

Multiple Agency Fiscal Note Summary

Bill Number: 2467 S HB	Title: LTSS trust access
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Attorney General	0	0	33,000	0	0	12,000	0	0	12,000
Employment Security Department	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	33,000	0	0	12,000	0	0	12,000

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of Attorney General	.2	0	0	33,000	.2	0	0	12,000	.2	0	0	12,000
Washington State Health Care Authority	1.0	0	0	314,000	2.0	0	0	628,000	2.0	0	0	628,000
Department of Social and Health Services	.0	0	0	0	6.5	0	0	3,082,000	10.0	0	0	13,500,000
Employment Security Department	8.9	0	0	3,873,376	8.6	0	0	2,188,402	10.7	0	0	2,687,950
Actuarial Fiscal Note - State Actuary	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Total \$	10.1	0	0	4,220,376	17.3	0	0	5,910,402	22.9	0	0	16,827,950

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	.0	0	0	.0	0	0	.0	0	0
Actuarial Fiscal Note - State Actuary	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Anna Minor, OFM	Phone: (360) 790-2951	Date Published: Final 2/17/2024
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Individual State Agency Fiscal Note

Bill Number: 2467 S HB	Title: LTSS trust access	Agency: 100-Office of Attorney General
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Legal Services Revolving Account-State 405-1		33,000	33,000	12,000	12,000
Total \$		33,000	33,000	12,000	12,000

Estimated Operating Expenditures from:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.4	0.2	0.2	0.2
Legal Services Revolving Account-State 405-1	0	33,000	33,000	12,000	12,000
Total \$	0	33,000	33,000	12,000	12,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Bryan Way	Phone: 360-786-7311	Date: 02/12/2024
Agency Preparation: Dan Jensen	Phone: 360-664-9429	Date: 02/14/2024
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/14/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/15/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1 – New section. Purpose and intent section.

Section 2 – New section. Extends Washington State’s (WA) long-term care program to employees and self-employed persons who relocate outside of WA and choose to continue to participate in the program. Provides qualifications for out-of-state persons, gives rulemaking authority to the Employment Security Department (ESD), allows out-of-state participants to opt out of coverage, and imposes other requirements.

Section 3 – Amends RCW 50B.04.010 to allow out-of-state participants to qualify in the definitions section by amending definitions of “eligible beneficiary” and “long-term services and supports provider.”

Section 4 – Amends RCW 50B.04.020 to allow the ESD to collect and assess premiums, perform investigations, and make qualification determinations pertaining to out-of-state persons.

Section 5 – Amends RCW 50B.04.050 to provide qualification requirements for out-of-state persons.

Section 6 – Amends RCW 50B.04.060 to provide timing for out-of-state qualified individuals to become eligible beneficiaries of the program.

Section 7 – Amends RCW 50B.04.070 to include eligible beneficiaries outside of WA in the statute authorizing benefit payments.

Section 8 – Amends RCW 50B.04.100 to add receipts from out-of-state participants in the funding for the program.

Section 9 – New section. Provides discrimination against a person based on race, gender, age, or preexisting condition is prohibited. Gives rulemaking authority to the Department of Social and Health Services (DSHS) to implement this provision.

Section 10 – New section. Severability clause.

Section 11 – New section. Effective date of July 1, 2025.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Cash receipts are assumed to equal the Legal Services Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agency is the Office of the Employment Security Department (ESD). The Attorney General’s Office (AGO) will bill all clients for legal services rendered.

These cash receipts represent the AGO’s authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agencies’ fiscal note. Appropriation authority is necessary in the AGO budget.

AGO AGENCY ASSUMPTIONS:

ESD will be billed for King County rates:

FY 2025: \$33,000 for 0.1 Assistant Attorney General FTE (AAG) and 0.1 Paralegal 1 FTE (PL1)
 FY 2026 and in each FY thereafter: \$6,000 for 0.1 AAG and 0.1 PL1

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Attorney General’s Office (AGO) Agency Assumptions:

This bill is effective July 1, 2025.

Location of staffing is assumed to be in a King County office building.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables. The Management Analyst 5 FTE (MA), is used as a representative classification. An example ratio is for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 Paralegal 1 FTE (PL1) and 0.4 MA.

1. Assumptions for the AGO Licensing & Administrative Law Division (LAL) Division Legal Services for the Employment Security Department (ESD):

The AGO will provide advice to ESD relating to new and amended rulemaking to implement Sections 2, 3, 4, and 5. The AGO will also assist with developing processes for out-of-state participation, including how individuals will report and remit premiums to ESD. If the bill is enacted, the AGO anticipates 200 AAG hours in FY 2025 for advice on ESD’s work to develop rules and processes for out-of-state participation in the Washington State’s (WA) long-term care program. The bill creates an ongoing obligation for ESD to manage the process for out-of-state program participants to report and remit program premiums. This is expected to create 40 hours per year of AAG time for advice on legal issues and processes.

LAL King County workload impact:

FY 2025: \$33,000 for 0.1 AAG and 0.1 PL1

FY 2026 and in each FY thereafter: \$6,000 for 0.1 AAG and 0.1 PL1

2. The AGO Social and Health Services Division (SHO) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing the Department of Social and Health Services (DSHS). The enactment of this bill will not result in significant fiscal impact for the provision of legal services to WA long-term care program because SHO AAGs currently provide client advice to the Director and program operations staff on the implementation and administration of RCW 50B.04. This bill may cause some client advice requests but are likely to be within the normal section workload. New legal services are nominal and costs are not included in this request.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
405-1	Legal Services Revolving Account	State	0	33,000	33,000	12,000	12,000
Total \$			0	33,000	33,000	12,000	12,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.4	0.2	0.2	0.2
A-Salaries and Wages		23,000	23,000	8,000	8,000
B-Employee Benefits		7,000	7,000	2,000	2,000
E-Goods and Other Services		3,000	3,000	2,000	2,000
Total \$	0	33,000	33,000	12,000	12,000

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Assistant Attorney General-Seattle	135,555		0.2	0.1	0.1	0.1
Management Analyst 5	95,184		0.1	0.1		
Paralegal 1-Seattle	72,528		0.1	0.1	0.1	0.1
Total FTEs			0.4	0.2	0.2	0.2

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Licensing & Administrative Law Division (LAL)		33,000	33,000	12,000	12,000
Total \$		33,000	33,000	12,000	12,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 2467 S HB	Title: LTSS trust access	Agency: 107-Washington State Health Care Authority
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	2.0	1.0	2.0	2.0
Account					
Long-Term Services & Supports Trust Acct-State 567-1	0	314,000	314,000	628,000	628,000
Total \$	0	314,000	314,000	628,000	628,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Bryan Way	Phone: 360-786-7311	Date: 02/12/2024
Agency Preparation: Janeth Rangel	Phone: 360-725-0000	Date: 02/15/2024
Agency Approval: Cliff Hicks	Phone: 360-725-0875	Date: 02/15/2024
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/15/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

See attached narrative.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

See attached narrative.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

See attached narrative.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
567-1	Long-Term Services & Supports Trust Acct	State	0	314,000	314,000	628,000	628,000
Total \$			0	314,000	314,000	628,000	628,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		2.0	1.0	2.0	2.0
A-Salaries and Wages		220,000	220,000	440,000	440,000
B-Employee Benefits		70,000	70,000	140,000	140,000
C-Professional Service Contracts					
E-Goods and Other Services		20,000	20,000	40,000	40,000
G-Travel		4,000	4,000	8,000	8,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	314,000	314,000	628,000	628,000

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
IT BUSINESS ANALYST - SENIOR/SPECIALIST	115,000		1.0	0.5	1.0	1.0
IT QUALITY ASSURANCE - JOURNEY	105,000		1.0	0.5	1.0	1.0
Total FTEs			2.0	1.0	2.0	2.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
HCA - Other (200)		314,000	314,000	628,000	628,000
Total \$		314,000	314,000	628,000	628,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

HCA Fiscal Note

Bill Number: **2467 SHB**

HCA Request #: 24-159

Title: **LTSS Portability**

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
FTE Staff Years	0.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0	2.0
ACCOUNT									
Long-Term Services & Supports Trust Acct-State 567-1	-	314,000	314,000	314,000	314,000	314,000	314,000	628,000	628,000
ACCOUNT - TOTAL \$	\$ -	\$ 314,000	\$ 314,000	\$ 314,000	\$ 314,000	\$ 314,000	\$ 314,000	\$ 628,000	\$ 628,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

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- Requires new rule making, complete Part V.

HCA Fiscal Note

Bill Number: **2467 SHB**

HCA Request #: 24-159

Title: **LTSS Portability**

HCA Fiscal Note

Bill Number: **2467 SHB**

HCA Request #: 24-159

Title: **LTSS Portability**

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The following differences on this version compared to the prior version assigned to the Health Care Authority (HCA) are as follows:

- The Department of Social and Health Services will establish minimum standards for care provision and program administration for entities outside of Washington State.

New Section 2 adds a new section to chapter 50B.04 RCW to allow WA Cares portable outside of Washington as of July 1, 2030, if individual elect to continue participation and have been assessed premiums for three years and worked at least 500 hours.

