



SOCIETY OF
ACTUARIES®

2019 **ANNUAL
MEETING**
& EXHIBIT

October 27-30
Toronto, Canada

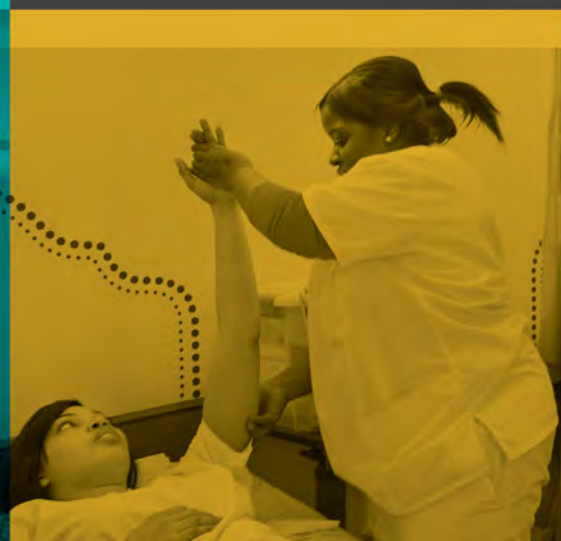
Session 059: State Initiatives for LTSS, Paid Leave and Child Care Reform

[SOA Antitrust Compliance Guidelines](#)

[SOA Presentation Disclaimer](#)

The Direct Care Workforce and State-Based LTSS Social Insurance Programs

Robert Espinoza, Vice President of Policy, PHI



Purpose: A Healthier System, a Stronger Workforce



To understand why direct care workers matter to long-term care and state economies

To propose a holistic policy framework that strengthens the direct care workforce

How should we properly finance and cost out a healthy long-term care system reliant on workers?

About PHI

Who We Are: Our Approach

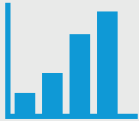
Key Audiences

Practitioners

Policymakers

Researchers

Advocates



POLICY RESEARCH
Research & policy analysis



WORKFORCE INTERVENTIONS & CONSULTING
Training, advanced roles, recruitment and retention



ADVOCACY
Federal, state & local & public education



Who We Are: Our Approach

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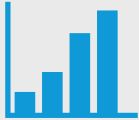
360° Perspective

- 25+ years
- New York City
- National



WORKFORCE INTERVENTIONS & CONSULTING

Training, advanced roles, recruitment and retention



POLICY RESEARCH
Research & policy analysis



ADVOCACY
Federal, state & local & public education



ORIGINAL RESEARCH
Facts & trends, objective information



NEW YORK CITY SYSTEM
Learn from thousands of workers & consumers



PROVIDER 'LEARNING LAB'
In-the-field interventions, rural & urban

We believe that caring, committed relationships between direct care workers and their clients are at the heart of quality care. Those relationships work best when direct care workers receive high-quality training, living wages, and respect for the central role they play.



QUALITY CARE
THROUGH
QUALITY JOBS



The Direct Care Workforce

About the Direct Care Workforce

- 4.5 million home care workers and nursing assistants
- 7.8 million job openings in direct care by 2026
- Largest-growing job occupation in the country

An Increasingly **Diverse** Home Care Workforce (U.S. figures)

The typical home care worker is a woman in her 40s—many are immigrants and/or women of color. **The demographics are changing.**



87%
WOMEN

31%
IMMIGRANT

1 million
IMMIGRANTS

62%
PEOPLE OF
COLOR

46
MEDIAN AGE

SOURCE: PHI. *U.S. Home Care Workers: Key Facts (2019)*. Bronx, NY: PHI, 2019. <https://phinational.org/policy-research/reports-multimedia/>; and PHI. *Immigrants and the Direct Care Workforce*. Bronx, NY: PHI, 2017. <https://phinational.org/policy-research/reports-multimedia/>

Inadequate Public Funding & Reimbursement

The LTSS system needs more funding to ensure everyone can access the supports they need—labor costs are especially underfunded.

Long-Term Services & Supports

Expensive,
difficult to predict,
exhausts savings

**Medicaid only
for poor &
low-income
people—**
and restrictions
are growing

**State
Medicaid
budgets are
strapped—**
little funding for
labor costs

**Inadequate
reimbursement
rates in
Medicaid**

SOURCE: PHI. *Workforce Matters: The Direct Care Workforce and State-Based LTSS Social Insurance Programs*. Bronx, NY: PHI, 2019. <https://phinational.org/resource/workforce-matters/>

Recruitment & Retention Challenges

LTSS employers are increasingly struggling to find and keep direct care workers, especially in an economy where they have other job options.

60%

**TURNOVER
RATE**

Top reasons:
wages &
supervisors

**Job growth &
competition—**
retail & fast food
increasingly offer
better jobs than
direct care

**Widening
'care gap'—**
the growth in older
adults is outpacing
working-age
women

SOURCE: PHI (2018). For detailed citations and information about PHI's research methodology, please contact info@phinational.org.

State-Based LTSS Social Insurance Programs



PHI

QUALITY CARE
THROUGH
QUALITY JOBS



Workforce Matters

The Direct Care Workforce and State-Based
LTSS Social Insurance Programs



CARING
ACROSS
GENERATIONS

How Do We Strengthen the Direct Care Workforce?



- 1 Increase compensation for direct care workers by establishing a wage floor for this sector—with benefit and financial security safeguards
- 2 Enhance training requirements and strengthen the in-person and online training infrastructure for direct care workers
- 3 Develop advanced roles for direct care workers that allow them to progress in their careers and offer a higher level of support
- 4 Institute supervision training programs and requirements to successfully develop direct care supervisors
- 5 Establish an innovation fund and state-level advocate to improve recruitment and retention among the direct care workforce
- 6 Build a robust data collection system and produce new research to analyze the direct care workforce at the state and local levels
- 7 Create a long-term, state-sanctioned workgroup and leadership program to strengthen the contributions of direct care workers
- 8 Launch demonstration projects and a policy workgroup to maximize the relationship between family caregivers and home care workers
- 9 Construct a matching service registry that connects home care consumers and workers within the state



Low Wages, High Poverty: Home Care Workers

Low wages and irregular schedules make it difficult to retain and recruit workers in this sector. **As a result, turnover remains high.**



Increase wages for direct care workers

Account for "benefit cliffs" and "benefit plateaus"

Offer financial literacy and counseling programs

Limited Training or Career Advancement

The training infrastructure for direct care workers doesn't equip them with the skills, knowledge, confidence, or career paths they need.

**Standardize
training for
direct care
workers**

**Strengthen
training quality**

**Support &
disseminate
effective
e-learning
models**

**Implement
advanced roles**

Recruitment & Retention Challenges

LTSS employers are increasingly struggling to find and keep direct care workers, especially in an economy where they have other job options.

**Commission a
statewide study
on recruitment
and retention**

**Form a
recruitment and
retention
innovation fund**

**Establish a
state-level
direct care
advocate**

Marginal Data on the Workforce

States rarely collect proper data on the LTSS workforce, which prevents leaders from targeting high-need areas with appropriate interventions.



Establish the infrastructure to systematically collect data on the direct care workforce

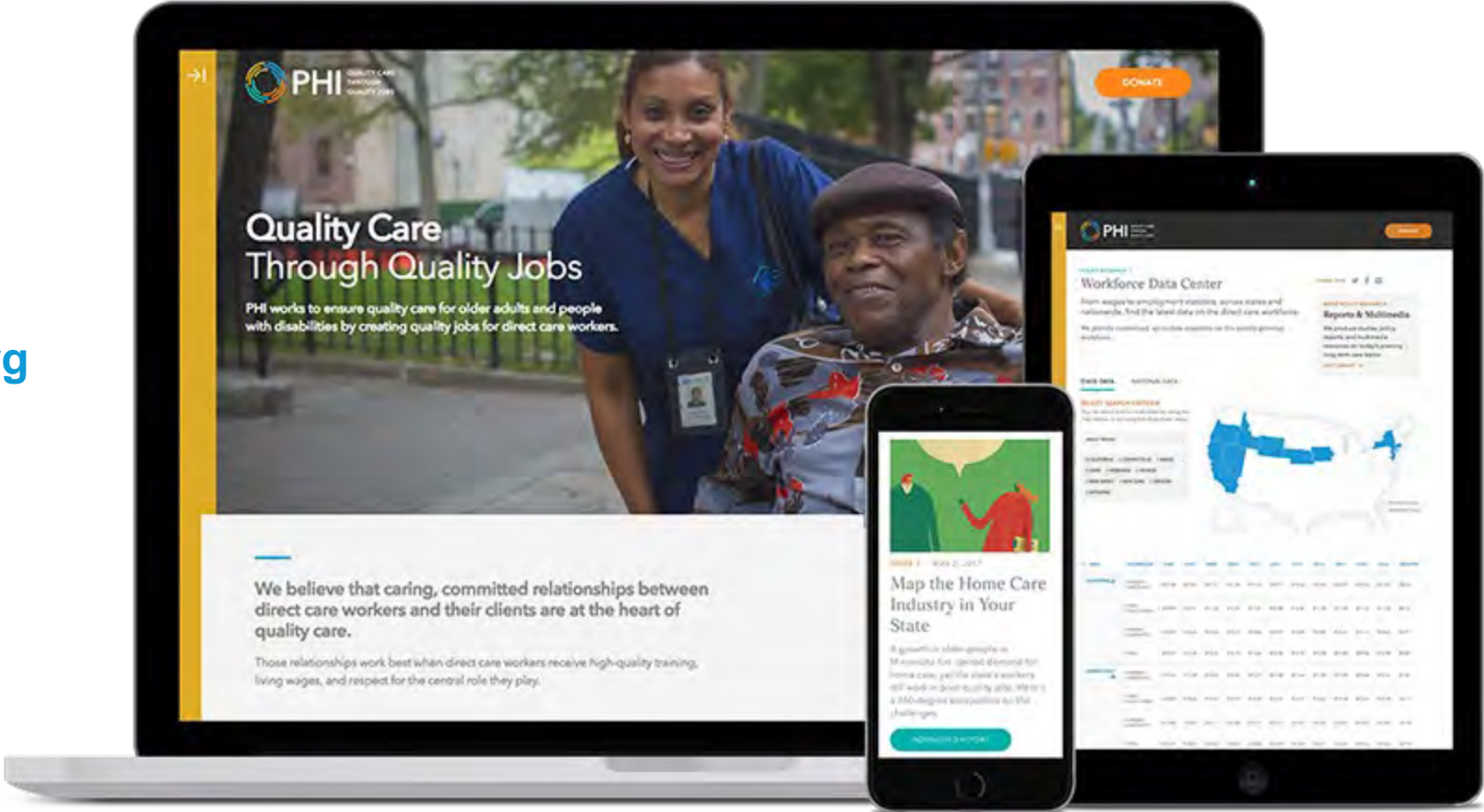
Centralize training and certification records of direct care workers

Fund original studies on the direct care workforce

The Centrality of Direct Care Workers to LTSS

- Quality care depends on quality jobs
- Quality jobs might create cost effectiveness
- Programs = Affordability and access
- **How do we finance a workforce-centered system?**

PHInational.org



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Washington's Long Term Services and Supports Trust Act: An Overview

2019 Society of Actuaries Annual Meeting & Exhibit

Bea Rector

bea.rector@dshs.wa.gov

The New York Times

New Tax Will Help Washington Residents Pay for Long-Term Care

Forbes

What You Need To Know About Washington State's Public Long-Term Care Insurance Program

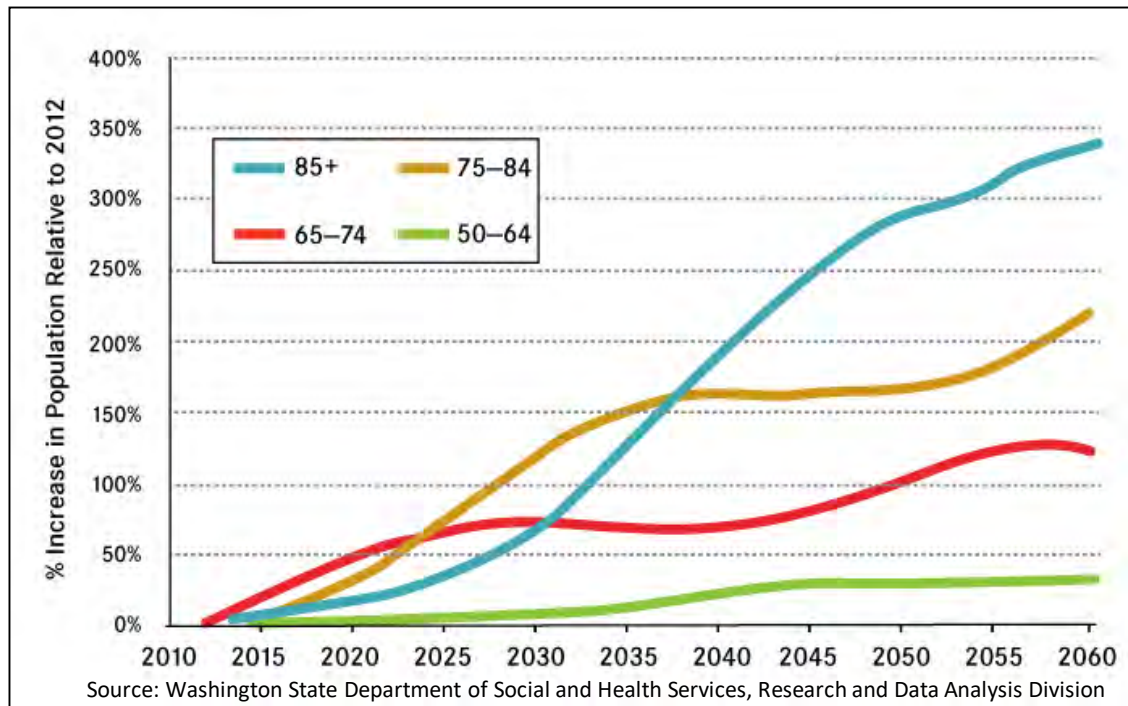
abcNEWS

Washington now 1st state with long-term care program

Why this Program is Important

Washington's Aging Population

Projected Growth of Older Population in Washington as a Percent of the 2012 Population



The Legislature Supports an Innovation Solution

- HB 1087 and SB 5331 received bipartisan sponsorship and support
- Gov. Jay Inslee signed the bill into law on May 13, 2019



What the Law will Do

Trust Contributions

- Washington workers will pay up to **\$0.58 per \$100 of income**
- Every W-2 worker contributes – **employers do not**
- If you are self-employed, you can opt into the Trust to get benefits
- If you have long-term care insurance, you can opt out of the Trust



Someone who makes \$750 per week will pay \$4.35 into the Trust.

What the Law will Do

The Benefit

In the first year, each person who is eligible can access services and supports costing up to \$36,500. These may include:



Professional care in your home, a licensed residential facility or a nursing facility



Training, pay and support for family members who provide care



Adaptive equipment and technology like wheelchair ramps and medication reminder devices



Home-delivered meals



Home safety evaluations



Rides to the doctor

What the Law will Do

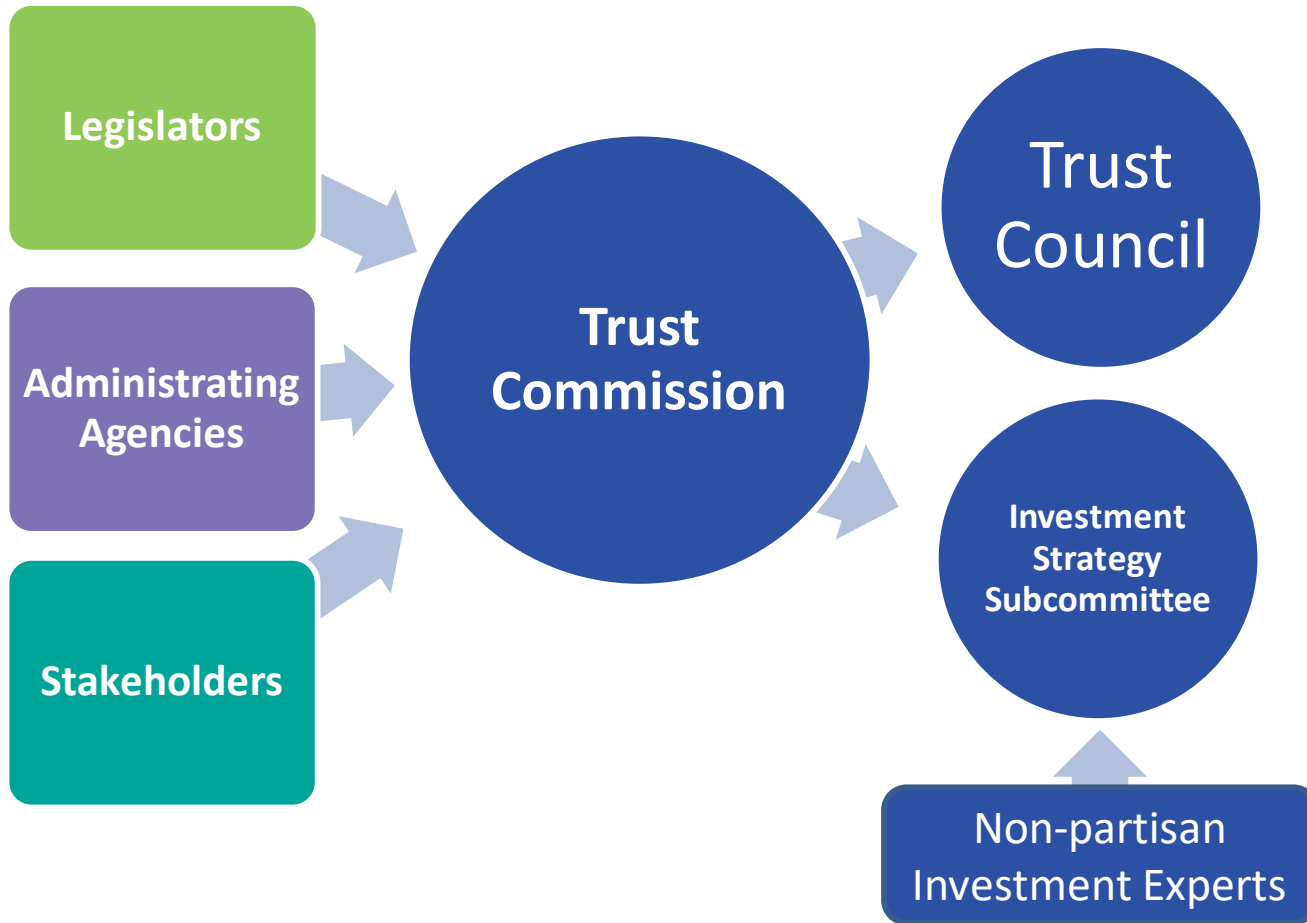
Vesting in the Trust & Eligibility

- To receive the benefit, you must have worked:
 - At least three of the last six years or 10 years without a break of five or more years, and
 - At least 500 hours per year during those years
- Eligible if you need assistance with at least three activities of daily living



What the Law will Do

Established Bodies



What the Law will Do

Administration Shared by Executive Agencies

- Collects premium and tracks status of vesting

Employment
Security
Department

- Processes payments
- Tracks benefit usage
- Coordinates benefits

State
Medicaid
Agency

- Establishes functional eligibility
- Approves providers
- Staffs commission, customer service

DSHS
(Medicaid
Operating
Agency)

- Audits and values trust to ensure solvency

State
Actuary

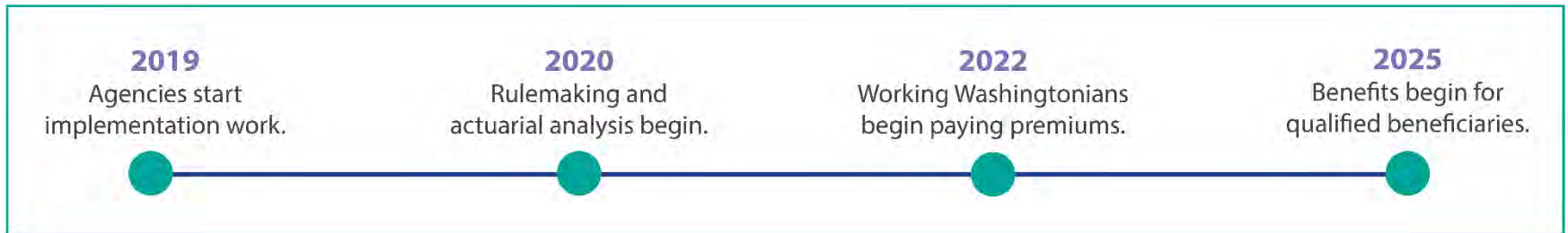
The Numbers Behind the Law

Actuarial Feasibility Estimates

- Premium will put \$1-1.5 billion annually into the trust account
- Approximately 15,000 beneficiaries will be served the first year, climbing to over 40,000 in 20 years
- Benefit pay-out is substantial: \$0.5 billion in first year
- Projected Medicaid savings in first year is \$34 million; \$3.9 billion by 2052

Path Forward

Key Milestones



Commission must report to the legislature in 2021 on:

- Criteria for beneficiaries, providers
- Actuarial reports
- Recommendations to maintain solvency
- Recommendation on whether to amend the law to include individuals with developmental disabilities (following stakeholder consultation)

Path Forward

Frequently Asked Questions



- How did this bill get developed and passed?
- \$36,500 per year doesn't seem like much. What difference will that make?
- What are the next steps toward implementation?
- What challenges remain?
- What are the “lessons learned” for other states?

A Legislature's Innovative Solution Action Across Three Biennia

- Broad-based coalition formed to tackle LTC financing crisis

- Actuarial feasibility completed
- Legislators introduce 2017 Long Term Care Trust Act

Passage of
SHB 1087



- Coalition continues education & outreach
- Legislature mandates feasibility study

- LTC Trust Act gets bi-partisan support and passed through two committees
- National media
- Updated feasibility study
- Interim stakeholder policy workgroup

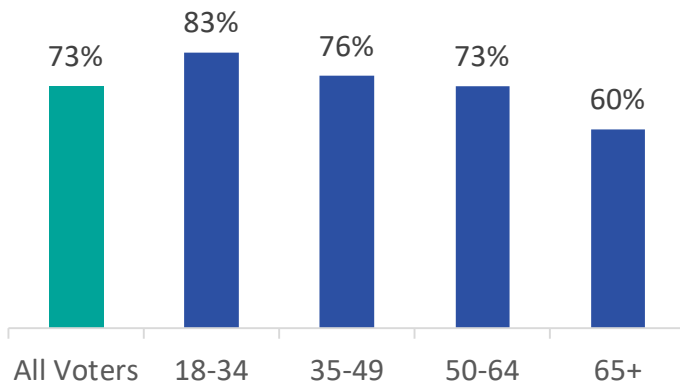
Broad Support for the Legislation



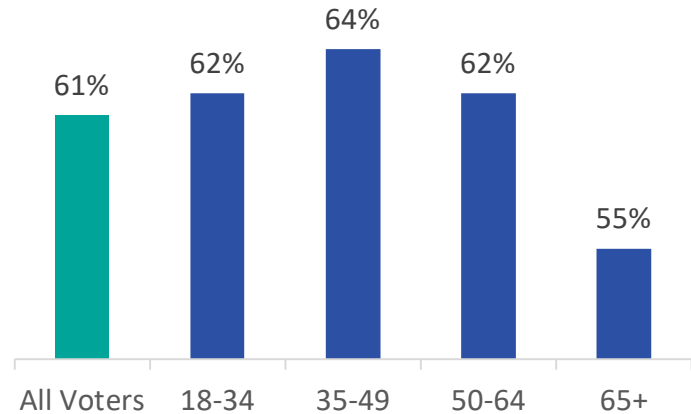
Voter Support

The Long-Term Care Trust Act had majority support among voters of all age groups – even with the tax.

Support for the Concept of a Long-Term Care Trust Act



Support for Long-Term Care Trust Act Proposal with Payroll Tax



Grassroots Ground Game

- Strong coalition partners under Washingtonians for a Responsible Future
- Tele-townhall with Governor Inslee
- 7,500 emails and full-page ads in target legislators' districts
- #Prepare4Care hashtag
- 6,000 Petitions delivered to legislators along with cookies for staff



Using the Benefits

\$36,500 doesn't seem like much. What difference will that make? That's enough for:



25 hours per week of in-home care for a year



5 to 6 months in a nursing home



9 to 18 months in a residential care such as an adult family home or assisted living facility



5 years of family caregiver support that includes respite, caregiver counseling and education, home modification or adaptive equipment

Lessons Learned

What are “lessons learned” for other states?

- Don't be in denial on the need for and cost of long-term care
- Accept that LTC costs will press state budgets via Medicaid
- Accept that its not “public or private or family or individual responsibility,” it's “all of those together”
- Political 101 – key questions:
 - Assess your starting point – is your state already leading on LTC reforms?
 - Do you have/can you develop strong legislative champions and leadership?
 - Can you build a broad, strong coalition?
- Arm yourself with sound actuarial data
- Be patient and persistent. This isn't easy stuff.

Resources

2018 Feasibility Study of Policy Options
to Finance Long-Term Services and Supports
in the State of Washington

<https://bit.ly/2mGAll9>

Contact: Jeremy Arp, LTC Trust Project Director

Jeremy.Arp@dshs.wa.gov