

Employee-Paid Long-Term Care

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.

Employees who have long term care insurance may apply for exemption from the payroll tax

Important Dates

Oct. 1, 2021: Employees with private long term care insurance may start applying for exemption.

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

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

HIGHLIGHTS

On May 13, 2019, Governor Jay Inslee signed a [bill](#) into law that establishes a state-operated public insurance program to pay for long-term care services. Washington is the first state in the nation to establish this type of program, which will be funded solely through employee payroll assessments.

Beginning in 2022, **employers must deduct 0.58% of employees' wages** to fund the long-term care program. Employers are not required to contribute toward the cost of these premiums. Employees who have long term care insurance may apply to the state Employment Security Department (ESD) for an exemption from this payroll tax.

Beginning in 2025, the program will begin **paying benefits of \$100 per unit** (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, a Washington state resident, 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.

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.



LONG-TERM CARE PROGRAM

BENEFITS

Effective Jan. 1, 2025, Washington's long-term care program will provide eligible individuals benefits of **\$100 per unit** to pay for a wide range of long-term care expenses. This \$100-per-unit benefit is subject to annual adjustments for inflation.

An eligible individual may receive up to \$36,500 lifetime maximum benefit.

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 are providing 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 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.

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 receive care in Washington and require assistance with at least three activities of daily living**, such as eating, bathing or taking medication.

EXEMPT EMPLOYEES

Employees that have long-term care insurance may opt out of the program permanently by applying for an exemption. Employees who are 18 years old or older AND who have a private long term care insurance policy issued **BEFORE November 1, 2021** may apply for the exemption through ESD. ESD will accept applications for exemptions from October 1, 2021, through December 31, 2022.

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 have private long-term care insurance in place are exempt from the payroll tax, as long as they have provided timely proof of that insurance.

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.

