



## LTSS Trust Commission Meeting

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# Meeting Guidelines

## Commission Members

- Please turn on video
- Stay muted unless talking
- Encourage active participation
- Raise hand to speak if necessary
- Participate in polls

## Observers

- Sign up later in Chat if you wish to provide public comment

# Welcome & Call to Order

The background of the slide features a faint, light-colored profile of a person's head and shoulders, facing right. This profile is overlaid with a complex, concentric wood grain or topographic map texture. The overall color palette is muted, consisting of soft blues, greys, and off-whites. The text is positioned in the upper left quadrant of the image.



# Meeting Goals

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- Receive update on outreach activities
- Provide input on OSA solvency report and recommendations outline
- Receive update from Risk Management Framework workgroup and provide input
- Discuss Commission recommendation options
- Approve charter for Supplemental Private LTC Insurance workgroup
- Receive update from ESD on the exemption application readiness/go-live that begins October 1st
- Provide input on draft Administrative Expenses Report
- Share ESD request legislation

# Consent Agenda

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- 7/23/2021 Commission meeting minutes

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# Old Business

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- Outreach activities

# Outreach Activities – DSHS

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- Public webinars
- Webinars with legislators, employers, civic groups
- Media inquiries/interviews
- Contracting with firm to improve SEO
- Public awareness campaign

# WA Cares Fund Branding: Brand Pillars

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The brand we've built is at the intersection of three strategic components: **Washington**, **People**, and **Care & Community**.

Through our research, we've found that the most relevant way to tap into a broad range of audiences within Washington state is via the following pillars.

## WASHINGTON

At the end of the day, the WA Cares Fund is a program by the state of Washington, for Washingtonians—so it was vital for us to create a brand steeped in what the state is known for, what it means to its people, and that is truly representative to all who call this unique and special place home.

## PEOPLE

The WA Cares Fund was created to care for people—especially those who are aging and/or need a little extra help and assistance. Because of this, we knew this brand needed to take on a personal and human touch in order to convey that essence.

## COMMUNITY & CARE

Caring for one another is a huge part of the WA Cares Fund, but also a value highly held by Washingtonians. Many are deeply involved in their communities, helping to take care of and support one another, so it was imperative to create a brand that could highlight connection and relationships between people.



# WA Cares Fund Branding: Logo

Aging is an organic, intimate process that can bring people together. There's beauty in the imperfection.

Tree rings growing over time represent aging and symbolized the state of Washington.

Our mark is a subtle nod towards moving forward in life and time, and the idea of saving for the future.



# Creative Deliverables

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## Video content

- 1 web video (90 seconds)
- 3 digital video ads (5 seconds, 15 seconds, 30 seconds)
- 4 edited vignettes – 60-second video testimonials of real Washingtonians

## Banner ads, native ads & images

- 1 digital animated banner in 6 sizes
- 5 native ads with copy
- Photography of 10 Washingtonians

## Outreach toolkit

- One-pager
- Action alert
- Infographic
- Posters

# Paid Media: Where ads will appear

## Social and digital media (begins 9/20)

- Everywhere in Washington
  - Digital video ads appear online
  - Digital video ads appear on Facebook and Instagram
  - Animated banner ads appear online
  - Banner and video ads served to visitors to the WA Cares Fund website
  - Native ads served alongside relevant articles about long-term care, WA Cares Fund, retirement, financial planning, and other key topics
  - Video ads served to people who search for long-term care and other key words

## Broadcast television (begins 9/27)

- Seattle media market
  - Whatcom to Lewis
  - The peninsula
  - The coast
- Spokane media market
  - Eastern Washington
- Yakima/Tri-Cities
  - Central/south Washington

*Note: SW Washington will be reached through digital marketing since they are served by the Portland media market, which is prohibitively expensive and mostly reaches Oregonians.*

# Paid Media: Detailed channel plan

Channel	Vendors	Geography	Creative	Estimated Impressions	Net Budget	KPI
Television	KING-TV	Seattle/Tacoma area	Video ads (30, 15, 5 seconds)	17,250,000	\$85,000	20% of the TV audience see our ad an average of 3 times.
Television	KNDO/KNDU	Yakima/Tri-Cities	Video ads (30, 15, 5 seconds)	882,000	\$23,000	20% of the TV audience see our ad an average of 3 times.
Television	KREM	Spokane	Video ads (30, 15, 5 seconds)	791,000	\$23,000	20% of the TV audience see our ad an average of 3 times.
Digital	Audience targeting video	Washington state	Video ads (30, 15, 5 seconds)	2,406,000	\$27,500	40% completion rate – percentage of people who watch the entire ad without skipping it
Digital	Contextual banner, native ads & retargeting	Washington state	1 animated banner (7 sizes) 3 native ads	5,600,000	\$40,000	0.10% click through rate – percentage of people who click on the ad to go to our website for more information. The industry average is 0.05% for display ads.
Paid Social	Facebook/Instagram ads - videos	Washington state	Video ads (90, 30, 15 seconds)	3,480,000	\$43,500	5 seconds average watch time – average time users spend watching the video. Facebook defines an engaged user (a "view") as 3 seconds, so our goal is to average 5 seconds.
			<b>TOTALS:</b>	<b>30,409,000</b>	<b>\$242,000</b>	

# Video Ads

90 seconds

<https://vimeo.com/609947330/4c9cab1082>

Social and digital video for places like YouTube

30 seconds

<https://vimeo.com/609941573/6866834de2>

Social and digital ad

15 seconds

<https://vimeo.com/609939294/feb78fcab8>

Social and digital ad

5 seconds

<https://vimeo.com/609933174/5ed1f38e59>

Digital ad for high view channels such as sports programming or the Macy's parade



# Native Ads



**Let's be the state where we all age with grace.**

WA Cares Fund is a benefit you earn, like Social Security, that helps preserve your retirement savings.



**Let's be the state where we all age with grace.**

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**Let's be the state where we all age with grace.**

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# Native Ads



## Helping you cover your tomorrows.

WA Cares Fund eases the cost and burden of caregiving on your spouse and children as you age.

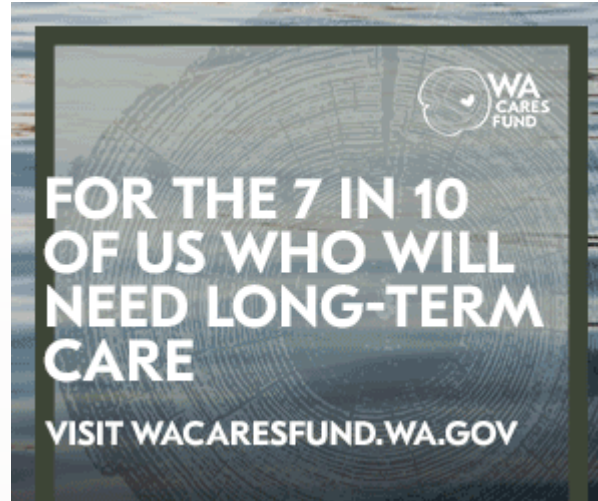


## Bringing generations together for our greater good.

Washingtonians will be able to get help with long-term care needs like eating, bathing, and dressing in their home.



