

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5291 E S SB	<b>Title:</b> Long-term services trust
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## Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Attorney General	0	0	76,000	0	0	86,000	0	0	86,000
Office of Administrative Hearings	0	0	1,181,000	0	0	1,528,000	0	0	1,528,000
Employment Security Department	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>1,257,000</b>	<b>0</b>	<b>0</b>	<b>1,614,000</b>	<b>0</b>	<b>0</b>	<b>1,614,000</b>

## Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of the State Actuary	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Attorney General	.4	0	0	76,000	.4	0	0	86,000	.4	0	0	86,000
Washington State Health Care Authority	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Administrative Hearings	3.7	0	0	1,181,000	4.8	0	0	1,528,000	4.8	0	0	1,528,000
Office of Insurance Commissioner	2.1	0	0	736,338	1.6	0	0	567,508	1.6	0	0	567,508
Department of Social and Health Services	11.8	0	0	5,208,000	13.0	0	0	5,514,000	13.0	0	0	5,514,000
Employment Security Department	17.7	0	0	9,460,958	25.3	0	0	6,765,100	14.9	0	0	4,570,649
Actuarial Fiscal Note - State Actuary	Non-zero but indeterminate cost and/or savings. Please see discussion.											
<b>Total \$</b>	<b>35.7</b>	<b>0</b>	<b>0</b>	<b>16,662,296</b>	<b>45.1</b>	<b>0</b>	<b>0</b>	<b>14,460,608</b>	<b>34.7</b>	<b>0</b>	<b>0</b>	<b>12,266,157</b>

## Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of the State Actuary	.0	0	0	.0	0	0	.0	0	0
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
Office of Administrative Hearings	.0	0	0	.0	0	0	.0	0	0
Office of Insurance Commissioner	.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
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Estimated Capital Budget Breakout

Prepared by: Amy Hatfield, OFM	Phone: (360) 280-7584	Date Published: Final 3/31/2025
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5291 E S SB	<b>Title:</b> Long-term services trust	<b>Agency:</b> 035-Office of the State Actuary
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

NONE

### 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.

<b>Legislative Contact:</b> Omeara Harrington	<b>Phone:</b> 360-786-7136	<b>Date:</b> 03/18/2025
<b>Agency Preparation:</b> Aaron Gutierrez	<b>Phone:</b> 3607866152	<b>Date:</b> 03/19/2025
<b>Agency Approval:</b> Matthew M. Smith	<b>Phone:</b> 360-786-6140	<b>Date:</b> 03/19/2025
<b>OFM Review:</b> Marcus Ehrlander	<b>Phone:</b> (360) 489-4327	<b>Date:</b> 03/24/2025

## 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.*

For context, the Office of the State Actuary (OSA) is tasked with providing recommendations to the Long-Term Services and Supports (LTSS) Trust Commission and the Legislature on actions necessary to achieve and maintain trust solvency. This fiscal note addresses the bill's administrative impacts to OSA as part of that work.

For OSA's analysis of the bill's impacts on the LTSS program itself, please see the OSA actuarial fiscal note (available soon). Also, please see the bill text or the staff bill report for details and other bill provisions not impacting OSA.

Section 1: Clarifies out-of-state participants who fail to pay required premiums or submit reports will have their coverage cancelled.

Section 2: Creates an automatic annual increase to the maximum WA Cares benefit based on the Seattle, Washington, area CPI-W each January. Abolishes the LTSS Trust Council whose responsibility under current law is to approve annual increases to the maximum WA Cares benefit, subject to revision by the Legislature.

Section 5: Modifies the definition of a qualified individual within the ten-year pathway by eliminating the requirement that there can be no interruption of five or more consecutive years within that pathway.

Section 7: Allows active-duty service members who are concurrently engaged in off duty civilian employment to request a program exemption from the Employment Security Department (ESD).

Section 8:

- Adds "expected to last for at least 90 days" as a condition for becoming an eligible beneficiary.
- Delays the date an out-of-state participant can become an eligible beneficiary from January 1, 2030, to July 1, 2030.

Section 11: Provides individuals who opted out of the program because they had purchased long-term care insurance prior to November 1, 2021, an opportunity to rescind their exemption before July 1, 2028.

Section 12:

- Requires any savings derived through a Centers for Medicare & Medicaid Services (CMS) waiver to be deposited into the WA Cares Fund.
- Provides rules around ESD's authority to collect delinquent premiums.

Section 13:

- Provides rules around ESD's authority to collect delinquent premiums.

Section 14:

- Provides rules around ESD's authority to collect delinquent premiums.

Section 16: Creates a pilot program that allows for up to 500 participants to apply for benefits up to six months early, from January 1, 2026 – June 30, 2026.

The Substitute version adds the following provisions:

Section 6: Automatically exempts an employee holding a nonimmigrant visa for temporary work from the WA Care Program, rather than requiring a voluntary application for exemption.

Section 47: Makes the provisions related to supplemental LTC insurance effective May 1, 2026, rather than January 1, 2026.

Section 48: Makes certain provisions related to employer reports and delinquent premiums collection effective January 1, 2027.

Multiple Sections. Corrects and adds certain cross references and effective dates.

The Engrossed Substitute version adds the following provisions:

Reorders and rennumbers several of the sections above. Please see the bill for precise changes.

Section 2: Modifies the definition of ""approved services"" for long-term services and supports trust program to include long-term services and supports provided in nursing homes, rather than nursing home services.

Section 3: Requires the Department of Social and Health Services to establish, by rule, the scope of the long-term services and supports provided in nursing homes that may be an approved service and identify the types of goods and services that are and are not covered under each service in order to maximize usage of all available public and private benefits for eligible beneficiaries.

Section 16: Includes the Health Care Authority as an agency authorized to adopt rules necessary to implement the pilot project for the long-term services and supports trust program, rather than the Department of Health.

Sections 47 - 49: Modifies multiple effective dates, including changing the effective date of the provision providing rules around ESD's authority to collect delinquent premiums from January 1, 2026, to January 1, 2027.

## **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.*

We expect the impacts of this bill to fall within existing actuarial services and resources. This assumes that no new Medicaid study will be required (pursuant to Section 12(1) of the bill) in the following three biennia. If a new study is required during this period and cannot be covered within existing actuarial resources, OSA will request additional funds at that time.

## **Part III: Expenditure Detail**

### **III. A - Operating Budget Expenditures**

NONE

### **III. B - Expenditures by Object Or Purpose**

NONE

**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.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5291 E S SB	<b>Title:</b> Long-term services trust	<b>Agency:</b> 100-Office of Attorney General
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Legal Services Revolving Account-State 405-1	33,000	43,000	76,000	86,000	86,000
<b>Total \$</b>	33,000	43,000	76,000	86,000	86,000

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.4	0.4	0.4	0.4	0.4
<b>Account</b>					
Legal Services Revolving Account-State 405-1	33,000	43,000	76,000	86,000	86,000
<b>Total \$</b>	33,000	43,000	76,000	86,000	86,000

### 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: Omeara Harrington	Phone: 360-786-7136	Date: 03/18/2025
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Agency Approval: Leah Snow	Phone: 360-586-2104	Date: 03/21/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 03/31/2025

## 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: Amends RCW 50B.04.180 to clarify that out-of-state participants who elect to continue participation may not withdraw from coverage, and that the Employment Security Department (ESD) shall (not may) cancel out-of-state coverage for failure to pay or report.

Section 2: Amends RCW 50B.04.010 to change definition of “benefit unit,” add a residency requirement to “eligible beneficiary,” clarify that Department of Social and Health Services (DSHS) regulations determine family member qualification.

Section 3: Amends RCW 50B.04.020 to require DSHS to adopt rules regarding scope of long-term services to identify goods and services covered/not covered to maximize use of public funds and requires the Health Care Authority (HCA) to assist DSHS regarding payment issues.

Section 4: Amends RCW 50B.04.030 to remove commission requirement to make recommendations regarding benefit adjustments and to adjust reporting requirements.

Section 5: Amends RCW 50B.04.050 to modify qualifications.

Section 6: New Section – Employees with non-immigrant visas for temporary workers not covered by this chapter; ESD may adopt rules necessary to implement.

Section 7: Amends RCW 50B.04.055 to modify dates, military service considerations, and exemptions.

Section 8: Amends RCW 50B.04.060 to include DSHS regulations as applicable to certain qualification requirements.

Section 9: Amends RCW 50B.04.070 to allow DSHS to contract with third party administrators for certain beneficiaries and to require DSHS to establish payment methods and procedures for different categories of service providers.

Section 10: Amends RCW 50B.04.080 to modify dates.

Section 11: Amends RCW 50B.04.085 to clarify and modify rules related to exempt employee qualifications and eligibility; clarifies that ESD must engage in rulemaking regarding exemptions and qualifications.

Section 12: Amends RCW 50B.04.100 to clarify deposit of funds into account.

Section 13. New Section – Requires employers to make reports, furnish information, and remit premiums using forms provided and at times approved by ESD Commissioner. Employer records must be retained for six years and are confidential. Sets guidelines for collection of unpaid premiums and penalties for non-payment(s), including required conferences and conciliation efforts. Appeals governed by RCE 50B.04.120.

Section 14: New Section to RCW 50B.04 – NOTE: Highly detailed section; please review carefully for impacts. Authorizes and directs ESD Commissioner to send notices regarding unpaid premium and specifies the content of such notices, to include payment terms, penalty notices, and enforcement actions (to include distraint of the non-paying party’s property, even if held by third parties); includes specific court and county filing requirements related to real and personal property lien and lien enforcement; includes provisions for out-of-state entities; includes authority for ESD Commissioner to settle and write off claims.

Section 15: New Section to RCW 50B.04 – Establishes processes related to applications and applicants.

Section 16: New Section. DSHS, ESD, and HCA authorized to conduct pilot project to manage eligibility determinations; pilot project authorized from Jan 1 to June 30, 2026, and limited to 500 participants; grants rulemaking authority.

Section 17: New Section. Intent.

Section 18: New Section. Applicability of chapter – begins May 1, 2026.

Section 19: New Section. Definitions.

Section 20: New Section. Supplemental long-term care policies must be approved by Office of the Insurance Commissioner (OIC).

Section 21: New Section. Out-of-state policies approved only if state has similar requirements.

Section 22: New Section. Restricts definition of “preexisting condition” and limits policy restrictions due to preexisting conditions.

Section 23: New Section. Limits on cancellation of policies and on conditions for eligibility and/or coverages that may be included in policies.

Section 24: New Section. 30 day cancellation period and notice.



Section 25: New Section. Notice and formatting requirements. OIC must prescribe a standard format for notices. Notice requirements.

Section 26: New Section. Policies must allow holder to modify coverage; continuity of coverage provision.

Section 27: New Section. Regulates information sharing with DSHS and others.

Section 28: New Section. Requires monthly reports to policyholder if policy is funded through life insurance proceeds.

Section 29: New Section. Within 30 days of receiving requested additional information, insurer must pay or provide written explanation of denial.

Section 30: New Section. Grounds for issuer rescission of policies, including material misrepresentations (with 2-year limit, even if material); payments cannot be recaptured.

Section 31: New Section. OIC must establish inflation protection standards; issuer must comply.

Section 32: New Section. Issue must offer a non-forfeiture benefit, with details. OIC must establish rules regarding non-forfeiture benefits, standards, and times.

