



Washington State's Long-Term Services and Supports Trust Act (LTSS) Frequently Asked Questions (FAQ)

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 January 2025, 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). 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 January 1, 2022, 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 2022, 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.

Can I opt out of the State long-term care program?

Yes. Individuals who have a private Long-term care plan may potentially opt out of the tax and State long-term care program benefits 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. **If approved, an individual's exemption will be effective on the first day of the quarter immediately following approval.**

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. **Please note: Any exemption approved by the State is permanent, and individuals may never opt back into the State program under the current legislation.**

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.

Exemption effective dates. ESD has determined that a premium exemption is effective beginning the quarter immediately following ESD approval. If your ESD exemption letter is effective by January 1, 2022, and is received by the Benefits Office **prior to** January 1, 2022, you will be permanently exempt from paying any WA Cares premiums (payroll tax).

If your ESD exemption letter is received by the Benefits Office on or **after** January 1, 2022, the WA Cares premiums will be deducted from your pay beginning January 1, 2022. You will not be entitled to a refund of any WA Cares premiums deducted before you have notified the Benefits Office and submitted an effective exemption letter from ESD.

For City of Tacoma Payroll purposes, if you properly notify the Benefits Office **prior** to the premium exemption effective date, payroll deductions will stop on the premium exemption effective date. If you properly notify the Benefits Office **after** the premium exemption effective date, payroll deductions will stop once you notify the Benefits Office of your exemption. For example:

- If ESD approves a premium exemption before December 31, 2021, the effective date is January 1, 2022. If an employee notifies the City of Tacoma Benefits Office of the exemption and provides a copy of their ESD approval letter prior to January 1, 2022, the exemption will be in effect as of January 1, 2022.
- If ESD approves a premium exemption before December 31, 2021, but an employee does not notify the City of Tacoma Benefits Office and does not provide a copy of their ESD approval letter until January 10, 2022 (after the effective date of January 1, 2022) nonrefundable premiums will be deducted beginning January 1, 2021, until the employee notifies the Benefits Office and provides the exemption letter.
- If ESD approves a premium exemption during the first quarter of 2022 (January 1, 2022 – March 31, 2022), the exemption would have an effective date of April 1, 2022. If the employee notifies the Benefits Office of the exemption and provides the ESD approval letter before April 1, 2022, payroll deductions would stop as of April 1, 2022. Otherwise, even after the effective date, premium deductions continue until the employee notifies the Benefits Office and provides a copy of the ESD exemption letter.

Who else provides long-term care insurance?

You are encouraged to meet with your financial advisor to determine if a different long-term care plan is right for you and would qualify for an exemption by the Employment Security Department (ESD). At this time, the City does not have a vendor who provides a LTC plan through a payroll deduction. However, due to the impact of this State legislation on the private long-term care insurance market, limiting options for many individuals who are interested in opting out of the State program, the City coordinated to offer an alternative long-term care plan through Trustmark that includes a voluntary-employee paid

individual life insurance policy option that has a long-term care rider.* See the [Trustmark flyer](#) and [sample rate sheet](#) for details on a comparison of this voluntary benefit plan offering compared to the State program. More detailed information was sent out soon regarding this individual voluntary benefit offering and the **Special Enrollment window, was scheduled to take place from September 22 -October 13, 2021.**

*Note: This City of Tacoma coordinated program with Trustmark will not be available to temporary employees and part-time employees working less than 20 hours week. Employees represented by Local 31, Local 6, or Local 26 are not eligible for this program as they already have an offering available through Trustmark through their union affiliations. It will also not be available to employees of Tacoma Public Library as they have a long-term care benefit offering available to them through UNUM and should contact their Human Resources Department with questions.

You are encouraged to carefully explore your options through a spouse or family member's plan offering or union affiliation, consider companies with whom you have an established insurance or financial relationship, or referrals from trusted individuals. Veterans may have options to explore through the federal Veterans Administration. Members of the military may have additional options. You can also find a listing of long-term care insurance companies approved to sell in Washington State on the Washington State Office of the Insurance Commissioners' website <https://www.insurance.wa.gov/long-term-care-insurance-companies-approved-sell-washington-state>

Whether to purchase an alternate long-term care plan or go with the State plan, which includes a payroll tax, is a personal decision each individual will need to research to decide what is best for their own situation. Again, **in order to be exempted from the state payroll tax and State long-term care plan, you must have a qualified long-term care policy in place prior to November 1, 2021.**

Who is eligible to receive benefits?

In order to be eligible for benefits beginning in 2025, 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 become vested in the program, 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. Reference: RCW 50B.04.010(6); RCW 50B.04.050; RCW 50B.04.060.

Will there be further guidance regarding this new law?

Yes. The State is currently 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.