



## LTSS Trust Commission Meeting

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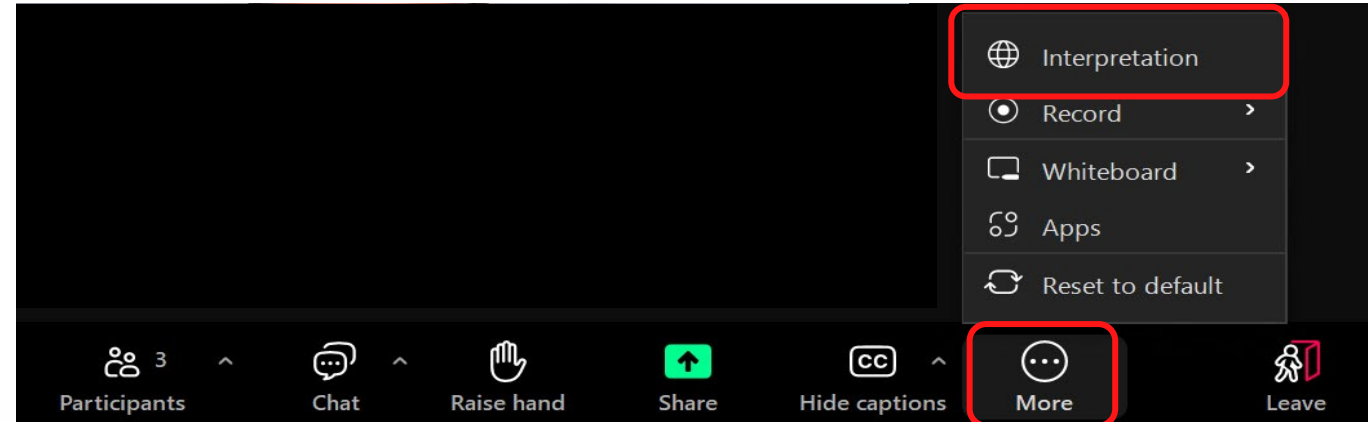
May 28, 2025



# Language Interpretation – Zoom Setup

## Step 1:

- Select “More”
- Click on “Interpretation”



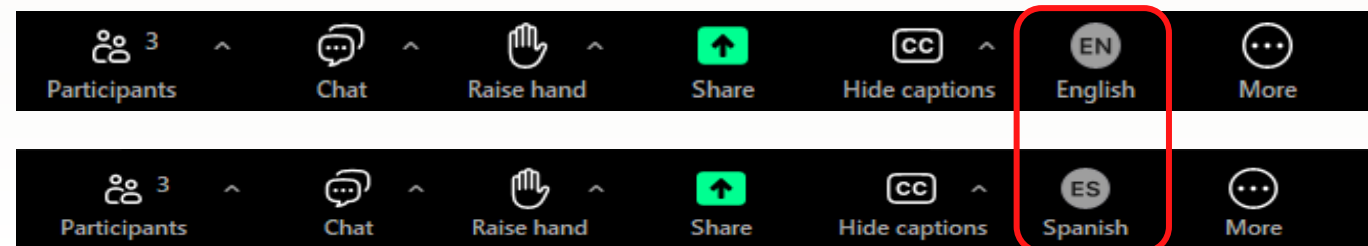
## Step 2:

- Select the language you would like to listen in



## Step 3:

- Verify this is the correct language



# 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



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# **WELCOME & CALL TO ORDER**

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# Meeting Goals

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- Listen to Understand Respectfully
- Approve Consent Agenda
- Receive Legislative Session Update
- Receive Program Update
- Report out on Eligible Relative Care
- Receive Finance Update
- Receive Investment Performance Update
- Consider Commission Topics and Workgroups for 2025

# Approve Consent Agenda

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- 12/11/2024 Commission meeting minutes



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# WA Cares Fund Program Refresh

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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 and governor signs into law

**2022**

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

**2023**

**July 1**

Workers begin contributing

**2024**

Legislature gives workers the ability to take their benefit out of state

**2025**

Legislature creates supplemental private insurance market, gives workers with private insurance exemptions window to join WA Cares

**2026**

**July 1**

Benefits become available for qualified, eligible individuals





# WA Cares Fund Program Refresh

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## 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
  - 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, eating, ambulation, medication management, toilet use, transfer, etc.), and their need for assistance is expected to last for at least 90 days
  - You can take your benefit with you if you leave the state

# LTSS Trust Commission Foundational Principles

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- Respect the dignity and autonomy of beneficiaries in determining how and from whom they receive care
- Be customer focused
- Provide a seamless, quality user experience
- Be accessible to all Washingtonians both online and through a strong community presence
- Promote development of a long-term services and supports workforce and provider network to meet increased demand with high-quality, culturally competent services
- Ensure beneficiaries have a broad range of services and supports from which to choose
- Ensure outreach and policies are consistent with values of diversity, equity and inclusion
- Focus on solutions that are not rooted in tradition but are tailored to delivering new program benefits and meeting needs of current and future participants
- Respond to changing conditions, needs, and opportunities
- Be strong stewards of worker contributions by maintaining the financial stability and sustainability of the Trust
- Protect beneficiaries and the Trust Fund from program fraud
- Raise awareness of the benefit among all Washingtonians
- Provide accurate data to decision makers

