
ENGROSSED SENATE BILL 6072

State of Washington

68th Legislature

2024 Regular Session

By Senators Keiser, Conway, Dhingra, Kuderer, Lias, Salomon, Stanford, Wellman, and C. Wilson

Read first time 01/09/24. Referred to Committee on Labor & Commerce.

1 AN ACT Relating to addressing recommendations of the long-term
2 services and supports trust commission; amending RCW 50B.04.010,
3 50B.04.020, 50B.04.030, 50B.04.060, 50B.04.070, and 50B.04.100;
4 reenacting and amending RCW 50B.04.050; adding new sections to
5 chapter 50B.04 RCW; adding a new section to chapter 48.83 RCW; adding
6 a new chapter to Title 48 RCW; creating a new section; repealing RCW
7 50B.04.040; providing an effective date; and providing an expiration
8 date.

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

10 NEW SECTION. **Sec. 1.** A new section is added to chapter 50B.04
11 RCW to read as follows:

12 (1) Beginning July 1, 2026, an employee or self-employed person,
13 who has elected coverage under RCW 50B.04.090, who relocates outside
14 of Washington may elect to continue participation in the program if:

15 (a) The employee or self-employed person has been assessed
16 premiums by the employment security department for at least three
17 years in which the employee or self-employed person has worked at
18 least 1,000 hours in each of those years in Washington; and

19 (b) The employee or self-employed person notifies the employment
20 security department within one year of establishing a primary
21 residence outside of Washington that the employee or self-employed

1 person is no longer a resident of Washington and elects to continue
2 participation in the program.

3 (2) Out-of-state participants under subsection (1) of this
4 section must report their wages or self-employment earnings to the
5 employment security department according to standards for manner and
6 timing of reporting and documentation submission, as adopted by rule
7 by the employment security department. An out-of-state participant
8 must submit documentation to the employment security department
9 whether or not the out-of-state participant earned wages or self-
10 employment earnings, as applicable, during the applicable reporting
11 period. When an out-of-state participant reaches the age of 67, the
12 participant is no longer required to provide the documentation of
13 their wages or self-employment earnings, but if the participant earns
14 wages or self-employment earnings, the participant must submit
15 reports of those wages or self-employment earnings and remit the
16 required premiums.

17 (3) Out-of-state participants under subsection (1) of this
18 section must provide documentation of wages and self-employment
19 earnings earned at the time that they report their wages or self-
20 employment earnings to the employment security department.

21 (4) The employment security department may cancel elective
22 coverage if the out-of-state participant fails to make required
23 payments or submit reports. The employment security department may
24 collect due and unpaid premiums and may levy an additional premium
25 for the remainder of the period of coverage. The cancellation must be
26 effective no later than 30 days from the date of the notice in
27 writing advising the out-of-state participant of the cancellation.

28 (5) The employment security department shall:

29 (a) Adopt standards by rule for the manner and timing of
30 reporting and documentation submission for out-of-state participants.
31 The employment security department must consider user experience with
32 the wage and self-employment earnings reporting process and the
33 document submission process and regularly update the standards to
34 minimize the procedural burden on out-of-state participants and
35 support the accurate reporting of wages and self-employment earnings
36 at the time of the payment of premiums;

37 (b) Collect premiums from out-of-state participants as provided
38 in RCW 50B.04.080, as relevant to out-of-state participants; and

39 (c) Verify the wages or self-employment earnings as reported by
40 an out-of-state participant.

1 (6) For the purposes of this section, "wages" includes
2 remuneration for services performed within or without or both within
3 and without this state.

4 **Sec. 2.** RCW 50B.04.010 and 2021 c 113 s 1 are each amended to
5 read as follows:

6 The definitions in this section apply throughout this chapter
7 unless the context clearly requires otherwise.

8 (1) "Account" means the long-term services and supports trust
9 account created in RCW 50B.04.100.

10 (2) "Approved service" means long-term services and supports
11 including, but not limited to:

- 12 (a) Adult day services;
- 13 (b) Care transition coordination;
- 14 (c) Memory care;
- 15 (d) Adaptive equipment and technology;
- 16 (e) Environmental modification;
- 17 (f) Personal emergency response system;
- 18 (g) Home safety evaluation;
- 19 (h) Respite for family caregivers;
- 20 (i) Home delivered meals;
- 21 (j) Transportation;
- 22 (k) Dementia supports;
- 23 (l) Education and consultation;
- 24 (m) Eligible relative care;
- 25 (n) Professional services;
- 26 (o) Services that assist paid and unpaid family members caring
27 for eligible individuals, including training for individuals
28 providing care who are not otherwise employed as long-term care
29 workers under RCW 74.39A.074;
- 30 (p) In-home personal care;
- 31 (q) Assisted living services;
- 32 (r) Adult family home services; and
- 33 (s) Nursing home services.

34 (3) "Benefit unit" means up to (~~one hundred dollars~~) \$100 paid
35 by the department of social and health services to a long-term
36 services and supports provider as reimbursement for approved services
37 provided to an eligible beneficiary on a specific date. The benefit
38 unit must be adjusted annually (~~at a rate no greater than the~~
39 ~~Washington state consumer price index, as determined solely by the~~

1 ~~council. Any changes adopted by the council shall be subject to~~
2 ~~revision by the legislature))~~ for inflation by the consumer price
3 index. The adjusted benefit unit must be calculated to the nearest
4 cent/dollar using the consumer price index for the Seattle,
5 Washington area for urban wage earners and clerical workers, all
6 items, CPI-W, or a successor index, for the 12 months before each
7 September 1st compiled by the United States department of labor's
8 bureau of labor statistics. Each adjusted benefit unit calculated
9 under this subsection takes effect on the following January 1st.

10 (4) "Commission" means the long-term services and supports trust
11 commission established in RCW 50B.04.030.

12 ~~((("Council" means the long-term services and supports trust~~
13 ~~council established in RCW 50B.04.040.~~

14 ~~(6))~~ "Eligible beneficiary" means a qualified individual who is
15 age ~~((eighteen))~~ 18 or older, ~~((residing in the state of~~
16 ~~Washington,))~~ has been determined to meet the minimum level of
17 assistance with activities of daily living necessary to receive
18 benefits through the trust program, as ~~((established in this~~
19 ~~chapter))~~ provided in RCW 50B.04.060, and has not exhausted the
20 lifetime limit of benefit units.

21 ~~((7))~~ (6) "Employee" has the meaning provided in RCW
22 50A.05.010.

23 ~~((8))~~ (7) "Employer" has the meaning provided in RCW
24 50A.05.010.

25 ~~((9))~~ (8) "Employment" has the meaning provided in RCW
26 50A.05.010.

27 ~~((10))~~ (9) "Exempt employee" means a person who has been
28 granted a premium assessment exemption by the employment security
29 department.

30 ~~((11))~~ (10) "Long-term services and supports provider" means:

31 (a) For entities providing services to an eligible beneficiary in
32 Washington, an entity that meets the qualifications applicable in law
33 to the approved service they provide, including a qualified or
34 certified home care aide, licensed assisted living facility, licensed
35 adult family home, licensed nursing home, licensed in-home services
36 agency, adult day services program, vendor, instructor, qualified
37 family member, or other entities as registered by the department of
38 social and health services; and

39 (b) For entities providing services to an eligible beneficiary
40 outside Washington, an entity that meets minimum standards for care

1 provision and program administration, as established by the
2 department of social and health services, and that is appropriately
3 credentialed in the jurisdiction in which the services are being
4 provided as established by the department of social and health
5 services.

6 ((~~12~~)) (11) "Premium" or "premiums" means the payments required
7 by RCW 50B.04.080 and paid to the employment security department for
8 deposit in the account created in RCW 50B.04.100.

9 ((~~13~~)) (12) "Program" means the long-term services and supports
10 trust program established in this chapter.

11 ((~~14~~)) (13) "Qualified family member" means a relative of an
12 eligible beneficiary qualified to meet requirements established (~~in a~~
13 ~~state law~~) by the department of social and health services for the
14 approved service they provide (~~that would be required of any other~~
15 ~~long-term services and supports provider to receive payments from the~~
16 ~~state~~)).

17 ((~~15~~)) (14) "Qualified individual" means an individual who
18 meets the duration of payment requirements, as established in this
19 chapter.

20 ((~~16~~)) (15) "State actuary" means the office of the state
21 actuary created in RCW 44.44.010.

22 ((~~17~~)) (16) "Wage or wages" means all remuneration paid by an
23 employer to an employee. Remuneration has the meaning provided in RCW
24 50A.05.010. All wages are subject to a premium assessment and not
25 limited by the commissioner of the employment security department, as
26 provided under RCW 50A.10.030(4).

27 **Sec. 3.** RCW 50B.04.020 and 2022 c 1 s 1 are each amended to read
28 as follows:

29 (1) The health care authority, the department of social and
30 health services, the office of the state actuary, and the employment
31 security department each have distinct responsibilities in the
32 implementation and administration of the program. In the performance
33 of their activities, they shall actively collaborate to realize
34 program efficiencies and provide persons served by the program with a
35 well-coordinated experience.

36 (2) The health care authority shall:

37 (a) Track the use of lifetime benefit units to verify the
38 individual's status as an eligible beneficiary as determined by the
39 department of social and health services;

1 (b) Ensure approved services are provided through audits or
2 service verification processes within the service provider payment
3 system for registered long-term services and supports providers and
4 recoup any inappropriate payments;

5 (c) Establish criteria for the payment of benefits to
6 (~~registered~~) long-term services and supports providers under RCW
7 50B.04.070;

8 (d) Establish rules and procedures for benefit coordination when
9 the eligible beneficiary is also funded for medicaid and other long-
10 term services and supports, including medicare, coverage through the
11 department of labor and industries, and private long-term care
12 coverage; (~~and~~)

13 (e) Assist the department of social and health services with the
14 leveraging of existing payment systems for the provision of approved
15 services to beneficiaries under RCW 50B.04.070; and

16 (f) Adopt rules and procedures necessary to implement and
17 administer the activities specified in this section related to the
18 program.