II. B - Cash Receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

NONE

II. C – Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Fiscal impacts, but indeterminate. The Health Care Authority (HCA) requests 2.0 Full Time Equivalent (FTE) and \$314,000 in Fiscal Year 2025 and each year thereafter to implement the proposed language in this bill. HCA assumes these expenditures will be disbursed from WA Care Funds account and not general fund state.

HCA will be submitting a decision package request for additional funds and FTEs to support the full implementation of the WA Cares program that starts July 1, 2026.

Sections 2 for the WA Cares program to be available outside of Washington, there will be a significant fiscal impact to HCA's ProviderOne (P1) system.

Fiscal Impact Costs:

Enterprise and Technology Services: HCA must modify its P1 Apple Health/medical claims payment system prior to the July 1, 2026, effective date of the program. 2.0 FTE positions are required to support the WA Cares program beginning July 1, 2024. These two permanent positions are required for the implementation of WA Cares within P1, and to support ongoing operations:

- 1.0 FTE IT Business Analyst – Senior/Specialist = \$163,000 per year

HCA Fiscal Note

Bill Number: **2467 SHB**

HCA Request #: 24-159

Title: **LTSS Portability**

- 1.0 FTE IT Quality Assurance – Journey = \$151,000 per year

Costs include salaries and benefits. Goods and services, travel, and equipment are calculated on actual program averages.

Indeterminate costs:

ProviderOne: Overall, the general need for P1 to support payments for WCF providers and services is well understood. However, in respect to portability, it is hard to estimate potential P1 system impact dependent on the manner in which out of state providers and payments are managed. Without a true estimate and dependent on how it is to be pursued, there is potential for significant system impact if it is decided P1 is the payment system for out of state services.

The bill states that a participant can move out-of-state if they meet a certain criterion, while still being able to keep the benefits of WA Cares. The bill does not state that the participant must remain in another State or Territory of the United States only that the benefits may be used out-of-state, therefore HCA is assuming that portability could be globally.

In respect to portability, it is difficult to estimate potential P1 system impact dependent on manner in which out of state/country providers and payments are managed. Without a true estimate and dependent on how it will be pursued, there is potential for significant system impact to support WA Care Funds if it is decided P1 is the payment system for out of state services. The impact of P1 is indeterminate at this time.

- Changes to P1 will likely be needed to account for the new portability aspect of this bill, which will allow those who paid WA Cares Premiums to receive services in other locations if they move after they are eligible to receive the services;
- New interfaces or changes to planned interfaces with the Department of Social and Health Services are likely going to be needed to ensure P1 has the data required to implement the changes set forth in this bill;
- Payment logic and business rules within P1 would likely need to be changed based on the inclusion of out of state LTSS providers being eligible for payment;
- P1 will need to be updated to include private and Medicaid long-term care coverage when calculating payments for LTSS Providers.

HCA anticipates field calls are mostly from providers and billers; and could need interpreter service if the provider is located outside the United State and/or one of its territories. HCA is not able to determine the impact on cost at this time for these services either.

Part III: Expenditure Detail

III. A - Operating Budget Expenditure

ACCOUNT	ACCOUNT TITLE	TYPE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
567-1	Long-Term Services & Supports Trust / State		-	314,000	314,000	314,000	314,000	314,000	314,000	628,000	628,000
ACCOUNT - TOTAL \$			\$ -	\$ 314,000	\$ 314,000	\$ 314,000	\$ 314,000	\$ 314,000	\$ 314,000	\$ 628,000	\$ 628,000

III. B - Expenditures by Object Or Purpose

HCA Fiscal Note

Bill Number: **2467 SHB**

HCA Request #: 24-159

Title: **LTSS Portability**

OBJECT	OBJECT TITLE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
A	Salaries and Wages	-	220,000	220,000	220,000	220,000	220,000	220,000	440,000	440,000
B	Employee Benefits	-	70,000	70,000	70,000	70,000	70,000	70,000	140,000	140,000
E	Goods and Other Services	-	20,000	20,000	20,000	20,000	20,000	20,000	40,000	40,000
G	Travel	-	4,000	4,000	4,000	4,000	4,000	4,000	8,000	8,000
OBJECT - TOTAL \$		\$ -	\$ 314,000	\$ 314,000	\$ 314,000	\$ 314,000	\$ 314,000	\$ 314,000	\$ 628,000	\$ 628,000

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

FTE JOB TITLE	SALARY	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
IT BUSINESS ANALYST - SENIOR/SPECIALIST	115,000	0.0	1.0	1.0	1.0	1.0	1.0	0.5	1.0	1.0
IT QUALITY ASSURANCE - JOURNEY	105,000	0.0	1.0	1.0	1.0	1.0	1.0	0.5	1.0	1.0
ANNUAL SALARY & FTE - TOTAL		\$ 220,000	0.0	2.0	2.0	2.0	2.0	1.0	2.0	2.0

III. D - Expenditures By Program (optional)

PROGRAM	PROGRAM TITLE	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
200	200 - HCA - Other	-	314,000	314,000	314,000	314,000	314,000	314,000	628,000	628,000
PROGRAM - TOTAL \$		\$ -	\$ 314,000	\$ 314,000	\$ 314,000	\$ 314,000	\$ 314,000	\$ 314,000	\$ 628,000	\$ 628,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout: Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

NONE

Individual State Agency Fiscal Note

Bill Number: 2467 S HB	Title: LTSS trust access	Agency: 300-Department of Social and Health Services
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.0	0.0	6.5	10.0
Account					
Long-Term Services & Supports Trust Acct-State 567-1	0	0	0	3,082,000	13,500,000
Total \$	0	0	0	3,082,000	13,500,000

Estimated Capital Budget Impact:

NONE

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- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Bryan Way	Phone: 360-786-7311	Date: 02/12/2024
Agency Preparation: Mitchell Close	Phone: 3600000000	Date: 02/15/2024
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 02/15/2024
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 02/15/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The substitute version authorizes the Employment Security Department (ESD) to collect premiums from out-of-state participants who are self-employed, allows individuals who move out of state to opt out by not reporting wages, directs the Department of Social and Health Services (DSHS) to develop criteria to deem a family member as qualified when providing approved services outside the state, and removes the general restriction that all long-term care providers be registered with DSHS. The fiscal impact to the Department of Social and Health Services (DSHS) remains the same as the original bill.

Section 2 adds a new section to chapter 50B.04 that allows individuals who relocate out of Washington to continue paying into the Long-Term Services and Supports (LTSS) Trust Program under specific conditions. This section establishes the wage verification process for individuals who move out-of-state and elect to continue the program.

Section 3 revises RCW 50B.04.010 to edit definitions to implement the processes created in Section 2.

Section 4 revises RCW 50B.04.020 to require ESD to collect premiums for individuals who elect coverage outside of Washington.

Section 5 revises RCW 50B.04.050 to establish July 1, 2030, as the start date for benefits for out-of-state beneficiaries.

Section 6 revises RCW 50B.04.060 to establish benefit eligibility for out-of-state participants, including requiring assistance with at least three activities of daily living (ADLs) for a period to last at least 90 days as defined by DSHS.

Section 7 revises RCW 50B.04.070 to define in- and out-of-state provider requirements.

Section 8 revises RCW 50B.04.100 to include receipts from out-of-state participants under Section 2 to the LTSS Trust Account.

Section 9 adds a new section to chapter 50B.04 RCW to prohibit discrimination based on race, gender, age, or preexisting condition and requires the Department of Social and Health Services (DSHS) to adopt rules to prohibit discrimination.

Sections 10 and 11 add new sections that set the effective date as July 1, 2025, and address any provisions that may be held invalid.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

There are no cash receipt impacts to DSHS for this bill.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The legislation adds portable benefits outside of Washington beginning January 1, 2030, which will require DSHS to develop policy and technology requirements for implementation.

DSHS plans to procure nationwide vendors for portable benefits, leveraging the private long-term care insurance industry

assessment and claims management systems. The bill requires DSHS to coordinate with HCA on technology implications. Detailed analysis on the feasibility of various options explored in the 2023 LTSS Trust Commission Recommendation Report on portability challenges is required to move forward with the most cost-effective option that provides a useable experience for beneficiaries outside of the state.

This legislation will require a total of 10.0 FTEs:

- 1.0 FTE - WMS 2 (Administrator for Nationwide Benefits) to develop and oversee the office responsible for portable benefits implementation. This position would start July 2025.

- 4.0 FTEs - WMS 2 (Policy, Operations, Business Requirements IT and Procurement Development) to develop and write WAC and other policies, provide operational implementation and procedures, and provide program integrity oversight. These positions would also gather and maintain business requirements for the technology needed for assessments and claims, including how to interact with an in-state system, and request for proposal (RFP) and vendor contract management to develop needs assessment and claims, as well as business oversight of contracts. These staff would start September 2025.

- 1.0 FTE - WMS 3 (Legal Analyst) to advise on legal implications of policy decisions for nationwide benefits. This position would start September 2025.

- 1.0 FTE - IT Project Management - Senior/Specialist to build out initial milestones and tasks for the implementation of portable benefits and oversee future project office and business analysts. This staff would start September 2025.

- 1.0 FTE - WMS 2 (Vendor Manager) to develop and oversee contract deliverables for vendors implementing assessment and claims management. This staff would start July 2027.