# Digital Ads: 300x250



# Digital Ads: 160x600



# Digital Ads: 728x90





# Digital Ads Mobile Sizes: 320x50, 300x50

Please note that these are bigger than they will appear.



# Outreach Toolkit: Posters



**LET'S BE THE STATE  
WHERE WE ALL  
AGE WITH GRACE**

WA Cares is the state's new universal long-term care fund.

**7 in 10 of us will need long-term care**  
but most of us don't have a way to pay for it. WA Cares Fund helps ensure that all Washingtonians can afford long-term care when we need it.


**WA Cares Preserves Your Savings**  
Use your WA Cares benefits – not your 401k or life savings – to cover your long-term care needs.

**WA Cares Lets You Choose**  
With WA Cares, a loved one can become your paid caregiver or you can hire a home care aide. You may also pay for home improvements, meal delivery, and much more.

**WA Cares Protects Your Family**  
When you need care, you will have access to a professional home care aide, so your spouse or adult child won't have to quit their job to care for you.

Learn More:  
[wacaresfund.wa.gov](http://wacaresfund.wa.gov)

For Questions:  
[wacaresfund@dshs.wa.gov](mailto:wacaresfund@dshs.wa.gov)



**HELPING YOU  
COVER YOUR  
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# Outreach Toolkit: One Pager



WA CARES FUND is your earned benefit that will help you age independently.



## Long-term Care is More Than Just Retirement Planning

Seven in ten Washingtonians will need long-term care but most of us don't have a way to pay for it. WA CARES FUND is a new state program that makes long-term care insurance affordable for all Washingtonians for the first time.

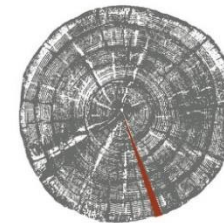
With WA CARES FUND, you can receive long-term care services and supports worth up to \$36,500 (adjusted annually for inflation) over your lifetime.

WA CARES FUND is a benefit you earn like Social Security that covers care in your home or a facility, as well as home modifications, meal delivery, car rides, and caregiver training. WA CARES FUND helps ensure that all of us can afford long-term care when we need it.

## WA CARES FUND Contribution

WA CARES FUND is self-funded entirely by worker contributions. Unlike private long-term care insurance, which requires premiums even after you retire, you only contribute to WA CARES FUND while you work. Contributions stop the moment you stop working.

Median WA Earnings  
\$52,075/year



Median Contribution  
\$302/year

## How Does it Work?

To earn benefits, you must contribute at least 10 years (without a break of 5 or more years) or have contributed 3 of the past 6 years at time of application for benefits.

## Why Contribute?

### WA CARES Preserves Your Savings

Use your WA CARES benefits – not your 401k or life savings – to cover your long-term care needs.

### WA CARES Lets You Choose

With WA CARES, a loved one can become your paid caregiver or you can hire a home care aide. You may also pay for home improvements, meal delivery, and much more.

### WA CARES Protects Your Family

When you need care, you will have access to a professional home care aide, so your spouse or adult child won't have to quit their job to care for you.

## KEY DATES

Jan. 1, 2022  
Premiums begin for employees. Self-employed can opt in to coverage.

Jan. 1, 2025  
Benefits become available to qualified, eligible individuals.

Oct 1, 2021 – Dec 31, 2022  
Window to apply for coverage exemption.

Oct 31, 2021  
Deadline for having private insurance to qualify for a lifelong exemption.

### Learn More

Visit [wacaresfund.wa.gov](http://wacaresfund.wa.gov) to learn more about the program.

### For Questions

Email: [wacaresfund@dshs.wa.gov](mailto:wacaresfund@dshs.wa.gov)

# Communications - ESD

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- September
  - Promote employer webinars
  - Begin phase one updates to Paid Leave website, incorporating WA Cares reporting info
  - In partnership with DSHS Communications team, contract firm to strengthen search engine optimization (SEO)
  - Send first informational mailing to Washington employers
- October
  - Reconfigure live messaging to align with launch of exemptions application
  - Begin phase two updates to Paid Leave website, incorporating WA Cares reporting info
  - In partnership with DSHS, rebuild website architecture to achieve desired SEO results
  - Send second informational mailing to Washington employers



# WA Cares Fund Community Coalition Outreach


Cathy MacCaul – Coalition  
member representing  
AARP



# The coalition partners for the Long-Term Care Trust Act



# Consumers should know their choices

 WA Long Term Care Insurance Options

## Facts About Long Term Care Coverage Options in Washington

[What is Long Term Care?](#)

[Options in WA](#)

[Quiz: Which Coverage Option is Best For You?](#)

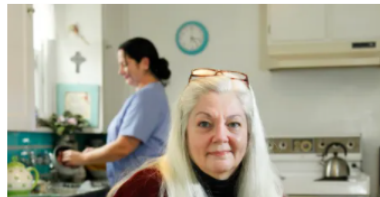
[Fact Sheet](#)

[Frequently Asked Questions](#)


### What is Long Term Care?

Long term care is there for you when you cannot take care of yourself due to injuries, disabilities, or other health issues such as cancer, dementia, diabetes, heart attack, stroke, or a hip break.

Long term care includes help with bathing, moving around, meal preparation, errands, and other basic living tasks you naturally may take for granted.



[www.walongtermcareoptions.info](http://www.walongtermcareoptions.info)



Which long-term care coverage option is right for you?

Take this 2-minute quiz to find out.

[Start](#) press Enter ↵





## Share Your Experience

Did you or someone you know have a notable experience with a long term care insurance corporation? Share your experience with us.

[Share Your Experience with Long Term Care Insurance Companies](#)

Every person's situation is unique. WA Cares isn't meant to replace long-term care insurance. Consumers should know their options.