19 (3) The department of social and health services shall:

20 (a) Make determinations regarding an individual's status as an
21 eligible beneficiary under RCW 50B.04.060;

22 (b) Approve long-term services and supports eligible for payment
23 as approved services under the program, as informed by the
24 commission;

25 (c) Register long-term services and supports providers that meet
26 minimum qualifications;

27 (d) Discontinue the registration of long-term services and
28 supports providers that: (i) Fail to meet the minimum qualifications
29 applicable in law to the approved service that they provide; or (ii)
30 violate the operational standards of the program;

31 (e) Disburse payments of benefits to (~~registered~~) long-term
32 services and supports providers, utilizing and leveraging existing
33 payment systems for the provision of approved services to eligible
34 beneficiaries under RCW 50B.04.070;

35 (f) Prepare and distribute written or electronic materials to
36 qualified individuals, eligible beneficiaries, and the public as
37 deemed necessary by the commission to inform them of program design
38 and updates;

1 (g) Provide customer service and address questions and
2 complaints, including referring individuals to other appropriate
3 agencies;

4 (h) Provide administrative and operational support to the
5 commission;

6 (i) Track data useful in monitoring and informing the program, as
7 identified by the commission; and

8 (j) Adopt rules and procedures necessary to implement and
9 administer the activities specified in this section related to the
10 program.

11 (4) The employment security department shall:

12 (a) Collect and assess (~~(employee)~~) premiums as provided in (~~(RCW~~
13 ~~50B.04.080)~~) this chapter;

14 (b) Assist the commission(~~(, —council,)~~) and state actuary in
15 monitoring the solvency and financial status of the program;

16 (c) Perform investigations to determine the compliance of premium
17 payments in RCW 50B.04.080 and 50B.04.090 and section 1 of this act
18 in coordination with the same activities conducted under the family
19 and medical leave act, Title 50A RCW, to the extent possible;

20 (d) Make determinations regarding an individual's status as a
21 qualified individual under RCW 50B.04.050, including criteria to
22 determine the status of persons receiving partial benefit units under
23 RCW 50B.04.050(2) and out-of-state participants under section 1 of
24 this act; and

25 (e) Adopt rules and procedures necessary to implement and
26 administer the activities specified in this section related to the
27 program.

28 (5) The office of the state actuary shall:

29 (a) Beginning July 1, 2025, and biennially thereafter, perform an
30 actuarial audit and valuation of the long-term services and supports
31 trust fund. Additional or more frequent actuarial audits and
32 valuations may be performed at the request of the (~~(council)~~)
33 commission;

34 (b) Make recommendations to the (~~(council)~~) commission and the
35 legislature on actions necessary to maintain trust solvency. The
36 recommendations must include options to redesign or reduce benefit
37 units, approved services, or both, to prevent or eliminate any
38 unfunded actuarially accrued liability in the trust or to maintain
39 solvency; and

1 (c) Select and contract for such actuarial, research, technical,
2 and other consultants as the actuary deems necessary to perform its
3 duties under chapter 363, Laws of 2019.

4 (6) By October 1, 2021, the employment security department and
5 the department of social and health services shall jointly conduct
6 outreach to provide employers with educational materials to ensure
7 employees are aware of the program and that the premium assessments
8 will begin on July 1, 2023. In conducting the outreach, the
9 employment security department and the department of social and
10 health services shall provide on a public website information that
11 explains the program and premium assessment in an easy to understand
12 format. Outreach information must be available in English and other
13 primary languages as defined in RCW 74.04.025.

14 **Sec. 4.** RCW 50B.04.030 and 2022 c 1 s 2 are each amended to read
15 as follows:

16 (1) The long-term services and supports trust commission is
17 established. The commission's recommendations and decisions must be
18 guided by the joint goals of maintaining benefit adequacy and
19 maintaining fund solvency and sustainability.

20 (2) The commission includes:

21 (a) Two members from each of the two largest caucuses of the
22 house of representatives, appointed by the speaker of the house of
23 representatives;

24 (b) Two members from each of the two largest caucuses of the
25 senate, appointed by the president of the senate;

26 (c) The commissioner of the employment security department, or
27 the commissioner's designee;

28 (d) The secretary of the department of social and health
29 services, or the secretary's designee;

30 (e) The director of the health care authority, or the director's
31 designee, who shall serve as a nonvoting member;

32 (f) One representative of the organization representing the area
33 agencies on aging;

34 (g) One representative of a home care association that represents
35 caregivers who provide services to private pay and medicaid clients;

36 (h) One representative of a union representing long-term care
37 workers;

38 (i) One representative of an organization representing retired
39 persons;

1 (j) One representative of an association representing skilled
2 nursing facilities and assisted living providers;

3 (k) One representative of an association representing adult
4 family home providers;

5 (l) Two individuals receiving long-term services and supports, or
6 their designees, or representatives of consumers receiving long-term
7 services and supports under the program;

8 (m) One member who is a worker who is, or will likely be, paying
9 the premium established in RCW 50B.04.080 and who is not employed by
10 a long-term services and supports provider; and

11 (n) One representative of an organization of employers whose
12 members collect, or will likely be collecting, the premium
13 established in RCW 50B.04.080.

14 (3) (a) Other than the legislators and agency heads identified in
15 subsection (2) of this section, members of the commission are
16 appointed by the governor for terms of two years, except that the
17 governor shall appoint the initial members identified in subsection
18 (2) (f) through (n) of this section to staggered terms not to exceed
19 four years.

20 (b) The secretary of the department of social and health
21 services, or the secretary's designee, shall serve as chair of the
22 commission. Meetings of the commission are at the call of the chair.
23 A majority of the voting members of the commission shall constitute a
24 quorum for any votes of the commission. Approval of (~~sixty~~) 60
25 percent of those voting members of the commission who are in
26 attendance is required for the passage of any vote.

27 (c) Members of the commission and the subcommittee established in
28 subsection (6) of this section must be compensated in accordance with
29 RCW 43.03.250 and must be reimbursed for their travel expenses while
30 on official business in accordance with RCW 43.03.050 and 43.03.060.

31 (4) Beginning January 1, 2021, the commission shall propose
32 recommendations to the appropriate executive agency or the
33 legislature regarding:

34 (a) The establishment of criteria for determining that an
35 individual has met the requirements to be a qualified individual as
36 established in RCW 50B.04.050 or an eligible beneficiary as
37 established in RCW 50B.04.060;

38 (b) The establishment of criteria for minimum qualifications for
39 the registration of long-term services and supports providers who
40 provide approved services to eligible beneficiaries;

1 (c) The establishment of payment maximums for approved services
2 consistent with actuarial soundness which shall not be lower than
3 medicaid payments for comparable services. A service or supply may be
4 limited by dollar amount, duration, or number of visits. The
5 commission shall engage affected stakeholders to develop this
6 recommendation;

7 (d) Changes to rules or policies to improve the operation of the
8 program;

9 ~~((Providing a recommendation to the council for the annual
10 adjustment of the benefit unit in accordance with RCW 50B.04.010 and
11 50B.04.040;~~

12 ~~(f))~~ A refund of premiums for a deceased qualified individual
13 with a dependent who is an individual with a developmental disability
14 who is dependent for support from a qualified individual. The
15 qualified individual must not have been determined to be an eligible
16 beneficiary by the department of social and health services. The
17 refund shall be deposited into an individual trust account within the
18 developmental disabilities endowment trust fund for the benefit of
19 the dependent with a developmental disability. The commission shall
20 consider:

21 (i) The value of the refund to be ~~((one hundred))~~ 100 percent of
22 the current value of the qualified individual's lifetime premium
23 payments at the time that certification of death of the qualified
24 individual is submitted, less any administrative process fees; and

25 (ii) The criteria for determining whether the individual is
26 developmentally disabled. The determination shall not be based on
27 whether or not the individual with a developmental disability is
28 receiving services under Title 71A RCW, or another state or local
29 program; and

30 ~~((g))~~ (f) Assisting the state actuary with the preparation of
31 regular actuarial reports on the solvency and financial status of the
32 program and advising the legislature on actions necessary to maintain
33 trust solvency. The commission shall provide the office of the state
34 actuary with all actuarial reports for review. The office of the
35 state actuary shall provide any recommendations to the commission and
36 the legislature on actions necessary to maintain trust solvency(~~(f~~

37 ~~(h) For the January 1, 2021, report only, recommendations on
38 whether and how to extend coverage to individuals who became disabled
39 before the age of eighteen, including the impact on the financial~~

1 ~~status and solvency of the trust. The commission shall engage~~
2 ~~affected stakeholders to develop this recommendation; and~~

3 ~~(i) For the January 1, 2021, report only, the commission shall~~
4 ~~consult with the office of the state actuary on the development of an~~
5 ~~actuarial report of the projected solvency and financial status of~~
6 ~~the program. The office of the state actuary shall provide any~~
7 ~~recommendations to the commission and the legislature on actions~~
8 ~~necessary to achieve trust solvency)).~~

9 (5) The commission shall monitor agency administrative expenses
10 over time. Beginning November 15, 2020, the commission must annually
11 report to the governor and the fiscal committees of the legislature
12 on agency spending for administrative expenses and anticipated
13 administrative expenses as the program shifts into different phases
14 of implementation and operation. The November 15, 2027, report must
15 include recommendations for a method of calculating future agency
16 administrative expenses to limit administrative expenses while
17 providing sufficient funds to adequately operate the program. The
18 agency heads identified in subsection (2) of this section may advise
19 the commission on the reports prepared under this subsection, but
20 must recuse themselves from the commission's process for review,
21 approval, and submission to the legislature.

22 (6) The commission shall establish an investment strategy
23 subcommittee consisting of the members identified in subsection
24 (2)(a) through (d) of this section as voting members of the
25 subcommittee. In addition, four members appointed by the governor who
26 are considered experienced and qualified in the field of investment
27 shall serve as nonvoting members. The subcommittee shall provide
28 guidance and advice to the state investment board on investment
29 strategies for the account, including seeking counsel and advice on
30 the types of investments that are constitutionally permitted.

