

# Frequently Asked Questions about

# WA Cares Fund:

## A long-term care program for Washington Workers

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### Things to know about WA Cares Fund:

#### 1. Why WA Cares Fund?

Long-term care is expensive, it is not covered by Medicare and most of us will not have the savings to pay for it. Seven in 10 of us will need long-term care during our lifetimes and most older adults today end up relying on family members to care for them or impoverishing themselves to qualify for Medicaid. The WA Cares Fund will give Washington workers a choice about how we receive care as we age and a way to help pay for it.

WA Cares Fund is a program for **ALL** workers (not just those in public education) in Washington State. Everyone will automatically be opted-in to participate unless they go through the process to opt-out by enrolling in an approved private LTC plan and apply for an exemption. Do nothing and you will be in the plan.

#### 2. What does WA Cares Fund provide for qualifying individuals?

Beginning January 2025, each person who is eligible to receive the benefit can access services and supports costing up to \$36,500. This benefit will be adjusted for inflation over time. The benefit can be used for a range of services and supports such as:

- 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
- Memory care
- Environmental modifications like wheelchair ramps
- Personal emergency response system
- Respite for family caregivers
- Transportation
- Dementia supports

#### 3. How is WA Cares and long-term care insurance different from long term disability (LTD)?

Long-term care insurance is to provide support and reimbursement for services and support care when an individual is unable to perform the daily functions of life (dressing, bathing, feeding, mobility, etc.).

Long-term disability insurance is to provide wage replacement benefits when an individual is unable to do the basic function of their job for a long period of time, usually 90 plus days.

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Information in this FAQ is compiled by WEA staff and does not supersede information or answers provided directly from WA Cares Fund. The answers provided are the based on the best information we have at the time. It is intended to help WEA members answer questions they may have about WA Cares. It is not intended to give advice. WA Cares Fund has a website, <http://www.wacaresfund.wa.gov/>, that should also be used for gathering information for individual decision making.

#### **4. What are the contribution requirements to be eligible for benefits?**

Only individuals who are working in Washington will pay into the WA Cares Fund. To receive benefits, individuals must meet the contribution requirements by working and paying into the fund:

- At least ten years at any point in your life without a break of five or more consecutive 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](#).

Only hours worked in Washington will count towards vesting.

#### **5. If an employee is not a WA resident (lives in OR or ID), will they still be required to pay this tax when they will not be able to utilize the benefits?**

Yes, at this time all employees of WA companies will be required to pay the assessment unless they take the necessary steps to procure private long-term care insurance prior to November 1, 2021, and are granted the exemption. The commission is currently working on the developing the operating rules, is aware this is a challenge, and is looking at possible solutions. As new information becomes available, we will continue to update members.

#### **6. Will the payroll tax percentage also go up with inflation?**

The WA Cares Fund assessment is capped at \$0.58 per \$100 by law ([RCW 50B.04.080](#)). The law does not provide for an increase above this rate without a change by the legislature. The pension funding council can adjust the rate downward if the plan is stable and able to provide the needed resources for all those who are a part of the plan. For the rate to go above \$0.58, a bill would have to pass the legislature.

#### **7. Is participation in WA Cares Fund required for all workers?**

Yes, all employees in Washington State will be required to participate by this WA Cares Fund by paying a \$0.58 per \$100 in salary assessment. There will be a one-time window of opportunity to permanently opt-out of the WA Cares Fund. You will need to have private long-term care insurance in place by November 1, 2021 and then apply for exemption.

#### **8. How do I opt-out of the WA Cares Fund?**

Opting out of WA Cares Fund is a permanent individual decision and cannot be changed even if you change employers. If you opt-out, an individual will never be able to opt back into the system.

The process for exemptions will be overseen by the Employment Security Department and they are currently creating the rules for this process. To apply for an exemption, you must be over 18 years of age and have purchased a qualifying private long-term care insurance plan before November 1, 2021. Long-term care insurance is defined in [RCW 48.83.020](#). The window for applying to opt-out will occur between October 1, 2021 and December 31, 2022.

