



LTSS Trust Commission Meeting



Meeting Guidelines

Commission Members

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

Audience Members

- Opportunity to provide public comment later in the meeting

**WELCOME &
CALL TO ORDER**

Meeting Goals

- Listen to Understand
- Approve Consent Agenda
- Receive Program Update
- Receive Finance Update
- Consider Additional Proposed Recommendations for Report
- Approve Commission Recommendations Report
- Review Draft Commission Topics for 2024

Approve Consent Agenda

- 11/7/2023 Commission meeting minutes

WA Cares Fund Program Refresh

Andrea Meewes Sanchez, DSHS

WA Cares Fund Program Refresh

Program timeline

2014

Research on policy options for long-term care

2019

Legislature passes LTSS Trust Act & governor signs into law

2021

Legislature improves coverage for adults with disabilities that onset prior to age 18

2022

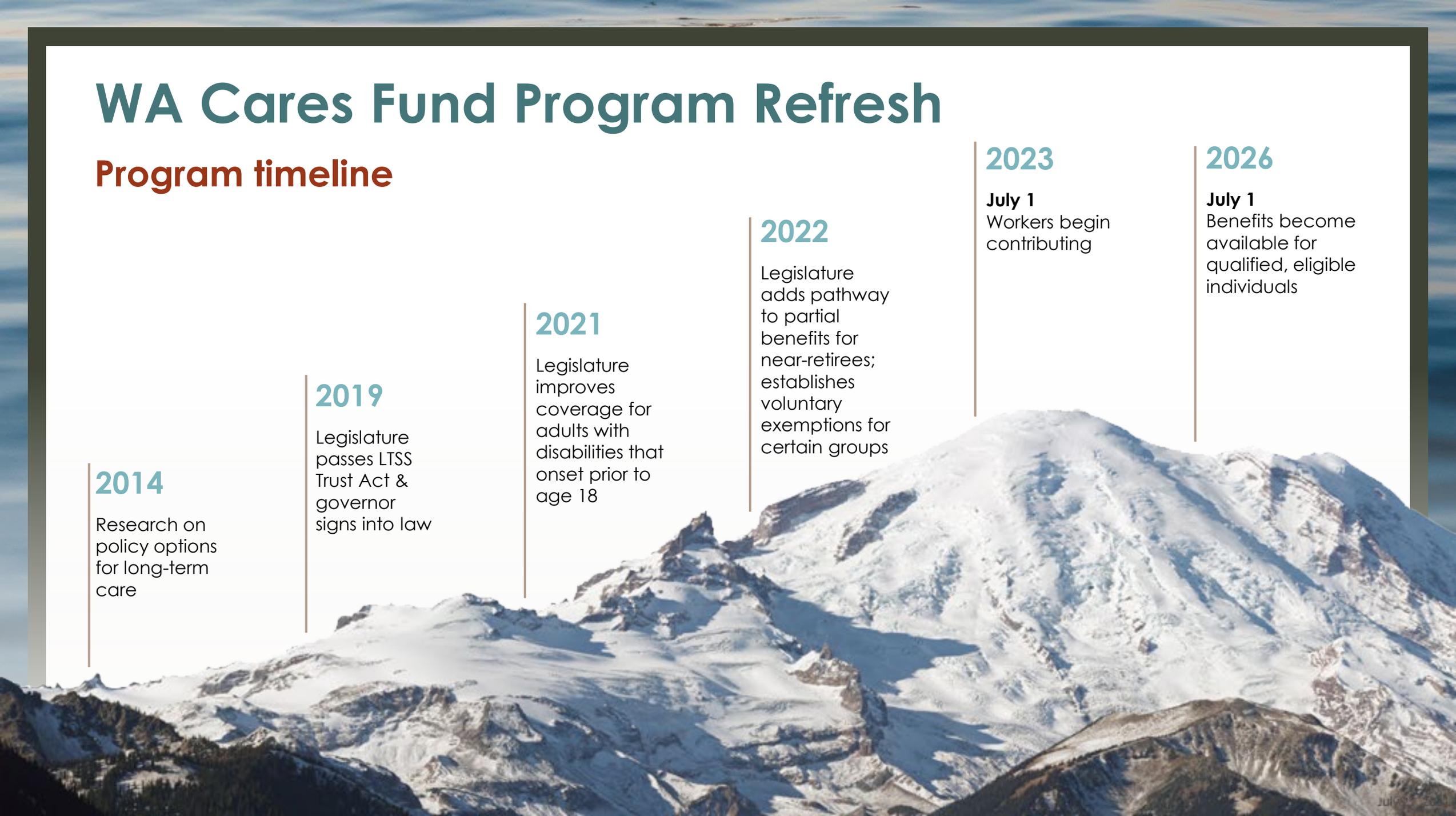
Legislature adds pathway to partial benefits for near-retirees; establishes voluntary exemptions for certain groups