31 (7) The commission shall work with insurers to develop long-term
32 care insurance products that supplement the program's benefit.

33 **Sec. 5.** RCW 50B.04.050 and 2022 c 2 s 3 and 2022 c 1 s 3 are
34 each reenacted and amended to read as follows:

35 (1) Except as provided in subsection (2) of this section, the
36 employment security department shall deem a person to be a qualified
37 individual as provided in this chapter if the person has paid the
38 long-term services and supports premiums required by RCW 50B.04.080
39 for the equivalent of either:

1 (a) A total of ten years (~~without interruption of five or more~~
2 ~~consecutive years~~); or

3 (b) Three years within the last six years from the date of
4 application for benefits.

5 (2) A person born before January 1, 1968, who has not met the
6 duration requirements under subsection (1)(a) of this section may
7 become a qualified individual with fewer than the number of years
8 identified in subsection (1)(a) of this section if the person has
9 paid the long-term services and supports premiums required by RCW
10 50B.04.080 for at least one year. A person becoming a qualified
11 individual pursuant to this subsection (2) may receive one-tenth of
12 the maximum number of benefit units available under RCW
13 50B.04.060(3)(b) for each year of premium payments. In accordance
14 with RCW 50B.04.060, benefits for eligible beneficiaries in
15 Washington will not be available until July 1, 2026, and benefits for
16 out-of-state participants who become eligible beneficiaries will not
17 be available until July 1, 2030, and nothing in this section requires
18 the department of social and health services to accept applications
19 for determining an individual's status as an eligible beneficiary
20 prior to July 1, 2026. Nothing in this subsection (2) prohibits a
21 person born before January 1, 1968, who meets the conditions of
22 subsection (1)(b) of this section from receiving the maximum number
23 of benefit units available under RCW 50B.04.060(3)(b).

24 (3) When deeming a person to be a qualified individual, the
25 employment security department shall require that the person have
26 worked at least (~~five hundred~~) 1,000 hours during each of the ten
27 years in subsection (1)(a) of this section, each of the three years
28 in subsection (1)(b) of this section, or each of the years identified
29 in subsection (2) of this section.

30 (4) An exempt employee may never be deemed to be a qualified
31 individual, unless the employee's exemption was discontinued under
32 RCW 50B.04.055 or rescinded.

33 NEW SECTION. **Sec. 6.** A new section is added to chapter 50B.04
34 RCW to read as follows:

35 (1) An employee who holds a nonimmigrant visa for temporary
36 workers, as recognized by federal law, is not subject to the rights
37 and responsibilities of this title, unless the employee elects
38 coverage.

1 (2) The employment security department may adopt rules necessary
2 to implement this section.

3 **Sec. 7.** RCW 50B.04.060 and 2022 c 1 s 4 are each amended to read
4 as follows:

5 (1) Beginning July 1, 2026, approved services must be available
6 and benefits payable to a (~~registered~~) long-term services and
7 supports provider on behalf of an eligible beneficiary under this
8 section.

9 (2) (~~Beginning~~) (a)(i) Except for qualified individuals
10 residing outside of Washington as provided in (a)(ii) of this
11 subsection, beginning July 1, 2026, a qualified individual may become
12 an eligible beneficiary by filing an application with the department
13 of social and health services and undergoing an eligibility
14 determination which includes an evaluation that the individual
15 requires assistance with at least three activities of daily
16 living(~~-~~), as defined by the department of social and health
17 services for long-term services and supports programs, which is
18 expected to last for at least 90 days.

19 (ii) For a qualified individual residing outside of Washington,
20 beginning January 1, 2030, the out-of-state qualified individual may
21 become an eligible beneficiary by filing an application with the
22 department of social and health services and undergoing an
23 eligibility determination. The eligibility determination must include
24 an evaluation that the individual either (A) is unable to perform,
25 without substantial assistance from another individual, at least two
26 of the following activities of daily living for a period of at least
27 90 days due to a loss of functional capacity: Eating, toileting,
28 transferring, bathing, dressing, or continence, or (B) requires
29 substantial supervision to protect such individual from threats to
30 health and safety due to severe cognitive impairments.

31 (b) The department of social and health services must engage
32 sufficient qualified assessor capacity, including via contract, so
33 that the determination may be made within 45 days from receipt of a
34 request by a beneficiary to use a benefit.

35 (3)(a) An eligible beneficiary may receive approved services and
36 benefits through the program in the form of a benefit unit payable to
37 a (~~registered~~) long-term services and supports provider.

1 (b) Except as limited in RCW 50B.04.050(2), an eligible
2 beneficiary may not receive more than the dollar equivalent of 365
3 benefit units over the course of the eligible beneficiary's lifetime.

4 (i) If the department of social and health services reimburses a
5 long-term services and supports provider for approved services
6 provided to an eligible beneficiary and the payment is less than the
7 benefit unit, only the portion of the benefit unit that is used shall
8 be taken into consideration when calculating the person's remaining
9 lifetime limit on receipt of benefits.

10 (ii) Eligible beneficiaries may combine benefit units to receive
11 more approved services per day as long as the total number of
12 lifetime benefit units has not been exceeded.

13 **Sec. 8.** RCW 50B.04.070 and 2019 c 363 s 8 are each amended to
14 read as follows:

15 (1) (a) Benefits provided under this chapter shall be paid
16 periodically and promptly to ~~((registered))~~ long-term services and
17 supports providers ~~((-~~

18 ~~-2-))~~ who provide approved services to:

19 (i) Eligible beneficiaries in Washington if the long-term
20 services and supports provider is registered with the department of
21 social and health services; and

22 (ii) Eligible beneficiaries outside Washington if the long-term
23 services and supports providers meet minimum standards established by
24 the department.

25 (b) The department of social and health services may contract
26 with a third party to administer payments to long-term services and
27 supports providers providing services to eligible beneficiaries
28 whether inside or outside of Washington.

29 (c) Qualified family members may be paid for approved personal
30 care services in the same way as individual providers, through a
31 licensed home care agency, or through a third option if recommended
32 by the commission and adopted by the department of social and health
33 services.

34 (2) The department of social and health services shall establish
35 payment methods and procedures that are most appropriate and
36 efficient for the different categories of service providers
37 identified in subsection (1) of this section, including collaboration
38 with other agencies and contracting with third parties, as necessary.

1 **Sec. 9.** RCW 50B.04.100 and 2019 c 363 s 11 are each amended to
2 read as follows:

3 (1) The long-term services and supports trust account is created
4 in the custody of the state treasurer. All receipts from employers
5 under RCW 50B.04.080 and from out-of-state participants under section
6 1 of this act, delinquent premiums, penalties, and interest received
7 pursuant to sections 10 and 11 of this act, and any funds
8 attributable to savings derived through a waiver with the federal
9 centers for medicare and medicaid services pursuant to RCW 50B.04.130
10 must be deposited in the account. Expenditures from the account may
11 be used for the administrative activities of the department of social
12 and health services, the health care authority, and the employment
13 security department. Benefits associated with the program must be
14 disbursed from the account by the department of social and health
15 services. Only the secretary of the department of social and health
16 services or the secretary's designee may authorize disbursements from
17 the account. The account is subject to the allotment procedures under
18 chapter 43.88 RCW. An appropriation is required for administrative
19 expenses, but not for benefit payments. The account must provide
20 reimbursement of any amounts from other sources that may have been
21 used for the initial establishment of the program.

22 (2) The revenue generated pursuant to this chapter shall be
23 utilized to expand long-term care in the state. These funds may not
24 be used either in whole or in part to supplant existing state or
25 county funds for programs that meet the definition of approved
26 services.

27 (3) The moneys deposited in the account must remain in the
28 account until expended in accordance with the requirements of this
29 chapter. If moneys are appropriated for any purpose other than
30 supporting the long-term services and supports program, the
31 legislature shall notify each qualified individual by mail that the
32 person's premiums have been appropriated for an alternate use,
33 describe the alternate use, and state its plan for restoring the
34 funds so that premiums are not increased and benefits are not
35 reduced.

36 NEW SECTION. **Sec. 10.** A new section is added to chapter 50B.04
37 RCW to read as follows:

38 (1) In the form and at the times specified in this chapter and by
39 the commissioner of the employment security department, an employer

1 shall make reports, furnish information, and collect and remit
2 premiums as required by this chapter to the employment security
3 department. If the employer is a temporary help company that provides
4 employees on a temporary basis to its customers, the temporary help
5 company is considered the employer for purposes of this section.

6 (2) (a) An employer must keep at the employer's place of business
7 a record of employment, for a period of six years, from which the
8 information needed by the employment security department for purposes
9 of this chapter may be obtained. This record shall at all times be
10 open to the inspection of the commissioner of the employment security
11 department.

12 (b) Information obtained under this chapter from employer records
13 is confidential and not open to public inspection, other than to
14 public employees in the performance of their official duties. An
15 interested party, however, shall be supplied with information from
16 employer records to the extent necessary for the proper presentation
17 of the case in question. An employer may authorize inspection of the
18 employer's records by written consent.

19 (3) The requirements relating to the collection of long-term
20 services and supports trust program premiums are as provided in this
21 chapter. Before issuing a warning letter or collecting penalties, the
22 employment security department shall enforce the collection of
23 premiums through conference and conciliation. These requirements
24 apply to:

25 (a) An employer that fails under this chapter to make the
26 required reports, or fails to remit the full amount of the premiums
27 when due;

28 (b) An employer that willfully makes a false statement or
29 misrepresentation regarding a material fact, or willfully fails to
30 report a material fact, to avoid making the required reports or
31 remitting the full amount of the premiums when due under this
32 chapter;

33 (c) A successor in the manner specified in employment security
34 department rules; and

35 (d) An officer, member, or owner having control or supervision of
36 payment or reporting of long-term services and supports trust program
37 premiums, or who is charged with the responsibility for the filing of
38 returns, in the manner specified in subsection (4) of this section.

39 (4) (a) An employer who willfully fails to make the required
40 reports is subject to penalties as follows: (i) For the second

1 occurrence, the penalty is \$75; (ii) for the third occurrence, the
2 penalty is \$150; and (iii) for the fourth occurrence and for each
3 occurrence thereafter, the penalty is \$250.

4 (b) An employer who willfully fails to remit the full amount of
5 the premiums when due is liable, in addition to the full amount of
6 premiums due and amounts assessed as interest under subsection (5) of
7 this section, to a penalty equal to the premiums and interest.

8 (c) Any penalties under this section shall be deposited into the
9 account.

10 (d) For the purposes of this subsection, "willful" means a
11 knowing and intentional action that is neither accidental nor the
12 result of a bona fide dispute.

13 (e) The employment security department shall enforce the
14 collection of penalties through conference and conciliation.

15 (5) Appeals of actions under this section are governed by RCW
16 50B.04.120.

17 NEW SECTION. **Sec. 11.** A new section is added to chapter 50B.04
18 RCW to read as follows:

19 (1) At any time after the commissioner of the employment security
20 department finds that any premiums, interest, or penalties have
21 become delinquent, the commissioner of the employment security
22 department may issue an order and notice of assessment specifying the
23 amount due. The order and notice of assessment shall be served upon
24 the delinquent employer in the manner prescribed for the service of a
25 summons in a civil action, or using a method by which the mailing can
26 be tracked or the delivery can be confirmed. Failure of the employer
27 to receive the notice or order, whether served or mailed, shall not
28 release the employer from any tax, or any interest or penalties.

29 (2) If the commissioner of the employment security department has
30 reason to believe that an employer is insolvent or if any reason
31 exists why the collection of any premiums accrued will be jeopardized
32 by delaying collection, the commissioner of the employment security
33 department may make an immediate assessment of the premiums and may
34 proceed to enforce collection immediately, but interest and penalties
35 shall not begin to accrue upon any premiums until the date when such
36 premiums would normally have become delinquent.

37 (3) If premiums are not paid on the date on which they are due
38 and payable as prescribed by the commissioner of the employment
39 security department, the whole or part thereof remaining unpaid shall

1 bear interest at the rate of one percent per month or fraction
2 thereof from and after such date until payment plus accrued interest
3 is received by the commissioner of the employment security
4 department. The date as of which payment of premiums, if mailed, is
5 deemed to have been received may be determined by such regulations as
6 the commissioner of the employment security department may prescribe.
7 Interest collected pursuant to this section shall be paid into the
8 account. Interest shall not accrue on premiums from any estate in the
9 hands of a receiver, executor, administrator, trustee in bankruptcy,
10 common law assignee, or other liquidating officer subsequent to the
11 date when such receiver, executor, administrator, trustee in
12 bankruptcy, common law assignee, or other liquidating officer
13 qualifies as such, but premiums accruing with respect to employment
14 of persons by any receiver, executor, administrator, trustee in
15 bankruptcy, common law assignee, or other liquidating officer shall
16 become due and shall draw interest in the same manner as premiums due
17 from other employers. Where adequate information has been furnished
18 to the employment security department and the employment security
19 department has failed to act or has advised the employer of no
20 liability or inability to decide the issue, interest may be waived.

21 (4) (a) If the amount of premiums, interest, or penalties assessed
22 by the commissioner of the employment security department by order
23 and notice of assessment provided in this chapter is not paid within
24 10 days after the service or mailing of the order and notice of
25 assessment, the commissioner of the employment security department or
26 a duly authorized representative may collect the amount stated in the
27 assessment by the distraint, seizure, and sale of the property,
28 goods, chattels, and effects of the delinquent employer. Goods and
29 property that are exempt from execution under the laws of this state
30 are exempt from distraint and sale under this section.

31 (b) The commissioner of the employment security department, upon
32 making a distraint, shall seize the property and shall make an
33 inventory of the distrained property, a copy of which shall be mailed
34 to the owner of the property or personally delivered to the owner,
35 and shall specify the time and place when the property shall be sold.
36 A notice specifying the property to be sold and the time and place of
37 sale shall be posted in at least two public places in the county in
38 which the seizure has been made. The time of sale shall be not less
39 than 10 nor more than 20 days from the date of posting of the
40 notices. The sale may be adjourned from time to time at the

1 discretion of the commissioner of the employment security department,
2 but not for a time to exceed a total of 60 days. The sale shall be
3 conducted by the commissioner of the employment security department
4 or a representative who shall proceed to sell the property by parcel
5 or by lot at a public auction, and who may set a minimum price to
6 include the expenses of making a levy and of advertising the sale,
7 and if the amount bid for such property at the sale is not equal to
8 the minimum price so fixed, the commissioner of the employment
9 security department or a representative may declare the property to
10 be purchased by the employment security department for the minimum
11 price. In such event the delinquent account shall be credited with
12 the amount for which the property has been sold. Property acquired by
13 the employment security department as prescribed in this subsection
14 (4) may be sold by the commissioner of the employment security
15 department or a representative at public or private sale, and the
16 amount realized shall be placed in the account. In all cases of sale
17 under this subsection (4), the commissioner of the employment
18 security department shall issue a bill of sale or a deed to the
19 purchaser and the bill of sale or deed shall be prima facie evidence
20 of the right of the commissioner of the employment security
21 department to make the sale and conclusive evidence of the regularity
22 of the commissioner of the employment security department proceeding
23 in making the sale, and shall transfer to the purchaser all right,
24 title, and interest of the delinquent employer in the property. The
25 proceeds of any sale under this subsection (4), except in those cases
26 in which the property has been acquired by the employment security
27 department, shall be first applied by the commissioner of the
28 employment security department in satisfaction of the delinquent
29 account, and out of any sum received in excess of the amount of
30 delinquent premiums, interest, and penalties the account shall be
31 reimbursed for the costs of distraint and sale. Any excess amounts
32 held by the commissioner of the employment security department shall
33 be refunded to the delinquent employer. Amounts held by the
34 commissioner of the employment security department that are
35 refundable to a delinquent employer may be subject to seizure or
36 distraint by any other taxing authority of the state or its political
37 subdivisions.

38 (5) The commissioner of the employment security department may
39 issue to any person, firm, corporation, political subdivision, or
40 department of the state, a notice and order to withhold and deliver

1 property of any kind when the commissioner of the employment security
2 department has reason to believe that there is in the possession of
3 such person, firm, corporation, political subdivision, or department,
4 property which is due, owing, or belonging to any person, firm, or
5 corporation upon whom the employment security department has served a
6 notice and order of assessment for premiums, interest, or penalties.
7 The effect of a notice to withhold and deliver shall be continuous
8 from the date the notice and order to withhold and deliver is first
9 made until the liability is satisfied or becomes unenforceable
10 because of a lapse of time. The notice and order to withhold and
11 deliver shall be served by the sheriff or the sheriff's deputy of the
12 county in which the service is made, using a method by which the
13 mailing can be tracked or the delivery can be confirmed, or by any
14 duly authorized representative of the commissioner of the employment
15 security department. Any person, firm, corporation, political
16 subdivision, or department upon whom service has been made must
17 answer the notice within 20 days exclusive of the day of service,
18 under oath and in writing, and must truthfully answer the matters
19 inquired of in the notice. In the event there is in the possession of
20 any such person, firm, corporation, political subdivision, or
21 department, any property which may be subject to the claim of the
22 employment security department of the state, the property must be
23 delivered immediately to the commissioner of the employment security
24 department or a representative upon demand to be held in trust by the
25 commissioner of the employment security department for application on
26 the indebtedness involved or for return, without interest, in
27 accordance with final determination of liability or nonliability, or
28 in the alternative, a good and sufficient bond satisfactory to the
29 commissioner of the employment security department must be provided
30 conditioned upon final determination of liability. If any person,
31 firm, or corporation fails to answer an order to withhold and deliver
32 within the time prescribed in this subsection (5), it shall be lawful
33 for the court, after the time to answer the order has expired, to
34 render judgment by default against such person, firm, or corporation
35 for the full amount claimed by the commissioner in the notice to
36 withhold and deliver, together with costs.

37 (6) Whenever any order and notice of assessment or jeopardy
38 assessment has become final in accordance with the provisions of this
39 chapter the commissioner of the employment security department may
40 file with the clerk of any county within the state a warrant in the

1 amount of the notice of assessment plus interest, penalties, and a
2 filing fee under RCW 36.18.012(10). The clerk of the county in which
3 the warrant is filed shall immediately designate a superior court
4 cause number for the warrant, and the clerk shall cause to be entered
5 in the judgment docket under the superior court cause number assigned
6 to the warrant, the name of the employer mentioned in the warrant,
7 the amount of the tax, interest, penalties, and filing fee and the
8 date when such warrant was filed. The aggregate amount of the warrant
9 as docketed shall become a lien upon the title to, and interest in
10 all real and personal property of the employer against whom the
11 warrant is issued, the same as a judgment in a civil case duly
12 docketed in the office of such clerk. The warrant so docketed shall
13 be sufficient to support the issuance of writs of execution and writs
14 of garnishment in favor of the state in the manner provided by law in
15 the case of civil judgment, wholly or partially unsatisfied. The
16 clerk of the court shall be entitled to a filing fee under RCW
17 36.18.012(10), which shall be added to the amount of the warrant, and
18 charged by the commissioner of the employment security department to
19 the employer. A copy of the warrant shall be mailed to the employer
20 using a method by which the mailing can be tracked or the delivery
21 can be confirmed within five days of filing with the clerk.

