

# OPTING OUT OF THE STATE'S WA CARES FUND (LONG-TERM CARE)

## IMPORTANT DEADLINES

*You are required to purchase an insurance plan and then apply for an exemption.* Specific deadlines apply.

- You must purchase long-term care coverage by 10/31/2021
- You must apply for an exemption at some point between 10/1/2021 through 12/31/2022

## APPLYING FOR AN EXEMPTION (OPTING OUT)

*You will need to apply for an exemption from the State's tax.* The Employment Security Department (ESD) has not disclosed what will be needed for the exemption process.

## EFFECTIVE DATE

*Once the State's opt-out process is ready, do not delay applying for the tax exemption.* While waiting for the State's approval, you will need to pay the WA Cares Fund tax. The WA Cares Fund should have the process added to their [Exemptions](#) area by October 1<sup>st</sup>.

- Once approved, your tax waiver will be effective the *1<sup>st</sup> of the quarter following the approval*
- You must provide the State's approval letter to your employer promptly – they may not be able to stop the deductions until the *1<sup>st</sup> of the quarter following the date you provide them with the letter*
- Any tax you pay into the State's long-term care program prior to your approval effective date *will not be refunded to you*

For example, if ESD approves your waiver application on December 12<sup>th</sup>, the effective date would be 1/1/2022. However, if ESD approves your waiver application on January 18<sup>th</sup>, the effective date would be 4/1/2022 and you would be required to pay the state's WA Cares Fund tax in January, February, and March. If you wait until June of 2022 to provide your employer with the approval letter, they won't be able to stop making payroll tax deductions from your paycheck until July of 2022.

## IT'S YOUR RESPONSIBILITY TO PROVIDE THE APPROVAL LETTER

*Once you receive your exemption approval letter, make multiple copies.* Before your employer can stop deducting the State's WA Cares Fund tax from your paycheck, *you must provide them with a copy of the approval letter* from the Employment Security Department. You will also need to provide a copy of this letter to any other current and future employers.

## COVERAGE CONTINUATION AFTER SEPARATION OF EMPLOYMENT

*Be sure to keep your policy from lapsing (terminating) after a job change.* Upon employment termination, the insurance company will send you information on how to continue your policy through direct payment. The policy would continue at the same benefits and same rates.

## ENFORCEMENT OF COVERAGE

*Be sure to keep your insurance policy to continue qualifying for the state tax exemption.* You need to have long-term care insurance in order to apply for an exemption from the State's WA Cares Fund tax. The state is already looking at future rulemaking to address coverage auditing. Be sure to continue your coverage in order to continue your tax-exempt status. It is expected that those who terminate their long-term care insurance policy will once again be subject to the WA Cares Fund tax in the future, along with a possible penalty.