

Washington's Long-Term Care Trust Act

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Washington Association of Area Agencies on Aging



What does the LTC Trust Act do?

- Creates a \$36,500 lifetime long-term care benefit
- The benefit amount is adjusted annually
- Eligible beneficiaries qualify if:
 - Paid the premium for either:
 - ✓ Three of the last six years
 - ✓ Or a total of ten years with five uninterrupted
 - At least age 18, state resident
 - Need help with at least three activities of daily living
- .58% premium on wages --- \$290 on a \$50,000 annual income deposited in global trust account
- Contributions start in 2022, first benefits paid in 2025

Who will it help?

- People who can't do routine, essential, daily activities without substantial help
- Many have an overlay of dementia or mental illness in addition to a physical disability
- One third will need care for four or more years
- Most never thought they'd be in that circumstance
- Fewer than one in ten have private LTC insurance

▪ **Most Washingtonians are unprepared to meet their long-term care needs**

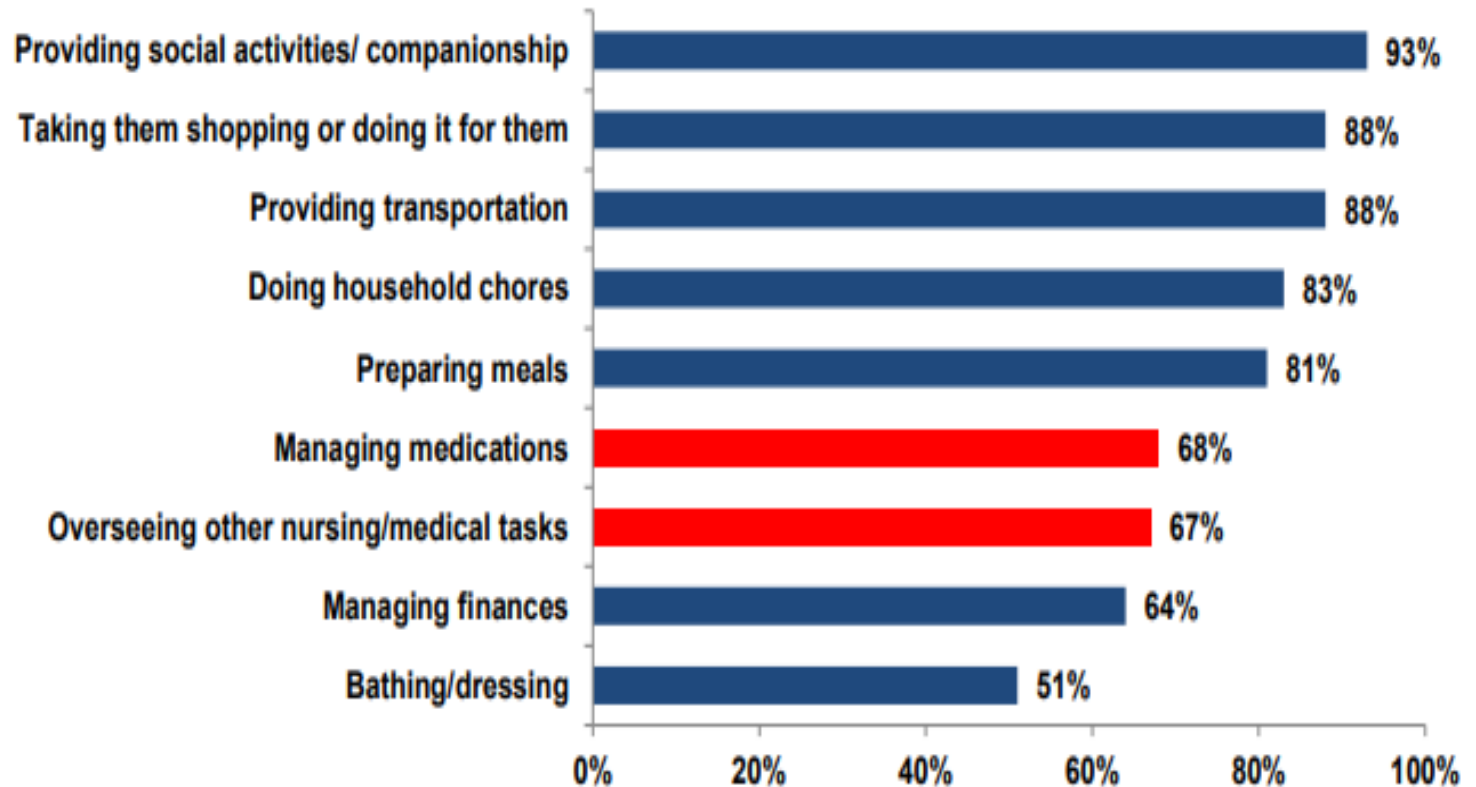
- Seven in ten who reach age 65 will need LTC
- The median retirement savings for people over 65 is just \$148,000
- Yet the lifetime cost of care averages \$266,000 for those needing care
- 90% of adults are uninsured for LTSS as plans are expensive and availability is increasingly limited
- Others mistakenly believe Medicare or private insurance will be there with the onset of a chronic illness or injury
- To help meet this growing need, AARP and Area Agencies on Aging were leaders in the ***Washingtonians for a Responsible Future*** coalition

