December 11, 2024 LTSS Trust Commission Meeting Minutes							
Meeting Date		12/11/2024		Time		1:00 pm – 4:00 pm	
Attendees							
☐	Senator Karen Keiser	☐	Representative Paul Harris	☐	Senator Judy Warnick	☒	Representative Frank Chopp
☒	Representative Nicole Macri	☒	Senator Steve Conway	☐	Senator Curtis King	☐	Representative Bryan Sandlin
☒	Secretary Jilma Meneses, Department of Social and Health Services (Chair)	☒	Commissioner Cami Feek, Employment Security Department	☒	Taylor Linke, Health Care Authority	☒	Madeleine Foutch, representative of a union representing LTC workers
☒	Mark Stensager, Individual receiving LTSS #1, or designee	☒	Ruth Egger, Individual receiving LTSS #2, or designee	☒	Silvia Gonzalez, Worker who is paying the premium	☐	Rachel Smith, Representative of an organization of employers whose members collect the premium
☒	John Ficker, Adult Family home Providers Representative	☒	Laura Cepoi, AAA Representative	☒	Peter Nazzal, Home Care Association Representative	☒	Cathleen MacCaul, Representative of an organization representing retired persons
☐	Lauri St. Ours, Representative of an association representing SNF/ALF providers	☐		☐		☐	
Guest Speakers							
☒	Porsche Everson, Facilitator	☒	Ben Veghte, DSHS	☒	Andrea Meewes Sanchez, DSHS	☒	Luke Masselink, OSA
☒	Matt Smith, OSA	☒	James Aber, SIB	☒	Chris Giese, Milliman	☐	

Topic	Minutes
Welcome and Call to Order	• Commission members in attendance indicated above. • Secretary Meneses reviewed the meeting goals.
Approve Consent Agenda	• No objections were made; items were adopted.

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**

WA CARES FUND

	o A qualified individual who requires assistance with at least 3 activities of daily living (i.e. bathing, eating, ambulation, medication management, toilet use, transfer, etc.).

Program Update	**1115 Waiver Update**
	• DSHS and HCA have been working with CMS on securing federal waiver since 2022.
	• In 2023, CMS confirmed that a Section 1115 demonstration waiver is the appropriate vehicle to pursue.
	• Since then, DSHS and HCA have been working with a vendor to develop a successful waiver strategy for this first-in-the-nation program.
	• CMS has been backlogged with a long queue of waiver applications and issued new Medicaid rules in 2024 which complicate the waiver application (to secure waiver approval, WA Cares would have to comply with most Medicaid rules).
	• Current plan is to leverage renewal of existing MTP 2.0 1115 waiver in fall of 2026.
	
	<u>Open for discussion</u>:
	• Macri: I know the Commission has recommended trying to get the appropriate waiver from the federal government to capture savings and have those redirected. It sounds like there's a much narrower opportunity than we had originally anticipated, but to be clear our actuarial projections don't assume any savings currently, correct?
	    o Veghte: Correct. And in the meantime, we are still achieving general fund savings from people who go on WA Cares and delay their Medicaid claims, for example, or perhaps never end up going on Medicaid. The waiver is simply to capture a portion of the federal half of those savings, and that's what the 1115 waiver would be pursuing.
	• Foutch: Can you please say one more time what MTP 2.0 stands for?
	    o Veghte: It's the Medicaid Transformation Project, which was an 1115 waiver that had been previously approved and is currently operational, which involves a set of measures that are aimed at improving our LTSS delivery system. WA Cares would dock onto that as an additional component to a set of measures that are in the waiver.

Finance Update	**<u>Finance Update: Monitoring Early Experience</u>**
	• As part of the Risk Management Framework (RMF), Phase 1 is largely focused on data collection, monitoring, and updating actuarial projections.
	    o The "learning phase" will improve actuarial modeling and assumption setting through collecting actual experience
	• Actual experience will be used in future actuarial projections.
	    o When comparing actual to assumed data, deviations can have long-term impacts, however it depends on the source
	• OSA and Milliman will be monitoring emerging experience and reporting on any impacts to long-term fund solvency

Investment Performance Update	**<u>LTSS Investment Policy and Strategy</u>**
	• The WSIB approved the Long-Term Services & Supports Trust Account investment policy at its June 16, 2022, meeting.
	• The customized fixed-income investment program is designed to maximize return at a prudent level of risk while abiding by the constitutional limitations.
	• The investment program is actively managed by the WSIB with the following characteristics:
	    o Invested in interest-producing debt securities with varying maturity, structure, and credit ratings
	    o Expected to meet or exceed the return of the Bloomberg U.S. Universal Index

