



BURLINGTON-EDISON
S C H O O L D I S T R I C T

**NEW LONG-TERM CARE
PAYROLL TAX**

&

**SEBB CHANGE FOR
SUPPLEMENTAL LTD**

TOPIC #1

NEW LONG-TERM CARE PAYROLL TAX

Long Term Care Insurance

- ▶ Understand the What, Why, Who, When and Where
- ▶ What are the Key Factors to consider
- ▶ Taking Action

Please Note: B-ESD cannot advise or consult in any capacity - we can only provide information.

What is the Long-Term Care Trust Act?

- ▶ Washington State Governor, Jay Inslee recently signed into law the Long-Term Care Trust Act.
- ▶ The goal is to provide Washington residents access to Long-Term Care insurance after contributing to the Trust for a specific period of time through a payroll tax.

Why:

- ▶ Washington will **spend \$4b/year** on Medicaid-funded Long-Term Care by 2030, by which time the Trust Act is projected to save approximately **\$12.5m/yr**, or **~0.31% of Medicaid's budget**.
- ▶ To put this \$12.5m in context another way, the Trust Program is expected to **collect approx. \$1b/yr in taxes** to help supplement Medicaid's budget.

What:

- ▶ LTC Trust will be publicly funded by a maximum **0.58% payroll tax (\$0.58 per \$100) on ALL wages and compensation**, and will be withheld monthly. Employers must report and submit the tax quarterly.
- ▶ Benefit is vested by individuals who work in Washington State a **minimum of 500-hrs/yr (average of 41.67 hrs/month)** and who pay the tax for **at least 10 years** (without a break of 5 consecutive years) OR who pay the tax for **3 of the last 6 years**.

Who:

- ▶ Mandatory for all W-2 employees in Washington State.
 - All B-ESD employees including Substitutes/Coaches/Refs, etc.
- ▶ Oregon, Idaho and Canadian residents who earn income in Washington are **expected to pay the Trust Act payroll tax**, but *will not be eligible for benefits* unless or until they later move to Washington.

Who:

- ▶ Adults and children **disabled prior to age 18** may not participate.
- ▶ Self-Employed, independent contractors, sole proprietors, partners, and joint ventures are exempt from the tax, but may choose to “opt-in” by January 1, 2025 or within 3 years of first becoming self-employed for the first time. Opt-In’s would be irrevocable.
- ▶ Private LTC insurance policy owners may “Opt-Out”. *We will discuss how to “Opt-Out” later in the presentation.*

Vesting/Benefit:

- ▶ To permanently/fully vest, an individual must pay the tax for 10 years.
- ▶ Employees who pay LTC taxes for fewer than 10 years (eg. because they are within 9 years of retirement) run the risk of **never permanently vesting** for LTC benefits.
- ▶ Under the law, individuals will have access to a **lifetime benefit of \$36,500** that will be adjusted annually for inflation.

Qualifying for Benefits:

To qualify for benefits from the Trust, you must have worked and contributed to the Trust for:

- ▶ **At least ten years** at any point in your life without a break of five or more years within those ten years, or
- ▶ **Three** of the last six years you paid the tax
- ▶ **AND** at least **500 hours per year** (41.67 hours a month) during those years

Eligibility for Benefits:

To be eligible for benefits, you must be a current Washington resident and need assistance with **at least three activities** of daily living such as:

- ▶ Medication management
- ▶ Personal Hygiene
- ▶ Eating
- ▶ Toileting
- ▶ Cognitive Impairment
- ▶ Transfer Assistance
- ▶ Body Care
- ▶ Bathing
- ▶ Ambulation/Mobility
- ▶ Dressing

Benefit Coverages:

- ▶ Professional Care in home
- ▶ A licensed residential or assisted living facility or nursing facility, adult family home, nursing home, in-home services agency, or adult day health program
- ▶ Adaptive equipment and technology
- ▶ Home safety evaluations
- ▶ Training, pay and support for family members who provide care
- ▶ Memory care
- ▶ Environmental Modification
- ▶ Personal emergency response system
- ▶ Respite for family caregivers
- ▶ Transportation
- ▶ Dementia support
- ▶ Education and consultation
- ▶ Home-delivered meals
- ▶ Care transition coordination
- ▶ Eligible relative care
- ▶ Services that assist paid and unpaid family members caring for eligible individuals
- ▶ In-home personal care
- ▶ Assisted living services

When:

- ▶ First **payroll tax deductions** begin January 1st, 2022 for all employees who receive a W-2.
- ▶ This will be a “post-tax” deduction. Does not qualify for Section 125.
- ▶ First **claim for benefits** can begin on January 1st, 2025, approved services “must be available”.