2023

July 1
Workers begin contributing

2026

July 1
Benefits become available for qualified, eligible individuals



WA Cares Fund Program Refresh

Key program details per current statute (RCW 50B.04):

- **Premium rate** - \$0.58 cents for every \$100 earned
 - **Lifetime benefit maximum** –\$36,500, adjusted annually up to inflation, paid directly to providers
 - **Three pathways to qualified individual status**
 - Contribute 10 years without interruption of five or more consecutive years
 - Contribute 3 of the last 6 years from the date of application for benefits
 - For near-retirees (born before 1968): contribute at least one year, earning one-tenth of the lifetime benefit amount for each year contributed
- A person must work 500 hours during a year to receive credit for a qualifying year
- **Eligible beneficiary**
 - A qualified individual who requires assistance with at least 3 activities of daily living (i.e., bathing, dressing, eating, ambulation, medication management, toilet use, transfer, etc.)

Program Update

Andrea Meewes Sanchez, DSHS

Program Update

Medicaid Savings Waiver

- RCW 50B.04 directs DSHS to apply for a demonstration waiver from CMS to allow for the state to share in the savings generated in the federal match for Medicaid long-term services and supports and Medicare due to the operation of the program
- CMS has instructed DSHS to begin with an 1115 demonstration waiver application to focus on the Medicaid savings generated by WA Cares
- DSHS is developing a concept paper in preparation for the waiver application and working on policy design through spring 2024
- Data on Medicaid savings will be updated in the spring to incorporate plan changes
- Aiming to have a negotiated agreement with CMS by the end of 2024 if possible