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# Legislative Session Update

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Ben Veghte, DSHS

# Legislative Session Update

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## **SB 5291**

Implements the recommendations of the LTSS Trust Commission including:

- Supplemental Private Long-Term Care Insurance
- Employer reporting consistency and premium reporting accountability
- Authorizing the pilot project
- Rescinding Private Long-Term Care Insurance Exemptions and giving the option to opt back into the program
- Simplifying the ten-year contribution requirement
- Crediting Savings from Medicaid and Medicare Cost Avoidance
- Automatic exemptions for holders of temporary non-immigrant work visas
- Exemptions for civilian employment of active-duty service members
- Sunset Collective Bargaining Agreement (CBA) Exceptions
- Adopting premium accounting measure contained in PFML statute to assess and collect penalties and interests from employers that do not report wages and remit premiums
- Removes collection of employment sector data in report due to the legislature on December 1, 2028

# Legislative Session Update

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## **SJR 8201**

- Amends the Constitution to allow the state to invest money from LTSS accounts. Even though the bill has passed, it will still require a vote to the people at the next general election.

## **SB 5337**

- Memory Care Certification for Assisted Living Facilities

## **SHB 1142**

- Standardizing basic training and certification requirements for long-term care workers who provide in-home care for their family members, including spouses or domestic partners





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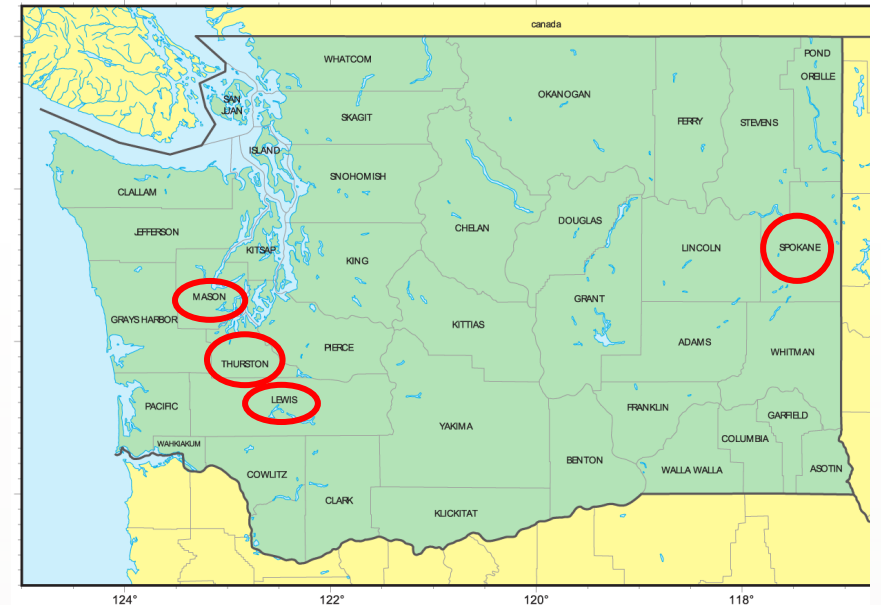
# Program Update

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Andrea Meewes Sanchez, DSHS  
April Amundson, ESD

# January 1, 2026 Pilot

- Designed to exercise operations on a smaller scale & implement lessons learned for statewide launch
- Up to 400 applicants may receive benefits during the pilot in Lewis, Mason, Thurston and Spokane Counties only
- DSHS is partnering with local Area Agencies on Aging (AAAs) to reach & serve pilot participants
- DSHS and AAAs are developing the provider network with registration beginning this fall



# DSHS Rulemaking

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Topic	Timeline
General Provisions	CR-102 to be filed June 2025
Beneficiary Eligibility Determinations	CR-102 to be filed June 2025
Requirements to Provide Approved Services	CR-102 to be filed June 2025
Eligible Relative Care	CR-102 to be filed fall 2025
Appeals	CR-102 to be filed summer 2025
Notices for Agency Actions	CR-102 to be filed summer 2025
Pilot Rules	Rulemaking to begin summer 2025

# ESD Rules Update

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- **Implementing ESSB 5291**

- Portable coverage clarification and cancellation
- Qualified individual 10-year pathway
- Exemptions
  - Voluntary exemption – off-duty civilian employment for active-duty service members
  - Automatic exemption for non-immigrant work visa holders
  - Rescinding permanent private long-term care insurance exemptions

# ESD Rules Update

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- **Implementing ESSB 5291 – cont'd**
  - Sunsetting the collective bargaining agreement provision
  - Pilot project
  - Penalties and interest authority
- **Portable coverage (SHB 2467 – 2024)**
  - How to elect coverage
  - Reporting and payment requirements



# ESD Rules Update

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- **Timelines**

Three phases

- Phase 1: Pilot project, qualified individuals, exemptions, CBA (effective by January 1, 2026)
- Phase 2: Portable coverage and reporting requirements (target effective date July 1, 2026)
- Phase 3: Penalties and interest (effective by January 1, 2027)



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# Eligible Relative Care

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Andrea Meewes Sanchez, DSHS

# Update on Eligible Relative Care

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- RCW 50B.04.070(2) states, "Qualified family members may be paid for approved personal care services in the same way as individual providers, through a licensed home care agency, **or through a third option if recommended by the commission and adopted by the department of social and health services.**"
- In July of 2024, the LTSS Commission recommended that DSHS define a third option for paying qualified family members through the rulemaking process.
- DSHS has begun the rulemaking process to design the new service and is seeking approval from the LTSS Trust Commission on a preferred approach.