Exemptions will take effect on the first day of the quarter immediately following the approval of the exemption and employees are not entitled to a refund of any premium deductions made before the effective date of an approved exemption or notification of an exemption.

It is the employee's responsibility to notify and provide proof of their approved exemption to their employer. The timelines for the opting-out have been established by the legislature. They are the only ones who have the authority to make any changes to the deadlines.

**9. Does the private insurance have to be maintained forever after or could one drop and have no coverage?**

Private long-term care insurance works differently than WA Cares. Most plans require individuals to continue to pay until they need the benefit which may be many years after an individual has stopped working. Right now, there is not a requirement to continue to carry private LTC insurance after the initial opt out window. However, this is a new program and final rules are still being discussed. It also should be noted that individuals that opt-out will not be able to opt back in later.

**10. With the WA Cares Fund, what happens when a member goes on unpaid LOA?**

Individuals are only required to pay into the plan while in a paid status with their employer. If an individual goes on an unpaid leave or separates from employment, they will pause earning credit towards being vested and will not be making contributions to the fund.

**11. I am retired, am I eligible to be a part of the WA Cares Fund?**

Only if you are working 500 hours a year in Washington State and meet the contribution or vesting requirements. (see question 4) This is a program that only workers pay into so when you retire and your income comes from your pension and retirement savings, you will not pay the WA Funds contribution.

**12. If you plan to retire in less than 10 years, do you still have to pay the assessment despite not being able to become vested?**

Yes, all Washington state employees who do not take the necessary steps to opt-out will be required to pay the assessment. While employees who do not work the full 10 years will not be vested, they may still have access to benefits should the need arise if they have worked and paid into the plan for at least three years over a six-year period prior to needing to access the benefits. In addition, you can continue to earn credit towards vesting after retirement from your job if you pick up part-time work in retirement if it is at least 500 hours a year.

**13. My spouse will not be able to get vested - can I use my benefits for their needs?**

No, this is a program for workers and only covers those that pay into the program. Individuals who are not paying into the program would need to have their own private LTC insurance to get benefits.

**14. Often long-term care insurance has a limit to what they will pay per month, would this have a limit?**

The WA Cares Fund does not have a monthly or daily benefit limit. It does have a life-time benefit limit of \$36,500 which is adjusted for inflation over time.

**15. Is there a minimum out of pocket before the WA Cares Fund begins to pay?**

No, there is no minimum out-of-pocket before WA Cares Fund begins to pay. The law requires that payments be made within 45 days of an eligible beneficiary applying for benefits for qualifying services.

**16. If you pay into WA Cares Fund and move to another state after retiring, will you be able to access the program when you need it?**

At this time, benefits are only available to those who reside in Washington state. The commission is currently working on the developing the operating rules is aware of this challenge and are looking at possible solutions. As new information becomes available, we will continue to update members.

**17. I've applied for private LTC insurance in the past and am not eligible for it. Will I be eligible for the WA Cares Fund?**

Yes, the WA Cares Fund provides affordable long-term care coverage at a predictable cost no matter your age or health conditions. There is no medical review process with the WA Cares Fund.

**18. If we don't opt out of the state tax, does that mean it will cover us regardless, or only if we pay the tax and meet a set of standards?**

If an individual is not granted an exemption, employers will begin payroll deductions on January 1, 2022. Benefits will not begin to be available until three years later, January 2025. To be eligible to receive the benefit, you must meet the contribution requirements and need assistance with at least three daily living activities (see [www.wacaresfund.wa.gov/applying-for-benefits/](http://www.wacaresfund.wa.gov/applying-for-benefits/) for examples).

**19. I am physically disabled, and I saw somewhere that one would have to "be insurable" to benefit from the LTC plan. Will I qualify for the WA Cares Fund?**

There is no medical insurability requirement in the WA Cares Fund. All who pay into the system for the required time and who later demonstrate a need for long term care services and support will be able to access these benefits.

