

**LTSS Trust Commission
Meeting Minutes**

Meeting Date	12/10/2021	Time	1:30 to 3:30
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Attendees

✓	Senator Karen Keiser	✓	Representative Paul Harris	✓	Senator Judy Warnick
✓	Representative Frank Chopp	✓	Representative Nicole Macri	✓	Senator Steve Conway
✓	Senator Curtis King	✓	Representative Drew MacEwen	✓	Bill Moss (Chair) Assistant Secretary, ALTA, DSHS
✓	ESD Commissioner Cami Feek	✓	Taylor Linke Director, Division of Medicaid Eligibility & Community Support, HCA	✓	Madeline Foutch, Representative of a union representing LTC workers
	Vacant, Individual receiving Long-Term Services and Supports	✓	Ruth Egger, Individual receiving Long-Term Services and Supports Designee	✓	Andrew Nicholas, Worker who will likely be paying the premium
	Vacant, Representative of an organization of employers whose members collect the premium		John Ficker, Adult Family Home Providers Representative	✓	Dan Murphy, Area Agencies on Aging Representative
✓	Peter Nazzal, Home Care Association Representative	✓	Michael Tucker, Representative of an organization representing retired persons	✓	Lauri St. Ours, Representative of an association representing SNF/ALF providers

Guest Speakers

✓	Ben Veghte, DSHS	✓	Matt Smith, State Actuary	✓	Lisa Kissler, ESD
✓	Kelly Lindseth, ESD				

Topic	Minutes
Welcome and call to order	<ul style="list-style-type: none"> Commission members in attendance indicated above. Bill Moss reviewed the meeting goals.
Consent Agenda • Minutes from 11/10/2021	<ul style="list-style-type: none"> Senator Conway made a motion to approve the minutes from the 11/10/2021 Commission meeting. Michael Tucker seconded the motion. A voice vote was taken, and the motion was passed unanimously.



Topic	Minutes
<p>New Business</p> <ul style="list-style-type: none"> ESD readiness for employer premium collections, self-employed opt-in and wage reporting 	<ul style="list-style-type: none"> Kelly Lindseth from ESD reported that: <ul style="list-style-type: none"> Self-employed elective coverage <ul style="list-style-type: none"> Phase 1 is on track to go-live January 1, 2022 Phase 2 is on track to go-live April 1, 2022 Wage reporting and premium collection <ul style="list-style-type: none"> On track to go-live April 1, 2022 The option for self-employed to opt-in and participate in the program is similar to the Paid Family Medical Leave (PFML) program. For PFML ESD has seen minimal participation from the self-employed and they are anticipating it will be similar for WA Cares Fund. Per Chris Giese from Milliman, data shows about 10% of the working population is self-employed (about 350K to 400K people). Milliman's baseline analysis examined different scenarios of participation by the self-employed. More information can be found on page 9 of the following report: https://leg.wa.gov/osa/additionalservices/Documents/Milliman2020WALTSSTrustActuarial%20Study.pdf
<p>Old Business</p> <ul style="list-style-type: none"> Exemption Applications 	<ul style="list-style-type: none"> Kelly Lindseth provided an update on the number of exemption applications. As of December 9th, <ul style="list-style-type: none"> 443,649 applications have been submitted 397,217 applications have been approved 4,269 applications are incomplete 401,486 total applications have been processed 90.5% of applications received have been processed Enter new year with minimal backlog An average of 10,000 applications are being processed per day Receiving less than 2,500 applications a day since December 1st Potentially next week, ESD is on track to get through all of the applications received by December 1st.

