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CALIFORNIA INSURANCE COMMISSIONER

**California Long Term Care Insurance (LTCI) Task Force
Meeting #15 Minutes
Thursday, August 4, 2022**

1. **Task Force Meeting Call to Order – 2:00 PM**
 - Roll Call – present: Aron Alexander, Jamala Arland, Susan Bernard, Dean Chalios, Anastasia Dodson, Becky Duffey, Joe Garbanzos, Eileen Kunz, Laurel Lucia, Doug Moore, Sarah Steenhausen, Dr. Karl Steinberg, Tiffany Whiten, and Brandi Wolf
 - Note, Sarah and Tiffany joined after the conclusion of roll call.
 - Absent: Parag Shah
 - A quorum was met.
2. **Agenda Item #1: Welcome & Housekeeping Items**
 - Introduction of one new member – Becky Duffey (Executive Director of the California Association for Adult Day Services). Becky Duffey will serve the Task Force as a representative of adult day service providers and is appointed by Insurance Commissioner Ricardo Lara.
 - Chair Susan Bernard went over housekeeping items.
3. **Agenda Item #2: Approve Minutes from Meeting #14**
 - Joe Garbanzos moved to approve the minutes from the prior meeting, and Dean Chalios seconded. The motion was approved unanimously.
4. **Agenda Item #3: Recap and Discuss: Task Force Meeting #15 Questionnaire Results**
 - Dustin Plotkin and Stephanie Moench presented results from the Task Force Meeting #15 questionnaire on long-term services and supports (LTSS) program interdependencies.
 - Task Force Member Comments:
 - Jamala Arland asked for clarification regarding the recommendation for a separate working group to assess needs associated with developmental and acquired disabilities in early adulthood if the benefit eligibility age for the potential statewide LTC program is 18+.
 - Response (Oliver Wyman): Individuals with disabilities may require more robust LTSS than what the statewide program will be able to cover. Coverage gaps may also exist given that an individual requiring care still needs to fulfil the program vesting requirement.

- Brandi Wolf noted that recommending too many additional working groups to the Legislature may give them a reason to push pause on the program development, and that an overly expansive program may lead to delays in implementation or funding.
- Joe Garbanzos noted that there are individuals under the age of 18 in need of LTSS. Joe suggested that efforts should be made to understand the needs of this population, and that a solution that opens this program to all ages should be considered.
- Jamala Arland noted that coverage gaps resulting from the chosen vesting period or other program design elements apply to the entire population, not just those with acquired or developmental disabilities.
- Jamala Arland asked for clarification regarding whether recommendations made through the questionnaire can be revisited after the discussion.
 - Response (Oliver Wyman): Task Force Member recommendations can be revised, and further surveys can be used to gauge consensus, if desired. Additionally, we will be taking comments and suggestions from Task Force Members on the draft Feasibility Report once it is released.
 - Response (Amanda Bastidas): The purpose of this meeting is to discuss and revisit preliminary recommendations made through the questionnaire. As such, Task Force Members should communicate any changes in their recommendation that are generated from this discussion.
- Joe Garbanzos noted that a tiered approach to benefit eligibility may prove challenging and too complex to implement and may produce inconsistent or inequitable provider compensation and care outcomes.
 - Response (Jamala Arland): Based on responses to the questionnaire, the concern about complexity aligns with the general sentiment among the Task Force Members that voted against this design element.
- Tiffany Whiten noted her preference to not implement a tiered approach to benefit eligibility, effectively switching her prior vote of “Yes” to “No”.
- Eileen Kunz stated that cost is her primary concern for the 5-year vesting period in design 6, and that the cost impact of imposing a 10-year vesting period for this design should also be considered.
- Laurel Lucia noted her agreement with the partial vesting methodology hypothetical examples. Laurel asked for clarification regarding individuals who continue to contribute after exhausting their pro-rated benefits. Laurel asked if these individuals would have access to the remaining portion of their program benefits if they are able to fully vest.
 - Response (Oliver Wyman): This will be noted as a technical element that requires reconciliation prior to program implementation.
- Jamala Arland asked if implementing an annual contribution cap similar to Social Security would make the program financing mechanism a regressive

tax. Jamala reminded the Task Force that this recommendation conflicts with the previous Task Force recommendation for a progressive taxation structure.

