



LTSS Trust Commission Meeting



Meeting Guidelines

Commission Members

- Please turn on video
- Stay muted unless talking
- Encourage active participation
- Raise hand to speak if necessary

Audience Members

- Opportunity to provide public comment later in the meeting

**WELCOME &
CALL TO ORDER**

Meeting Goals

- Listen to Understand
- Approve Consent Agenda
- Receive Program Update
- Minimum Provider Qualifications: Vote on Workgroup Recommendations
- Portability Cost Offsets: Vote on Workgroup Recommendation
- Benefit Eligibility Workgroup: Vote on Workgroup Recommendations

Approve Consent Agenda

- 7/25/2023 Commission meeting minutes
- 2024 Commission Meeting Schedule
 - May 1st from 1:00 pm – 4:00 pm
 - July 10th from 1:00 pm – 4:00 pm
 - September 11th from 1:00 pm – 4:00 pm
 - October 30th from 1:00 pm – 4:00 pm
 - December 11th from 1:00 pm – 4:00 pm

WA Cares Fund Program Refresh

Program timeline

2014

Research on policy options for long-term care

2019

Legislature passes LTSS Trust Act & governor signs into law

2021

Legislature improves coverage for adults with disabilities that onset prior to age 18

2022

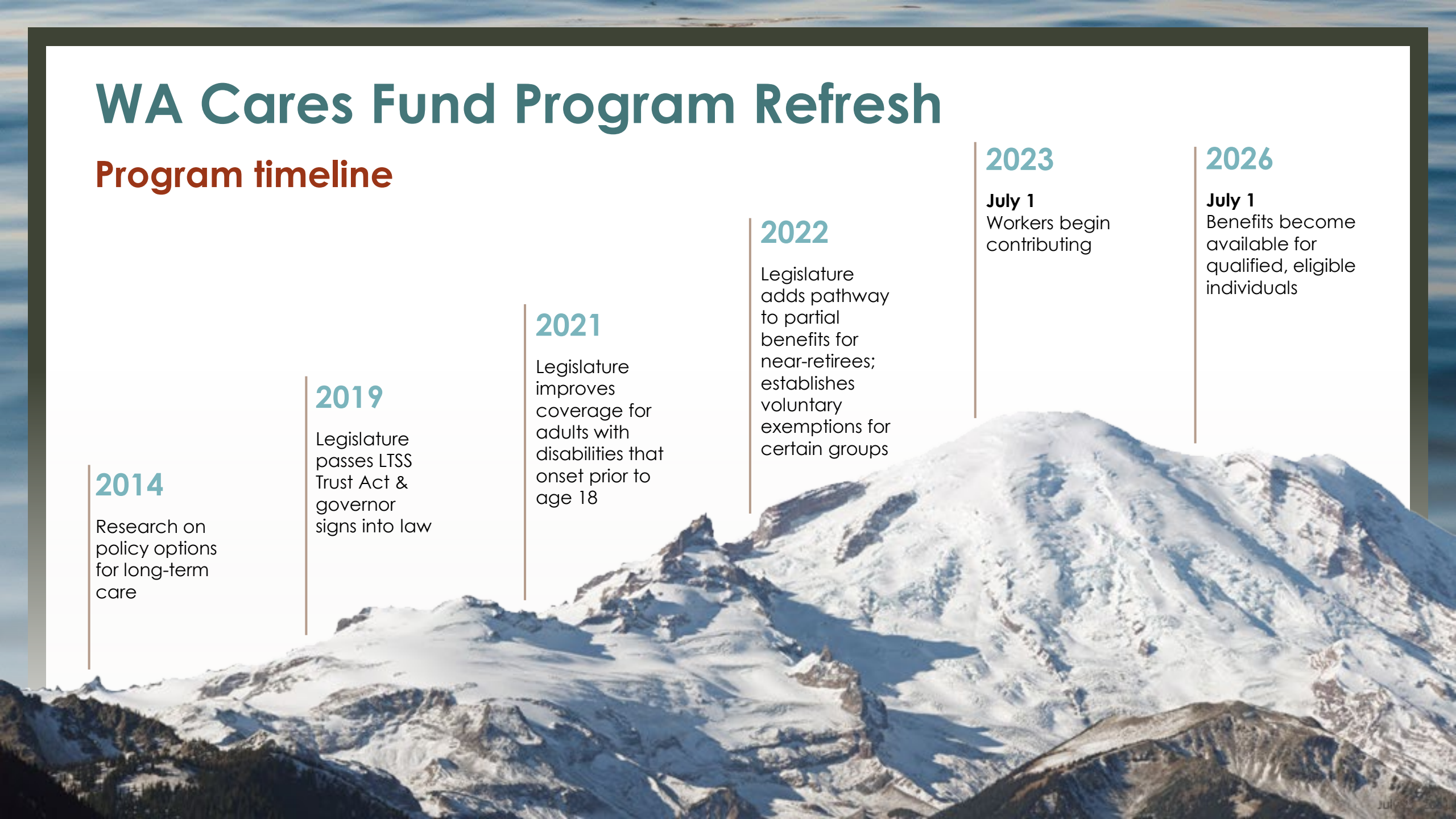
Legislature adds pathway to partial benefits for near-retirees; establishes voluntary exemptions for certain groups

