

May 28, 2025 - LTSS Trust Commission Meeting Minutes							
Meeting Date		5/28/25		Time		1:00 – 4:00 pm	
Attendees							
<input checked="" type="checkbox"/>	Representative Nicole Macri	<input type="checkbox"/>	Vacant, Representative	<input type="checkbox"/>	Vacant, Representative	<input type="checkbox"/>	Vacant, Representative
<input type="checkbox"/>	Senator Curtis King	<input type="checkbox"/>	Senator Judy Warnick	<input type="checkbox"/>	Senator Rebecca Saldaña	<input checked="" type="checkbox"/>	Senator Steve Conway
<input checked="" type="checkbox"/>	Bea Rector, Acting Secretary Department of Social and Health Services	<input checked="" type="checkbox"/>	Cami Feek, Employment Security Department	<input checked="" type="checkbox"/>	Taylor Linke, Health Care Authority	<input checked="" type="checkbox"/>	Peter Nazzal, Home Care Association Representative
<input type="checkbox"/>	Madeleine Foutch, Representative of a union representing LTC workers	<input checked="" type="checkbox"/>	Cathleen MacCaul, Representative of an organization representing retired persons	<input checked="" type="checkbox"/>	Lauri St. Ours, Representative of an association representing SNF/ALF providers	<input type="checkbox"/>	Vacant, Adult Family Homes Providers Representative
<input checked="" type="checkbox"/>	Mark Stensager, Individual Receiving LTSS #1 (or designee or representative of consumers receiving LTSS)	<input checked="" type="checkbox"/>	Ruth Egger, Individual Receiving LTSS #2 (or designee or representative of consumers receiving LTSS)	<input checked="" type="checkbox"/>	Laura Cepoi, Organization Representing the Agencies on Aging	<input type="checkbox"/>	Rachel Smith, Representative of an organization of employers whose members collect the premium (or will likely be collecting)
<input checked="" type="checkbox"/>	Silvia Gonzalez, Worker who is paying the premium established in section 9 of the LTSS Trust Act and who is not employed by a long-term services and supports provider (or will likely be paying the premium)	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	
Guest Speakers							
<input checked="" type="checkbox"/>	Ben Veghte, Department of Social and Health Services	<input checked="" type="checkbox"/>	Andrea Meewes Sanchez, Department of Social and Health Services	<input checked="" type="checkbox"/>	Luke Masselink, Office of State Actuary	<input checked="" type="checkbox"/>	April Amundson, Employment Security Department
<input checked="" type="checkbox"/>	David Schumacher, State Investment Board	<input checked="" type="checkbox"/>	Porsche Everson, Facilitator	<input type="checkbox"/>		<input type="checkbox"/>	

Topic	Minutes
Welcome and Call to Order	<ul style="list-style-type: none"> Commission members in attendance indicated above. Acting Secretary Rector reviewed the meeting goals.
Approve Consent Agenda	<ul style="list-style-type: none"> No objections were made; items were adopted.
WA Cares Fund Program Refresh	Key program details per current statute (RCW 50B.04): <ul style="list-style-type: none"> Premium rate - \$0.58 cents for every \$100 earned



	<ul style="list-style-type: none"> • Lifetime benefit maximum –\$36,500, adjusted annually up to inflation, paid directly to providers • Three pathways to qualified individual status <ul style="list-style-type: none"> ○ 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 <ul style="list-style-type: none"> ○ 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
Legislative Update	<p><u>SB 5291</u> Implements the recommendations of the LTSS Trust Commission including:</p> <ul style="list-style-type: none"> • 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 join 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 • Removes collection of employment sector data in report due to the legislature on December 1, 2028 <p><u>SJR 8201</u></p> <ul style="list-style-type: none"> • 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. <p><u>SB 5337</u></p> <ul style="list-style-type: none"> • Memory Care Certification for Assisted Living Facilities <p><u>SHB 1142</u></p> <ul style="list-style-type: none"> • 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
Program Update	<p><u>January 1, 2026 Pilot</u></p> <ul style="list-style-type: none"> • Designed to exercise operations on a smaller scale & implement lessons learned for statewide launch

	<ul style="list-style-type: none"> 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 <p><u>DSHS Rulemaking</u></p> <ul style="list-style-type: none"> 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 <p><u>ESD Rules Update</u></p> <p><u>Implementing ESSB 5291</u></p> <ul style="list-style-type: none"> Portable coverage clarification and cancellation Individual 10-year pathway Exemptions <ul style="list-style-type: none"> 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 Sunsetting the collective bargaining agreement provision Pilot project Penalties and interest authority <p><u>Portable coverage (SHB 2467 – 2024)</u></p> <ul style="list-style-type: none"> How to elect coverage Reporting and payment requirement <p><u>Timelines - Three phases</u></p> <ul style="list-style-type: none"> 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)
Eligible Relative Care	<p><u>Update on Eligible Relative Care</u></p> <ul style="list-style-type: none"> 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 continuing to work on this issue.