- 2.0 FTEs - IT Business Analysts (one Journey and one Senior/Specialist) to document business requirements for vendor RFPs and work with vendors to implement business requirements.

These staff will have the below costs by year.

- FY26: 5.9 FTEs - \$1,159,000

- FY27: 7.0 FTEs - \$1,323,000

- FY28: 10.0 FTEs - \$1,859,000

- FY29 and beyond: 10.0 FTEs - \$1,841,000

DSHS will require additional funds for contracts and other costs to carry out the necessary work in order to implement and maintain the portability option.

- Outreach and marketing: outreach to inform people who are leaving the state about the limited time they have available to elect portable coverage. This outreach would start July 2025 and be an ongoing annual cost.

- Project management: annual costs for IT, business, and cross-agency project management for portable benefits. This would start January 2027 and end January 2031.

- Organizational change management: organizational change management for portable benefits, which would start January 2027 and end January 2031.

- Quality assurance vendor: quality assurance program consultation across agencies that would start January 2027 and end January 2031.

- Out-of-state assessor vendor: out-of-state functional assessment staffing and technology, which would start July 2027.

- Out-of-state claims vendor: out-of-state claims management staffing and technology that interfaces with ProviderOne, which would start July 2027.

The cost per year for these contracts and services are below.

- FY26: \$100,000

- FY27: \$500,000

- FY28 and beyond: \$4,900,000

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
567-1	Long-Term Services & Supports Trust Acct	State	0	0	0	3,082,000	13,500,000
Total \$			0	0	0	3,082,000	13,500,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years				6.5	10.0
A-Salaries and Wages				1,686,000	2,532,000
B-Employee Benefits				530,000	806,000
C-Professional Service Contracts				400,000	9,600,000
E-Goods and Other Services				366,000	456,000
G-Travel				2,000	2,000
J-Capital Outlays				42,000	18,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service				3,000	4,000
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements				53,000	82,000
9-					
Total \$	0	0	0	3,082,000	13,500,000

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
IT Business Analyst - Journey	107,159					1.0
IT Business Analyst - Senior/Specialist	118,149					1.0
IT Project Management - Senior/Specialist	124,068				0.9	1.0
WMS 2 (Administrator for Nationwide Benefits)	142,490				1.0	1.0
WMS 2 (Policy, Planning, and Operations)	126,510				3.7	4.0
WMS 2 (Vendor Manager)	126,510					1.0
WMS 3 (Legal Analyst)	142,490				0.9	1.0
Total FTEs					6.5	10.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Aging and Long-Term Support Administration (050)				3,082,000	13,500,000
Total \$				3,082,000	13,500,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

New or amended rules will be needed to implement this legislation.

Individual State Agency Fiscal Note

Bill Number: 2467 S HB	Title: LTSS trust access	Agency: 540-Employment Security Department
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	17.9	8.9	8.6	10.7
Account					
Long-Term Services & Supports Trust Acct-State 567-1	0	3,873,376	3,873,376	2,188,402	2,687,950
Total \$	0	3,873,376	3,873,376	2,188,402	2,687,950

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Bryan Way	Phone: 360-786-7311	Date: 02/12/2024
Agency Preparation: Daniel Jones	Phone: 360-763-2919	Date: 02/14/2024
Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 02/14/2024
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/14/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The changes the substitute bill makes from the previous version include:

- added "and 50B.04.090" to cited RCW in Section 2(5)(b);
- added "by no longer reporting wages to the department" in section 2(8) to further define what opting out of coverage means for an out of state resident
- added "(j) Develop Criteria to deem a family member as qualified when providing approved services outside of Washington; and" to the list of requirements for DSHS in section 4(3).

None of these changes create a fiscal impact.

SHB 2467 amends and enacts new sections in existing RCWs to extend long-term services and support the trust program by allowing participants who move out of state the option of maintaining their benefit eligibility or opting out.

Section 2

Adds a new section to chapter 50B.04 RCW to allow individuals who relocate outside of Washington to elect to continue participation in the program beginning July 1, 2026. This includes self-employed individuals who have elected coverage. To qualify the individual must:

- Have been assessed premiums for at least three years and have worked at least 500 hours in each of those years; and
- Elect coverage within one year of relocating outside of Washington.

ESD is required to assess and collect premiums for individuals who elect portable coverage. At the time of reporting, participants are required to submit documentation to ESD verifying their wages or self-employment earnings, or if they have no earnings, they're required to submit documentation verifying that. At the age of 67, the participant isn't required to submit reports unless they are still working and earning wages or self-employment income. This section requires ESD to write rules to implement standards for reporting and collection of premiums and documentation requirements.

ESD may cancel coverage if reports and payments aren't made, effective no later than 30 days from the date a written notice is provided to the participant.

"Wages" is defined, specific to this section, as remuneration for services performed in and outside of Washington.

Section 4

Amends RCW 50B.04.020 to:

Include ESD's responsibility for assessing and collecting premiums for self-employed individuals and those who have elected portable coverage.

Requires ESD to include individuals who have elected portable coverage in determining the compliance of premium payments.

Requires ESD to include qualified individual determinations for individuals who have elected portable coverage.

Section 5

Amends RCW 50B.04.050 to set a date of July 1, 2030, for benefits to be available to qualified individuals who elect portable coverage.

Section 8

Amends RCW 50B.04.100 to add out of state participant premiums received to the long-term services and supports trust account.

Section 9

Adds a new section to chapter 50B.04 RCW with anti-discrimination language, requires DSHS to adopt rules that govern all state agencies implementing the chapter, and extends anti-discrimination to protect participants who reside out of state.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Indeterminate. People who move out of state will be able to continue participation in the program by electing coverage and remitting premiums should the bill pass. However, ESD is unable to determine the volume of people who will elect coverage nor what their reported wages will be. As a result, ESD is unable to determine the amount of premiums that would be will collected from this population.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

(See Attached)

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
567-1	Long-Term Services & Supports Trust Acct	State	0	3,873,376	3,873,376	2,188,402	2,687,950
Total \$			0	3,873,376	3,873,376	2,188,402	2,687,950

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29	
FTE Staff Years		17.9	8.9	8.6	10.7	
A-Salaries and Wages		1,804,964	1,804,964	1,145,023	1,404,970	
B-Employee Benefits		721,986	721,986	458,009	561,988	
C-Professional Service Contracts		452,068	452,068			
E-Goods and Other Services		393,427	393,427	271,570	336,210	
G-Travel						
J-Capital Outlays						
M-Inter Agency/Fund Transfers						
N-Grants, Benefits & Client Services						
P-Debt Service						
S-Interagency Reimbursements						
T-Intra-Agency Reimbursements		500,931	500,931	313,800	384,782	
9-						
Total \$		0	3,873,376	3,873,376	2,188,402	2,687,950

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
COMMUNICATIONS CONSULTANT 3	63,246				0.1	0.1
COMMUNICATIONS CONSULTANT 4	71,483				0.4	0.4
COMMUNICATIONS CONSULTANT 5	82,878				0.1	0.1
EMPLOYMENT SECURITY PROGRAM COORDINATOR 2	71,144				3.7	4.0
ES BENEFITS SPECIALIST 2	59,847				1.7	3.4
ES BENEFITS SPECIALIST 3	66,015				1.1	2.2
IT APP DEVELOPMENT - JOURN	95,188		2.0	1.0		
IT APP DEVELOPMENT - SENIOR/SPECIALIST	110,185		2.0	1.0		
IT APP DEVELOPMENT - MANAGER	121,465		0.2	0.1		
IT ARCHITECTURE - SENIOR/SPECIALIST	112,340		2.0	1.0		
IT BUSINESS ANALYST - JOURNEY	92,416		1.0	0.5		
IT CUSTOMER SUPPORT - MANAGER	110,185		0.1	0.1		
IT POLICY & PLANNING - SENIO. MANAGER	127,550		0.1	0.1		
IT PROJECT MANAGEMENT - JOURNEY	99,949		1.0	0.5		
IT PROJECT MANAGEMENT - MANAGER	121,465		0.2	0.1		
IT PROJECT MANAGEMENT - SENIOR/SPECIALIST	110,185		1.6	0.8		
IT QUALITY ASSURANCE - ENTI	82,394		1.0	0.5		
IT QUALITY ASSURANCE - JOURNEY	95,188		1.0	0.5		
IT QUALITY ASSURANCE - SENIOR/SPECIALIST	104,927		1.0	0.5		
IT SYSTEM ADMINISTRATION - JOURNEY	99,949		1.0	0.5		
IT SYSTEM ADMINISTRATION - SENIOR/SPECIALIST	104,927		1.0	0.5		
MANAGEMENT ANALYST 3	67,995				0.5	
MANAGEMENT ANALYST 4	78,905		1.5	0.8		
OPERATIONS RESEARCH SPECIALIST	90,624				0.5	0.5
TECHNICAL TRAINING CONSULTANT	75,112				0.5	
WMS BAND 2	102,012		1.3	0.6		
Total FTEs			17.9	8.9	8.6	10.7

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Sections 2, 4, 5, 9, and 11 will require major rulemaking. Current rules in Washington Administrative Code chapters 192-900 through 192-930 will need amendments. New chapters or subsections may need to be added. Several sections of the bill will have operational and policy impacts.