▪ 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
- On average family caregivers spend about 20-percent of their income on out-of-pocket caregiving costs
- 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
- Under the Long Term Care Trust Act:
 - ✓ With a 5 hour safety class and background check any family caregiver can get paid by the benefit for the first 120 days.
 - ✓ Beyond 120 days, spouses are required to take an additional 20 hours of training. Adult children, 35 hours

- Washington caregivers provide a critical range of supports

Daily Activities that Washington Caregivers Age 45-Plus Are Providing or Have Provided
 Respondents Who Are Current or Past Caregivers
 (n=402 current or former caregivers)



▪ **Two thirds of family caregivers perform medical or nursing tasks**

➤ Many have little or no training in tasks such as:

- ✓ Managing complex medication schedules
- ✓ Bandaging and wound care
- ✓ Tube feedings
- ✓ Managing catheters
- ✓ Giving injections
- ✓ Operating inhalers
- ✓ Operating medical equipment
- ✓ Using sophisticated technology in the home

■ Caregiving has a significant financial impact on families

- Family and friends who provide unpaid care often incur direct costs as well as lost wages and benefits
- More than three-quarters of family caregivers contribute financially, an average of \$580 per month (\$6,954 per year)
- Roughly 20 percent of caregivers with the most intense level of responsibility—21 or more hours of care per week and helping someone with two or more ADLs—report that they are reducing work hours, taking a less demanding job, or giving up work entirely.

What does the Trust Act add for people who need care and those who care about them?

- Currently:
 - ✓ They “soldier on” by doing as much as they can for as long as they can. They adapt daily routines and expectations
 - ✓ Families and friends help out
 - ✓ They pay privately for help
 - ✓ When individuals and families reach physical and financial exhaustion, they turn to Medicaid
- The Trust Act benefit offers another resource

The premium will put \$1 Billion to \$1.5 Billion annually into the trust account over the next decade

Year	Payroll Premium
2022	\$1,015,000,000
2023	\$1,089,000,000
2024	\$1,140,000,000
2025	\$1,192,000,000
2026	\$1,243,000,000
2027	\$1,294,000,000
2028	\$1,347,000,000
2029	\$1,403,000,000
2030	\$1,460,000,000