Section 33: New Section. Seller/provider restrictions and requirements, including approval of training and record-keeping requirements.

Section 34: New Section. Issuers and agents must determine if policy is appropriate; includes standards and factors for making the determination, training requirements, and recordkeeping. OIC must adopt rules regarding worksheets to make determination of appropriateness.

Section 35: New Section. Issuer or solicitor of policies must not engage in unfair or deceptive acts or practices, as those acts are defined in RCW 48.30.

Section 36: New Section. Fines of three times commission or \$10,000, whichever greater.

Section 37: New Section. OIC must adopt rules related to disclosures for selling, rules establishing loss ratio standards, and rules related to premium payments and increases, producer education, marketing practices, penalties, etc.

Section 38: New Section. OIC must develop and expand consumer education material and programs.

Section 39: New Section. Added to RCW 48.83 stating long-term care insurance is not covered by that chapter.

Section 40: New Section. Repeals RCW 50B.04.040.

Section 41: New Section. Sections 16-37 are new chapter in RCW Title 48.

Section 42: New Section. Savings clause.

Section 43: Amends RCW 50B.04.140 to remove “employment sector” from reporting topics.

Section 44: New Section added to RCW 50B.04 related to deposits stemming from savings from waivers for federal programs.

Section 45: Amends RCW 74.39.007 to modify definition of “personal aide.”

Section 46: Amends RCW 70.127.040 to add long-term care topics to list of matters not regulated by the chapter.

Section 47: New Section – Sections 17-38 are effective May 1, 2026.

Section 48: New Section – Sections 12-14 are effective January 1, 2027.

Section 49: New Section – Sections 1-11, 15, 16, and 40-46 are effective January 1, 2026.

## **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 agencies are the Employment Security Department (ESD) and the Office of the Insurance Commissioner (OIC). 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 non-King County rates:

FY 2026: \$18,000 for 0.1 Assistant Attorney General FTE (AAG) and 0.1 Paralegal 1 FTE (PL1)  
FY 2027 and in each FY thereafter: \$38,000 for 0.1 AAG and 0.1 PL1

OIC will be billed for non-King County rates:

FY 2026: \$15,000 for 0.1 AAG and 0.1 PL1

FY 2027 and in each FY thereafter: \$5,000 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:

Location of staffing is assumed to be in a non-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) Legal Services for the client agency Employment Security Department (ESD):

AGO will provide advice to the ESD relating to new and amended rulemaking to implement Sections 5, 6, 7, 10, 11, 13, 14 and 16. In FY 2026, legal services will include 110 AAG hours for advice, which will address promulgating new rules, amending existing rules, and process development. Premium and interest assessment authority (Sections 12-14) takes effect in FY 2027 and will generate five additional employer appeals in which the AGO will provide representation in administrative hearings. Each appeal will take approximately 40 hours, for an estimated total of 200 litigation hours. For FY's 2027 through FY 2031, the AGO anticipates 40 AAG hours for ongoing advice relating to rules and processes and 200 litigation hours (5 appeals x 40 hours), for a total of 240 hours.

LAL: Total workload hours:

FY 2026: 110 AAG hours

FY 2027 and in each FY thereafter: 240 AAG hours

LAL non-King County workload impact:

FY 2026: \$18,000 for 0.1 AAG and 0.1 PL1

FY 2027 and in each FY thereafter: \$38,000 for 0.1 AAG and 0.1 PL1

2. Assumptions for the AGO Government Compliance & Enforcement Division (GCE) Legal Services for the client agency Office of the Insurance Commissioner (OIC)

GCE will bill OIC for legal services based on the enactment of this bill. GCE provides legal advice to the OIC. Sections 17 through 39 of ESSB 5291 would allow insurance carriers to sell supplemental long-term care insurance products and creates certain standards for this new insurance product. This bill would require the OIC to engage in rulemaking on specified subjects and would allow other rulemaking to implement the provisions. GCE assumes this bill would generate approximately 85 AAG hours of legal advice requests, including requests relating to rulemaking, in FY 2026 and up to 40 AAG hours of advice requests each year thereafter.

GCE: Total workload hours:  
 FY 2026: 85 AAG hours  
 FY 2027 and in each FY thereafter: 40 AAG hours

GCE non-King County workload impact:  
 FY 2026: \$15,000 for 0.1 AAG and 0.1 PL1  
 FY 2027 and in each FY thereafter: \$5,000 for 0.1 AAG and 0.1 PL1

3. The AGO Agriculture & Health Division (AHD) determined it will not increase or decrease the division’s workload in representing the Department of Health (DOH). This bill would not provide DOH with any new duties or authorities with respect to which they would require new legal services. Therefore, no costs are included in this request.

4. The AGO Revenue Division (REV) has reviewed this bill and determined it will not increase or decrease the division’s workload in representing the Office of State Actuary (OSA). Therefore, no costs are included in this request.

5. The AGO Children, Youth and Families Division (CYF) has reviewed this bill and determined it will not increase or decrease the division’s workload. Therefore, no costs are included in this request.

6. The AGO Social & Health Services Division (SHO) has reviewed this bill and determined it will not increase or decrease the division’s workload in representing the Department of Social and Health Services (DSHS) or Health Care Authority (HCA) because it only makes a couple of minor changes to DSHS’s authority and does not substantially change HCA’s duties. Any requests for advice related to this bill are likely to be within the normal scope of program advice requests DSHS already poses to the division. Similarly, HCA-assigned AAGs already provide routine advice on this topic. Therefore, no costs are included in this request.

7. The AGO Solicitor General’s Office Division (SGO) has reviewed this bill and determined it will not increase or decrease the division’s workload. Therefore, no costs are included in this request.

AGO total hours:  
 FY 2026: 195 AAG hours  
 FY 2027 and in each FY thereafter: 280 AAG hours

AGO total workload impact:  
 FY 2026: \$33,000 for 0.2 AAG and 0.2 PL1  
 FY 2027 and in each FY thereafter: \$43,000 for 0.2 AAG and 0.1 PL1

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
405-1	Legal Services	State	33,000	43,000	76,000	86,000	86,000
	Revolving Account						
Total \$			33,000	43,000	76,000	86,000	86,000

#### III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.4	0.4	0.4	0.4	0.4
A-Salaries and Wages	22,000	29,000	51,000	58,000	58,000
B-Employee Benefits	7,000	9,000	16,000	18,000	18,000
E-Goods and Other Services	4,000	5,000	9,000	10,000	10,000
Total \$	33,000	43,000	76,000	86,000	86,000

**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 2026	FY 2027	2025-27	2027-29	2029-31
Assistant Attorney General	132,912	0.2	0.2	0.2	0.2	0.2
Management Analyst 5	98,040	0.1	0.1	0.1	0.1	0.1
Paralegal 1	71,148	0.1	0.1	0.1	0.1	0.1
<b>Total FTEs</b>		0.4	0.4	0.4	0.4	0.4

**III. D - Expenditures By Program (optional)**

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Government Compliance & Enforcement Division (GCE)	15,000	5,000	20,000	10,000	10,000
Licensing & Administrative Law Division (LAL)	18,000	38,000	56,000	76,000	76,000
<b>Total \$</b>	33,000	43,000	76,000	86,000	86,000

**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

<b>Bill Number:</b> 5291 E S SB	<b>Title:</b> Long-term services trust	<b>Agency:</b> 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:

NONE

### 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.

<b>Legislative Contact:</b> Omeara Harrington	<b>Phone:</b> 360-786-7136	<b>Date:</b> 03/18/2025
<b>Agency Preparation:</b> Jami Shank	<b>Phone:</b> 360-725-0000	<b>Date:</b> 03/21/2025
<b>Agency Approval:</b> Megan Atkinson	<b>Phone:</b> 360-725-1222	<b>Date:</b> 03/21/2025
<b>OFM Review:</b> Jason Brown	<b>Phone:</b> (360) 742-7277	<b>Date:</b> 03/26/2025

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.

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. Distinguished between one time and ongoing functions.

See attached narrative.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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.*

## HCA Fiscal Note

Bill Number: **5291 ESSB**

HCA Request #: 25-171

Title: **Long-Term Services Trust**

### Part I: Estimates

☒ No Fiscal Impact

**Estimated Cash Receipts to:**

**NONE**

**Estimated Operating Expenditures from:**

**NONE**

**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.



# HCA Fiscal Note

Bill Number: **5291 ESSB**

HCA Request #: 25-171

Title: **Long-Term Services Trust**

## 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.*

Engrossed Substitute bill 5291 different than substitute bill by:

Section 49 changed the following “Sections 1 through 11, 14 through 16, and 39 through 46 of this act take effect January 1, 2026.” To now read as: “Sections 1 through 11, 15, 16, and 40 through 46 of this act take effect January 1, 2026.”

‘\*\*\*\*\*’

**Section 3:** Amends RCW 50B.04.020 – The Health Care Authority (HCA) will assist Department of Health and Human Services (DSHS) in leveraging existing payment systems (ProviderOne) for the provision of approved services to beneficiaries. This RCW outlines HCA's responsibility to track lifetime benefit units to verify eligibility status.

**Section 16:** Allows for DSHS, HCA, and Employment Security Department (ESD) to conduct a pilot project to assess admin processes and system capabilities for managing eligibility and distributing payments. This section specifies that ESD, DSHS and Department of Health (DOH) may adopt rules necessary to implement. The pilot project can take place between January 1, 2026 - June 30, 2026. Agencies must provide regular updates and recommendations, summary of pilot, operational challenges to the Long-Term Support Services Trust (LTSS) Commission.

**Section 43:** Amends RCW 50B.04.140 - Starting December 1, 2028, requires LTSS Commission to provide annual reports to the legislature including the extent to which the operation of the program has resulted in savings to the Medicaid program by avoiding costs that would have otherwise been the responsibility of the state.

**Section 44:** Amends RCW 50B.04 - Directs that if Washington is successful in obtaining a waiver from Centers for Medicare and Medicaid Services (CMS) that results in shared savings because of LTSS spending, the shared savings will be deposited in the LTSS trust account.

**Section 49:** Sections 1 through 11, 15, 16, and 40 through 46 of this act take effect January 1, 2026.

### 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**

# HCA Fiscal Note

Bill Number: **5291 ESSB**

HCA Request #: 25-171

Title: **Long-Term Services Trust**

## 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.*

No fiscal impact. The amendment and date changes will not affect the Health Care Authority's role in this act.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditure

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**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

## HCA Fiscal Note

Bill Number: **5291 ESSB**

HCA Request #: 25-171

Title: **Long-Term Services Trust**

### **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

<b>Bill Number:</b> 5291 E S SB	<b>Title:</b> Long-term services trust	<b>Agency:</b> 110-Office of Administrative Hearings
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Administrative Hearings Revolving Account-State 484-1		1,181,000	1,181,000	1,528,000	1,528,000
<b>Total \$</b>		1,181,000	1,181,000	1,528,000	1,528,000

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	7.4	3.7	4.8	4.8
<b>Account</b>					
Administrative Hearings Revolving Account-State 484-1	0	1,181,000	1,181,000	1,528,000	1,528,000
<b>Total \$</b>	0	1,181,000	1,181,000	1,528,000	1,528,000

### 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: Omeara Harrington	Phone: 360-786-7136	Date: 03/18/2025
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 03/21/2025
Agency Approval: Rob Cotton	Phone: 360-407-2708	Date: 03/21/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 03/31/2025

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 6 amends RCW 50B.04.060(2)(a)(i). The proposed legislation adds a requirement that, in addition to needing help with three activities of daily living, to be eligible for services the need for assistance is expected to last at least 90 days. Eligibility decisions will be appealed to the Office of Administrative Hearings (OAH). Section 6 also exempts nonimmigrant visa holders from the requirements of this chapter.