New section(s) under title 192 WAC will be added to address requirements created under the bill for out of state participants to:

- Implement standards for reporting and collection of premiums for out of state participants;
- Implement procedures for verifying out of state earnings; and
- Outline timing of reports and documentation requirements.

Rules may also be amended to:

- Add definitions regarding wages for out-of-state participants.
- Outline how wages are determined for out of state participants; and
- Align rules regarding self-employed individuals with the changes allowing them to elect to continue out of state participation
- Rulemaking efforts are anticipated to start in January of 2025.

Part II: Narrative Explanation

II. C - Expenditures

SHB 2467 Section 2 would require Employment Security Department (ESD) to assess and collect premiums for individuals who elect portable coverage. Participants are required to submit documentation to ESD verifying their wages or self-employment earnings, or if they have no earnings, they're required to submit documentation verifying that until after age 67. ESD would need to write rules to implement standards for reporting and collection of premiums and documentation requirements. ESD would also need to develop web solutions to allow out-of-state eligible beneficiaries to apply for benefits, submit documentation, and assess premiums.

This bill would impact the following workstreams:

Leave & Care Division

Operations Staffing:

Portable Coverage

Section 2 of SHB 2467 requires ESD to adopt portability of coverage into the WA Cares program. ESD assumes the total number of individuals who elect portable coverage could range between 5,000 and 18,000 per year, based on the [Milliman Migration Supporting Analysis, May 2023](#), available through the Washington Office of the State Actuary. To support customers on the high end of the estimate in electing portable coverage when it begins on July 1, 2026, ESD will require a total of 5.6 Full-Time Equivalents (FTE), including:

- 3.4 FTE ongoing beginning July 1, 2026, Employment Security Benefit Specialist (ESBS) 2 to assist with incoming customer calls and emails regarding the portable coverage election process and to process requests. (18,000 inquiries x 0.25 hours per inquiry = 4,500 Hours; 4,500 hours / 1,325 working time per FTE = 3.4 FTE)
- 2.2 FTE ongoing, beginning July 1, 2026, ESBS 3
 - One ESBS 3 to process portable elective coverage requests, conduct fact-finding and make final determinations on elections. There is no historical or comparable process to measure against, but the department estimates that 25% of elections will require 0.35 hours of additional support (25% x 18,000 = 4,500 individuals requiring additional support; 4,500 x 0.35 hours = 1,575 of hours; 1,575 hours / 1,325 working time per FTE = 1.2FTE).

- One ESBS 3 Hearing Specialist is assumed based on a 1% rate of appeals. This assumption is based on exemption related appeal rates in 2023, and using the range between 5,000-18,000 a year, that could result in an additional 50-180 appeals.

Operations Implementation:

Leave and Care Operations will need to create and modify standard operating procedures, frequently asked questions, and other resources for operations staff to perform the functions of this bill. To support this work, ESD will require a total of 2.5 FTE. These positions will need to be onboarded 3 months prior to the effective date of July 1, 2026. These 2.5 FTE include:

- 1 FTE non-permanent beginning April 1, 2026, and ending March 1, 2027, Management Analyst 3 as an operations process coordinator.
- 1 FTE non-permanent beginning April 1, 2026, and ending March 1, 2027, Technical Training Consultant (TTC) to create and deliver training to operations staff on the sections of this bill.
- 0.5 FTE, ongoing beginning July 1, 2024, Operations Research Specialist (ORS) is needed to support the system and process implementation development, along with the related ongoing user experience research, program reporting, supporting continuous improvement activities, data analysis, evaluation, and operational and quality assurance data support.

Compliance Related Cost

There is additional financial recovery workload required for implementing WA Cares unremitted premium collections, with added complexity due to performing said functions on an out-of-state basis. The current WA Cares compliance team is 13 FTE. ESD estimates a 30% increase in workload solely from the increased complexity tied to portability. To absorb this additional workload, Compliance would require an additional 4 FTEs.

The timeline for the staffing assumes a 3-month on-boarding and training period prior to work beginning. The estimates below assume a minimum staffing level to establish a team to activate this work.

- 4.0 FTE beginning September 2025, Employment Security Program Coordinator (ESPC) 2 to implement LTSS program unremitted premium compliance activities and collections. The ESPC 2s will perform intermediate and advanced collection actions to ensure compliance with wage reporting and premium remittance responsibilities for employers.

Information Technology Related Costs:

The Information Technology (IT) Build estimated below includes the resources required to define, design, build, test, and deliver the changes included in this bill. This team will be supplemented by contract FTEs in specialized and hard-to-fill roles to ensure timely delivery. This analysis is speculative based on estimates of similar work to be completed in Paid Family Medical Leave (PFML) as well as based on the completion of work of similar size and complexity, including work that established LTSS exemptions and premium collection. As this work is defined in more detail and as funding and changes for PFML become clearer and more detailed, the team will refine this analysis further which will likely result in adjustments to cost or duration estimates. The additional high-level functionality that will be required as it is currently understood includes:

- Case management and workflows: Includes support for all related interactions with employers, employer representatives and voluntary participants (various kinds of elective coverage, e.g., self-employed, out of state portability, etc.) related to wage reporting and premium assessment, particularly for non-compliant participants.
- Adjustments and Error Corrections: Includes analysis, corrections, changes, adjudication, redeterminations, appeals, etc., related to wage reporting and premium payments.
- Ability for employers and other program participants to be assessed and pay back premiums due per non-compliance (includes employers, employer reps and all forms of elective coverage, including portability).

- Collections/recovery: Includes ability to engage in collections and other recovery activities for non-compliant participants (includes employers and all forms of elective coverage, including portability).

The LTSS and PFML technology team is organized into a core technical and leadership team, a product management team, and several development teams.

- The product management team ensures legislation is implemented successfully by balancing value, usability, feasibility, and sustainability risks. They work with stakeholders to understand the scope of the work and document and prioritize it in the product backlog and portfolio so that the cross functional team working to implement it are prepared for the work.
- Development teams build and test system functionality.
- The leadership team and centralized testing teams support high levels of assurance in system quality overall. That includes global system architecture, build and release management, contract and personnel management, security assurance and environment management.

This structure allows the team to expand and contract to support new bodies of work in parallel with already established commitments. Software is delivered in a series of short time-boxes, referred to as sprints. The team estimated below assumes this functionality will be delivered as it is completed over number of sprints. Since its inception, this team has used an industry standard delivery methodology known as Scrum.

Product management team	A team of product managers, product analysts, and business analysts work with internal and external stakeholders and customers to understand their needs and requirements, create, and document the product vision for this implementation, partner with technical teams to identify and document technical solutions for business requirements, and manage and execute the development of work items and backlog to deliver this scope.
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<p>Development Team</p>	<p>The Development team will design, build, test and deploy new features and functionality to meet business requirements. A development team includes:</p> <p>IT Project Management Journey Delivery Architect (Application Developer/Architect-Senior/Specialist), Senior Application Developer (IT Application Development – Senior/Specialist), Application Developers (IT Application Development – Journey), Lead SDET-Integrated Test Engineer (IT Quality Assurance – Senior/Specialist), QA Testers (IT Quality Assurance - Journey) DevOps lead (IT Systems Administration – Senior/Specialist), DevOps Specialist (DevOPs) (IT Systems Administration – Journey)</p>
<p>Performance Testing Team</p>	<p>The Performance testing team designs, executes tests and analyzes system and infrastructure performance to ensure the solution performs within established service levels for performance. The Performance testing team includes:</p> <p>Senior/Lead Performance Tester (SDET) (IT Quality Assurance – Senior/Specialist), Performance Testers (SDET) (IT Quality Assurance - Journey).</p>
<p>Security Testing Team</p>	<p>The Security testing team designs, executes tests and analyzes system and infrastructure security to ensure the solution meets requirements and standards. The Security testing team includes:</p> <p>Senior Security Tester (SDET) (IT Security – Senior/Specialist) Security Testers (IT Security – Journey).</p>
<p>Contracts Manager</p>	<p>The Contracts Manager (WMS2) will support procurements, contracts, contract management and invoicing for needed software, infrastructure, services, and service providers.</p>
<p>Operations Support</p>	<p>The Operations Support (MA4) will support division and project management including position establishment, recruitment and hiring; project planning and coordination, organizational change management, project metrics and reporting and other duties as needed</p>
<p>Senior Project Manager</p>	<p>The Senior Project Manager (IT Project Manager Senior/Specialist) will manage the project, teams, stakeholders, communication, and quality assurance throughout the project</p>

