



International Brotherhood of Electrical Workers • Local 46
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TO: All Local 46 Members

RE: Long Term Care Benefit

Hello Union Family!

As you may have heard, Washington State will soon provide a new public benefit for Long Term Care (LTC) that will be funded through an employee payroll deduction beginning January 1, 2022. This benefit will help pay for services and support such as care in LTC facilities, meals, in home care by a family member, memory care and other benefits. Enclosed is a Frequently Asked Question and Answer Sheet to give you more information on this new benefit.

The payroll deduction is .58% of earnings and does not apply when someone is not working. It is possible to opt out of the LTC deduction but only if you have Long Term Care Insurance purchased through an insurer or a LTC rider on a life insurance policy. Not all life insurance companies provide such stand-alone LTC insurance policies or riders. Check the WA insurance website for approved insurers offering LTC plans : www.insurance.wa.gov.

In order to qualify for the opt out exemption, you must have purchased an approved Long Term Care insurance plan **before November 1, 2021**. The time period to file an application to Employment Security Department to get approval for the exemption is between 10/1/2021 and 12/31/2022. You must show your approved opt-out letter from ESD to every employer that you work for going forward. Once you opt out, there is currently no way to opt back in. It's possible the Legislature will adjust the premium requirement or provide another opt out period, but there's currently no information or plan at this time.

For those of you who receive active health coverage through our PSEW Healthcare Trust, there is **NO** ability to opt out using coverage under the Trust Plan. While the PSEW Healthcare Trust Plan provides some at home and extended care benefits, these benefits are not a substitute for the state plan. Only insurance companies approved by the State Insurance Commission are able to sell LTC insurance. We have been told there are very few stand-alone LTC Plans offered by insurance companies in Washington at this time.

Several Public Sector employers (City of Seattle, King County, Port of Seattle) are developing options for employees to purchase LTC coverage, possibly as a rider to life insurance, that could qualify for the exemption to the LTC premium. Public sector employees would have an option to purchase and pay the premiums for the LTC insurance and will not necessarily see a cost savings, even though these LTC plans may provide slightly better benefits for the extra cost.

To find more information about this benefit, what it covers, or to see how to opt out, please check the Local 46 website or these links:

www.ibew46.com

www.wacaresfund.wa.gov

www.insurance.wa.gov

www.esd.was.gov

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WASHINGTON LONG TERM CARE BENEFIT FOR WORKERS
THE WA CARES FUND
FREQUENTLY ASKED QUESTIONS AND ANSWERS

GENERAL

What is the WA Cares Fund?

The WA Cares Fund (<http://www.wacaresfund.wa.gov/>) is a new state public benefit which will help people pay for long-term care, including assistance with eating, bathing, dressing, managing medications, and other activities of daily life. Right now, the only way families can get help paying for long-term care is to spend down to poverty to qualify for Medicaid. WA Cares will help families with these costs regardless of their income or assets.

The WA Cares benefit will allow all beneficiaries access to high quality, trained and certified long-term care providers, and services like installing a wheelchair ramp or grab bars, medical transportation, and respite for family caregivers.

What is the purpose of the WA Cares Fund?

To provide affordable long-term care services for all working Washingtonians in the setting of their choice, whether that be their home, an assisted living facility, an adult family home or a nursing home. Seven out of 10 Washingtonians will need long-term care at some point in their lives, but most do not have enough savings to pay for it.

Medicare does not cover extended long-term care, which leaves most people left to spend down their life savings. Once people are impoverished, Medicaid pays for long-term supports and services.

The WA Cares Fund starts to fix this flawed system by providing financial resources to families quickly. For those who need more extended services, the WA Cares fund will give them time and resources to figure out a longer-term plan.

What benefits are offered by the WA Cares Fund?

The benefit will pay for a range of services and supports, including, but not limited to:

- Professional personal care in your home, an assisted living facility, an adult family home or a nursing home.
- Adaptive equipment and technology like hearing devices and medication reminder devices
- Paying family members (including spouses) to provide care
- Training and support for family caregivers
- Home-delivered meals
- Help planning care transitions home from the hospital or from home to a facility
- Memory care

- Environmental modifications like wheelchair ramps, safety evaluations
- Transportation
- Dementia supports

How Is the WA Cares fund financed?

Beginning January 2022, Washington workers will pay up to \$0.58 per \$100 of earnings (adjusted to inflation), in small contributions in each paycheck, similar to contributions for workers compensation and unemployment coverage. For a worker in Washington who has a salary of \$100,00, the annual premium is \$580.00.

Are the payroll deductions pre-tax?

Yes. You will not pay taxes on the portion of your check withheld for WA Cares Fund.

Will my benefit be taxed as income when or if I use it?

No, you will not be required to pay taxes on the WA Cares Fund benefit.

When do workers qualify to use the WA Cares Fund?

Workers “vest” to use the benefit after making payroll contributions for ten years. Those ten years don’t have to be all at once—workers can take time out from the workforce and pick up their contributions when they return. Part time work can qualify.