Topic	Minutes
<p>Old Business</p> <ul style="list-style-type: none"> Impact of private LTC policy opt-outs on actuarial projections 	<ul style="list-style-type: none"> Matt Smith, State Actuary, provide information on how the opt-out (exemption) application numbers compare to the Milliman actuarial analysis <ul style="list-style-type: none"> Background <ul style="list-style-type: none"> There is a one-time exemption application period, October 1, 2021 thru December 31, 2022. At the end of the application period we will know the total number of exemptions approved, along with the age and wage characteristics of the individuals who are granted an exemption. Milliman's baseline analysis of the originally enacted program considered private LTC insurance opt-out scenarios ranging from roughly 100,000 workers to 1.5 million workers. The baseline analysis estimated approximately 3.3 million workers paying into WA Cares Fund, representing \$205 billion in total covered wages. Covered wages is the same definition as the Social Security except there's no limit on the wages for the WA Cares Fund premiums. Context <ul style="list-style-type: none"> A program designed with voluntary options introduces uncertainty in projection estimates. The opt-out is voluntary and introduces adverse selection risk – those with the largest need for services will be most likely to participate in the program and this is normally correlated with higher wage earners opting out of the program. In contrast, a mandatory program can be ensured that the experience of the group will be average because it includes everyone. The voluntary opt-outs will remove both future program revenue and future program expenditures. The impact on required premium rates, among other items, will depend on the relationship between the two <ul style="list-style-type: none"> If the reduction in projected revenue is equal to the reduction in projected expenditures, the premium rate would be unaffected, just the overall level of cash flow would drop If adverse selection occurs, the premium rate would go up because the fund is losing more revenue than expenditures The impacts of the opt-out will wear off over time as future wage earners who can't opt-out replace those who did opt-out Milliman's opt-out analysis <ul style="list-style-type: none"> Base Plan in the baseline analysis assumed 103,000 higher-than-average paid wage earners opt-out <ul style="list-style-type: none"> About \$19 billion in 2022 wages with average annual covered wages of \$185,000 This is about 10% of the total assumed covered wages in 2022 Program projected to have sufficient funds to pay full expected benefits and program expenses through 2075 Also modeled a 'high scenario' where 1.5 million workers opt-out <ul style="list-style-type: none"> About \$173 billion in 2022 wages with average annual covered wages of \$114,000 This is about 75% of the total assumed covered wages in 2022 Program projected to have sufficient funds to pay full expected benefits and program expenses through 2068 Assumes that the premium rate of 0.58% is collected and invested in treasuries

Topic	Minutes
<p>Old Business</p> <ul style="list-style-type: none"> Impact of private LTC policy opt-outs on actuarial projections - continued 	<ul style="list-style-type: none"> Actual opt-out data as of December 7th <ul style="list-style-type: none"> Total applications received as of December 7th = 442,002 <ul style="list-style-type: none"> About 4 times more than assumed under the Base Plan Estimated average annual wage = \$184,000 <ul style="list-style-type: none"> Based on ESD data for actual opt-outs with available wage data as of November 17th, 2021 Similar to what Milliman assumed Total OSA estimated wages = \$81.3 billion (442,002 x \$184,000) <ul style="list-style-type: none"> Actual opt-outs thru December 7th represent about 36% of total assumed covered wages Lost wages would decrease to 33% of total if covered wages in 2022 are 10% more than assumed Based on information known today about 1/3 of wages in 2022 could be lost under the opt-outs The current situation falls closer to the Base Plan than the 'high scenario' Additional actuarial analysis is needed to inform the potential anticipated impacts of actual opt-outs Need to view the actual opt-out data in context of the broader program <ul style="list-style-type: none"> Several items require updates before the program's solvency is reassessed Consistent updates to related information will provide a more complete assessment
<p>Old Business</p> <ul style="list-style-type: none"> OSA report on WA Cares Fund solvency 	<ul style="list-style-type: none"> Matt Smith <ul style="list-style-type: none"> The OSA solvency report is an attachment to the Commission Recommendations Report. This is OSA's second report and is a continuation of the recommendations OSA made in the first report. OSA's recommendations to support fund solvency <ul style="list-style-type: none"> Clarify key program parameters to ensure program administration aligns with actuarial modeling, which includes benefit eligibility trigger and elimination period Perform an updated baseline actuarial analysis no earlier than late 2022, this allows us to include more information based on emerging experience, which includes early premium collections, the approved investment plan, who opted out, and who opted in

