

STAFF REPORT

To: Mayor Orffer and Councilmember's
From: Wendy Collins, Clerk-Treasurer
Date: May 26, 2021
Re: Long Term Care

The city has been working on options for Long Term Care (LTC) in response to the collection of the new Long Term Care Trust Act payroll premium (tax) beginning January 2022. State agencies must create notification items employers can use to notify employees of the new tax and the opportunity to opt-out IF they have appropriate long term care insurance. State agencies have until October to create their informational pieces, employers may want to notify employees sooner so they can explore their options if they wish to avoid paying the tax and/or secure their own coverage for any reason. We have notified all of the city employees so we can start looking at options.

The tax is .0058% or \$.58 per \$100. So, people can calculate what they will pay annually in order to compare it to the cost of other insurance plans. An employee earning \$100,000 per year will pay \$580 annually. There is no cap on the tax, so you pay it on every dollar you earn. One thing to note, the benefit is for Washington only. If an employee plans to retire outside of Washington, the tax (or premiums) they are paying are for a benefit that will not follow them.

I contacted Mike Mueller to see if AFLAC can help us with a group plan. He was able to get our city approved for a group plan for all employees and elected officials. He also has agreed to attend the council meeting to respond to any questions the council may have.

The cost for the plan is attached and is calculated on your age. The insurance will stay with you as long as you work for the city. If you leave, you may continue paying for your plan independently. The group plan also requires a \$25 per person charge to have the plan. If we have 25 employees/councilmembers choose the group plan, the monthly cost will be \$625, with an annual cost of \$7,500. If an employee and/or a councilmember leaves their position, they will have to pay for the \$25 cost on top of their plan cost.

To move forward, the council would need to approve the monthly cost for the plan.

Action Requested:

Please review and consider the monthly cost for a LTC group plan.