# Considerations for Eligible Relative Care

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- Statutory requirements
  - Background check and training requirements must be consistent with family caregivers employed by CDWA and home care agencies.
  - Family caregivers are not required to obtain home care aide credentials.
- DSHS will use a third party to pay family caregivers to ensure proper payment of taxes, compliance with wage and hour laws, and adherence to background check and training laws.
- Family caregivers under this option are likely to work part-time and temporarily
- Consistent with LTSS Trust Commission recommendation, WA Cares intends to keep the wage the family caregiver earns comparable to that of individual providers and home care agency caregivers.

# Two Employer Models to Pay Family Caregivers

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## **Agency with Choice (AwC)**

- This is a joint, or co-employer model. The AwC is the employer of record for the family caregiver, but the beneficiary manages the caregiver's tasks and schedule
- On average this model has a higher service fee, or rate, than an FEA model, as the agency takes on full employer related activities and liabilities

## **Fiscal Employer Agent (FEA)**

- In this model, the beneficiary or their legal representative is the employer of record, but the FEA holds tax liability
- Because the beneficiary is the employer and the FEA would not provide as many services to the beneficiary or carry as much liability or responsibility to the caregiver, it is less costly than the Agency with Choice model



# Side by Side of Agency with Choice and Fiscal Employer Agent

	<b>Agency with Choice</b>	<b>Fiscal/Employer Agent</b>	CDWA	Home Care Agencies (HCA)
<b>Is the beneficiary the legal employer?</b>	No	Yes	No	No
<b>Is this a joint employment model?</b>	Yes	No	Yes	No
<b>Do current training requirements apply?</b>	Yes	Yes	Yes	Yes
<b>Do background checks apply?</b>	Yes	Yes	Yes	Yes
<b>Are health benefits required to be offered?</b>	Yes at 50+ FTEs (30+hrs). No if less than	Yes, but rare	Yes	Yes
<b>Is there PTO, sick leave?</b>	Yes, can be part of the program requirements	Yes, can be part of the program requirements	Yes, required	Yes, required

# Side by Side of Agency with Choice and Fiscal Employer Agent

	<b>Agency with Choice (AwC)</b>	<b>Fiscal/Employer Agent (F/EA)</b>	CDWA	Home Care Agencies (HCA)
<b>L&amp;I taxes withheld? (worker's compensation)</b>	Yes	Optional if only employing one person, or can be part of the program req's	Yes	Yes
<b>Other required taxes withheld i.e., PFML, WCF, SUTA, FUTA?</b>	Yes	Yes	Yes	Yes
<b>Who is responsible for unpaid taxes?</b>	Agency	F/EA	CDWA	HCA
<b>Ability to unionize</b>	Yes	No	Yes	Yes
<b>Does the caregiver qualify for overtime?</b>	Yes	Yes	Yes	Yes
<b>Who resolves concerns with quality of care?</b>	Agency, in coordination with the beneficiary	Beneficiary	CDWA, in coordination with the beneficiary	HCA

# Themes from Listening Sessions

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## **General themes that emerged from stakeholders:**

- Honoring the beneficiary's choice and autonomy
- Minimal outside involvement in the beneficiary / family caregiver relationship
- Beneficiary protection from fraud and abuse
- Worker protections and the right to unionize
- Maximizing the limited benefit amount available to beneficiaries (low cost)

# Options that address concerns expressed during rulemaking

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- Agency with Choice, whereby the agency and beneficiary are co-employers of the family member; and
- Fiscal Employer Agent that supports the WA Cares Fund beneficiary to employ their family member directly
- Both and Agency with Choice and Fiscal Employer Agent
- Delay until after initial launch