Section 7, adding a subsection RCW 50B.04.070 to require the Department of Social and Health Services (DSHS) to establish payment methods for service providers. DSHS will deny payment if the reimbursement request is not submitted through the ProviderOne system. These denials will be appealable to the OAH.

Section 7(1)(e) creates an exemption to the premium assessment for active-duty services members who are also in civilian employment.

Sections 7(4)(b) & (c) creates conditions in which exemptions will be discontinued, resulting in the premium assessment being deducted from wages.

Sections 13(1) & (2) requires employers to provide reports, furnish information upon request and collect and remit payments. More impactful for the OAH is that it now considers temporary help for purposes of collecting, remitting, and reporting assessed premiums.

Sections 13(4)(a)-(e) & (5) outline the Employment Security Department’s ability to issue penalties for employers who willfully fail to comply and outline their appeal rights (to OAH per RCW 50B.04.120).

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.

As a central service agency, the Office of Administrative Hearings (OAH) bills referring agencies for its costs and collects the revenue into the Administrative Hearings Revolving Account. Cash receipts are assumed to equal costs. OAH will bill The Department of Social & Health Services (DSHS) and the Employment Security Department (ESD) for the costs related to this proposed legislation.

These cash receipts represent the OAH’s authority to bill and are not a direct appropriation to OAH. Appropriation authority is necessary in OAH’s budget.

ASSUMED BILLINGS:

DSHS:

- FY2026: No fiscal Impact
- FY2027: \$1,121,000
- FY2028 and in each FY thereafter: \$653,000

ESD:

- FY2026: No fiscal impact
- FY2027: \$60,000
- FY2028 and in each FY thereafter: \$111,000

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 Department of Social & Health Services (DSHS) estimates that the proposed legislation will result in new appeals being referred to the Office of Administrative Hearings (OAH) beginning in FY 2027. On average, each appeal is expected to take approximately 12 hours of Line Administrative Law Judge (ALJ) time including prehearing conferences, hearings, order writings, etc.

**DSHS workload impact:**

FY 2027 (380 new appeals): 3.26 Administrative Law Judge-Seattle (ALJ-SEA), 0.49 Senior ALJ-SEA (SALJ-SEA), 0.49 Lead LALJ-SEA (LALJ-SEA); 1.96 Legal Assistant 2 (LA2-SEA) and 0.82 Management Analyst 5 (MA5). The total cost is rounded to \$1,121,000.

FY 2028 and in each FY thereafter (220 new appeals): 1.89 ALJ-SEA, 0.28 SALJ-SEA; 0.28 LALJ-SEA; 1.13 LA2-SEA and 0.47 MA5. The total cost is rounded to \$653,000 per FY.

The Employment Security Department (ESD) estimates that the proposed legislation will result in 36 new appeals being referred to the Office of Administrative Hearings (OAH) per fiscal year beginning in FY 2027. On average, each appeal is expected to take approximately seven hours of Line Administrative Law Judge (ALJ) time including prehearing conferences, hearings, order writings, etc.

**ESD Workload Impact:**

FY 2027 (36 new appeals): 0.18 ALJ, 0.11 LA2 and 0.05 MA5. The total cost is rounded to \$60,000 per FY.

FY 2028 and in each FY thereafter (66 new appeals): 0.33 ALJ, 0.05 SALJ, 0.05 LALJ, 0.20 LA2 and 0.08 MA5. The total cost is rounded to \$111,000 per FY.

**OAH Agency Workforce Assumptions:**

- (1) 1.0 ALJ will include cost and FTE for 0.15 SALJ, 0.15 LALJ, 0.6 LA2 (Range 40 step L), and 0.25 administrative support represented as a MA5 (Range 64 Step L).
- (2) ALJ salary is based on the ALJ collective bargaining agreement and assumed to be at step L. (Line ALJ-range 70, Senior ALJ-range 76, Lead ALJ-range 73).
- (3) Benefit rates were analyzed by job class and projected using the latest benefit information available.
- (4) Goods and services, travel and on-going capital outlays were projected based on historical data for each of the job classifications.
- (5) Salary projections are based on the current FY 2025 salary tables.

**Total workload impact:**

FY 2027: 0.18 ALJ, 3.26 ALJ-SEA, 0.49 SALJ-SEA, 0.49 LALJ-SEA, 0.11 LA2, 1.96 LA2-SEA and 0.86 MA5. The total cost is rounded to \$1,181,000 per FY

FY 2028 and in each FY thereafter: 0.33 ALJ, 1.89 ALJ-SEA, 0.05 SALJ, 0.28 SALJ-SEA, 0.05 LALJ, 0.28 LALJ-SEA, 0.20 LA2, 1.13 LA2-SEA and 0.56 MA5. The total cost is rounded to \$746,000 per FY

New appeals are assumed to be referred to OAH beginning in FY2027.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
484-1	Administrative Hearings Revolving Account	State	0	1,181,000	1,181,000	1,528,000	1,528,000
<b>Total \$</b>			0	1,181,000	1,181,000	1,528,000	1,528,000

### III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years		7.4	3.7	4.8	4.8
A-Salaries and Wages		750,000	750,000	966,000	966,000
B-Employee Benefits		232,000	232,000	300,000	300,000
C-Professional Service Contracts					
E-Goods and Other Services		185,000	185,000	240,000	240,000
G-Travel		6,000	6,000	10,000	10,000
J-Capital Outlays		8,000	8,000	12,000	12,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	1,181,000	1,181,000	1,528,000	1,528,000

### 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 2026	FY 2027	2025-27	2027-29	2029-31
Administrative Law Judge	113,712		0.2	0.1	0.3	0.3
Administrative Law Judge-SEA	119,398		3.3	1.6	1.9	1.9
Lead ALJ-SEA	128,621		0.5	0.3	0.3	0.3
Lead ALJ	122,496				0.1	0.1
Legal Assistant 2	55,584		0.1	0.1	0.2	0.2
Legal Assistant 2-SEA	57,281		2.0	1.0	1.1	1.1
Management Analyst 5	98,040		0.9	0.4	0.6	0.6
Senior Administrative Law Judge	131,880				0.1	0.1
Senior Administrative Law Judge-SEA	138,475		0.5	0.3	0.3	0.3
<b>Total FTEs</b>			7.4	3.7	4.8	4.8

### III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Public Assistance & Health (PAH)		1,121,000	1,121,000	1,306,000	1,306,000
Regulatory & Education (REG)		60,000	60,000	222,000	222,000
<b>Total \$</b>		1,181,000	1,181,000	1,528,000	1,528,000

## 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

<b>Bill Number:</b> 5291 E S SB	<b>Title:</b> Long-term services trust	<b>Agency:</b> 160-Office of Insurance Commissioner
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.5	1.6	2.1	1.6	1.6
<b>Account</b>					
Insurance Commissioners Regulatory Account-State 138-1	452,584	283,754	736,338	567,508	567,508
<b>Total \$</b>	452,584	283,754	736,338	567,508	567,508

### 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: Omeara Harrington	Phone: 360-786-7136	Date: 03/18/2025
Agency Preparation: Tyler Langford	Phone: 360-725-7173	Date: 03/24/2025
Agency Approval: Tom Zuvela	Phone: (800) 562-6900	Date: 03/24/2025
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 03/26/2025

## 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.*

Sections 17-38 create a new chapter in Title 48 RCW for “supplemental long-term care insurance” (LTCi) policies to supplement benefits under the WA Cares program. The new sections are similar to existing LTCi statutes found in Chapter 48.83 RCW, which are regulated by the Office of Insurance Commissioner (OIC).

Summaries of the sections of the bill specifically identified as having fiscal impact are below:

Section 20 requires supplemental LTCi rates and forms to be filed and approved with the OIC prior to being used.

Section 21 prohibits the offering of group supplemental LTCi policies to Washington residents for policies issued in another state unless there is a determination by Washington or the other state, with similar statutory and regulatory supplemental LTCi requirements as Washington, that the requirements have been met.

Section 22 adds restrictions to how the newly created supplemental LTCi policies can use pre-existing condition restrictions

Section 23(1) details the specifics of supplemental LTCi policies and provides a list of prohibited actions on the part of issuers regarding the issuance of supplemental LTCi policies.

Section 23(1)(h)(ii) requires issuers to accept notice from DSHS that the policyholder has exhausted their WA Cares Fund benefits as evidence of satisfying the deductible.

Section 24 provides that applicants may return supplemental LTCi policies for any reason 30 days after their delivery and to have the premium refunded (does not apply to group policies).

Section 25 requires that an outline of coverage for supplemental LTCi policy be delivered to a prospective applicant at the time of initial solicitation. The OIC is required to prescribe a standard format for the outline of coverage. Rulemaking is required.

Section 26 requires companies offering supplemental LTCi policies to provide options for reduced benefits or nonforfeiture of premiums if the consumer experiences a rate increase or is unable/unwilling to pay the increased premiums. Additionally, it allows the continuity of coverage between care settings and providers, including family providers, that the policyholder was receiving as benefits under WA Cares. Policyholders may appeal through a third-party independent review process, which will be tracked by the OIC.

Section 28 requires issuers to provide policyholders with monthly reports on the record of benefits paid out during the month, explanations of any changes due to paying benefits (such as changes in death benefits or cash values), and amounts of benefits remaining to be paid. These reports are required when supplemental LTCi benefits funded through life insurance policies by acceleration of the death benefit are in benefit payment status.

Section 29 requires all supplemental long-term care denials to be made within 30 business days after receipt of all requested additional information if it is a clean claim. If denying all or part of a claim, insurers must provide written notice to the policyholder with the specific reason(s) for denial.

Section 30 details when an issuer may rescind a supplemental LTCi policy or deny an otherwise valid supplemental LTCi claim.

Section 31 requires the OIC to establish minimum standards for inflation protection features through rulemaking.

Section 33 requires persons to be appropriately licensed as insurance producers and sufficiently educated to transact in supplemental LTCi. Producers must meet the educational requirements in RCW 48.83.130 and complete an additional one-hour course specific to Supplemental LTCi.

Section 34 requires issuers and their agents, to determine whether issuing supplemental LTCi to a particular person is appropriate (except for life insurance policies accelerating death benefits), using a best interest standard. The Commissioner must adopt rules on the forms of consumer friendly personal worksheets that issuers and their agents must use for applications, and may require each issuer to file its suitability standard forms and personal worksheets.

Section 35 prohibits persons engaged in transactions of supplemental LTCi from engaging in unfair methods of competition or unfair or deceptive acts or practices, as defined in Chapter 48.30 RCW, or as defined by the Commissioner.

Section 37 requires the Commissioner to adopt rules on a variety of specific topics, including the content of policies, disclosures to consumers, privacy standards, and prompt payment requirements. This section also provides general rulemaking authority to implement the bill.