Where:

- ▶ Only Washington residents can qualify for benefits.
- ▶ Residents who move out of Washington state for 5 or more years **forfeit both benefits and taxes paid into the trust.**

Understand Key Factors:

- ▶ **Income vs age:** The higher the income, the more expensive the state plan is. The older the age, the more expensive private long-term care is.
- ▶ **Years of employment remaining:** The state plan you only pay till you retire. Private long-term care insurance you pay till you die or until you use your private long-term care insurance.

Understand Key Factors:

- ▶ **Portability:** The state plan only works for those who live in the state of Washington when they need care. Private long-term care insurance may be used anywhere.
- ▶ **Health:** The state plan takes all employees, regardless of health. Private long-term care insurance, while offering simplified underwriting, will not work for someone with serious health issues.

Taking Action:

- ▶ Do nothing - Just pay the tax
- ▶ Consult with a Financial Advisor. They are the experts and are able to advise you what's best for you and your financial future.
- ▶ Employees who have an approved private Long-Term Care plan/policy can permanently **“Opt-Out”** by applying for an **“Exemption”** by the Employment Security Department. Once you are **“Exempt”** you, or an eligible beneficiary, is **permanently ineligible for covered benefits.**

Permanent Opt-Out/Exemption:

- ▶ Must have a private LTC Plan in place by **November 1, 2021**. Coverage must be equal to or better than the state plan. *(Unfortunately, B-ESD is not allowed to have a group LTC policy to offer it's employees.)*
- ▶ Must apply for exemption between **October 1st and December 31st 2021** if you do not want to pay the tax starting January 1, 2022. The district will provide the application once it becomes available.
- ▶ Approved exemptions will take effect on the **first day of the quarter** immediately following the approval of the exemption.

Permanent Opt-Out/Exemption:

- ▶ An exempt employee is **not entitled to a refund** of any taxes paid before the effective date of an approved exemption.
- ▶ **Employees are responsible** to notify any employer of an exemption - not the Employment Security Dept. If an exempt **employee fails to notify an employer**, the employee is **not entitled to a refund** of any taxes paid before notification is provided.

Permanent Opt-Out/Exemption:

To help you decide if opting out of the LTCA is the right choice for you and your family.....

Simply click on this link: [Conduct Your Anonymous Assessment Now](#) and you will be able to calculate the cost of the new tax, compared to the cost of a private LTC policy. If you do choose to purchase a private LTC Policy, the link will connect you to a long term care specialist that will help you through the enrollment process.

Please also be on the lookout for more information from the district as it becomes available.

Long-Term Care insurance companies approved to sell in Washington State

COMPANY NAME	PHONE NUMBER
Bankers Life & Casualty Company	800-621-3724
Country Life Insurance Company	309-821-3000
Genworth Life Insurance Company	888-436-9678
Knights of Columbus	800-214-9825
Life Secure Insurance Company	866-582-7702
Mutual of Omaha Insurance Company	800-268-6443
National Guardian Life Insurance	888-505-2332
New York Life Insurance Company	800-224-4582
Northwestern Long Term Care Insurance Company	877-582-6582
Thrivent Financial for Lutherans	800-847-4836
United of Omaha Life Insurance Company	800-775-6000

**You can read more and learn of
any updates at the
Washington Cares Fund website**

<http://www.wacaresfund.wa.gov/>

TOPIC #2:

SEBB CHANGE FOR SUPPLEMENTAL LTD INSURANCE

Supplemental Long-Term Disability Insurance:

- ▶ All SEBB eligible members who are not currently enrolled in Supplemental LTD, will automatically **DEFAULT** into Supplemental LTD at a 60% Benefit rate on January 1, 2022.
- ▶ You may choose to “Opt-Out” and receive only Basic LTD coverage, OR, you can choose a lower 50% benefit rate. It will be your responsibility to log into your My SEBB account during Open Enrollment in November 2021 to make the change - otherwise you will default in and pay the premium rate.

Supplemental Long-Term Disability Insurance:

- ▶ LTD is a completely separate/different insurance than the Long-Term Care tax we just discussed. LTD insurance is **only accessible through SEBB.**
- ▶ LTD insurance **helps protect** you from the financial risk of lost earnings due to **serious injury or illness.**
- ▶ These Benefits are provided through “**The Standard Insurance Company**”.