# Next Steps

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**WA  
CARES  
FUND**

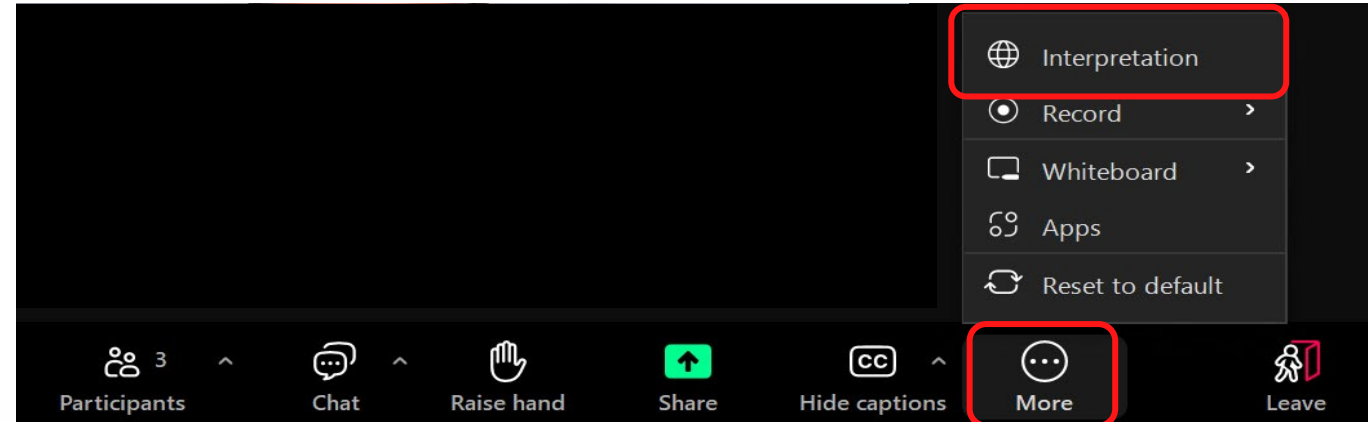
**BREAK**



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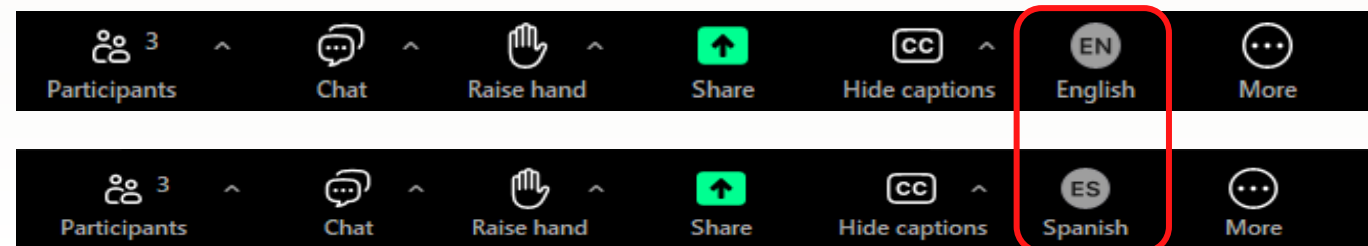
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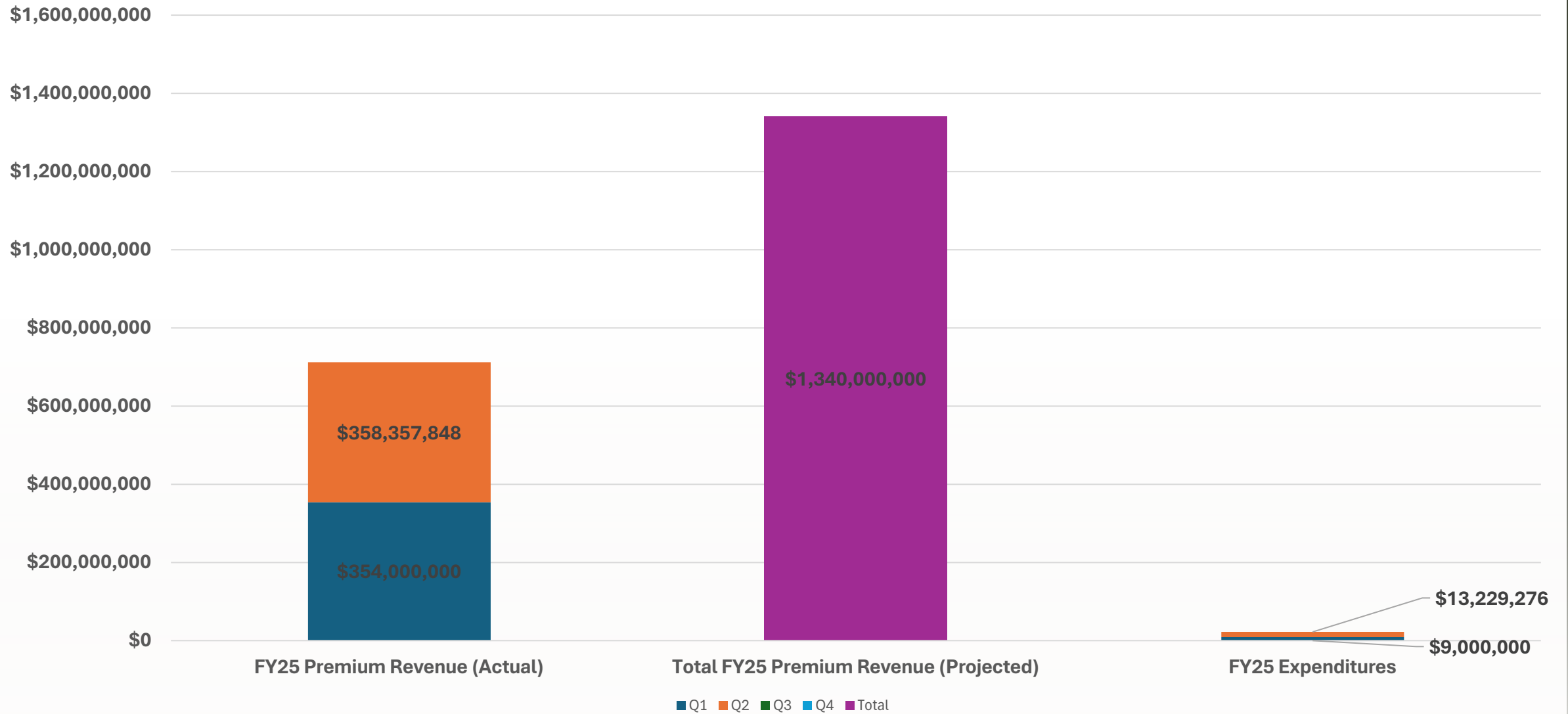
# Finance Update

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Ben Veghte, DSHS

Luke Masselink, OSA

## WA Cares Fund Premium Revenue and Expenditure



**Note:** Actual revenue in a given year will inevitably vary from long-term, annual projections and may not be indicative of future long-term, annual revenue. Please see Milliman's 2024 Actuarial Valuation for further information on program projections.



