



WA CARES WEBINARS

Long-Term Care Planning for Near-Retirees

August 31, 2022



What we'll cover

Host

Kristen Maki

Community Relations & Outreach
Program Manager, WA Cares Fund

Agenda

- Introductions
- Why we're here
- Panelist remarks
- Discussion and audience Q&A
- Closing

Panel

Laura Cepoi

Executive Director, Olympic Area
Agency on Aging

Cathy MacCaul

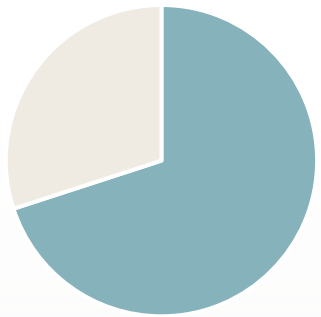
Advocacy Director, AARP
Washington

Ben Veghte, Ph.D

Director, WA Cares Fund

Preparing for future long-term care needs

Long-term care: Help with activities of daily living like bathing, eating & dressing



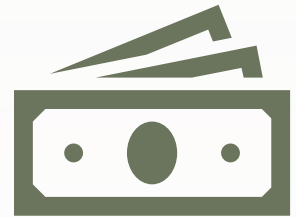
70%

will need long-term care at some point in their lives



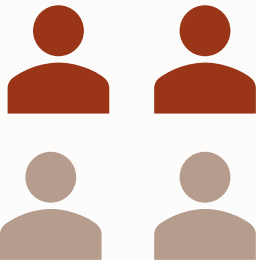
\$33,000

Annual cost for 20 hours of home care per week



\$56,000

median household income for Washington seniors



Half

have no 401(k) or pension income

Remarks from panelists



Families are the backbone of Washington's care system

- At some point each of us will likely take care of somebody we are close to who needs help
- More than 828,000 Washington residents help their aging parents, spouses and other loved ones
- That's the equivalent of \$10.7 billion dollars in unpaid care -- five times what Medicaid spends on LTSS each year
- The cost to family caregivers:
 - On average family caregivers spend about 20-percent of their income on out-of-pocket caregiving costs
 - More than 50% of unpaid family caregivers have had negative consequences at work, including demotions, job loss or loss of wages.
 - 1 in 6 people leave the workforce entirely.
 - The demands of unpaid caregiving can contribute to generational poverty.
 - Unpaid caregivers have higher rates of depression, poor physical health and higher rates of chronic diseases when compared to non-caregivers.

WA Cares \$36,500 makes a difference (fully vested)

- That's enough for:
 - ✓ Average of 25 hours per week of in-home care for a year by a family member
 - ✓ 6 to 12 months in a residential care such as an adult family home or assisted living
 - ✓ 5 to 6 months in a nursing home
 - ✓ Supporting a family caregiver and home modification

The cost of care

- Many adults will start paying with their own savings, a retirement fund or the money from selling a home. Most will pay with Medicaid, often by spending down their assets to reach income guidelines.
- There are “look back periods” in the eligibility guidelines for Medicaid.
- Long-term care is expensive. Based on 2021 national data, the median nursing home room costs \$9,034 a month and \$4,500 for a one-bedroom unit in assisted living. A home health aide costs \$5,148 or more per month.

Tools to Help You Plan

- [AARP.org/caregiving](https://www.aarp.org/caregiving)
- www.dshs.wa.gov/ALTSA
- Community Living Connections
- [AARP.org/preparetocare](https://www.aarp.org/preparetocare)

How private long-term care insurance works

Private policies available now

Make sure you understand the policy:

- **What it covers** – type of care setting
- **When coverage starts** – elimination period when you are responsible for costs
- **When you qualify for benefits** – if you need help with certain number of daily activities

Premiums for private policies:

- Can be very expensive and continue into retirement
- Higher for women, pre-existing conditions, family histories of certain conditions

Find resources at **insurance.wa.gov**.

WA Cares supplemental policies

Workgroup focused on developing market for supplemental private policies

Primary goal: Support Washington's middle class in accessing affordable private long-term care insurance supplementing WA Cares

Developed recommendations and presented to LTSS Trust Commission last month

Stay updated on latest developments by signing up for emails at **wacaresfund.wa.gov**.

How WA Cares Fund works

- Universal long-term care program in Washington state
- Earned benefit – only those who contribute are eligible
- Self-funded from worker contributions
- Only pay in while you're working
- Everyone covered at same rate regardless of pre-existing conditions
- Reduces need to raise taxes to pay for Medicaid long-term care costs as population ages
- More efficient and effective way to pay for long-term care

Contributions

0.58%

Amount workers contribute from wages



Contributions begin

Benefits

\$36,500

Lifetime maximum benefit (adjusted annually up to inflation)



Benefits available

Contributing to WA Cares Fund

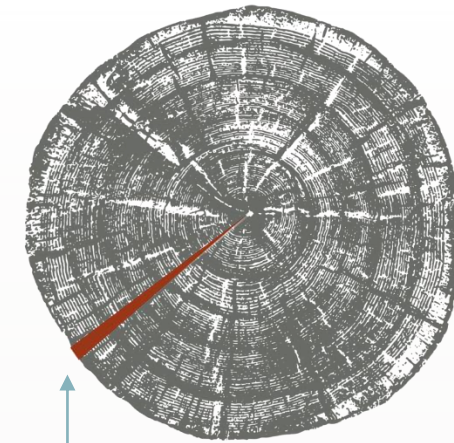
Employees contribute 0.58% of wages

- Premiums go into dedicated trust fund used only for this program
- Federal employees excluded
- Employees of Tribes not automatically included
- Self-employed individuals can opt in

Certain workers can apply for an exemption

- Workers who live out of state
- Temporary workers with non-immigrant visa
- Spouses of active-duty military
- Veterans with service-connected disability rating of 70% or greater
- Workers who had private long-term care insurance before Nov. 2021

Typical WA Income: \$52,075
Typical Contribution: \$302/year



**0.58% of each
paycheck**

Affordable contributions across your career

\$35,000 annual salary	
Each year	\$203
Over 10 years	\$2,030
Over 20 years	\$4,060
Over 30 years	\$6,090

\$50,000 annual salary	
Each year	\$290
Over 10 years	\$2,900
Over 20 years	\$5,800
Over 30 years	\$8,700

\$75,000 annual salary	
Each year	\$435
Over 10 years	\$4,350
Over 20 years	\$8,700
Over 30 years	\$13,050

\$36,500 benefit amount will be adjusted annually up to inflation.

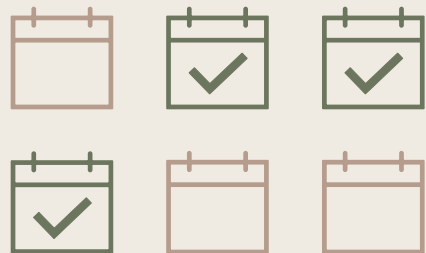
Comparing long-term care insurance

WA Cares Fund	Private long-term care insurance
Make affordable contributions only while working	Continue paying high premiums while retired
Contribute same low percentage of income across your career	Premiums often go up significantly over time
Men and women pay the same rate	Women pay up to 50% more for the same coverage
Everyone is covered at the same premium rate regardless of pre-existing conditions	People with pre-existing conditions or family history of dementia are often denied coverage or pay much more
When you need care, get unlimited access to your benefits right away	Pay out of pocket, typically for 3 months, before you can use your benefits, then often daily or monthly caps on usage