	o Managed to maintain a portfolio duration within plus or minus 25 percent of the index • The Board-adopted policy can be found at https://www.sib.wa.gov/docs/policies/2_35_600.pdf **LTSS Market Value and Performance** • The first assets arrived in November 2023, and with subsequent contributions and investment returns during the first three quarters of 2024, fund assets have grown to over $1.3 billion • Early in the fund's life, new contributions are large relative to existing fund balances o Due to the pacing of these large new investments, early fund performance can differ from the benchmark • As the portfolio is built out and becomes broadly diversified, performance is expected to track the index more closely **Open for Discussion** • Conway: The figure on the far left, 5.71%, was your performance and 5.20% was what you predicted, right? o Aber: That's the benchmark that we're tied to. o Conway: How does that compare to what you anticipated? o Aber: We're trying to match or exceed the returns of the index. Over time, the fixed income strategy that we manage with this fund is very similar to the one we've managed in our co-mingled trust fund, which is where most of the state's retirement assets have resided for decades. As a reminder, the fixed income portfolio that we manage for you is managed by an in-house team here at the WSIB. We have outperformed on our benchmarks in that co-mingled trust fund and a lot of the other accounts that we manage for other beneficiaries over long periods of time. Past performance is no guarantee of future returns, but we do have a long track record of success in fixed-income investments. o Conway: When we had our discussion about the fixed income option, we were looking at a lot smaller figure. 3.20% or something. o Aber: The markets have been particularly strong for fixed income over the past year. We went through that period where we had rising inflation, and the Fed was raising interest rates to combat that. That was a very tough time for fixed income. There's an inverse relationship which seems counterintuitive, but when rates are going up, bond prices are going down (and vice versa). A falling rate environment is good for fixed income. Over the past year we've been in an environment where interest rates have largely been coming down and that's been good for fixed income markets, and we've seen that in the performance. The performance that we've seen over the past quarter, or past year, is not what we'd expect going forward. I think the returns you're going to see in fixed income over the long term are going to more closely track the yield of the portfolio and the lower historical returns that you'd expect from fixed income. o Conway: What would be that figure over the long term? o Bromley: For fixed income, we anticipate 4.4% is our long-term 15-year assumption currently. You may have been thinking about numbers you saw from Milliman in their initial projections for fixed income and I think that number was a little bit lower. o Conway: In my memory it was 3.2%, so I'm thinking this is very positive news for us. • Foutch: You mentioned what is allowed, constitutionally. Is that specifically the fixed income investments here from this fund? o Aber: Yes, we are allowed to invest in fixed income exclusively on your behalf, meaning we can't invest in equity. o Foutch: And that differs from State Investment Board portfolios, correct?

	- Aber: Correct. For instance, our co-mingled trust fund, which is where most of the retirement assets are, has a number of constitutional amendments in place tied to that which allow us to invest in equity, including private equity real estate and tangible assets. We also manage a lot of other accounts, like the Guaranteed Education Tuition Fund and the Washington State Opportunity Scholarship Fund and a lot of those are invested in both fixed income and equity.
	• Giese: For our updated report, for the first 15 years, we do assume the 4.4% that was mentioned and then after those first 15 years, we grade down over time to 4% and that's looking the historical returns from that universal index. Those are a little bit higher than the returns we assumed in our 2022 study.
	  - Aber: To note, the capital market assumptions that we referred to, we do every two years. We update them and we are always looking out 15 years. They are going to fluctuate based on what we think the next 15 years are going to look like. We went through what a lot of people referred to as a 30-plus year bull market for bonds that ended in 2022-2023 when we had interest rates shoot up. When we are assessing what next 15 years look like, the starting point really matters and historical returns. Every two years we will update those, and to be clear, they are not going to move a lot, especially in fixed income. They are going to move with the margins, but they are not static.
	• Stensager: My understanding is the revenues are coming in stronger than we had anticipated. Is that correct?
	  - Veghte: That is true that they came in much stronger in the first year, although those annual projections are really part of 75-year projections. No one year is a specific projection for that year as it's part of a broader context. There's a new Milliman report we'll be discussing which takes that into account.

Vote on Collection of Employment Sector Data (RCW 50B.04.140)	**<u>Vote on Collection of Employment Sector Data (RCW 50B.04.140)</u>**
	• Beginning December 1st, 2028, and annually thereafter, and in compliance with RCW 43.01.036, the commission must report to the legislature on the program, including:
	  - (5) Demographic information on program participants, including age, gender, race, ethnicity, geographic distribution by county, legislative district, and **employment sector**.
	• The WA Cares Fund benefit will eventually serve people who have likely been out of the workforce for some time prior to applying for benefits, and who may have worked in several employment sectors throughout their careers. Collecting this data increases the burden on benefit applicants and is unlikely to lead to meaningful insights about recipients or the program itself.
	
	<u>Open for Discussion</u>
	• Conway: Does ESD agree with this?
	  - Eldridge: Yes, we do agree. We have the data as it relates to employers and we can use that data for administrative purposes. To collect it again from a benefit participant at the point in time that they need services would potentially be a burden to those benefit customers.
	  - Meneses: As I understand from ESD and DSHS, it's also a burden because people have potentially worked in different sectors throughout their career by the time they apply for benefits.
	