# LONG-TERM CARE

What's YOUR Best Option?	WA CARES FUND	CORPORATE INSURANCE
<b>Coverage:</b> Cancer, diabetes, MS, and other pre-existing conditions		
<b>Choice:</b> Stay home, or wherever's best for you		
<b>Cost:</b> No premium for decades after retirement, or between jobs		
<b>Cost:</b> Women pay same premium as men		
<b>Coverage:</b> Guaranteed, no matter what		

# WA Cares – Coalition Member Outputs

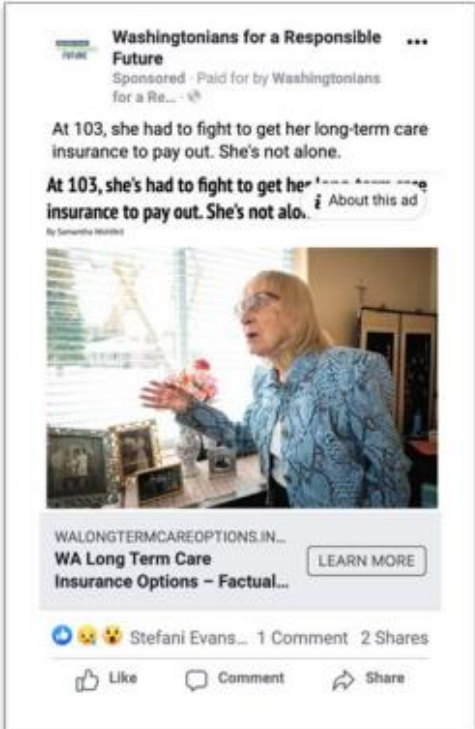
Earned media, sponsored content and microtargeting

How many people has our message reached?

1,000,000+

How many times has our message been seen?

16,000,000



The image shows a screenshot of a Facebook advertisement. At the top, it says "Washingtonians for a Responsible Future" with a "Sponsored" label. Below that, it says "Sponsored - Paid for by Washingtonians for a Re...". The main text of the ad reads: "At 103, she had to fight to get her long-term care insurance to pay out. She's not alone." followed by a truncated version of the same sentence. There is a small "About this ad" link. Below the text is a photograph of an elderly woman with glasses, wearing a blue patterned jacket, sitting at a table and talking. Underneath the photo, the text reads "WALONGTERMCAREOPTIONS.IN... WA Long Term Care Insurance Options - Factual..." with a "LEARN MORE" button. At the bottom of the ad, there are icons for Like, Comment, and Share, along with the text "Stefani Evans... 1 Comment 2 Shares".

Ad 16 - GOP



# AARP Member Outreach

- September AARP Bulletin article to 450,000 households in Washington State.
- Webinars matching AARP members with legislators.
- Email blasts and letters-to-the-editor from members.
- Aug/Sept 2021 Survey of 956 voters shows support for WA Cares.
- Three out of four (75%) voters erroneously think Medicare, Medigap or private health insurance will pay for long term care.



Upcoming Virtual Event: WA Cares Fund

**Get the Facts**

Thursday, September 2, 2021 at 9 am PT

Join us for an online webinar featuring House Reps. Frank Chopp and Nicole Macri (D-43) and presentations from AARP and WA Cares.







The  
Commonwealth  
Fund



# Washington is a top-ranking state for Long-term care!

WA Cares builds onto and is a natural extension to the success and innovation in Washington State.

To view the full report, go to [www.longtermscorecard.org](http://www.longtermscorecard.org).

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# Old Business

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- OSA solvency report and recommendations outline

# OSA Solvency Report and Recommendations Outline

## *Presentation to: Long-Term Services and Supports Trust Commission*

*Matthew M. Smith, State Actuary*



# Today's Agenda

- Review progress on OSA's 2021 recommendations
- Outline OSA's 2022 recommendations
- Final solvency report and recommendations will be provided at the November meeting



## Progress on OSA's 2021 Recommendations

- Clarify key program parameters
  - These include the private insurance opt-out, self-employed opt-in, benefit eligibility trigger and the elimination period

➤ In progress
- Clarify the investment policy through work with WSIB 

➤ Investment plan expected to be completed by year-end
- Perform an updated baseline analysis reflecting the prior bullets 

➤ Awaiting clarity on prior bullets
- Establish a risk management framework consistent with the program's financial goals 

➤ Expected to be completed by year-end
- Establish a funding policy consistent with the above 

➤ Expected to be completed by year-end



# OSA's 2022 Recommendations to Support Solvency

- Clarify key program parameters to ensure actuarial modeling is in line with expected program administration
  - Benefit eligibility trigger and elimination period
- Perform an updated baseline analysis
  - Allow adequate time to clarify key program parameters and investment plan
  - Reflect early premium collection experience
- **Note:** Any proposed or enacted benefit eligibility changes may impact the final 2022 OSA solvency report/recommendations or future reports



# Assumptions in Milliman's Most Recent Baseline Analysis

## ■ Benefit eligibility trigger

- Individuals who have vested can draw benefits once they require assistance with a minimum number of ADLs or severe cognitive impairment
- [RCW 50B.04](#) currently defines the benefit eligibility criteria as requiring assistance with at least 3 ADLs
- Milliman assumed the type and number of ADLs by care setting will be consistent with current definitions used under the state's Medicaid program

## ■ Elimination period

- Milliman was asked to model a 45-day elimination period (EP) based on an assumption that DSHS will need 45 days to determine eligibility
- The modeled EP assumes the WA Cares Fund will not pay benefits for the first 45 consecutive days during which the individual has a qualifying level disability meeting the benefit eligibility trigger

**Questions? Please Contact: The Office of the State Actuary**

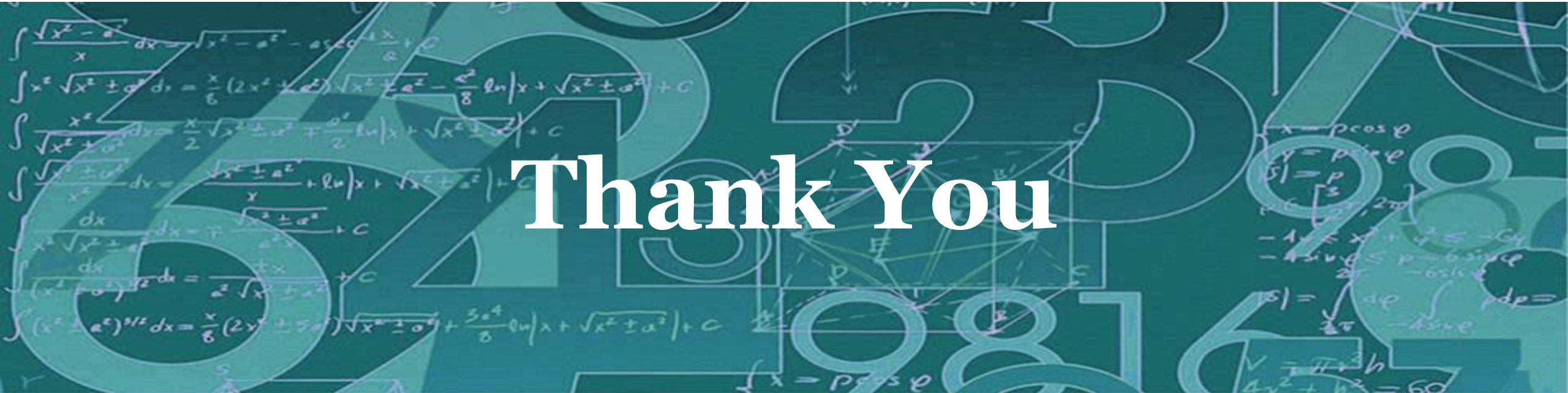
**[leg.wa.gov/OSA](http://leg.wa.gov/OSA); [state.actuary@leg.wa.gov](mailto:state.actuary@leg.wa.gov)**