Topic	Minutes
<p>Old Business</p> <ul style="list-style-type: none"> Commission Recommendations Report 	<p>Ben Veghte shared a high-level overview of the report</p> <ul style="list-style-type: none"> The Commission is recommending that the legislature implement changes to the WA Cares Fund statute to address several policy areas. <ul style="list-style-type: none"> People near retirement: People nearing full retirement are unlikely to meet the minimum contribution requirements to qualify for benefits. Those who retire before 2025 will have paid in for nearly three years and will not qualify to receive benefits at all. Those who retire between 2025 and 2031 will have paid in 3-9 years and will only temporarily qualify. Residents of border states or Canada commuting to work in WA: Under current statute, people who live in Idaho, Oregon or Canada but work for a Washington employer will have to pay premiums but cannot receive benefits unless they move to (“reside in”) Washington when they have a long-term care need. This impacts approximately 150,000 people who will begin paying premiums in 2022 and will affect more in the decades to come. People working in the U.S. under a temporary, non-immigrant visa: Temporary workers who have to return to their respective countries when their work visas expire will be required to pay in, but they cannot receive benefits because they cannot remain in Washington long term. This would include people who are allowed to work in the U.S. only temporarily under a variety of non-immigrant visas, including H2A seasonal agricultural workers and other specialized workers with visas issued by the federal government. Veterans with a 70%+ service-connected disability: Veterans rated by the VA as 70% to 100% service-connected disabled have access to nursing home care through the VA. The Employment Security Department has determined that individuals who are rated by the VA as 70% to 100% service-connected disabled can qualify for an exemption under the current law. This exemption is only available temporarily, so veterans who are rated 70%-100% service-connected disabled November 1, 2021 or later are currently not eligible for this exemption. Spouses of active-duty military: In order to remain with their active-duty military spouse, spouses are essentially obliged to leave the state when their spouse does (typically after three years). This would leave many spouses of people in the military unable to use benefits or qualify for life for the benefit on the ten-year path. Constitutional amendment: WA Cares Fund has a long-term investment horizon. In the early decades, it will accumulate more premiums than it pays out in benefits, and in later decades it will pay benefits out of accumulated premiums and their investment returns. The greater the investment returns, the lower the premium rate required, all else being equal. Exemption recertifications: Applicants are only required to attest to having long-term care (LTC) insurance purchased prior to November 1, 2021 to receive approval for an exemption from WA Cares participation. Individuals may not be truthful on their application for exemption. Individuals can cancel or fail to maintain their LTC insurance policy at any time after receiving approval for their exemption People who qualify and leave the state: Some workers leave the state either during their working years or after retirement. Some may have paid in less than 10 years and left before they could permanently qualify, others will have qualified and will be unable to claim benefits when they need LTC. Per the current statute, only people who reside in Washington when they need care can utilize WA Cares Fund benefits. The Commission is not recommending specific policy options to address these issues but leaves it to the legislature to decide how to address them Different policy considerations are included for the issues explored by the benefit eligibility workgroup and simply notes any recommendation the workgroup brought forward. Senator King made a motion to approve the report. Dan Murphy seconded the motion. A voice vote was taken, and the motion was passed unanimously. ACTION ITEM: Senator Keiser requested information about what LTC benefits are available to the national guard. Ben and his team will look into this.

Topic	Minutes
Public Comment	<ul style="list-style-type: none"> Several people provided public comment during the meeting. The Appendix below includes all public comments made during the meeting. ACTION ITEM: Going forward, staff will note letters received by the Commission during the public comment period.
Set Agenda for next meeting, April 18th	<ul style="list-style-type: none"> Bill reviewed the list of suggested agenda items so far for the April 18th Commission meeting. Commission members suggested the following items for the agenda. <ul style="list-style-type: none"> Outreach and education Call center coordination across HCA, DSHS and ESD Commission members can submit any additional agenda items to Ben or his team.
Wrap Up <ul style="list-style-type: none"> Action items review Adjourn 	<ul style="list-style-type: none"> Bill shared that this will be Dan Murphy's last Commission meeting and thanked him for all of his work with WA Cares Fund and serving on the Commission. Dan shared that the number we don't talk about enough, is the projection that in 2025 this program is going to help 38,000 people. Whatever we do with this program, we're on a path to help people who are not yet poor and have never had an opportunity to make \$184,000 in a year. Action items are captured in the table below. The meeting adjourned at 2:49.