Benefit pay-out is substantial, starting in 2025

Year	Beneficiaries	Average Annual Benefit *	Annual Avg. Benefit Spend	Annual Full Benefit Spend
2025	15,307	\$36,500	\$274,938,352	\$558,711,002
2026	15,142	\$37,595	\$298,372,320	\$569,272,206
2027	10,239	\$38,723	\$156,520,829	\$396,499,776
2028	11,726	\$39,885	\$186,279,915	\$467,705,031
2029	13,264	\$41,081	\$217,885,181	\$544,881,616
2030	13,892	\$42,314	\$252,771,021	\$630,123,626

For comparison, Older American's Act and all non-Medicaid state funding for AAA's totals about \$51 million annually

* Growth in benefit estimated at 3% per year

Medicaid savings will come from Trust Act as first payer for LTSS

Projected Medicaid Savings

Year	HCBS	Nursing Home	Total
2025	\$21,000,000	\$13,000,000	\$34,000,000
2026	\$26,000,000	\$10,000,000	\$36,000,000
2027	\$10,000,000	\$7,000,000	\$17,000,000
2028	\$11,000,000	\$8,000,000	\$19,000,000
2029	\$13,000,000	\$9,000,000	\$22,000,000
2030	\$15,000,000	\$9,000,000	\$25,000,000

The list of “approved services” is broad

- Adult Day Care, Care Transitions, Memory Care
- Adaptive Equipment and Technology
- Home Modification, Emergency Response Systems
- Home Safety Evaluation, Respite, Home Meals
- Transportation, Dementia Supports
- Education and Consultation, Nursing
- Professional Health Services, In-home Personal Care
- Adult Family Home, Nursing Home Care
- Others can be added

A Trust Commission will advise, monitor, direct

- Eight Legislators
- Commissioner of Employment Security
- Department of Social and Health Services Secretary
- Health Care Authority Director
- Area Agencies on Aging
- Home Care Association
- Union representing long-term care workers
- An organization representing retired people
- An association representing nursing homes and assisted living
- An association representing adult family homes
- Two individuals receiving LTSS
- A worker who is paying the LTSS premium
- An organization of employers whose members collect the premium.

Administration is shared by executive agencies

- Health Care Authority:
 - ✓ Tracks vesting
 - ✓ Tracks use of lifetime benefit
 - ✓ Allows P-1 For provider payment
 - ✓ Establishes rules for benefit coordination

- DSHS:
 - ✓ Establishes functional eligibility
 - ✓ Approves contractors, makes payment through P-1
 - ✓ Staffs commission, customer service, actuarial work

- Employment Security collects premiums

- **Media attention has been nationwide**



Editorial: “We can pay a little now for care we’ll need later.”



“Washington State's Public Long-Term Care Program Is On The Verge Of Becoming Law”



**The
New York
Times**

“One state’s quest to introduce long-term care benefits”

“A Growing American Crisis: Who Will Care for the Baby Boomers?”

▪ Frequently asked questions

- How did this bill get developed and passed?
- What role did Area Agencies on Aging play?
- \$36,500 per year doesn't seem like much. What difference will that make?
- What opportunities does this create for Area Agencies on Aging?
- What are the next steps toward implementation?
- What challenges remain?
- What are the “lessons learned” for other states?

▪ How did this bill get developed and passed?

- AARP rates Washington's LTC #1 because of its emphasis on community based care
- Washington is 34th in cost per person, yet Medicaid LTC spending is projected to double by 2030
- Legislators began looking for other financing:
 - ✓ **2014** - discussions started in the Joint Committee on Aging and Disability
 - ✓ **2016** - the legislature asked for actuarial analysis of public and private options
 - ✓ It was not clear the private market could be stabilized, so focus shifted to a public solution

Washington's already high performing LTSS system provides a solid foundation

➤ The Scorecard ranks states based on five LTSS categories:

- ✓ Affordability and access
- ✓ Choice of setting and provider
- ✓ Quality of life and quality of care
- ✓ Support for family caregivers
- ✓ Transitions between nursing homes, hospitals and homes

➤ High-performing LTSS systems help seniors:

- ✓ Easily find and afford needed services
- ✓ Have choices in both services and providers
- ✓ Have access to quality care to help maintain their quality of life
- ✓ Avoid unnecessary hospitalization and nursing home stays
- ✓ Receive help from family caregivers, who are supported



The
Commonwealth
Fund



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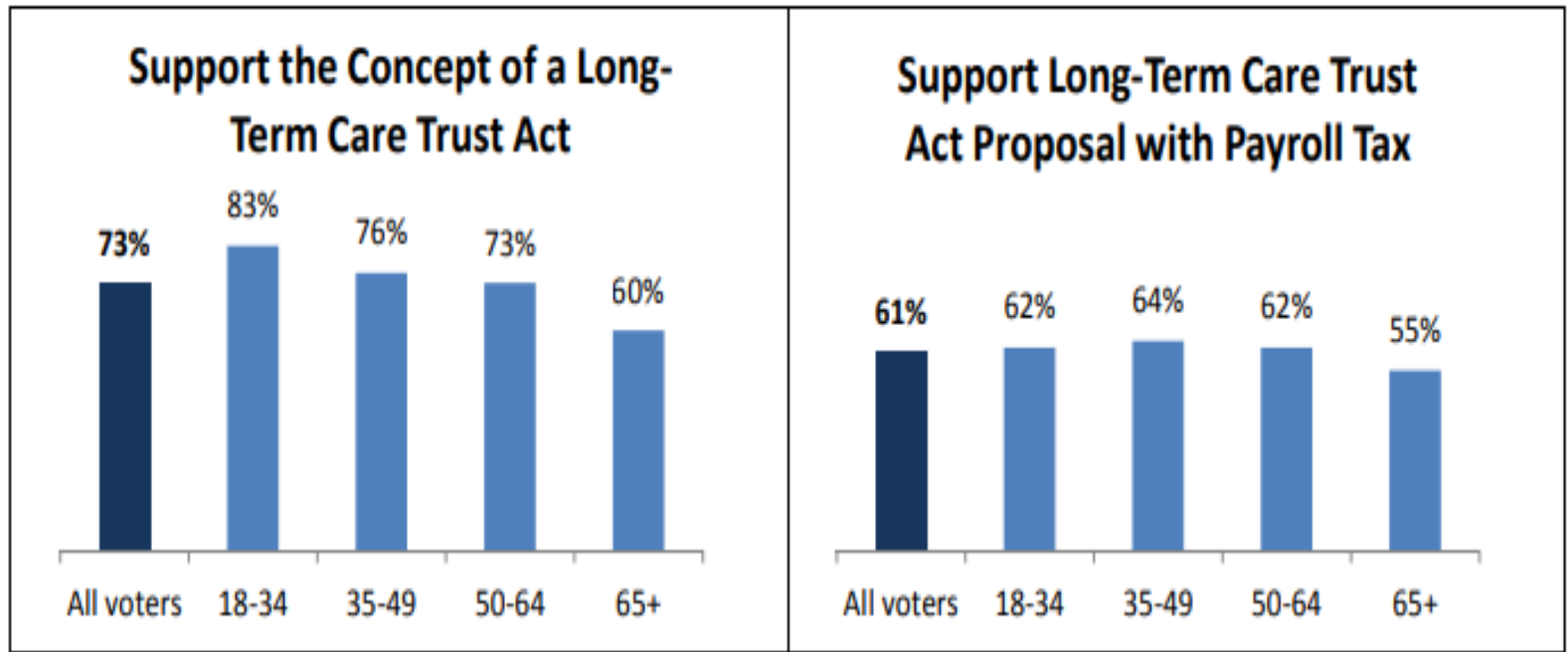


