

WASHINGTON

EMPLOYMENT LAW

Employee-Paid Long-Term Care Program



HIGHLIGHTS

Key Points

In 2019, Washington enacted the nation's first state-operated program for long-term care benefits.

Employees will pay a payroll tax of 0.58% to fund the program's benefits.

Eligible individuals may receive up to \$36,500 (as adjusted for inflation) to pay for a variety of long-term care services.

Important Dates

Nov. 1, 2021: Employees must purchase long-term care insurance before this date to permanently opt out of program.

Jan. 1, 2022: Employers must begin collecting premiums from employees' paychecks.

Jan. 1, 2025: Eligible individuals can start receiving long-term care benefits.

On May 13, 2019, Washington became the first state in the nation to establish a [state-operated public insurance program to pay for long-term care services](#), to be funded solely through employee payroll assessments. On April 21, 2021, the law was [amended](#) to provide, among other things, a date by which employees must purchase long-term care insurance to permanently opt out of the program. Employees can apply for an exemption from the program if they purchase long-term care insurance before **Nov. 1, 2021**.

Beginning in 2022, **employers must deduct 0.58% of employees' wages** to fund the long-term care program. Beginning in 2025, the program will begin **paying benefits of up to \$100 per day** (adjusted annually for inflation) for a wide range of long-term care services.

To qualify for benefits, an individual must be age 18 or older and have paid the payroll tax for a certain number of years. Also, the individual must need assistance with at least three activities of daily living.

Employers should watch for guidance on the payroll tax from [Washington's Employment Security Department](#) (Department), including requirements for remittance and reporting. The Department has until **Oct. 1, 2021** to conduct outreach to provide employers with educational materials to ensure employees are aware of the program.

BACKGROUND

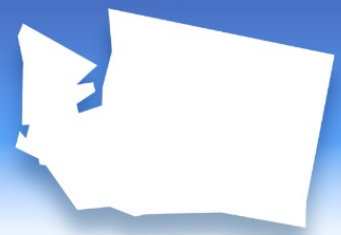
Washington lawmakers enacted the state's new long-term care program to relieve hardship on families and lessen the burden of Medicaid on the state's budget.

Although the majority of people over age 65 will need long-term services during their lifetime, Medicare does not pay for these services. Only a few private long-term care insurance plans are currently available in Washington and this coverage is unaffordable for many people. Without access to insurance, seniors must rely on family caregivers and must spend down their life savings to access Medicaid's long-term care services.

Long-term care services currently comprise 6% of the state's operating budget and this cost is expected to double to over 12% by 2030. The state's new long-term care program is designed to help alleviate these fiscal concerns, while also helping seniors pay for long-term care expenses.

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LONG-TERM CARE PROGRAM

BENEFITS

Effective Jan. 1, 2025, Washington’s long-term care program will provide eligible individuals with **up to \$100 per day** to pay for a wide range of long-term care expenses. This \$100-per-day benefit (or “benefit unit”) is subject to annual adjustments for inflation.

An eligible individual may receive up to the dollar equivalent of **100 benefit units during his or her lifetime** (or \$36,500 based on a \$100 benefit unit).

Long-term care services that are payable under the program include a variety of services in the home (for example, in-home meals, home equipment and necessary renovations), assisted living service and nursing home services. Family members who care for eligible individuals may also qualify for payments under the program.

KEY POINTS: Starting in 2022, employees will begin paying into Washington’s long-term care program through a premium of 0.58% of wages. When benefits become available in 2025, qualified individuals may receive up to \$36,500 (as adjusted for inflation) to assist with a variety of long-term care expenses.

ELIGIBLE INDIVIDUALS

A Washington resident who is **age 18 or older** may qualify for long-term care benefits if he or she paid the program’s payroll tax for the equivalent of:

- A total of **10 years** without interruption of five or more consecutive years; or
- **Three years** within the last six years from the date of application for benefits.

An individual must have worked **at least 500 hours** during each of the 10 years (or three years), as described above.

In addition, to be eligible for benefits, an individual must **require assistance with at least three activities of daily living**, such as eating, bathing or taking medication.

PAYROLL DEDUCTIONS

Beginning Jan. 1, 2022, all Washington employers must begin **payroll deductions of 0.58%** of employee wages to fund the program (\$5.80 for every \$1,000 in income). Employees who purchase private long-term care insurance **before Nov. 1, 2021** can apply for an exemption from the payroll tax.

Employers will remit employees’ payroll contributions to the Department, where they will be deposited in a special trust account. The Department is expected to issue guidance on the manner and intervals for collecting and remitting these contributions. To the extent feasible, the Department must use the assessment, collecting and reporting procedures that apply to the state’s [paid family and medical leave program](#).

Also, self-employed individuals (such as sole proprietors, independent contractors and partners) can elect to pay premiums and participate in the state’s long-term care insurance program, but are not required to do so. Coverage must be elected **before Jan. 1, 2025**, or **within three years of becoming self-employed for the first time**. Self-employed persons that elect coverage must continue to pay premiums until they retire from the workforce or are no longer self-employed (a notice must be filed with the Washington Employment Security Department).