	• **Mark Stensager made a motion to remove employment sector from participant demographic reporting. John Ficker seconded the motion. A vote was taken, and there were 13 ayes, 0 nays. The motion passed.**

Minimum Provider Qualifications Recommendations;	**Workgroup Recommendation:** • Remove "No multiple lost litigation" • Remove "Obtain an independent financial audit "

In-Home Personal Care – Home Care Agency	• Under “Have no significant licensing deficiencies during the three-year period prior to registration”, add “For the purposes of this requirement, significant means deficiencies related to standards of care and beneficiary or client health and safety that result in enforcement action by the department of health.” • **Ruth Egger made a motion to amend the Minimum Provider Qualification regarding Home Care Agencies. Laura Cepoi seconded the motion. A vote was taken, and there were 10 ayes, 1 nay. The motion passed.** • **Ruth Egger made a motion to approve the revised recommendation for the Minimum Provider Qualification regarding Home Care Agencies. Mark Stensager seconded the motion. A vote was taken, and there were 9 ayes, 0 nays. The motion passed.**

Vote on Provider Payment Maximums Recommendations (Group 4)	**<u>Provider Payment Maximums Recommendations</u>**
	• **Care Transition Coordination**
	  o WA Cares will pay up to a maximum of $360 per month for up to two consecutive months when transitioning from an acute care setting.
	• **Dementia Supports**
	  o WA Cares will pay usual and customary rates up to a maximum of $125 per 15-minute unit
	• **Memory Care**
	  o WA Cares will pay usual and customary rates for Assisted Living Facility services that include Memory Care up to a maximum of $600 per day. Rates will be inflation adjusted on a regular basis.
	• **Education and Consultation**
	  o WA Cares will pay usual and customary rates up to a maximum of $80 per 15-minute unit.
	• **Services that Assist Paid and Unpaid Family Members (Housework and Errands)**
	  o WA Cares will pay usual and customary rates up to a maximum of $400 per month.
	    ▪ Usual and customary rates allow for the standard service but also allow for a one-off cleaning need such as ‘move out’ cleaning or a more intense deep cleaning.
	• **Services that Assist Paid and Unpaid Family Members (Yardwork and Snow Removal)**
	  o WA Cares will pay usual and customary rates up to a maximum of $140 per hour, not to exceed $400 per month.
	    ▪ Rates will be adjusted to reflect regional differences.
	• **Home Safety Evaluation**
	  o WA Cares will pay usual and customary rates up to a maximum of $300 per home safety evaluation.
	    ▪ Typical services include but are not limited to: evaluation of the beneficiary’s home to determine health and safety risk and professional recommendations to reduce or eliminate risk.
	• **Professional Services:**
	  o WA Cares will pay usual and customary rates up to a maximum of $65 per 15-minute unit.
	    ▪ For private duty nursing in a contracted Adult Family Home, WA Cares will conduct additional research to determine a maximum rate in 2025.
	  o Typical services include but are not limited to:
	    ▪ Skilled Nursing: direct patient nursing care.
	    ▪ Nurse Delegation: comprehensive assessment of beneficiary, determine tasks that can be delegated, and providing written plans and detailed instructions.
	    ▪ Private Duty Nursing: direct patient nursing care and support to family members who must assume a portion of the beneficiary’s care.

	• **Maddie Foutch made a motion to approve the Group 4 Provider Payment Maximums recommendations. Ruth Egger seconded the motion. A vote was taken, and there were 13 ayes, 0 nays. The motion passed.**
Vote on Commission Recommendations Report	**<u>Minimum Provider Qualifications Section</u>** <u>(Proposed Specific Provider Qualifications)</u> **<u>Group 1: Providers That Offer Direct Assistance with Activities of Daily Living</u>** **Adult Family Home, Assisted living Facility, & Nursing Home** 1. Hold a professional license. 2. Pass a DSHS background check. 3. Hold insurance consistent with WA Cares contract requirements. 4. Meet all applicable laws. **In-Home Personal Care –Individual Provider (IP)** 1. Be 18 years of age or older and pass a DSHS background check. 2. Meet all applicable laws and training requirements. **In-Home Personal Care - Home Care Agency** 1. Hold a professional license for at least three years. 2. Pass a DSHS background check. 3. Hold insurance consistent with WA Cares contract requirements. 4. Meet all applicable laws. 5. Have no significant licensing deficiencies in the three-year period before registration. **For the purposes of this requirement, significant means deficiencies related to standards of care and beneficiary or client health and safety that result in enforcement action by the department of health.** 6. Use electronic visit verification (EVV). 7. Establish employee conflict of interest policy guidelines, procedures, and safeguards. **<u>Group 2 – Core Services for In-Home Care</u>** **Adaptive Equipment and Technology** 1. Hold a business license and National Provider Identifier (NPI) number (Medical Providers only). 2. Pass a DSHS background check. 3. Hold insurance consistent with WA Cares contract requirements. 4. Meet all applicable laws. • A beneficiary may purchase WCF covered items from a retail or online store of their choice and be reimbursed by a Financial Management Services (FMS) vendor contracted by DSHS if beneficiary submits receipt to FMS vendor for covered purchased items. **Environmental Modifications** 1. Hold a business license, endorsement, credential, and/or certification 2. Pass a DSHS background check 3. Hold insurance consistent with WA Cares contract requirements 4. Meet all applicable laws • A beneficiary may purchase self-installation supplies from a retail or online store of their choice and be reimbursed by a Financial Management Services (FMS) vendor contracted by DSHS if beneficiary submits receipt to FMS vendor for covered purchased items.