There is also a shorter vesting period for people who experience a disability while they are working or right after they stop working. As long as they contribute for three years and start the benefit within three years of their last day of work, the WA Cares fund will help pay for their long-term care needs.

How much does the benefit pay?

Beginning January 2025, each person who is eligible to receive the benefit can access services and supports costing up to \$36,500, enough to pay for four hours of care in the home every day for a year. Families will get to choose how and when to spend the benefit. The benefit will grow to adjust with increases in cost of services and wages.

Can the benefit be used to pay a family caregiver?

Yes. Many people prefer to be cared for by family members, but family caregivers often cut back on work and lose their regular source of income. The WA Cares Fund can help pay family caregivers to offset lost income while they are providing care. The benefit can be used to pay the caregiver of your choosing, including a spouse, as long as they meet training requirements. Training ensures both the caregiver and the person they care for stay safe from infection, lifting injuries, and other caregiving challenges. The WA Cares Fund can cover the costs of training.

Why should I pay into the benefit if I can't use it?

The WA Cares Fund is a public benefit like unemployment, workers’ compensation, public health or the public school system. We all pay in for the public good, even if we ourselves may not use those services. For the system to work, everyone has to pay their share. Contributing to the Fund helps ensure that all Washingtonians have access to affordable long-term care.

INSURANCE AND EXEMPTIONS

What are the differences between private long-term care insurance and the Washington Cares Fund?

People pay WA Cares Fund premiums only when they are working. The premium is a predictable cost of 0.58% of earnings, regardless of workers' ages or health status. People do not have to pay when they are between jobs, out of the employed workforce, or after retirement. As long as they have worked and contributed to the fund for at least ten years, they will be able to count on the WA Cares benefit whenever they need it in the future.

Private insurance companies use "underwriting." This means they will do a physical exam and review health records before offering coverage. People with pre-existing conditions or disabilities may have to pay more or may not be able to get insurance at all. Private insurance premiums often get more expensive over time and when the subscriber's health worsens. When you are participating in the WA Cares Fund, you can add additional coverage through private long-term care insurance at any time.

How does the WA Cares contribution compare to the cost of private long-term care insurance?

WA Cares benefits will be much more affordable than private coverage for almost everyone. An average private long term care policy will cost a single 50-year old man \$1,894 annually, and cost a single 50-year old woman \$2,277 (three to four times more expensive than the WA Cares payments for a median-wage worker). People have to pay monthly without interruption for private insurance until they become disabled enough to use it, often in their mid-80s. If they miss a payment, their insurance is canceled leaving them nothing for all the years they paid in.

Workers who vest in the WA Cares plan by paying in for at least ten years will not have to worry about losing coverage if they lose their job or retire--they will not have to pay anything when they are not working.

Can people use both WA Cares and private insurance?

Yes. People can purchase long-term care insurance to add to their WA Cares benefit. WA Cares may help pay for services during the waiting period built into many private insurance policies. The WA Cares program is helping the insurance industry to develop supplemental coverage to work in coordination with the WA Cares benefit.

Who is exempt from participating in the Fund?

People who bought long-term care insurance before a statutory deadline may apply to the Employment Security Department to be "grandfathered out" and exempted from the WA Cares Fund. ***People who are approved for an exemption will be permanently excluded from the fund and will not have future opportunities to opt-in.***

People who work from tribal employers may be exempt from the fund. Self-employed people are exempt from the Fund, unless they choose to opt-in.

If I have a long-term care insurance benefit provided by my employer, should I opt-out of WA Cares Fund?

It is unwise to opt out of the WA Cares Fund. Many people who opt out are likely to wind up without any coverage at the time they need it. When you leave your job, you will be responsible for paying your own long-term care insurance premiums. Many people don't need long-term care until many years after retirement, and the cost of keeping up payments can be hard on a fixed income.

Private long-term care insurers profit when people drop coverage, which can happen with a single missed payment. People developing dementia are at high risk of losing insurance coverage when they begin having a hard time keeping up with bills.

In contrast, the WA Cares Fund is a public benefit, like Social Security. As long as people contribute at least ten years during their working lives, the WA Cares Fund will be there to help when the time comes.

Is purchasing long-term care insurance more cost effective than paying into the WA Cares Fund?

For the vast majority of Washingtonians, the WA Cares fund will provide a much more affordable and reliable benefit. Anyone considering purchasing long-term care insurance should do their own research to evaluate their individual situation.

Insurance companies are currently marketing policies for the purpose of tax avoidance. Anyone purchasing long-term care coverage should carefully consider their decision, asking whether the policy provides adequate benefits, and whether they can afford to pay premiums, whether premiums will increase in the future, and whether the policy has exclusions that might make it hard to use the benefit.

Can I still participate in the Fund if I have long-term care insurance?

Yes! WA Cares will provide benefits in addition to any private long-term care insurance you have or purchase in the future. You can add additional coverage from private insurance at any time.

Will my long-term care insurance cover the same services as the WA Cares Fund?

Unfortunately, no. One of the reasons the Washington State Legislature passed the Long-Term Care Trust Act in 2019 was because long-term care insurance policies were not meeting the needs of aging Washingtonians, the majority of whom prefer to stay in their homes or communities as long as possible.