Action Items

ID	Meeting Date	Action Item	Owner	Due Date	Comments/Updates	Status	Completion Date
50	12/10/21	Provide information about national guard benefits	Ben Veghte	01/31/22	2021-12-10: The Commission received requested information on veterans benefits and would still like to see information on the benefits available to the national guard that was requested at the November Commission meeting (see action item #47). Ben's team to provide.	New	
51	12/10/21	During public comment periods note any letters received by the Commission	Ben Veghte	04/18/22	2021-12-10: Going forward, staff will note letters received by the Commission during the public comment period.	New	

Appendix: Public Comment

Public comment provided during the meeting	
Name	Comment
Tracy Yeung	<p>Thank you for this opportunity to speak to the commission. My name is Tracy Yeung and I am a fellow at the Washington State budget and policy center. I worked for three years in a family caregiver program in King County. (indiscernible) taking care of a family member or a loved one with a chronic illness or disability. I have talked with over a hundred families and three things always come up. One, the person needing care wants to stay at home for as long as possible. Two, the caregiver, usually a wife or daughter, is able to provide care but just needs some respite. And three, these families are caught in limbo where they're not wealthy enough to pay for professional care but have income and assets above the Medicaid eligibility threshold.</p> <p>WA Cares solves all of these problems. WA Cares is an affordable -- allows people to stay home with the assistance of a home-care aide. Sadly the public doesn't know what WA Cares is and they're confused by misinformation, think that they will need (indiscernible). That's why I urge the commission to recommend a legislature to fund a robust public education campaign about WA Cares. Let's explain how the WA Cares program will ease the financial stress of paying for long-term care of hundreds and thousands of our sick loved one.</p>
Jackie Boschok	<p>Thank you. My name is Jackie Boschok and I'm the president of the state's chapter for the reliance of retired Americans. We have over 92,000 members with a mission to ensure retirement security for everyone in our state. A lot of the work we do is educating seniors about retirement benefits and also partnering with workers about what we need their help in to both protect our current benefits and improve them in the future when they retire.</p> <p>Now, we support WA Cares because it's affordable and reliable. We also know that private long-term care insurance is either unavailable, too expensive or just isn't working for most people. Sadly, many folks actually die without getting the benefits they thought they were getting when they bought their policies. Other families need to spend down their life savings to get care through Medicaid. Washington Cares is a smart solution to this problem providing people with an affordable, reliable option.</p> <p>The problem is a lot of workers, the public, don't know what WA Cares is, as the previous speaker mentioned. And so we need to do that partnership education program. We need to have current retirees really understand what this is going to do so they can talk to their families and friends and their younger ones that are not retired yet because so many people who are retired know about the issues that current workers are going to face as retirees. And then we need to educate the public about what this program can do for them when they retire in the future. And so it's all about trying to get people to think about retirement and understand what this program really offers to them.</p> <p>And so we also urge the commission to legislate that fund for that state-wide public education program. We think it's really important that people understand what this means to them, what the program can do for them and what the program can do for all of our sick, injured and elderly loved ones when they're retired. Thank you very much for this opportunity and we really do think that this program is affordable and reliable and needs to be implemented with a few changes, but there also needs to be some big education around what this program really consists of thank you.</p>
Mark Ingersoll	<p>Thank you. Mark Ingersoll, the CEO of Washington brokerage and a membership of the insurance advisory committee. I want to suggest that maybe you bring on a couple of people under this commission who have knowledge of the insurance buying public. It seems odd to me that nobody from the insurance industry is involved in this commission, and I think we would be able to answer some of the questions and maybe cure Senator Keiser's shock that young people would want to get out of this program because they can be a far superior product in the private sector than what this program provides.</p> <p>Just wanted to possibly suggest bringing on a couple of people who understand what's available in the private sector today, opposed to what they've heard of in the past. Which I have to admit that there are products that had been sold in the past that were not as good as what's available today.</p> <p>So I just wanted to throw that out there and hope it doesn't fall on deaf ears. Thank you.</p>