**360-786-6140, PO Box 40914, Olympia, WA 98504**

**Matthew M. Smith**

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**Thank You**



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# Old Business

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- Risk Management Framework Workgroup update



# Risk Management Framework Workgroup Report Out

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- Last meeting, Dan Murphy shared the workgroup's draft risk management framework, funding goals, and risk management approach
- Those items, as well as incorporating feedback we received from the Commission, are reflected in the draft *LTSS Trust Commission Risk Management Framework* report which is included in your materials for today's meeting
- Today's report out will highlight
  - Actuarial measures and reporting
  - Potential response strategies
  - Coordination with other entities



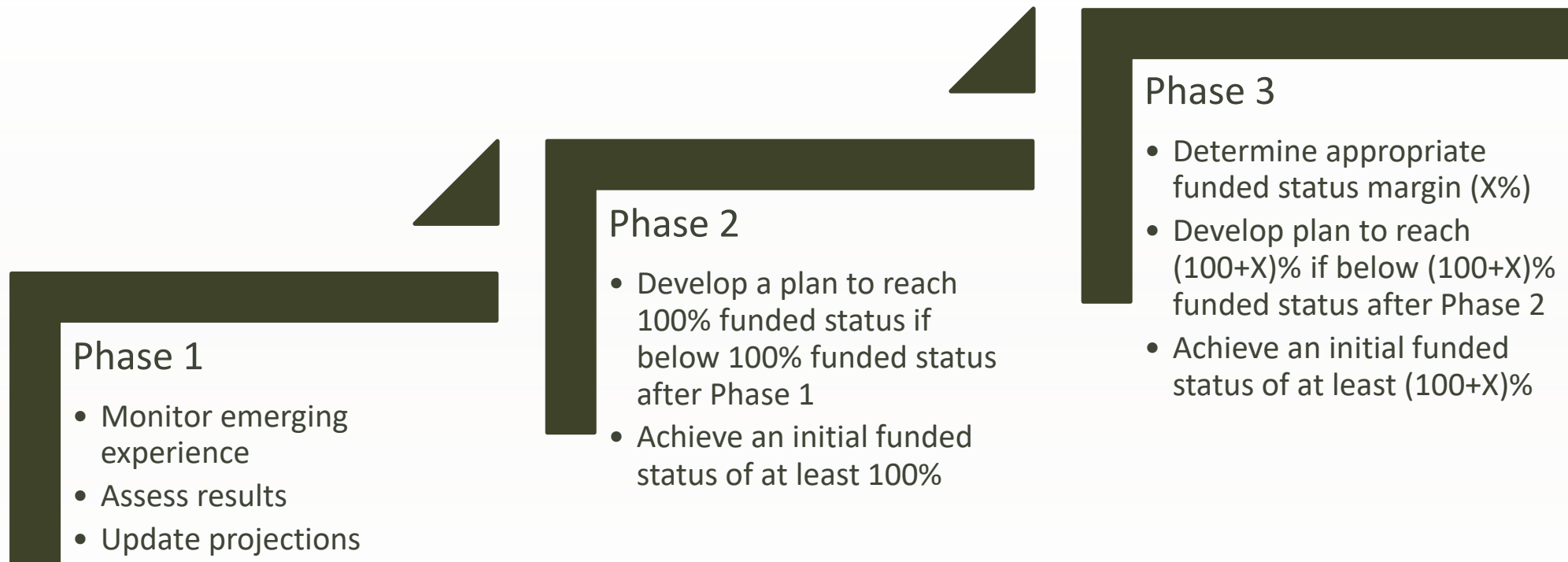
# Recap of Current Risk Management Framework

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- Funding goals (desired outcomes for the program)
- Risk management approaches (to support funding goals)
- Risk management reporting and metrics (to support and inform those approaches)
- Response strategies (when your funding goals are not met or are threatened)
  - Strategic response
  - Policy actions
- Coordinate a plan with other entities

# Recap of Risk Management Approach Hybrid Glidepath

- Fund is projected to pay full benefits and expenses through 2075
- Phase 1 to end no sooner than 2026
- Timing of remaining phases less certain



# Actuarial Measures and Reporting

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- Why are actuarial measures important?
- How will actuarial measures and key metrics be communicated?
- What information will be collected to inform future reporting?
- How often will there be updated actuarial reports?

# Actuarial Measures and Reporting

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- Actuarial reporting supports program's funding goal and risk management approach
  - Funding Goal: "Provide secure and meaningful benefits at the lowest expected cost for beneficiaries now and in the future."
- Reporting to provide a consistent way to measure, monitor and communicate about the solvency of the WA Cares Fund
- Will be relied on to make informed decisions impacting the program

# How will Actuarial Measures and Key Metrics be Communicated?

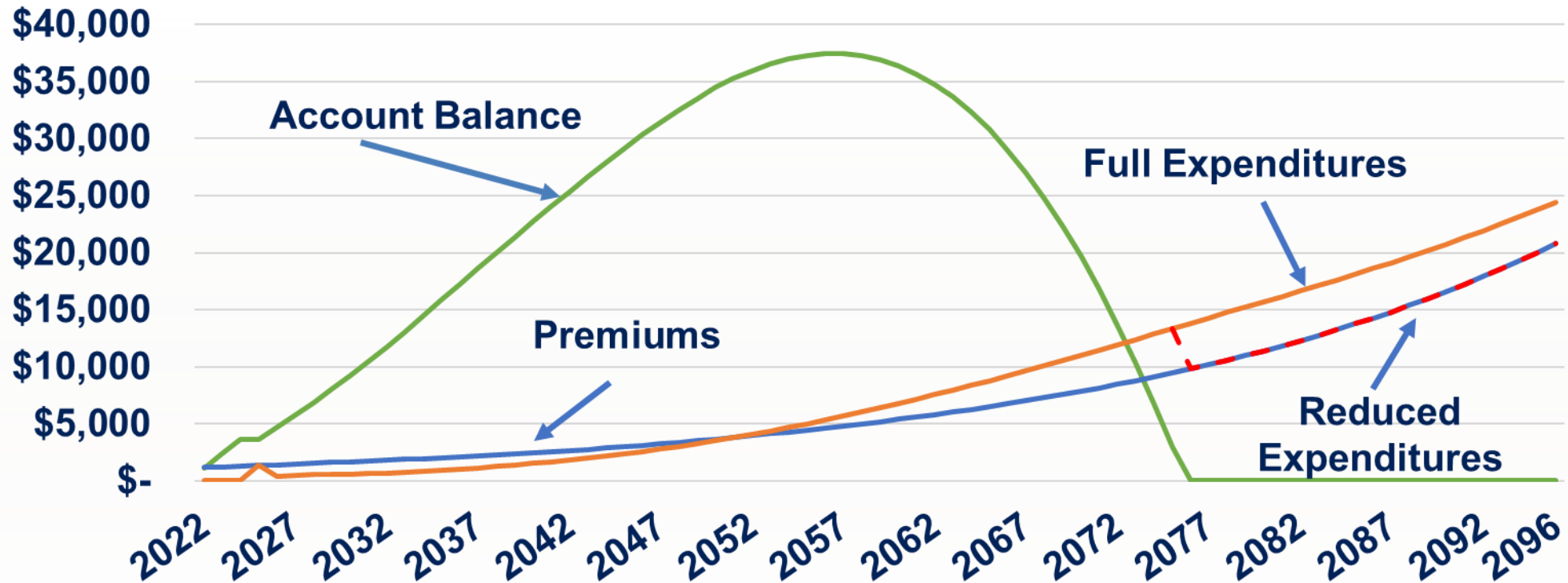
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- Examples being shared today include:
  - Program projections
  - Funded ratio calculations
    - Dividing projected revenues by projected expenditures
  - Assumption sensitivities to identify key risks
  - WA Cares Fund benefit value comparisons