Supplemental Long-Term Disability Coverages:

- ▶ **BENEFIT:** 60% or 50% of the first \$16,667 of your pre-disability earnings (your monthly gross pay) reduced by any deductible income.
- ▶ **MINIMUM BENEFIT:** Greater of \$100/month or 10% of LTD benefit before reduction by deductible income.
- ▶ **MAXIMUM BENEFIT:** \$10,000/month

Supplemental Long-Term Disability Rates:

- ▶ Rates are based on your age.
- ▶ Current Rates:

Age	Rate
<30	0.0014
30-34	0.0019
35-39	0.0029
40-44	0.0041
45-49	0.0056
50-54	0.0077
55-59	0.0093
60-64	0.0096
65+	0.0098

Sample Calculation

If your monthly earnings are \$1,000 the 40-44 age rate is \$1.10 per month

Earnings:	\$1,000 per month
40-44 age rate:	x 0.0041

Monthly Cost:	\$ 4.10
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NOTE: Current Enrolled members will continue, but at the new reduced rates.

Supplemental Long-Term Disability Rates:



- ▶ Reduced Rates are expected in 2022 due to higher enrollment volume.
- ▶ There will be different rates for the 60% vs. the 50% LTD Benefit. New Rate charts will be provided once available.
- ▶ ***NOTE: One you choose the reduced 50% rate, you CANNOT go back to the 60% rate. However, you will be allowed to change from the 60% rate to the 50% rate during any Open Enrollment.***

Basic Long-Term Disability Coverages:

- ▶ **BENEFIT:** 60% of the first \$667 of your pre-disability earnings (your monthly gross pay) reduced by any deductible income.
- ▶ **MINIMUM BENEFIT:** \$100/month.
- ▶ **MAXIMUM BENEFIT:** \$400/month.
- ▶ ***NOTE: Once you “Opt-Out” you may “Re-Enroll” back into 60% or 50% Supplemental LTD plan during any Open Enrollment, but you may need to show Evidence of Insurability.***

Make Changes to LTD in November 2021:

- ▶ Go online and **Log into** your MySEBB account @ **myaccount.hca.wa.gov**.

→   myaccount.hca.wa.gov/auth

- ▶ Click the green **LOGIN TO SEBB MY ACCOUNT** button.

School Employees Benefits Board - Login

Log into SEBB My Account to view your coverage and premium surcharge information, get your statement of insurance, and make changes. To learn more about working with SEBB My Account, visit our [Help with SEBB My Account](#) webpage.

Employee/Subscriber login

[Log into SEBB My Account](#)

Admin User? [Log in here](#)

Manage SEBB benefits for your organization

HCA Employee? [Log in here](#)

Actions you can take during open enrollment (October 26 - November 23) (some restrictions apply)

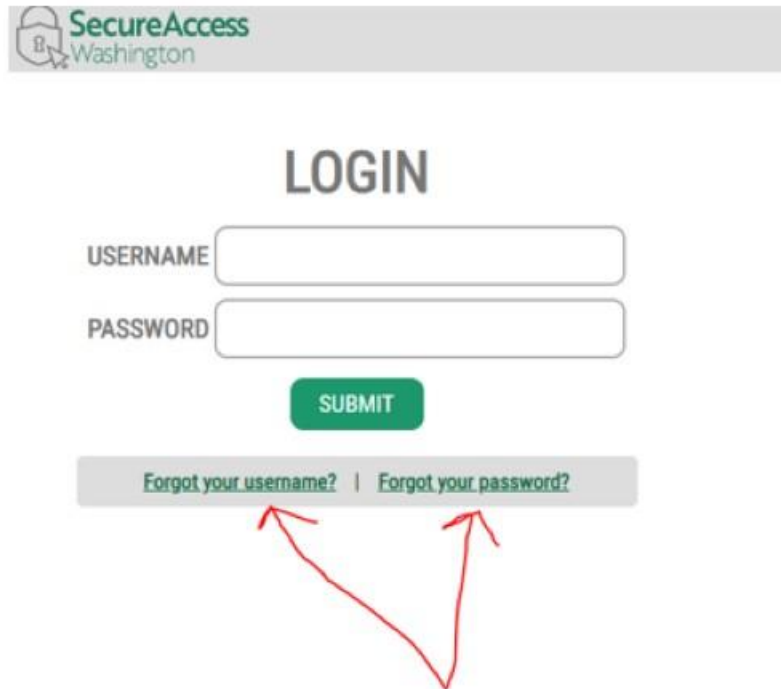
- Make changes to your SEBB benefits
- Attest to the spouse or state-registered domestic partner coverage premium surcharges (if applicable)
- Waive medical coverage for yourself or return from waived status
- Add dependents. You must provide proof of your dependent's eligibility. It is recommended that you add your child to the health plans you want them enrolled on even if dependent verification is still pending.
- Remove dependents