**20. Are substitutes who are WEA members eligible to enroll?**

All workers, including substitutes, will automatically be enrolled in the WA Cares Fund program unless they have taken the necessary steps to apply and be granted an exemption. In order for the employee to earn a year of credit towards vesting, the individual must work at least 500 hours.

**21. I currently have a private long-term care insurance. Can I also participate in the state plan?**

Yes, as long as you do not opt-out of the WA Cares Fund, and you meet the contribution requirements for eligibility you will be able to supplement the WA Cares Fund with your private long-term care insurance.

**22. Is there an age limit or cut-off for people participating?**

All workers who have not been granted an exemption will pay the assessment. It is the employee's responsibility to notify an employer if they have documentation granting the exemption and opt-out.

Eligibility for benefits is based on meeting the WA Cares Fund contribution requirements and the need for activities of daily living.

**23. What happens if I change employers in the future, do I continue to earn credit towards vesting or does it start over?**

Yes, the WA Cares Fund is portable between employers because it is a statewide program for all workers. If the employee is working at least 500 hours and did not opt-out during the October 2021 – December 2022 window, they will be able to apply the time worked and paid into WA Care Fund towards meeting the contribution requirement. Even if you work after you have retired from your current job as an educator, if you work at least 500 hours, you can earn a year of credit if you are paying into the WA Cares Fund.

However, if an individual opts-out during the October 2021 to December 2022 window, they will not be able to rejoin the WA Cares Fund later. In addition, it is the employee's responsibility to notify their employer that they have been granted the exemption and provide them with proper documentation.

**24. Will I be able to access my benefit when I have been retired for more than 10 years? Does the benefit ever expire?**

If you are vested in the WA Cares Fund, you will be able to access the lifetime maximum benefit of \$36,500 no matter how many years have passed since you were working and paying into the trust. If you complete 500 hours of work each year for 10 years and pay into the fund, you will be eligible for the benefit if you meet the need for support and services to complete daily living activities.

You could retire at 60 and not need this support until you were 90 and it would still be available. This is different than how most private LTC plans work where you are required to pay the premiums even when you are not working.

**25. What is my fiscally responsible decision regarding this law?**

Each person's decision will be based on their individual facts and choices. We cannot provide recommendations or suggestions on what that will be for each member. You will want to consider:

- How much longer you plan to work?
- Where you plan to retire?
- What the stability of the rates are for any private plan being considered and if you can meet the medical evidence of insurability?
- What level of care you want to have insurance available to provide?

**26. What does it mean to vested in the WA Cares Fund?**

A year of service is earned by working at least 500 hours and paying into the WA Cares Fund. Vesting occurs once you have paid into the fund for 10 years with at least five years being consecutive. Once you are vested, you will have access to the benefit even if you stop working in Washington State for a long time. The benefit does not expire or go away once you are vested.

Employees who have not opted out during this one time permanent opt out window will be required to pay into the WA Cares Fund anytime they are working.

**27. I already have long-term care insurance. Will I have to change to a new private long-term care provider?**

It depends, if you are interested in opting-out, you will need to check to make sure that your current plan is a qualified plan. Long-term care insurance is defined in [RCW 48.83.020](#).

If you are interested in being in the WA Cares Fund, then you will want to confirm that the private insurance works with the state plan. The State plan has already agreed that it will work with other private insurances.

**28. Don't we have Long-term Care (LTC) insurance through SEBB?**

No, SEBB does not currently provide Long-term Care (LTC) Insurance. What is available through SEBB is Long-term Disability (LTD) insurance which is different and provides a benefit if you cannot work. Long-term care is separate and because WA Cares exists, SEBB has decided to **not** provide long-term Care policies as an option.

**29. Can we assert a religious objection to opt-out of WA Cares and without needing to enroll in a private LTC plan?**

No, there are no religious objections for opting out. If you do not want to participate in the WA Cares Fund, you will need to take the necessary steps to secure a private long-term care policy and then apply for the exemptions.