# Milliman's 75-Year Projection

Figure 1—Projected Account Balance, Premiums, and Expenditures by Calendar Year (\$ in Millions)



# Funded Ratio Compares Projected Revenue and Expenditures on a Present Value Basis

Table 1: 75-Year Projected Position	
(Present Values as of 1/1/2022; Dollars in Billions)	
a. Present Value of Future Covered Wages	\$27,005.8
b. Premium Rate	0.58%
c. Present Value of Future Premiums (a x b)	156.6
d. Market Value of Assets	0
<b>e. Present Value of the Projected Fund (c + d)</b>	<b>\$156.6</b>
f. Present Value of Future Benefits	160.4
g. Present Value of Future Expenses	11.1
<b>h. Present Value of Future Expenditures (f + g)</b>	<b>\$171.5</b>
<b>i. Projected Actuarial Reserve (e - h)</b>	<b>(14.9)</b>
<b>j. Ratio of Projected Fund to Future Expenditures (e/h)</b>	<b>91%</b>
k. Assumed Investment Return for Present Values	2.50%
l. Projected Account Balance Depletion Year*	2075

\*Depletion year based on Milliman's analysis which assumes investment in U.S. Treasuries with projected returns that vary by year.

# How Do the Results Change Under Different Assumptions?

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- Assumption sensitivities identify key risks
- Actuarial reporting to include funded ratio calculations that vary key assumptions
  - Investment returns
  - Likelihood of needing LTSS (incidence rates)
  - Inflation
    - Impacts wages and growth on WA Cares Fund maximum benefit
  - Vesting

# Varying Key Assumptions Impacts the Funded Ratio

- High and low sensitivities do not represent best- or worst-case scenarios and actual program results could fall outside these ranges
- Some of these scenarios could be correlated and, if so, the combined effect could be smaller or larger than displayed here

<b>Funded Ratio Sensitivity</b>			
	<b>Lower Assumption</b>	<b>Baseline Assumption</b>	<b>Higher Assumption</b>
<b>Current Law Investments</b>	87%	91%	94%
<b>Likelihood of Needing LTSS (Incidence Rates)</b>	112%	91%	76%
<b>Inflation (Wage Growth Only)</b>	75%	91%	111%
<b>Inflation (Wage and Benefit Growth)</b>	91%	91%	90%
<b>Vesting</b>	100%	91%	86%

# Phase 1 Response Strategy May Include Constitutional Amendment

- Passage would allow WA Cares Fund assets to be invested in higher returning asset classes, including equities
  - Alternate Investments baseline scenario assumes 70% bond/30% equity investment strategy

Funded Ratio Sensitivity			
	Lower Assumption	Baseline	Higher Assumption
Current Law Investments	87%	91%	94%
Alternate Investments (Includes Equities)	97%	106%	116%



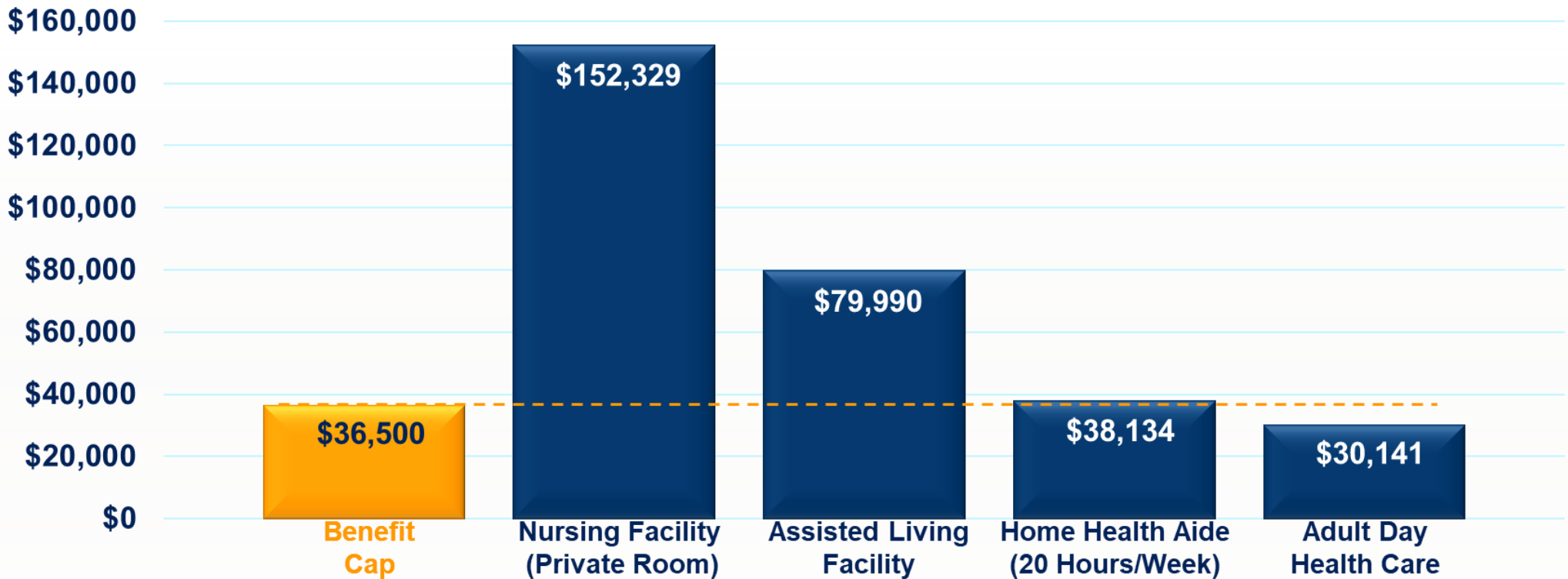
# Metrics on Meaningful Benefits

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- Not an actuarial measurement, but relevant when considering program's funding goals include providing a meaningful benefit
- OSA to work with DSHS when preparing these metrics
- Reporting will include information on various services and duration to provide context around WA Cares Fund maximum benefit
- Tracking measurements over time will identify how the purchasing power is changing

# Relative Benefit Value Graph

Projected Annual Median Long-Term Care Costs, 2025 (Washington State)



Source: *Genworth Cost of Care Survey*.