# Finance Update: Monitoring Early Experience

*Presentation to*  
LTSS Trust Commission

Luke Masselink, Senior Actuary

May 28, 2025



# Finance Update: Monitoring Early Experience

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- As part of the Risk Management Framework (RMF), Phase 1 is largely focused on data collection, monitoring, and updating actuarial projections
  - The “learning phase” will improve actuarial modeling and assumption setting
  - This phase is intended to last until benefits have been paid for several years
- Phases 2 and 3 focus on setting and attaining an appropriate margin
  - This could include targeting a specific actuarial balance
  - Milliman’s 6/30/2024 valuation report estimated a 3.5% actuarial balance under the base scenario
    - Under this scenario, the program is projected to have sufficient assets to pay all benefits and expenses, plus an additional 3.5% of projected benefits for potential future adverse experience
- Future valuations will reflect updated experience, law changes, and assumption changes

# *Thank You*

For questions, please contact  
[The Office of the State Actuary](#)  
360-786-6140  
[State.actuary@leg.wa.gov](mailto:State.actuary@leg.wa.gov)

Luke Masselink

O:\LTSS\2025\CommissionMtgMaterials\May.28\Finance.Update.pptx

5/28/2025

Office of the State Actuary







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# Investment Performance Update

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David Schumacher, SIB

# LONG-TERM SERVICES AND SUPPORTS TRUST ACCOUNT (LTSS) PERFORMANCE REVIEW – 1Q 2025

**MAY 28, 2025**

**David Schumacher**  
**Government and Public Affairs Director**





## LTSS INVESTMENT POLICY AND STRATEGY

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

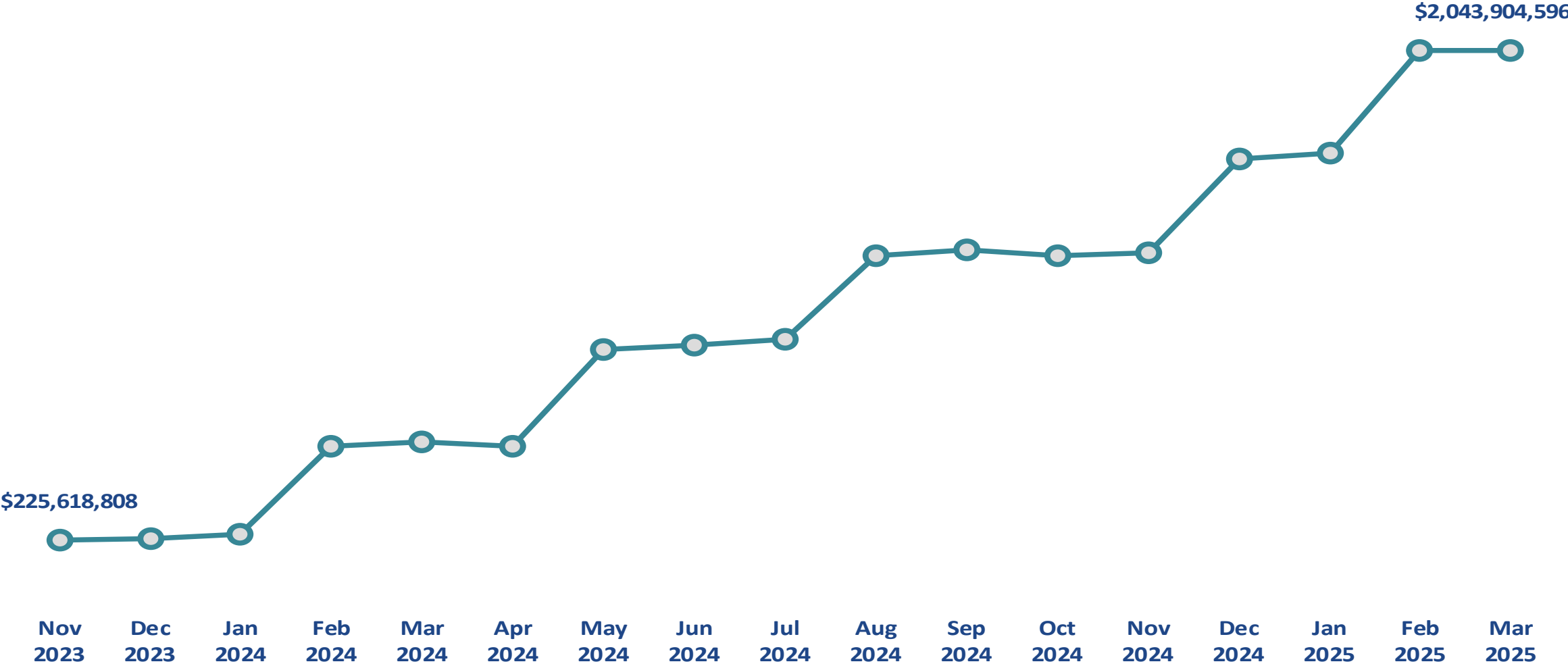
The investment program is be actively managed by the WSIB with the following characteristics

