

WA Cares Fund: Mandatory Deductions Will Begin July 1, 2023

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In 2019, the state of Washington created the WA Cares Fund to provide affordable long-term care coverage for employees in Washington state. Following legislation that delayed the effective date by one year and added voluntary exemptions for certain individuals, Washington state employers must now begin deducting premiums from employee wages beginning July 1, 2023.

The current premium is 0.58% of the employee's gross wages. There are voluntary exemptions for: veterans with service-connected disabilities of 70% or higher, spouses or domestic partners of active-duty service members, persons living outside of Washington state while working in-state, and persons working in the U.S. under temporary, non-immigrant work visas. Eligibility for the WA Cares benefit, and the amount of such benefit, is based on contribution and care need requirements.

Winston Takeaway – Although not required to pay any share of the WA Cares Fund premium, Washington state employers must begin calculating premium deductions and collecting them from employee wages as of July 1, 2023. In addition, employers must stop withholding WA Cares Fund premiums when an employee presents the employer with an exemption letter. We suggest providing employees with adequate communication about these upcoming payroll deductions and details on this benefit.

Reminder: Upcoming July 31 Deadline for PCORI Fee Payment

The next annual payment deadline for the Affordable Care Act's (ACA) Patient-Centered Outcomes Research Institute (PCORI) fee is fast approaching. The PCORI fee for policy and plan years ending between January 1, 2022 and December 31, 2022 is due by July 31, 2023. For policy and plan years ending on or after October 1, 2022 and before October 1, 2023, the PCORI fee is \$3.00, while the PCORI fee for policy and plan years ending on or after October 1, 2021 and before October 1, 2022 is \$2.79.

PCORI was established under the ACA to conduct research to evaluate and compare the clinical effectiveness, risks, and benefits of medical treatments, services, procedures, drugs, or other items or strategies that treat, manage,

diagnose, or prevent illness or injury. The PCORI fee is assessed on issuers of health insurance policies and sponsors of self-insured health plans. The fee is calculated using the policy or plan's average number of covered lives multiplied by the applicable dollar amount for that policy or plan year. Self-insured plan sponsors should use IRS Form 720 (Quarterly Federal Excise Tax Return) for the second quarter of the calendar year to report and pay the PCORI fee. Insurers are responsible for paying the PCORI fee for insured plans.

Winston Takeaway – Employers and insurers should be prepared to calculate the PCORI fee, file IRS Form 720, and pay the 2022 PCORI fee by the July 31, 2023 deadline.

Winston & Strawn Paralegal Kristine Lofquist also contributed to this blog post.

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