Principal Architect	The Principal Architect (IT Architecture Expert) will assist in planning and approve the overall technical framework, design and solution.
Cloud Architect	The Cloud Architect (Application Development Senior/Specialist) will assist in planning and approve the cloud architecture and ensure the selected solution aligns with the divisions cloud framework and architecture.
Test Automation Architect	The Test Automation Architect (Application Development Senior/Specialist) will assist in planning and developing automated tests and testing framework to ensure the solution aligns with the divisions test automation framework and architecture.
Cloud Security Architect	The Cloud Architect (Application Development Senior/Specialist) will assist in planning and approve the cloud security architecture and ensure the selected solution aligns with the division’s security framework and architecture.
Senior Development Operations Specialist (DevOPs)	The DevOPs Specialist (IT Systems Administration Senior/Specialist) will lead the work to establish and/or prepare the infrastructure and environment necessary to develop and test the solution.
Development Operations Specialist (DevOPs)	The DevOPs Specialist (IT Systems Administration Journey) will assist in and support the work to establish and/or prepare the infrastructure and environment necessary to develop and test the solution.
LCD Tech Leadership Team	The LCD Technology Leadership team will provide management and oversight of all aspects of the work from resource allocation and assignment to staff supervision, risk management, decision making, sponsorship and support. The LCD Technology Leadership team is comprised of: LCD Tech Manger (IT Senior Manager), LCD AppDev Manger (IT Manager), LCD Operations Manager (IT Manager), SysOPs Manager (IT Manager), Testing Supervisor (IT Project Management - Senior/Specialist) and Agile Coach (IT Project Management - Senior/Specialist)

	Project/One Time
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IT STAFF	FY 25	FY 26
IT APP Development - Manager	0.15	0
IT Project Management - Senior/Specialist	1.6	0
IT Project Management - Manager	0.15	0
Management Analyst 4	0.5	0
IT Architecture – Senior/Specialist	2	0
WMS2	0.25	0
IT Policy and Planning – Senior Manager	0.1	0
IT Customer Support – Manager	0.1	0
IT Project Management Journey	1	0
IT Application Development – Senior/Specialist	2	0
IT Application Development – Journey	2	0
IT Quality Assurance – Senior/Specialist	1	0
IT Quality Assurance - Journey	1	0

IT Quality Assurance - Entry	1	0
IT Systems Administration – Senior/Specialist	1	0
IT Systems Administration – Journey	1	0
Total	14.85	0

	Project/One Time	
Transformation Staff	FY 25	FY 26
WMS2	1	0
Management Analyst 4	1	0
IT Business Analyst - Journey	1	0
Total	3	0

Contracts:

IT Related Contract Costs:

In addition to the staffing costs included above, ESD will require contracted development teams. The contractors included in the technical estimate represent roles that are necessary for some or all technical work. There are two groups of contractors: key roles (e.g., principal architect) and specialty services (e.g., performance testing, security testing). Based on the

timelines in the bill, it is unlikely the program would be able to recruit, hire and train FTEs in the “key roles” and due to the specialized and intermittent nature of the work for the specialty services it is more cost effective to utilize contract services.

Role	Year	Hours	Cost
IT Quality Assurance – Senior/Specialist	2025	642 hours x \$198/hr	\$127,116
IT Quality Assurance - Journey	2025	964 hours x \$95/hr	\$91,580
IT Quality Assurance – Senior/Specialist	2025	642 hours x \$200/hr	\$128,400
IT Architecture Expert	2025	161 hours x \$165	\$26,565
IT Security Senior/Specialist	2025	161 hours x \$200/hr	\$32,200
IT Systems Administration – Senior/Specialist	2025	161 hours x \$152/hr	\$24,472
IT Systems Administration – Journey	2025	161 hours x \$135/hr	\$21,735
Contract Cost	2025	2892 hours	\$452,068

Communications Related Costs:

The department anticipates the need to communicate changes caused by SHB 2467 both internally among staff and externally with customers, stakeholders, and the media. This work will require a total of 0.6 FTE, including:

- 0.1 FTE beginning July 2025 and ongoing, Communications Consultant (CC) 3 to distribute updated information to staff throughout the division, assess needs with managers, meet with project team members, and write internal communications resources. This position’s work also includes possible graphic design needs including custom graphics, branded informational materials, video/sound editing, mailer template support, etc. 120 hours/1500 hours = 0.1 FTE

- 0.4 FTE beginning July 2025 and ongoing, CC4 is needed to develop and carry out an in-depth communications plan that utilizes most available communications tools. This position will meet with project team members to discuss project needs and communications plan progress. The CC 4 will also be involved in copywriting, flyer creation, toolkit revisions, other documents, and form updates, etc. They will provide across-the-board content creation and publishing, including initiation, multiple rounds of project team review, and publishing, email campaigns, postal mailers, social media, webinars, etc. The CC 4 will modify, create, and update content throughout the website and run updates and new content through review and approval workflows. 608/1500 total hours = 0.4 FTE
- 0.1 FTE beginning July 2025 and ongoing, CC5 is needed to coordinate with the Leave and Care Division managers and web manager, review plans, and provide general oversight. 124 hours/1500 total hours = .1 FTE

Attorney General's Office (AGO)

The AGO will provide advice to ESD relating to major new and amended rulemaking to implement Sections 2, 4, 5, 9, and 11. The AGO will also assist with developing processes for out of state participation and enforcing premium collection from out of state individuals. Premium and interest assessment authority will generate 5 additional employer appeals yearly in which the AGO will provide representation in administrative hearings.

- FY25 - \$33,000
- FY26 and ongoing - \$6,000

Rulemaking

SHB 2467 will require major rulemaking for a one-time cost of \$90,000.

Individual State Agency Fiscal Note

Bill Number: 2467 S HB	Title: LTSS trust access	Agency: AFN-Actuarial Fiscal Note - State Actuary
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Bryan Way	Phone: 360-786-7311	Date: 02/12/2024
Agency Preparation: Melinda Aslakson	Phone: 360-786-6161	Date: 02/16/2024
Agency Approval: Luke Masselink	Phone: 360-786-6154	Date: 02/16/2024
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 02/16/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.



Office of the State Actuary

“Supporting financial security for generations.”

February 15, 2024

SUBJECT: ACTUARIAL ANALYSIS ON SHB 2467 – 2024 SESSION

The Office of the State Actuary (OSA) currently contracts with an outside consultant to provide most actuarial analysis for the Long-Term Services and Supports (LTSS) Trust program, also referred to as the WA Cares Fund. We prepared this Actuarial Fiscal Note (AFN) to introduce and summarize the outside consultant’s (Milliman’s) actuarial analysis.

Background on Current Law Program

The WA Cares Fund is a self-funded program through a premium rate of 0.58 percent – applied to covered wages of covered wage earners. The benefits provided by the program under current law are defined in the [Revised Code of Washington \(RCW\) 50B.04](#). Outside of past, one-time, and ongoing limited exemptions provided under current law, the program is mandatory for W-2 workers and provides guaranteed coverage (e.g., near-universal coverage with no underwriting or denials for pre-existing health conditions).

Milliman’s [2022 WA Cares Fund Actuarial Study](#) (Milliman 2022 Study) analyzed the estimated premium rate needed to pay full program benefits and expenses under various scenarios. See the Milliman 2022 Study for a summary of the scenarios tested and a description of benefits assumed to be provided under current law as of October 2022.

For background and summary information on the actuarial status of the WA Cares Fund, see the [Executive Summary of 2022 Actuarial Analysis](#) on OSA’s website.

Per [Chapter 50B.04.030 RCW](#), OSA is responsible for providing recommendations to the LTSS Trust Commission and the Legislature on actions necessary to achieve and maintain trust solvency. We interpret this statutory requirement to include providing such recommendations on proposed changes to the program including this bill.

How SHB 2467 Differs from House Bill 2467

The substitute bill version clarifies an out-of-state employee or self-employed individual who has elected coverage may opt out of the WA Cares Fund by no longer reporting wages to the Employment Security Department. The bill also requires the Department of Social and Health Services (DSHS) to develop criteria to deem a family member as qualified when providing approved services outside of Washington. No changes in the substitute impact the actuarial analysis prepared for the original bill.



Summary of SHB 2467

This bill amends the LTSS Trust Program. In this summary, we only include changes pertinent to our AFN focusing on the components that could impact actuarial modeling and program fund solvency. See the legislative bill report for a complete summary of the bill.

- ❖ Adds portability of benefits for individuals who have paid in for at least three years with benefits accessible for out-of-state participants beginning July 1, 2030. The bill introduces rules requiring out-of-state participants to self-report wages for purposes of premium collection.

Summary of Actuarial Analysis

Background

In the following discussion, we summarize the expected impact from the program changes outlined in this bill. The impact is measured as the expected change in the level premium assessment required to pay all expected WA Cares Fund benefits and expenses associated with this legislation.

We anticipate Milliman will publish an updated actuarial study in the fall of 2024, which will include any program changes made via legislation since the last study as well as other relevant updates. The impacts from this legislation, if passed into law, when incorporated into the updated study could be more or less than the results summarized below.

Neither the analysis below, nor the proposed legislation, changes the premium rate in statute which is set at 0.58 percent of covered wages.

The analysis of this bill does not consider any other proposed changes to the WA Cares Fund program. The combined effect of changes to the program from this bill and other legislative proposals could exceed the sum of each proposed change considered individually.

Analysis of Changes Proposed in SHB 2467

We have attached a letter from Milliman which provides estimated impacts from similar portability program changes that are detailed in [Substitute House Bill \(SHB\) 2467](#).

Expanding the program to allow for portable benefits, i.e., a beneficiary does not need to reside in Washington State at the time of LTSS need, is expected to increase costs as current law does not allow for a non-resident to claim a benefit, regardless of the number of years they paid into the program.

