



State & Local Compliance Update

USI EMPLOYEE BENEFITS

May 28, 2025

WA Cares Fund Updates

As previously reported, Washington's Long Term Services and Supports ("LTSS") Trust Program ("the Program"), known as "WA Cares Fund," was amended to add certain individual exemption categories.¹ During the 2025 legislative session, SB 5291 was passed modifying certain requirements and individual exemptions. The Governor signed the bill into law on May 20, 2025.

BACKGROUND

The WA Cares Fund provides long term care ("LTC") benefits to eligible Washington residents. The Program is funded by a premium assessment of 0.58% of all wages earned by employees in Washington. Premium payments via payroll withholding by employers began July 1, 2023. Certain individuals meeting specific requirements are eligible to apply for an exemption from the Program. Exempted individuals are not required to pay premiums but will never be eligible for benefits.

SB 5291

The LTSS Trust Commission monitors Program implementation and recommends improvements.² SB 5291 contained various recommendations of the LTSS Trust Commission:

- **Out-of-state participants.** Out-of-state participants who elected coverage may not withdraw from the Program. However, the Employment Security Department ("ESD") must cancel the out-of-state elective coverage if the participant fails to make required payments or submit required reports;
- **Active-duty service members exemption.** An active-duty service member who is concurrently working off duty civilian employment is automatically exempt from the Program.
- **Temporary employees with a non-immigrant visa exemption.** An employee who holds a nonimmigrant visa for temporary workers, as recognized by federal law, is automatically exempt from the Program, unless the employee notifies the employee's employer that the employee would like to participate.

¹ See USI's Compliance Update, [Washington LTC Voluntary Exemptions Categories Added](#) (January 23, 2023).
² <https://wacaresfund.wa.gov/about/commission>

- **Automatic exemptions discontinued upon:**
 - Out-of-state residents moving to Washington
 - Member of military discharged or separates from service
- **Individuals with a valid “opt out” due to obtaining private LTC insurance.**³ Individuals will be permitted to opt back into the Program by rescinding the exemption.
- **Supplemental LTC insurance.** New standards and requirements for supplemental private LTC policies designed for coverage after WA Cares benefits are exhausted delivered after January 1, 2026.

EMPLOYER NEXT STEPS

Employers will need to be aware of which employees will be automatically exempt and ensure no premiums are withheld from those employees’ paychecks. Coordination with payroll service providers may be required to determine the best administrative processes for ensuring premiums are not withheld unless permitted.

RESOURCES

- For information on SB 5291, visit <https://app.leg.wa.gov/billsummary?BillNumber=5291&Year=2025&Initiative=false>
- For text of SB 5291, visit [5291-S.E.pdf](#)

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³ WA employees who had private long-term care insurance on or before Nov. 1, 2021, were able to apply for an exemption from the WA Cares Fund from Oct. 1, 2021, until Dec. 31, 2022. Those who applied for this exemption, and were approved, are permanently exempt from WA Cares (unless they opt back in under this new provision). This opt-out provision is no longer available for new applicants.