2023

July 1
Workers begin contributing

2026

July 1
Benefits become available for qualified, eligible individuals



WA Cares Fund Program Refresh

Key program details per current statute (RCW 50B.04):

- **Premium rate** - \$0.58 cents for every \$100 earned
 - **Lifetime benefit maximum** –\$36,500, adjusted annually up to inflation, paid directly to providers
 - **Three pathways to qualified individual status**
 - Contribute 10 years without interruption of five or more consecutive years
 - Contribute 3 of the last 6 years from the date of application for benefits
 - For near-retirees (born before 1968): contribute at least one year, earning one-tenth of the lifetime benefit amount for each year contributed
- A person must work 500 hours during a year to receive credit for a qualifying year
- **Eligible beneficiary**
 - A qualified individual who requires assistance with at least 3 activities of daily living (i.e., bathing, dressing, eating, ambulation, medication management, toilet use, transfer, etc.)

Meeting Presentations

Program Update, Finance Update, Report out from Minimum Provider Qualifications Workgroup, Report out from Portability Cost Offsets Workgroup, and Report out from Benefit Eligibility Workgroup

ESD Communications to Farmworkers

ESD outreach

- Since June: 18 virtual and 4 in-person presentations to employers and workers, including farmers and farmworkers

Outreach partners

- Joint L&I community relations/ASWS compliance team
- MSFW Outreach Program (WorkSource)

Spanish radio ads

- Broadcast in areas with large populations of migrant farm workers

Press releases

- Early June and early July
- Targeting all markets in WA and border markets in OR and ID

ESD Communications to Self-Employed Workers

Self-employed worker outreach

- Self-employed elective coverage webpage
- ESD Employer Newsletter
- Employer webinars
- Increased promotion after Oct. 1

Support for individuals who have elected coverage

- All support given to larger employers
- Informational newsletter
- Postal mailer

DSHS self-employed communications

Partnerships

Leveraging state agency networks

- Department of Commerce
- Department of Revenue
- Department of Labor & Industries
- Secretary of State

Outreach to professional organizations

- Associations for entrepreneurs, business owners and small businesses
- Associations for industries with a high number of self-employed people (such as agriculture, construction, sales)

Communications

Joint with ESD

- Handout on self-employed opt-in
- Webinar for self-employed
- Web content

Other efforts

- WA Cares monthly newsletter content
- WA Cares Basics presentation slide
- Boosted Facebook posts
- Outreach to media outlets and journalists focused on related issues

Meeting Presentations

Finance Update

Finance Update

Presentation to: LTSS Trust Commission

Luke Masselink, Senior Actuary



As Premium Collections Begin, You May Be Asking Yourself...

How much money was collected?

How many workers are paying into the program?

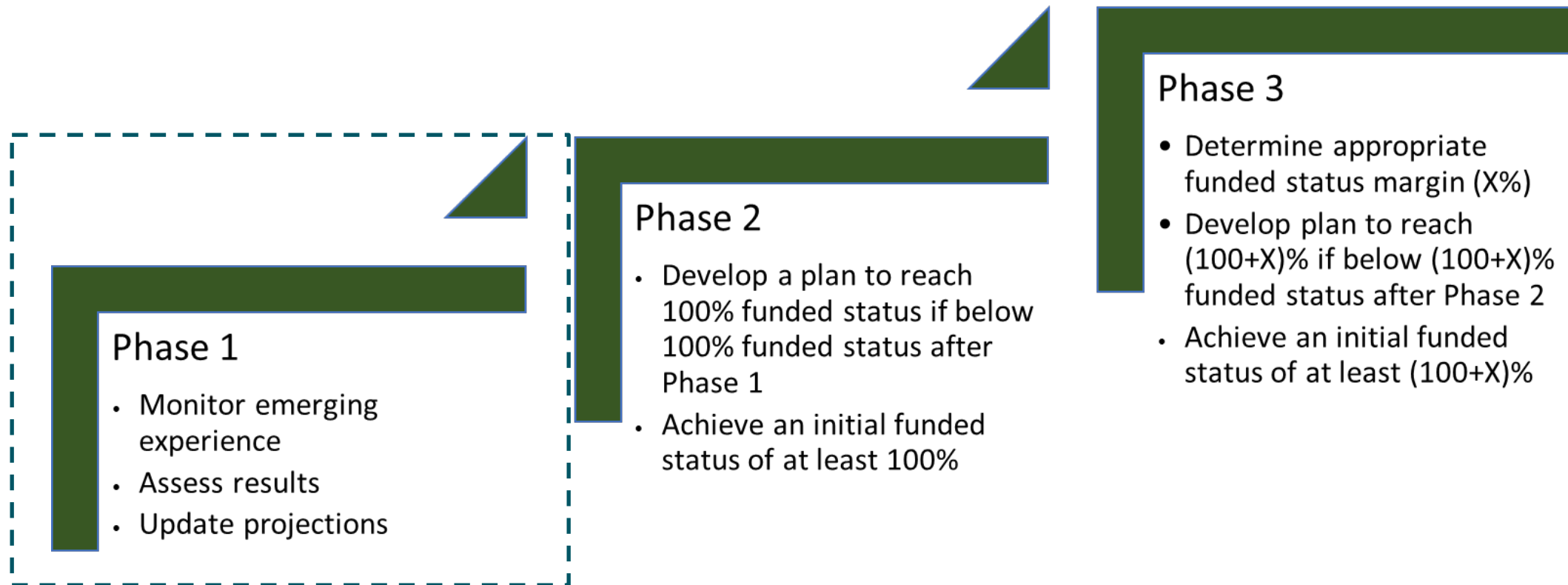
How closely does this match what was assumed?