Finance Update

Luke Masselink, OSA

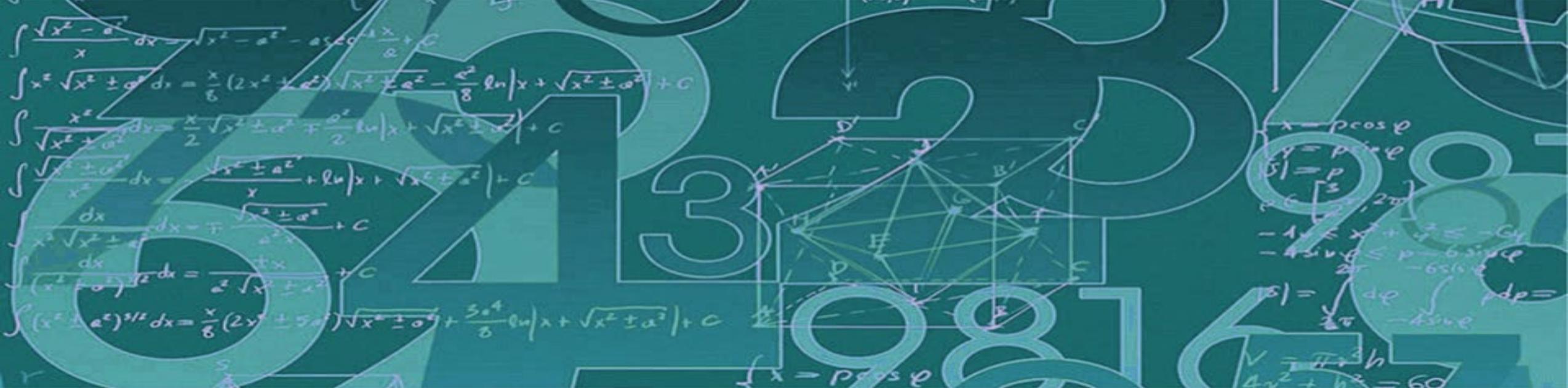
Rebecca Grady and Steve Zawoysky, ESD

Chris Giese and Annie Gunnlaugsson, Milliman

Finance Update: Monitoring Early Experience

Presentation to: LTSS Trust Commission

Luke Masselink, Senior Actuary



Finance Update: Monitoring Early Experience

- As part of the Risk Management Framework (RMF), Phase 1 is largely focused on data collection, monitoring, and updating actuarial projections
- Actual experience will be used in future actuarial projections
- When comparing actual to assumed data, sustained deviations or significant short-term deviations could have long-term impacts
 - Depending on the source of the deviation, it could take years before there is sufficient credible experience to modify assumptions based on actual experience
 - This is consistent with Phase 1 of the RMF
- In the meantime, OSA and Milliman will be monitoring emerging experience and reporting on any impacts to long-term fund solvency

Questions? Please Contact: The Office of the State Actuary

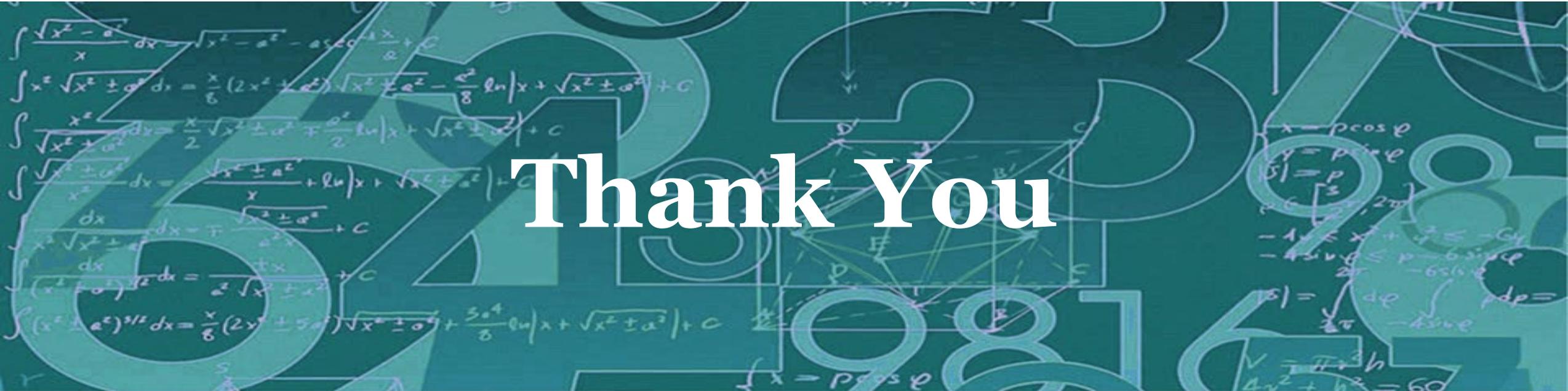
leg.wa.gov/OSA; state.actuary@leg.wa.gov

