

# The Future of Long-Term Care and Benefits: What Employers Need to Know!



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# The Road to Long-Term Care

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*\*AssuredPartners is an employee benefits consulting firm. Consequently, the information provided in this presentation is not intended to offer an opinion or advice on legal, tax, or accounting matters\**

# Agenda

## **Understanding Long-Term Care**

Long Term Care: Explained

The Growing Need

Reasons to Begin Planning Now

## **State Legislation**

The Catalyst: Washington Cares Fund

New York Legislation

## **Private Insurance Coverage Options**

Hybrid Life with Long Term Care

## **Executive Overview**

What to Consider

## **Questions and Answers**

## **Contact Info**



# Long Term Care: Explained

## **What is Long-Term Care (LTC):**

LTC involves assisting individuals with essential daily activities they cannot perform independently, such as bathing, dressing, and eating. Demand for flexible LTC solutions is increasing, and it's crucial to provide viable options to employees regardless of state legislation.

## **What does it mean for you?**

State governments are recognizing the increasing need for care and the associated costs affecting many individuals. As a result, more states are considering enacting legislation to address this issue. Employers offering Long-Term Care solutions can promote greater financial stability, loyalty, and productivity among their employees.

## **The cost of care for employers:**

Caregiving significantly affects the workforce, as many caregivers are employed individuals. To address this impact, employers can provide financial resources to help employees fund their future care and offer employee assistance programs to support them in managing the challenges they face as caregivers.



# What does care cost?

The average cost of long-term care in the United States

Private Nursing Home Room

**\$108,405**



Semi-Private Nursing Home Room

**\$94,900**



Assisted Living Facility (one bedroom)

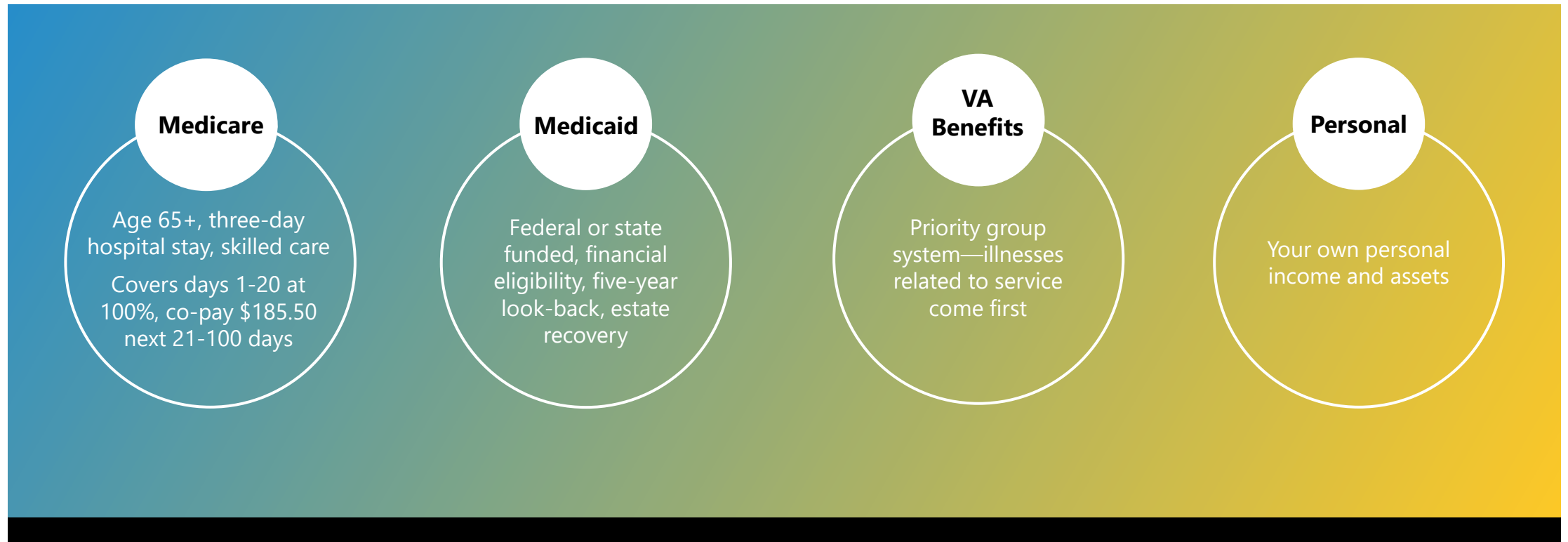
**\$54,000**



Home Health Aide

**\$56,160**

# Who pays for the coverage?





**Long Term Care is a Multigenerational Problem**



# Legislative Update



# Washington Cares Fund

## The Catalyst – Washington Cares Fund

The state of Washington enacted a law, effective January 1, 2022, requiring employers to begin collecting a **0.58% payroll tax, uncapped**, from all employees that live and work in the state. Those funds would provide a lifetime benefit for long-term services and support to qualifying Washington residents, should they need it. Lifetime benefit: \$36,500.

