

# The votes are in – and it's WA Cares with the win!

Many are aware that Washington implemented **WA Cares**, the first mandatory state long-term care (LTC) program, in 2023. As a reminder, it is funded by a payroll tax on Washington workers' gross wages, without a cap on their contribution to the program. The lifetime LTC benefit amount is currently \$36,500 but will be indexed for inflation. Those who purchased a qualified long-term care product prior to November 1, 2021 were able to request a lifetime exemption from WA Cares and its payroll tax. The one-time exemption window closed December 31, 2022; therefore, Washington workers can no longer opt out of WA Cares.

Few are aware of **Washington State Initiative 2124 (Measure 2124)** which, if it had passed, would have made WA Cares participation optional. This measure would have required WA workers to opt into WA Cares coverage and allow them to opt out at any time. Washington voters rejected this measure 55% to 45%. Initially, there seemed to be strong voter support of Measure 2124, but ultimately, campaigns to defend and explain the need for the WA Cares program were successful. If passed, it would have likely defunded the program and undermined its solvency — at a time when many states are exploring ways to help address long-term care and long-term care spending.

With the WA Cares win and 2024 elections behind us, there is the potential for more activity at the state level. Here is a snapshot of some of the states exploring long-term care initiatives:

**California:** The passage of **California AB 567** in 2019 established the Long Term Care Insurance Task Force in the CA Department of Insurance (DOI), which was charged with exploring the development and implementation of a statewide insurance program for Long-Term Care Services and Supports (LTCSS). At the end of 2023, the Task Force made their final recommendations to the legislature. It included five options for a statewide CA long-term care insurance program, spanning a range of benefits, coverages, and costs. Legislation will be required to establish and implement a statewide LTC program.

**Connecticut:** **Connecticut SB 903** would require the DOI to study the percentage of population using LTCSS and the results may lead to discussions about a state-run LTC program. In 2023, the Aging Committee raised the bill, which received a joint favorable report, but it was tabled by the Senate.

**Hawaii:** **Hawaii HB 2224** passed in July 2024 and is now Act 159. It requires the Executive Office on Aging, in coordination with the State Health Planning and Development Agency, to create a comprehensive long-term care plan to accomplish certain policy goals and help ensure the availability of a full continuum of institutional and community-based services. A report of the findings and recommendations, including any proposed legislation, is due to the legislature before the 2025 regular session convenes.

**Kentucky:** **Kentucky House Joint Resolution** was introduced in February 2024, directing the DOI to create a task force to explore the feasibility of implementing a statewide insurance program for LTCSS.

**Massachusetts:** **Massachusetts HB 652** would create a special commission to make recommendations for establishing a statewide LTC insurance program. A hearing has not been scheduled and the bill was referred to the Committee on Elder Affairs. A 2024 budget bill includes an actuarial study for a statewide program.



**Maryland:** Maryland HB 349 was introduced in January 2024, requiring the Department of Aging to conduct an insurance study on public and private options for LTC needs. In February 2024, the bill was canceled, and the Senate sponsor withdrew the bill.

**Minnesota:** In December 2023, the Minnesota Department of Human Services published a LTC Services and Supports (LTCSS) Initiative Study as part of its “Own Your Future 3.0” initiative. Through a stakeholder engagement process, several recommendations to transform LTCSS access and expand LTCSS funding options in the state were made.

**New York:** In 2024, two bills were introduced. First, the “Long Term Care Trust Act” was reintroduced in January 2024 (Original Bill was introduced in 2022). This proposal closely mirrors the WA Cares program and has been referred to the Senate Health Committee. Companion Bill (A10143) followed in May 2024 which would enact the “New York Long Term Care Trust Act,” establishing a comprehensive state-run LTC insurance program.

**Pennsylvania:** Originally introduced in 2022, HB 844 was reintroduced in April 2023. This legislation establishes a “Long-Term Services and Supports Commission, Long-Term Services and Supports Council and Long-Term Services and Supports Trust Fund.” In its current form, the provisions in the bill mirror the WA Cares program.

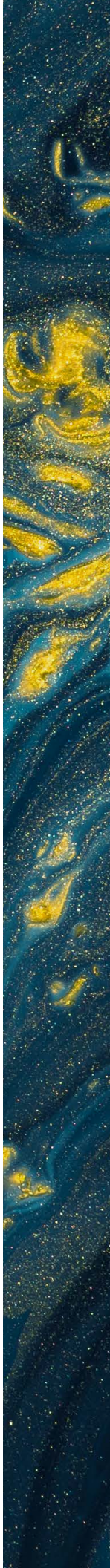
## The status of future LTC initiatives and exemptions

The long-term care funding problem is not going away. Just like financial professionals must help their clients be prepared to pay for long-term care costs, states too need a plan. As America continues to age, it is likely we will see more and more states looking for ways to address long-term care. While some are looking at Washington state for inspiration, lawmakers have many options to consider that may incentivize the purchase of private insurance, prior to any program taking effect. However, it's too soon to speculate how those recommendations may be incorporated into legislation.

Additionally, we may see ongoing incentives to promote the purchase of private insurance. For example, one suggested option in CA is a reduced payroll tax if workers purchase their own qualifying long-term care insurance policy after the state program is implemented – of course this may or may not come to fruition, but it is one of the many options being explored.

The details of any future state program are unknown, and we may not have all the answers until legislation is ultimately passed. Inquiring minds want to know... What products will qualify for an exemption? Will Chronic Illness riders be eligible? Will there even be an exemption? Are there specific features that need to be included, such as inflation protection? How much and what type? Will there be minimum coverage requirements? It is all unclear.

What is clear? Proactive discussions around long-term care must take place when clients are young and healthy enough to have options. Reactive planning is an oxymoron. Making decisions in a time of crisis is challenging and leaves families with limited, and often unfavorable, choices. Regardless of future state LTC programs, clients are at risk if they do not have a plan to pay for long-term care costs – their family is exposed to the consequences of informal caregiving and their financial portfolios are exposed to the consequences of being disrupted to pay for long-term care. It is unlikely any state program will be able to do as good a job protecting both as a plan that is formalized and individualized to align with your clients' goals.



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