**30. What is meant by being permanent If we are not able to meet the 10-year vesting period before we retire, can we pay for the additional years to be covered?**

Currently, there is not a way for non-workers to pay into to receive this benefit. It is a challenge that the commission is aware is a problem for some workers. This is an area that might be addressed in the future but not before people will have to make the decision on whether to opt out.

**31. What happens if I never use this benefit?**

Like WA-PFML and other types of insurance, if an individual never has need to use the Long-Term Services and Support program, the money will remain in the fund and pay for others in need of the program. WA Cares is intended to provide an additional resource and support to help bridge the gap for those experiencing life debilitating events. It will not replace the need for individuals to save for care as one ages.

**32. How will the state calculate the number of hours worked for the vesting calculation?**

Employers are required to report wages and hours to the Washington Employment Securities Department. WA ESD uses this information to calculate what benefits individuals are eligible. This includes WA Cares.

**33. How does the state calculate the contribution? Is the \$0.58/\$100 applied pre-tax?**

The contribution is based on total wages earned as defined by WAC 192-910-005. Examples of such wages include but are not limited to salary or hourly wages; cash value of goods or services given in

place of money; commissions or piecework; bonuses; cash value of gifts or prizes; holiday pay; paid time off (personal leave or sick leave); severance; and stipends.

Employer paid benefits or supplemental benefits that are not part of the employee's standard compensation are not considered salary for purposes of calculating the WA Care contribution.

Contributions will be calculated on gross, pre-tax wages.

**34. Will the \$36,500 benefit from state be taxable under federal income tax?**

No, money from this benefit will not be subject to federal income tax.

**35. I am a veteran; will I be able to opt out without purchasing a separate private long-term care plan?**

Currently there is not an option for veterans to opt out that we are aware. If this changes or we become aware, we will pass along that information.

**36. How is this different than Social Security, Medicare, or Medicaid?**

**Social Security** is a federal program providing retirement, disability and survivor benefits to wage earners and their family. Eligibility for benefits is based on the wage earner's work history. Pays out even when you are not in need of assistance with activities for daily living.

**Medicare** is a federal health insurance program that provides health care benefits to the following: persons age 65 and older; individuals with certain disabilities that are under the age of 65 years; disabled children of certain wage earners. There are different parts of Medicare to assist with different specific medical services. Requires a hospital stay to be able to have any access to nursing home stay and even then, may not be covered. Often Medicare is supplemented by other health insurance and works in tandem to provide coverage. Does not cover assistance with daily living unless it is directly associated with the need for medical care.

**Medicaid** is a program for low-income and needy people. It provides coverage to children, the aged, and/or disabled, and others who are eligible to receive assistance. It is funded by both federal and state money. Individuals must meet a financial threshold in order to qualify.

**WA Cares** provides a benefit for individuals who have met the contribution requirements and also are in need of assistance with daily living regardless if the individual has been hospitalized or received medical treatment related to the needed assistance. To be eligible individuals must need assistance with at least three activities of daily living. A list of examples can be found on the WA Cares website: <http://www.wacaresfund.wa.gov/applying-for-benefits/>

**37. If I take no action now and am enrolled in the plan in January 2022, can I opt-out later by purchasing private LTC insurance after November 1, 2021?**

No, at this time, the law is written to provide this as a one-time opportunity to opt out by having in place private LTC insurance by November 1, 2021. We are not aware of that there is contemplation of providing any other opportunities for opting out.

**38. Are self-employed people eligible for the WA Cares Fund?**

Yes, there is a process for self-employed people to opt into the WA Cares Fund.

**39. What protects the funds collected for WA Cares from being used for other purposes than paying benefits for those who qualify?**

The law specifically states that these funds cannot be used for other things and that the fund must remain self-sufficient.

