



MARKET UPDATE

LONG TERM CARE

May 2024



WASHINGTON FIRST, OTHERS COULD FOLLOW

A first of its kind when passed in 2021, the [Washington Cares Act](#) mandates a 0.58% payroll tax on all W2 wages in an effort to financially stabilize the strained Medicaid-funded Long Term Care (LTC) program. This new tax and quickly aging populations across the nation have led to waves of further activity as other states look to shore up their own unstable public Long Term Care programs. As the states, industry, and employers look to adapt, what can we learn from Washington?



PLANNING IS KEY

Advance notice for residents and extended “opt out” periods are inefficient and those with higher incomes flooded the private market.

1. The state retains a less favorable risk pool, as 481,901 people purchased long term care insurance, subsequently opting out of the tax.¹
2. The private LTC market was not prepared for the demand; as sales were suspended, frustration mounted for both employers and employees.

Given what happened in Washington, it is clear extended opt out provisions are detrimental and, as others adapt, are unlikely to persist if more states pursue similar programs.



2024 AND BEYOND

The continued efforts in many other states fall into four main categories:

1. Four states are currently conducting feasibility, workforce and funding studies to gauge the financial value of a tax or other vehicles like Washington.
2. One state is currently piloting a program to pay working family caregivers to better support them, and two other states are looking at offering state tax credit for family caregivers.
3. Four states are exploring offering tax deductions and/or credits to encourage private policy purchases.
4. Four states are further regulating rate increase actions on previously sold policies and turning a more critical eye toward future policy pricing.

For reference, a more detailed summary of legislative activity can be found on page 2.

¹ WA Cares, Quarterly Premiums, Covered Worker and Finance Update – 5/1/2024

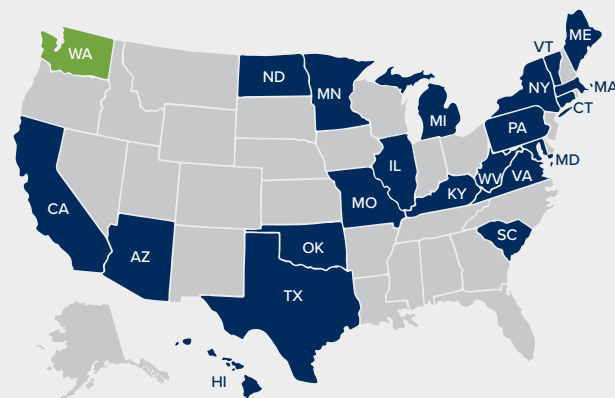
INDUSTRY ADAPTS, EMPLOYERS ARE PLANNING NOW

With 14 states looking at legislation and eight carriers launching new or improved products, employers are now evaluating the launch of new programs. There are a multitude of platforms for enrollment and administration. Specialization and historical experience are key in addressing the reemergence of LTC as a forward looking program for today's and tomorrow's workforce.

Market innovation is providing employers more product choices. Carriers are offering new individual LTC products. These policies will include similar design elements to the group LTC of the 1990s and 2000s, but they have rebuilt product filings to provide stable rate structures based on the realities learned from the prior products.

Additionally, four Life with LTC carriers are filing new products, and several more are already approved to offer new compliant products that better align with workforce needs and any potential legislation from any of the aforementioned states. We are seeing innovators in some cases building unique policies with different approaches to solve the LTC puzzle.

The Following States Are Currently Considering Some Sort of Program to Address the LTC Crisis*



- Arizona
- California
- Connecticut
- Hawaii
- Illinois
- Kentucky
- Maine
- Maryland
- Massachusetts
- Michigan
- Minnesota
- Missouri
- New York
- North Dakota
- Oklahoma
- Pennsylvania
- South Carolina
- Texas
- Vermont
- Virginia
- Washington
- West Virginia





KEY:











- Considering
- Complete









Figure 1. U.S. map.



*All states are fluid in this process.

As many found in Washington State, putting this topic off for too long can be detrimental to employers, employees and state budgets. We are encouraging the exploration of the market and your options today!

State	Date Updated	Updates
	6/13/2023	<ul style="list-style-type: none"> • House bill seeking to create caregiver tax credits/caregiving expenses
	April 2024	<ul style="list-style-type: none"> • Final report to CA Task Force delivered to legislature <ul style="list-style-type: none"> » Five Plan Designs (\$36k to \$144k) » Employee and Employer Contributions » Tax rates from \$0.60 to \$3.00 per \$100 of taxable income » Waiver for incomes below \$30,000 » Contribution cap for incomes over \$400,000 (4 out of 5 plan designs) » Opt-out provision for Employees, which extends to Employer » Various investment options considered, including U.S. T-bills only or U.S. T-bills and Equities <ul style="list-style-type: none"> • If only T-bills permitted, a tax increase will be necessary
	April 2024	<ul style="list-style-type: none"> • Senate Bill 245 introduced on February 23, 2024 • Require the Commissioner of Social Services to study Long Term Care needs in the state • Joint Committee on Aging favorably reported the bill on March 12, 2024
	6/12/2023	<ul style="list-style-type: none"> • Kapuna Caregivers Program created in 2018 <ul style="list-style-type: none"> » Intended for employed Hawaiian residents who are also unpaid primary caregivers of a senior relative » Helps ease the financial burden of providing care for a loved one, while allowing the caregiver to continue their employment outside of the home