Section 38 requires the Commissioner to develop consumer education guides to help consumers make informed decisions on purchasing supplemental policies. The section expands programs to educate consumers with focus on the middle-income market regarding supplemental long term care insurance. If allowed under federal law, then the Commissioner must expand the Statewide Health Insurance Benefits Advisor (SHIBA) Program to provide this education.

## **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.*

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. Distinguished between one time and ongoing functions.*

Sections 17-38 create a new chapter in Title 48 RCW for “supplemental long-term care insurance” (LTCi) policies to supplement benefits under the WA Cares program. The new sections are similar to existing LTCi statutes found in Chapter 48.83 RCW, which are regulated by the Office of Insurance Commissioner (OIC).

The creation of a new chapter in Title 48 RCW for supplemental LTCi will result in OIC receiving additional rate and form filings each year. The OIC will require one-time costs, in FY2026, for 33 hours of a Functional Program Analyst 4 to create filing review standards, create checklist documents and filing instructions, train staff, and educate insurers.

The OIC assumes 10 insurers will decide to enter the supplemental LTCi market in FY2026 and an additional 4 insurers will enter the supplemental LTCi market in FY2027 and each year thereafter. Additionally, it is assumed that 10 amended rate filings will be submitted each year beginning in FY2027. Each new form filing is assumed to take 6 hours of review time, each new rate filing is assumed to take 20 hours of review time, and each rate update filing is assumed to take 15 hours of review time. Therefore, the OIC requires a total of 60 hours (10 new form filings x 6 hours) of a Functional Program Analyst 3 as well as 200 hours (10 new rate filings x 20 hours) of an Actuary 3 in FY2026. The OIC also requires 24 hours (4 new form filings x 6 hours) of a Functional Program Analyst 3 and 230 hours (4 new rate filings x 20 hours + 10 updated rate filings x 15 hours) of an Actuary 3 in FY2027 and thereafter.

As a result of this bill, consumer complaints related to LTCi are expected to increase by 20%. Additionally, using a comparative analysis of call and inquiry volume during the implementation of the WA Cares Fund, the OIC estimates an

additional 120 calls and 60 written inquiries each year beginning in FY2025. It is assumed that informational cases will take 10 minutes per case and complaint cases will take 3.25 hours per case. Therefore, the OIC requires a total of 147 hours (180 info cases x 10 minutes + 36 complaint cases x 3.25 hours) of a Functional Program Analyst 3 starting in FY2026 and thereafter.

The OIC will develop an outreach and education program, and a consumer education guide, to market the WA Cares Supplemental LTCi program. The OIC will require one-time costs, in FY2026, for 72 hours of a Functional Program Analyst 4 to develop publications, web pages and outreach events to educate consumers. The OIC will also require 20 hours of a Functional Program Analyst 4 starting in FY2027 and thereafter to update the materials, web pages and outreach events.

The OIC’s SHIBA program is authorized by the federal government to provide LTCi education and this new program will be incorporated into our Medicare education program. The Supplemental LTCi product is new and will require additional capacity to market this program to middle-income wage earners requiring \$45,000 per year, beginning in FY2026 and thereafter, for two contracts with community sponsors to train and coordinate certified LTCi advisors. Additionally, the OIC requires 1.0 FTE of a Health Insurance Advisor 1 starting in FY2026 and thereafter to work closely with the Employment Security Department, DSHS, and contractors on marketing and promotional activities with clear and consistent messaging about eligibility, enrollment, covered benefits, and administrative rights.

The implementation of the supplemental LTCi outreach and education program will generate additional consumer inquiries and calls. The OIC estimates an additional 3,600 calls and 1,200 written inquiries per year requiring routing or resolution in support of the new outreach and education program. It is assumed that the routing of informational cases will take 2 minutes per call/inquiry. Therefore, the OIC requires 160 hours (4,800 calls/inquiries x 2 minutes) of an Insurance Technician 3 starting in FY2026 and thereafter.

The OIC investigates violations of the insurance code, Title 48 RCW, and brings enforcement actions against entities and individuals who violate said code. The bill is expected to lead to an increase in enforcement actions, including the potential for enforcement in situations in which an insurer does not comply with the requirements, coverage limitations, and definitions within the bill. The OIC anticipates an additional three investigations and five enforcement actions, with two cases being sent to hearings, per year to address carrier violations. It is assumed that investigations will require an average of 30 hours, enforcement actions will require an average of 40 hours, and hearings will require an average of 50 hours per case. Therefore, the OIC requires 90 hours (3 investigations x 30 hours) of an Investigator 3 as well as 300 hours (5 enforcement actions x 40 hours + 2 hearings x 50 hours) of an Insurance Attorney starting in FY2026 and thereafter. In addition, the OIC anticipates one-time costs, in FY2026, for 15 hours of an Insurance Attorney to provide advice related to this statutory change and its interpretation, implementation and enforcement.

This bill will require the OIC to conduct ‘complex’ rulemaking, in FY2026, due to this being a new product for which there is no NAIC model, and the extensive rules required by the bill.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
138-1	Insurance Commissioners Regulatory Account	State	452,584	283,754	736,338	567,508	567,508
<b>Total \$</b>			452,584	283,754	736,338	567,508	567,508

**III. B - Expenditures by Object Or Purpose**

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.5	1.6	2.1	1.6	1.6
A-Salaries and Wages	247,729	143,281	391,010	286,562	286,562
B-Employee Benefits	78,338	47,722	126,060	95,444	95,444
C-Professional Service Contracts	45,000	45,000	90,000	90,000	90,000
E-Goods and Other Services	81,517	47,751	129,268	95,502	95,502
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					
9-					
<b>Total \$</b>	452,584	283,754	736,338	567,508	567,508

**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 2026	FY 2027	2025-27	2027-29	2029-31
Actuary 3	181,788	0.1	0.1	0.1	0.1	0.1
Functional Program Analyst 3	78,468	0.1	0.1	0.1	0.1	0.1
Functional Program Analyst 4	86,712	0.2		0.1		
Health Insurance Advisor 1	78,468	1.0	1.0	1.0	1.0	1.0
Insurance Attorney	106,608	0.2	0.2	0.2	0.2	0.2
Insurance Technician 3	50,328	0.1	0.1	0.1	0.1	0.1
Investigator 3	88,800	0.1	0.1	0.1	0.1	0.1
Senior Policy Analyst	86,712	0.7		0.4		
<b>Total FTEs</b>		2.5	1.6	2.1	1.6	1.6

**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

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.*

This bill will require the Office of Insurance Commissioner (OIC) to conduct ‘complex’ rulemaking, in FY2026, due to this being a new product for which there is no NAIC model, and the extensive rules required by the bill. Rulemaking will address the following sections:

Sec. 31 requires rulemaking to set minimum inflation protection standards.

Sec. 32(3) requires rulemaking to specify the type or types of nonforfeiture benefits to be offered as part of supplemental LTC, standards for nonforfeiture benefits, and regulations for contingent benefits upon lapse.

Section 33(1) will require rulemaking to clarify training/continuing education requirements.

Section 34(5) requires rulemaking to create forms of consumer-friendly personal worksheets that issuers and agents must use for supplemental LTC applications.

Section 37 requires the OIC to adopt rules on a variety of specific topics, including the content of policies, disclosures to consumers, privacy standards, prompt payment requirements. This section also provides general rulemaking authority to implement the bill.

# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 5291 E S SB	<b>Title:</b> Long-term services trust	<b>Agency:</b> 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 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	10.6	13.0	11.8	13.0	13.0
<b>Account</b>					
Long-Term Services & Supports Trust Acct-State 567-1	1,965,000	3,243,000	5,208,000	5,514,000	5,514,000
<b>Total \$</b>	1,965,000	3,243,000	5,208,000	5,514,000	5,514,000

### 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: Omeara Harrington	Phone: 360-786-7136	Date: 03/18/2025
Agency Preparation: Mitchell Close	Phone: 3600000000	Date: 03/27/2025
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 03/27/2025
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 03/31/2025

## 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 engrossed substitute clarifies language in Section 2 regarding long-term services provided in nursing homes. Section 3 adds a requirement for the Department of Social and Health Services (DSHS) to define the scope of long-term services and supports in Section 2 that may be an approved service.

Section 1 revises RCW 50B.04.180 to disallow out-of-state participants from withdrawing from the Long-Term Services and Supports (LTSS) Trust Program once they have elected to participate.

Section 2 revises RCW 50B.04.010 to require the benefits paid by DSHS to providers as reimbursement for services to beneficiaries be adjusted annually for inflation by the consumer price index. This section also revises the eligible beneficiary definition to include out-of-state participants who elect to continue coverage.

Section 8 amends RCW 50B.04.060 to define benefit eligibility to include the requirement that assistance with activities of daily living last for at least 90 days for in-state participants. This section also aligns the out-of-state coverage start date with in-state coverage, from January 1, 2026, to July 1, 2026.

Section 9 amends RCW 50B.04.070 to authorize DSHS to contract with a third party for payments to LTSS providers and to establish payment methods and procedures.

Section 15 adds a new section to chapter 50B.04 RCW requiring DSHS to ask applicants to the program if they have supplemental long-term care insurance and to receive consent from individuals and notify their insurance company for care coordination.

Section 16 creates a new section that allows DSHS, in conjunction with the Employment Security Department (ESD) and the Health Care Authority (HCA), to conduct a pilot project of no more than 500 participants between January 1, 2026, and June 30, 2026, to assess capabilities and processes for managing eligibility determinations and distributing payments under the program. The agencies must provide regular updates and consider recommendations from the LTSS Trust Commission and must provide a summary upon completion of the pilot.

Section 23 creates a new section that requires DSHS to share if an individual has exhausted their LTSS Trust benefits in order to meet the deductible of their supplemental policy.

Section 27 creates a new section that requires DSHS and supplemental private long-term care insurance providers to share information for care coordination.

Section 33 creates a new section requiring supplemental long-term care insurance providers to maintain training records of producers that can be provided to DSHS to assure the department that insurance producers have received the training required by this section.

Section 40 repeals RCW 50B.04.040, which required the LTSS Council to adjust the benefit unit that is now completed with the process in Section 2.

Section 44 adds a new section that requires any shared savings after obtaining a waiver from the Centers for Medicare and Medicaid Services (CMS) be deposited into the LTSS Trust account.

Section 45 amends RCW 74.39.007 to include qualified family members paid through the LTSS Trust as part of the definition for personal aides.



Section 46 amends RCW 70.127.040 to include consumer directed employers and financial services agencies that serve in-home long-term care workers who are qualified family members as excluded from the regulations in chapter 70.127 RCW over in-home services agencies.

## **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.*

General assumptions:

- 1) Adds a pilot for up to 500 people beginning January 1, 2026, which requires a small team to be hired and trained early.
- 2) Adds a 90-day forward certification of need for eligibility and requires sharing of information to facilitate coordination of benefits with supplemental private long-term care insurance providers, which requires additional document management needs.
- 3) Funding to implement Agency with Choice and Fiscal/Employer Agent to pay qualified family members to provide care for WA Cares Fund beneficiaries.
- 4) Clarifies responsibilities for portable benefits outside of Washington beginning January 1, 2030, which requires DSHS to procure nationwide vendors and administrators to pay services out of state.

