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Washington Postpones Collection of Long-Term Care Employee Premiums to July 2023

On Jan. 27, 2022, Washington Gov. Jay Inslee signed House Bills 1732 and 1733, amending the Long-Term Services and Supports Trust Act, known as the Washington Cares Fund (the Act), and delaying implementation of the Act to July 1, 2023. Under the Act, the state of Washington is slated to deduct long-term care premiums from employee paychecks, at a premium rate of 58 cents per \$100 of earnings. Employers will be required to collect these premiums from employees through payroll deductions and remit the amounts collected to the Washington State Employment Security Department (ESD). All workers in Washington who contribute to the fund, including those employed by the state, could potentially earn a lifetime benefit of up to \$36,500 (adjusted annually for inflation). This long-term care insurance benefit is designed to be used to purchase professional care, equipment, and home safety evaluations, and/or to compensate family members who provide care. On Dec. 17, 2021, Gov. Inslee announced, in a joint statement with Senate Majority Leader Andy Billig and House Speaker Laurie Jinkins, that he was directing the ESD not to collect premiums from employers and that the legislature intended to delay the Act's long-term care premium assessment to make improvements to the fund during the 2022 legislative session. Following that announcement, the legislature introduced HB 1732 and HB 1733, which delay the collection of long-term care premiums to July 1, 2023; expand the available employee exemptions; and postpone the date when employees may seek benefits from the Washington Cares Fund to July 1, 2026. Employers who have already collected employee premiums are required to issue refunds within 120 days of the collection date. Further amendments to the Act are expected prior to July 2023 and we are closely monitoring these developments.

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