	Home Delivered Meals 1. Hold a business license, credential, and/or certification 2. Pass a DSHS background check 3. Hold insurance consistent with WA Cares contract requirements 4. Meet all applicable laws **Personal Emergency Response System** 1. Hold a business license, endorsement, credential, and/or certification 2. Pass a DSHS background check 3. Hold insurance consistent with WA Cares contract requirements 4. Meet all applicable laws **<u>Group 3 – Core Services for In-Home Care, Community Access, and Family Support</u>** **Adult Day Services (Adult Day Health and Adult Day Care)** 1. Hold a business license 2. Pass an Adult DSHS background check 3. Hold insurance consistent with WA Cares contract requirements 4. Meet all applicable laws **Respite for Family Caregivers – Adult Day Services** 1. Hold a business license 2. Pass a DSHS background check 3. Hold insurance consistent with WA Cares contract requirements 4. Meet all applicable laws **Eligible Relative Care** 1. Be 18 years of age or older, be a relative to the beneficiary, and pass a DSHS background check 2. Meet all applicable laws and training requirements **Respite for Family Caregivers – Individual Provider** 1. Be 18 years of age or older and pass a DSHS background check 2. Meet all applicable laws and training requirements **Respite for Family Caregivers – Home Care Agency** 1. Hold a professional license for at least three years 2. Pass a DSHS background check 3. Hold insurance consistent with WA Cares contract requirements 4. Meet all applicable laws 5. Have no significant licensing deficiencies in the three-year period before registration. For the purposes of this requirement, significant means deficiencies related to standards of care and beneficiary or client health and safety that result in enforcement action by the department of health. 6. Use electronic visit verification (EVV) 7. Establish employee conflict of interest policy guidelines, procedures, and safeguards **Transportation** 1. Hold a business license, endorsement, credential, and/or certification 2. Be 18 years of age or older and pass a DSHS background check 3. Hold insurance consistent with WA Cares contract requirements

	4. Meet all applicable laws • A beneficiary may turn in receipts for an approved transportation purchase, including transportation provided by a family member, friend, or neighbor, and be reimbursed by a Financial Management Services (FMS) vendor contracted by DSHS if beneficiary submits documentation to FMS vendor for covered purchase. **<u>Group 4 – Wraparound Services</u>** **Care Transition Coordination** 1. Hold a professional or business license as applicable 2. Be 18 years of age or older and pass a DSHS background check 3. Hold insurance consistent with WA Cares contract requirements 4. Meet all applicable laws **Memory Care** 1. Hold a professional license, endorsement, credential, and/or certification 2. Pass a DSHS background check 3. Hold insurance consistent with WA Cares contract requirements 4. Meet all applicable laws **Education and Consultation & Home Safety Evaluation** 1. Hold a business or professional license, endorsement, credential, and/or certification 2. Pass a DSHS background check 3. Hold insurance consistent with WA Cares contract requirements 4. Meet all applicable laws **Professional Services (Skilled Nursing. Nurse Delegation, and Private Duty Nursing)** 1. Hold a professional or business license, endorsement, credential, and/or certification as applicable 2. Pass a DSHS background check 3. Hold insurance consistent with WA Cares contract requirements 4. Meet all applicable laws **Services that Assist Paid and Unpaid Family Members –Housework and Errands** 1. Hold a business license for at least one year 2. Pass a DSHS background check 3. Hold insurance consistent with WA Cares contract requirements 4. Meet all applicable laws and OSHA's standard of use for cleaning agents **Services that Assist Paid and Unpaid Family Members –Yardwork and Snow Removal** 1. Hold a business license for at least one year 2. Pass a DSHS background check 3. Hold insurance consistent with WA Cares contract requirements 4. Meet all applicable laws **<u>Provider Payment Maximums Section</u>** **Adult Family Home** • WA Cares will pay usual and customary rates up to a maximum of $455 per day. Rates will be inflation adjusted on a regular basis.

- Providers cannot charge the maximum rate without justification in the provider’s negotiated care plan. Rates will be adjusted to reflect regional differences.
- Rates are payment in full for standard services consistent with the resident assessment. Typical services include but are not limited to: room (shared or private), meals, laundry, supervision, direct personal care, memory care, and medication assistance.