Based on these assumptions, the DSHS Aging and Long-Term Support Administration (ALTSA) would require a total of 13.0 FTEs as well as a need for additional contracts and services.

Staffing:

- 1.0 FTE - Social Service Specialist 5 starting July 2025 who will serve as supervisor for the pilot. This position would hire and manage 9.0 FTEs.
- 1.0 FTE - Social and Health Program Consultant 4 starting July 2025 who will support the pilot in providing initial training and then complete analysis on pilot outcomes.
- 1.0 FTE - Provider Policy (WMS Band 2) starting July 2025 who will develop and manage policy and procedures for Agency with Choice/Fiscal Employer Agent model.
- 9.0 FTEs - Social Service Specialist 2 starting October 2025 who will support the pilot by providing intake (one staff), application and ProviderOne authorization support (four staff), and assessment of the program's processes and system capacities (four staff).
- 1.0 FTE - Forms and Records Analyst 3 starting October 2025 who will oversee document management compliance with the requirements for coordination of benefits with supplemental private long-term care insurance providers.

The cost for these staff by year is below.

- FY26: 10.6 FTEs - \$1,465,000
- FY27: 13.0 FTEs - \$1,722,000
- FY28 and beyond: 13.0 FTEs - \$1,704,000

Contracts and Miscellaneous Costs:

- One-time start up cost of \$100,000 in FY26 for Agency with Choice/Fiscal Employer Agent vendors.
- \$400,000 annually for software licensing and implementation costs for secure document transmission from people outside the state, including providers or other entities. This is required to implement the 90-day forward certification for eligibility and information sharing with private supplemental LTSS plans in sections 7, 14, and 26 of this proposed legislation.

- Office of Administrative Hearings (OAH) costs: DSHS estimates this proposed legislation will result in approximately one percent of claims being referred to OAH for an appeal. Based on OAH's assumption of 12 hours of Line Administrative Law Judge (ALJ) time per hearing, the estimated cost in FY27 is \$1,121,000 for 380 appeals and \$653,000 per year for 220 appeals thereafter.

The total costs for these contracts and miscellaneous expenses by year is below.

- FY26: \$500,000
- FY27: \$1,521,000
- FY28 and beyond: \$1,053,000

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
567-1	Long-Term Services & Supports Trust Acct	State	1,965,000	3,243,000	5,208,000	5,514,000	5,514,000
<b>Total \$</b>			1,965,000	3,243,000	5,208,000	5,514,000	5,514,000

### III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	10.6	13.0	11.8	13.0	13.0
A-Salaries and Wages	895,000	1,084,000	1,979,000	2,168,000	2,168,000
B-Employee Benefits	323,000	394,000	717,000	788,000	788,000
C-Professional Service Contracts	100,000		100,000		
E-Goods and Other Services	534,000	1,685,000	2,219,000	2,434,000	2,434,000
G-Travel	2,000	3,000	5,000	6,000	6,000
J-Capital Outlays	67,000	22,000	89,000	8,000	8,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	44,000	55,000	99,000	110,000	110,000
9-					
<b>Total \$</b>	1,965,000	3,243,000	5,208,000	5,514,000	5,514,000

### 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 2026	FY 2027	2025-27	2027-29	2029-31
FORMS & RECORDS ANALYST 3	64,436	0.8	1.0	0.9	1.0	1.0
SOCIAL & HEALTH PROGRAM CONSULTANT 4	98,042	1.0	1.0	1.0	1.0	1.0
SOCIAL SERVICE SPECIALIST 2	80,469	6.8	9.0	7.9	9.0	9.0
SOCIAL SERVICE SPECIALIST 5	98,042	1.0	1.0	1.0	1.0	1.0
WMS BAND 2	99,552	1.0	1.0	1.0	1.0	1.0
<b>Total FTEs</b>		10.6	13.0	11.8	13.0	13.0

### III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Aging and Long-Term Support Administration (050)	1,965,000	3,243,000	5,208,000	5,514,000	5,514,000
<b>Total \$</b>	1,965,000	3,243,000	5,208,000	5,514,000	5,514,000

## 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

<b>Bill Number:</b> 5291 E S SB	<b>Title:</b> Long-term services trust	<b>Agency:</b> 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.
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### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	12.2	23.3	17.7	25.3	14.9
<b>Account</b>					
Long-Term Services & Supports Trust Acct-State 567-1	4,620,754	4,840,204	9,460,958	6,765,100	4,570,649
<b>Total \$</b>	4,620,754	4,840,204	9,460,958	6,765,100	4,570,649

### 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: Omeara Harrington	Phone: 360-786-7136	Date: 03/18/2025
Agency Preparation: Lesley Carpenter	Phone: 360 902-9404	Date: 03/21/2025
Agency Approval: Lisa Henderson	Phone: 360-902-9291	Date: 03/21/2025
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 03/26/2025

## 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.*

Engrossed Substitute Senate Bill 5291 (ESSB 5291) adopts recommendations from the Long-term Services and Supports Trust Commission for the WA Cares Fund program. It also makes technical changes recommended by the implementing agencies to clarify and streamline program requirements.

The bill adopts recommendations from the Long-term Services and Supports Trust Commission for the WA Cares Fund program. It also makes technical changes recommended by the implementing agencies to clarify and streamline program requirements.

- The bill clarifies requirements for electing coverage when moving out of state,
- Removes language regarding the interruption of five consecutive years in the 10-year qualifying pathway,
- Adds an exemption for off-duty civilian employment for active-duty service members,
- Removes the collective bargaining agreement provision to require program participation (aligns with Paid Family and Medical Leave (PFML)),
- Allows individuals to rescind their private long-term-care insurance exemption,
- Implements a pilot project prior to full benefit implementation, and
- Adds authority for the Employment Security Department (ESD) to assess penalties and interest for non-compliance of premium assessment and payments.
- Adds an automatic exemption for individuals who hold nonimmigrant visas for temporary workers, unless the individual notifies their employer they would like to participate in the program (new Sec. 6), and removes the voluntary exemptions for nonimmigrant visa holders (Sec. 7).
- With the addition of Section 6, all section numbers after Section 6 of this substitute are renumbered from the original bill.
- Changes the effective date of sections 13 and 14 regarding ESD's authority to assess penalties and interest from January 1, 2026, to January 1, 2027, to align the work with PFML.
- Makes a technical correction to add that premiums collected from self-employed individuals and any tribes that elect coverage will be deposited in the trust account (Sec. 12).
- Makes additional technical corrections in Sec. 13(4)(b) to reference the correct section of the bill and in Sec. 14 to remove references that make ESD responsible for benefit overpayments.

The engrossed substitute includes the following changes:

- Modifies the definition of "approved services" for long-term services to include long-term services provided in nursing homes, rather than nursing home services.
- Grants rule making authority to the Health Care Authority (HCA) regarding the implementation of the pilot.
- Corrects technical errors relating to effective dates of various sections throughout the bill.
- Adjusts the provisions regarding benefit denial notifications.

ESD assumes that these changes will not impact staffing or the implementation analysis from prior versions. These changes largely effect the partner agency functions of WA Cares. However, one of the technical errors relating to effective dates corrects section 48, which assigns effective dates for penalties and interest. While the date does not change, the prior version noted that the effective date of penalties and interest covered sections 12 and 13. This was revised to sections 12 through 14 to accurately captures the sections of this bill regarding penalties and interest.

### 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 indeterminate. Employment Security assumes the following impacts to the WA Cares Trust Fund:

Sec 1 allows Employment Security to cancel out-of-state elective coverage if the participant fails to make required payments or submit report. However, Employment Security is unable to determine the volume of people who will elect coverage, what their reported wages will be, and how many of those will ultimately have their coverage canceled due to failure to meet program requirements.

Sec. 6 – Adds an automatic exemption for individuals who hold nonimmigrant visas for temporary workers, unless the individual notifies their employer they would like to participate in the program.

Sec 7 adds a new voluntary exemption for active-duty members of the military performing in off-duty employment. FY26 estimates for the number of workers that may qualify is 2,110. Employment Security is unable to determine the estimated wages of these individuals to know how large of an impact to the Trust this would be. It is likely a minimal decrease in revenue as fewer workers would be subject to the premium.

Sec 10 removes the collective bargaining agreement provision that didn't require parties to collective bargaining agreements to participate in the program until their agreement was reopened, expired, or renegotiated. Preliminary data shows that roughly 50,000 employees could be assessed premiums with this change and thus it is likely to increase revenue.

Sec 11 allows individuals who have an exemption through obtaining private long-term care insurance to rescind their exemption and participate in the program. There are nearly 500,000 employees that have received this exemption, but it is indeterminant as to how many of those will rescind their exemption. However, as more individuals do there is likely to be an increase in revenue.

Sec 12-14 gives Employment Security the authority to assess penalties and interest on delinquent accounts. This has yet to be implemented so the impact is indeterminate. However, it is expected that penalties and interest will increase revenue to the Trust.

## 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.*

Please see attached Expenditure Impact Narrative

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
567-1	Long-Term Services & Supports Trust Acct	State	4,620,754	4,840,204	9,460,958	6,765,100	4,570,649
Total \$			4,620,754	4,840,204	9,460,958	6,765,100	4,570,649

**III. B - Expenditures by Object Or Purpose**

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	12.2	23.3	17.7	25.3	14.9
A-Salaries and Wages	837,524	1,627,932	2,465,456	3,340,874	2,190,445
B-Employee Benefits	335,010	651,173	986,183	1,336,350	876,178
C-Professional Service Contracts	2,945,550	1,701,180	4,646,730		
E-Goods and Other Services	292,073	450,238	742,311	1,249,682	951,347
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	210,597	409,681	620,278	838,194	552,679
9-					
<b>Total \$</b>	4,620,754	4,840,204	9,460,958	6,765,100	4,570,649

**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 2026	FY 2027	2025-27	2027-29	2029-31
COMMUNICATIONS CONSULTANT 3	61,404	0.1	0.0	0.1		
COMMUNICATIONS CONSULTANT 4	69,396	0.4	0.1	0.2		
ECONOMIC ANALYST 3	82,512	0.2		0.1		
EMPLOYMENT SECURITY PROGRAM COORDINATOR 2	59,844		2.5	1.3	6.0	6.0
EMPLOYMENT SECURITY PROGRAM COORDINATOR 3	66,012		0.4	0.2	1.0	1.0
ES BENEFITS SPECIALIST 2	59,844		4.2	2.1	5.0	5.0
ES BENEFITS SPECIALIST 3	66,012	0.8	5.2	3.0	6.0	5.1
ES BENEFITS SPECIALIST 4	72,924	0.8	2.0	1.4	2.0	1.1
ES BENEFITS TECHNICIAN	49,116	5.4	2.3	3.8	2.3	(5.5)
FISCAL ANALYST 3	59,844		0.1	0.1	0.1	0.1
IT BUSINESS ANALYST - JOURNEY	92,416	1.2	1.1	1.1		
IT POLICY & PLANNING - SENIOR/SPECIALIST	106,976	0.3	0.3	0.3		
IT PROJECT MANAGEMENT - SENIOR/SPECIALIST	106,976	0.5	0.3	0.4		
MANAGEMENT ANALYST 3	66,012	0.1	0.4	0.3		
MANAGEMENT ANALYST 4	76,608	0.5	0.4	0.4		
OFFICE ASSISTANT 3	40,716	0.8	1.0	0.9	1.0	0.1
OPERATIONS RESEARCH SPECIALIST	93,348	0.5	0.8	0.7	0.8	0.8
TAX POLICY SPECIALIST 2	78,468	0.8	1.0	0.9	1.0	1.0
TECHNICAL TRAINING CONSULTANT	72,924		1.0	0.5		
WMS BAND 2	105,072		0.1	0.1		
<b>Total FTEs</b>		12.2	23.3	17.7	25.3	14.9

**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.*

ESSB 5291 will require major rulemaking to update current rules in chapters WAC 192-900 through WAC 192-930 to:

- Implement cancellation of elective out-of-state coverage
- Clarify processes and procedures for electing out-of-state coverage
- Clarify requirements for qualified individual status and clarify cancellation of coverage
- Automatically exempt individuals who hold nonimmigrants visas for temporary workers
- Add new voluntary exemption for off-duty civilian employment
- Remove collective bargaining agreement reference
- Allow individuals who have private long-term care insurance exemptions to rescind their exemptions and participate in the program
- Implement authority to assess penalties and interest
- Implement and administer a pilot program
- Set the effective date of Sections 13 and 14 related to penalties and interest.
- Set the effective date of the bill, except for Sections 13 and 14 as noted above.



