

Washington Ballot Summary for General Election (November 5, 2024)
Initiative Measure No. 2124

Ballot Title (What the Voter Will See on Their Ballot)

Initiative Measure No. 2124 concerns state long term care insurance.

This measure would provide that employees and self-employed people must elect to keep coverage under RCW 50B.04 and could opt-out any time. It would also repeal a law governing an exemption for employees.

Should this measure be enacted into law? Yes [] No []

Ballot Measure Summary

This measure would amend state law that established a state long-term care insurance program. This measure would eliminate automatic coverage for employees and provide that employees and self-employed people must elect to keep coverage under RCW 50B.04. It would further allow employees to opt out of coverage under RCW 50B.04 at any time and repeal current law governing exemptions for employees who had purchased long-term care insurance before November 1, 2021.

Effect of Your Vote on I-2124

A “**YES**” vote **supports allowing employees and self-employed individuals to opt out** of WA Cares, the state's trust fund program for services and support such as assisted living and home health aides, and other extended health care that is currently funded through a mandatory payroll tax.

A “**NO**” vote **opposes allowing individuals to opt out** of WA Cares, the state's trust fund program for services and support such as assisted living and home health aides, and other extended health care that is currently funded through a mandatory payroll tax.

Background: What Is WA Cares?

WA Cares is a healthcare program funded through a mandatory payroll tax that provides long-term health services benefits (such as home health care, adult day care, nursing home care, and group home care) to qualifying individuals. It is the first state-operated long-term care insurance program in the country. The WA Cares program was created in 2019 when the Washington State Legislature passed House Bill 1087.

Employers were required to begin deducting the tax from paychecks beginning on July 1, 2023. As of 2023, the tax rate was \$0.58 per \$100 of earnings, meaning an employee earning \$50,000 a year would be required to pay \$290 per year and an employee earning \$150,000 a year would be required to pay \$870 per year. Benefits were capped at \$36,500 per individual over a lifetime.

As of 2024, self-employed individuals that opted in to the program cannot opt out of the program unless they become no longer self-employed or retire. As of 2024, the program offered very limited pathways for exemptions from paying into the program.

What Would the Initiative Change About the Long-Term Services (WA Cares) Fund?

This initiative would allow employees and self-employed individuals to opt out of coverage under WA Cares at any time. Currently, this is not an option. An individual who opts out of the program would not be required to pay the WA Cares payroll tax assessed on their wages. The Employment Security Department would be responsible for developing rules to implement the opt-in and opt-out processes.

Immediate Effects, if Passed

The changes to the WA Cares fund program would not be immediate, as the implementation begins with an information roll-out. For those choosing to opt out, premium collections would stop the first day of the following calendar quarter after the opt-out request is made.

Fiscal Effects, if Passed

The fiscal note for the initiative estimates:

- Around 4.81 million people are currently enrolled in the WA Cares Fund program, and that Office of Financial Management projections indicate that between 25% and 75% of current participants will likely opt out of the program if the initiative passes.
- If 75% of current participants drop out of the program, the Employment Security Department estimates that the WA Cares Fund premiums collected will drop from a projected \$952 million to \$238 million in 2025 alone.
- The Office of the State Actuary notes that the initiative could result in the WA Cares Fund program eventually becoming unsustainable and insolvent.

Arguments for Initiative 2124 (a YES Vote):

Sponsors of the initiative assert that “I-2124 allows working people to opt out of the state ‘WA Cares’ long-term care benefit payroll tax scheme.”

- Proponents argue that I-2124 allows for consumer choice and transparency in long-term care.
- Proponents assert that the current lifetime benefit, capped at \$36,500, is too small to be meaningful when stacked against the potentially heavy costs of long-term care.
- Proponents of the initiative say too many people paying the tax may never use the full benefit, another argument for individual choice about participation in the program.
- Critics of the fund have also raised concerns about the fund’s finances, which some say are unsustainable and could require a higher tax in the future to keep the program solvent.

Arguments Against Initiative 2124 (a NO Vote):

Opponents of the initiative assert that: “By effectively repealing WA Cares, this initiative would force workers to choose between depleting their savings to qualify for Medicaid, or betting on long-term care insurance only the wealthiest can afford.”

- Opponents further argue that I-2124 overall threatens the sustainability of WA Cares, affecting millions of working Washingtonians who depend on it for care in case of injury, illness, or long-term disability.
- Opponents of the initiative assert that making the program voluntary, without other changes to benefits or premiums, could send it into a financial death spiral.
- Opponents state that if I-2124 passes, because of the financial issues this change would cause, it would effectively be a repeal.
- If the fund were effectively repealed, it would take away a health care resource for Washingtonians and could force people to deplete savings to qualify for Medicaid or rely on private insurance in the event of illness, injury, or long-term disability.