- Invested in interest-producing debt securities with varying maturity, structure, and credit ratings
- Expected to meet or exceed the return of the Bloomberg U.S. Universal Index
- 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](https://www.sib.wa.gov/docs/policies/2_35_600.pdf)

HISTORICAL MARKET VALUE GROWTH OF LTSS  
AS OF MARCH 31, 2025

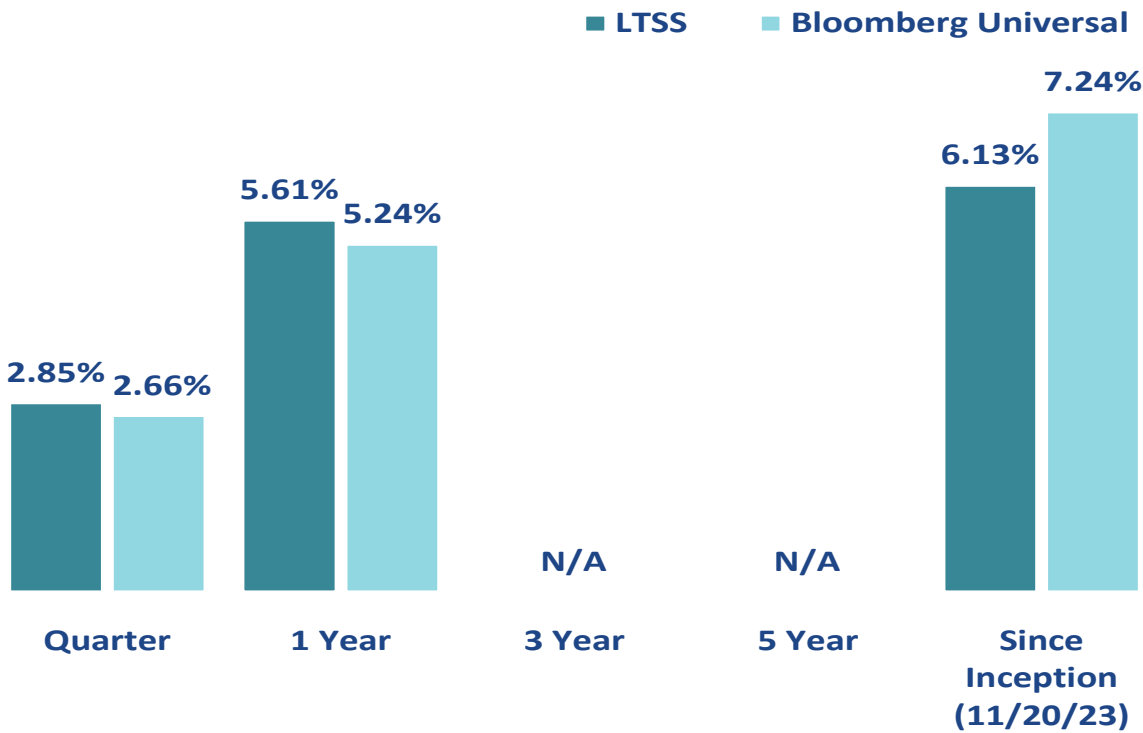


LTSS MARKET VALUE AND PERFORMANCE  
AS OF MARCH 31, 2025

Market Value

Total	\$2,043,904,596
Fixed Income	\$2,043,904,596

Performance



The first assets arrived in November 2023, and with subsequent contributions fund assets have grown to over \$2.0 billion

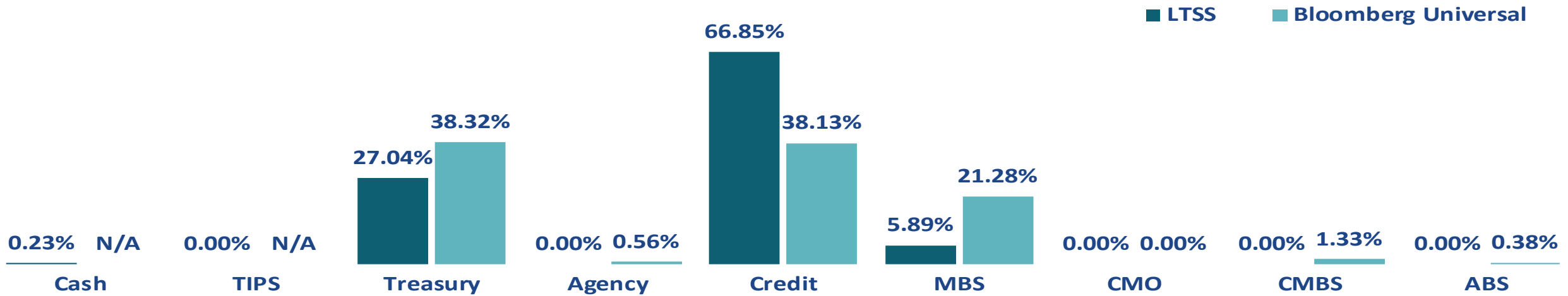
To date, new contributions have been large relative to existing fund balances