## **Expenditure Impact Narrative**

### **Pilot Launch**

The intent of the pilot is to ensure operational and system readiness six months in advance of the full benefit launch. To support this, WA Cares partner agencies submitted decision packages for this biennium and that work contemplated the pilot outlined in ESSB 5291, running January through June 2026. The staffing in the decision package would support the pilot and full program launch and is currently funded in the Governor Inslee's budget. As such, the staffing included in that decision package requests permanent staffing to support the benefit pilot, the full launch of benefits, and continued benefit adjudication and operations for the WA Cares program.

### **Automatic Exemption of Nonimmigrant Visas for Temporary Workers**

#### **Operations**

ESSB 5291 has added Section 6 to allow for the automatic exemption of employees who hold nonimmigrant visa for temporary workers. Currently these are processed manually and require a considerable amount of time each year. ESD assumes a similar volume of eligible employees as received in 2024. These employees would no longer need to submit exemption applications. Thus, workload is expected to decrease by 9,657 applications.

- A reduction of 9,657 applications
- 1,466 nonimmigrant visa applications processed per year per FTE
- $-9,657 / 1,466 =$  a reduction of 6.59 FTE

ESD anticipates some customer service needs to continue after the effective date of January 1, 2026, as questions from individuals and employers on the change to the automatic exemption are received. ESD anticipates the volume of work dropping during the 6-month period following the effective date as not all employees would be needed during this time.

- -3.00 FTE beginning March 2026 and ongoing for ES Benefits Technicians due to workload decrease
- -3.59 FTE beginning June 2026 and ongoing for ES Benefits Technicians due to workload decrease

### **Rescind Exemptions**

#### **Operations**

Employment Security assumes 10% of the 480,000 employees with an approved private long term care insurance exemption will contact the department for assistance.

- 15 minutes per contact = 0.25 hours.
- 48,000 contacts \* 0.25 = 12,000 staff hours needed
- 8.89 FTE one-time beginning October 2025 through September 2029 for ES Benefits Technicians to support call volume and customer contacts.

To support the one-time positions, ESD anticipates the need for one ES Benefit Specialist 3 team lead and one ES Benefit Specialist 4 team supervisor.

- 1 FTE one-time beginning October 2025 through September 2029 for ES Benefit Specialist 3 as a team lead for the ES Benefit Technicians.
- 1 FTE one-time beginning October 2025 through September 2029 for ES Benefits Specialist 4 as a team supervisor.

This work would also require an additional office administrator to handle on going paper requests and letter remailings.

- 1 FTE one-time beginning October 2025 through September 2029 for an Office Assistant 3 to handle paper requests and letter remailings.

Assuming half of the 10% that contact ESD with questions are doing so because of a rescind action they're taking, and the same rate of appeals as historical experience to date on exemptions, we expect about 12 appeals a year.

- ESD expects to absorb the costs of appeals within the existing appeals team staffing.

### **Penalties and Interest**

ESSB 5291 has revised the effective date of sections 13 and 14, regarding ESD's authority to assess penalties and interest from January 1, 2026, to January 1, 2027, to align the similar work being implemented for Paid Leave. The staffing necessary to carry out this work, notably employer services, customer compliance, and some IT work, has been adjusted to accommodate this change.

### **Employer Services**

Employer Services staff will provide conference and conciliation prior to assessing penalties and interest (P&I), the same as currently required for the Paid Leave program. These staff will review wage reporting and premium remittances with employers to resolve outstanding account issues and assist employer customers with questions on statements and balance notifications.

Based on comparable work in Paid Leave, Employment Security expects to need a team of ES Benefit Specialist 2s to answer phone calls, respond to emails, assist employers in customer service with questions regarding P&I for WA Cares in support of conference and conciliation efforts. Staffing and resourcing requests will need to be refined as the department implements P&I for WA Cares, but this team of benefit specialists will provide the capacity to handle up to 12,055 phone calls or 16,875 emails.

- Avg time per employer email: 0.20 hours
- Avg time per employer phone call: 0.28 hours
- 1 specialist can respond to 3,375 emails and 2,411 calls per year

Additionally, Employment Security expects to need ES Benefit Specialist 3s to assist with employer account issue resolution, conference and conciliation cases, and interest waiver requests. Estimates are based on current workload expectations and are expected to increase as the program matures.

The employer services team requires one supervisor for every 8 FTEs and to support a team of this size, the department will need an additional supervisor ES Benefit Specialist 4.

- 5 FTE beginning September 2026 and ongoing for ES Benefit Specialist 2 to support employer customer service needs, conference, and reconciliation
- 5 FTE beginning September 2026 and ongoing for ES Benefit Specialist 3 to support employer reconciliation and waiver processing.
- 1 FTE beginning September 2026 and ongoing for ES Benefits Specialist 4 to supervise team of Specialists

Employment Security will also require training and implementation support to staff necessary in this section for a 6-month period.

- 1 FTE one-time beginning June 2026 through November 2026 for Management Analyst 3 to serve as Operations Process Coordinators to process development for P&I implementation
- 1 FTE one-time beginning July 2026 through December 2026 for Technical Training Consultant to develop training for on-going employer support staff.

### **Customer Compliance**

After attempts have been made through the employer services team, Employment Security will assess penalties and interest for out of compliance employers. Employers may be out of compliance for either not reporting or mis-reporting

wages and hours or failing to pay WA Cares premiums. Employment Security will require staff to serve as customer support for employers who have questions regarding P&I, make determinations on whether to apply P&I after conference and conciliation, and perform additional account reconciliation activities.

Currently WA Cares does not have the authority to assess penalties and interest on noncompliance accounts. ESSB 5291 would give ESD that authority. The language for penalties and interest is modeled from the Paid Leave RCW that has yet to be implemented. However, for Unemployment Insurance there are roughly 8% of employer accounts that are in non-compliance or delinquency. There are about 240,000 employers regularly reporting in the WA Cares system each quarter and assuming a similar noncompliance rate of 8%, ESD expects collections action being taken on approximately 19,200 employers each year. Assuming a similar staffing model as with Unemployment Insurance this amount of work requires a minimum the following staffing.

- 6 FTE beginning February 2027 and ongoing for Employment Security Program Coordinator 2 to support ongoing customer service needs to answer phone calls, emails, and other questions from employers, along with ongoing account reconciliation efforts.
- 1 FTE beginning February 2027 and ongoing for Employment Security Program Coordinator 3 to supervise one team of collectors

Employment Security will also require training to staff on laws, policies, and procedures relating to collections.

- 1 FTE one-time beginning December 2026 – March 2027 for a Technical Training Consultant to develop training to on-going staff

In addition, ESD will need to send certified mail to employer customers as part of the process for a notice of assessment. Using UI tax certified mailing costs as the baseline the Department expect to send 18,343 letters to employers at a cost of \$5.54 per mailing.

Beginning September 2027 and ongoing cost for:

- \$101,620 a year in certified mailing costs to send notices to employers.

### **Product Planning and Performance**

Staffing estimates are based on past projects with similar scope and impact. Due to the timeline constraints, this work will need to begin immediately.

For projects that require development work, the Product Team, consisting of a product manager, product analyst and business analyst, design and plan the customer-facing screens, workflows and database modifications required to implement the system and code changes. The Product team needs approximately 6-8 weeks lead time before technical development can begin. The technical work will largely be carried out in two distinct phases of work.

First, there are three sections that relate to WA Cares exemptions. Sections 6 adds an automatic exemption for individuals who hold nonimmigrant visas for temporary workers, unless the individual notifies their employer they would like to participate in the program. Section 7 creates an exemption for off-duty civilian employment, and section 11, allows all existing customers with a private long-term care insurance exemption the ability to rescind the exemption until July 1, 2028. The following staff will be necessary to implement:

- 0.15 FTE one-time beginning May 2025 through December 2026 for an IT Policy and Planning Senior/Specialist to define, implement, and drives system and content improvements while ensuring tasks are completed timely.

- 0.41 FTE one-time beginning May 2025 through December 2026 for a Management Analyst 4 gather customer impacts, drafts content, guide, and letter updates, and works with implementation and training teams to prepare staff for updates.
- 0.61 FTE one-time beginning May 2025 through December 2026 for an IT-Business Analyst-Journey to capture business requirements and supports development and testing of the program's systems to implement changes.

Second, the effective date of sections 13 and 14 have been delayed one year in ESSB 5291. These sections pertain to ESD's authority to assess penalties and interest, and it moved it from January 1, 2026, to January 1, 2027, to align the similar work being implemented for Paid Leave. The following staff will be necessary to implement:

- 0.50 FTE one-time beginning January 2026 through January 2027 for an IT Policy and Planning Senior/Specialist to define, implement, and drives system and content improvements while ensuring tasks are completed timely.
- 0.41 FTE one-time beginning January 2026 through January 2027 for a Management Analyst 4 gather customer impacts, drafts content, guide, and letter updates, and works with implementation and training teams to prepare staff for updates.
- 1.67 FTE one-time beginning January 2026 through January 2027 for an IT-Business Analyst-Journey to capture business requirements and supports development and testing of the program's systems to implement changes.

Additionally, this bill will necessitate the need for

- 0.50 FTE one-time beginning May 2025 through January 2027 for an IT Project Manager Senior/Specialist to oversee the planning, execution, and completion of a project, ensuring it stays on schedule, within budget, and meets the specified goals. They play a crucial role in overseeing all aspects of the project and allocating and coordinating resources.

