

Washington state's new payroll tax helps fund long-term care. Could it be a model for the nation?

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Vicki Bickford is a professional caregiver, but lately she's been worried more and more about her own aging.

Bickford, 66, has aggressive arthritis that has required hip replacements and has now spread to her knees, as well as degenerative disk disease in her spine.

She's made modifications to help her stay in her home—sliding glass doors, a ramp, a day basement—but it has cost her more than \$30,000.

"We had to open up a wall to get the door, which cost a lot of money. There's a lot of concrete work, a lot of demolition, some plumbing. It all added up, and I didn't even hire the good people. I ended up getting what I could afford," said [Bickford](#), who lives in Vancouver, Wash. "I had to refinance the house, and it raised my mortgage by a couple hundred a month, which has been a struggle."

Lucky for her, Washington state has embarked upon an experiment that could change the way America supports its elderly and disabled—and help Bickford in her pursuit of independent living.

Starting July 1, it became the first state to start independently funding a [long-term care](#) program called [WA Cares](#).

Washington now deducts 0.58% pre-tax from each worker's paycheck, and funnels the money into a state long-term care insurance fund.

"It's about \$24 a month for a typical worker who makes a little over \$50,000 a year," said [Ben Veghte](#), director of the WA Cares Fund at the Washington State Department of Social and Health Services.

By July 2026, the fund will be ready to make long-term care benefits available to any Washingtonian who needs the help, Veghte said.

The program has drawn national attention, given that every U.S. state currently has a patchwork system to help families afford long-term care, said [Gretchen Jacobson](#), vice president of the Medicare program at the Commonwealth Fund, a health care policy think tank.

"To put it in context, long-term care expenses comprise about a third of Medicare beneficiaries' out-of-pocket expenses, and so it's not an insubstantial cost for people," Jacobson said. "This would hopefully be a much more comprehensive patch for people living in Washington."

How WA Cares works

At the start, Washington residents will be eligible for a lifetime maximum of \$36,500 in long-term care benefits, to be used however they and their families deem fit, Veghte said.

The maximum amount will rise with inflation, and by 2050, residents are expected to have access to more than \$66,000 in maximum lifetime benefits, he said.

"It's a budget the family can use however it wants to pay for long-term care," Veghte said. "It can be making a loved one who's caring for you a paid caregiver. It could be hiring a professional home care aide. It could be with a facility of some kind, such as an adult family home."

Veghte expects most people to use the money as Bickford would have, to make improvements to their home that would allow them to stay.

"For example, with my mom when she had Parkinson's, one of the first things we did was review her bathroom, put grab bars in, raise the toilet, lower the lip from the bathroom to the shower. That cost \$10,000" back in the 1990s, Veghte said.

"Because we were able to do that, she was able to stay in her own home much longer and more safely than she would have otherwise been able to do," he continued. "And then we brought in a home care aide and so forth. Those are the kind of things that families will be able to do with this money."

The program will provide benefits to people who need assistance with three or more activities of daily living, such as eating, bathing, dressing or getting around their home, Veghte said.

"If you need assistance to live independently, you qualify," he said.

Washington created the program in 2019, driven by the fact that the number of people 85 and older is expected to double in the state within the next 15 years.

"One really important thing to keep in mind is that the ratio of people 45 to 64 to people 80 or older is declining from 7 to 1 in 2010 to 3 to 1 in 2050," Veghte said. "In the coming years, we're going to be caring for twice as many [older adults](#) as we are today. Most of us have someone in our family who is 80 or older, who needs care and some kind of support to live independently—and soon it's going to be two people we're caring for."

Toughest for those in between

Unfortunately, the United States has not adequately tackled the problem of long-term care for the elderly.

Medicare and [health insurance](#) don't cover long-term care, and Medicaid's long-term coverage only kicks in for those who've impoverished themselves by spending down their life savings to \$2,000, Veghte said.

"And then you lose your economic independence when you're on Medicaid," he said. "That's no one's plan for retirement."

Private long-term care insurance is available, but costly.

"You have a system where high earners can buy [private insurance](#) that on average costs \$2,700 a year, and is increasing dramatically," Veghte said. "I talked to a colleague yesterday who's paying \$8,000 a year for his long-term care insurance. Those are products for very high earners, the top 10% of earners."

"Everyone else is exposed" who falls between the top 10% of earners and Medicaid-level poverty, Veghte said.

A program like Washington's could help solve a conundrum that faces people approaching the age where they might need long-term care, Bickford said.

"When you buy long-term insurance, if all of a sudden you can't afford to pay the premium, the insurance company gets to keep all the money you've given them," she said. "They keep it and you lose all your coverage and you're not even there yet. It's a terrible gamble you don't want to make if you don't have to."

Paying for long-term care can create a dire situation for the elderly and disabled, as well as their families, but it also poses a threat to state finances, Veghte said.

Medicaid programs draw much of their funding from state budgets, and in Washington, its long-term care coverage eats up 9% of the state budget, he said.

"If caseloads double over the next 15 years, it's not conceivable that we

could spend 18% of our budget on Medicaid long-term care—not health care, just long-term care," Veghte said. "States would have to ration spending in other areas, or you'd have to raise state income taxes to meet the need."

At the same time, even \$36,500 won't fully solve the problems that the elderly and infirm will face in 2026.

Bickford has spent nearly that much just trying to adapt her house to her progressive disability.

Veghte admits that "no one program or initiative is going to solve this problem. It's going to require a combination of things."

Long-term care policies for the middle class

Washington state policymakers are now working with the private long-term care insurance industry to design a supplemental private insurance market that could use WA Cares as a springboard.

"It would create a supplemental market where middle-class people for the first time could afford to buy private long-term care insurance," Veghte said.

The WA Cares benefit would serve as a deductible, and then people could buy supplemental insurance that would cover tens of thousands more dollars in long-term care expenses, he said.

"It hasn't yet been enacted, but it could be considered next year or the year after," Veghte said.

Jacobson expects that other states will be watching Washington closely to see how the program fares.

"Long-term care is something that most people don't plan on," she said. "If this is something that's going to actually help people afford those long-term care expenses when they need it, and to help support the family members of people who need long-term care, it could really improve people's lives."

Veghte fully expects other states to follow Washington's lead.

"About 13 states are looking at programs like this, and the reason is simple," he said. "Families are going to be overwhelmed over the next 20 to 30 years by the demographic shift. People in their 40s and 50s and 60s won't just be caring for one older family member. It'll be two or three we're caring for."

More information: The We Care for WA Cares advocacy group has more about [Washington state's long-term care insurance](#).

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