- **Tax Exemption:** Washington state provided a one-time, limited-time offer to allow employees who were enrolled in their own comparable, private long-term care insurance to opt-out of tax.

*Private LTC insurance members are covered and will not need the State to provide subsidy for long-term care services and supports in the future.*

- **Payroll Tax Deduction:** Washington state's deduction went into effect on July 1<sup>st</sup>, 2023



# Benefits from WA Cares Fund

- Each person is entitled to a lifetime maximum benefit of \$36,500 (adjusted annually) to pay for long term care services and support
- Benefits are allocated in units of \$100
- Benefits can be used in a variety of ways including:
  - Home modifications adaptive equipment
  - Home delivered meals
  - In-home personal care
  - Assisted living
  - Adult daycare
  - Nursing home services
  - Benefits **NOT PORTABLE** to other states



# Update From NYS



# Legislative Update – New York

## New York

- Legislation was introduced in May 2022, but did not move forward
- It was expected that legislation would be modified and reintroduced in 2023 legislative session, but as the year progresses this is less likely to happen
- Industry groups continue to work to help inform state legislators so they can advance a comprehensive bill that considers private LTC insurance options as part of a solution

<https://www.nysenate.gov/legislation/bills/2021/S9082>

## Tax – Proposed Timeline; Proposed Legislation

Beginning January 1, 2024, any employee in New York must pay a to-be-determined percentage of annual wages into a state LTC fund through payroll taxes. The proposal drafted duplicates the some of the Washington LTC plan, but makes some significant changes from that original legislation

- Tax assessed against all W2 income
- Tax will be set by September 30<sup>th</sup> of the year beginning one year after article takes effect
  - Bill passes in the 2023 legislative session (Jan 2023 to early May 2023) and is signed into law by the Governor.
  - November 15, 2023 the committee needs to submit the first actuarial report (and every year after) and no later than January 1, 2024 will need to create and maintain the registry for all people who are going to pay the tax and who have opted out.
  - By September 30<sup>th</sup>, 2024 the state controller will set the tax amount
  - Tax will begin January 1, 2025 and will be re-assessed as needed for any adjustments needed

# Proposed Exemption Language

Opt-Out Provisions are currently written in *proposed legislation* to allow for program/taxation exemption if private LTC policies are purchased before program enactment.

If an exemption has been issued and the employee ceases to hold private long term care insurance for more than 90 days, exemption is permanently revoked, and the employee will be subject to the tax.

## Reasons to offer Voluntary Life with Long-Term Care as part of your company's Employer Benefit Package:

1. Adding benefits will offer a more robust benefits package to employees, at **no cost to your company**. For employees seeking a supplemental death benefit or long-term care insurance for themselves and their dependents, *your company* can offer a *guaranteed benefit* for families. The benefit would include a long-term care benefit that should qualify for the New York state tax exemption.
2. Secure an employer-sponsored benefit and provide an opportunity for employees to enroll in preparation for potential New York Long Term Care program/tax (uncapped tax).
3. To note: it is crucial that plan offerings comply with IRS Code 7702B, or any other legislation or codes that might supersede this.



# Private Insurance Coverage Options



# Hybrid Life Insurance with LTC



## Need to Know



Complements group term life plans



Payroll deduction or ACH



Rates never go up



Onsite and telephonic enrollment options



Benefit education is critical to success



“Active” counselor assisted enrollment

## Key Features / Considerations

Guarantee Issue

7702B Tax qualified LTC Policy Rider

Permanent Life Insurance

Group Rates

Fully Portable

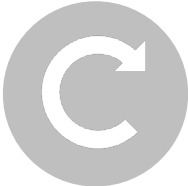
## Common Available Riders



Long Term Care  
*-4% of death benefit for Skilled Nursing, Assisted Living, Home Health and Adult Day Care*



Waiver of Premium



Accelerated Death Benefit



# Executive Overview Strategy

**Consider: Offering Voluntary Life with Long-Term Care Insurance.**

**Reasons to include Voluntary Life with Long-Term Care as part of your Benefit Package:**

1. Add valuable benefits at no cost to your county that provide additional financial protection for your members/employees
2. Secure an employer sponsored Long Term Care program in advance of potential future legislation.



## Q & A

- Contact us with any questions in emails below
- AP is here to help
- We welcome the opportunity collaborate and discuss your specific solution in greater detail



**AssuredPartners**

EMPLOYEE BENEFITS

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