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

Luke Masselink

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Thank You





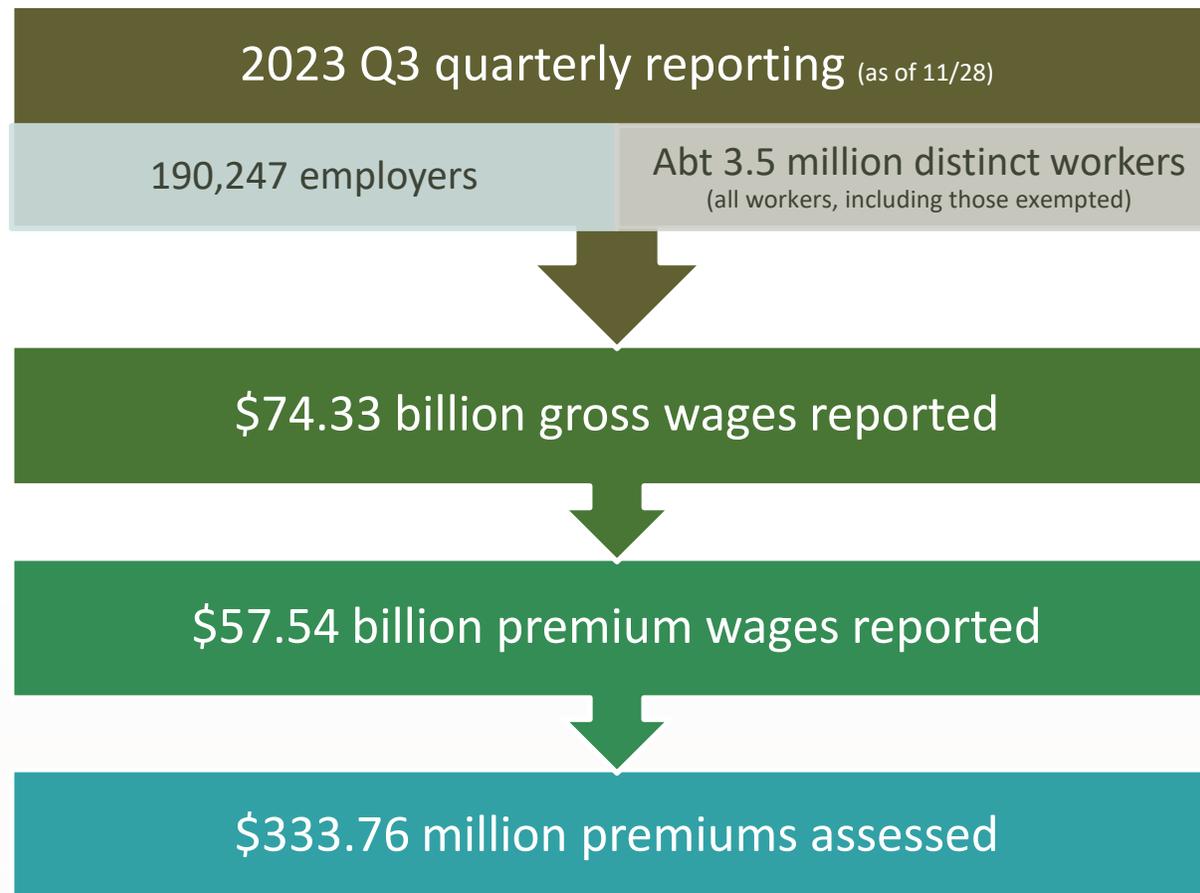
Quarterly Premiums, Covered Worker, and Finance update

Rebecca Grady, Leave and Care Research Manager

Steve Zawoysky, Leave and Care Treasury Manager



Quarterly Reporting and Covered Worker Update



Quarterly Reporting and Covered Worker Update

- Approved exemptions

- 2023 Q3: 522,291
- 2023 Q4: 533,978



481,899 private insurance
30,119 non-immigrant visa
17,189 out-of-state
3,491 veteran disability
1,280 active-duty partner

- Active self-employed opt ins

- 2023 Q4: 381
- 2024 Q1: 559 (to date, total that will be effective)

Quarterly Finance Update

- **Q3 Premium Remittance through 11/28/2023 of \$322.6 million includes:**
 - \$289.6 million in ACH electronic payments
 - \$25.5 million in checks sent to US Bank Lockbox
 - \$7.7 million in Inter-Agency Payments (IAP)
 - \$360 thousand of checks sent directly to ESD
 - \$149 thousand in credit card payments
- **November account transfers and retention**
 - \$225.2 million transferred to State Investment Board
 - \$64.3 million transferred to pay principal of General Fund loan
 - \$33.4 million retained in WA Cares fund for FY24 budget appropriations
- **WA Cares Fund Balance on 11/29/2023: \$ 34,304,371**