- Due to the pacing of these large new investments, early fund performance can differ from the benchmark

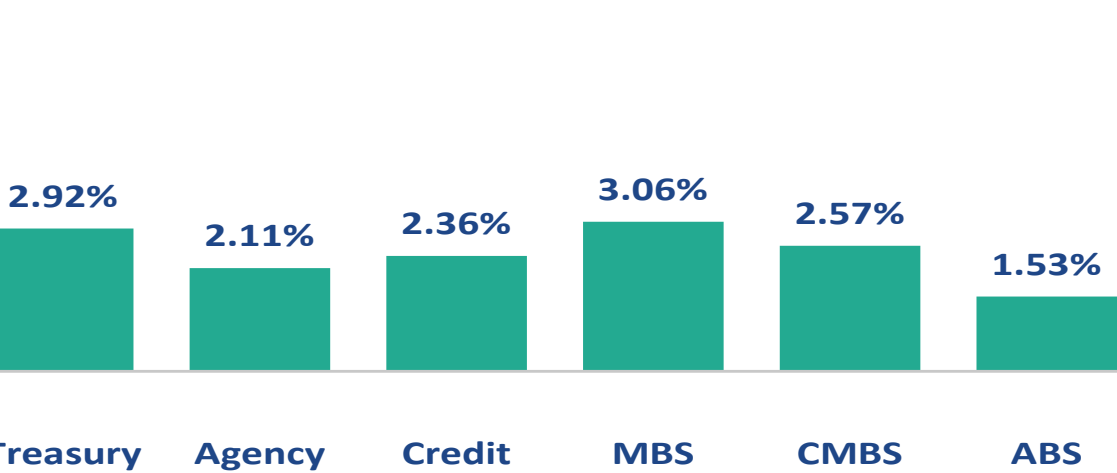
Over time, performance is expected to track the index more closely