Is it better or worse?

How does this change the program's financial outlook?

What Is OSA Going to Do With Early Program Experience?

- Program currently in Phase 1 of risk management glidepath
 - Phase 1 expected to last until at least 2028
 - OSA will monitor data and update projections



When Will Updated Program Projections Be Available?

- Milliman's next baseline analysis anticipated in fall of 2024
 - Will include emerging experience as well as any program changes made during upcoming Legislative session
- OSA prepares regular reports which will include takeaways from recent analysis, commentary on actual experience and recommendations on achieving and/or maintaining trust solvency
 - Annual Solvency Report
 - Biennial actuarial reporting beginning in 2025 will include, but not be limited to, commentary on actual experience versus assumed
 - Throughout Phase 1, OSA will monitor actual experience and we will alert you if incoming data is concerning from a program solvency perspective

How Will Early Program Experience Impact Future Projections?

- Future actuarial analysis/program projections will include emerging experience
- Premium revenue is one of many variables in a 75-year projection
 - Higher/lower initial premium revenue versus what was assumed does not automatically mean financial projections will improve/worsen
- Assumptions may also change based on that experience, however this will only happen when there is sufficiently credible experience
- It may take several years of data before that happens
- This is consistent with Phase 1 of the RMF

Questions? Please Contact: The Office of the State Actuary

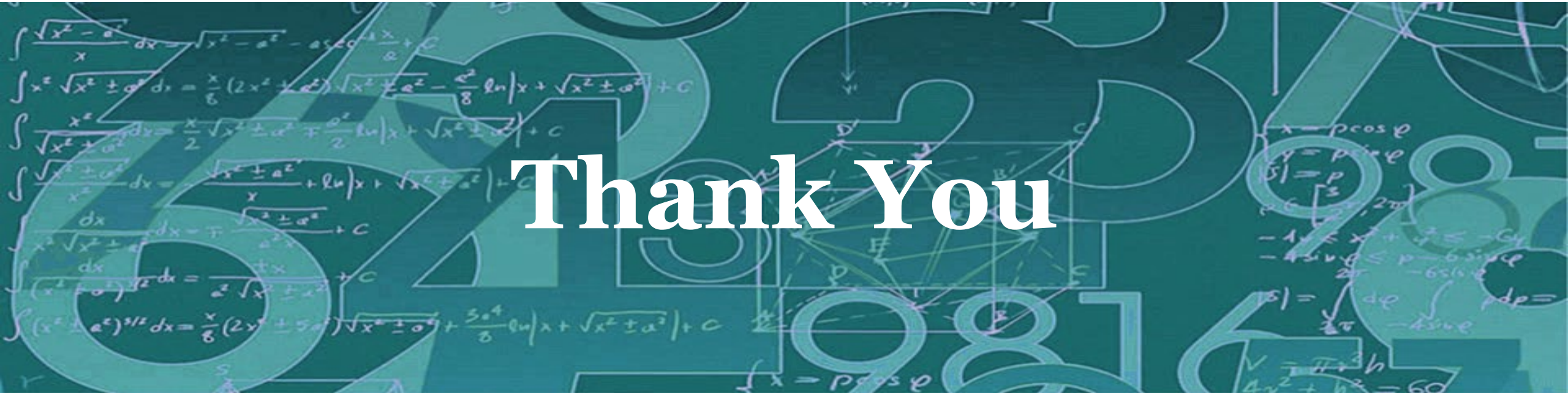
leg.wa.gov/OSA; state.actuary@leg.wa.gov

360-786-6140, PO Box 40914, Olympia, WA 98504

Luke Masselink

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Thank You



WA Cares Fund LTSS Trust Commission September 2023 Meeting

Program Update – Actuarial Modeling

Chris Giese, FSA, MAAA

Annie Gunnlaugsson, ASA, MAAA

SEPTEMBER 19, 2023

2024 Actuarial Study – Possible Modeling Changes

Program Updates

Examples:

- Benefit Eligibility Threshold
- State Investment Board Strategy
- Workgroup Changes



2023 OASDI Trustees Report

Examples:

- Starting nationwide data
- Economic and demographic assumptions support



Economic Assumptions

Examples:

- Interest rates
- Wage growth
- Inflation
- Labor force



Demographic Assumptions

Examples:

