



## Long Term Care – Employee FAQ

May 2021

As of 1/1/2022, the state is requiring a new payroll deduction to be paid by all W-2 employees. This will fund a new state-run benefit for long-term care services. There is time for employees to opt out of the state program, but it means purchasing a long-term care insurance policy by 10/31/2021.



### What is long-term care?

It is estimated that at some point, 70% of us will need long-term care. This could be **care in a facility** (such as a nursing home, assisted living, or adult family home) or care at home. **Home care services** include:

- ▶ home therapy
- ▶ adult daycare
- ▶ home modifications, such as widening doors for a wheelchair
- ▶ assistive technology, like pill-dispensing machines or blood pressure monitors
- ▶ meal delivery services
- ▶ transportation to doctor visits

### What is the payroll tax?

The tax is **0.58% of payroll**. For every \$10,000 in wages you earn, you will pay \$58 to the state for this program.

The tax will apply to your base salary as well as other earnings like commissions, bonuses, and overtime. Tips will not be taxed.

### What are the benefits of the state program?

Once you qualify for benefits, you would be eligible for up to **\$36,500 per lifetime** in covered long-term care services. At today's cost of care, this would coverage an average of 1 ½ years of home care, or about ½ year of in-facility care.

### How will I qualify for benefits?

When you need to use these long-term care services, you must be a **resident of Washington** State, you'll need to be **"vested"** in the program, and you'll need to have a **loss of three "activities of daily living"**.

### When will I be "vested" in the program?

There are two vesting schedules, providing two different ways you can qualify for benefits.

- ▶ **Permanent vesting:** Once you have paid into the program for at least 10 years, with 5 of those years being consecutive, you would be permanently "vested".
- ▶ **Temporary vesting:** If you need benefits before becoming permanently vested, the state will look back 6 years from the date you apply for benefits. If you have paid in for at least 3 of those 6 years, you would be eligible for benefits.

You will need to **work at least 500 hours in a year** for that year to count toward your benefits "vesting".

### What are "activities of daily living"?

These are skills required to manage your basic physical needs. These include personal hygiene, dressing, bathing, etc.

### How can I opt out of this state program?

To opt out, you need to **purchase long-term coverage by 10/31/2021** (if you do not already have LTC coverage). Then you will need to **apply for a waiver by 12/31/2022**. There will only be this one opt-out window.

More information about a voluntary long-term care insurance option will be provided shortly. Rates will be based on your age, whether you have used tobacco within the last 12 months, and the amount of coverage you would like to elect.