22 (7) The claim of the employment security department for any
23 premiums, interest, or penalties not paid when due, shall be a lien
24 prior to all other liens or claims and on a parity with prior tax
25 liens against all property and rights to property, whether real or
26 personal, belonging to the employer. In order to avail itself of the
27 lien hereby created, the employment security department shall file
28 with any county auditor where property of the employer is located a
29 statement and claim of lien specifying the amount of delinquent
30 premiums, interest, and penalties claimed by the employment security
31 department. From the time of filing for record, the amount required
32 to be paid shall constitute a lien upon all property and rights to
33 property, whether real or personal, in the county, owned by the
34 employer or acquired by the employer. The lien shall not be valid
35 against any purchaser, holder of a security interest, mechanic's
36 lien, or judgment lien creditor until notice thereof has been filed
37 with the county auditor. This lien shall be separate and apart from,
38 and in addition to, any other lien or claim created by, or provided
39 for in, this chapter. When any such notice of lien has been so filed,
40 the commissioner of the employment security department may release

1 the lien by filing a certificate of release when it appears that the
2 amount of delinquent premiums, interest, and penalties have been
3 paid, or when the assurance of payment shall be made as the
4 commissioner of the employment security department may deem to be
5 adequate. Fees for filing and releasing the lien provided herein may
6 be charged to the employer and may be collected from the employer
7 utilizing the remedies provided in this chapter for the collection of
8 premiums.

9 (8) In the event of any distribution of an employer's assets
10 pursuant to an order of any court, including any receivership,
11 probate, legal dissolution, or similar proceeding, or in case of any
12 assignment for the benefit of creditors, composition, or similar
13 proceeding, premiums, interest, or penalties due shall be a lien upon
14 all the assets of such employer. The lien is prior to all other liens
15 or claims except prior tax liens, other liens provided by this
16 chapter, and claims for remuneration for services of not more than
17 \$250 to each claimant earned within six months of the commencement of
18 the proceeding. The mere existence of a condition of insolvency or
19 the institution of any judicial proceeding for legal dissolution or
20 of any proceeding for distribution of assets shall cause such a lien
21 to attach without action on behalf of the commissioner of the
22 employment security department or the state. In the event of an
23 employer's adjudication in bankruptcy, judicially confirmed extension
24 proposal, or composition, under the federal bankruptcy act of 1898,
25 as amended, premiums, interest, or penalties due shall be entitled to
26 such priority as provided in that act, as amended.

27 (9) (a) If after due notice, any employer defaults in any payment
28 of premiums, interest, or penalties, the amount due may be collected
29 by civil action in the name of the state, and the employer adjudged
30 in default shall pay the cost of such action. Any lien created by
31 this chapter may be foreclosed by decree of the court in any such
32 action. Civil actions brought under this chapter to collect premiums,
33 interest, or penalties from an employer shall be heard by the court
34 at the earliest possible date and shall be entitled to preference
35 upon the calendar of the court over all other civil actions except
36 petitions for judicial review under this chapter, cases arising under
37 the unemployment compensation laws of this state, and cases arising
38 under the industrial insurance laws of this state.

39 (b) Any employer that is not a resident of this state and that
40 exercises the privilege of having one or more individuals perform

1 service for it within this state, and any resident employer that
2 exercises that privilege and thereafter removes from this state,
3 shall be deemed thereby to appoint the secretary of state as its
4 agent and attorney for the acceptance of process in any action under
5 this chapter. In instituting such an action against any such employer
6 the commissioner of the employment security department shall cause
7 process or notice to be filed with the secretary of state and the
8 service shall be sufficient service upon the employer, and shall be
9 of the same force and validity as if served upon it personally within
10 this state: PROVIDED, That the commissioner of the employment
11 security department shall immediately send notice of the service of
12 the process or notice, together with a copy thereof, by registered
13 mail, return receipt requested, to such employer at its last known
14 address and the return receipt, the commissioner's affidavit of
15 compliance with the provisions of this section, and a copy of the
16 notice of service shall be appended to the original of the process
17 filed in the court in which such action is pending.

18 (10) Any employer who is delinquent in the payment of premiums,
19 interest, or penalties may be enjoined upon the suit of the state of
20 Washington from continuing in business in this state or employing
21 persons herein until the delinquent premiums, interest, and penalties
22 have been paid, or until the employer has furnished a good and
23 sufficient bond in a sum equal to double the amount of premiums,
24 interest, and penalties already delinquent, plus further sums as the
25 court deems adequate to protect the employment security department in
26 the collection of premiums, interest, and penalties which will become
27 due from the employer during the next ensuing calendar year, the bond
28 to be conditioned upon payment of all premiums, interest, and
29 penalties due and owing within thirty days after the expiration of
30 the next ensuing calendar year or at an earlier date as the court may
31 fix. Action under this section may be instituted in the superior
32 court of any county of the state in which the employer resides, has
33 its principal place of business, or where it has anyone performing
34 services for it, whether or not those services constitute employment.

35 (11) The commissioner of the employment security department may
36 compromise any claim for premiums, interest, or penalties due and
37 owing from an employer, and any amount owed by an individual because
38 of benefit overpayments existing or arising under this chapter in any
39 case in which collection of the full amount due and owing, whether
40 reduced to judgment or otherwise, would be against equity and good

1 conscience. Whenever a compromise is made by the commissioner of the
2 employment security department in the case of a claim for premiums,
3 interest, or penalties, whether reduced to judgment or otherwise, the
4 employment security department shall file a statement of the amount
5 of premiums, interest, and penalties imposed by law and claimed due,
6 attorneys' fees and costs, if any, a complete record of the
7 compromise agreement, and the amount actually paid in accordance with
8 the terms of the compromise agreement. If any such compromise is
9 accepted by the commissioner of the employment security department,
10 within the time stated in the compromise or agreed to, that
11 compromise shall be final and conclusive and except upon showing of
12 fraud or malfeasance or misrepresentation of a material fact the case
13 shall not be reopened as to the agreed upon matters. In any suit,
14 action, or proceeding, such agreement or any determination,
15 collection, payment, adjustment, refund, or credit made in accordance
16 therewith shall not be annulled, modified, set aside, or disregarded.

17 (12) The commissioner of the employment security department may
18 charge off as uncollectible and no longer an asset of the account,
19 any delinquent premiums, interest, penalties, credits, or benefit
20 overpayments if the commissioner of the employment security
21 department is satisfied that there are no cost-effective means of
22 collecting the premiums, interest, penalties, credits, or benefit
23 overpayments.

24 NEW SECTION. **Sec. 12.** A new section is added to chapter 50B.04
25 RCW to read as follows:

26 (1) When a qualified individual applies for benefits as provided
27 in RCW 50B.040.060, the department of social and health services
28 must: (a) Ask whether the qualified individual has supplemental long-
29 term care insurance as provided in chapter 48.--- RCW (the new
30 chapter created in section 37 of this act); and (b) request written
31 consent and the policy issuer's contact information from the
32 qualified individual to share information with the policy issuer for
33 any potential care coordination.

34 (2) If the individual provides written consent and the policy
35 issuer's contact information, the department of social and health
36 services must notify the policy issuer that the qualified individual
37 has applied for benefits under this chapter and may share information
38 for any potential care coordination.

1 (3) Only basic demographic information that would allow a person
2 to be identified in the program may be shared if the qualified
3 individual consents to sharing information. No health information or
4 data on claims may be shared.

5 NEW SECTION. **Sec. 13.** (1) The department of social and health
6 services, the employment security department, and the health care
7 authority may design and conduct a pilot project to assess the
8 administrative processes and system capabilities for managing
9 eligibility determinations for qualified individuals and distributing
10 payments to long-term services and supports providers. The pilot
11 project may identify persons who are eligible to be qualified
12 individuals and offer them access to benefit units under the program
13 in return for their participation in the pilot project. The pilot
14 project may only be conducted between January 1, 2026, and June 30,
15 2026. The pilot project may not have more than 500 participants.

16 (2) When designing and implementing the pilot project, the
17 agencies identified in subsection (1) of this section must provide
18 regular updates to and consider recommendations from the long-term
19 services and supports trust commission. Upon completion of the pilot
20 project, the agencies must provide a summary of the pilot project,
21 including key operational challenges, to the commission. The
22 commission may include any outstanding concerns identified by the
23 pilot project that require a legislative response in the commission's
24 2027 report.

25 (3) The employment security department may adopt rules necessary
26 to implement this section.

27 (4) This section expires July 1, 2027.

28 NEW SECTION. **Sec. 14.** The intent of this chapter is to promote
29 the public interest, support the availability of supplemental long-
30 term care coverage, establish standards for supplemental long-term
31 care coverage, facilitate public understanding and comparison of
32 supplemental long-term care contract benefits, protect persons
33 insured under supplemental long-term care insurance policies and
34 certificates, protect applicants for supplemental long-term care
35 policies from unfair or deceptive sales or enrollment practices, and
36 provide for flexibility and innovation in the development of
37 supplemental long-term care insurance coverage.

1 NEW SECTION. **Sec. 15.** (1) This chapter applies to all
2 supplemental long-term care insurance policies, contracts, or riders
3 delivered or issued for delivery in this state on or after January 1,
4 2026. This chapter does not supersede the obligations of entities
5 subject to this chapter to comply with other applicable laws to the
6 extent that they do not conflict with this chapter, except that laws
7 and regulations designed and intended to apply to medicare supplement
8 insurance policies shall not be applied to supplemental long-term
9 care insurance.

10 (2) Coverage advertised, marketed, or offered as supplemental
11 long-term care insurance must comply with this chapter. Any coverage,
12 policy, or rider advertised, marketed, or offered as supplemental
13 long-term care or nursing home insurance shall comply with this
14 chapter.

15 (3) This chapter is not intended to prohibit approval of
16 supplemental long-term care funded through life insurance policies,
17 contracts, or riders, provided the policy meets the definition of
18 supplemental long-term care insurance and provides all required
19 benefits of this chapter.

20 NEW SECTION. **Sec. 16.** The definitions in this section apply
21 throughout this chapter unless the context clearly requires
22 otherwise.

23 (1) "Applicant" means: (a) In the case of an individual
24 supplemental long-term care insurance policy, the person who seeks to
25 contract for benefits; and (b) in the case of a group supplemental
26 long-term care insurance policy, the proposed certificate holder.

27 (2) "Certificate" includes any certificate issued under a group
28 supplemental long-term care insurance policy that has been delivered
29 or issued for delivery in this state.

30 (3) "Commissioner" means the insurance commissioner of Washington
31 state.