Considerations for Eligible Relative Care

- 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

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 mod

Themes from Listening Sessions

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

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

- Both an Agency with Choice and Fiscal Employer Agent
- Delay until after initial launch

Open for discussion

- Stensager: A big concern is the availability of workers. If we don't pursue the option of allowing family caregivers, it will limit the use of the benefits even more. Any comments about that?
 - Meewes Sanchez: We will have ways to employ family members even without this 3rd option. Family members could go to CDWA or could work with home care agencies as well. We also have the ability to employ spouses. We do have concerns about not having a 3rd option and therefore not enough choices for people to get care, which would in turn create backlogs and wait lists.
- Stensager: What role does the Commission play in this process? Will we have any say in how this gets decided or have an opportunity to at least express our thoughts and opinions before it moves forward?
 - Meewes Sanchez: The Commission's role is to make recommendations to DSHS, and it is then up to DSHS to adopt them.
 - Stensager: I understand that we made the recommendation and that DSHS is coming up with a proposal. Will the Commission be able to review the proposal?
 - Meewes Sanchez: Yes, we will definitely bring our proposal back to the Commission. Last year, the Commission's recommendation was very general, to go through DSHS rules. We will bring that back for discussion in the July meeting.
 - Veghte: The recommendation was made last year to DSHS. Since then, there has been a transition at the gubernatorial level and then the legislative session was very busy dealing with fiscal challenges. We're continuing to work on this issue with the governor's office. We may have a decision before the next Commission meeting. If we're not able to reach a decision, we would bring it back to the Commission to reconsider. Currently the ball is in our court to decide, which we would share with the Commission, but we wouldn't re-open it all again.
 - Stensager: This is a big deal. I recognize that DSHS, the governor, or the legislature may make the final decision. I'm just looking for that opportunity for the Commission to weigh in.
 - Veghte: I was just giving you a process update because that's what it seemed like you were after. The Commission can always make recommendations to DSHS, but last year it chose not to do so on this issue and passed it on to DSHS. Where we go from here depends on whether we have a decision or not.
- MacCaul: How did the governor get involved in this process?
 - Rector: In July of 2024, this Commission voted that DSHS should design a 3rd option through rulemaking. That is what we undertook in December and January. There is not a consensus among stakeholders. There are some divergent opinions on what the best design option is. As an Executive Branch agency, we consult with the Governor's office for feedback. It's a very common process, especially with a new governor who has not weighed in yet.

- Cepoi: I appreciate all the work to make Eligible Relative Care flexible and meaningful. It can help remove payroll burdens for families. W4A is very supportive of this option. I'm excited that you're considering both Agency with Choice and Fiscal Employer Agent as options to explore.
- MacCaul: I appreciate how future-forward this program is, especially in light of potential cuts to Medicaid. There are other issues in flux, like immigration and workforce, that have an effect on caregiving. To have an FEA model that is going to allow family caregivers to be paid and fill that gap is tremendous.
- Gonzalez: I totally agree with my fellow Commissioners. This is a great opportunity for the state of Washington.
- Conway: Did you consider the timeframe for paid family care? Keep in mind you have an account, let's say you have come out of the hospital, and you need someone to take care of you for a short term. Most of our paid family care issues are being driven by the hours you've worked. Not every hour you work do we pay on unemployment insurance and worker's comp, etc. If it's a long-term situation, it might trigger some of the concerns you have. If it's short-term, I doubt you'd have concerns. Some people are going to be able to access Paid Family Medical Leave as well. I'm wondering if you're looking at the amount of time that family care is given.
 - Veghte: Our staff have been looking at the interplay between the two programs for the last couple of years. What's important to keep in mind is that this is a benefit for someone who has paid into it over the course of their career. Then if they need care, they have it to use as they see fit to match their care trajectory. There have been national surveys that show that among people with long-term care needs, if you give them options, like a tax credit, to be able to pay family caregivers, or use paid leave, most are reluctant to take a leave from work. It might be suitable for shorter-term cases, but not for longer-term situations. WA Cares gives beneficiaries one more option to consider, whether it's to pay a family caregiver or bring in a professional home-care aide.
 - Meewes Sanchez: We're considering family caregivers in a lot of different ways. We have other services that beneficiaries will be able to tap into, like respite. We also have training and support for family caregivers.
 - Conway: You can do all these things already. You can do it over 2 days or over 5 months. The timeframe over which you use these dollars is what drives a lot of the issues you've raised. If you're only using it for a short amount of time, out of an account that you've paid into, it seems all the payroll deductions you're talking about won't be needed. You may want to consider a long-term situation over a short-term one because in a lot of the rules we've made earlier - snowstorms don't come every day - it's for short term situations. What I'm saying is, for temporary situations do we need all these rules?
 - Rector: The eligibility that changed with SB 5291, such as a need for help with 3 activities of daily living in a situation that's likely to be for 90 days or longer, means we're not talking about somebody who just needs a couple of days or weeks of care. We also know that people rely heavily on family to provide long-term care. We know that from Medicaid and also the data. This benefit could be spread out over a year or 2 depending on the frequency of care you need, or if you need a lot of care, you'll