Most long-term care insurance plans in Washington only pay for long-term care in nursing facilities. This means people must leave their homes to get the services they need, in a facility that may cost more than their coverage.

WA Cares Fund empowers people to determine how, where, and from whom they receive long-term care. If the person chooses to receive care at home from a family member, the Fund will pay for those services and will even pay for the required training to certify the family member as a long-term care provider. Paid family caregiving is a lifeline for working families, who on average lose \$300,000 in income to stay home and care for their loved ones.

ELIGIBILITY

Who is eligible to receive benefits?

People who have a need for long-term services and supports may begin applying for benefits in January 2025. To qualify for benefits, you must have met the WA Cares contribution requirements by the time you apply. You must also need help with activities of daily living.

To be eligible to receive benefits, you must be over 18 years old, a current resident of Washington, and need assistance with at least three activities of daily living, such as:

- Medication management

- Personal hygiene
- Eating
- Toileting
- Cognitive functioning
- Transfer assistance
- Body care
- Bathing
- Ambulation/mobility
- Dressing

What are the vesting requirements for the benefit?

To qualify for benefits from the WA Cares Fund, you must have worked and contributed to the fund for:

- At least ten years at any point in your life without a break of five or more years within those ten years, or
- Three of the last six years at the time you apply for the benefit, and
- At least 500 hours per year during those years.
- For more information on WA Cares Fund premiums, see RCW 50B.04.080 and RCW 50B.04.085.

If I am fully vested and need to use my benefit, how does the state determine if my current condition meets the criteria for needing long-term care?

Eligibility is not determined by condition, but by how many daily activities you need support with. You must need assistance with at least three activities of daily living. (See list on previous page).

Can you use your benefit to pay for services for someone other than yourself?

No. Only the person that vested in the Fund is eligible to use the benefits.

How are benefits paid out?

WA Cares Fund pays providers of services and/or supports directly. Cash payments are not made to beneficiaries.

What's an elimination period and how long is it?

Elimination period is a term used to refer to the time period between application for benefits and the receipt of benefit payments. WA Cares Fund will make a determination on the individual's application and begin paying benefits within 45 days of application receipt.

Private long-term care insurance companies typically have an elimination period of 120 – 180 days and are known to fight claims for much longer. If a person has both WA Cares benefits and long-term care insurance, the WA Cares benefit could help fill the gap with services during the elimination period.

If I live in a nearby state but work for a Washington employer, will I have to pay into the program? Will I get to use the benefit?

Yes, you will have to pay in if you work for a Washington employer but live in another state. You will only be able to use the benefit if you are a current resident of Washington State at the time you apply for and receive benefits. WA Cares Fund does not pay for services or supports outside of Washington State.

PROCESS AND TIMELINE

When will benefits start being paid out?

WA Cares Fund will start accepting applications for benefits beginning in January 2025.

When will the payroll premium go into effect?

Workers begin vesting through payroll contributions in January of 2022.

I'm nearing retirement, and am required to pay into the Fund, even though I will not meet the vesting requirements to receive the benefits. What options do I have?

You can purchase private long-term care insurance before November 1, 2021 and apply for exemption through the Employment Security Department by December 31, 2022. However, if you are financially able, we encourage you to not opt-out and pay into the Fund to help other Washingtonians who can't afford traditional long-term care insurance policies.

What are my employer's responsibilities under the law?

Beginning Jan. 1, 2022, employers will collect premiums from employees the same way they do now for Paid Leave. The premium is 0.58% (.0058) of wages or \$0.58 per \$100 dollars of wages earned.

Employees may choose to apply for an exemption—if approved, it is their responsibility to notify all current and future employers and provide the approval letter from the Employment Security Department as proof of their exempt status. Once notified, employers must not deduct WA Cares premiums from these workers. Exemptions are permanent and employees may never opt back in, even if they change jobs.

When is the Opt-Out Deadline for Employees?

Employees may choose to “opt-out” of this new mandatory deduction by purchasing their own long-term care insurance policy and then applying for and being approved for an exemption by ESD. Employees must purchase their private policy **before November 1, 2021**, to qualify and must apply for an exemption to ESD between Oct. 1, 2021 – Dec. 31, 2022. After an employee provides the approved exemption, the payroll deduction will stop at the beginning of the following quarter. Exemptions are for life. That means an employee will never have access to the WA Cares Fund benefit once the employee has been exempted.

HELPFUL WEBSITES

www.wacaresfund.wa.gov For more information on the Cares Fund and Long Term Care benefits.

www.esd.wa.gov To find out more about the “Opt Out” process and application.

www.insurance.wa.gov To find out what insurance companies are approved to sell Long Term Care Plans.

www.dshs.wa.gov To find out more information on Long Term Care services.

Credit: The above information was provided by Washington State Labor Council and SEIU Local 775.

¹ Information on this sheet obtained from the LTC Tree Tool Kit, SEIU 775, IBEW 46 Staff, and the WSLC.