# How Long Does Long-Term Care Typically Last?

- Both tables show average length of care if long-term care is needed
  - Not everyone requires long-term care services during their lifetime

Boston College Study	
Duration	Likelihood
0-1 years	29%
1-3 years	38%
3+ years	33%
<b>Total</b>	<b>100%</b>

Source: Center for Retirement Research at Boston College: [What Level of Long-Term Services and Supports Do Retirees Need?](#)

Federal Research Brief	
Duration	Likelihood
0-1 years	18%
1-2 years	15%
2-5 years	27%
5+ years	40%
<b>Total</b>	<b>100%</b>

Source: Research brief from federal Department of Health and Human Services/Urban Institute: [Long-Term Care Services and Supports for Older Americans: Risks and Financing.](#)

# What Information will be Collected to Inform Future Reporting?

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- Tracking emerging experience of key assumptions will provide early warning signs if experience is significantly different than assumed
  - Integral to Phase 1 of risk management approach
- Emerging experience reports will monitor actual experience versus assumed
  - Will inform future assumption setting
- Early tracking focused on premiums and OSA working with ESD to collect
  - Early metrics on opt-out population
  - Summarized quarterly premium collection
  - More detailed annual files
    - Including premiums collected, wages, hours, employment sector, self-employed
    - Legislation required to share individual wage data given crossover with PFML program

# How Often will there be Updated Actuarial Reports?

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- Statute requires OSA to prepare their first report by January 1, 2024, and biennially thereafter
  - May not always reflect a full update from Milliman
- Biennial reports likely to include
  - Emerging experience updates
    - OSA will be tracking experience more frequently, but may not be reporting on it
  - Meaningful benefit measures
- Ad hoc actuarial analysis as needed



# Potential Response Strategies and Timing

## Potential Response Strategies

Phase 1

Phase 2 and 3

Recommend  
Constitutional  
Amendment

Recommend Constitutional  
Amendment

Recommend Constitutional  
Amendment

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Reduce Benefit Expenditures

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Increase Program Revenue

Restructure  
Benefits

Reduce  
Benefits

Earmark  
Medicaid  
Savings

Increase  
Premium  
Rate

# Coordination with Other Entities

## Roles

### ESD, DSHS & HCA

Development of experience reports informs Phase 1 of risk management glidepath

ESD – wage and premium collection reports, opt-in and opt-out experience

DSHS/HCA – benefit/claims reports

Development of wage and premium collection reports in process; first report expected mid 2022

Benefit & claims reports development TBD with first reports delivered in 2025

### LTSS Trust Council

Makes adjustments to the benefit unit annually to assure benefit adequacy and solvency of the WA Cares Fund

Based on actuarial analysis from OSA

Should Consider Risk Management Framework when making benefit unit adjustments

Benefit adjustments considered on an annual basis; initial value for 2025 set at \$36,500

### Pension Funding Council

Sets the premium rate biennially

Rate can be no greater than 0.58% under current law

Rate must be set at the lowest amount necessary to maintain the actuarial solvency of the WA Cares Fund account

Based on actuarial analysis from OSA

Should consider the Risk Management Framework when setting premium rate

Beginning January 1, 2024, and biennially thereafter, the premium will be set; initial rate set at 0.58% for January 1, 2022

## Timing

# Looking Ahead

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- Final Risk Management Framework will be presented for Commission approval in November
- When would Commission like to convene a new Risk Management Workgroup?
  - To be discussed in Commission meeting in April 2022
  - Could include creating a governance structure for ongoing reporting

# Risk Management Framework

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- Feedback?

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# Old Business

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- Commission recommendation options



# Benefit Eligibility Workgroup Charter

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- I. **Near retirees:** People nearing full retirement are unlikely to permanently vest. Those who retire before 2025 will have paid in for nearly three years without achieving even temporary vesting, while those who retire between 2025 and 2031 will have paid in 3-9 years without achieving permanent vesting.
- II. **Border-state residents commuting to work in WA:** Under current statute, people who live in Idaho or Oregon but work for a Washington employer 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 many more in the decades to come.
- III. **Non-immigrant visa holders:** Foreign workers who have to return to their respective countries when their work visas expire will also be required to pay in, but they cannot receive benefits because they cannot remain in Washington long-term.
- IV. **People who leave the state:** A significant share of the workforce 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 vest, others will have vested 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.

# Policy actions that could reduce program costs

POLICY ACTION	PREVIOUS ACTUARIAL FEASIBILITY STUDY ESTIMATE
<b>Policy actions previously enacted</b>	
Reduced adverse selection among self-employed due to SHB 1323	Up to -0.05* (reduction in program costs depends on effectiveness of ground rules in SHB 1323)
<b>Policy actions not requiring statute change</b>	
Adjustment of benefit unit by LTSS Trust Council (can be adjusted up to WA CPI)	Modeling unavailable
Adjustment of benefit trigger	Modeling unavailable
<b>Policy actions requiring statute change</b>	
Daily benefit amount (\$100)	-0.05**
Invest in a diversified portfolio	-0.11**
90-day elimination period	-0.03**
<b>Offsetting savings</b>	
Medicaid savings (GFS + federal)	Modeling results expected late October
Medicare savings (federal)	Modeling underway

\*Milliman, [Analysis Washington LTSS Trust Program – Commission Recommendations](#), December 18, 2020. Change from Base Plan under current law (0.66%).

\*\*Milliman, [2020 Long-Term Services and Supports Trust Actuarial Study](#), December 14, 2020. Change from Base Plan under current law (0.66%).

## Near Retirees: Coverage Option

**Allow individual who retire before they can reach permanent vesting status in 2032 to elect continuing coverage.** This option would allow workers to continue **contributing after retirement** by paying an annual premium equal to their average annual premium during their previous vesting years (adjusted for wage inflation) – **until they hit the ten-year mark**, at which point they would become **permanently vested and owe no further premiums**.