Actions you can take using SEBB My Account year-round

- View your medical, dental, and vision coverage information
- Download your statement of insurance
- View your employer-paid basic life and basic AD&D insurance information (employees only)
- View your long-term disability insurance information (employees only)
- View your premium surcharge attestations
- Make changes to your tobacco use premium surcharge attestation (if applicable)
- Make changes based on qualifying events specified in SEBB Program rules

Make Changes to LTD in November 2021:

- ▶ Enter in your Username & Password you used when you initially set up SEBB. Some of you may have saved your cheat sheet that has this information.



SecureAccess
Washington

LOGIN

USERNAME

PASSWORD

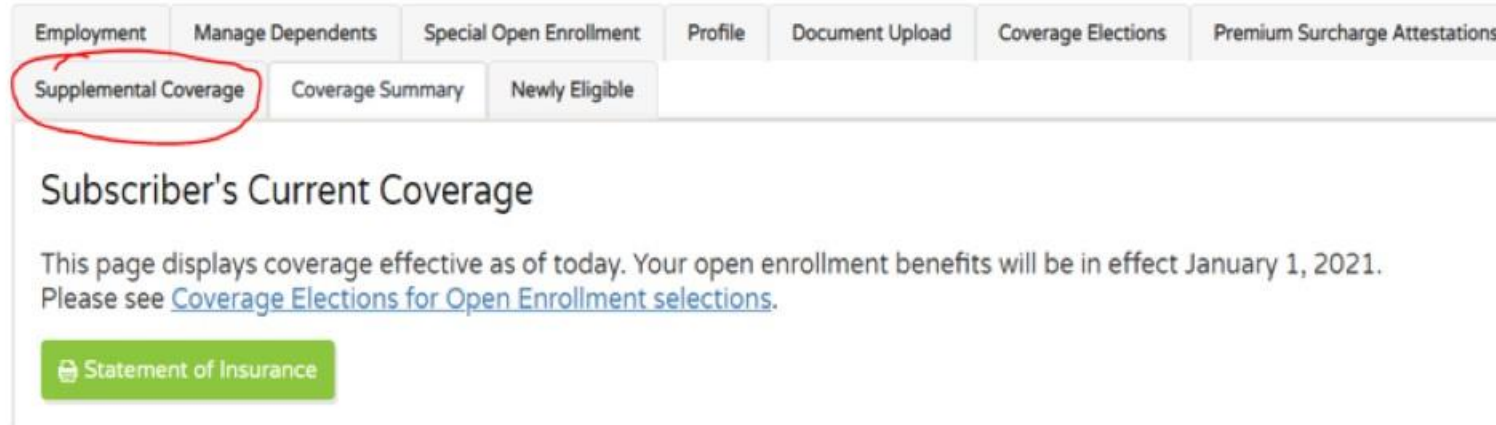
SUBMIT

[Forgot your username?](#) | [Forgot your password?](#)

- ▶ If you forgot your username or password just click here and you can reset them.

Make Changes to LTD in November 2021:

- Once you are logged into your dashboard, click on Supplemental Coverage



The screenshot shows a dashboard with a horizontal navigation bar. The tabs are: Employment, Manage Dependents, Special Open Enrollment, Profile, Document Upload, Coverage Elections, and Premium Surcharge Attestations. Below this is a secondary row of tabs: Supplemental Coverage, Coverage Summary, and Newly Eligible. The 'Supplemental Coverage' tab is circled in red. Below the tabs, the heading 'Subscriber's Current Coverage' is followed by a paragraph: 'This page displays coverage effective as of today. Your open enrollment benefits will be in effect January 1, 2021. Please see [Coverage Elections for Open Enrollment selections](#).' At the bottom is a green button with a printer icon and the text 'Statement of Insurance'.

- It isn't there yet, but there will be a place to click **“Un-enroll in Supplemental LTD”** or **choose the 50% rate**. Go back to the Coverage Summary tab and **print your Statement of insurance**. The 2nd page will show with “Waived/Not Enrolled” or “The Standard” if you are enrolled.

HCA LONGTERM DISABILITY INSURANCE COVERAGE

BASIC LTD WITH 90-DAY WAITING PERIOD

SUPPLEMENTAL LTD COVERAGE: WAIVED / NOT CURRENTLY ENROLLED

THANK YOU!

Any additional questions, please email or call:

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