



PUBLIC
SAFETY
EMPLOYEES
INSURANCE
INC.

LONG TERM CARE COVERAGE: An alternative to the Washington State Long Term Services & Supports Act

Public Safety Employees Insurance Inc. is a wholly owned subsidiary of the Washington Council of Police & Sheriffs (WACOPS).

Information as of **AUGUST 2** -- please watch for updates!

Brief Background on Washington's LTSSA: In 2019 the Washington State Legislature passed a mandatory payroll tax to take effect on January 1, 2022. The tax will be collected on every W-2 Wage Earner. The tax is currently set at .58cents per every \$100.00 of gross wages. In 2021, WACOPS along with other first responder advocates and some employers, was able to get an amendment to the law that allows for current workers in WA to opt out of the tax if they have in place by November 1, 2021, an alternative insurance plan that meets the State's mandated coverage level.

Where can you find out more? PSEII and its broker LBG Advisors are working hard to make sure every first responder in Washington has a choice when it comes to their long-term care needs. For more information about Public Safety Employees Insurance Inc and their alternative to the state's payroll tax, please visit www.pseiibenefits.com. As this continues to develop information will be put there for your consideration. For a brief video message from the WACOPS Executive Director please click here: https://youtu.be/dl_kzcEo6TM

Frequently Asked Questions: In the past few weeks we have received many questions about long term care, the state's mandatory tax, and how to opt out. Please review the list of questions and answers below. If you continue to have questions, please contact Jason Jakobsen at LBG Advisors (jason@lbgadvisors.com) or Teresa Taylor, WACOPS Executive Director (ttaylor@wacops.org)

THE BASICS

Q – Who pays?

A – Beginning January 1, 2022, all W-2 wage earners 18 years of age and older will be taxed.

Q – How much is the tax?

A – As of January 1, 2022, the state will collect .58cents on each \$100 of gross earnings.

Q – Is the tax capped?

A – No. The State's own assessment through Milliman has already reported that the .58cents initially collected will not generate enough money by the time the first beneficiaries will be able to access the state's plan.

Q – How do I pay the tax?

A – Your employer will withhold the tax from your pay and remit it to the state on your behalf.

Q – How much coverage will I receive from the State when/if I need long term care support?

A – The maximum payout will be \$36,500 or the equivalent of \$100 a day for 1 year.

Q – I am planning to move out of state. Will I still be able to use the state’s coverage?

A – No. The state plan is not portable and if you are vested but move out of state, and remain out of state for an extended period, you may not be able to receive the benefits even if you return for care.

Q – How many years must I contribute to the tax to benefit from the state’s coverage?

A – There are a couple ways to determine if you ultimately qualify to receive benefits. One test is the 10-year vesting. In this case, the benefits are limited to Washington residents that have paid premiums in the program for a total of 10 years without interruption of at least five consecutive years. The second way a person will qualify is that they contributed for at least 3 years in the last 6 years from the date they apply for benefits.

NOTE: Employees must have worked at least 500 hours during each of the 10 years or 3 years, whichever qualifier applies to the applicant’s situation. Ultimately, anyone that stops work (retires for example) before reaching the 10-year mark may never qualify for the benefit. Also, since you must be a Washington resident, those that retire and move away from Washington will not be able to use their benefit either.

Q – I am going to retire or leave employment soon! If I am not going to work enough years to vest in the state’s plan will my employer allow me to opt out?

A – No. You will have to either pay the tax or provide proof that you have an alternative insurance plan.

Q – I am not working now but plan to go back to work in 2022. When I go back to work after January 1, 2022, will I be offered a way to opt out of the tax?

NOTE: *This is unlikely your situation but may be the case for a spouse ~~or a dependent child.~~*

ADDITIONAL NOTE: *Initially we thought dependent children could be covered by LTC. That is no longer the case. You may purchase them life insurance but not LTC. As of July 1, 2021, Trustmark has determined our LTC program will not extend LTC coverage to dependents 18- 25.*

A – You must have purchased a qualifying private Long Term Care policy prior to November 1st, 2021, regardless of your working status. If you have purchased a policy by November 1st, 2021, you will be able to attest to that fact anytime from October 1st, 2021, to December 31st, 2022. ~~Once you have attested to your qualifying private policy to your employer, they will submit that information to the Employment Security Department (ESD) on your behalf.~~

On October 1, 2021, please go to the [EXEMPTIONS – WA Cares Fund](#) web page and find out exactly how to file the attestation.

Sometime after you submit the proper information required by ESD (between October 2021 and December 2022) ESD will then contact you directly if you have been approved or declined for opt out.

