



Legislation Text

File #: CM 21-161, **Version:** 2

TO: Committee of the Whole - Finance, Administration, and Communications

FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Human Resources	Cathryn Laird	425-556-2125
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DEPARTMENT STAFF:

Human Resources	Nicole Bruce	Sr. Human Resources Analyst/Benefits Plan Administrator
Human Resources	Mark Berens	Payroll Supervisor

TITLE:

100% Federal COBRA Subsidy and Long-Term Care Benefit Program

OVERVIEW STATEMENT:

Human Resources is providing information regarding two new pieces of legislation recently passed into law:

- 100% Federal COBRA Subsidy: Created in the American Rescue Plan Act that was signed into law on March 10, 2021. It is for employees who had a reduction in hours or involuntary separation and are COBRA-eligible for any months between April 1, 2021 and September 30, 2021.
- Washington State Long-Term Care: The new Washington State Long-Term Services and Supports Trust Act created the Long-Term Care Benefit Program. This is a new employee payroll tax beginning January 1, 2022.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☒ **Receive Information** ☐ **Provide Direction** ☐ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
N/A
- **Required:**
Both the subsidy and the payroll tax are mandated by law.
- **Council Request:**
N/A
- **Other Key Facts:**
N/A

OUTCOMES:

100% COBRA Subsidy: The President signed the American Rescue Plan Act (ARPA) on March 10, 2021, which contains several benefits related-relief provisions for participants. Included in these provisions was a 100% COBRA subsidy for employees who had a reduction in hours or were involuntarily separated from employment during certain periods of the pandemic. The subsidy will be available beginning April 1, 2021 and end on September 30, 2021. Additional guidance and sample notices for assistance eligible individuals were released on April 7, 2021. We are currently working with Gallagher, our COBRA administrator, to identify eligible individuals and notices will be issued by the end of April 2021. The City will be reimbursed by the Federal government for the costs associated with this subsidy via a payroll tax credit against Medicare taxes. For more details on this subsidy please see Attachment A.

Long-Term Care Benefit Program. Beginning January 1, 2022, the state of Washington will impose a 0.58% employee payroll tax to support a new Long-Term Care Benefit Program. Washington's Long-Term Services and Supports (LTSS) Trust Act established a state-operated long-term care insurance program funded by a payroll tax on employee wages. Benefits from the program become available after 10 years of paying the tax, or if you have a catastrophic disabling event if you have paid the tax for 3 of the past 6 years. There is a lifetime benefit of \$36,500 (\$100/day) for this program. Employees may have the option to opt-out of the tax if they are approved for an exemption from the Employment Security Department after proving they have alternative individual Long-Term Care coverage. The City of Redmond will begin tax withholding of 0.58% of wages earned beginning January 10, 2022. Attachment B is a flyer provided by the Washington Department of Social and Health Services with more information on the Long-Term Services and Supports Trust program.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:
N/A

Approved in current biennial budget: ☐ Yes ☐ No ☒ N/A

Budget Offer Number:
N/A

Budget Priority:
N/A

Other budget impacts or additional costs: ☐ Yes ☒ No ☐ N/A
If yes, explain:

N/A

Funding source(s):

The City will receive a credit on our Medicare Taxes for the COBRA subsidy.

Budget/Funding Constraints:

N/A

☐ **Additional budget details attached**

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
N/A	Item has not been presented to Council	N/A

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
N/A	None proposed at this time	N/A

Time Constraints:

The City is obligated to implement these laws within the required time period identified within the law.

ANTICIPATED RESULT IF NOT APPROVED:

N/A

ATTACHMENTS:

A: COBRA Subsidy Overview provided by Gallagher

B: Washington Department of Social and Health Services LTSS Trust Act flyer