- Census
- Migration
- Births



Emerging Program Data

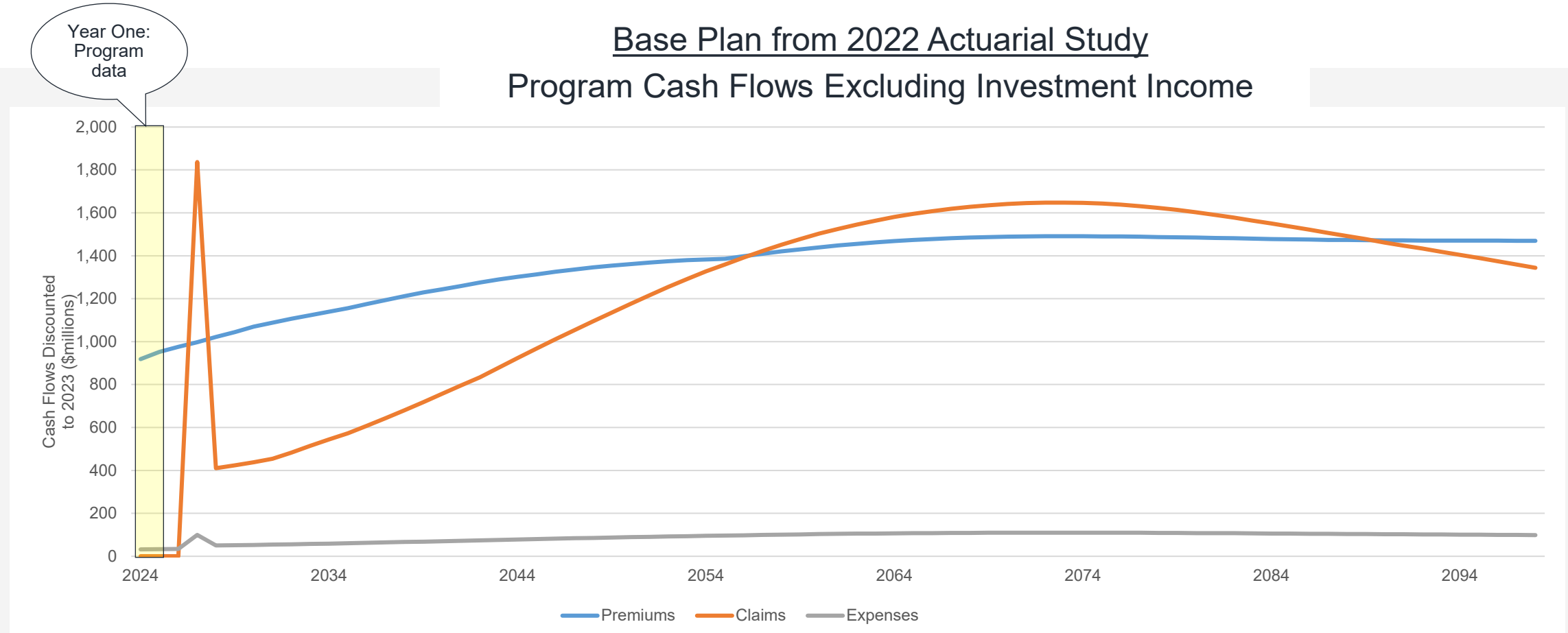
Examples:

- Premiums
- “Vesting” credits
- Exemptions



75-Year Perspective: One Year of Program Experience

Base Plan from 2022 Actuarial Study
Program Cash Flows Excluding Investment Income