▪ **Passing the Trust Act took three sessions**

- **2017** – House Bill 1636 was heard in the House Health Care committee
- **2018** – House Bill 2533 passed through House policy and fiscal committees, but stalled before floor vote because of stakeholder concerns
- Washington AARP expressed concerns about:
 - The range of services eligible for payment
 - The choices families have over care settings and services
 - Whether family members could be paid as providers
- **2019** - House Bill 1087 addressed stakeholder concerns and passed with very little opposition

- **There was majority support among voters in all age groups – even with the tax**

- An August 2018 poll of Washington voters showed that 73% support the concept of a long-term care trust
- 83% of voters ages 18-34 support the concept



▪ The grassroots ground game was strong

- Strong coalition partners under Washingtonians for a Responsible Future
- Tele-townhall with Governor Inslee
- 7500 emails and full page ads in target legislators' districts
- #Prepare4Care hashtag
- 6000 Petitions delivered to legislators along with cookies for staff



▪ What role did Area Agencies on Aging play?

- After the 2018 bill stalled, the legislature:
 - ✓ Instructed DSHS to update the feasibility study
 - ✓ Asked Area Agencies on Aging to lead a stakeholder conversation to resolve issues and improve the bill
- AAA's convened a broad-based group that met ten times between Memorial and Labor Days
- Three things came from that:
 1. Their recommendations made a much improved bill
 2. Each stakeholder came with their particular interests, but left with a better of LTSS as an overall system
 3. The common focus on the big picture kept them unified through final passage

▪ The AAA-led stakeholder group made six recommendations

1. The range of covered services, at minimum, should match what is available in Washington's public system
2. Explicitly include services that support family caregivers
3. Allow family members to be providers and define qualifications of family members
4. Allow spouses to receive Trust Act compensation for caregiving and specify the required training
5. Expand the role of the Commission to assure fiscal health, adjust benefits, improve operations
6. Balance cost and effectiveness (desired service enhancements would drive the premium too high)

- **\$36,500 doesn't seem like much. What difference will that make?**

- That's enough for:

- ✓ 25 hours per week of in-home care for a year
- ✓ 9 to 18 months in a residential care such as an adult family home or assisted living
- ✓ Five to six months in a nursing home
- ✓ Five years of family caregiver support that includes respite, caregiver counseling and education, home modification, adaptive equipment

▪ **What opportunities does this create for Area Agencies on Aging?**

- The bill requires the state to contract out for eligibility assessment capacity
- The state will rely on AAA's to develop networks of qualified providers
- The list of “approved services” matches what is available through AAA networks
- That network has developed over decades based on expressed needs of our communities
- The Trust Act will likely be the main source of non-Medicaid for future service expansion
- There will be a considerable need for information about what the Trust Act benefit provides and how to use it

▪ **What are the next steps toward implementation?**

- **2019** – Executive agencies start assembling infrastructure, Trust Commission meets
- **2020** – Rulemaking and additional actuarial analysis
- **2022** - Premium collection begins
- **2022-2024** – Service networks, eligibility mechanisms assembled
- **2025** – First services provided to vested beneficiaries

▪ What challenges remain?

- Is this thing going to be actuarially sound?
- How do we get information out on what's available and how to efficiently use this resource?
- How can we make sure the full menu of services is available, and organized in a useful manner?
- How will eligibility actually happen?
- How will consumer choice be supported?
- How will we ensure continuity of services after the benefit is exhausted?
- How do we keep this from looking/feeling like a Medicaid/welfare program?

■ What are “lessons learned” for other states?

- Don't be in denial on the need for and cost of long-term care
- Accept that LTC costs will press state budgets via Medicaid
- Accept that its not “public or private or family or individual responsibility” its “all of those together”
- Political 101 – key questions:
 - ✓ Assess your starting point – is your state already leading on LTC reforms?
 - ✓ Do you have/can you develop strong legislative champions and leadership?
 - Can you build a broad, strong coalition?
- Arm yourself with sound actuarial data
- Be patient and persistent. This isn't easy stuff.

Questions?

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