SECTOR WEIGHTS AND RETURNS  
AS OF MARCH 31, 2025

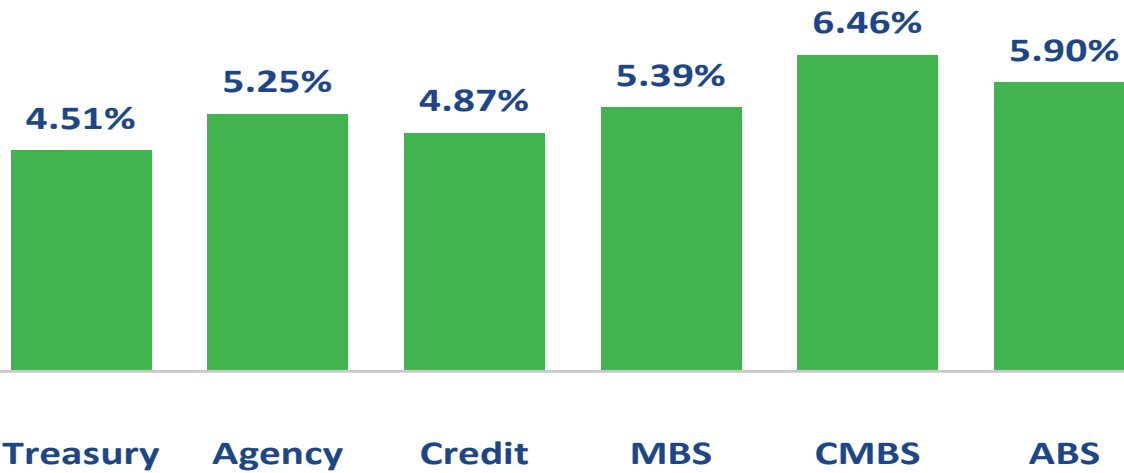
Sector Weighting



Bloomberg Universal Quarter Sector Returns



Bloomberg Universal 1-Year Sector Returns

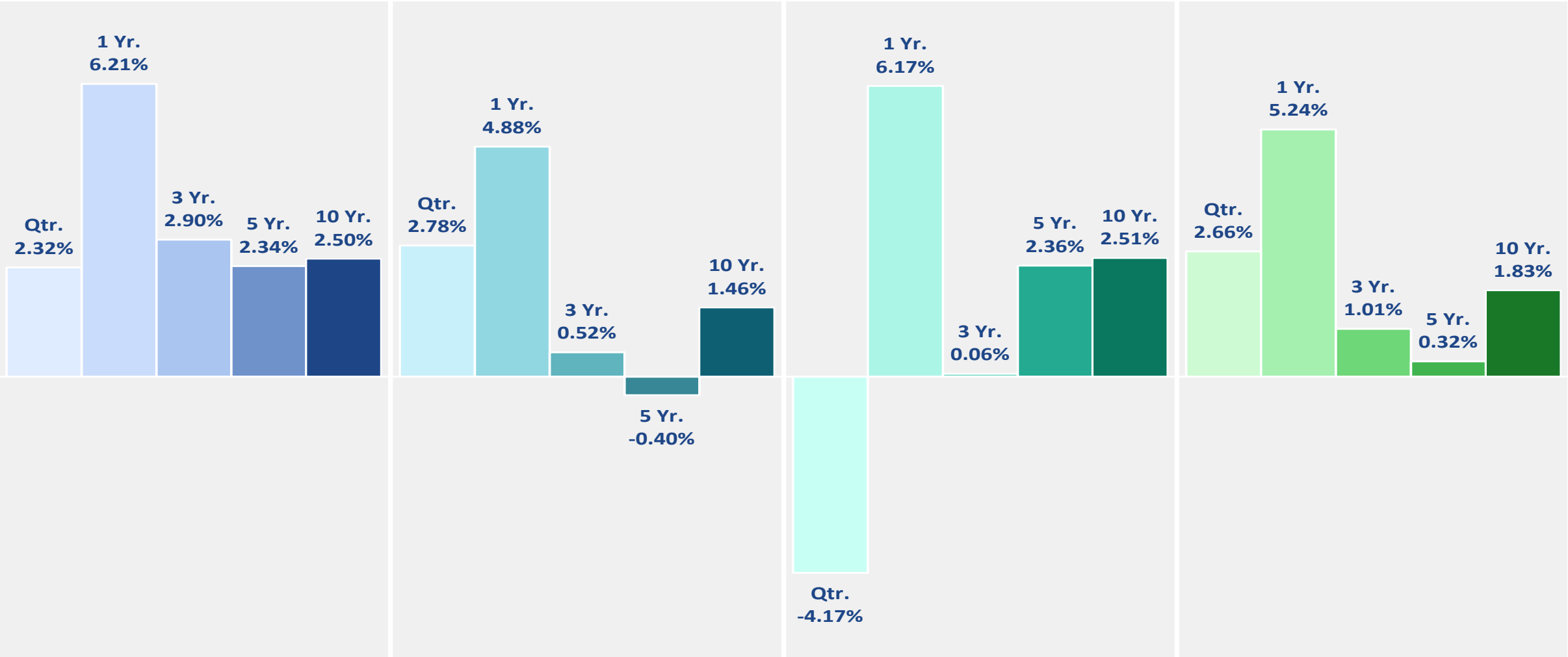


- Global fixed income markets were mixed during the first quarter as uncertainty around U.S. trade policy and the use of tariffs, fueled volatility in bond markets
- U.S. inflation eased throughout the quarter, falling from 3.0% in January to 2.4% in March
- The Federal Open Market Committee (Fed) held two meetings during the quarter, keeping the Federal Reserve Target rate range unchanged at 4.25% to 4.50%, as anticipated
- Concerns over slowing growth triggered a rally in U.S. Treasuries for the quarter
  - The U.S. 10-year Treasury yield dropped by 0.4%, ending the quarter at 4.2%
- The Bloomberg Treasury index was up 2.9% during the quarter, bringing the 1-year return to 4.5%, while the broader Bloomberg U.S. Universal index returned 2.7%
- The significant drop in U.S. interest rates this quarter negatively impacted the U.S. dollar, with the greenback returning -3.9% against a basket of developed world currencies



CAPITAL MARKETS AT A GLANCE

MARCH 31, 2025



Bloomberg Intermediate Credit

Bloomberg Aggregate

Bloomberg U.S. TIPS

Bloomberg Universal

## CONTACT INFORMATION

**Website:** <http://www.sib.wa.gov>

**Address:** 2100 Evergreen Park Drive SW  
P.O. Box 40916  
Olympia, WA 98504-0916

**Phone:** (360) 956-4600





# Commission Topics and Workgroups for 2025

Ben Veghte, DSHS

# Commission Topics and Workgroups for 2025

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- Reconvening the Provider Payment Maximums Workgroup to discuss Private Duty Nurse owned Adult Family Homes
- Review of Foundational Principles and Bylaws
- SJR 8201 Contingency Planning and Risk Management Framework

# SJR 8201 Contingency Planning & Risk Management Framework

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## **SJR 8201**

- Article XXIX, section 1. Notwithstanding the provisions of sections 5, and 7 of Article VIII and section 9 of Article XII or any other section or article of the Constitution of the state of Washington, the moneys of any public pension or retirement fund, industrial insurance trust fund, fund held in trust for the benefit of persons with developmental disabilities, or fund to provide for long-term care services and supports for eligible seniors and people with disabilities may be invested as authorized by law. Investment income from a fund to provide for long-term care services and supports for eligible seniors and people with disabilities is dedicated to long-term services and supports for program beneficiaries.



# PUBLIC COMMENT

Submit written comments or questions to:  
[wacaresfund@dshs.wa.gov](mailto:wacaresfund@dshs.wa.gov).

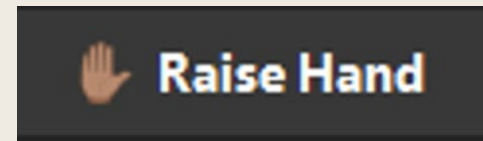
For more information about the program, visit  
[wacaresfund.wa.gov](http://wacaresfund.wa.gov).

# Sign up for Public Comment

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Submit written comments or questions to:  
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visit [wacaresfund.wa.gov](http://wacaresfund.wa.gov).



**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 July 16<sup>th</sup> Meeting

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- Approve 5/28/2025 Commission Meeting Minutes
- Receive Program Update
- Report out from workgroups

# Wrap Up

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- Action items review
- Adjourn

THANK YOU



**WA**  
**CARES**  
**FUND**