Once you have received your approval you will need to contact your employer and they will then stop collecting the tax upon the start of the next quarter. No refunds of prior tax collected will be allowed per state law. This is the only window of opportunity that the state has given.

IS THERE AN ALTERNATIVE TO THE PAYROLL TAX?

Q – Is there a way to avoid the tax?

A – Yes! The current law allows for currently employed W-2 wage earners 18 years of age and older to opt out of the state's tax if they have purchased an acceptable alternative insurance plan by November 1, 2021.

Q – If I opt out now and later decide I would rather pay the payroll tax, can I get back into the State's program?

A – No. Currently the law will not allow anyone that opts out now to opt back in later.

Q – Will the insurance through PSEII be portable (take it to another state)? A – Yes.

Q – Will the insurance through PSEII be rate stable?

A - Because Trustmark's product is an Individual product and not a Group product their rates UL and LTC Rider, offer stable premiums that could only change if we re-filed our rates in any given state. That has never happened since we started selling the product.

Q – Will the insurance through PSEII require I pay into the plan for at least 10 years before I can use it, should I need to?

A – Uncertain. Be sure to get detailed information about when coverage becomes available to you, based on the plan you select.

Q – Will the insurance through PSEII be less expensive than the State's? **NOTE:** The state is starting at .58cents for each \$100 earned.

A – We expect it to be, but we will not know until we get the rates back from underwriting. We do know that the state's tax is unlikely to remain at .58center per \$100 of earnings. The state has already said that rate is too low.

Q: What determines whether a policy will qualify for the tax exemption?

A: The Rules Committee issued guidance in June that a private LTC policy would qualify for exemption if it meets the definition listed in RCW 48.83.020 (5). This rider describes the types of policy and how they must function in order to be considered LTC in WA State. (here is a link <https://app.leg.wa.gov/rcw/default.aspx?cite=48.83.020>)

The National Association of Insurance Commissioners (NAIC) and insurance industry sources use Activities of Daily Living (ADLs) to describe key activities to help determine when benefits should be triggered. Common LTC triggers will state that you are qualified to receive benefit payments under a LTC policy if you are not able to regularly perform 2 of 6 ADLs or if you suffer from Cognitive Impairment (standalone trigger for benefit payments).

What to Consider: A policy IS NOT LTC if it requires you to be terminally ill or suffer from extraordinary medical conditions. Look out for policy language that requires you to be chronically or terminally ill in order to receive benefits. It is very possible that these arrangements will not meet the RCW Definition for LTC and will ultimately not qualify you for the Opt Out Exemption. Confirm that your policy is based on ADLs and is not triggered by illness.

HOW CAN WE GET ACCESS TO THE ALTERNATIVE?

Q – How do I get a quote for the Public Safety Employee’s Insurance Inc. alternative coverage?

A – All WACOPS member organizations, and other first responder organizations will be able to log into a portal to get a quote in August, *see below for specific dates and deadlines*. We need all census data returned to PSEII before we can open the portal to access quotes. Please keep watching www.pseiibenefits.com for current information.

Q – If I get a quote am I obligated to purchase the insurance? A – No.

Q – If I want to buy the alternative and avoid the state’s tax but others in my organization want to pay the tax or use another option, am I out of luck?

A – No. The decision to purchase an alternative or to pay the payroll tax to the state is a personal decision for each person. You will make the best decision for you and will not be impacted by what others elect to do.

CENSUS for WACOPS MEMBERS and AFFILIATED NON-MEMBERS

Q – I have been asked by WACOPS to complete a census form to include all the members of my organization. What is this for? Is it required? (The census format is available here: [LTC - PSEII BENEFITS](#))

A –
What is it for: The census is the document used by our underwriter to monetize the coverage options. Trustmark, the underwriter, has agreed to treat all WACOPS members as one group, rather than treating large member organizations within WACOPS more favorable than small ones. The census brings us all together, treats you all similarly, and leverages our strength in numbers.

Is the census required: In order to ensure our underwriter can offer the most affordable options, the census is required. The census is not to be completed by an individual. The census must be submitted by an organization. At this time, only those that included their information in the census tool will be able to access the portal and receive a quote.

NOTE: There is no obligation to buy anything. To have access to the PSEII alternative, please submit your organization’s census to Jason@lbgadvisors.com.

ACCESSING A QUOTE

Q: How do I get a quote?

A: Please go to www.pseiibenefits.com/LTC. If your name was not previously submitted on a census document, please scroll to the bottom, click on the link to the census document, complete the requested data and submit that to jason@lbgadvisors.com. If your name was included in a census previously, please click on the Click to Enroll Now link at the top of the page.

