

Initiative 2124: The long-term care program initiative

2024



What cities need to know about the ballot measure to make WA Cares Fund voluntary



About the WA Cares Fund:

In 2019, the Legislature created the nation's first state-run long-term care benefit program—the WA Cares Fund. According to the WA Cares Fund program, around 70% of people

are expected to need long-term care at some point in their lives, and many don't have adequate resources to cover such expenses. Program participation is currently mandatory for employees (with limited exemptions) and is funded by an employee-paid 0.58% payroll tax. Only employees pay premiums. Employers collect premiums and remit the premiums to the state. They must also keep track of their employees' exemptions to avoid accidental withholding.

An employee's lifetime benefits are capped at \$36,500 and can be spent on qualified long-term care expenses. In most cases, starting in July 2026, benefits can be paid to employees who have contributed to the program for ten years, with no gaps in contributions greater than five years. Some employees nearing retirement may qualify for prorated benefits, and some employees with a sudden need for care may also be able to access benefits. A change in 2024 makes benefits portable for people who move out-of-state.

New applications for voluntary exemptions from WA Cares Fund are available if you are:

- A resident of another state
- A temporary worker on a non-immigrant visa
- A spouse or partner of an active-duty military member
- A veteran with a 70%+ service-connected disability rating



What Initiative 2124 does:

I-2124 adds a subsection to the WA Cares Fund statute requiring current employees to affirmatively elect to stay in the WA Cares Fund program and allows participants to opt out at any time. It

also repeals the section limiting exemptions for most employees to those with alternative long-term care coverage as of November 2021. These changes would make WA Cares Fund a voluntary program instead of mandatory. There is no provision in the initiative for refunding premiums already paid to the program by WA Cares Fund participants who choose to opt out.

If passed, the effective date would be December 5, 2024, 30 days after the election.

Initial exemption process:

Employees with alternative long-term care coverage by November 2021 were eligible to apply for a one-time permanent exemption, with no requirement to keep the coverage once exempted. 484,000 employees with alternative coverage were exempted. In the summer and fall of 2021, it was widely reported that some people who wanted alternative coverage were not able to purchase it when some insurance companies temporarily stopped selling long-term care plans in Washington.

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Contact:

Candice Bock
Government Relations Director
candiceb@awcnet.org

Matt Doumit
Policy Analyst
mattd@awcnet.org



Impacts of I-2124:

Around **4.81 million people are currently enrolled in the WA Cares Fund** program, according to the initiative’s fiscal note. The fiscal note describes the fiscal impact of I-2124

as indeterminate, because it’s unknown how many employees will choose to opt out of the WA Cares Fund if the initiative passes. In the fiscal note, the Employment Security Department provides estimated impacts for scenarios where 25% to 75% of current participants opt out of the WA Cares Fund program if the initiative passes:

“Changing the WA Cares Fund from near-universal coverage to a fully voluntary program while retaining guaranteed coverage may have unintended consequences on the fund’s solvency.”

-WA Office of the State Actuary

Potential WA Cares Fund revenue scenarios under I-2124

Fiscal year	Projected baseline revenue with no change (in millions)	Projected revenue with 25% participant reduction (in millions)	Projected revenue with 50% participant reduction (in millions)	Projected revenue with 75% participant reduction (in millions)
2025	\$952	\$714	\$476	\$238
2026	\$975	\$731	\$488	\$244
2027	\$998	\$749	\$499	\$250
2028	\$1,021	\$766	\$511	\$255
2029	\$1,044	\$783	\$522	\$261
2030	\$1,070	\$803	\$535	\$268

Source: Employment Security Dept., Individual State Agency Fiscal Note for Initiative 2124 (2024)

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Contact:

Candice Bock
Government Relations Director
candiceb@awcnet.org

Matt Doumit
Policy Analyst
matt@d@awcnet.org