32 (4) "Issuer" includes insurance companies, fraternal benefit
33 societies, health care service contractors, health maintenance
34 organizations, or other entity delivering or issuing for delivery any
35 supplemental long-term care insurance policy, contract, or rider.

36 (5) "Group supplemental long-term care insurance" means a
37 supplemental long-term care insurance policy or contract that is
38 delivered or issued for delivery in this state and is issued to:

1 (a) One or more employers; one or more labor organizations; or a
2 trust or the trustees of a fund established by one or more employers
3 or labor organizations for current or former employees, current or
4 former members of the labor organizations, or a combination of
5 current and former employees or members, or a combination of such
6 employers, labor organizations, trusts, or trustees; or

7 (b) A professional, trade, or occupational association for its
8 members or former or retired members, if the association:

9 (i) Is composed of persons who are or were all actively engaged
10 in the same profession, trade, or occupation; and

11 (ii) Has been maintained in good faith for purposes other than
12 obtaining insurance; or

13 (c)(i) An association, trust, or the trustees of a fund
14 established, created, or maintained for the benefit of members of one
15 or more associations. Before advertising, marketing, or offering
16 supplemental long-term care coverage in this state, the association
17 or associations, or the insurer of the association or associations,
18 must file evidence with the commissioner that the association or
19 associations have at the time of such filing at least 100 persons who
20 are members and that the association or associations have been
21 organized and maintained in good faith for purposes other than that
22 of obtaining insurance; have been in active existence for at least
23 one year; and have a constitution and bylaws that provide that:

24 (A) The association or associations hold regular meetings at
25 least annually to further the purposes of the members;

26 (B) Except for credit unions, the association or associations
27 collect dues or solicit contributions from members; and

28 (C) The members have voting privileges and representation on the
29 governing board and committees of the association.

30 (ii) Thirty days after filing the evidence in accordance with
31 this section, the association or associations will be deemed to have
32 satisfied the organizational requirements, unless the commissioner
33 makes a finding that the association or associations do not satisfy
34 those organizational requirements; or

35 (d) A group other than as described in (a), (b), or (c) of this
36 subsection subject to a finding by the commissioner that:

37 (i) The issuance of the group policy is not contrary to the best
38 interest of the public;

39 (ii) The issuance of the group policy would result in economies
40 of acquisition or administration; and

1 (iii) The benefits are reasonable in relation to the premiums
2 charged.

3 (6) "Policy" includes a document such as an insurance policy,
4 contract, subscriber agreement, rider, or endorsement delivered or
5 issued for delivery in this state by an insurer, fraternal benefit
6 society, health care service contractor, health maintenance
7 organization, or any similar entity authorized by the insurance
8 commissioner to transact the business of supplemental long-term care
9 insurance.

10 (7) "Qualified supplemental long-term care insurance contract" or
11 "federally tax-qualified supplemental long-term care insurance
12 contract" means:

13 (a) An individual or group insurance contract that meets the
14 requirements of section 7702B(b) of the internal revenue code of
15 1986, as amended; or

16 (b) The portion of a life insurance contract that provides
17 supplemental long-term care insurance coverage by rider or as part of
18 the contract and that satisfies the requirements of sections 7702B(b)
19 and (e) of the internal revenue code of 1986, as amended.

20 (8) "Supplemental long-term care insurance" means an insurance
21 policy, contract, or rider that is advertised, marketed, offered, or
22 designed to provide coverage for at least 12 consecutive months for a
23 covered person after benefits provided under chapter 50B.04 RCW have
24 been exhausted. Supplemental long-term care insurance may be on an
25 expense incurred, indemnity, prepaid, or other basis, for one or more
26 necessary or medically necessary diagnostic, preventive, therapeutic,
27 rehabilitative, maintenance, or personal care services, provided in a
28 setting other than an acute care unit of a hospital. Supplemental
29 long-term care insurance includes any policy, contract, or rider that
30 provides for payment of benefits based upon cognitive impairment or
31 the loss of functional capacity that supplements benefits provided in
32 chapter 50B.04 RCW.

33 (a) Supplemental long-term care insurance includes group and
34 individual annuities and life insurance policies or riders that
35 provide directly or supplement long-term care insurance and that
36 supplements benefits provided in chapter 50B.04 RCW. However,
37 supplemental long-term care insurance does not include life insurance
38 policies that: (i) Accelerate the death benefit specifically for one
39 or more of the qualifying events of terminal illness, medical
40 conditions requiring extraordinary medical intervention, or permanent

1 institutional confinement; (ii) provide the option of a lump sum
2 payment for those benefits; and (iii) do not condition the benefits
3 or the eligibility for the benefits upon the receipt of long-term
4 care.

5 (b) Supplemental long-term care insurance also includes qualified
6 supplemental long-term care insurance contracts.

7 (c) Supplemental long-term care insurance does not include any
8 insurance policy, contract, or rider that is offered primarily to
9 provide coverage for basic medicare supplement, basic hospital
10 expense, basic medical-surgical expense, hospital confinement
11 indemnity, major medical expense, disability income, related income,
12 asset protection, accident only, specified disease, specified
13 accident, or limited benefit health. These may not be marketed to
14 consumers as providing coverage that is supplemental to the long-term
15 care benefits provided in chapter 50B.04 RCW.

16 NEW SECTION. **Sec. 17.** A group supplemental long-term care
17 insurance policy may not be offered to a resident of this state under
18 a group policy issued in another state to a group described in
19 section 16(5)(d) of this act, unless this state or another state
20 having statutory and regulatory supplemental long-term care insurance
21 requirements substantially similar to those adopted in this state has
22 made a determination that such requirements have been met.

23 NEW SECTION. **Sec. 18.** (1) A supplemental long-term care
24 insurance policy or certificate may not define "preexisting
25 condition" more restrictively than as a condition for which medical
26 advice or treatment was recommended by or received from a provider of
27 health care services, within six months preceding the effective date
28 of coverage of an insured person, unless the policy or certificate
29 applies to group supplemental long-term care insurance under section
30 16(5) (a), (b), or (c) of this act.

31 (2) A supplemental long-term care insurance policy or certificate
32 may not exclude coverage for a loss or confinement that is the result
33 of a preexisting condition unless the loss or confinement begins
34 within six months following the effective date of coverage of an
35 insured person, unless the policy or certificate applies to a group
36 as defined in section 16(5)(a) of this act.

1 (3) The commissioner may extend the limitation periods for
2 specific age group categories in specific policy forms upon finding
3 that the extension is in the best interest of the public.

4 (4) An issuer may use an application form designed to elicit the
5 complete health history of an applicant and underwrite in accordance
6 with that issuer's established underwriting standards, based on the
7 answers on that application. Unless otherwise provided in the policy
8 or certificate and regardless of whether it is disclosed on the
9 application, a preexisting condition need not be covered until the
10 waiting period expires.

11 (5) A supplemental long-term care insurance policy or certificate
12 may not exclude or use waivers or riders to exclude, limit, or reduce
13 coverage or benefits for specifically named or described preexisting
14 diseases or physical conditions beyond the waiting period.

15 NEW SECTION. **Sec. 19.** (1) No supplemental long-term care
16 insurance policy may:

17 (a) Be canceled, nonrenewed, or otherwise terminated on the
18 grounds of the age or the deterioration of the mental or physical
19 health of the insured individual or certificate holder;

20 (b) Contain a provision establishing a new waiting period in the
21 event existing coverage is converted to or replaced by a new or other
22 form within the same company, except with respect to an increase in
23 benefits voluntarily selected by the insured individual or group
24 policyholder;

25 (c) Provide coverage for skilled nursing care only or provide
26 significantly more coverage for skilled care in a facility than
27 coverage for lower levels of care;

28 (d) Condition eligibility for any benefits on a prior
29 hospitalization requirement;

30 (e) Condition eligibility for benefits provided in an
31 institutional care setting on the receipt of a higher level of
32 institutional care;

33 (f) Condition eligibility for any benefits other than waiver of
34 premium, postconfinement, postacute care, or recuperative benefits on
35 a prior institutionalization requirement;

36 (g) Include a postconfinement, postacute care, or recuperative
37 benefit unless:

1 (i) Such requirement is clearly labeled in a separate paragraph
2 of the policy or certificate entitled "Limitations or Conditions on
3 Eligibility for Benefits"; and

4 (ii) Such limitations or conditions specify any required number
5 of days of preconfinement or postconfinement;

6 (h) Condition eligibility for noninstitutional benefits on the
7 prior receipt of institutional care;

8 (i)(i) Provide for a deductible that is greater than the maximum
9 dollar equivalent provided in RCW 50B.04.060(3)(b), including
10 inflation adjustments provided in RCW 50B.04.010(3), without the
11 limitation provided in RCW 50B.04.050(2). The issuer may provide for
12 a deductible that is less than the maximum dollar equivalent provided
13 in RCW 50B.04.060(3)(b), especially for a policyholder born before
14 1968;

15 (ii) The issuer must accept notice from the department of social
16 and health services that the policyholder has exhausted the benefits
17 provided under chapter 50B.04 RCW as evidence of satisfying the
18 deductible. However, for a policyholder born before 1968, the
19 department must provide the amount of benefits paid under chapter
20 50B.04 RCW as evidence of payment toward the deductible;

21 (j) Include an elimination period of greater than 12 months. Any
22 period of time the policyholder is considered an eligible beneficiary
23 as defined in RCW 50B.04.010 must count toward any elimination period
24 in a supplemental long-term care insurance policy. If the policy
25 includes a deductible and an elimination period, the policy may
26 provide that the elimination period is satisfied after the later of
27 when the deductible or the elimination period has been met; and

28 (k) Require a policyholder to undergo a functional assessment to
29 satisfy a benefit trigger to determine that the elimination period
30 has begun or ended. However, the issuer may require the policyholder
31 to undergo a functional assessment and apply a benefit trigger for
32 purposes of approving a claim and authorizing benefits.

