

## Long-Term Care Legislative Update

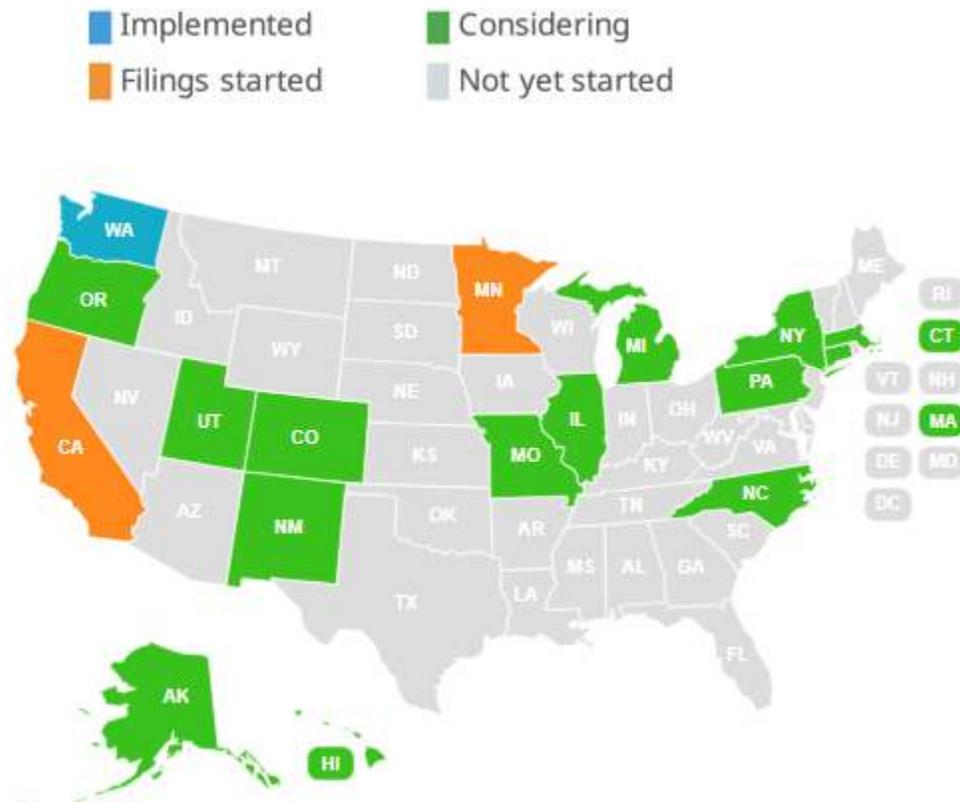
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### State of the market

The traditional long-term care (LTC) market has been challenged due to a strict regulatory environment, rising claims, and lower-than-expected lapses, leading to higher prices often unaffordable to a large portion of the affected population. People **reaching the age of 65 now have an average life expectancy of an additional 19.4 years<sup>1</sup>; and 70% of those will require long-term care<sup>2</sup>**, with a large portion of this care provided by a family member—creating additional caregiving pressures on the working population and impacting employers.

As the costs associated with eldercare increase, and Medicaid budgets are further strained, state governments are looking for new ways to address the looming problem. As state Medicaid budgets deplete and liabilities grow, more states are considering or sponsoring legislation around employee-funded LTC solutions. Adding complexity, several insurers have opted out of the traditional LTC market, leaving relatively few to provide much-needed long-term care solutions.

This document is designed to provide a high-level overview of each bill as it has been delivered. Please note that for all these states, except Washington, it is still too early to tell what their final plan designs, eligibility, and opt-out requirements will be. We will continue to monitor and report any updates.



## State legislative updates

### Pennsylvania

Pennsylvania introduced House Bill 2779 on August 22, 2022. The Aging and Older Adult Services Committee was developed to enact a bill that provides statewide long-term care. The proposed bill appears to mirror the Washington State Cares Fund Act (WA Cares Fund). The bill will not receive consideration in 2022, therefore, new legislation will need to be introduced in 2023.