Based on the attached analysis, we estimate a **0.05 percent to 0.11 percent (5 to 11 basis point)** increase to Milliman's Base Plan premium rate from their 2022 Study. This is based on the 25 percent participation with adverse selection scenario captured in Figure 3. We then modified that result to reflect the provisions in SHB 2467. The actual impact from SHB 2467 could fall outside the range shown above. We relied on Milliman to confirm the reasonableness of this estimate drawing from previous modeling work.



The estimate above assumes benefits could be paid to eligible out-of-state participants starting July 1, 2026. Under SHB 2467, the program would not begin paying benefits to out-of-state participants until July 1, 2030. Additionally, Milliman’s modeling assumed out-of-state premium payments would be based on a participant’s last in-state premium payment increased annually for inflation. Under SHB 2467, out-of-state participants would self-attest out-of-state wages to determine premium payments.

Additional analysis is required to assess the solvency implications of this bill especially in the long term. If this bill results in a total required premium rate that exceeds 0.58 percent, subsequent corrective actions may be necessary to manage future program solvency. We will rely on Milliman’s updated actuarial study anticipated this fall to assess the projected solvency of the WA Cares Fund reflecting current law.

Additional Considerations

This section addresses potential WA Cares impacts not included in the table above (not attributable to SHB 2467) but may be relevant when considering the overall impact of this legislation.

Anticipated Administration - Benefit Eligibility Threshold

Appendix A from Milliman’s letter, [*Modeling of Potential WA Cares Fund Program Changes with Portability*](#), October, 2023, identifies a modeling change we anticipate will be included in Milliman’s next actuarial study. It is based on DSHS’ anticipated administration of WA Cares Fund benefits. The clarification of administrative practice will lead to a reduction in anticipated costs as the new, “NFLOC pathway only,” is more restrictive than what Milliman modeled in the Base Plan from their 2022 Study. Milliman estimated shifting to the NFLOC definition would reduce the Base Plan premium assessment by 0.03 percent (3 basis points).

Milliman believes further discussion and analysis is required to better model anticipated plan administration. As noted in Appendix A, they “expect the ultimate benefit eligibility threshold may yield a different required premium assessment rate than what” they estimate using the “NFLOC pathway only.”

Attachment: Milliman’s *Feasibility Analysis – Portable Benefit Designs*

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17335 Golf Parkway
Suite 100
Brookfield, WI 53045
USA
Tel +1 262 784 2250

milliman.com

Christopher J. Giese, FSA, MAAA
Principal and Consulting Actuary

chris.giese@milliman.com

November 8, 2022

Luke Masselink, ASA, EA, MAAA
Senior Actuary
Washington Office of the State Actuary
PO Box 40914
Olympia, WA 98504
Sent via email: luke.masselink@leg.wa.gov

Re: Feasibility Analysis – Portable Benefit Designs

Dear Luke:

Per your request, we modeled the impact of offering portable WA Cares Fund benefits to individuals after moving out of Washington to a different state in the US. Per conversations with OSA and DSHS, we modeled portable benefits under two general structures:

1. Portable Benefits with Premium Payments

Portable benefits would be available to individuals who move out of Washington after accumulating one or more years of vesting credits and elect to voluntarily pay a premium to maintain some coverage under WA Cares Fund. We assumed the premium would be equal to the last "in-state" premium assessed (adjusted for wage inflation) and paid until age 67.

2. Prorated, Portable Benefits

Prorated, portable benefits would be available to individuals who move out of Washington after accumulating three or more years of vesting credits. No additional premiums would be collected once individuals leave the state, but their benefit amount would be adjusted subject to the number of years an individual contributed the premium assessment before moving out of state. Per DSHS' request, we modeled a proration schedule where individuals who moved out of the state after three years would have access to 3/30 (or 10%) of the full benefit and only individuals with 30 or more years of contributing would have access to 30/30 (or 100%) of the full benefit.

We prepared the estimates in this letter to assist in evaluating the viability of selecting benefit features for WA Cares Fund. Any estimates around required program revenue are for feasibility purposes only and not intended, and should not be used, for setting the program premium assessment.

RESULTS SUMMARY

Figure 1 provides a high-level summary of the results of the portability alternatives. The starting Base Plan for this letter relies upon the 2022 Base Plan described in our [2022 WA Cares Fund Actuarial Study](#)¹ dated October 20, 2022 (2022 Actuarial Study). The 2022 Actuarial Study contains assumptions related to movement into and out of the state over the projection period to project the Washington State population in each year, but ultimately assumes only individuals living in state are eligible for WA Care Fund benefits. The analysis contained in this letter evaluates alternatives where some individuals who move out of state may be able to maintain some level of WA Cares Fund coverage.

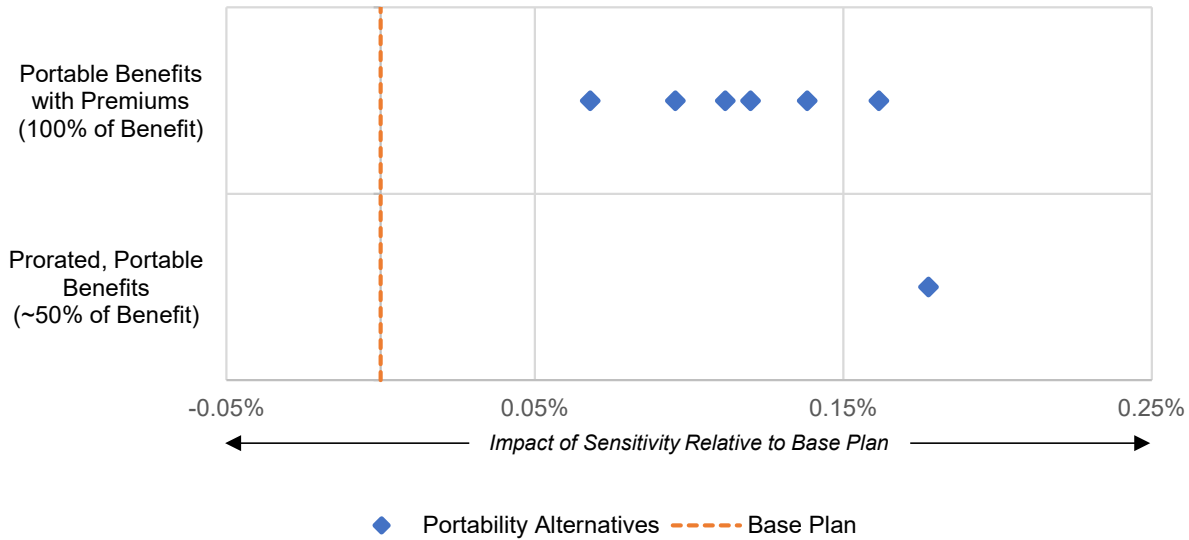
- We estimate that providing portable benefits with an out-of-state required premium may require an increase to the required premium assessment of up to 20 basis points. The range of results is based on performing various participation and adverse selection scenarios, since under this structure the portable benefits would

¹ Giese, C. et al. (October 20, 2022). 2022 WA Cares Fund Actuarial Study. Milliman Report. Retrieved November 1, 2022, from <https://leg.wa.gov/osa/additionalservices/Documents/Report01-2022WACaresFundActuarialStudy.pdf>

be a voluntary feature. Additional details surrounding the scenarios modeled and results can be found in “Portable Benefits with Premium Payments” section of this letter.

- We estimate that providing prorated, portable benefits may require an increase to the required premium assessment of approximately up to 20 basis points. Under the prorated structure, participation would be automatic and mandatory; therefore, we did not perform sensitivities related to participation (as participation was assumed to be 100%) and the impact is shown as a single point estimate in Figure 1.

Figure 1: Impact of Portability Sensitivities Relative to Base Plan



PORTABLE BENEFITS WITH PREMIUM PAYMENTS

We analyzed the cost of providing portable benefits to individuals who move out of Washington after accumulating one or more years of vesting credits and elect to voluntarily pay a premium to maintain some coverage under WA Cares Fund. Per DSHS’ and OSA’s request, we modeled the portable benefit consistent with the features outlined in Figure 2 below. We relied upon feedback from OSA and DSHS to determine the parameters to model.

Figure 2 Washington Office of the State Actuary Portable Benefits with Premium Payments Modeling Specifications for Portable Benefit	
Specification	Portability Structure Assumption
Qualified Individuals / “Vesting”	Anyone with at least one year of premiums paid in-state will be eligible to “buy-in” portability coverage
Out-of-State Premium Amount	Last “in-state” premium assessed, adjusted for wage inflation (assumed to be 3.5% per year); To be paid until normal retirement age (age 67)
Benefit Structure	Reimbursement (same as in-state)
Benefit Eligibility Trigger	Medicaid definition proxy (same as in-state)
Benefit Amount	\$36,500, indexed to CPI (same as in-state)

As shown in Figure 2, we assumed individuals would have to pay an annual premium (calculated as the last in-state premium assessed, adjusted for 3.5% wage inflation) until age 67 to maintain coverage. Since individuals who move out-of-state will be required to “opt in” by paying a premium, this benefit will be fully voluntary. Anytime choice or a voluntary aspect to participation is introduced into a program, unpredictability related to participation rates and adverse selection can make rate modeling challenging. Given this, we modeled the cost of the portable benefit under a number of participation and selection scenarios, shown in Figure 3.