Q: When I created my pin it asked for my Employee Number. What number is that?

A: You may skip that box.

Q: The quote referenced “pay period”. Will I be charged this amount more than once per month?

A: No. The quote you receive will be for a month of coverage and will be paid by you through an ACH out of your personal checking account. For this purpose, pay period means once per month.

Q: Will my monthly premium be paid for me by my employer?

A: Not at this time. The law allows, in some specific instances, your labor representatives to bargain the tax issue with your employer. However, the opt out process requires you to have in your possession an alternative program by November 1, 2021. Whether your labor representatives negotiate something in the future or not, the product must be purchased now and the payment made by you to Trustmark each month through ACH.

Q: When I was in the portal I was asked for my banking information. Why?

A: In order to pay for the insurance, an ACH payment will be set up for the monthly premium to be pulled from your checking account on the 12th of the month.

CHOOSING COVERAGE AMOUNT

Q: How much insurance am I required to have in order to meet the state's mandate?

A: The state has not announced this. As a result, you are urged to err on the side of caution and purchase more than the state's program will cover. It has been suggested by LBG Advisors, our broker, to purchase at least \$50,000 of coverage. If the state sets the minimum amount lower, you can easily reduce your coverage in the future. However, if you select too low a coverage amount now, the state may deny your request to "opt out" and since the window will be closed as of November 1, 2021 you won't have a way to increase coverage and be considered qualified. The state has set this process up this way and the benefit is all to them.

Q: Do I need to buy the same amount of coverage for my spouse?

A: No. However, if you are purchasing insurance for your spouse and are doing it to avoid the state's mandatory payroll tax, the same coverage issues will apply to them as described in the previous question. Take care, be sure to purchase an amount that will be most likely enough or more than enough to meet the state's requirement. The state has not declared what that minimum amount is.

Q: Can I purchase Long Term Care Insurance for my dependent? The portal gives me a place to add them?

A: You can purchase life insurance for your dependent children, but not Long Term Care insurance. The portal is offering you that opportunity only.

NON WACOPS MEMBER ACCESS

Q – My ~~first responder~~ organization is not currently a member of WACOPS. Will our members have an opportunity to get a quote for this alternative?

A – Yes. In this one instance, and only this one instance, the Board of Directors for WACOPS is making access available to all employees in aligned or affiliated ~~first responders and supporting~~ professions (corrections, communications, etc.). Please contact Teresa at WACOPS for the details about affiliation for this limited offer (ttaylor@wacops.org).

Q – Who needs to submit a census?

A – Every organization of ~~first responders~~ that wants to ensure its members, their spouses, and ~~children (18 – 25)~~ can make a choice about their long-term care coverage.

NOTE: *As of July 1, 2021 Trustmark has determined our LTC program will not extend LTC coverage to dependents 18-25. However, fully commissioned officers in that age range will be covered like all other members.*

Q – Who do I include in the census?

A – Please include everyone that you consider a member of your organization. **NOTE:** For organizations that also have records, corrections, and communications (just for example) please provide their census information but list them separately from the fully commissioned people in your roster.

IMPORTANT DATES AND DEADLINES

July 16, 2021 – First cutoff date for submitting your organization's LTC census. All census received by 3pm on 7/16 will be included in the first batch of WACOPS member data delivered to Trustmark.

July 30, 2021- We will not be accepting any census data after 7/30 at 3pm.



~~**August 2, 2021** – All members included in a census that was submitted on or before 7/16 will be able to access the Trustmark quote portal on 8/2.~~

~~**August 16, 2021** – All census received after 7/16 will have access to the Trustmark quote portal beginning 8/16.~~

AUGUST 2, 2021 – Anyone that has been included in a census submitted to PSEII or LBG Advisors is eligible to log into the quote portal as of today. www.pseiibenefits.com/LTC

AUGUST 2, 2021 – Anyone interested in accessing a quote through PSEII is encouraged to complete the census documents found at www.pseiibenefits.com/LTC (scroll to the bottom of the page), open it, complete the required data and submit it to PSEII or LBG Advisors in order to be granted access to the portal.

September 20, 2021 - The Trustmark quote portal will permanently close on 9/20.

*** This version of this documents was created on **August 2, 2021**. Please watch for updates. We will do our best to keep you fully informed. Please have your organization submit one complete census no later than September 17, 2021. The quote portal will close on September 20, 2021. If you need assistance, please contact WACOPS at 360-352-8224.