Qualifying for coverage

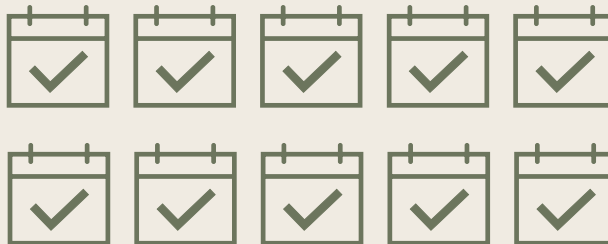
Early access to full benefit

Contributed at least **3 of the last 6 years** at the time you apply for benefits



Lifetime access to full benefit

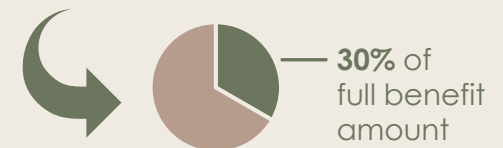
Contributed for a **total of 10 years** without a break of 5+ consecutive years



NEW FOR NEAR-RETIREES

Lifetime access to partial benefit

People born before 1968 earn **10% of benefit amount** for each year worked



To earn benefits, must work at least 500 hours per year (about 10 hours per week)

The benefit is flexible

Up to **\$36,500** for any combination of services and supports, including:



Professional care at home or in a facility



Adaptive equipment & technology like hearing or medication reminder devices



Training & paying family member or friend to be your caregiver



Home-delivered meals



Home safety evaluations & environmental modifications like wheelchair ramps



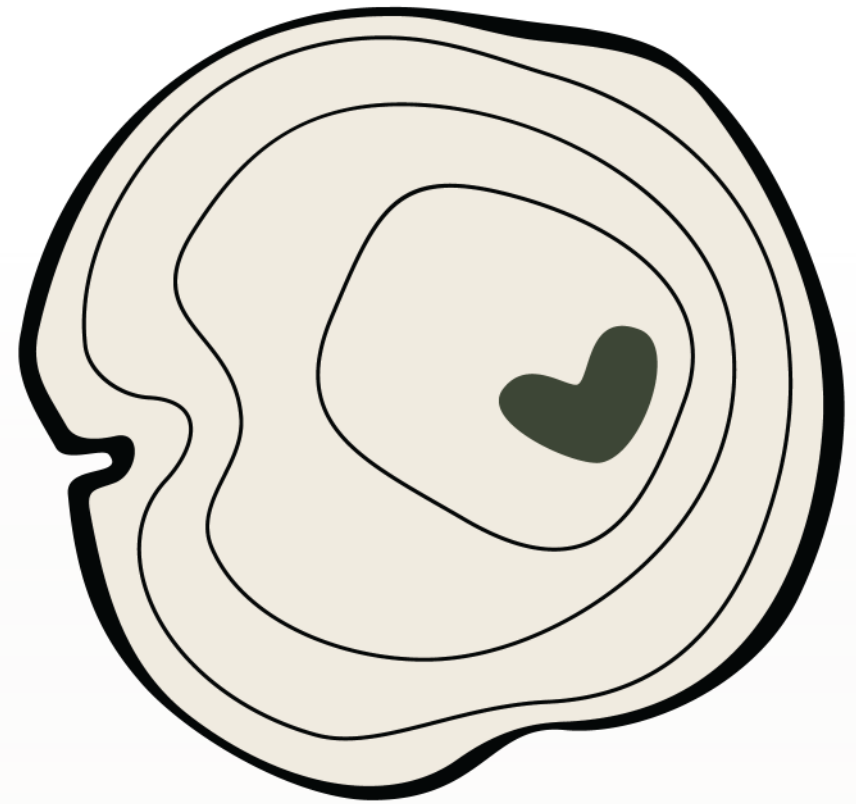
Support & respite for family caregivers



Transportation

Must need help with **3 activities of daily living** like bathing, dressing, eating, medication management

Audience Q&A





Thank you

For a recording of this webinar and other resources, visit wacaresfund.wa.gov/learn-more

Join us in September for a conversation about **cultivating a new generation of caregivers.**

Contact

wacaresfund@dshs.wa.gov

844-CARE4WA