Assisted Living Facility

- WA Cares will pay usual and customary rates up to a maximum of $540 per day. Rates will be inflation adjusted on a regular basis.
- Providers cannot charge the maximum rate without justification in the provider’s negotiated service agreement. Rates will be adjusted to reflect regional differences.
- Rates are payment in full for standard services consistent with resident assessment. Typical services include but are not limited to: room (shared or private), meals, laundry, housekeeping, supervision, direct personal care, intermittent nursing services, specialty care

Nursing Home

- WA Cares will pay usual and customary rates up to a maximum of $535 per day. Rates will be inflation adjusted on a regular basis.
- Providers cannot charge the maximum rate without justification in the provider’s resident assessment. Rates will be adjusted to reflect regional differences.
- Rates are payment in full for standard services consistent with resident assessment. Typical services include but are not limited to: room and board (shared or private), direct personal care, meals consistent with requirements in WAC 388-91-1120, nursing services, memory care, and activities programs. Does not include rehab services.

Respite in Residential Facilities

- WA Cares will pay usual and customary rates up to a maximum of:
  - Adult Family Home: $455 per day
  - Assisted Living Facility: $540 per day
  - Nursing Home: $535 per day
  - Rates will be inflation adjusted on a regular basis.
- Providers cannot charge the maximum rate without justification in the resident assessment/care plan/agreement. Rates will be adjusted to reflect regional differences. Rates are payment in full for standard services consistent with the resident assessment/care plan/agreement. Typical services include but are not limited to:
  - AFH: Personal care services or special care services
  - ALF: Services needed to maintain or improve the individual’s health and functional status during their stay as described in the negotiated service agreement
  - NH: Services needed to maintain or improve the individual’s health and functional status during their stay or care in the nursing home consistent with the beneficiary’s plan of care.

In-Home Personal Care including Respite:

- WA Cares will pay up to a maximum of $45 per hour.
  - Rates should be adjusted to reflect regional differences.
  - Rates should be informed by the Medicaid rates for home care and should be inflation adjusted on a regular basis.
  - DSHS should develop wage/compensation pass through requirements to incentivize long-term care worker participation and mitigate worker shortages.

	• Typical services include but are not limited to: ADLs, IADLs, and nurse delegation for Home Care Agencies per a plan of care developed by or with input from the beneficiary and within the scope of the long-term care worker's practice.
	Adaptive Equipment and Technology:
	• WA Cares will pay usual and customary rates up to a maximum of $15,000
	• Typical services include but are not limited to: mobility aides, cognitive and sensory aides, and fine and gross motor aides. Assistive technology is any item, piece of equipment, or product system, whether acquired commercially off the shelf, modified, or customized.
	Environmental Modifications:
	• WA Cares will pay usual and customary rates up to a maximum of $40,000
	• Typical services include but are not limited to: grab bars, ramps, widening doors, and bathroom remodels for safety and accessibility.
	Home Delivered Meals:
	• WA Cares will pay usual and customary rates up to a maximum of $16 per meal.
	• Typical services include but are not limited to: box meals, pre-packaged meals, hot meals delivered to a beneficiary home.
	Personal Emergency Response Systems
	• WA Cares will pay usual and customary rates up to a maximum of $100 for installation and $83 per month for monthly services. This per month cost includes flexibility to accommodate multiple add on services.
	• Typical services include but are not limited to: Basic PERS, GPS, Med reminder and fall detector and wellness checks, via phone or in-person.
	Adult Day Services including Respite:
	• WA Cares will pay up to a maximum of $325 per day for adult day services, including respite. The maximum rate reflects a full (8 hour) day offering adult day health skilled nursing and rehab therapy.
	• Rates will be adjusted to reflect regional differences and type of service provided, below:
	  o Adult Day Health (skilled nursing and rehabilitative therapy)
	  o Adult Day Care (supervised day programs, respite, and meaningful activities)
	  o Adult Day Care Respite (short term break for family/caregivers)
	Transportation:
	• To reduce actuarial risk, WA Cares will pay up to $400 per month for transportation services. This includes any combination of the following:
	  o $0.67 (or the current standard IRS mileage rate) per mile up to 220 miles per month for friends and family mileage reimbursement. Limits are imposed to reduce actuarial risk.
	  o Usual and customary per trip costs, which may include costs associated with wait time, hospital discharge, vehicle type to accommodate specific needs, after hours and mileage.
	  o Rates will be adjusted to reflect regional differences.
	
	• **Senator Conway made a motion to approve the Commission Recommendations Report. Representative Nicole Macri seconded the motion. A vote was taken, and there were 13 ayes, 0 nays. The motion passed.**

Actuarial Update	**<u>Recap of Risk Management Framework (RMF)</u>** • Program currently in first phase of a three-phase glidepath • This framework recognizes that it will take time, additional data, and additional analysis to support the program's ongoing financial soundness

	• Phase 1 of this framework focuses on gathering data, assessing assumptions, and updating financial projections
	
	New Key Actuarial Metric – Actuarial Balance
	• "Actuarial balance" converts the program's projected cash flows (inflows and outflows), future investment earnings, and accumulated past premium revenue into a single metric.
	• PV of Future Premium Revenue + Current Assets - PV of Future Expenditures
	• Also can be expressed as a percentage of future program claims
	  o For example, a positive value of 10% would mean that the program's projected sufficiency in assets could cover an adverse deviation in claims of up to 10%.
	  o Calculated as of a given measurement date and based on the assumptions and methods from that given measurement.
	