As seen in Figure 3, we expect that providing portable benefits with a requirement to pay premiums until age 67 would require an increase to the premium assessment rate of up to 20 basis points, depending on the percentage of individuals that elect to participate and the potential adverse selection associated with the participating population. The incremental premium assessment change presented in Figure 3 is relative to a “baseline” where benefits are not portable.

Please note, given we have not sensitivity tested all key assumptions that may affect this initial viability analysis, we show our modeling results as ranges. The ranges are based on an explicit adjustment of plus or minus 25% of the point estimate incremental premium change. The ranges are shown for illustration only and should not be interpreted as bounds.

Figure 3 Washington Office of the State Actuary Portable Benefits with Premium Payments Additional Premium Cost of Providing Portable Benefit	
Premium Participation Scenario	Incremental Premium Assessment Change Compared to 2022 Base Plan
Average Risk Scenarios*	
100%	0.09% to 0.15%
75%	0.08% to 0.13%
50%	0.05% to 0.09%
Adverse Selection Scenarios**	
75%	0.12% to 0.20%
50%	0.11% to 0.18%
25%	0.08% to 0.14%

* “Average Risk Scenario” means that the same percentage of both benefits and claims is included. For example, “75% Premium Participation” means 75% of premiums and 75% of claims for the population of out-migrants expected to have enough vesting to qualify are assumed to be added to the program’s cash flows. Lower participation scenarios are not shown, as we estimate some adverse selection will be present when participation is low.

** For “Adverse Selection Scenario,” we assume 25% higher claims are added relative to premium participation. This would imply that claims are higher than average for those who elect to participate and / or premiums are lower than average for those who elect to participate. For example, if 25% of individuals in this population contribute to premiums, we assume 50% of claims are added to the program’s cash flows. While the exact magnitude of adverse selection is unknown, we do expect there to be some level of adverse selection to be present given the voluntary nature of the portable benefit.

Portability Benefit with Premium Payment Alternatives

To the extent a portable benefit followed a structure different than what is outlined in Figure 2, we would expect the premium assessment impact to vary as well. DSHS requested modeling of several alternatives to this structure to understand the resulting premium impacts. We modeled the scenarios in Figures 4 and 5 assuming 100% participation only to allow for easier comparison in highlighting the estimated premium impact of different alternatives.

["Vesting" Alternatives](#)

For the results in Figure 3, we assume that individuals need to contribute to the program a minimum of one year in-state before being eligible to pay premiums out-of-state and remain vested in the program. In Figure 4, we test the impact of increasing the requirement of the number of years of contributions in-state before an individual is eligible to opt into the out-of-state benefits. Since fewer people will be eligible for benefits under a scenario where more years of in-state vesting are required, the required premium assessment is decreased under these scenarios.

Figure 4 Washington Office of the State Actuary Portable Benefits with Premium Payments Results by Vesting Requirement – 100% Participation	
Scenario	Premium Assessment Impact
1-year in-state vesting requirement	0.09% to 0.15%
3-year in-state vesting requirement	0.08% to 0.14%
10-year in-state vesting requirement	0.08% to 0.13%

[Benefit Eligibility Trigger Alternative](#)

To model the results in Figure 3, we assumed the benefit eligibility trigger for out-of-state benefits was consistent with the in-state benefit trigger. Since it may be more feasible for the program to administer an out-of-state benefit using a more universally understood trigger, we were requested to model a scenario where individuals out-of-state would need to meet the Health Insurance Portability and Accountability Act (HIPAA) eligibility trigger, defined as needing assistance with two or more activities of daily living (ADLs), where the individual is expected to meet the definition for at least 90 days, or severe cognitive impairment. Since the HIPAA trigger is expected to be more restrictive than the modeled Base Plan, we expect this scenario to cost less.

Figure 5 Washington Office of the State Actuary Portable Benefits with Premium Payments Results by Benefit Eligibility Trigger – 100% Participation	
Scenario	Premium Assessment Impact
Medicaid definition proxy (same as in-state)	0.09% to 0.15%
HIPAA eligibility trigger	0.08% to 0.13%

[Benefit Amount Alternatives](#)

DSHS relayed that the Portability Workgroup would be interested in portable benefit structures that increased the overall premium assessment by 0.10% or less. One option for decreasing the cost of a portable benefit is to make the portable benefit a "reduced" benefit amount relative to the in-state benefit. Figure 6 shows the percentage of the reduced benefit relative to the full benefit to achieve a 0.10% premium assessment increase. For example, under a situation where 100% of out-migrants elect to pay for the portable benefit, the portable benefit amount would need to be 68% to 100% of the full benefit in order for the required premium assessment for everyone to be no more than 0.10% higher than the required premium assessment when no portable benefit is available. We calculate the reduced benefit under each participation and adverse selection scenario included in Figure 3.

Note, given we have not sensitivity tested all key assumptions that may affect this initial viability analysis, we show our modeling results as ranges. The ranges are based on an explicit adjustment of plus or minus 25% of the point estimate incremental premium change. The ranges are shown for illustration only and should not be interpreted as bounds.

Figure 6 Washington Office of the State Actuary Portable Benefits with Premium Payments Benefit Levels Needed for 10 bps Premium Increase or Less	
Premium Participation Scenario	% of Full Benefits to Achieve 10 bps Premium Increase or Less*
Average Risk Scenarios	
100%	68% to 100%
75%	75% to 100%
50%	90% to 100%
Adverse Selection Scenarios	
75%	56% to 94%
50%	60% to 100%
25%	68% to 100%

* Percentages represent level of out-of-state benefits versus in-state, "full" benefits. For example, 80% means out-of-state benefits need to be set to 80% of in-state benefits to achieve no more than a 10 basis points (bps) increase in the premium assessment.

Additional Participation Testing

Per DSHS and OSA's request, we also modeled participation scenarios where we vary participation rates by age (unlike the high-level tests shown in Figure 3, where we were assume the participation rate does not vary by age). Figure 7 below presents the results from our portability modeling under two discrete participation scenarios (described below). The incremental impact presented in Figure 7 is the premium assessment impact relative to a "baseline" where benefits are not portable. The overall participation rate refers to the percentage of those eligible that we assume to participate. To be eligible, we assume an individual must: (1) have contributed to the premium assessment in-state for at least one year, and (2) be able to achieve "vested" status through a combination of in-state premium assessment contributions and out-of-state premium payments.

- For the first scenario, we assume **0% participation for those who move out of state under age 67 and 100% participation for those who move out of the state at age 67 or older**. We assume 100% participation for people leaving the state at age 67 or greater since their WA Cares Fund coverage can be thought of as effectively "paid-in-full" since out-of-state premiums are only required to be paid until age 67.
- For the second scenario, we add **graded participation for those who move out of state under 67** (2% at age 30 grading up to 30% at age 60). The participation rates under age 67 were provided by DSHS and add approximately 10% to the percentage of the eligible population assumed to participate.

Figure 7
Washington Office of the State Actuary
Portability Modeling – Impact to 2022 Base Plan Premium Assessment

	Incremental Change Compared to 2022 Base Plan	Overall Participation Rate from Eligible Population
Baseline Migration Distribution		
0% Participation Under 67, 100% Participation 67+	0.08%	28%
Graded Participation Under 67, 100% Participation 67+	0.11%	38%
Alternative Migration Distribution		
0% Participation Under 67, 100% Participation 67+	0.05%	16%
Graded Participation Under 67, 100% Participation 67+	0.07%	23%

Note, per our 2022 Actuarial Study, we assume the age-gender distribution of the individuals moving in and out of Washington to and from another U.S. state in any year will resemble the projected age-gender distribution of all Washingtonians living in the state in that year. To the extent this assumption varies from what was assumed, we would assume the impact of a portable benefit to also vary (especially scenarios where participation varies by age as is presented in Figure 7). To illustrate the potential impact of an alternative age-gender mix for out-migrants that is skewed toward younger individuals, we also present the results in Figure 7 assuming an alternative distribution. The alternative migration distribution assumed with a younger population leaving the state lowers the incremental change by 0.03% to 0.04%. This test helps highlight the sensitivity of the premium impact depending on the assumed age distribution for out-migrants.

The results in Figure 7 are generally consistent with the high-level testing presented in Figure 3. Note that when individual choice or a voluntary aspect to participation is introduced into a program (such as a voluntary portability benefit), unpredictability related to participation rates and adverse selection can make the evaluation of a program's rates and fund balance challenging.