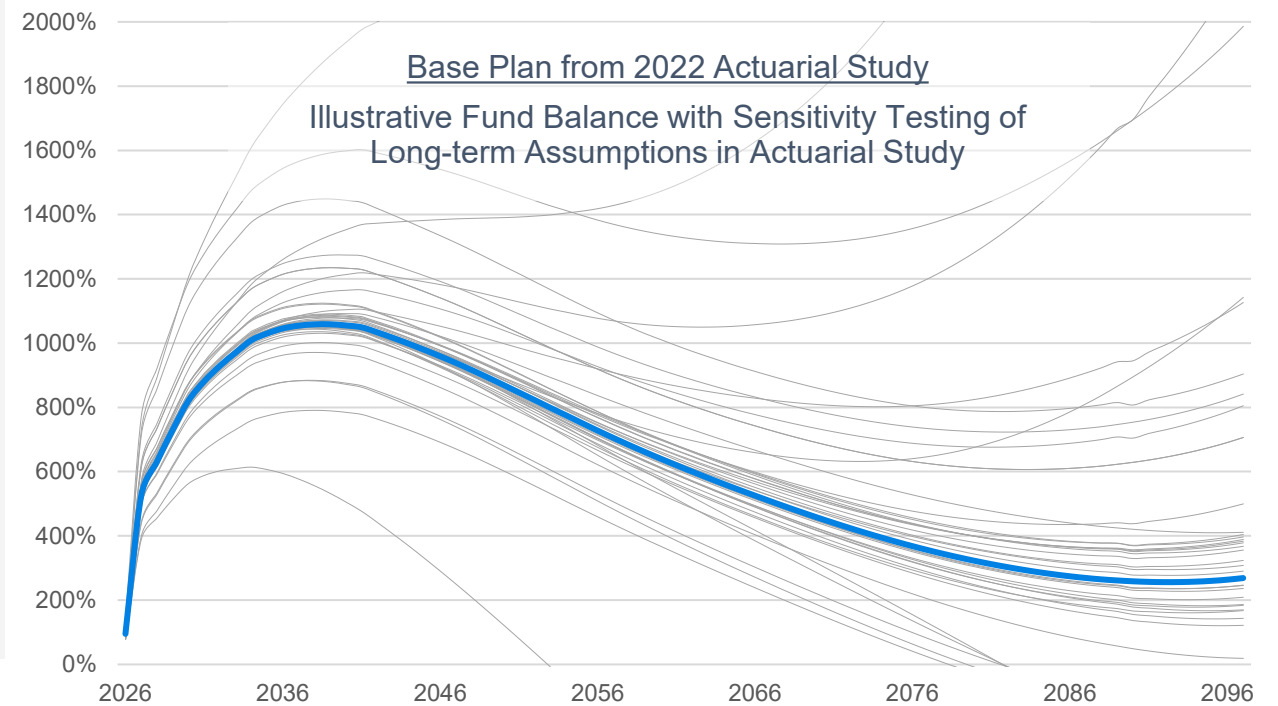
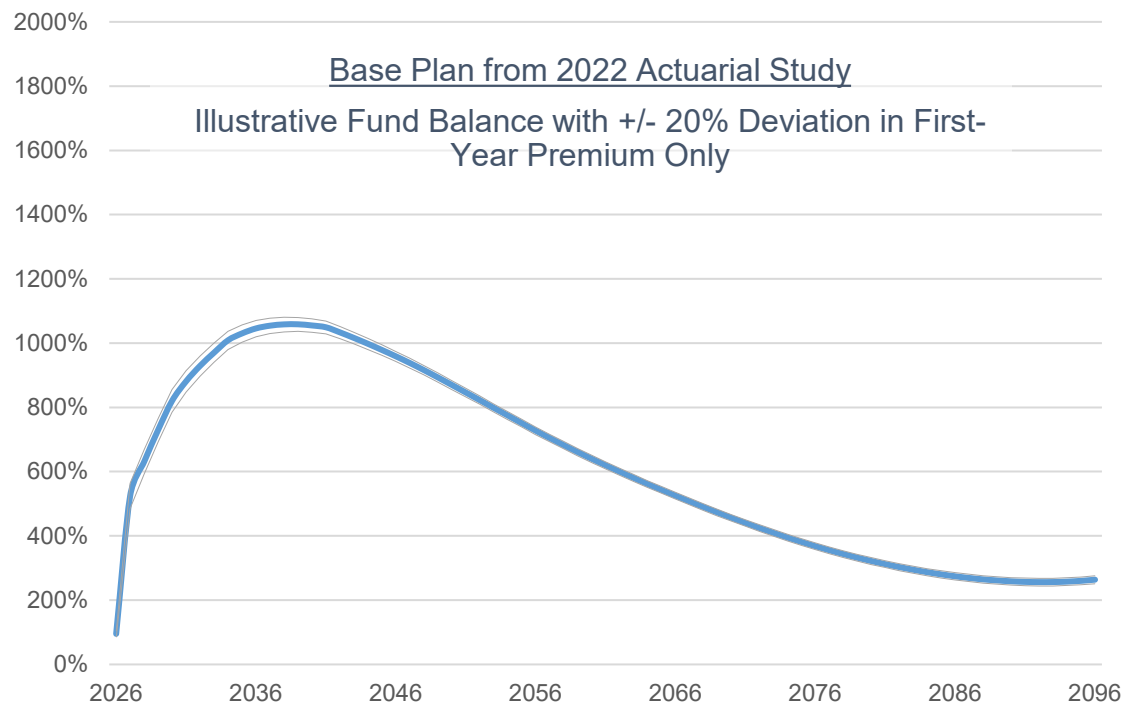


Considerations for Review of First-Year Premium Revenue

- \$934 Million -> estimated first-year premium revenue
 - Source: [2022 Actuarial Study](#)
 - Projection of cash flows over 75-year horizon for estimating required revenue
- Initial challenges / considerations when examining emerging premium data:
 - Employer reporting patterns compared to Paid Family and Medical Leave program
 - Potential reporting lag as premiums remitted for first time and exemption processing
 - Seasonality of quarterly data versus annual estimate
 - Influence of economic cycles (e.g., wage increases, labor force participation)
 - Interaction with other program features (e.g., vesting credit to become qualified individual)

How Will We Incorporate First Year of Program Experience?

- Evaluate emerging data for potential short-term / long-term impacts
- Examine credibility of data and adjust projections as applicable (part of Risk Management Framework)
 - Historical: Incorporate first year data to calculate actual trust fund balance
 - Future (2025 and beyond: examples of possible adjustments / approaches):
 - No adjustments to future projection
 - Change short term projection only
 - Change short term and long-term projection



Caveats and Limitations

The information provided in this presentation has been prepared for the internal use of the Washington State Office of the State Actuary (OSA) and Washington State Department of Social and Health Services (DSHS), and it should not be distributed, in whole or in part, to any external parties without the prior permission of Milliman, subject to the following exception:

- This presentation shall be a public record that shall be subject to disclosure to the State Legislature and its committees, persons participating in legislative reviews and deliberations, and parties making a request pursuant to the Washington Public Records Act

We do not intend this information to benefit or create a legal liability to any third party. This communication must be read in its entirety.

This information provides a high-level update on the upcoming actuarial study of the WA Cares Fund, anticipated to be completed in 2024. The slides build off information included in our 2022 Actuarial Study dated October 20, 2022, which should be read in its entirety with this presentation. In completing this analysis, we relied on information provided by Washington State OSA, DSHS, SIB, and ESD and publicly available data, which we accepted without audit. We accepted without audit but reviewed the information for general reasonableness. Our summary may not be appropriate if this information is not accurate.

Many assumptions were used to construct the estimates in this presentation. Actual results will differ from the projections. Experience should be monitored as it emerges and corrective actions taken when necessary.

Milliman has developed certain models to estimate the values included in this presentation. The intent of the models is to estimate required revenue and project the fund balance of the WA Cares Fund. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. Chris Giese and Annie Gunnlaugsson are members of the American Academy of Actuaries and meet the qualification standards for performing the analyses in this presentation.



Cross Agency Accounting Workgroup Update

- Anticipate transfer from LTSS Trust Fund Account to Treasury November 2023
 - Fund balance reports will be provided to this committee on a quarterly basis beginning in December 2023
- First priority is to re-pay the loan from the state General Fund (~\$65 million) once LTSS Trust account receives revenue
 - WA Cares operating and administrative costs as appropriated by the legislature will be paid from LTSS fund balances as well

Minimum Provider Qualifications: Vote on Workgroup Recommendations

- The workgroup has been reviewing viable options for the Commission's recommendation on the establishment of criteria for minimum qualifications for the registration of long-term services and supports providers who provide approved services to eligible beneficiaries.
- The workgroup has come to consensus for Groups 1-3 and would like to propose those be voted on today.

Minimum Provider Qualifications: Vote on Workgroup Recommendations

Proposed minimum qualifications for Group 1 Providers:

Adult Family Home

- An agency with a valid Adult Family Home License with DSHS or a Tribe per Chapter 388-76 WAC

Assisted Living Facility

- An agency with a valid Assisted Living Facility License with DSHS or a Tribe per Chapter 388-78A WAC

Nursing Home

- An agency with a valid Nursing Home License with DSHS per Chapter 388-97 WAC

In-Home Personal Care

- An Individual Provider employed by the CDWA and qualified to provide personal care OR an agency with a valid Home Care Agency license with WA DOH, per Chapter 246-335 WAC with three years of experience as a licensed Home Care Agency and contracted to provide Medicaid services.
- In places where there is a capacity issue, adopt an exception process for Medicaid or years of experience requirement.

Minimum Provider Qualifications: Vote on Workgroup Recommendations

Proposed minimum qualifications for Group 2 Providers:

Adaptive Equipment and Technology

- Any retail vendor with a Washington state business license and NPI number (*Medical provider only*), the contractor must be a legal business entity and legitimately engaged.
- For purchases under \$300 beneficiary may be able to purchase item from a retail or online store of their choice and be reimbursed by a Financial Management Services (FMS) vendor contracted by DSHS if beneficiary submits receipt to FMS vendor for covered purchased item.

Environmental Modifications

- Any General Contractor and/or Specialty contractor registered with L&I, licensed, bonded, and insured and meets the requirements of Chapter 18.27 RCW and contractor owner must pass a DSHS criminal background check.
- Any non-profit 501 (c)(3) organization that is bonded and insured that offers environmental modifications or minor home repairs.

Home Delivered Meals

- Any Vendor that has a business license with the state of Washington and meets the standards of chapter 246-215 WAC

Personal Emergency Response Systems

- Current Washington business license and the equipment is approved by the Federal Communications Commission and meets the Underwriters Laboratories, Inc. (UL) or ETL (Intertek) standard for home health care signaling equipment.

Minimum Provider Qualifications: Vote on Workgroup Recommendations

Proposed minimum qualifications for Group 3 Providers:

Adult Day Services (Adult Day Health and Adult Day Care)

- Any Adult Day contractor that meets requirements of WAC 388-71-0702 through 388-71-0776

Eligible Relative Care

- Same recommendation as Phase 1 for In-Home Personal Care

Respite for Family Caregivers

- Same recommendation as Phase 1 for In-Home Personal Care, Adult Family Homes, Assisted Living Facility, and Nursing Homes

Transportation

- Any Transportation provider that meets the requirements described in the Washington Utilities and Transportation Commission (WUTC) of Chapter 480-30 WAC or Chapter 480-31 WAC
- For Transportation purchases under \$100 beneficiary may turn in receipt for approved transportation purchase and be reimbursed by a Financial Management Services (FMS) vendor contracted by DSHS if beneficiary submits receipt to FMS vendor for covered purchased item.

Minimum Provider Qualifications: Vote on Workgroup Recommendations

- The workgroup is still finalizing their recommendations for Group 4 providers.
- Recommendations on Group 4 will be reported to the full Commission at the November 7th meeting.

Portability Cost Offsets: Workgroup Recommendation

Workgroup Recommendation:

- Incorporate into functional assessment a 90-day forward certification of need
 - Not an elimination period (typically used in private LTC insurance)
 - Not a waiting period
- Adopt a HIPAA-style benefit threshold for out-of-state residents
- Give State Investment Board authority to invest Trust Reserves in diversified portfolio, including equities
 - This would require a ballot initiative to amend the state constitution
- Require individuals to contribute 3 years in-state before they become eligible to participate in portable coverage
- Increase number of hours worked required to earn a qualifying year from 500 to 1000
- Continue to leverage the Risk Management Framework to regularly monitor emerging experience and its impact on actuarial status of the program

Portability Cost Offset Workgroup Recommended Package

Package	Portable benefits subject to HIPAA benefit eligibility threshold	In-State Benefit Eligibility Threshold		1,000 annual hours vesting requirement	Portable benefits buy-in eligibility: 3 years in-state premiums	Investment strategy with 30% equities
		NFLOC ¹ Medicaid definition	90-day forward certification			
A1	X	X	X			X
A2	X	X	X			
B1	X	X	X	X		X
B2	X	X	X	X		
C1	X	X	X		X	X
C2	X	X	X		X	
D1	X	X	X	X	X	X
D2	X	X	X	X	X	

¹Nursing facility level of care (NFLOC) Medicaid definition.

WA Cares Fund LTSS Trust Commission September 2023 Meeting

Plan Package Alternatives with Portability - Modeling Results

Annie Gunnlaugsson, ASA, MAAA

Chris Giese, FSA, MAAA

SEPTEMBER 19, 2023



Background Information

- The results shared herein build off the structure of the [2022 Actuarial Study](#). The results in this presentation provide premium assessment estimates for various combinations of plan feature alternatives with portability benefits as requested by DSHS.
- The following estimates are prepared to assist in evaluating the viability of selecting benefit features for WA Cares Fund. Any estimates around required program revenue are for feasibility purposes only and are not intended, and should not be used, for setting the program premium assessment.
- For each modeling request, we started with all plan features, methodology, and assumptions consistent with the 2022 Base Plan in our 2022 Actuarial Study.
- The 2022 Actuarial Study and our September 12, 2023 letter documenting the analysis in this presentation should be read in their entirety in combination with these slides.

Starting Modeling Specifications for 2022 Base Plan with Portable Benefit

Specification	Portability Structure Assumption
Qualified Individuals / “Vesting”	Anyone with at least one year of premiums paid in-state will be eligible to “buy-in” portability coverage.
Out-of-State Premium Amount	Last "in-state" premium assessed, adjusted for wage inflation (assumed to be 3.5% per year). To be paid until normal retirement age (age 67).
Benefit Structure	Reimbursement (same as in-state)
Benefit Amount	\$36,500, indexed to CPI (same as in-state)
Benefit Eligibility Threshold	HIPAA definition
Premium Participation Scenario	25%
Adverse Selection	We assume 25% higher claims are added relative to premium participation. This would imply that claims are higher than average for those who elect to participate and / or premiums are lower than average for those who elect to participate. For example, if 25% of individuals in this population contribute to premiums, we assume 50% of claims are added to the program’s cash flows.

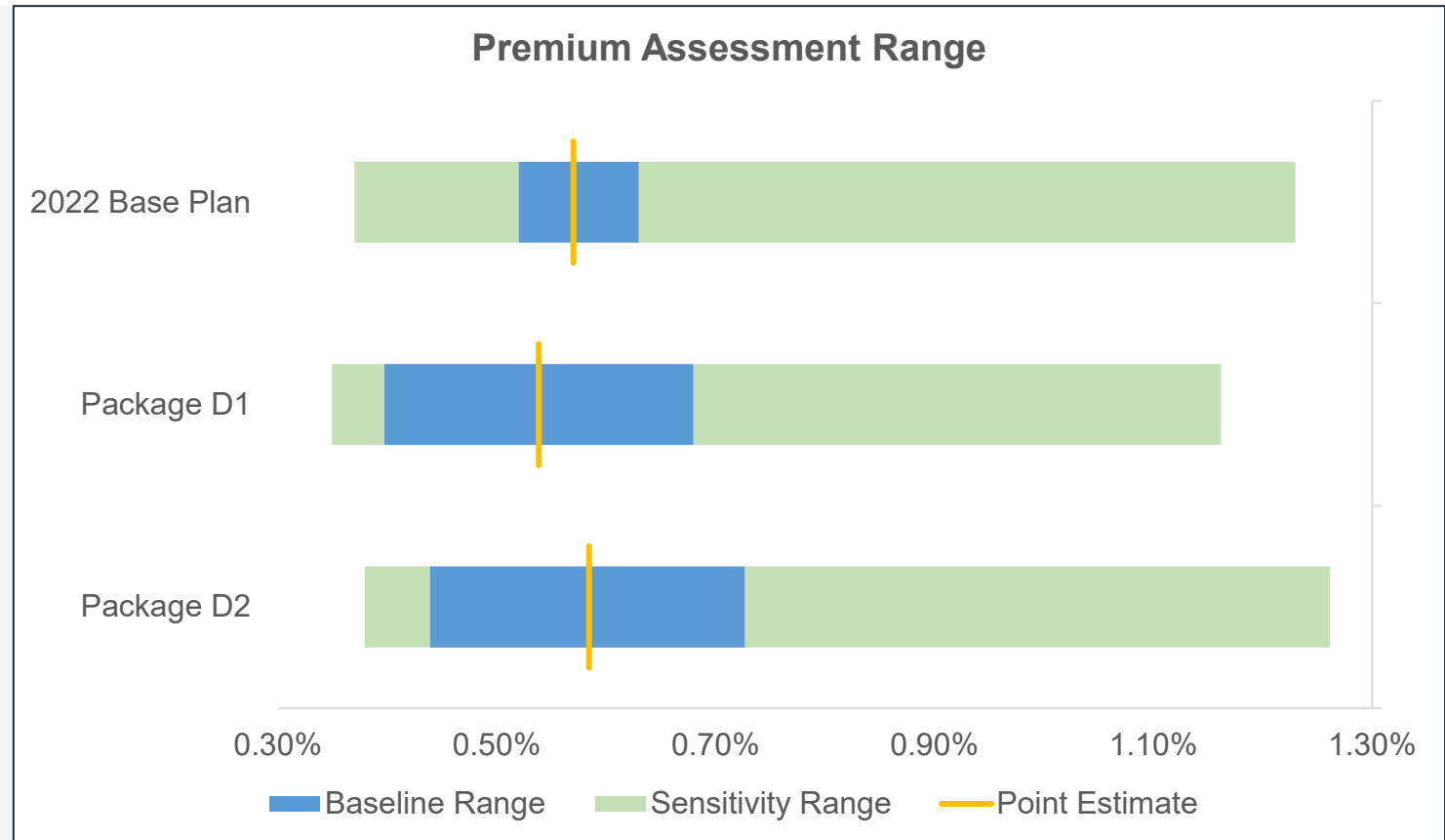
Plan Package Alternative Results – Reference Point Estimates

Package	Portable benefits subject to HIPAA benefit eligibility threshold	In-State Benefit Eligibility Threshold			1,000 annual hours vesting requirement	Portable benefits buy-in eligibility: 3 years in-state premiums	Investment strategy with 30% equities	Estimated Premium Assessment
		NFLOC ¹ Medicaid definition	90-day forward certification					
A1	X	X	X				X	0.56%
A2	X	X	X					0.60%
B1	X	X	X		X		X	0.55%
B2	X	X	X		X			0.59%
C1	X	X	X			X	X	0.55%
C2	X	X	X			X		0.59%
D1	X	X	X		X	X	X	0.54%
D2	X	X	X		X	X		0.58%

¹Nursing facility level of care (NFLOC) Medicaid definition.

Plan Package Alternative Results – Result Ranges

- Baseline range based on variation in participation and adverse selection for voluntary program features.
- Sensitivity range based on variation in other modeling assumptions.
- These ranges do not represent a bound, but rather modeled variation based on discrete scenario testing.



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This information provides estimated premium assessment impacts for alternative program features compared to the 2022 Base Plan presented in the 2022 WA Cares Fund Actuarial Study provided on October 20, 2022. In completing this analysis, we relied on information provided by Washington State OSA, DSHS, SIB, and ESD and publicly available data, which we accepted without audit. We accepted without audit but reviewed the information for general reasonableness. Our summary may not be appropriate if this information is not accurate.

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Portability Cost Offsets: Vote on Workgroup Recommendation

Workgroup Recommendation:

- Incorporate into functional assessment a 90-day forward certification of need
 - Not an elimination period (typically used in private LTC insurance)
 - Not a waiting period
- Adopt a HIPAA-style benefit threshold for out-of-state residents
- Give State Investment Board authority to invest Trust Reserves in diversified portfolio, including equities
 - This would require a ballot initiative to amend the state constitution
- Require individuals to contribute 3 years in-state before they become eligible to participate in portable coverage
- Increase number of hours worked required to earn a qualifying year from 500 to 1000
- Continue to leverage the Risk Management Framework to regularly monitor emerging experience and its impact on actuarial status of the program

Benefit Eligibility: Vote on Workgroup Recommendations

- The WA Cares Fund Statute (Chapter 50B.04 RCW) requires the Commission to propose recommendations to the appropriate executive agency or the legislature regarding the establishment of criteria for determining that an individual has met the requirements to be an eligible beneficiary as established in RCW 50B.04.060.
- According to RCW 50B.04.010(6), "Eligible beneficiary" means a qualified individual who is age eighteen or older, residing in the state of Washington, has been determined to meet the minimum level of assistance with activities of daily living necessary to receive benefits through WA Cares Fund program, as established in this chapter, and who has not exhausted the lifetime limit of benefit units.
- Beginning July 1, 2026, a qualified individual may become an eligible beneficiary by filing an application with the department of social and health services and undergoing an eligibility determination which includes an evaluation that the individual requires assistance with at least three activities of daily living.

Benefit Eligibility: Vote on Workgroup Recommendations

Workgroup Recommendation:

- Use an eligibility standard similar to Medicaid LTSS
- Incorporate into functional assessment a 90-day forward certification of need
 - Not an elimination period (typically used in private LTC insurance)
 - Not a waiting period
- Adopt a HIPAA-style benefit threshold for out-of-state residents, if portability is enacted.



**WA
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BREAK



PUBLIC COMMENT

Submit written comments or questions to:
wacaresfund@dshs.wa.gov.

For more information about the program, visit
wacaresfund.wa.gov.

Sign up for Public Comment



Attendees: click on the Raise Hand icon to sign up for public comment



Phone callers: press *9 to raise your electronic hand.

Then, when recognized, press *6 to unmute yourself

Review Agenda for November 7 Meeting

- Approve 9/19/2023 Commission meeting minutes
- Approve Administrative Expenses Report
- Receive Program Update
- Receive Finance Update
- Receive update on OSA Solvency Report
- Report out from Minimum Provider Qualifications Workgroup
- Review Draft Annual Commission Recommendations Report

Wrap Up

- Action items review
- Adjourn

THANK YOU



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