What you need to know about WA Cares Fund

- Why do we need a new approach to long-term care?
- What is WA Cares Fund?
- Why is WA Cares good for Washington?
- How does WA Cares support Washington families?
- How does WA Cares work?
- Administration and oversight
- Q&A
We all have care stories in our families

“"I don’t want to be a burden to my adult children. They have their own kids to care for. But I am having trouble getting in and out of the tub and I’m afraid I’m going to fall.

MARI

“"My mother is in her 80s and keeps falling at home. Now she’s broken her arm. She lives alone and there is no family in town to help.

ROBERT
The need for care can come unexpectedly

I work in customer service. I was in an accident and lost the use of my legs. I’ve spent most of my savings on medical bills. I’m worried about how I will pay for care to help me get ready for work in the morning and when I get home at night. I need help every day with things like getting dressed.

My sister was helping me, but she has a job and it puts a great deal of stress on her.

CALVIN
Long-term care can overwhelm a family’s finances

“I turned 50 last year and after caring for my mom, I realized I need long-term care insurance but can’t afford it. It would cost me $2700/year.

CARLOS

“I’ve been struggling to live on my own since my stroke, but my family doesn’t live nearby. I was surprised to learn Medicare doesn’t cover long term care. To qualify for Medicaid, I’d have to spend down my entire life savings to $2,000. I’m worried about losing my nest egg and having to rely on my children for financial support.

LILLIAN
Why families need a new approach to long-term care

It is predictable and expensive
• 70% of those turning 65 today will need long-term care
• Annual cost of home care: $33,66k (20-40 hours/week)

Most Washington seniors can’t afford it
• Median household income: $56,000
• Half have no 401(k) or pension income

Health insurance doesn’t cover it
• Medicare - only in rare situations
• Medicaid - only after you’ve depleted your life savings
When you need care, it affects your loved ones

More than half of working caregivers have experienced impacts to their employment

Almost half have experienced a related financial setback

$303,880 Average lost wages and benefits for caregiver 50+

25% Average percentage of their income caregivers spend on expenses
Family caregiving responsibilities and the workplace

Caregiving has productivity impacts
- 860,000 family caregivers in WA
- Caregivers often have to leave work early or work part-time
- May not be able to take on leadership roles

Caregiving affects workers’ health
- 36% of caregivers say their situation is highly stressful
- Nearly 1 in 4 report their health has worsened since taking on the role
Why does Washington need a new approach to long-term care?

LTSS needs are growing as Washingtonians age and families are less able to meet their needs.

Caregiver support ratio is declining from 7:1 in 2010 to 3:1 in 2050.
Washington needs a fiscally sustainable solution

These costs and their impact on the state budget would have doubled in roughly two decades, along with the increase in our aging population, without a policy intervention.

$6.4 billion

Washington’s budget for long-term care in the 2019-2021 biennium

6.3%

Long-term care spending as a percentage of the state budget
What is WA Cares Fund?

- A universal long-term care program enacted in Washington state
- No one is denied coverage due to health status
- An earned benefit – only those who contribute are eligible
- Self-funded from worker contributions, reducing the need to raise taxes to pay for Medicaid LTSS costs associated with the coming age wave
- Affordable contributions across our careers is a more efficient and effective way to pay for long-term care
- Lifetime maximum benefit of $36,500 (adjusted annually up to inflation)
- Contributions begin 7/1/2023; Benefits begin 7/1/2026
- Workers contribute 0.58% of their wages
The benefit is flexible

• You can spend up to $36,500 on a combination of services and supports.
• The benefit is flexible and you choose how you want to use it.
• You can hire a home-care aide, pay a family member, make home modifications, etc.
Contributing to WA Cares Fund

**Employees contribute 0.58% of wages**
- Premiums go into dedicated Trust Fund used only for this program
- Federal employees are excluded
- Employees of a Tribe are not automatically included
- Self-employed individuals may opt in

**Certain workers can apply for an exemption**
- Workers who live out of state
- Temporary workers with non-immigrant visa
- Spouses of active-duty military
- Veterans with a service-connected disability rating of 70% or greater
- People who had private long-term care insurance before Nov. 2021 (apply by Dec. 2022)

Typical WA Income: $52,075
Typical Contribution: $302/year

0.58% of each paycheck
What do employers need to know?

- Employers collect premiums from employee wages beginning July 1, 2023
  - Quarterly reporting to the Employment Security Department (ESD) begins October 2023
  - Employers who collected premiums based on a January 1, 2022 start date should refund premiums to employees within 120 days from the date of collection
- Workers contribute to WA Cares; employers do not
- Exemption applications are accepted by the Employment Security Department. Employers do not process exemption applications
  - Private long-term care insurance exemptions applications will only be accepted by ESD through December 2022
  - Other exemption applications will be accepted by ESD starting January 1, 2023 and continue ongoing
- Employers collect premiums from all workers except those who have provided confirmation from ESD that they are exempt
HOW WA CARES WORKS

Qualifying and becoming eligible

CONTRIBUTION REQUIREMENTS

Earn coverage by contributing for:

• At least 10 years without a break of five or more years,

  OR

• Three of the last six years from the date of application for benefits;

And work at least 500 hours during the years you contributed.

ELIGIBILITY REQUIREMENTS

Become eligible when:

• You’ve met the contribution requirements

  AND

• You need assistance with at least three activities of daily living such as bathing, dressing, eating, medication management
New coverage pathway for near-retirees

Anyone born before 1968

- Each year you contribute, you earn 10% of benefit amount available any time in your life
- Still qualify for full benefits if you pay in at least three of past six years at time of application
- If you end up contributing for 10 years, you earn full benefits available any time in your life
- To earn a year of contribution, you must work at least 500 hours in that year (1/4 time)
- Benefits available July 1, 2026
Cross agency responsibilities

- Process applications
- Perform care needs assessments & determine eligibility
- Manage providers

- Collect premiums and wage reports
- Determine vesting status
- Process exemptions
- Process requests from self-employed individuals opting in

- Pay providers
- Track benefit usage

- Provide actuarial analysis to assess ongoing Trust Fund solvency
## WA Cares Fund: A smarter, more affordable way to support families with long-term care

<table>
<thead>
<tr>
<th>OLD WAY</th>
<th>NEW WAY</th>
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<tbody>
<tr>
<td>• LTC insurance is unaffordable for most</td>
<td>• <strong>Affordable</strong> LTC insurance for all</td>
</tr>
<tr>
<td>• Fear of not being able to remain in our home as we age</td>
<td>• <strong>Peace of mind</strong> that some help will be available</td>
</tr>
<tr>
<td>• Anxiety around financial and family burdens of one day needing LTC</td>
<td>• Allows families to <strong>focus on care, not money</strong>, when care needs arise</td>
</tr>
<tr>
<td>• Deplete life savings and ultimately rely on Medicaid</td>
<td>• We <strong>choose</strong> whatever mix of family and professional care supports meets our preferences and needs</td>
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Thank You

To learn more, please visit:

WA Cares Fund
wacaresfund.wa.gov

General program questions
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844-CARE4WA

Questions about exemptions
esdgpwacaresexemptions@esd.wa.gov

Questions from employers
paidleave@esd.wa.gov