### Pros

- Addresses problem of near retirees being required to pay for something that they can't claim
- Covers individuals who are often unable to get private insurance due to age, health status, or affordability
- Covers a larger population of people who would otherwise rely on Medicaid LTSS, which could result in additional Medicaid savings
- Predictable cost for retirees

### Cons

- Introduces some adverse selection. Lower risk, higher income individuals are more likely to stop contributing.
- Allows older generations to pay in less than future generations
- The potential cost to fund this measure is equivalent to +03% (if there is no adverse selection) to +.06% (an impossible boundary case of maximum adverse selection)
- Administrative impact is high, no existing process or functionality to accept payment from individuals who are not employers or self-employed. With lead time for implementation, this option is possible.

## Near Retirees

### Options considered, but not recommended

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Option #	Description	Potential cost
Coverage Option #2	Allow people to <b>continue contributing after retirement</b> by paying an annual premium equal to their average annual premium during their previous vesting years (adjusted for wage inflation) – <b>until they need benefits</b> (for most, this would be longer than ten years of lifetime contributions).	Not available
Coverage Option #3	Allow anyone <b>born in 1966 or earlier</b> , who has paid in at least one year, to be permanently <b>vested with access to a pro-rated benefit</b> ( $0.1 X$ , where $X$ is the number of vesting years, up to 10)	Not available
Exemption Option #1	Allow anyone <b>born in 1966 or earlier</b> to <b>opt out based on birth year</b> (without needing to have private LTCI).	Ranges from $-.03\%$ to $+.01\%$ depending on the extent of adverse selection
Exemption Option #2	<b>Refund premiums</b> for those who pay in less than three years	Not available

## Border-state and Canadian residents commuting to work in WA: Exemption option

**Automatically exclude individuals** from owing WA Cares Fund premiums **if their permanent home address is in another state or Canada**. This is not a lifetime exemption. If they were to move to WA in the future, they would be included (owing premiums and earning vesting years). This impacts approximately 150,000 people who will begin paying premiums in 2022 and will affect many more in the decades to come.

### Pros

- Addresses problem of border state residents being required to pay for something that they can't claim
- Addresses concerns of employers in border regions regarding ability to retain and recruit workers who live across the border.

### Cons

- Adds administrative complexity for employers in border regions who have to identify employee address to determine whether or premiums are owed
- May add administrative complexity for ESD by introducing additional differences in administration of premiums for WA Cares Fund and PFML
- The potential cost of this measure is equivalent to .03%.
- Administrative impact is moderate, rules about who pays in would vary from PFML (in addition to existing variance due to exemptions).



# Border state and Canadian residents commuting to work in WA

## Options considered, but not recommended

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Option #	Description	Potential cost
Coverage Option #1	Remove benefit-eligibility exclusion for individuals residing in Idaho & Oregon only. This <b>opens eligibility</b> to people who have vested and <b>reside in Idaho &amp; Oregon</b> when they need benefits.	+.07%
Exemption Option #1	Allow a <b>voluntary lifetime opt-out</b> on the basis of having a permanent <b>home address in another state</b> (without needing to have private LTCL).	Ranges from +.03% to +.06% depending on the extent of adverse selection.

## Non-immigrant visa holders: Exemption option

Allow a **voluntary opt-out** on the basis of having a **non-immigrant visa** (without needing to purchase private long-term care insurance). This would include people who are allowed to work in the U.S. temporarily under a variety of non-immigrant visas, including H2A agricultural workers and other specialized workers with visas issued by USCIS.

### Pros

- Addresses problem of people who leave the state and will not return for care having been required to pay for something that they can't claim

### Cons

- Introduces some adverse selection
- Increases scope of exemptions
- Administrative impact is low, functionality to process exemptions is in place, more staff needed beyond December 31, 2022, when the current exemption timeframe expires.

## Non-immigrant visa holders

### Options considered, but not recommended

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Option #	Description	Potential cost
Exemption Option #2	<b>Automatically exclude</b> individuals from coverage (premiums and benefits) if they hold a non-immigrant visa	Less than +.01%

# People who leave the state

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- Five options explored to provide coverage or exemption
- No options are feasible to recommend at this time
- Cost to provide fully portable benefits is high (+.36%)
- Washington has three years to expand the provider network to serve Washingtonians
- Nationalizing Washington's benefit before it's made available to Washingtonians poses significant risk to staff's ability to implement the program successfully in-state.
- This issue can be addressed in the future once benefits are available for Washingtonians
- Other states are exploring similar programs, which if implemented, could increase the feasibility of a multi-state benefit

## People who leave the state

### Options considered, but not recommended

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Option #	Description	Potential cost to fund
Coverage Option #1	<b>Remove the WA residency requirement</b> and allow <b>workers who leave the state</b> before reaching 10 years of vesting to <b>voluntarily continue paying premiums</b> until retirement based on self-reporting of earnings.	Not available
Coverage Option #2	<b>Remove the WA residency requirement</b> from the definition of eligible beneficiary and provide a full benefit (100% of the baseline pool of money) based on meeting the program's ADL criteria. <b>Offers fully portable benefits.</b>	+.36%
Coverage Option #3	<b>Remove the WA residency requirement</b> from the definition of eligible beneficiary and <b>provide 50%</b> of the baseline pool of money based on meeting the program's ADL criteria.	+.18%
Coverage Option #4	<b>Remove the residency requirement</b> and <b>change vesting</b> criteria to allow <b>anyone who has paid in at least one year</b> , to be permanently vested with access to a <b>pro-rated benefit</b> ( $0.1 X$ , where $X$ is the number of vesting years, up to 10)	Not available
Exemption Option #1	<b>Refund premiums</b> for those who leave the state (whether they are permanently vested or not)	Not available

# Commission Recommendation Options

## Joint Resolution to propose an amendment to the State Constitution concerning the investment of LTSS Trust funds

### Option A\*

- Same recommendation as the January 2021 Commission report

### Modified Option A

- Recommend for consideration in a different year; or
- Don't specify a year in the recommendation

### Option B

- Make no recommendation in this year's report

\* **Option A:** *To allow the LTSS Trust Fund to be invested by the Washington State Investment Board in a full range of investments that helps ensure that the fund can pay benefits to eligible Washingtonians over the long-term and keep worker premiums low, the Commission recommends that the legislature propose a joint resolution for an amendment to the state constitution for consideration by voters in the **2022** general election.*



**BREAK**



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# Old Business

## Continued

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- Charter for Supplemental Private LCT Insurance workgroup

# Charter for Supplemental Private LTC Insurance Workgroup

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- **Workgroup Purpose:**
  - As required by SHB 1323, the Commission shall work with insurers to support the development of private LTC insurance products that supplement the WA Cares Fund benefit
- **Workgroup Objectives:**
  - Serve as forum for clarifying questions, providing information and solving problems surrounding the relation of supplemental plans to the WCF benefit;
  - Identify and develop recommendations to reduce impediments to the design of attractive, affordable supplemental private plans;
  - Identify and develop recommendations to manage coordination of benefits challenges between WCF and supplemental private plans;
  - Develop recommendations for consumer protections in supplemental plans that ensure consistency with NAIC model Act consumer protections and to the extent needed, strengthen such protections for these supplemental policies.

