What is the Long-Term Services and Supports Trust Act (WA Cares Fund)?
This Washington state legislation provides for the nation’s first public State-operated long-term care insurance program, which is funded by a payroll tax on employee wages.

What is long-term care insurance? “Long-term care insurance helps with many medical, personal and social services for people with prolonged illnesses or disabilities. It can include home health care, adult day care, nursing home care and group living facility care.” https://www.insurance.wa.gov/long-term-care-insurance

What benefits are provided under the State’s long-term care program?
Beginning in July 2026, eligible individuals who have vested in the program and have a need for long-term services and supports may begin applying for benefits. If eligible, and if the Department of Social and Health Services (DSHS) determines that an individual requires assistance with activities of daily living, the program provides benefits of up to a $100 a day, up to a maximum lifetime benefit of $36,500 (adjusted annually for inflation). Individuals born before January 1968 can earn a partial benefit of 10% of the full benefit amount for each year they worked at least 500 hours.

These benefits may be used for a range of services, including professional care at home or at a licensed facility; training, pay and support for family members who provide care; memory care; home-delivered meals; rides to a health care provider; adaptive equipment and technology; home safety evaluation; and emergency alert devices.

How much does it cost employees to pay the Long-term care tax?
Beginning July 1, 2023, the State will begin assessing a payroll tax on all employee wages. Unlike other payroll taxes, there is no cap on the wages subject to this tax. In 2023, the rate is $0.58 per $100 of earnings. By way of example, an employee earning $50,000 per year would contribute $290 annually, while an employee earning $150,000 would contribute $870 annually. This rate may increase over time based on the State’s determination.

Who is eligible to receive benefits?
To be eligible for benefits beginning July 1, 2026, an employee must be age 18 or older, must reside in the State of Washington, must be vested in the LTC program, and must establish to the State that they require assistance with at least three activities of daily living. To be eligible for full benefits, individuals must have: 1. paid LTC premiums for either: (a) a total of 10 years (without interruption of five or more consecutive years); or (b) three years within the last six years; and 2. worked a minimum of 500 hours per year during those ten or three years. To be eligible for partial benefits, individuals must have been born before January 1968 and worked and contributed to the fund for at least one year for 500 hours.

Can I opt out of the State long-term care program?
Yes, there are a few provisions that allow for individuals to apply for a permanent or conditional exemption from the WA Cares program:
Private Insurance Exemption

Individuals who have a private Long-term care plan may potentially opt out of the tax and State long-term care program benefits permanently if the individual is 18 years old or older on the date they applied for the exemption, and if the individual attests that they had qualified long-term care insurance in place prior to November 1, 2021.

To opt out of the State’s long-term care program, individuals must apply for an exemption through the Employment Security Department (ESD) website wacaresfund.wa.gov between October 1, 2021 and December 31, 2022. Visit the “Exemptions” section of the website and complete an Exemption Application. Individuals will need to verify their identity and establish a SecureAccess Washington (SAW) account. Individuals may not need to provide a copy of their long-term care insurance policy at this time but may be required to provide it in the future.

After an individual's exemption application is processed, the department will send the individual either: (a) An approval letter stating the individual is exempt from the program; or (b) A denial letter stating the reason for the denial. A determination made by the department may be appealed in accordance with RCW 50B.04.120(2). An individual who is approved for an exemption must notify any current or future employer of their exempt status by providing a copy of their approval letter to their employer. Note: Any exemption approved by the State is permanent, and individuals may never opt back into the State program under the current legislation.

(New) Exemption Options Coming January 1, 2023

Certain workers who would unlikely qualify or use their benefits can request an exemption beginning on January 1, 2023, and will be ongoing:

- Workers who live out of state, workers on non-immigrant visas, and military spouses or registered domestic partners can be granted a conditional exemption*

- Veterans with a 70% or higher service-connected disability can choose to permanently opt out of the program

The Employment Security Department will be developing rules and providing information about what is required for the new exemption groups to apply for an exemption from the WA Cares program. The City will provide updated information once this is made available.

*Note: Workers with these exemptions will begin contributing to the State program if their situation changes and they no longer qualify for an exemption. They are required to notify their employer and ESD within 90 days of no longer qualifying. A discontinued exemption will take effect the quarter immediately following notification and premiums will be assessed. Employees who fail to provide notification will owe any unpaid premiums to ESD. Unpaid premiums will be assessed interest of one percent, compounded monthly, until payment is made in full.

How do I notify the City that I have opted out of the State’s long-term care program?

City employees must submit the exemption approval letter received from ESD to the City’s Benefits Office via email at benefits@cityoftacoma.org. If an employee fails to provide written notification of an approved, effective exemption to the Benefits Office, the City must collect and remit premiums to ESD.
Will there be further guidance regarding this new law?

Yes. The LTSS Trust Commission is currently studying ways to make benefits available to people who qualify for program benefits and then move out of Washington state. The commission will submit this analysis on benefit portability to the legislature at the end of 2022.

The State is still in the process of developing program rules https://esd.wa.gov/newsroom/rulemaking/Ltss. They have also developed a WA Cares Fund website at http://www.wacaresfund.wa.gov/ that has information on the program and tax, which includes a “Learn More” section that offers upcoming State offered webinars and frequently asked questions. You may sign up for email updates at both of these State websites. We will share more information about the plan and tax as it becomes available.