From:	Cain, Brett (ESD)
To:	DSHS WA CARES Fund
Subject:	FW: LTSS Commission comment
Date:	Wednesday, August 24, 2022 4:15:06 PM

Hello,

Please see the request below to have their message read at an upcoming LTSS commission meeting.

Thank you,

Brett Cain | Leave and Care Division
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Washington Employment Security Department
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From: Dean, Matt <Matt.Dean@LTCIPartners.com>
Sent: Tuesday, August 23, 2022 3:24 PM
To: Cain, Brett (ESD) <brett.cain@esd.wa.gov>
Cc: Cain, Steve <Steve.Cain@LTCIPartners.com>
Subject: LTSS Commission comment

External Email

Brett,

Please have this message read to the LTSS Commission at the September 13th meeting, or subsequent meeting if it can't make it for that one. I understand this becomes publicly disclosable and is not redacted if it is read during the meeting.

This came about from a situation with a customer, a WA resident.

My "ask" is this –

As LTSS Trust Commission formulates rules for ongoing certification, **they consider clarifying/codifying qualified coverage as "*continual qualifying coverage that began prior to 11/1/21.*"**

This is distinct from a rule such as, "qualifying coverage effective prior to 11/1/2021."

Such distinction provides flexibility if there is reason to replace an older policy with a newer one. Especially when such replacement could benefit the citizen and the state. While the new policy would have a more current effective date, the worker can still show continual coverage effective prior to 11/1/21.

Here's the actual situation that surfaced this issue for us:

- WA resident bought a policy effective 8/1/2021 (more than just bare minimums to be exempt as he wanted more meaningful coverage – good for him and good for the state)
- He didn't purchase coverage on his wife at the time, unclear why
- He re-inquired in July 2022. His wife wants coverage now, understanding she would not qualify for the exemption.
- While some insurance companies issue separate policy contracts when couples apply, his insurance company issues a single contract on two lives. With this company, you can't add a person to an existing contract.
  He is considering two options:
  a. Keep what he has, and she buys her own policy.
     This would cost the couple about $4,300 more per year.
  b. Replace what he has and reapply for a new policy with his wife.
     Further, they would add a "shared care" rider, resulting in access to 50% more combined lifetime benefits under the policy when compared to option (a).
     Costs about $2,000 more per year than his current policy.

     Option 'b' provides a *lower cost* to the couple and provides *greater private insurance protection*, benefiting both the couple and the state. *HOWEVER, he would no longer own a policy with an effective date prior to 11/1/2021.* While he wants to pay ~$2k less per year and own more benefits, he fears losing the exemption. With his income, his tax would be more than the $2,300 premium he saves when comparing 'b' to 'a.'

Historically, replacements are rarely a better value, but as this case shows, it can happen. And as the industry evolves, we don't know what product designs may emerge in the future that may make replacement suitable for some workers. The state's exemption rules should not discourage a worker who owned private coverage prior to 11/2021 and who, at any point in the future, wants to own similar or greater protection through a replacement policy.

Matthew Dean, CLTC, FLMI, HIA, ACS | Vice President, MarketPlace Group | **LTCI Partners** | Direct (608) 807-2527 | Toll Free (877) 949-4582 x2527