# Charter for Supplemental Private LTC Insurance Workgroup

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- **Membership:**
  - Chair of the LTSS Trust Commission (or designee), who will serve as Chair of the Workgroup;
  - Washington State Insurance Commissioner or designee;
  - Director of the Health Care Authority or designee;
  - five other members of the LTSS Trust Commission;
  - five representatives from private long-term care insurance carriers currently selling policies in Washington State;
  - two consumer protection advocates with expertise in long-term care insurance.
- **Procedure:**
  - The workgroup will strive for consensus in all its recommendations.
  - Where consensus cannot be achieved, a recommendation may be approved by a vote of two-thirds of the workgroup members.



# Charter for Supplemental Private LTC Insurance Workgroup

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- **Workgroup Timeline and Scope:**
  - Fall 2021 to spring 2022
  - Recommendations shared with Commission in summer 2022 for consideration in January 2023 Report to the Legislature

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# New Business

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- Employee exemptions October 1<sup>st</sup> go-live & readiness status
- Draft Administrative Expenses Report
- 2022 legislative session



# Employee Exemptions

## October 1<sup>st</sup> Go-Live Readiness Status

### Technology

- Feature alignment with charter and code now in production
- Testing complete & all critical defects resolved
- Technical readiness validated – Go/No-Go completed
- Sys-ops confirmation that systems are stable
- Systems security findings addressed

### Organizational Readiness

- Standard Operating Procedures created
- Training delivery completed
- Change Management Plan in place
- System Operation Support Readiness prepared
- Rules and Policy ready

### Communication

- External Communications published
- Cross-Agency Communications open
- Agency Communications completed

*Summary: All deliverables to successfully launch Employee Exemptions on October 1, 2021 are completed*

# Draft Administrative Expenses Report

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- The Commission is charged with monitoring agency administrative expenses over time.
- The Commission must report annually to the Governor and the fiscal committees of the Legislature on agency spending for administrative expenses and anticipated administrative expenses as the program shifts into different phases of implementation and operation.
- Agency heads on the Commission may advise the Commission on the reports but must recuse themselves from the Commission's process for review, approval, and submission to the Legislature.
- The final report will be delivered for approval at the 11/10 Commission meeting.

# 2019-21 Biennium Administrative Expenses

## DSHS Activities

DSHS	
<b>FY20 Expenditures</b>	\$ 547,529
<b>FY21 Expenditures</b>	\$1,372,811
<b>Total Expenditures</b>	\$1,920,340

- Worked with Commission to establish Foundational Principles for WA Cares Fund
- Worked with Commission to draft & deliver reports
- Worked with Commission and OSA on WCF Risk Management Framework
- Synthesized/assessed feedback from the public & flagged for Commission and Benefit Eligibility workgroup
- Established cross-agency governance
- Launched WCF website in partnership with ESD
- Communications & outreach
- Developed WCF name, brand, logos, marketing materials
- Planned marketing campaign
- Responded to inquiries about the program
- Documented business needs for WCF IT systems
- Conducted analysis on Medicaid & Medicare savings in preparation for submitting application for savings waiver to CMS
- Outreach & discussions with tribes regarding their potential participation in WA Cares Fund

# 2019-21 Biennium Administrative Expenses

## OSA Activities

OSA	
FY20 Expenditures	\$ 131,999
FY21 Expenditures	\$ 575,287
Total Expenditures	\$ 707,287

- Completed first WCF actuarial study
- Worked with Commission and DSHS on WCF Risk Management Framework
- Supported legislative process, including actuarial analysis
- Published actuarial trust solvency report and key financial metrics of WCF
- Contracted with external consultant to build tools in support of OSA's internal investments

# 2019-21 Biennium Administrative Expenses

## ESD Activities

ESD	
<b>FY20 Expenditures</b>	<b>\$ 231,864</b>
<b>FY21 Expenditures</b>	<b>\$ 9,970,864</b>
<b>Total Expenditures</b>	<b>\$ 10,202,728</b>

- Rules & policy work for Employee Exemptions
- Operational readiness for Employee Exemptions, including change management
- Communications & outreach activities for WCF, including Employee exemptions
- Training & staff onboarding planning for Employee Exemptions
- QA vendor activities – other contracts
- Investment Plan, Project Charter, and Project Plan approved by OCIO
- Oversight Committee established
- Initiated build of employee exemptions & platform work to extend Paid Leave system to support the WCF service

# 2019-21 Biennium Administrative Expenses

## HCA Activities

HCA	
FY20 Expenditures	\$ 0
FY21 Expenditures	\$ 0
Total Expenditures	\$ 0

- Completed ProviderOne analysis to determine a high-level cost estimate to support WA Cares Fund requirements.
- Worked with DSHS on business needs and changes needed for ProviderOne.



# 2021-23 Biennium Agency Budget Appropriations

Agency	FY22	FY23	Total 2021-23 Biennium
DSHS*	\$ 3,727,000	\$ 6,643,000	\$ 10,370,000
OSA	\$ 250,000	\$ 253,000	\$ 503,000
ESD	\$ 20,316,000	\$ 11,949,000	\$ 32,265,000
HCA**	\$ 0	\$ 0	\$ 0
<b>Total</b>	<b>\$ 24,293,000</b>	<b>\$ 18,845,000</b>	<b>\$ 43,138,000</b>

*\*The total DSHS appropriation for the 2021-23 biennium is \$10,873,000 and the OSA appropriation was included in the DSHS appropriation. OSA costs will be charged back to DSHS.*

*\*\*Costs related to an HCA ProviderOne change request are included in the DSHS appropriation.*

# 2022 ESD Proposed Draft Agency Request Legislation

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- Purpose: To apply privacy statute to data received by employers who report for PFML & WA Cares
- Amends:
  - RCW 50A.25.070 Data sharing, when authorized & disclosure to state governments (DSHS, HCA, Office of the State Actuary)
  - RCW 50A.25.110 Disclosure by paid leave program to be inclusive of WA Cares
- Adds section to Title 50B RCW to include privacy to comingled employer reported data

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# Public Comment

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- Questions about the program?
  - Visit [wacaresfund.wa.gov](http://wacaresfund.wa.gov)
  - Submit questions to: [wacaresfund@dshs.wa.gov](mailto:wacaresfund@dshs.wa.gov)

# Set Agenda for Next Meeting

## November 10, 2021

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- Approve Administrative Expenses Report
- Approve Risk Management Framework
- Reach agreement on Commission recommendations and OSA Solvency report and discuss next steps
- Investment Strategy Subcommittee and State Investment Board update on investment plan for WA Cares Fund
- 2022 Commission meeting schedule and potential agendas
- Agency budget requests

# Wrap-Up

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- Action items review
- Adjourn



**Thank You**