#### Bill Proposal

- Workers near retirement (born before 1968) will be able to qualify for partial benefits on a pro-rated basis. (1/10th of the lifetime benefit for each year)
- Opt-out is available if an individual has a private LTC plan or is self-employed. Specific requirements regarding qualifying coverage for the opt-out are yet to be determined.
  - Program design
- \$ 36,500-lifetime benefit (\$100 per day)
- 0.58% payroll tax for every \$100 earned
- Work 500 hours for 10 years or 3 years if the individual experienced a catastrophic disabling event
- Loss of three activities of daily living to activate LTC benefits

For more information on the Pennsylvania legislation please visit: [HB# 2779](#)

### Washington

The first to enact a law was Washington State, which began on July 1, 2023, with the first benefits becoming available in July 2026. The program, Long-Term Services & Supports (LTSS) is publicly funded by a 0.58% payroll tax on all wages and remuneration withheld quarterly by employers and is mandatory for all W-2 employees. Owners of private LTC insurance are permitted to “opt-out” by applying for an exemption by December 31, 2021.

In January, three bills were introduced to amend the Washington Cares Fund Long-Term Care program: [House Bill 2271](#), [House Bill 2272](#), and [Senate Bill 6072](#).

The legislature allowing people to opt out of the Long-Term Care payroll tax collected enough signatures to be acted on or sent to a vote on the 2024 November ballot. If passed, employees who currently pay into the Washington Cares Fund would be able to opt out of coverage and pay into the fund.

For more information on the WA Cares Fund program please click [here](#).

### California

On December 18, 2023, the California Department of Insurance adopted Oliver Wyman's published its [Actuarial Report](#). The report summarizes Oliver Wyman's actuarial analysis to assess the cost and viability of the LTC program designs recommended by the AB 567 Task Force. The report includes estimated program contribution rates (ranging from 0.6% to 3.0%), alternative financial scenarios, assumption sensitivities, and several other analyses.

#### Proposal:

- 6 Plans are being contemplated.
- Tax expected to be .6% of all wages with no cap.
- Employer and employee shared tax.
- Hybrid life plans expected to be approved for opt-out.

The final Actuarial report was due in December of 2023. Given the complexity and cost of funding a state-run LTC program, we would expect the legislative process to take 1-2 more years before a program is in place.

For more information on the CA LTSS program please click [here](#).

## New York

In January, [Senate Bill S8462](#) was introduced to New York's legislature to enact the LTC Trust Act and establish an LTC Trust program. The legislature is similar to the previous bill, which mirrors the Washington Cares Fund program.

For more information on the NY Act, please click the link to read the full [draft](#).

## Minnesota

In December 2023, the Minnesota Department of Human Services published an [LTSS Funding and Services Initiative Study](#) as part of its "Own Your Future 3.0" initiative. Through a stakeholder engagement process, several recommendations were made regarding ways to transform LTSS access and expand LTSS funding options in the state. The report contains three (non-mutually exclusive) recommendations, as follows:

- Recommendation #1: Care Navigation & Support Services. Establish a state-initiated and collaborative care navigation and support service for all older adults. This system would leverage existing services, provide strong awareness and education, and support families and informal caregivers during their care journeys through a broad online and telephonic approach
    - Estimated cost: 0.8% to 1.6% of Minnesota's general expense budget (\$250 million to \$500 million in 2025)
  - Recommendation #2: A Medicare Companion Product. Introduce a new insurance product concept that coordinates and funds care needs that emerge in retirement. The companion product would coordinate care across acute and LTSS needs through collaborative Medicare and LTSS supporting products. Two approaches are considered for this recommendation: a voluntary Market Option and an Obligatory Option
    - Estimated cost: \$120 monthly premium, beginning at age 65, indexed annually for inflation
  - Recommendation #3: A Catastrophic-Lite State Based Program. Implement an obligatory state insurance program that would provide funds to help pay for long-term care expenses. The program would provide five years of benefits following a two-year elimination period. The focus would be on home and community-based services, but funds would also be available for facility care
    - Estimated cost: 0.55% to 1.15% payroll tax (depending on eligibility and economic assumptions)
  - Stakeholders viewed Recommendation #1 as being the most impactful improving Minnesota's current LTSS system
1. [https://acl.gov/sites/default/files/Aging%20and%20Disability%20in%20America/2020ProfileOlderAmericans.Final\\_.pdf](https://acl.gov/sites/default/files/Aging%20and%20Disability%20in%20America/2020ProfileOlderAmericans.Final_.pdf)
  2. <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>

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