Public comment provided during the meeting	
Name	Comment
Jess Gomez	<p>Good afternoon, commissioner members. My name is Jessica go his and I'm speaking on behalf of Washingtonians for responsible future, a broad coalition of organizations. Our coalition helped to pass the long-term care trust act in 2013. And we continue to stand together to strengthen the program and protect it from all of the political drama that's created around a program that we should be celebrating. Our coalition supports improving the policy areas that this commission has considered, but we have to ensure that any changes are equitable across community and wage earners and require beneficiaries to have a qualifying need for long-term care. The ways we need to improve WA Cares have been carefully studied and vetted by all of you. The way forward is right in front of us. And delaying going down that path will not get us to solutions any more quickly. Any delay in everyone mentation must be limited in time, have an automatic restart date and be directly tied to policy improvements. We cannot let politics determine the fate of this first in the nation public benefit. Thank you.</p>
Sandra Wood	<p>Thank you. This is Sandra Wood, the president of the benefits academy here in Seattle, Washington. I have two recommendations. First is that I know Milliman will be revising their information. And I know that, you know, we've got about -- maybe by the end we'll have about 500,000 people opting out. I know that most time people think that those people are adverse selection because maybe if they had been declined from an individual carrier, if they come on to the plan, they didn't opt out, then they're coming on to your plan as unhealthy people who couldn't get a policy out in the general marketplace. I want to let you know that we have over 50,000 people in the state of Washington, at least 50,000, who purchased an individual policy through a group-sponsored plan. So those people, when they looked at a policy, they didn't have to fill out a health questionnaire. So it may change a little bit of the Milliman information when they do their study. The second is a recommendation -- I know that you're already sending a policy recommendations over to the legislature. If a second recommendation summary is going to go over to the legislature at some point, I would like to make the recommendation that anybody who pays into, has deductions from their paycheck during the first quarter, however they provide an approval letter to their employer during that first quarter from ESD saying that they're approved for an opt-out, that the employer would then be able to provide those monies back to the employee. Right now the employer would have to collect those and submit those in April to the State. The reason why I'm asking for that is because we have at least 10,000 individuals in the state of Washington who have not had -- who have not gotten through underwriting yet. So they purchased a policy prior to 11/1 but their policy is stuck in underwriting and they don't want to go to the state and apply for the opt-out yet because they want to make sure that the carrier is going to say yes. Once the carrier says yes, then they'll go to the state and do that. But there's a little bit of a disconnect right now because that time period between -- you have to purchase by this date and then you have to have your approval letter by January 1</p>
Valerie Wanke	<p>Yes. Thank you very much. Valere Wanke. I work with Mercer, brokerage consultant. I worked since February of this year, at least, with many employers and employees across Washington. One on explaining the WA Cares act and two in talking with employers in implementing several private long-term care plans. I would like to -- many of these employers have seen the recent article as far as the potential delay in the program until January of 2023. I know I've communicated this to a couple of people before. But I would impress upon both the committee and the legislature that if they can make a decision as quickly as possible. This affects not just employers in Washington but all over the country that have employees working in Washington. So they need to have some place to go to get updates on this. So, you know, if updates on the delay can be put out on the WA Cares site, that would be very helpful, because right now the only place it's been seen is in -- well, one of the places is in the "Seattle times." And an employer in Florida is not going to go out to try to find information on "Seattle times" on this. The second has do with future policy validations which I think is a good idea because I have heard a lot of comments, as far as people planning to drop their policies after they get their exemption letter. And that's not going to do them or anyone any good. But in the minutes that I've seen, you just asked for the, say, the policy face page. In addition to that, you're going to need to ask to see a current -- a current receipt for the bill. Somebody can keep their face page. That doesn't prove anything. That doesn't prove they're current on premiums. So you probably need to add that too. Thank you.</p>

