

# Agenda Summary Report (ASR)

## Franklin County Board of Commissioners

<b>DATE SUBMITTED:</b> 4/6/2021	<b>PREPARED BY:</b> Carlee Nave
<b>Meeting Date Requested:</b> 4/13/2021	<b>PRESENTED BY:</b> Carlee Nave and Dave Gyll
<b>ITEM:</b> (Select One) <input type="checkbox"/> Consent Agenda <input checked="" type="checkbox"/> Brought Before the Board Time needed: 20 minutes	
<b>SUBJECT:</b> WA Long Term Care Trust Act and Alternative Voluntary Employee Benefit Plan	
<b>FISCAL IMPACT:</b> Minimal cost to the County for plan administration	
<b>BACKGROUND:</b> In 2019, WA enacted the Long Term Care Trust Act, creating a long-term care insurance benefit for all eligible Washingtonians, funded by worker contributions into a Trust Fund. The funding is in the form of a tax, beginning 1/1/2022, at an initial rate of .58% of earnings with no cap. While the tax deductions begin in 2022, benefits do not start until 1/1/2025.  The Act contains a provision that allows individuals with their own long term care insurance to apply for exemption from the tax. HR has been working with Conover Insurance to identify group long term care insurance plans that would qualify employees to apply for exemption from the tax. The plan we have identified is a group plan that allows for a simplified underwriting process and is fully portable to allow for continued coverage when an employee leaves County employment.  Today's presentation will give an overview of the Act and the plan option we have identified. A decision must be made today as HR 1323, currently moving through the state legislature, could enact a July deadline for obtaining individual coverage in order to apply for exemption from the tax.	
<b>RECOMMENDATION:</b> It is recommended the Board give consensus approval for HR to move forward with offering voluntary long term care plans through Lifesecure.	
<b>COORDINATION:</b> HR has been working with Conover to identify plan options for voluntary, portable plans that would meet the requirements to apply for exemption from the new tax. The plan overview has been presented to the Benefits Committee, and before the abbreviated timeline was introduced, we had hoped to have more robust feedback from employees. The feedback we have received is that this is a worthwhile offering that provides a large benefit to interested employees, at minimal administrative cost to the County.	
<b>ATTACHMENTS:</b> (Documents you are submitting to the Board)  1. Presentation from Conover Insurance	
<b>HANDLING / ROUTING:</b> (Once document is fully executed it will be imported into Document Manager. Please list <u>name(s)</u> of parties that will need a pdf) n/a	

*I certify the above information is accurate and complete.*

Carlee Nave

Carlee Nave, HR Director



# FRANKLIN COUNTY

APRIL 13, 2021 COMMISSIONER MEETING

LONG TERM CARE ACT AND CONOVER LONG TERM CARE PROGRAM



# WHAT IS LONG TERM CARE?

- Long Term Care is the assistance a person may need with basic Activities of Daily Living.
  - Eating
  - Bathing
  - Dressing
  - Transferring
  - Toileting
  - Contenance
- The need for Long Term Care may develop from Accidents, Illness, Stroke or Advanced Age or Chronic conditions such as Alzheimer's, Dementia or Parkinson's Disease.

# WHAT IS LONG TERM CARE?

- Where can Long Term Care Be Provided?
  - In Your Home
  - At an Adult Day Care Center
  - In an Assisted Living Facility
  - In a Nursing Home
- Long Term Care primarily consists of Personal Care rather than Medical Care.

# WASHINGTON STATE LTC TRUST ACT

## OVERVIEW OF LTC TRUST ACT

- ▶ The Long-Term Care Trust Act goes into effect starting January 1st, 2022
- ▶ Mandatory program for all W-2 employees who work 500+ hours per year and do not hold a Long Term Care Insurance Policy
  - An initial premium rate will be 0.58% of the individual's wages (or \$0.58 for each \$100 earned)
  - Wages will be taxed without limitation or capped amount (The more you earn the more you pay)
- ▶ Maximum lifetime benefits are \$36,500 per person (adjusted annually) for vested individuals

Salary	Tax	Annual Deduction	Benefit Amount
\$50,000	0.58%	\$290.00	\$36,500
\$60,000	0.58%	\$348.00	\$36,500
\$75,000	0.58%	\$435.00	\$36,500
\$85,000	0.58%	\$493.00	\$36,500
\$100,000	0.58%	\$580.00	\$36,500
\$120,000	0.58%	\$696.00	\$36,500

# OVERVIEW OF LTC TRUST ACT

- Benefits for approved services will become available starting on January 1, 2025
- An “eligible beneficiary” of the program is a qualified individual who is vested:
  - 18 years or older and was not disabled before the age of 18
  - Meets the requirement for assistance with ADLs and has not exhausted their lifetime benefits
  - Must pay premiums 3 years of last 6 years or 10 years of premiums with 5 consecutive years of payments to receive benefits.
- Benefits will not be available to individuals who:
  - Who are permanently retired and unable to vest into the program
  - Are not residing in Washington State when qualified to receive benefits, regardless if vested in the program
- ▶ Limited opt-out period for individuals
  - Individuals who own their own “long-term care insurance” can apply for an exemption from the premium tax