WA Cares Fund LTSS Trust Commission December 2023 Meeting

Actuarial / Finance Update

Chris Giese, FSA, MAAA

Annie Gunnlaugsson, FSA, MAAA

DECEMBER 12, 2023



Interim Actuarial Reporting

Analyzing emerging experience before 2024 baseline study

- **We are in the process of comparing emerging WA Cares Fund premiums against:**
 - PFML program data
 - Expected (annual) premiums from the [2022 Actuarial Study](#)
- **Questions we are analyzing as part of emerging premium data review:**
 - How will seasonality and reporting patterns affect how premium data emerges across the full fiscal year?
 - How have average wages and wage growth evolved relative to what was modeled?
 - How does the count of premium-paying individuals compare to our projection?
 - How does the count of exempted employees compare to our projection?
 - To what extent is emerging data reflective of short-term and long-term expected trends?
 - How might emerging premium data inform other assumptions (e.g., vesting credit to become qualified individual)?
- **Understanding factors driving differences between emerging premiums and expected premiums will assist in review of premium assessment rate**

Caveats and Limitations

The information provided in this presentation has been prepared for the internal use of the Washington State Office of the State Actuary (OSA) and Washington State Department of Social and Health Services (DSHS), and it should not be distributed, in whole or in part, to any external parties without the prior permission of Milliman, subject to the following exception:

This presentation shall be a public record that shall be subject to disclosure to the State Legislature and its committees, persons participating in legislative reviews and deliberations, and parties making a request pursuant to the Washington Public Records Act

We do not intend this information to benefit or create a legal liability to any third party. This communication must be read in its entirety.

This information provides a high-level update on the upcoming actuarial analysis of the WA Cares Fund. The slides build off information included in our 2022 Actuarial Study dated October 20, 2022, which should be read in its entirety with this presentation. In completing this analysis, we relied on information provided by Washington State OSA, DSHS, SIB, and ESD and publicly available data, which we accepted without audit. We accepted without audit but reviewed the information for general reasonableness. Our summary may not be appropriate if this information is not accurate.

Many assumptions were used to construct the estimates in this presentation. Actual results will differ from the projections. Experience should be monitored as it emerges and corrective actions taken when necessary.

Milliman has developed certain models to estimate the values included in this presentation. The intent of the models is to estimate required revenue and project the fund balance of the WA Cares Fund. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. Chris Giese and Annie Gunnlaugsson are members of the American Academy of Actuaries and meet the qualification standards for performing the analyses in this presentation.

Additional Proposed Recommendations for Report

April Amundson, ESD

Non-Immigrant Work Visas & Civilian Employment of Service Members

Proposed Recommendation to include in report:

Non-immigrant Work Visas

- Modify the exemption process for temporary non-immigrant visa holders working in Washington state. Exempt wages earned by non-immigrant visa holders from premium collection, with the ability to voluntarily participate if they so choose.

Civilian Employment of Service Members

- Allow for a conditional voluntary exemption to be requested by active-duty service people who are engaged in off-duty civilian employment.

Commission Recommendations Report

Ben Veghte, DSHS

Portability Cost Offsets Workgroup Recommendations

Workgroup Recommendation:

- Incorporate into functional assessment a 90-day forward certification of need
 - Not an elimination period (typically used in private LTC insurance)
 - Not a waiting period
- Adopt a HIPAA-style benefit threshold for out-of-state residents
- Give State Investment Board authority to invest Trust Reserves in diversified portfolio, including equities
 - This would require a ballot initiative to amend the state constitution
- Require individuals to contribute 3 years in-state before they become eligible to participate in portable coverage
- Increase number of hours worked required to earn a qualifying year from 500 to 1000
- Continue to leverage the Risk Management Framework to regularly monitor emerging experience and its impact on actuarial status of the program

Portability Cost Offsets Workgroup Recommendations

Workgroup Recommendation:

- Workers who elect portable coverage upon leaving the state are required to contribute to WA Cares as long as they continue to work.
- Workers report their wages and pay premiums regularly and must provide documentation of their wages at the time of payment of premium. ESD will research what documentation could be provided to verify wages at time of payment of premium and any exceptions that should apply. ESD will consider user experience and develop ways to support individuals accurately reporting their wages at time of payment. Once a worker turns 67, they are no longer required to provide such documentation, although they are still required to contribute on any wages earned through employment or self-employment.
- The Commission recommends that failure to remit assessed premiums on wages after electing portability of coverage will have consequences, including cancellation of coverage, or payment of back premiums and interest, or a combination of those. The Commission recommends ESD and DSHS research viable options to include in statute.
- If an individual who elects portable coverage reports no wages, the lack of wages earned through employment or self-employment must be verified.

Benefit Eligibility Workgroup Recommendations

Workgroup Recommendation:

- Use an eligibility standard similar to Medicaid LTSS
- Incorporate into functional assessment a 90-day forward certification of need
 - Not an elimination period (typically used in private LTC insurance)
 - Not a waiting period
- Adopt a HIPAA-style benefit threshold for out-of-state residents, if portability is enacted.

Non-Immigrant Work Visas & Civilian Employment of Service Members

Commission Recommendation:

Non-immigrant Work Visas

- Modify the exemption process for temporary non-immigrant visa holders working in Washington state. Exempt wages earned by non-immigrant visa holders from premium collection, with the ability to voluntarily participate if they so choose.

Civilian Employment of Service Members

- Allow for a conditional voluntary exemption to be requested by active-duty service people who are engaged in off-duty civilian employment.



**WA
CARES
FUND**

BREAK



Review Draft Commission Topics for 2024

Andrea Meewes Sanchez, DSHS

Review Draft Commission Topics for 2024

- Reconvening the Minimum Provider Qualifications Workgroup
- The establishment of payment maximums for approved services consistent with actuarial soundness which shall not be lower than Medicaid payments for comparable services. A service or supply may be limited by dollar amount, duration, or number of visits. The Commission shall engage affected stakeholders to develop this recommendation.

Plan for Stakeholder Engagement on Provider Payment Maximums

- DSHS is beginning a rates study to inform this work
- DSHS is planning to host open forums with stakeholders to gather feedback on rates analysis
- DSHS will bring feedback gathered during those sessions to the Commission workgroup
- List of stakeholders we plan to engage are included in materials for your feedback

Provider Payment Maximums Workgroup Membership

- Commission members with perceived or actual conflict of interest in rate recommendations should refrain from participating in the workgroup
- DSHS will invite members of the Commission who wish to be involved, but have recused themselves from the workgroup, to the open stakeholder forums
- Commission members who wish to participate in the workgroup should contact Sarah Cleland by December 20th so DSHS can schedule sessions
- Workgroup will begin meeting after legislative session, stakeholder sessions will be held during the first quarter of the year

PUBLIC COMMENT

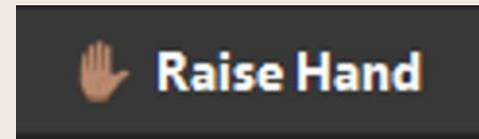
Submit written comments or questions to:
wacaresfund@dshs.wa.gov.

For more information about the program, visit
wacaresfund.wa.gov.

Sign up for Public Comment

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Attendees: click on the Raise Hand icon to sign up for public comment



Phone callers: press *9 to raise your electronic hand.

Then, when recognized, press *6 to unmute yourself

Review Agenda for May 1, 2024 Meeting

- Approve 12/12/2023 Commission meeting minutes
- Receive Program Update
- Receive Finance Update
- Receive Update on Legislative Session
- Receive Communications and Outreach Updates
- Receive OSA's planned work for 2024
- Review Commission Topics and Workgroups for 2024
- Report out from Minimum Provider Qualification Workgroup

Wrap Up

- Action items review
- Adjourn

THANK YOU



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