	Interpretation/Use of Actuarial Balance
	• In the context of the RMF, the actuarial balance can be used to evaluate the program's projected margin.
	• In Phase 1 of the RMF – "the learning phase" – we monitor this projected actuarial balance, assess results, and update future projections This actuarial balance will change over time.
	• Phase 2 of the RMF will involve developing plans to achieve a positive actuarial balance/margin if not already achieved after Phase 1.
	• Phase 3 of the RMF will involve determining an appropriate or desired margin and developing plans to attain that margin if not already attained after Phase 2.
	
	Where Do We Go from Here?
	• Early actuarial measurements and emerging premium collection experience have been positive thus far.
	  o The program has yet to pay benefits or assess claims-related assumptions based on actual claims experience.
	    ▪ Reminder: early claims experience will reflect only near-retiree and "3 of 6years pathway" cohorts.
	• Based on the results of the 2024 AVR, the program is on track with Phase 1 of the RMF.
	• We're still in the learning phase of the RMF and we expect that to last until at least 2028.
	
	OSA's Solvency Report
	• Recommendations unchanged from our earlier preview.
	  o Clarify key program parameters to ensure program administration aligns with actuarial modeling
	  o Ensure data systems collect and report information necessary for ongoing evaluation of trust solvency
	  o Continue to monitor emerging experience and update projections as part of Phase 1 of the RMF
	• Will be included in the Commission's recommendations report
	
	Open for Discussion
	• Conway: How do you account for changes in the program? This is all very good, but the legislature may change aspects of the program, we may change investment options we have for the program, so how do you account for all that in this new methodology?
	  o Smith: The short answer is we don't account for future changes because we don't know what they might be. This is all based on a point in time. As the program is defined in current law and the investment strategy of the program at that same measurement date. We will continue to update this, and if the legislature changes

	something two years from now, we would do a measurement in two years and it would reflect any legislation change. If the program changes the way it invests its funds, same thing; we would reflect those changes when they are known. We're not trying to anticipate what those changes might be. • Conway: Beneficiaries are going to be using their dollars at a different rate. How do you take account of that? o Giese: We don't have anything specific for this program. There isn't an analogous program elsewhere to compare ourselves to. It's a conglomeration of multiple sources we can consider. We looked at experience from the private insurance market and what claim rates look like. We looked at some general population studies and what claim rates looked like. We looked at that under different scenarios in terms of the types of population that might be covered. There were a lot of data sources we used to try to triangulate an estimate of the future. There is a lot of uncertainty and it will be important to monitor in the future. • MacCaul: In the Risk Management Framework, do you factor in external forces, for example another pandemic, or some significant shift in federal policy that impacts state budgets, or any other big external factors? o Smith: In my mind, that falls into Phase 3 of that Risk Management Framework. That's where we would develop plans to have a margin. To have the actuarial balance be large enough so that ideally you could weather those financial storms or mitigate those outcomes, because we don't know what's going to happen. Some of those scenarios could be adverse, so having that margin is one way we think we can prepare for those outcomes. Milliman does model outcomes that are adverse: higher levels of inflation, higher use of the benefit, but this is all down the road in Phase 3. o Veghte: Every year, we get reports from OSA and every couple of years from Milliman. If ever some sort of outside force does occur that impacts the program, those valuation estimates will be updated and then becomes part of the program's internal finances. Every year, a new 75-year window opens up and the projections are part of that new window. The Commission will always be able to make recommendations to the legislature each year to respond to any outside force that occur. It's very different from a program like Worker's Compensation or Paid Leave, where you have a 1, 2, or 5-year horizon and are much more vulnerable to external forces. • Conway: Ben just named some other programs and some of these carry a minimum balance to ensure they can compensate for unusual use. Paid Family Leave right now is kind of a pay-as-you-go program. Our Worker's Comp is a minimum balance program. I'm wondering if you've looked at a balance that protects the program. o Smith: Yes, that is Phase 3 of the Risk Management Framework and we are "gliding" if you will to that outcome. Phase 1, we're gathering data, updating our assumptions and projections. Eventually we get to the point of developing the margin or balance that will provide some level of protection. We're not there yet, but it's part of the plan.
Milliman's Actuarial Valuation	<u>**Evaluation metrics used in 2024 actuarial valuation**</u> • **Actuarial balance** is a measure of a program's financial status over a 75-year period, including initial trust fund reserves, all costs and income, and the cost to reach a one-year reserve target, expressed as both a dollar value and a percentage of claims. • **Fund ratio** is the projected fund balance as a percentage of program expenditures for a given year, used to assess the fund's ability to cover one year of expected benefit payments. • **Fund depletion year** is the projected year (if any) when the fund is expected to reach $0 under a given scenario over a 75-year period. • **Benefit reduction factor** indicates the percentage by which benefits would need to be reduced to maintain solvency once the fund is depleted.

