LTC rider can satisfy requirements to opt-out
- LTC coverage must be owned or purchased before November 1st, 2021 to opt-out
- Once the "opt-out" period (October 1, 2021 through December 31, 2022) has passed, there will be no way to opt-out of tax in the future

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