

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: H-1671.2/22 2nd draft

ATTY/TYPIST: RB:lel

BRIEF DESCRIPTION: Repealing the long-term services and supports trust program.

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1 AN ACT Relating to repealing the long-term services and supports
2 trust program; creating a new section; repealing RCW 50B.04.010,
3 50B.04.020, 50B.04.030, 50B.04.040, 50B.04.050, 50B.04.060,
4 50B.04.070, 50B.04.080, 50B.04.085, 50B.04.090, 50B.04.095,
5 50B.04.100, 50B.04.110, 50B.04.120, 50B.04.130, 50B.04.140,
6 50B.04.150, 50B.04.160, and 50B.04.900; and declaring an emergency.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** The legislature finds that:

9 (1) In 2019, the legislature enacted the long-term services and
10 supports trust program, which authorized a fifty-eight hundredths of
11 one percent premium on employee wages beginning in January 2022 to
12 pay for long-term care benefits for qualified individuals beginning
13 in 2025. This tax will be paid by all employees who work in
14 Washington, excluding individuals who have purchased a private long-
15 term care insurance policy and received an exemption, regardless if
16 they will retire before qualifying for the program or reside out of
17 Washington currently or in the future and not be able to use the
18 benefits of a program they paid into.

19 (2) The maximum benefits that a person may receive under the
20 long-term services and supports trust program is \$36,500 which will
21 be wholly inadequate to meet the needs of most people needing care

1 under the program. This will lead many people to think all their
2 long-term care needs will be paid for under the program and not plan
3 for costs beyond the maximum \$36,500 benefit.

4 (3) In 2019, Washington voters recommended the repeal of House
5 Bill 1087 in an advisory question by a resounding vote of over 62
6 percent.

7 (4) The state's Constitution only permits treasury investments
8 which typically yield returns between two and three percent. Due to
9 the fact that the solvency of the program was based on an actuarial
10 model that assumed over five percent investment returns, in 2020, the
11 legislature passed a constitutional amendment that would have allowed
12 investment of the program's funds in vehicles besides treasuries,
13 including stocks and bonds. This amendment was rejected by voters and
14 now the investment returns that the program is based on are
15 unattainable under current law and the program has an unfunded
16 liability projected at \$15,000,000,000 in net present value. Benefit
17 cuts or further premium increases will be necessary to address the
18 program's solvency.

19 (5) The most tangible benefit of the experiment with the long-
20 term services and supports trust program has been the conversation
21 that it has prompted among Washingtonians about the best way to
22 finance long-term care needs. In response, an increased number of
23 Washingtonians have purchased long-term care insurance policies and
24 others are considering alternative ways to meet their anticipated
25 long-term care needs. For those without the resources to save for
26 their needs, it is unfair to burden them with financing a potential
27 future benefit or give them the false impression all their long-term
28 care needs will be met through this program when they are struggling
29 with meeting the needs of today. Some Washingtonians, however, are
30 prepared to assume responsibility for planning their future care and
31 will need their funds to invest in long-term services. For these
32 reasons, the long-term services and supports trust program must be
33 repealed and a new discussion must occur about incentivizing and
34 supporting Washingtonians in responsibly planning for their long-term
35 care needs.

36 NEW SECTION. **Sec. 2.** The following acts or parts of acts are
37 each repealed:

38 (1) RCW 50B.04.010 (Definitions) and 2021 c 113 s 1, 2020 c 98 s
39 1, & 2019 c 363 s 2;

- 1 (2) RCW 50B.04.020 (Duties—Health care authority, department of
2 social and health services, office of the state actuary, employment
3 security department) and 2021 c 113 s 2, 2020 c 98 s 2, & 2019 c 363
4 s 3;
- 5 (3) RCW 50B.04.030 (Long-term services and supports trust
6 commission—Investment strategy subcommittee) and 2021 c 113 s 3 &
7 2019 c 363 s 4;
- 8 (4) RCW 50B.04.040 (Long-term services and supports council—
9 Benefit unit adjustment) and 2019 c 363 s 5;
- 10 (5) RCW 50B.04.050 (Qualified individuals) and 2021 c 113 s 4,
11 2020 c 98 s 3, & 2019 c 363 s 6;
- 12 (6) RCW 50B.04.060 (Eligible beneficiaries—Determination—
13 Services and benefits) and 2019 c 363 s 7;
- 14 (7) RCW 50B.04.070 (Payment of benefits) and 2019 c 363 s 8;
- 15 (8) RCW 50B.04.080 (Premium assessment—Rate—Collection) and 2020
16 c 98 s 4 & 2019 c 363 s 9;
- 17 (9) RCW 50B.04.085 (Premium assessment—Exemptions) and 2021 c 113
18 s 5 & 2020 c 98 s 7;
- 19 (10) RCW 50B.04.090 (Election of coverage—Self-employed persons)
20 and 2021 c 113 s 6, 2020 c 98 s 5, & 2019 c 363 s 10;
- 21 (11) RCW 50B.04.095 (Election of coverage—Federally recognized
22 tribe) and 2021 c 113 s 7;
- 23 (12) RCW 50B.04.100 (Long-term services and supports trust
24 account) and 2019 c 363 s 11;
- 25 (13) RCW 50B.04.110 (Long-term services and supports trust
26 account—Investment—Policies) and 2019 c 363 s 12;
- 27 (14) RCW 50B.04.120 (Appeal of determinations) and 2020 c 98 s 6
28 & 2019 c 363 s 13;
- 29 (15) RCW 50B.04.130 (Medicare data and waiver—Report) and 2019 c
30 363 s 14;
- 31 (16) RCW 50B.04.140 (Reports to legislature) and 2019 c 363 s 15;
- 32 (17) RCW 50B.04.150 (Benefits not income or resource) and 2019 c
33 363 s 16;
- 34 (18) RCW 50B.04.160 (Entitlement not created) and 2019 c 363 s
35 17; and
- 36 (19) RCW 50B.04.900 (Findings—2019 c 363) and 2019 c 363 s 1.

37 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
38 preservation of the public peace, health, or safety, or support of

1 the state government and its existing public institutions, and takes
2 effect immediately.

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