	Key findings: Base Scenario
	• The actuarial balance is **$4.4 billion** under the base scenario
	• The actuarial balance would be **negative** if modeled claims were **3.5% or more higher**
	• The fund ratio is estimated to be **greater than 100%** for the next 75 years
	
	Key findings: Baseline
	• The actuarial balance ranges between **negative $11.9 billion and positive $26.4 billion**
	• Under **high** adverse selection, benefits would need to be **reduced by 25% starting in 2078** when the fund is depleted
	• Under **low** adverse selection, the fund ratio is estimated to be **greater than 100%** for the next 75 years
	
	Key Findings: Assumption sensitivies
	• The actuarial balance varies from **negative $96.1 billion to positive $130.5 billion**
	• Under the **most adverse** scenario, benefits would need to be **reduced by 46% starting in 2054** when the fund is depleted
	• Under the **most positive** scenario, the fund ratio is estimated to be **greater than 100%** for the next 75 years
	
	Open for Discussion
	• Stensager: I assume one of the challenges here is we don't have a lot of answers. We're the first in the nation. I worked on a long-term care insurance program with Group Health in 1984 and it eventually went under because we broadened into Home Care and some other things that hadn't been done before. Part of the issue here is you have to have enough of a balance and assume you've got these variables right. My sense is, this is new and it's difficult to anticipate a lot of things. Is that correct?
	    o Giese: There is a lot of uncertainty. In general, when you're making projections very far into the future and even more so when the program you're working on is the first of its kind.
	• MacCaul: Every time I get a question about the solvency of this program and the projected path, I always try to explain to people the analysis that you've done. I really appreciate the work that you've done.
	• Conway: We model our pension plans on a different basis I'm sure, but we talk about "percentage funded" and most of our pension funds in the state are 100% funded. Why wouldn't we be looking at that kind of scenario here? In other words, you need to have enough money in the bank to pay the pensions the state has given. It's that percentage of funding which seems to be a better index of the health of your program. Why don't we use a model like that?
	    o Giese: The concept you described is covered through this actuarial balance calculation. The fund that we have today to hopefully cover all future claim payments starts from the $1.3 billion we have already set aside. We'll have this future actuarial liability or obligation of $118.6 billion of future claims. In addition to the $1.3 billion of funds we've set aside already, the program is going to be collecting future revenue as well. Those premiums we're collecting in combination with the funds we already have is what we're trying to assess if that's enough to pay that future obligation. It's a similar concept and maybe a little more of an insurance valuation perspective versus a pension funding perspective. This implicitly assumes the fund is always going to be 100% funded. That's the target.
	• Conway: I keep seeing your line going down, suggesting underfunding, so that raises concerns about the viability of the plan. To me, the percent funded approach gives greater certainty to things.
	    o Giese: The closest way to connect that back, is the funded ratio of the program right now to be 103.5%. The actuarial balance is effectively saying we have excess. If everything played out exactly as we expected, there would be $4.4 billion left over after we've paid every last claim and expense.

	◦ Smith: Think of the way people are accruing these benefits. In a pension plan, you earn service credit. When you retire you eventually you have earned that benefit, and we pay that benefit during your lifetime. Pensions are designed to measure the liability as someone earns service credit and you accrue costs. You're going to compare the assets you've set aside to the costs that have been accrued. With WA Cares, there's really no accrual. Someone is eventually going to earn a benefit. You're funding a different obligation. The goal here is to fund that on an ongoing basis and will have funds to pay ongoing benefits. I would really lean in on the last line of the table, that $3.5 billion. We would want this program to ideally always have a positive actuarial balance. We are projected to have enough funds, plus an additional amount for uncertainty. With pension plans, we change contribution rates frequently, so if something goes south or something goes north, we can adjust the contribution rates pretty easily. With this program, the contribution rate is fixed in statute at 0.58% so it would take a legislative change to increase it. There is a group that can lower it if experience is positive. There are less tools in your toolkit to manage risk, so building up a reserve so this balance is larger than 0. That figure will tell you whether you have enough to pay the benefit.
Commission Topics and Workgroups for 2025	**<u>Commission Topics and Workgroups for 2025</u>** • Review of Foundational Principles and Bylaws **<u>Open for Discussion</u>** • Stensager: The Provider Payment Maximums Workgroup spent a lot of time talking about the work that will have to go on to educate the consumer. I think collaboration is really important on that topic, and whether or not that constitutes a workgroup or just a couple of briefings at Commission meetings, I'm not sure. I think it's another topic worthy of consideration. ◦ Veghte: That's a great idea Mark and we'll take that under advisement. Staff can think through how to operationalize that and come up with some suggestions. • Conway: I understand bylaws, but what are you referring to with "Foundational Principles"? ◦ Veghte: In 2020, one of the first actions of the Commission was to agree on some Foundational Principles to guide the work. Things like being user-friendly to the consumer, being transparent, maintaining financial viability of the program. ◦ Meneses: To Ben's point, it's not meant to redo everything. For any board or commission, it's a healthy exercise to review your bylaws every few years. We've gone through a long journey the last 3 years, so the workgroup will just review to make sure that no changes or amendments should be made or maybe some *should* be done. For example, I would recommend that the Commission should consider having a vice-chair, for when the chair has a conflict or is unable to attend, or a co-chair. Those are the kinds of things the Workgroup can review. • Conway: Obviously the upcoming legislative session is going to be a long one, so legislators are going to be pretty busy up until mid-April, so your idea of limiting the number of workgroups makes sense. I hope we are always considering tracking the many ideas that come up during debates for ways to improve the program. The one I remember most had to with survivorship benefits. Some of the critics of our plan have spoken for the need for the Commission to look at survivorship benefits. Let's hope we don't close the door on conversations on those kinds of issues, even though we may not take action on them or recommend them, researching the cost of these things is always valuable. ◦ Meneses: Those are the kinds of issues that should be discussed in future meetings and added to agendas, so they're not forgotten. We could add that to the May agenda for further discussion.