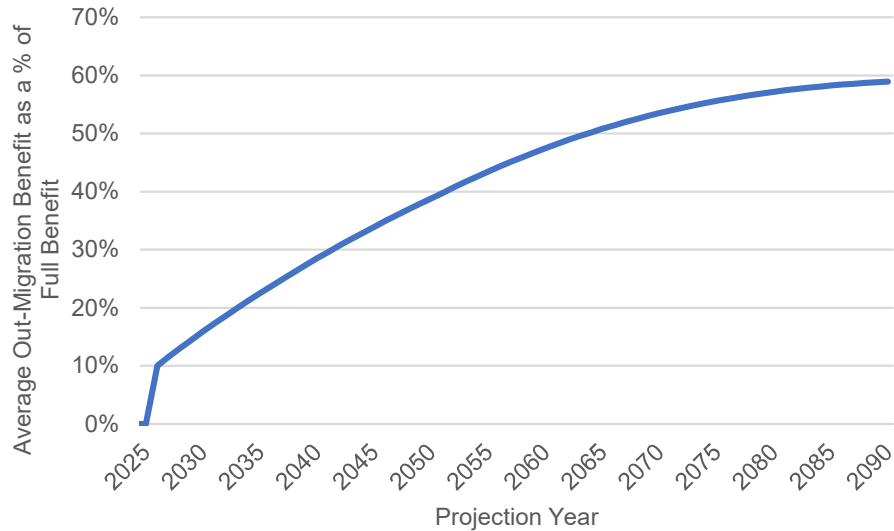
PRORATED, PORTABLE BENEFITS

We analyzed the cost of providing prorated, portable benefits to individuals who move out of Washington after accumulating three or more years of vesting credits. Under the prorated structure, no additional premiums would be required after leaving the state and participation would be automatic. Benefits, however, would be reduced per the proration schedule provided by DSHS as follows:

- Individuals who paid the premium assessment in-state for three years before leaving the state would be eligible for 3/30th of the full benefit
- Individuals who paid the premium assessment in-state for 30 years or more before leaving the state would be eligible for 30/30th (or 100%) of the full benefit
- The proration schedule uses uniform increases between the requirements for starting partial benefits and the requirements for full benefits (e.g., an individual with 20 years of premium payments would be eligible for 20/30th of the benefit)

As a result of the above proration schedule, the average percentage of benefits available to beneficiaries in the out-migration population is lower at the beginning of the projection (since, using program year three as an example, individuals at most will have three years of work history and be eligible for at most 3/30th, or 10%, of the full benefit) and grows as more individuals have the opportunity to accumulate years of work history. The following figure shows the average prorated benefit for the out-migration population as a percentage of full benefits by projection year.

Figure 8: Average Prorated Benefit for Out-Migration Population as Percentage of Full Benefits



We estimate that providing prorated, portable benefits would require an increase to the premium assessment rate of 18 basis points. The incremental premium assessment impact is relative to a “baseline” where benefits are not portable.

Prorated, Portability Benefit Alternatives

To the extent a portable, prorated benefit followed a structure different than what is outlined above, we would expect the premium assessment impact to vary as well. DSHS requested modeling of several alternatives to understand the resulting premium impacts.

“Vesting” Alternative

For the results described above, we assume that individuals need to contribute to the program a minimum of three years in-state before moving out of state. In Figure 9, we test the impact of increasing the requirement of the number of years of contributions in-state to receive any level of portable benefits. Since fewer people will be eligible for benefits under a scenario where more years of in-state vesting are required, the required premium assessment is lower for the 10-year requirement than the 3-year requirement.

Figure 9 Washington Office of the State Actuary Prorated, Portable Benefits Results by Vesting Requirement	
Scenario	Premium Assessment Impact
3-year in-state vesting requirement	0.18%
10-year in-state vesting requirement	0.16%

See Figure 10 in Methodology and Assumptions for the proration schedule associated with each of the scenarios presented in Figure 9.

Portability Start Year Alternative

For the results described above, we assume that portable benefits would be available after individuals would have enough years of work history to meet the 3-year in-state vesting requirement without any additional delay. DSHS also requested we model a scenario where the earliest portable benefits are paid in 2030. Given the estimated level of benefit payments before 2030 (i.e., where at most individuals would be eligible for $(2030 - 2023) / 30 = 23\%$ of the benefits), this alternative also produced a premium assessment impact of 18 basis points similar to the base design modeled.

Benefit Amount Alternative

DSHS relayed that the Portability Workgroup would be interested in portable benefit structures that increased the overall premium assessment by 0.10% or less. One option for decreasing the cost of a prorated, portable benefit is to develop a proration schedule that reduces the benefit further than the structure tested above (10% of full benefits after three years of premiums grading up to 100% of full benefits after 30 years of premiums).

Figure 8 above shows the average prorated benefit for the out-migration population as a percentage of full benefits by projection year, which resulted in an estimated increase to the premium assessment of 18 basis points. To achieve an overall 10 basis point increase instead, the average prorated benefit would need to be reduced further by roughly 45% ($= 1 - 10 \text{ bps} / 18 \text{ bps}$) each year or in composite over the 75-year projection (ignoring expenses for illustration). Using calendar year 2065 as an example, the average prorated benefit would be reduced to be no more than roughly 28% of full benefits ($= 50\% \times (1 - 45\%)$).

METHODOLOGY AND ASSUMPTIONS

The information in this letter should be considered along with the sources and methodology used in our [2022 WA Cares Fund Actuarial Study](#) dated October 20, 2022 (2022 Actuarial Study). All other plan features, methodology, and assumptions are consistent with the modeling of the Base Plan in our 2022 Actuarial Study unless indicated otherwise. The results in this letter should be considered in their entirety in combination with our 2022 Actuarial Study.

Portable Benefits with Premium Payments

To model the “Portable Benefits with Premium Payments” scenarios outlined in this letter, we took the following steps:

1. Projected the annual premium payment for individuals who move out of the state using average annual Washington wages by age (for the year before they move out-of-state), adjusted for inflation. We assume the premium rates would inflate by 3.5% each year.
2. Assumed premiums are to be paid until age 67 with no voluntary lapse.
3. Projected the benefit payments that would be incurred from the out-migration population, given the one, three, or 10 years in-state payment requirement.
4. Carved in the additional premium and benefit payments, assuming different participation and adverse selection scenarios, to our in-state model. With the exception of the results presented in Figure 7, for all other tests we assumed the participation rates would not vary by age (e.g., for the 75% participation test we assumed, of those eligible to participate to receive portable benefits, 75% of eligible individuals at each age would elect to participate).
5. Calculated ranges to our point estimates to produce the values illustrated in this letter.

Note, this alternative continues to assume administrative expenses to be 3.5% of premiums and 3.5% of benefits, consistent with the assumptions used to project our Base Plan in our 2020 Study. If the program expenses as a percentage of premiums or claims vary from the assumed levels above, the estimated premium assessment for the program would also vary.

[Prorated, Portable Benefits](#)

To model the “Prorated, Portable Benefits” scenarios outlined in this letter, we took the following steps:

1. Projected the distribution of years having paid premium upon leaving the state by age at the time of leaving the state and applied the proration benefit schedule to this distribution. Figure 10 below shows the proration schedule for several sample work histories.

Figure 10 Washington Office of the State Actuary Prorated, Portable Benefits Proration Schedule		
Years Paying In-State Premium Assessment Before Leaving WA	Prorated Benefit %	
	3-year in-state vesting requirement scenario	10-year in-state vesting requirement scenario
1	0	0
3	10%	0
10	33%	33%
15	50%	50%
20	67%	67%
25	83%	83%
30	100%	100%
35	100%	100%

2. Used the vesting rate weighted by level of benefit calculated in Step 1 to project prorated benefit payments that would be incurred by the out-migration population.
3. Modified the expenses for the out-migration population in the following way:
 - Instead of assuming administrative expenses are 3.5% of prorated benefit payments, we assumed administrative expenses would be 3.5% of benefit payments if 100% of the full benefit payments were available to all beneficiaries.
 - Instead of assuming administrative expenses are 3.5% of premiums (since in this scenario the out-migration population does not pay premiums, therefore, this component of expenses would be zero for this population), we projected hypothetical premiums for this population as if they remained in-state assuming a 0.58% premium assessment and assumed administrative expenses would be 3.5% of the hypothetical premiums.

If the program expenses as a percentage of premiums or claims vary from the assumed levels above, the estimated premium assessment for the program would also vary.

CAVEATS AND LIMITATIONS

This information is intended for the internal use of the Washington State Office of the State Actuary (OSA) and Washington State Department of Social and Health Services (DSHS) and it should not be distributed, in whole or in part, to any external party without the prior written permission of Milliman, subject to the following exception:

- This report shall be a public record that shall be subject to disclosure to the State Legislature and its committees, persons participating in legislative reviews and deliberations, and parties making a request pursuant to the Washington Public Records Act

We do not intend this information to benefit or create a legal liability to any third party even if we permit the distribution of our work product to such third party. This communication must be read in its entirety.



This information provides the cost of offering portable benefits relative to the 2022 Base Plan presented in the 2022 WA Cares Fund Actuarial Study provided on October 20, 2022, which should be read in its entirety with this letter. In completing this analysis, we relied on information provided by ESD, OSA, DSHS, SIB, and publicly available data. We accepted without audit, but reviewed the information for general reasonableness. Our summary may not be appropriate if this information is not accurate.

Many assumptions were used to construct the estimates in this letter. Actual results will differ from the projections in this letter. Experience should be monitored as it emerges, and corrective actions should be taken when necessary.

Milliman has developed certain models to estimate the values included in this letter. The intent of the models is to estimate required revenue for alternative program features of the Washington Cares Fund. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. Chris Giese and Annie Gunnlaugsson are members of the American Academy of Actuaries, and meet the qualification standards for performing the analyses in this letter.

The terms of the Personal Services Contract with Washington State OSA effective December 2, 2021, apply to this information.



Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Christopher J. Giese".

Christopher J. Giese, FSA, MAAA
Principal and Consulting Actuary

CJG/jf