State	Date Updated	Updates
	6/13/2023	<ul style="list-style-type: none"> 2023 SB 1812 proposed a state income tax deduction equal to out-of-pocket costs associated with Long Term care for the taxpayer or the taxpayer's family member—adjourned sine die in May
	April 2024	<ul style="list-style-type: none"> House Joint Resolution 100 introduced on February 22, 2024 Department of Insurance to create task force to explore feasibility of implementing statewide LTC insurance program Report due to legislature September 1, 2026 Actuarial report due September 1, 2027
	6/13/2023	<ul style="list-style-type: none"> Nothing in 2023 regarding LTC, but a bill on Long Term Disability In 2018, Maine voters voted down a bill that increased taxes on the wealthy to fund universal home care
	April 2024	<ul style="list-style-type: none"> House Bill 0349 Requiring Department of Aging to contract independent consultant to complete insurance study on public and private options leveraging resources to help individuals prepare for LTC services and support needs Senate Bill 631 also introduced Both bills withdrawn
	April 2024	<ul style="list-style-type: none"> Introduced by House, Senate Concurred Special commission to establish a statewide LTC insurance program (similar to WA) Executive Office of Health & Human Services shall produce an actuarial report with recommendations within 2 years August 9, 2023, Governor Maura Healey signed a \$56.2 billion FY2024 budget bill, which includes funding for actuarial study February 29, 2024 Referred to Joint Committee on Rules
	6/13/2023	<ul style="list-style-type: none"> 2017, HB 4674 introduced to conduct impact study related to LTC needs, did not go past committee 2019 Michigan Appropriations bill, Michigan Dept. Health & Human Services conducted study of benefit options for LTSS, study of Michigan LTSS workforce
	April 2024	<ul style="list-style-type: none"> Minnesota funded study exploring option of implementing obligatory statewide insurance program Conducted by FTI Consulting, considered 3 approaches: <ul style="list-style-type: none"> Care Navigation & Support Services Medicare Companion Product Catastrophic-Lite State Based Program 2025 Legislative Proposal to continue funding
	6/13/2023	<ul style="list-style-type: none"> Bills related to Long Term Care rate increase regulation
	May 2024	<ul style="list-style-type: none"> Senate Bill S9082 “Long Term Care Trust Act” was introduced in May 2022 but did not move forward Jan. 31, 2024, Senator Shelley Mayer (D) reintroduced “Long Term Care Trust Act” May of 2024, NY State Representative Anna Kelles introduced a companion bill A0143 which has been referred to the Senate Health Committee Similar to WA State: <ul style="list-style-type: none"> Mandatory Employee Payroll Tax Current opt-out language
	6/13/2023	<ul style="list-style-type: none"> Bill proposing changes to regulations around pricing of stand-alone Long Term Care policies

State	Date Updated	Updates
 OK	6/12/2023	<ul style="list-style-type: none"> House & Senate bills seeking to create caregiver tax credits to support family caregivers
 PA	April 2024	<ul style="list-style-type: none"> House Bill 844 was introduced April 10, 2023 Similar to WA State: <ul style="list-style-type: none"> » Mandatory Employee Payroll Tax » Current opt-out language, must own LTC when bill is enacted
 SC	6/13/2023	<ul style="list-style-type: none"> Bill proposing a tax credit for the purchase of Long Term Care insurance
 TX	6/13/2023	<ul style="list-style-type: none"> HB 4110 relates to certain administrative penalties and procedures associated with aging, community-based and Long Term Care service providers (e.g. nursing homes, home healthcare providers)
 VT	6/13/2023	<ul style="list-style-type: none"> 2023 an act relating to the study and design of a Long Term Care trust fund A 2023 bill re: the cancellation of a life or Long Term care insurance policy for nonpayment of premium (extending grace periods)
 VA	6/13/2023	<ul style="list-style-type: none"> Bills to change regulations around Long Term Care rate increases
 WA	April 2024	<ul style="list-style-type: none"> Washington Cares Act of 2021 <ul style="list-style-type: none"> » First LTC tax in U.S. » Mandatory employee payroll tax, 0.58%, W-2 earnings, no cap on income » \$36,500 LTC benefits, \$100/day » Tax “opt-out” if own LTCI before November 1, 2021 » 500,000 purchased LTCI
 WV	6/13/2023	<ul style="list-style-type: none"> Bill proposed providing a tax exemption for income from a qualified retirement plan used to pay for Long Term Care

KEY:
 Considering
 Complete

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