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**Things to know about private long-term care insurance:****A. Can I be enrolled and receive benefits from both the WA Cares Fund and private LTC insurance?**

Yes, WA Cares Fund provides a limited lifetime benefit of \$36,500 adjusted for inflation over time. During the 2021 Legislative session the legislature directed the Washington State Long Term Services and Support Commission to work with private LTC providers to develop plans that will work with the WA Cares Fund to supplement the benefit. We can expect that there may be more of these plans available as the WA Care Fund moves forward.

**B. How long does the underwriting process take to enroll in a private LTC plan?**

Most private LTC insurance plans require some type of underwriting process. During non-peak times, that process can take 6-8 weeks. Due to the influx of individuals requesting quotes and starting this process, insurance carriers are suggesting that people begin the process no later than June 30.

**C. What can I expect from the underwriting process?**

Underwriting will require that you complete a questionnaire. In addition, many plans require that a health physical that includes lab work has occurred in the past two years. Premiums and eligibility may vary based on the individual's health and other factors (age, gender, etc.) Some plans have age restrictions. This process can take time. Currently, we are aware that NEA MB providers have suspended accepting new applications. There may still be some LTC plans accepting new applications see more information about this below.

**D. What happens if I opt-out of WA Cares Fund now and the private LTC plan that I enroll in discontinues my policy?**

The decision to opt-out is permanent. Should your private coverage end either by your choice or because an insurance provider discontinues the plan option, you will not be able to opt back in at that time.

**E. Do all LTC plans qualify for exemptions from participating in the WA Cares Fund?**

The Washington State Employment Security Department is responsible for approving exemptions from participating in the WA Cares Fund. To be an approved plan it must be a qualified LTC plan. Contact your insurance company to find out if the product you've bought or want to buy complies with the [Washington Insurance Code \(Title 48\) \(leg.wa.gov\)](#), [Washington Administrative Code \(Title](#)



[284\) \(leg.wa.gov\)](#) and is an approved company through the OIC or Insurance Interstate Product Regulation Commission (IIPRC).

**F. How and when can an employee apply for an exemption from WA Cares Fund?**

Applications for exemption from the long-term services and supports trust program will only be accepted by the Washington Employment Security Department (ESD) from October 1, 2021, through December 31, 2022, per RCW 50B.04.085.

An employee who has long-term care insurance as defined in RCW 48.83.020 and attests to this, may apply for an exemption from the premium assessment under RCW 50B.04.080. Only an employee who is eighteen years of age or older on the date of application may apply for an exemption. The employee must provide identification that verifies their age at the time of application. The department may verify an employee's long-term care insurance coverage and may request additional information from the employee.

If approved by the department, an employee's exemption will be effective the quarter immediately following approval. Applications for exemption will be available on the department's website or in another format approved by the department.

**G. What happens after an employee's exemption application is processed?**

After an employee's exemption application is processed, the department will send the employee either:

- An approval letter stating the employee is exempt from the program; or
- 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 employee 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 the employer.

The employer must maintain a copy of the approval letter provided by the employee.

**H. Where can I find information about private LTC Plans?**

NEA MB LTC Information:

<https://www.neamb.com/products/nea-long-term-care-program>

Info for WA members wishing to opt-out:

<https://www.ltcipartners.com/wea/nea>

**I. Does the private insurance have to be maintained forever after or could one drop and have no coverage?**

See the answer to question #9.

**J. Does the long-term insurance provided by NEA cover those with prior health conditions such as MS or can they deny those with prior conditions?**

Private LTC is medically underwritten, and members can be denied.

**K. If I am under 40, can I buy long term care insurance?**

It will depend on the providers. Currently the providers of private LTC insurance that NEA MB work with have limited plans to those over 40. There may be plans available outside of the NEA MB system that you will want to investigate. WEA does not have a connection to these plans and would advise that members check with financial advisors. NEA MB does have retirement specialist that members can access through NEA MB if you do not have a financial advisor. Check out the NEA MB website for more information.

**L. Can my spouse be included in an NEA MB private long-term insurance as a separate policy?**

Yes, spouses, domestic partners, parents, in-laws and adult children all have access to your NEA MB programs.