	Maddie Foutch made a motion to establish the workgroup to review the Commission's Foundational Principles and Bylaws. Cathy MacCaul seconded the motion. A vote was taken, and there were 12 aye, 0 nays. The motion passed.
Public Comment	• Public comment was captured in the table below.
Review Agenda for next Meeting	• Approve 12/11/2024 Commission meeting minutes • Receive Program Update • Receive Finance Update • Receive Legislative Session Update • Review Commission Topics and workgroups for 2025 **<u>Open for Discussion</u>** • Foutch: I think if we're going to have a discussion about survivorship benefits, there's also been an ongoing conversation about an option for folks who are out of the workforce to be able to buy a policy somehow. If we're looking at that sort of research it could be interesting to look at that also. o Meneses: I think some preliminary research to start would be good. I don't think we have to bring a complete assessment, but certainly a start would be good. o Egger: I've been looking at whether retirees could buy into it. That was the question that was put out. o Meneses: Could retirees buy into it, just like a regular long term care insurance company? o Egger: Right. o Meneses: Ben, do you and staff have enough information here? o Veghte: We have looked at some of these things and we can look at them further and prepare. I wouldn't want to add them as formal agenda items until we've had a chance to revisit the work we've done in the past, but we could come to the May meeting with suggestions on how we can productively look into these things.
Wrap-up • Action Item Review • Adjourn	• Action items captured in the table below. • Meeting adjourned at 3:48 pm.

#	Action Items	Lead	Due Date
1	Staff to collaborate with Commission members on educational materials about provider rates. (Possibly a Workgroup, or just meetings outside of Commission work)	DSHS	May 28, 2025
2	Staff to do preliminary research into impacts of adding survivorship benefits to the program.	DSHS	May 28, 2025
3	Staff to do preliminary research on best way to bring forward new concepts for how to improve the program.	DSHS	May 28, 2025

Name	Public Comment
Val Wanke	I appreciated the meeting today. A lot of good information. I particularly would like to call out the Milliman valuation. And I believe Mr. Giese went over and indicated that when they were collecting information on claims and had reached out to the private sector for averages, number, etc.. Great idea. I'd like to also possibly encourage that same thing to occur on the administrative expenses, and possibly get the difference in cost per claim as to what WA Cares is estimating on the cost per claim administratively versus the private sector. I believe in a previous meeting I had gone over that. In the private sector, the only question that is asked, or what's required when someone files a claim, is "is this a licensed provider?" That's it. They don't look for training, they don't look for anything else. So I really, really think you're going to be surprised at the administrative cost in the private sector versus what WA Cares is projected to be. Thank you very much, I appreciated the time today.
Elizabeth New	Thanks for your time. Since Washington voters decided it is okay to tax workers, including low-income ones, for a program that might not offer them a benefit and will sometimes go to people with higher incomes and more resources, I hope you consider recommending a few things that could make this program a little more fair to some workers, That would include: taking away the "without a five-year brake" language from WA Cares eligibility. This would help caregivers, parents, and gig workers who take breaks from the formal work force; considering survivorship benefits; allowing people who move into the state with private long term care insurance in place before their move to Washington State to be exempt from WA Cares; having the benefit adjust with inflation, not just up to inflation, is important; making WA Cares pay for itself - and not allowing it to rely on general fund dollars for fund solvency in the future if it ever needs it - would be helpful for showing respect for people who have been paying for their own policies for years. Aso, if the goal is to help all Washington residents with long term care and save the state money and keep people from applying for the safety net that already exists in Medicaid, I think it's worth exploring with the insurance industry leaders about allowing people out of the WA Cares program if they purchase a private plan that has better security and coverage than WA Cares has. Medicaid reform is also just such a good place to look for solutions to our long term care problem. I think it was a good change today that you voted on to remove the requirement to collect employment data. And, thank you very much.