



## WASHINGTON STATE LONG-TERM CARE INSURANCE PROGRAM

In 2019, Washington state enacted a [long-term care insurance program](#), the Long-Term Services and Supports (LTSS) Trust Act, which will be funded by an employee payroll premium. Beginning in January 2022, the program mandates Washington based employees to pay a new payroll tax of 0.58% of payroll (alternatively, \$0.58 per \$100 of earnings).

The employee is responsible for paying the premium for this payroll tax. The employer can elect to pay this tax on behalf of employees, but they are not required to pay any portion like they are for FICA and PFML.

Employees who have purchased private long-term care insurance prior to November 1, 2021 [can claim exemption from this tax](#), and must do so between October 1, 2021 and December 31<sup>st</sup>, 2022. To opt out, qualifying employees must apply for exemption with the Employee Security Department (ESD), using a format that will be approved by the ESD. Once an employee has opted out of the program, they will be unable to opt back in.

Beginning in January 2025, access to services and supports will be available for everyone who is eligible to receive the benefit. To qualify for the benefits, employees must have paid the premium working at least 500 hours per year for 3 of the previous 6 years in which they are seeking the benefit, or for a total of 10 years with at least 5 years paid without interruption. The employee must also be a current Washington resident, and need assistance with at least three activities of daily living (e.g.: medication management, personal hygiene, eating, etc.).

Employees who participate in this plan should note that benefits will not transfer to a different state upon retirement, or at a later date.

### **For Employers:**

As an employer, some things you can do to prepare your employees and your business for the upcoming tax are:

- Communicate to employees about the upcoming tax and their ability to “opt out” if they have private insurance. Planning ahead now can allow employees that want to consider private insurance to do so. Private insurance may provide a better benefit and may be more affordable to the employee.
- Prepare to collect and remit the payroll tax beginning January 1, 2022.
- Employers with unions may also want to notify the union(s) that they are complying with the law.
- Employers should contact their payroll or tax advisor with any questions about this new law.