**M. If I stop working in education and am no longer an NEA member, can I still access NEA MB private long-term insurance?**

You need only to be a member upon application for the policy. The coverage goes with you even if your membership ends.

**N. Can we use VEBA to pay for private long-term care insurance premiums?**

You may be able to use VEBA to pay for some LTC insurance if it meets the qualifications under the IRS.

**O. How long will I have to pay for my private long-term care plan to access the benefit?**

You must pay until you are eligible for benefits. While you are receiving benefits from the plan premiums are waived.

**P. What is the NEA Long-term Care benefit period?**

With the NEA LTC Program, you design the plan that best meets your needs. You can choose from a wide range of benefit periods and amounts.

**Q. Why are private LTC carriers putting a stop on applications?**

Insurance companies are reporting significant delays in underwriting time. Telephone interviews that often took one or two business days are now taking 2-3 weeks to complete. The time it takes to obtain medical records, already challenged since Covid and taking 45-60 days, are taking even longer now as vendors and providers are inundated with requests. Underwriting times are averaging 120 days. As such, the insurance carriers could not guarantee that the policies would be approved and issued prior to the 11/1 state mandate for LTC coverage.

In addition, insurance providers have significant concern that new LTC policyholders would cancel their coverage as soon as they received their tax exemption. Informal surveys are supporting that concern. LTC plans historically have had very small amount of turnover. An unstable market is not a sustainable business model for insurance carriers and would most likely create an environment of increasing premiums over time or exiting the marketplace altogether leaving the member in a precarious and uncovered situation.

**R. Why can't I find an LTC option though NEA Member Benefits?**

NEA Member Benefits periodically reviews the insurance marketplace to ensure that the programs we offer provide meaningful, competitively priced benefits to NEA Members and their families. When appropriate we look to expand product offerings and partners or make other program changes. For Long Term Care Insurance, we find that the marketplace has continued to become smaller over time as insurance providers exit the marketplace.

In the State of Washington this is more pronounced as we are seeing providers suspend sales, increase minimum coverage requirements, increase premiums and exit the marketplace. The recent legislation in the State of Washington has accelerated this trend.

Insurance carriers for the NEA Long Term Care Insurance Program are not immune to the changing landscape in Washington and our insurance carriers began evaluating their options and suspending sales along with other individual LTC providers. The NEA LTC program stopped accepting new inquiries after July 9<sup>th</sup> and continues to work through all applications received prior to this date.

**S. Where can I find information about my options and plans that might still be accepting new customers?**

Individuals may be able to find a life insurance policy that provides an LTC rider (known as 7702b riders) which will qualify as long-term care insurance for the purposes of the Trust Act. Typically you can't just add the rider to an existing life insurance plan. This means you may have to purchase a new life insurance policy that includes the rider.

There may still be some companies still accepting applications for Long Term Care plans. Keep in mind that the market is highly volatile and processing times are long. Approved plans can be found on the Washington State Insurance Commissioner's website:

[https://www.insurance.wa.gov/sites/default/files/documents/ltc-active-policies-including-riders\\_0.pdf](https://www.insurance.wa.gov/sites/default/files/documents/ltc-active-policies-including-riders_0.pdf)

**T. I have already applied through NEA member benefits, does the suspension of offering impact my prior application?**

No, LTC providers in NEA member benefits continue to work through all applications that were received prior to July 9, 2021.

**Websites and Links for additional resources:**

- **Overview of the WA Cares Fund:** <http://www.wacaresfund.wa.gov/>
  - Washington State - LTSS Supports [one-pager](#)
- **NEA MB LTC Information:** <https://www.neamb.com/products/nea-long-term-care-program>
  - Info for WA members wishing to opt-out <https://www.ltcipartners.com/wea/nea>

**RCWs:**

- [RCW 50B.04.085](#) – Exemptions
- [RCW 50B.04.080](#) – Rate Collection

<https://www.washingtonea.org/membership/nea-member-benefits-june-2021/2021-long-term-care-insurance-information/>