# WHAT QUALIFIES AS LTC INSURANCE

- RCW 48.83.0201 enacted by the Washington State Legislature defines “long-term care insurance” for Washington state (not federal) purposes. Included in the definition are the following types of insurance:
  - Long-term care riders on life insurance and annuities
  - Qualified long-term care insurance contracts
  - The long-term care riders or policies purchased under **group coverage**
  - While not called out specifically in RCW 48.83.020, the general definition might include some chronic illness riders, depending on their structure

# OPTING OUT OF THE PROGRAM

- An employee who attests they have “long-term care insurance” has the option to apply for an exemption from the premium tax.
  - Once the employee is determined to be exempt, they are permanently ineligible for coverage
- Currently, the employment security department will accept applications for exemption from October 1st, 2021 till December 31st, 2022
  - As the tax is assessed through payroll deductions, it is the responsibility of the exempt employee to provide written notification to all current and future employers of an approved exemption
  - This timeframe for exemptions is still unsettled due to HB 1323



# WHY IS LONG TERM CARE INSURANCE IMPORTANT

- LTC insurance is the best way to protect your retirement from unexpected health costs
- LTC costs can be the biggest threat to retirement assets that most individuals face
- Having LTC Insurance gives you the ability to choose where you receive your care, whether that is in your home, or in an Assisted Living Facility without putting financial burden on family members

# HOW MUCH DOES CARE COST\*

<u>Type of Care</u>	<u>Median Rates*</u>	<u>Average Annual Costs*</u>
Home Care	\$5,520 per Mo.	\$66,238 (40 Hrs./Wk.)
Assisted Living	\$5,000 per Mo.	\$60,000
Nursing Home	\$9,869 per Mo. (Private Room)	\$118,424

\*2020 Genworth Cost of Care for Central Washington



# CONOVER'S LTC PROGRAM

# LIFESECURE LONG TERM CARE

- ▶ Subsidiary of Blue Cross & Blue Shield of Michigan
  - Founded in 1954
  - A- Rated (AM Best)
- ▶ Leading Carrier of Worksite Long Term Care
- ▶ 100% Voluntary
- ▶ Administrative Simplicity
  - Employer Administrative Portal
  - Educational Resources
  - Simplified Underwriting
  - Claims Support Team
    - Lifesecure + Licensed Agents + Conover Insurance

# LIFESECURE LTC INSURANCE

- Plan Features Include:
  - WA State Department of Insurance Approved
  - Issue Ages 18 through 69
  - Simplified Underwriting – Initial enrollment only
  - Unisex Rates
  - 10% Spousal Discount if applying together
  - Policies are portable
  - Compound Inflation Riders available
  - 90 Day Benefit Waiting Period
    - 0 Day if triggered by Accident or Stroke
  - Waiver of Premium while on claim

# LIFESECURE BENEFIT TERMS

- ▶ **Benefit Bank** is the available lifetime dollar benefit. The Benefit Bank is reduced by any benefit paid.
- ▶ **Monthly Benefit** is the maximum monthly reimbursement for qualified Long Term Care services for care at home from a Home Care agency, an assisted living facility or nursing home.
- ▶ **Cash Alternative** is the monthly maximum that can be used for informal caregivers such as family or friends.

# LIFESECURE PLAN CHOICES

<u>Benefit Bank</u>	<u>Monthly Benefit</u>	<u>Cash Alternative</u>
\$50,000	\$1,000	\$300
\$100,000	\$2,000	\$600
\$200,000	\$4,000	\$1,200
\$300,000	\$6,000	\$1,800

# LIFESecure SAMPLE RATES

## Unisex LifeSecure Monthly Rates – No Inflation Protection

Age	\$50,000	\$100,000	\$200,000	\$300,000
40	\$28.42	\$40.17	\$68.00	\$97.92
45	\$31.50	\$47.42	\$83.75	\$121.58
50	\$36.17	\$58.17	\$106.42	\$155.50
55	\$42.92	\$73.17	\$138.08	\$203.50
60	\$53.17	\$96.83	\$191.33	\$284.67

## Unisex LifeSecure Monthly Rates – 3% Inflation Protection

Age	\$50,000	\$100,000	\$200,000	\$300,000
40	\$80.42	\$113.67	\$192.44	\$277.10
45	\$81.90	\$123.28	\$217.75	\$316.12
50	\$84.99	\$136.69	\$250.08	\$365.42
55	\$91.41	\$155.85	\$294.12	\$433.46
60	\$102.08	\$185.92	\$367.36	\$546.56



# LIFESECURE SAMPLE RATES

## Unisex LifeSecure Monthly Rates – 5% Inflation Protection

<b>Age</b>	<b>\$50,000</b>	<b>\$100,000</b>	<b>\$200,000</b>	<b>\$300,000</b>
40	\$147.77	\$208.87	\$353.60	\$509.17
45	\$149.94	\$225.70	\$398.65	\$578.74
50	\$152.26	\$244.88	\$448.01	\$654.65
55	\$154.93	\$264.13	\$498.48	\$734.64
60	\$158.97	\$289.53	\$572.09	\$851.15

# SPECIAL LTC ENROLLMENT PLANNING

- ▶ Identify Implementation Date
- ▶ Memorandum of Understanding
- ▶ Group Census
- ▶ Employee Education (30 days)
- ▶ Open Enrollment (60 days)
- ▶ Application Review (2 weeks)
- ▶ Health Underwriting (4-6 weeks)
- ▶ Participation requirements



- Questions?