## **Information Technology**

This bill requires the following technical changes/build:

- Sec 1 The technology team will implement technical changes required to allow individuals in the system to cancel coverage due to non-payment of premiums for out of state participants. The implementation of portability was funded in the 2024 Supplemental Budget to implement RCW 50B.04.180, these adjustments will not require additional funding to incorporate.
- Sec 5 The technology team will implement system changes to remove the five or more consecutive years check when determining qualified individual status.
- Sec 6 The technology team will implement system changes to accommodate automatic exemptions for nonimmigrant visa holders.
- Sec 7 The technology team will build and implement a new type of voluntary exemption based on off-duty employment for active-duty military. Employment Security has already had other kinds of voluntary exemptions so this would only require adapting the system to accommodate this new exemption type.
- Sec 11 The technology team will build and implement a process to allow individuals to rescind an existing exemption for having a private long-term care policy. This will require functionality to support a process to cancel their existing exemption, which has been built for other exemption types. This would require modifying online portals and workflows to allow for putting end dates on exemptions and generating confirmation letters for previously exempted employees.
- Sec 12 The technology team will need to modify wage reporting and premium collection to support invoicing and collecting premiums from individuals (out of state) who elect portable coverage. However, the implementation of portability was funded in the 2024 Supplemental Budget to implement RCW 50B.04.180 and these adjustments will not require additional funding.
- Sec 13 & 14 The technology team will need to implement statements and invoices; conferencing and conciliation functionality; identify and assess employer penalties and interest, various supporting documents, and workflows;

and add necessary associated case management to the WA Cares system. This technical work reflects the one-year delay to the effective date in ESSB 5291.

- Sec 16 The pilot will require technical systems and features related to the launch of WA Cares to be implemented 6 months prior to the launch of WA Cares. There are no additional staff requests however it does impact program implementation.

### IT Related Contract One-Time Costs

ESD will require contracted development teams. Understanding that contract staff cost more, to meet the effective dates laid out in this bill, Employment Security will need to rely solely on contract staff for IT services. If not, the department will have to delay implementation. 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.

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).

Phase 1 – For sections 1-12 and 15-16 that have an effective date of January 1, 2026

Role	Year	Hours	Cost
IT Project Management Journey	2026	1344 hours x \$115/hr.	\$154,560
IT Application Development – Senior/Specialist	2026	1344 hours x \$175/hr.	\$235,200
IT Application Development – Senior/Specialist	2026	1344 hours x \$160/hr.	\$215,040
IT Application Development – Journey	2026	2688 hours x \$135/hr.	\$362,880
IT Quality Assurance – Senior/Specialist	2026	1344 hours x \$135/hr.	\$181,440
IT Quality Assurance - Journey	2026	1344 hours x \$110/hr.	\$147,840
IT Quality Assurance - Entry	2026	1344 hours x \$80/hr.	\$107,520
IT Application Development – Senior/Specialist	2026	672 hours x \$125/hr.	\$84,000
IT Systems Administration – Journey	2026	2016 hours x \$110/hr.	\$221,760
IT Quality Assurance – Senior/Specialist	2026	252 hours x \$175/hr.	\$44,100
IT Quality Assurance – Senior/Specialist	2026	252 hours x \$160/hr.	\$40,320
IT Quality Assurance - Journey	2026	756 hours x \$120/hr.	\$90,720
IT Security – Senior/Specialist	2026	252 hours x \$200/hr.	\$50,400
IT Security - Journey	2026	252 hours x \$170/hr.	\$42,840
IT Architecture Expert	2026	168 hours x \$185/hr.	\$31,080
IT Architecture Senior Specialist	2026	84 hours x \$185/hr.	\$15,540
IT Architecture Senior Specialist	2026	84 hours x \$185/hr.	\$15,540
IT Data Management - Senior/Specialist	2026	252 hours x \$215/hr.	\$54,180
Contract Cost	2026		\$ 2,094,960

Phase 2 – For sections 13 and 14 that have an effective date of January 1, 2027

Role	Year	Hours	Cost
IT Project Management Journey	2026	364 hours x \$115/hr.	\$41,860
	2027	728 hours x \$115/hr.	\$83,720
IT Application Development – Senior/Specialist	2026	364 hours x \$175/hr.	\$63,700
	2027	728 hours x \$175/hr.	\$127,400

IT Application Development – Senior/Specialist	2026	364 hours x \$160/hr.	\$58,240
	2027	728 hours x \$160/hr.	\$116,480
IT Application Development – Journey	2026	728 hours x \$135/hr.	\$98,280
	2027	1456 hours x \$135/hr.	\$196,560
IT Quality Assurance – Senior/Specialist	2026	364 hours x \$135/hr.	\$49,140
	2027	728 hours x \$135/hr.	\$98,280
IT Quality Assurance - Journey	2026	364 hours x \$110/hr.	\$40,040
	2027	728 hours x \$110/hr.	\$80,080
IT Quality Assurance - Entry	2026	364 hours x \$80/hr.	\$29,120
	2027	728 hours x \$80/hr.	\$58,240
IT Application Development – Senior/Specialist	2026	182 hours x \$125/hr.	\$22,750
	2027	364 hours x \$125/hr.	\$45,500
IT Systems Administration – Journey	2026	546 hours x \$110/hr.	\$60,060
	2027	1092 hours x \$110/hr.	\$120,120
IT Quality Assurance – Senior/Specialist	2026	56 hours x \$175/hr.	\$9,800
	2027	112 hours x \$175/hr.	\$19,600
IT Quality Assurance – Senior/Specialist	2026	56 hours x \$160/hr.	\$8,960
	2027	112 hours x \$160/hr.	\$17,920
IT Quality Assurance - Journey	2026	168 hours x \$120/hr.	\$20,160
	2027	336 hours x \$120/hr.	\$40,320
IT Security – Senior/Specialist	2026	56 hours x \$200/hr.	\$11,200
	2027	112 hours x \$200/hr.	\$22,400
IT Security - Journey	2026	56 hours x \$170/hr.	\$9,520
	2027	112 hours x \$170/hr.	\$19,040
IT Architecture Expert	2026	56 hours x \$185/hr.	\$10,360
	2027	112 hours x \$185/hr.	\$20,720
IT Architecture Senior Specialist	2026	56 hours x \$185/hr.	\$10,360
	2027	112 hours x \$185/hr.	\$20,720
IT Data Management - Senior/Specialist	2026	56 hours x \$215/hr.	\$12,040
	2027	112 hours x \$215/hr.	\$24,080
IT Application Development – Senior/Specialist	2026	500 hours x \$160/hr.	\$80,000
	2027	1000 hours x \$160/hr.	\$160,000
IT Application Development – Journey	2026	500 hours x \$135/hr.	\$67,500
	2027	1000 hours x \$135/hr.	\$135,000
IT Quality Assurance – Senior/Specialist	2026	500 hours x \$135/hr.	\$67,500
	2027	1000 hours x \$135/hr.	\$135,000
IT Data Management – Senior/Specialist	2026	500 hours x \$160/hr.	\$80,000
	2027	1000 hours x \$160/hr.	\$160,000
Contract Cost	2026		\$850,590
	2027		\$1,701,180

### Communications

The department anticipates the need to communicate both internally among staff and externally with customers, stakeholders, and the media.

Allowing individuals who have an existing permanent exemption for having long-term care insurance the opportunity to rescind their exemption and participate in the program would require the communications team to implement a campaign similar to that conducted in 2021 when private long-term care insurance exemptions were previously available to Washington residents. This included web content creation and proactive employer communications (newsletters, postal mail).

- 0.10 FTE one-time beginning September 2025 through September 2026 for a Communication Consultant 3 to develop and distribute internal communications, assess project team needs, graphic design, branded information material, and mailer content support.
- 0.46 FTE one-time beginning September 2025 through September 2026 for a Communication Consultant 4 to develop, copywrite, create, revise, publish, create, and update web content.

Additionally, Employment Security expects to need a Communication Consultant 5 and a WMS 2 to develop the communications planning, coordination with Leave and Care Division managers, plan review, coordination with web manager, and oversight, oversee marketing and engagement and will guide Leave and Care Division Communication's team in content strategy and planning

- ESD expects to absorb these costs within existing resources

### **Data and Research**

This bill adds complexity to the WA Cares program, including new program components such as portable coverage, a new exemption type, ability to rescind private insurance exemptions, and penalties & interest for non-compliance. These additional components add new data to manage and analyze, adds complexity to existing data, adds additional conceptual components to analyze and topical areas to respond to requests for information/data about, and adds new customer groups for which to assess user experience and behavioral patterns of interaction with the program and technology system.

- 0.15 FTE one-time beginning July 2025 through November 2025 for Economic Analyst 3 to start data analytics, research, and projections to inform development and ongoing operation of these changes, along with the related ongoing user experience research necessary to inform effective implementation and operations. They will also respond to partner/stakeholder/media/authorizing environment/other requestor requests for information and data related to these changes
- 0.82 FTE beginning November 2025 and ongoing for an Operations Research Specialist to continue the work above and oversee Data management, documentation, and quality assessment of the added data related to the program additions/changes. They will also revise existing data products, analyses, and reporting – and creating new ones where appropriate - related to exemptions, vesting, and the other change. This position will also support the pilot implementation and evaluation to ensure learnings are captured from it.

### **Policy**

Penalties and interest authority is a new feature for WA Cares, along with canceling out of state elective coverage, adjustments to eligibility pathways on consecutive years of work, active-duty exemptions, and rescinding private long-term care coverage. Before implementation an Operational Policy Analyst would be needed to provide services to both internal and external customers, and document program operational policies related to this work.

- 1 FTE beginning October 2025 and ongoing for a Tax Policy Specialist 2 to support in analysis of program WACs and RCWs. Write knowledge-based articles to support division processes. Help author and amend standard operating procedures for the division.

## Finance

The inclusion of P&I development and implementation for the WA Cares program will require program staff and management to participate in the technical and business process development process. After implementation, it would be expected that a small amount of an FTE would be required for continuing operation of P&I and associated reporting. Staffing assumptions are based on project development work within the Paid Leave program.

- 0.14 FTE one-time beginning July 2026 through June 2027 for WMS2 for development and implementation project support and approval
- 0.14 FTE beginning July 2026 and ongoing for a Fiscal Analyst 3 for development and implementation project support and approval and continuing operational support to perform employer account research and write off P&I based off of decisions derived from the Compliance teams' audit.

## Attorney General's Office

The AGO anticipates they will provide advice to ESD relating to new and amended rulemaking for sections 5, 6, 7, 10, 11, 13, 14 and 16. In FY 2026, legal services will include 110 AAG hours for advice, which will address promulgating new rules, amending existing rules, and process development. They anticipate that premium and interest assessment authority (sections 13 and 14) will generate 5 additional employer appeals yearly, beginning in FY27, in which the AGO will provide representation at administrative hearings (240 hours ongoing).

Adjustments to these estimates account for the change in effective date in SSB 5291 and corrected technical errors in ESSB 5291 in Sec 48 regarding the January 1, 2027, effective date of penalties and interest.

FY 2026: \$18,000

FY 2027 and subsequent years: 240 hours for \$38,000 per year

## Office of Administrative Hearings

The Employment Security Department (ESD) estimates that the proposed legislation will result in:

OAH Appeals	FY26	FY27	FY28+
Sec 16: Pilot (Jan 2026, one-time)	5	0	0
Sec 7: New exemption (Jan 2026, ongoing)	3	6	6
Sec 12-14: Penalties and Interest (Jan 2027, on-going)	0	30	60
Total OAH Appeals	8	36	66

FY2026: 8 new appeals being referred to OAH which can be absorbed within existing resources.

FY2027: 36 appeals being referred to OAH for an annual cost of \$60,000

FY2028 and ongoing: 66 appeals being referred to OAH per fiscal year for an annual cost of \$111,000

Adjustments to these estimates account for the change in effective date in SSB 5291 and corrected technical errors in ESSB 5291 in Sec 48 regarding the January 1, 2027, effective date of penalties and interest.