- Response (Oliver Wyman): Correct, an annual contribution cap would be a regressive element of the tax structure. Several program designs that include a contribution cap also include progressive elements such as contribution waivers for individuals below a certain income threshold.
- Laurel Lucia stated that if there is a contribution cap, she would support a cap that exceeds the Social Security limit. Laurel also noted the potential decrease in tax revenue resulting from an annual contribution cap equal to Social Security due to the tax base that would be excluded, and the corresponding cost implications relative to other program design elements.
- Joe Garbanzos supported an annual contribution cap similar to Social Security and noted the benefits of implementing a familiar contribution methodology in terms of gaining public buy-in. Joe also noted that public sentiments toward the program have the ability to influence the Legislature, furthering the importance of public buy-in.
- Jamala Arland reiterated that the Task Force's recommended maximum program contribution methodology conflicts with prior recommendations for a progressive taxation structure. Jamala noted that a program with regressive elements may lose public support.
- Laurel Lucia stated her support for a progressive taxation structure. Laurel noted that 16.6% of wages on a national basis are not taxed due to the Social Security cap. Laurel also noted her preference to switch her vote from no annual contribution cap to an annual contribution cap exceeding the Social Security limit given the results of the questionnaire.
- Doug Moore supported a contribution cap exceeding the Social Security limit, citing the program's need for alternative revenue sources. Doug indicated his preference to switch his vote to this option.
- Joe Garbanzos stated his support for a contribution cap exceeding the Social Security limit and indicated his preference to switch his vote to this option.
- Eileen Kunz stated her support for a contribution cap exceeding the Social Security limit and indicated her preference to switch her vote to this option.
- Jamala Arland supported a lifetime program contribution maximum, citing the desire to align contributions with benefits and administrative expenses from an actuarial perspective.
- Jamala Arland noted that spousal shared pools can be expensive for private LTC policies and this benefit is no longer commonly offered. Jamala stated that the Task Force needs to address the broader population of non-working individuals that have LTSS needs.
- Jamala Arland noted that complexity was a major consideration for Task Force Members that did not recommend reduced program contributions for those that purchase eligible supplemental private insurance. Jamala also noted that she is potentially supportive of substitutive contribution reductions

for those that purchase eligible private insurance. Jamala asked for clarification regarding the added administrative complexity related to coordination with supplemental private insurance.

- Joe Garbanzos noted the additional complexity stemming from new product designs may cause distortions in the private LTC market. Joe noted that these distortions can create confusion in terms of choices for program beneficiaries.
- Anastasia Dodson noted that Medi-Cal covers individuals with other healthcare coverage, and that there are processes for coordination with other sources of insurance such as a third-party liability team that checks benefits. Anastasia noted that state and federal legal landscapes can be dynamic, and regulations can be passed to navigate potential challenges. Anastasia offered to share lessons learned on Cal MediConnect.
- Laurel Lucia recommended the definition for supplemental (non-substitutive) coverage be specific and periodically revisited as newer products enter the market. Laurel also noted the equity concern for those who want to buy additional coverage but cannot afford to do so. Laurel noted the challenge in predicting the number of people that could qualify for reduced program contributions in the future.
- Jamala Arland reminded the Task Force of their charge to engage with the private insurance market. Jamala noted that every program design element can affect benefit utilization and cost, and that every design element should be viewed holistically.
- Jamala Arland asked for clarification on how spouses or domestic partners are considered in the non-voluntary program contribution provision.
 - Response (Oliver Wyman): This non-voluntary contribution provision is more aimed at self-employed individuals that would not be subject to a payroll tax.
- Brandi Wolf noted that caregiver training requirements are complex. Brandi also noted that she does not recommend mandatory training requirements for family/friend caregivers, as the political implications may be detrimental to program enactment. Brandi stated that quality training leads to improved provider and consumer care outcomes and that it is the responsibility of the program to encourage and promote such training; however, the training should be voluntary.
- Tiffany Whiten noted that implementing mandatory family caregiver training requirements may lessen public buy-in.
- Doug Moore noted that the United Domestic Workers of America's (UDW) trainings are voluntary, though encouraged. Doug stated that making training mandatory may be challenging, as many individuals struggle to find transportation. