



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
- Approve Agency Administrative Expenses Report
- Receive Finance Update
- Receive Update on OSA Solvency Report and Recommendations
- Minimum Provider Qualifications: Vote on Workgroup Recommendations
- Portability Cost Offsets: Vote on Workgroup Recommendation
- Review Draft Commission Recommendations Report

Approve Consent Agenda

- 9/19/2023 Commission meeting minutes

Agency Administrative Expenses Report

- Approve report
- Identify volunteer to submit report

WA Cares Fund Program Refresh

Andrea Meewes Sanchez, DSHS

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

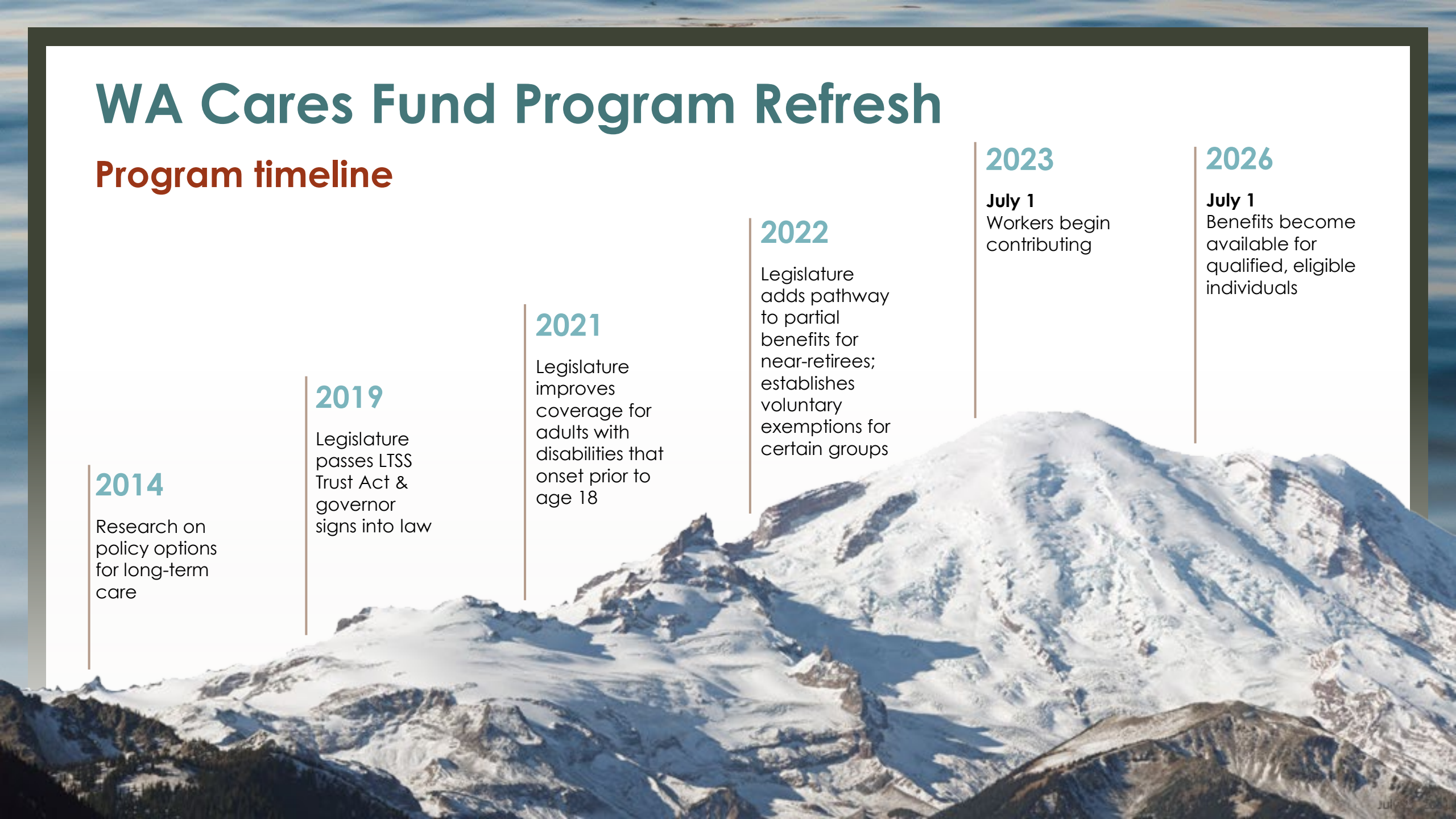
Legislature adds pathway to partial benefits for near-retirees; establishes voluntary exemptions for certain groups

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.)

Finance Update

Rebecca Grady, Steve Zawoysky, and Nicole Ross, ESD
Luke Masselink, OSA
Chris Giese, Milliman



Quarterly Reporting and Employer Support

Nicole Ross, Leave and Care Compliance Manger
Steve Zawoysky, Leave and Care Treasury Manager
Rebecca Grady, Leave and Care Research Manager



Employer Journey: Premiums & Reporting

- Before they come in
- One-time processes
- Recurring processes



Employer reporting and compliance continuous improvement

WA Cares is built on the same reporting system as WA Paid Family and Medical Leave (Paid Leave)

- ESD has been receiving Paid Leave quarterly reports since May 2019
- A total of about 3 million employer quarterly reports received to date

Employers submit one report for WA Cares and Paid Leave

- Legislature aligned key aspects of these programs, such as definition of wages

Continue to build on solid foundation, iterating on improvements to employer education and compliance activities

- Ensure alignment and distinction where needed between programs to facilitate employer customer success

Reporting and premiums process

- Employer agents / third party administrators may submit on employer's behalf
- ESD customer support is available via phone and email/secure message
- General customer support may escalate to specialized Employer Reporting team as needed

Employers submit quarterly report of hours and wages

System calculates and invoices

- Quarterly report includes employer and employee identifiers, wages paid and the associated hours worked, flag for exemption
- System uses employer wage report data to calculate premiums due for each program
- Generates invoices for premiums to be remitted

Continues on next slide

Reporting and premiums process

*Continued
from last
slide*

- Remittance may be via check, credit card, IAP, or ACH electronic transfer
- Employer agents / third party administrators may submit on employer's behalf

**Employers remit
premiums**

**ESD finance team
processes**

- From invoice generation to payment receipt and accounting
- Receipt of payment posted to customer account
- Workflows to issue refunds, assess NSF fees, and process other payment returns
- Inter-fund payment transfer between programs
- Account research as needed
- Fund balance and financial reporting
- Transition funds to SIB in accordance with cross-agency account workgroup planning

Employer support and compliance

Ongoing proactive activities and resources – outreach, education, communication



Employer-focused webinars on quarterly reporting and premiums



Regularly updated employer self-service toolkit



Annual communications to employers regarding key program and reporting updates



Monthly employer email newsletter



Employer agent / third party administrator outreach

Employer support and compliance



Specialized employer reporting team researches and resolves account issues related to:

Unfiled reports
Report corrections needed
Unpaid or underpaid premiums
Overpaid premiums and refund validation



Email communications to employers on a quarterly basis who have:

A missing report for most recent quarter
Possible balance due
Possible credit balance



Letters sent related to:

Past missing reports
Credit balances



Compliance Division Audit Team and Fraud Division

Audit team conducts regular audits of employers, which includes hours/wages reporting
Fraud division investigates any suspected fraud

First quarterly reporting experience

WA Cares reporting launch went well

- Over 10K employer quarterly reports processed in first week of October
- Most quarterly reports come in at end of reporting months

Premium totals for each quarter typically available at end of month following each reporting period

- Allows time for data to reach preliminary maturity
- Quarterly reporting at Commission meeting beginning in December

Sharing data with OSA for actuarial valuation and program solvency reports

- Projections vs actuals to be assessed in line with the Commission's Risk Management Framework

Finance Update: Monitoring Emerging Experience and Actuarial Reporting

Presentation to: LTSS Trust Commission

Luke Masselink, Senior Actuary



Monitoring Emerging Experience

- Milliman's 2022 study projected \$934 million in first year premium collections
- Premium revenue is one of many variables in a 75-year projection
 - Higher/lower initial premium revenue than assumed does not automatically mean financial projections will improve/worsen
- It will be important to monitor premium collections and employer compliance to identify if differences are short-term or sustained
- Sustained deviations could have long-term impacts, and it may take several years of data to make that determination
- In the meantime, OSA and Milliman will be monitoring and reporting on incoming data

Actuarial Reporting

■ Milliman

- Periodic actuarial studies and interim reports on emerging experience
- Milliman will speak next on this topic

■ Office of the State Actuary

- Annual solvency reports that include recommendations to maintain trust solvency and are informed by Milliman's reports and analysis
- Biennial actuarial valuations starting July 1, 2025, that inform program governance
 - Pension Funding Council (future premium rates)
 - LTSS Council (increases to lifetime maximum benefit amount)
 - LTSS Trust Commission and Legislature

Questions? Please Contact: The Office of the State Actuary

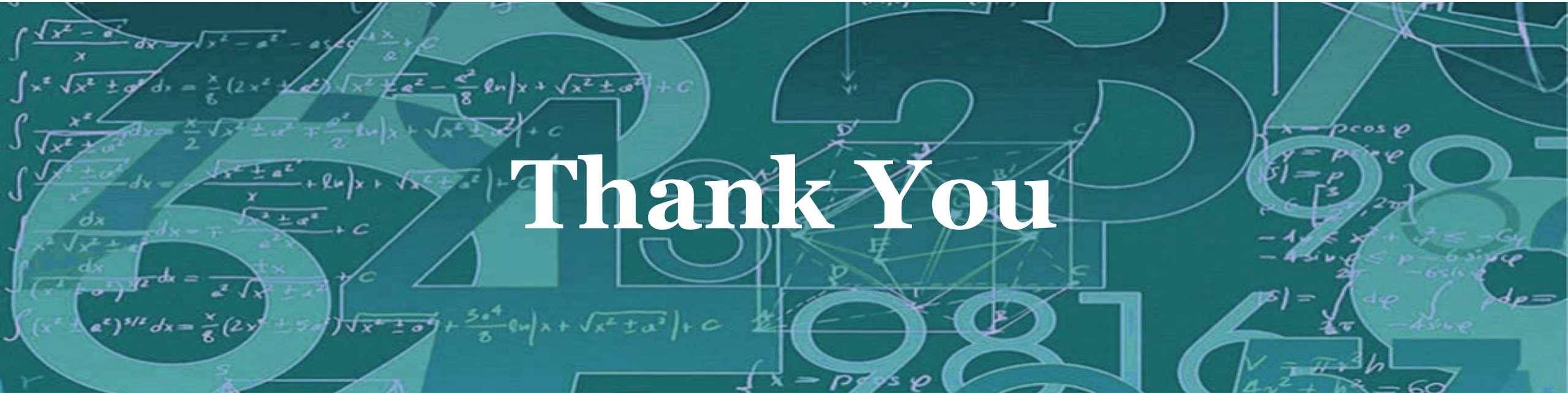
leg.wa.gov/OSA; state.actuary@leg.wa.gov

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

Luke Masselink

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Thank You



WA Cares Fund LTSS Trust Commission November 2023 Meeting

Actuarial / Finance Update

Chris Giese, FSA, MAAA

Annie Gunnlaugsson, ASA, MAAA

NOVEMBER 7, 2023



Actuarial Analysis and Modeling Updates

“Baseline” Studies and Interim Reporting

“Baseline” studies may cover:

- Program feature changes
- OASDI Trustees Report updates
- Economic assumptions
- Demographic assumptions
- Emerging program data
 - Experience analysis vs. expected
 - Use current fund balance

Interim reporting may cover:

- Current fund balance
- Future projection updates for emerging program experience outside baseline studies, with considerations such as:
 - Develop thresholds for testing deviations from expected
 - Develop framework for investigating when experience falls outside thresholds and when to update projections (if at all)

Reporting of program metrics in consideration of risk management framework and key program goals

Upcoming Interim Actuarial Reporting

Steps for Analyzing Experience Before Next Baseline Study

- Program data will be limited to premium and expense experience at start
- To help evaluate actual premiums versus expected, we will compare against:
 - Projection from [2022 Actuarial Study](#)
 - PFML program data

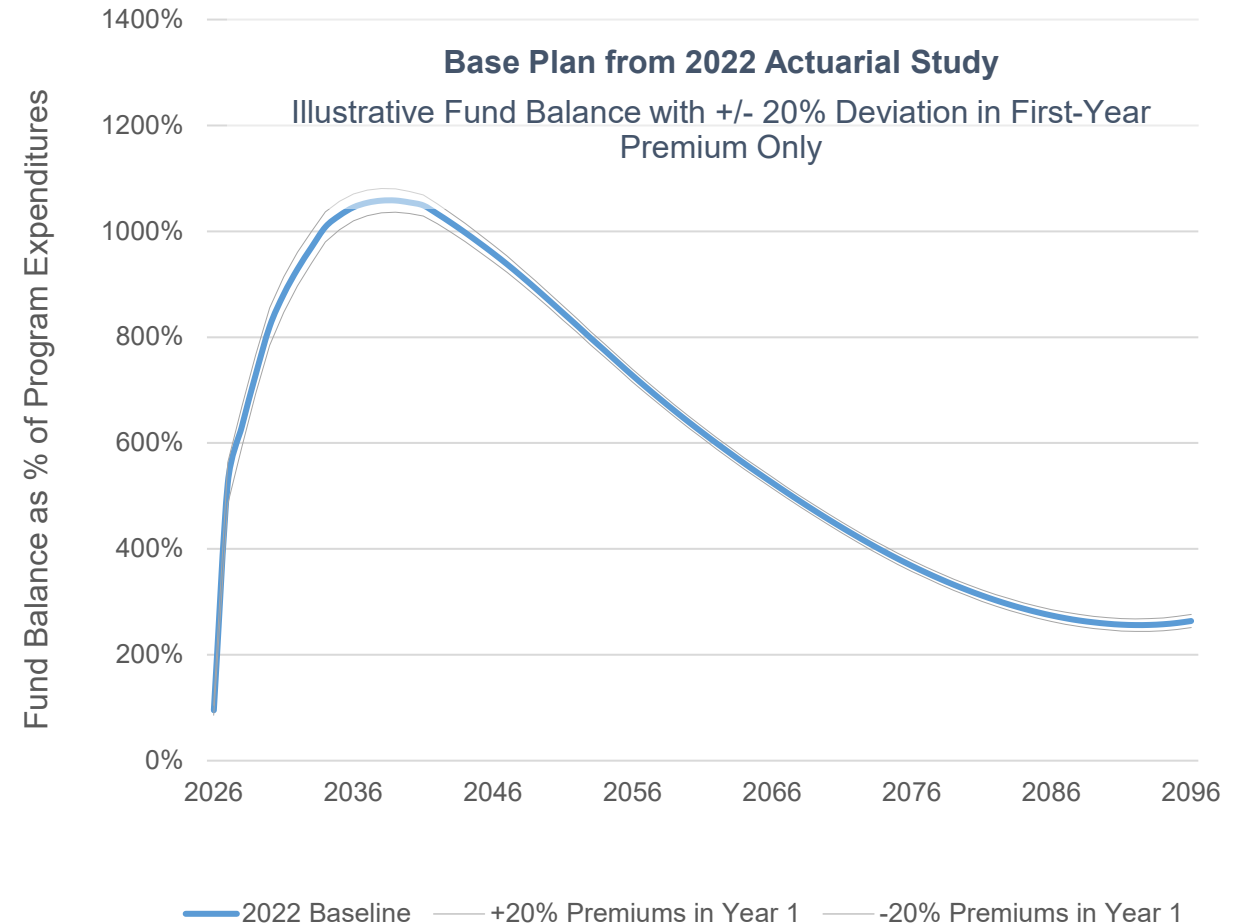


- Initial challenges / considerations when examining emerging premium data:
 - Employer reporting patterns compared to Paid Family and Medical Leave program
 - Potential reporting lag as premiums remitted for first time and exemption processing
 - Seasonality of quarterly data versus annual estimate
 - Influence of economic cycles (e.g., wage increases, labor force participation)
 - Interaction with other program features (e.g., vesting credit to become qualified individual)

Upcoming Interim Actuarial Reporting

Potential Approach to Illustrate Financial Status

- Incorporate historical premium and expense data to calculate current trust fund balance
- Project future program cash flows and fund balance
 - Cash flows likely to be developed using current modeling assumptions, pending any investigation of limited emerging experience



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 analysis of the WA Cares Fund. 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.



OSA Solvency Report and Recommendations

Matt Smith, OSA

OSA Solvency Report and Recommendations

Presentation to: LTSS Trust Commission

Matthew M. Smith, State Actuary



Today's Presentation Topics

- OSA's preliminary recommendations to support fund solvency
- Final solvency report to be provided in December meeting materials



OSA's Preliminary Recommendations to Support Fund Solvency

- Clarify key program parameters to ensure program administration aligns with actuarial modeling
 - Benefit eligibility threshold
- In 2024, engage Milliman to re-assess program's long-term financial outlook
 - To reflect emerging experience, any significant program changes enacted by the Legislature, and any clarification of key program parameters
 - To inform OSA's 2025 actuarial valuation report
- Ensure data systems collect and report information necessary for ongoing evaluation of trust solvency
 - Opportunity to coordinate with broader program data needs

Questions? Please Contact: The Office of the State Actuary

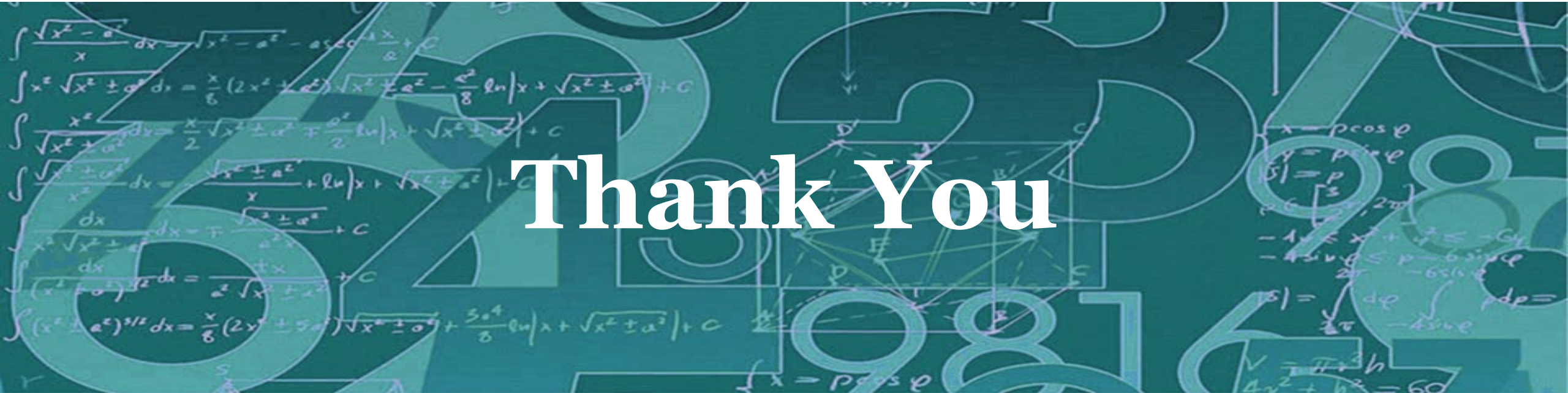
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Matthew M. Smith

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Thank You



Minimum Provider Qualifications Workgroup

Andrea Meewes Sanchez, DSHS

Portability Cost Offsets: Vote on Workgroup Recommendation

Senator Keiser, Commissioner
Ben Veghte, DSHS

Portability Cost Offsets: Vote on Workgroup Recommendation

Workgroup Recommendation:

- Workers who elect portable coverage upon leaving the state are required to contribute to WA Cares as long as they continue to work.
- Workers report their earnings and pay premiums regularly and must provide documentation of their earnings at the time of payment of premium. ESD will research what documentation could be provided to verify wages at time of payment of premium and any exceptions that should apply. ESD will consider user experience and develop ways to support individuals accurately reporting their earnings at time of payment. Once a worker turns 67, they are no longer required to provide such documentation, although they are still required to contribute on any wages earned through employment or self-employment.
- The Commission recommends that failure to remit assessed premiums on wages after electing portability of coverage will have consequences, including cancellation of coverage, or payment of back premiums and interest, or a combination of those. The Commission recommends ESD and DSHS research viable options to include in statute.
- If an individual who elects portable coverage reports no earnings, the lack of wages earned through employment must be verified.



**WA
CARES
FUND**

BREAK



Washington State
Health Care Authority

Review Draft Commission Recommendations Report

Ben Veghte, DSHS

Portability Cost Offsets Workgroup Recommendations

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 Offsets Workgroup Recommendations

Workgroup Recommendation:

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- The Commission recommends that failure to remit assessed premiums on wages after electing portability of coverage will have consequences, including cancellation of coverage, or payment of back premiums and interest, or a combination of those. The Commission recommends ESD and DSHS research viable options to include in statute.
- If an individual who elects portable coverage reports no wages, the lack of wages earned through employment or self-employment must be verified.

Benefit Eligibility 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.

Non-Immigrant Work Visas & Civilian Employment of Service Members

Proposed Recommendation to include in report:

Non-immigrant Work Visas

- Modify the exemption process for temporary non-immigrant visa holders working in WA State. Exempt wages earned by non-immigrant visa holders from premium collection, with the ability to voluntarily participate if they so choose.

Civilian Employment of Service Members

- Allow for a voluntary exemption to be requested by active-duty service people who are engaged in off-duty civilian employment.

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 December 12 Meeting

- Approve 11/7/2023 Commission meeting minutes
- Receive Program Update
- Receive Finance Update
- Approve Final Commission Recommendations Report
- Review Draft Commission topics for 2024

Wrap Up

- Action items review
- Adjourn

THANK YOU



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