Public comment provided during the meeting	
Name	Comment
Dani Rice	<p>Hi, everyone. Can you hear me well? Okay. Hi, I'm Dani Rice. I'm a member of SIU75 and I'm also Ms. Wheelchair USA2020-2021. I'm in my 15th year providing home care. My name gets passed around when it comes time for loved ones needing care. I say when it comes time because, like it or not, that's the reality. Whether through aging, illness or a life-changing tragedy like my own spinal cord injury at the age of 30, only one month after my son turned 2. Life happens. All I did was go to the doctor one day and trust them to run a simple test. In an instant anyone can find themselves needing long-term care at any time. Long-term care insurance is a luxury that only those with adequate finances and an intuition of the future can afford. As a caregiver I've seen people have two options if their life. Spend down their assets and savings to qualify for Medicaid or pay out of pocket for care which absolutely ravages their savings and any future inheritance for their family. WA Cares is the reliable, affordable solution. The reality is that in five to ten years Washington Medicaid will absolutely not be able to handle the influx of people who will need it. Without WA Cares it will force cuts to programs or increases in our tax system that is already disproportionately impacting our most vulnerable communities, especially people of lower income and people of color. While historically this has been the chosen option, I'm reminded of the quote, the definition of insanity is doing the same thing over and over and expecting a different result. But guess what? An additional ten years later the same problem is going to happen again.</p> <p>WA Cares is groundbreaking, history making and the change we need to break that cycle. That said, I need to urge the commission to allow certain out-of-state exemptions for workers and military worker to opt out. The public is confused by the misinformation being thrown at them. So I also want to urge the committee to do a state-wide education on how WA Cares will ease the financial burden of tens of thousands.</p>
Derrick Priester	<p>Thank you. My name is Darrick Priester and I'm a financial adviser who has spent the last year helping clients understand the value proposition that is the Washington Cares Fund. And I think for many people, especially those that have been speaking today, there's a ton of value in it. But there's also a time element here that I think we can all appreciate where many folks, especially young folks who want to move or are thinking about moving, retirees who want to move out of state, down to Arizona or Florida, live in sunny weather, are caught in this unfortunate path where they will pay into the Washington Cares Fund for a year or maybe two years, or maybe they're going to pay in for five years. But they already know that they're going to be retiring elsewhere. They may even already have a second home elsewhere.</p> <p>I would encourage the committee to consider procedures that allow, under certain circumstances where it can be noted that somebody is moving out of state or someone is not going to receive care in state where they can recoup their premiums given there's in way to use these benefits currently in any other state. And as other states consider this type of a program, like California is, perhaps there's reciprocity to allow those benefits to be used in other states.</p> <p>But timing wise, you've got thousands and thousands of Washingtonians who like the idea of the program but know they're not going to get any benefit from it. And, therefore, their only option is to try an opt out. But what we know is the insurance industry wasn't able to help all of those folks. So anything you can do procedurally within the law to allow timing-related reimbursements of premiums for certain situations, I would encourage you to consider and consider strongly. Thank you.</p>
Mike Anderson	<p>I live and work in Yakima, Washington. I'm a 30-year Veteran of the private insurance industry, specifically the senior insurance industry. And I think a couple of things are getting missed. I haven't heard every single word said but I saw one of the slides earlier talking about several hundred thousand requests for exemptions. And there seems to be a lot of gnashing of teeth of how these folks are missing some sort of an opportunity with the WA Cares Fund.</p> <p>I think in reality perhaps WA Cares and the legislature are losing sight of that opportunity they accidentally stumbled into with these folks who purchased private long-term care. They now have 400 to 500,000 people that are in the private insurance lane. If they take the simple step of requiring an ongoing attestation, that ensures that that large number of people has a two-year benefit of some type or kind that stands between them and having to go on public funding for whatever care that they need. Most long-term care events typically transpire in less than three years. It would seem as though all of Milliman's statistics that that would be a significant ongoing benefit for the state to keep those folks, again somewhere around 500,000 have requested exemptions, keeping those folks where they are now which is in the private insurance lane.</p>
	<p>Bill Moss shared that the Commission received a letter from the American council of life insurers, dated December 9th, that also talked about the issue of requiring certification and/or attestation.</p>