33 (2) A supplemental long-term care insurance policy or certificate
34 may be field-issued if the compensation to the field issuer is not
35 based on the number of policies or certificates issued. For purposes
36 of this section, "field-issued" means a policy or certificate issued
37 by a producer or a third-party administrator of the policy pursuant
38 to the underwriting authority by an issuer and using the issuer's
39 underwriting guidelines.

1 NEW SECTION. **Sec. 20.** (1) Supplemental long-term care insurance
2 applicants may return a policy or certificate for any reason within
3 30 days after its delivery and to have the premium refunded.

4 (2) All supplemental long-term care insurance policies and
5 certificates must have a notice prominently printed on or attached to
6 the first page of the policy stating that the applicant may return
7 the policy or certificate within 30 days after its delivery and to
8 have the premium refunded.

9 (3) Refunds or denials of applications must be made within 30
10 days of the return or denial.

11 (4) This section does not apply to certificates issued pursuant
12 to a policy issued to a group defined in section 16(5)(a) of this
13 act.

14 NEW SECTION. **Sec. 21.** (1) An outline of coverage must be
15 delivered to a prospective applicant for supplemental long-term care
16 insurance at the time of initial solicitation through means that
17 prominently direct the attention of the recipient to the document and
18 its purpose.

19 (a) The commissioner must prescribe a standard format, including
20 style, arrangement, overall appearance, and the content of an outline
21 of coverage. The outline of coverage must also include a disclosure:

22 (i) Of how the supplemental long-term care insurance interacts
23 with benefits provided in chapter 50B.04 RCW and any potential gaps
24 in coverage or discontinuities of care between benefits provided
25 under chapter 50B.04 RCW and the policy;

26 (ii) That the premiums may increase over time and an explanation
27 of the conditions that may result in an increase in premiums;

28 (iii) If the policyholder's circumstances change or premiums
29 increase and the policyholder is unable or unwilling to pay the
30 increased premiums, the options available to the consumer, including
31 a reduction in benefits and nonforfeiture of premiums;

32 (iv) That premiums continue after retirement; and

33 (v) When premium payments are no longer required under the
34 policy, known as a waiver of premiums.

35 (b) When an insurance producer makes a solicitation in person,
36 the insurance producer must deliver an outline of coverage before
37 presenting an application or enrollment form.

38 (c) In a direct response solicitation, the outline of coverage
39 must be presented with an application or enrollment form. The

1 disclosures required under (a) of this subsection are required in any
2 marketing materials.

3 (d) If a policy is issued to a group as defined in section
4 16(5)(a) of this act, an outline of coverage is not required to be
5 delivered, if the information that the commissioner requires to be
6 included in the outline of coverage is in other materials relating to
7 enrollment. Upon request, any such materials must be made available
8 to the commissioner.

9 (2) If an issuer approves an application for a supplemental long-
10 term care insurance contract or certificate, the issuer must deliver
11 the contract or certificate of insurance to the applicant within 30
12 days after the date of approval. A policy summary must be delivered
13 with an individual life insurance policy that provides supplemental
14 long-term care benefits within the policy or by rider. In a direct
15 response solicitation, the issuer must deliver the policy summary,
16 upon request, before delivery of the policy, if the applicant
17 requests a summary.

18 (a) The policy summary must include:

19 (i) An explanation of how the supplemental long-term care benefit
20 interacts with other components of the policy, including deductions
21 from any applicable death benefits;

22 (ii) An illustration of the amount of benefits, the length of
23 benefits, and the guaranteed lifetime benefits if any, for each
24 covered person;

25 (iii) Any exclusions, reductions, and limitations on benefits of
26 supplemental long-term care;

27 (iv) A statement that any supplemental long-term care inflation
28 protection option required by section 27 of this act is not available
29 under this policy unless the policy or rider provides for such
30 inflation protections; and

31 (v) If applicable to the policy type, the summary must also
32 include:

33 (A) A disclosure of the effects of exercising other rights under
34 the policy;

35 (B) A disclosure of guarantees related to long-term care costs of
36 insurance charges; and

37 (C) Current and projected maximum lifetime benefits.

38 (b) The provisions of the policy summary may be incorporated into
39 a basic illustration required under chapter 48.23A RCW, or into the

1 policy summary which is required under rules adopted by the
2 commissioner.

3 NEW SECTION. **Sec. 22.** A supplemental long-term care insurance
4 policy, contract, or rider must:

5 (1) Allow the policyholder options for reduction of benefits or
6 nonforfeiture of premiums as provided in section 28 of this act if
7 the premiums increase or the policyholder's circumstances change and
8 the policyholder is unable or unwilling to pay the increased
9 premiums;

10 (2) Allow for continuity of coverage of care settings and
11 providers, including family providers, that the policyholder was
12 receiving as benefits under the program provided in chapter 50B.04
13 RCW unless there is substantial clinical or other information showing
14 that the current care setting or provider cannot meet the care and
15 safety needs of the policyholder. If the issuer makes a determination
16 that the care setting or providers are not suited to meeting the care
17 and safety needs of the policyholder, the issuer may require a change
18 of care setting or provider under the policy, effective 90 days after
19 the transition from the benefits provided under chapter 50B.04 RCW.
20 The policyholder may appeal the determination through an independent
21 third-party review as tracked by the commissioner. The issuer may
22 audit for fraudulent claims where the care being claimed is not being
23 provided; and

24 (3) Cover family providers, provided they are suited to meet the
25 care and safety needs of the policyholder.

26 NEW SECTION. **Sec. 23.** (1) When a policyholder purchases a
27 supplemental long-term care insurance policy, the issuer must request
28 written consent from the policyholder to share information with the
29 department of social and health services. If the policyholder
30 provides written consent, the issuer must inform the department of
31 social and health services that the policyholder has purchased a
32 supplemental long-term care insurance policy and share any
33 information with the department for the purposes of any potential
34 care coordination.

35 (2) Only basic demographic information that would allow a person
36 to be identified in the program provided in chapter 50B.04 RCW may be
37 shared if the individual consents to sharing information. No health

1 care information as defined in RCW 70.02.010 or data on claims may be
2 shared.

3 NEW SECTION. **Sec. 24.** If a supplemental long-term care benefit
4 funded through a life insurance policy by the acceleration of the
5 death benefit is in benefit payment status, a monthly report must be
6 provided to the policyholder. The report must include:

7 (1) A record of all supplemental long-term care benefits paid out
8 during the month;

9 (2) An explanation of any changes in the policy resulting from
10 paying the supplemental long-term care benefits, such as a change in
11 the death benefit or cash values; and

12 (3) The amount of supplemental long-term care benefits that
13 remain to be paid.

14 NEW SECTION. **Sec. 25.** (1) Within 30 calendar days after receipt
15 of a written claim for benefits under a policy made by a policyholder
16 or certificate holder, or the policyholder's representative, an
17 insurer must:

18 (a) Pay benefits pursuant to the terms of the policy or
19 certificate;

20 (b) Request additional information; or

21 (c) Deny the claim.

22 (2) Within 30 calendar days after receipt of all the additional
23 information requested as provided in subsection (1)(b) of this
24 section, an insurer must pay a claim for benefits pursuant to the
25 terms of the policy or certificate or deny the claim.

26 (3) All denials of supplemental long-term care claims by the
27 issuer must provide a written explanation of the reasons for the
28 denial and make available to the policyholder or certificate holder
29 all information directly related to the denial.

30 NEW SECTION. **Sec. 26.** (1) An issuer may rescind a supplemental
31 long-term care insurance policy or certificate or deny an otherwise
32 valid supplemental long-term care insurance claim if:

33 (a) A policy or certificate has been in force for less than six
34 months and upon a showing of misrepresentation that is material to
35 the acceptance for coverage; or

36 (b) A policy or certificate has been in force for at least six
37 months but less than two years, upon a showing of misrepresentation

1 that is both material to the acceptance for coverage and that
2 pertains to the condition for which benefits are sought.

3 (2) After a policy or certificate has been in force for two years
4 it is not contestable upon the grounds of misrepresentation alone.
5 Such a policy or certificate may be contested only upon a showing
6 that the insured knowingly and intentionally misrepresented relevant
7 facts relating to the insured's health.

8 (3) An issuer's payments for benefits under a supplemental long-
9 term care insurance policy or certificate may not be recovered by the
10 issuer if the policy or certificate is rescinded.

11 (4) This section does not apply to the remaining death benefit of
12 a life insurance policy that accelerates benefits for supplemental
13 long-term care that are governed by RCW 48.23.050 the state's life
14 insurance incontestability clause. In all other situations, this
15 section applies to life insurance policies that accelerate benefits
16 for supplemental long-term care.

17 NEW SECTION. **Sec. 27.** (1) The commissioner must establish
18 minimum standards for inflation protection features.

19 (2) An issuer must comply with the rules adopted by the
20 commissioner that establish minimum standards for inflation
21 protection features.

22 (3) In addition to complying with the rules adopted under this
23 section, no issuer may offer a supplemental long-term care insurance
24 policy in this state unless the issuer also offers to the
25 policyholder, in addition to any other inflation protection, the
26 option to purchase a policy that provides for benefit levels to
27 increase by at least three percent annually.

28 (4) The inflation protections provided in this section do not
29 apply to an individual life insurance policy that provides
30 supplemental long-term care benefits within the policy or by rider.
31 However, an insurer may provide inflation protections in an
32 individual life insurance policy that provides supplemental long-term
33 care benefits within the policy or by rider.

34 NEW SECTION. **Sec. 28.** (1) Except as provided by this section, a
35 supplemental long-term care insurance policy may not be delivered or
36 issued for delivery in this state unless the policyholder or
37 certificate holder has been offered the option of purchasing a policy
38 or certificate that includes a nonforfeiture benefit. The offer of a

1 nonforfeiture benefit may be in the form of a rider that is attached
2 to the policy. If a policyholder or certificate holder declines the
3 nonforfeiture benefit, the issuer must provide a contingent benefit
4 upon lapse that is available for a specified period of time following
5 a substantial increase in premium rates.

6 (2) If a group supplemental long-term care insurance policy is
7 issued, the offer required in subsection (1) of this section must be
8 made to the group policyholder. However, if the policy is issued as
9 group supplemental long-term care insurance as defined in section
10 16(5)(d) of this act other than to a continuing care retirement
11 community or other similar entity, the offering must be made to each
12 proposed certificate holder.

13 (3) The commissioner must adopt rules specifying the type or
14 types of nonforfeiture benefits to be offered as part of supplemental
15 long-term care insurance policies and certificates, the standards for
16 nonforfeiture benefits, and the rules regarding contingent benefit
17 upon lapse, including a determination of the specified period of time
18 during which a contingent benefit upon lapse will be available and
19 the substantial premium rate increase that triggers a contingent
20 benefit upon lapse.

21 NEW SECTION. **Sec. 29.** A person may not sell, solicit, or
22 negotiate supplemental long-term care insurance unless the person is
23 appropriately licensed as an insurance producer and has successfully
24 completed supplemental long-term care coverage education that meets
25 the requirements of this section.

26 (1) All supplemental long-term care education required by this
27 chapter must meet the requirements of chapter 48.17 RCW and rules
28 adopted by the commissioner.

29 (2)(a) Before soliciting, selling, or negotiating supplemental
30 long-term care insurance coverage, an insurance producer must
31 successfully complete a one-time education course consisting of no
32 fewer than eight hours on long-term care coverage, the provisions of
33 chapter 50B.04 RCW and any rules adopted to implement the program,
34 long-term care services, other state and federal regulations and
35 requirements for long-term care and qualified long-term care
36 insurance coverage, changes or improvements in long-term care
37 services or providers, alternatives to the purchase of long-term care
38 insurance coverage, the effect of inflation on benefits and the

1 importance of inflation protection, and consumer suitability
2 standards and guidelines.

3 (b) In addition to the one-time education and training
4 requirement set forth in (a) of this subsection, insurance producers
5 who engage in the solicitation, sale, or negotiation of supplemental
6 long-term care insurance coverage must successfully complete no fewer
7 than four hours every 24 months of continuing education specific to
8 supplemental long-term care insurance coverage and issues.
9 Supplemental long-term care insurance coverage continuing education
10 must consist of topics related to long-term care insurance, long-term
11 care services, and, if applicable, qualified state long-term care
12 insurance partnership programs, including, but not limited to, the
13 following:

14 (i) State and federal regulations and requirements and the
15 relationship between benefits offered under chapter 50B.04 RCW,
16 qualified state long-term care insurance partnership programs, and
17 other public and private coverage of long-term care services,
18 including medicaid;

19 (ii) Available long-term care services and providers;

20 (iii) Changes or improvements in long-term care services or
21 providers;

22 (iv) Alternatives to the purchase of private long-term care
23 insurance;

24 (v) The effect of inflation on benefits and the importance of
25 inflation protection;

26 (vi) This chapter and chapters 48.84 and 48.85 RCW; and

27 (vii) Consumer suitability standards and guidelines.

28 (3) The insurance producer education required by this section may
29 not include training that is issuer or company product-specific or
30 that includes any sales or marketing information, materials, or
31 training, other than those required by state or federal law.

32 (4) Issuers must obtain verification that an insurance producer
33 receives training required by this section before that producer is
34 permitted to sell, solicit, or otherwise negotiate the issuer's
35 supplemental long-term care insurance products.

36 (5) Issuers must maintain records subject to the state's record
37 retention requirements and make evidence of that verification
38 available to the commissioner upon request.

39 (6) (a) Issuers must maintain records with respect to the training
40 of its producers concerning the distribution of its long-term care

1 partnership policies that will allow the commissioner to provide
2 assurance to the state department of social and health services,
3 medicaid division, that insurance producers engaged in the sale of
4 supplemental long-term care insurance contracts have received the
5 training required by this section and any rules adopted by the
6 commissioner, and that producers have demonstrated an understanding
7 of the partnership policies and their relationship to benefits
8 offered under chapter 50B.04 RCW and public and private coverage of
9 long-term care, including medicaid, in this state.

10 (b) These records must be maintained in accordance with the
11 state's record retention requirements and be made available to the
12 commissioner upon request.

13 NEW SECTION. **Sec. 30.** (1) Issuers and their agents, if any,
14 must determine whether issuing supplemental long-term care insurance
15 coverage to a particular person is appropriate, except in the case of
16 a life insurance policy that accelerates benefits for supplemental
17 long-term care.

18 (2) An issuer must:

19 (a) Develop and use suitability standards to determine whether
20 the purchase or replacement of supplemental long-term care coverage
21 is appropriate for the needs of the applicant or insured, using a
22 best interest standard. The issuers and their agents must act in the
23 best interests of the applicant or policyholder under the
24 circumstances known at the time the recommendation is made, without
25 putting the issuer or agent's financial interests ahead of the
26 interests of the applicant or policyholder;

27 (b) Train its agents in the use of the issuer's suitability
28 standards; and

29 (c) Maintain a copy of its suitability standards and make the
30 standards available for inspection, upon request.

31 (3) The following must be considered when determining whether the
32 applicant meets the issuer's suitability standards:

33 (a) The ability of the applicant to pay for the proposed coverage
34 and any other relevant financial information related to the purchase
35 of or payment for coverage;

36 (b) The applicant's goals and needs with respect to supplemental
37 long-term care and the advantages and disadvantages of supplemental
38 long-term care coverage to meet those goals or needs; and

1 (c) The values, benefits, and costs of the applicant's existing
2 health or long-term care coverage, if any, when compared to the
3 values, benefits, and costs of the recommended purchase or
4 replacement.

5 (4) The sale or transfer of any suitability information provided
6 to the issuer or agent by the applicant to any other person or
7 business entity is prohibited.

8 (5)(a) The commissioner must adopt rules on forms of consumer-
9 friendly personal worksheets that issuers and their agents must use
10 for applications for supplemental long-term care coverage.

11 (b) The commissioner may require each issuer to file its current
12 forms of suitability standards and personal worksheets with the
13 commissioner.

14 NEW SECTION. **Sec. 31.** A person engaged in the issuance or
15 solicitation of supplemental long-term care coverage may not engage
16 in unfair methods of competition or unfair or deceptive acts or
17 practices, as such methods, acts, or practices are defined in chapter
18 48.30 RCW, or as defined by the commissioner.

19 NEW SECTION. **Sec. 32.** An issuer or an insurance producer who
20 violates a law or rule relating to the regulation of supplemental
21 long-term care insurance or its marketing is subject to a fine of up
22 to three times the amount of the commission paid for each policy
23 involved in the violation or up to \$10,000, whichever is greater.

24 NEW SECTION. **Sec. 33.** (1) The commissioner must adopt rules
25 that include standards for full and fair disclosure setting forth the
26 manner, content, and required disclosures for the sale of
27 supplemental long-term care insurance policies, terms of
28 renewability, initial and subsequent conditions of eligibility,
29 nonduplication of coverage provisions, coverage of dependents,
30 preexisting conditions, termination of insurance, continuation or
31 conversion, probationary periods, limitations, exceptions,
32 reductions, elimination periods, requirements for replacement,
33 recurrent conditions, and definitions of terms. The commissioner must
34 adopt rules establishing loss ratio standards for supplemental long-
35 term care insurance policies. The commissioner must adopt rules to
36 promote premium adequacy and to protect policyholders in the event of
37 proposed substantial rate increases, and to establish minimum

1 standards for producer education, marketing practices, producer
2 compensation, producer testing, penalties, and reporting practices
3 for supplemental long-term care insurance.

4 (2) The commissioner must adopt rules establishing standards
5 protecting patient privacy rights, rights to receive confidential
6 health care services, and standards for an issuer's timely review of
7 a claim denial upon request of a covered person.

8 (3) The commissioner must adopt by rule prompt payment
9 requirements for supplemental long-term care insurance. The rules
10 must include a definition of a "claim" and a definition of "clean
11 claim." In adopting the rules, the commissioner must consider the
12 prompt payment requirements in long-term care insurance model acts
13 developed by the national association of insurance commissioners.

14 (4) The commissioner may adopt reasonable rules to carry out this
15 chapter.

16 NEW SECTION. **Sec. 34.** (1) The commissioner must:

17 (a) Develop a consumer education guide designed to educate
18 consumers and help them make informed decisions as to the purchase of
19 supplemental long-term care insurance policies provided under this
20 chapter; and

21 (b) Expand programs to educate consumers as to the supplemental
22 long-term care insurance policies provided under this chapter, with a
23 focus on the middle-income market. If allowable under federal law,
24 the commissioner must expand the statewide health insurance benefits
25 advisor program to provide the consumer education.

26 (2) The guide and programs should:

27 (a) Provide additional information and counseling for consumers
28 born before 1968. This information and counseling should educate
29 these consumers as to potential out-of-pocket costs they may be
30 subject to before supplemental long-term care insurance will begin
31 paying claims and strategies for managing the gap between benefits
32 payable under chapter 50B.04 RCW and coverage under supplemental
33 long-term care insurance.

34 (b) Support consumers in assessing the tradeoffs between various
35 elimination period options and premium rates.

36 (c) Educate consumers on budgeting any benefits available under
37 chapter 50B.04 RCW carefully to reduce the likelihood and size of any
38 potential gap between those benefits and the supplemental long-term
39 care insurance.

1 NEW SECTION. **Sec. 35.** A new section is added to chapter 48.83
2 RCW to read as follows:

3 This chapter does not apply to supplemental long-term care
4 insurance as defined in section 16 of this act.

5 NEW SECTION. **Sec. 36.** RCW 50B.04.040 (Long-term services and
6 supports council—Benefit unit adjustment) and 2019 c 363 s 5 are each
7 repealed.

8 NEW SECTION. **Sec. 37.** Sections 14 through 34 of this act
9 constitute a new chapter in Title 48 RCW.

10 NEW SECTION. **Sec. 38.** If any provision of this act or its
11 application to any person or circumstance is held invalid, the
12 remainder of the act or the application of the provision to other
13 persons or circumstances is not affected.

14 NEW SECTION. **Sec. 39.** This act takes effect January 1, 2025.

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