	<p>run through it much quicker. It is going to be more than just a short-term need that's going to make somebody eligible, and it should be as flexible as possible.</p> <ul style="list-style-type: none"> Conway: Is it fair to say that in rulemaking, some things we developed in our workgroups might get changed? Will you be sharing any of that with us? <ul style="list-style-type: none"> Meewes Sanchez: Yes, the Commission's recommendations guide the rulemaking. We may include more information in our rules and nuances that weren't considered by the Commission. For example, I provided an update on what's covered and not covered. Now that we know more about coordination of benefits and potential risks about being required to cover medical care, we've made some decisions that are in line with the omnibus bill, to carve out things that are covered by medical insurance, so WA Cares beneficiaries aren't obligated to use some of their benefit for those costs. Eligible Relative Care is something we're going to come back and explain in more detail. There's nothing else that varies beyond what the Commission has already recommended. Conway: I just know that rulemaking can affect policy. I'm concerned that when it does that, we get updated on it. Veghte: We can provide updates on where everything landed once rulemaking is complete. MacCaul: There was a slide with the rulemaking calendar that showed that the rule on Eligible Relative Care was going to be in the fall of 2025, but there are appeals in the summer. <ul style="list-style-type: none"> Meewes Sanchez: We are just doing a rules segment about appeals, such as what notifications do we have to provide, what is appealable, etc. It doesn't refer to appeals about anything specific. It's a topic on its own.
Finance Update	<p><u>Finance Update: Monitoring Early Experience</u></p> <ul style="list-style-type: none"> As part of the Risk Management Framework (RMF), Phase 1 is largely focused on data collection, monitoring, and updating actuarial projections <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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.
Investment Performance Update	<p><u>LTSS Investment Policy and Strategy</u></p> <ul style="list-style-type: none"> 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 to be actively managed by the WSIB with the following characteristics: <ul style="list-style-type: none"> 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

LTSS Market Value and Performance (As of March 31, 2025)

- 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

Capital Markets Summary (March 31, 2025)

- 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

Open for discussion

- Conway: When can we expect to find out how much money we're making from fixed income investments, rather than just payroll taxes?
 - Schumacher: We're very early into this. As interest rates started going up, the investments didn't start off strong, because of market timing. Now, we're in a situation where we can start generating those returns and, in the future, we'll be able to separate out the returns from the payroll income, at least conceptually. Eventually, we'll add and add, and then start taking money out for benefits. Whatever is left we'll invest to the best of our ability.
 - Masselink: Milliman works with the SIB's capital market assumptions, which, for their most recent exercise with this investment class, were about 4% per year. It grades down over time, but that's about where the annual return expectations were in the current model.