## Rulemaking

ESSB 5291 will require major rulemaking for a one-time cost of \$90,000



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5291 E S SB	<b>Title:</b> Long-term services trust	<b>Agency:</b> 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.

<b>Legislative Contact:</b> Omeara Harrington	<b>Phone:</b> 360-786-7136	<b>Date:</b> 03/18/2025
<b>Agency Preparation:</b> Aaron Gutierrez	<b>Phone:</b> 360-786-6152	<b>Date:</b> 03/24/2025
<b>Agency Approval:</b> Luke Masselink	<b>Phone:</b> 360-786-6154	<b>Date:</b> 03/24/2025
<b>OFM Review:</b> Marcus Ehrlander	<b>Phone:</b> (360) 489-4327	<b>Date:</b> 03/26/2025

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

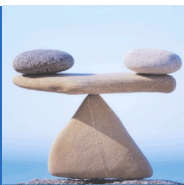
IV. C - Capital Budget Breakout

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."*

March 24, 2025

## **SUBJECT: ACTUARIAL ANALYSIS ON ENGROSSED SUBSTITUTE SENATE BILL (ESSB) 5291 – 2025 SESSION**

The Office of the State Actuary (OSA) contracts with an outside consultant (Milliman) to provide most actuarial analysis for the Long-Term Services and Supports (LTSS) Trust program, referred to as the WA Cares Fund. We prepared this Actuarial Fiscal Note to summarize prior Milliman actuarial analyses which have addressed select components of this bill.

### **Background on Current Law Program**

The WA Cares Fund is self-funded through a premium rate of 0.58% – applied to covered wages of covered wage earners. The benefits provided by the program under current law are defined in Chapter [50B.04](#) of the Revised Code of Washington (RCW). 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 [2024 WA Cares Fund Actuarial Valuation Report](#) (Milliman's 2024 AVR) analyzes the program's ability to pay full program benefits and expenses under various scenarios. See Milliman's 2024 AVR for a summary of the scenarios tested and a description of benefits assumed to be provided under current law as of June 30, 2024.

For additional commentary on Milliman's 2024 AVR, see the [Commentary on 2024 Actuarial Analysis](#) on OSA's website.

Per [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.

### **Summary of Substitute Senate Bill 5291**

This bill amends the LTSS Trust Program as follows:

1. Adds "expected to last for at least 90 days" as a condition for becoming an eligible beneficiary.
2. Creates an automatic annual increase to the maximum WA Cares benefit based on the Seattle, Washington, area Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) each January.



- Abolishes the LTSS Trust Council whose responsibility under current law is to approve annual increases to the maximum WA Cares benefit, subject to revision by the Legislature.
3. Modifies the definition of a qualified individual within the ten-year pathway by eliminating the requirement that there can be no interruption of five or more consecutive years within that pathway.
  4. Allows active-duty service members who are concurrently engaged in off-duty civilian employment to request a program exemption from the Employment Security Department (ESD).
  5. Creates a pilot program that allows for up to 500 participants to apply for benefits up to six months early, from January 1, 2026 – June 30, 2026.
  6. Provides individuals who opted out of the program because they had purchased long-term care insurance prior to November 1, 2021, an opportunity to rescind their exemption before July 1, 2028.
  7. Requires any savings derived through a Centers for Medicare & Medicaid Services (CMS) waiver to be deposited into the WA Cares Fund.
  8. Provides rules around ESD's authority to collect delinquent premiums.
  9. Clarifies out-of-state participants who fail to pay required premiums or submit reports will have their coverage cancelled.
  10. Delays the date an out-of-state participant can become an eligible beneficiary from January 1, 2030, to July 1, 2030.
  11. Automatically exempts an employee holding a nonimmigrant visa for temporary work from the WA Cares Program, rather than requiring a voluntary application for exemption.
  12. Other provisions not relevant to this analysis. Please see the legislative staff bill reports for more details.

## **How the Substitute Differs from the Original Version**

The following list includes only the changes that impact the pricing of the bill. For a complete list of changes to the current version of the bill, please refer to the bill reports prepared by legislative staff.

- ❖ Automatically exempts an employee holding a nonimmigrant visa for temporary work from the WA Cares Program, rather than requiring a voluntary application for exemption.



## How the Engrossed Substitute Differs from the Original Version

The following list includes only the changes that impact the pricing of the bill. For a complete list of changes to the current version of the bill, please refer to the bill reports prepared by legislative staff.

- ❖ Modifies the definition of "approved services" for long-term services and supports trust program to include long-term services and supports provided in nursing homes, rather than nursing home services.
- ❖ Requires the Department of Social and Health Services (DSHS) to establish, by rule, the scope of the long-term services and supports provided in nursing homes that may be an approved service and identify the types of goods and services that are and are not covered under each service in order to maximize usage of all available public and private benefits for eligible beneficiaries.

## Summary of Actuarial Analysis

### *Background*

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

Milliman will publish an updated actuarial valuation in the future. It will include any program changes made via legislation since their 2024 AVR 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% 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 several changes to the program could exceed the sum of each proposed change considered individually.

### *Analysis of Changes Proposed in ESSB 5291*

We expect ESSB 5291 to improve program solvency. Our estimated net impact to Milliman's Base Scenario premium rate from their 2024 AVR is **-0.01% to +0.01%**. This estimate excludes items seven and eight due to the uncertainty of future savings. Any savings derived from these items would offset future program costs. For more information, please see the **Additional Considerations** section.

While not all components have been independently modeled, we relied on Milliman to confirm the reasonableness of this estimate drawing from previous modeling work.



Additional background on each item’s potential impact follows below.

1. Milliman’s 2024 AVR models “expected to last for at least 90 days” as a condition for becoming an eligible beneficiary. Milliman incorporated this change based on input from DSHS regarding planned program administration. This item therefore has no impact on the current actuarial modeling. However, if this item is not codified, it may lead to increased program costs above what Milliman currently models.
2. Milliman already assumes annual increases to the maximum WA Cares benefit based on the Seattle, Washington, area CPI-W.  
  
Removing the LTSS Trust Council has no impact on the actuarial modeling. It does, however, eliminate a risk management lever. If actual costs are higher than assumed, this change would eliminate the program’s ability to help manage unexpected costs by limiting the growth of the maximum program benefit.
3. Eliminating the requirement that there can be no interruption of five or more consecutive years within the ten-year pathway would not alter Milliman’s actuarial model.
4. Allowing active-duty service members with concurrent civilian jobs to exempt themselves would increase expected program costs.
  - a. ESD estimates around 3,200 active-duty personnel had Washington civilian employment during Fiscal Year (FY) 2023. To put that in context, [Table 1](#), from Milliman’s prior modeling on exempting military spouses, shows a 0.002% (0.2 basis point) increase to the required premium rate, at that measurement, if all premium revenue was removed from 12,600 employed military spouses but 100% of the associated claims remained. The impacted population from this provision is approximately 25% of the number of employed military spouses.
5. The pilot program will lead to benefits being paid up to six months early up to 500 participants. Given the small sample size, this is expected to have a negligible cost due to paying benefits earlier than anticipated.
6. Allowing individuals who had previously opted-out of the program to rescind their exemption could increase or decrease expected program costs. Milliman’s prior modeling on [Private Market Opt-Out Recertification](#) identifies the wages and relative health status of the group that rejoins are key and the impact could lead to a small cost or savings. This bill does not require recertification but allows anyone the option to rescind their exemption. Since the original exemption election occurred, the program added a pathway for “near-retirees” to earn partially vested benefits. We expect this to be the group most likely to rejoin the program. Based on the self-attested ages of the private market exemption population, approximately 62,000, or 14% of the



total private market exemptions, would be eligible for partially vested benefits if they rejoined.

7. Indeterminate savings. Please see the **Additional Considerations** section.
8. Indeterminate savings. Please see the **Additional Considerations** section.
9. Milliman assumes any individual earning a wage must pay a premium, including those that elect portability and live out of state. This change would not impact actuarial modeling. If, without this language, ESD would not have the authority to cancel coverage for someone who did not remit all required premiums, that lost revenue could lead to a material cost.
10. Given the date an out-of-state participant can become an eligible beneficiary is delayed by only six months, this item is expected to have either no impact or a negligible decrease in the required premium rate.
11. Current law allows non-immigrant visa holders to opt-out of the program. Milliman therefore already assumes some non-immigrant visa holders will participate in the WA Cares program, and some will opt-out. Milliman's prior modeling estimated the impact if no non-immigrant visa holders opt to join the program. Figure 11 in [Milliman's 2022 WA Cares Fund Actuarial Study](#) shows this outcome could reduce the required premium rate by less than 0.01% (less than 1 basis point).

### ***Additional Considerations***

This section addresses potential WA Cares impacts not included above but may be relevant when considering the overall impact of this legislation.

#### **Indeterminate Savings – CMS Waiver**

This legislation requires any savings due to a CMS waiver to be deposited into the WA Cares Fund. These savings would offset future program costs. We did not include this provision in the analysis above due to the uncertainty regarding the amount of realized savings, timing, and approval of the CMS waiver, and how long a CMS waiver would apply. CMS waivers do not exist forever, and states must re-apply for approval.

To provide context on the amount of potential savings, Milliman's 2025 report, [WA Cares Fund Potential Savings for the Medicaid Program](#), estimated approximately \$70 million in Medicaid savings (state and federal) could occur in FY 2027 based on the data, assumptions, and methods used in the analysis. Figure 1 shows increasing savings in future years. By contrast, for the wages earned in FY 2025, ESD collected approximately \$1.3 billion in premium revenue. Depending on the size of the waiver, and how long it exists, it could offset future costs.

#### **Indeterminate Savings – Collecting Delinquent Premiums**

Milliman assumes 98% of assessed premiums will ultimately be collected. Milliman based this adjustment on actual premium collection experience and in collaboration with ESD.





Expanding ESD's authority to collect delinquent premiums could increase premium collection above 98% of what was assessed. For context, 2% of \$1.3 billion in premium revenue is approximately \$26 million. Reducing the gap between assessed and collected premiums would offset future costs.

### **Clarification of Current Law – Timing of Increases to WA Cares Fund Maximum Benefit**

This legislation clarifies future increases to the WA Cares Fund maximum benefit would occur automatically each year on January 1. Milliman's 2024 AVR assumed these increases would occur six months later, on July 1 of each year. Increasing benefits six months earlier than assumed will lead to increased costs from what Milliman modeled in their 2024 AVR. Based on Figure 14 in *Milliman's 2022 WA Cares Fund Actuarial Study*, this change led to less than a 0.01% (1 basis point) increase to the required premium rate at that measurement. We excluded this component from the analysis above since it is not a change to current law, it is a clarification on administration.

### **Covered Services in Nursing Homes**

This legislation modifies the definition of approved services and requires DSHS to adopt rules that clarify the services in nursing homes that will be covered by the WA Cares Fund. We assume that the definition of covered services in nursing homes, and the associated rules, will be consistent with Milliman's current modeling of such services. OSA and Milliman will monitor the adoption of rules in the area, and a cost to the program and reduction in program solvency could occur if the program covers services not anticipated in Milliman's model.

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