	<ul style="list-style-type: none"> ○ Hanak: I can give you an update on our capital market assumptions that were approved at our meeting in April. The one year “arithmetic” return on fixed income is 5.1%. The longer term “geometric” return – our 15-year capital market assumption - is right around 4.9%. • Conway: In pension business, we smooth assets over a 5-to-10-year period. Is it the intent to do something similar with this fund? <ul style="list-style-type: none"> ○ Masselink: Part of the reason we incorporate that in our pension measurements is to manage market volatility when we set contribution rates every two years. There is a premium rate built into this process, but there is no process similar to pensions where it's adopted every two years. I imagine as we discuss some of the risk management goals going forward that might be something we'll consider. ○ Conway: We know in Paid Family Leave, the lack of reserve has put pressure on the state's operating budget, so I hope we do consider having a reserve because I think it's very important for any plan to have one. ○ Veghte: All the money we send to SIB each quarter is our reserves, whereas paid leave didn't have that. I know they've now changed their procedures, but for us all the money in that account is reserved to ensure we can pay projected administrative and benefit expenses over the next 75 years. And the risk management framework is a tool to make sure those reserves are sufficient.
<p>Commission Topics and Workgroups for 2025</p>	<p><u>Commission Topics and Workgroups for 2025</u></p> <ul style="list-style-type: none"> • 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 <p><u>SJR 8201 Contingency Planning and Risk Management Framework</u></p> <p><u>SJR 8201</u></p> <ul style="list-style-type: none"> • 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, <u>or fund to provide for long-term care services and supports for eligible seniors and people with disabilities</u> may be invested as authorized by law. <u>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.</u> <p><u>Open for Discussion</u></p> <ul style="list-style-type: none"> • Conway: The legislature passed the referendum. Who does the ballot language? ACTION ITEM <ul style="list-style-type: none"> ○ Veghte: I believe it's the secretary of state. But we'll take that as an action item and get back to you. ○ Rector: I don't have any different information. • Stensager: If SJR 8201 passes, it will allow us to move from fixed asset to a diversified portfolio. Obviously, there are risks. Is that what we'll need to be thinking about, or is it something else?

	<ul style="list-style-type: none"> ○ Veghte: It's something else. If it were to pass, it would be to provide guidance to the legislature as to the views of the Commission on whether the legislature should take any action at all. There were some suggestions in the past about some policy reforms, like spousal benefits improvements or increasing the inflation adjustment. The risk management framework suggests that it's advisable that we wait several years before making such changes because we don't know where we stand financially. We thought it would be wise to give the workgroup and the Commission time to discuss the various issues involved, including actuarial considerations, before making any recommendations to the legislature so they can be well-informed should SJR 8201 pass. • Conway: Where are survivorship benefits being discussed? <ul style="list-style-type: none"> ○ Veghte: Spousal benefits and survivorship benefits are similar, but different. Both issues could be discussed in this workgroup, as could the cost and benefits of any other proposals, in a holistic way. • Senator Conway made a motion to establish the SJR 8201 Contingency Planning and Risk Management Framework Workgroup. Mark Stensager seconded. A vote was taken, and there were 10 ayes, 0 nays. The motion passed.
Public Comment	<ul style="list-style-type: none"> • Public comment captured in the table below.
Review Agenda for July 16 th Meeting	<ul style="list-style-type: none"> • Approve 5/28/2025 Commission Meeting Minutes • Receive Program Update • Report out from workgroups <p><u>Open for Discussion:</u></p> <ul style="list-style-type: none"> • Rector: An update on the 3rd option will be added to next meeting's agenda. • Conway: Would like an update on the rulemaking process. ACTION ITEM <ul style="list-style-type: none"> ○ Rector: We will add that to the next agenda.
Wrap Up <ul style="list-style-type: none"> • Action Item Review • Adjourn 	<ul style="list-style-type: none"> • Action items are captured in the table below. • Meeting adjourned at 3:09 pm.

#	Action Items	Lead	Due Date
1	Add a rulemaking update to the agenda of the next LTSS Trust Commission meeting	DSHS staff	July 16, 2025
2	Staff to report back to the Commission on which entity writes the ballot language for SJR 8201	DSHS staff	July 15, 2025

Name	Public Comment
Cathy Knight	<p>I'm with Washington Association of Area Agencies on Ageing (W4A). I want to echo Laura Cepoi's comments on behalf of our association. There's been so much work done and this is so important – the benefit that's going to be available to folks. So, we strongly support the work that's being done to find out to have that flexible option for family caregivers. We've been doing this through the AAAs for years, helping folks figure it out when they want to have that flexibility. I noticed that one of your foundational principles is autonomy and control for the individual. I wanted to reinforce the importance of that work and we're looking forward to the results of your research. Thank you.</p>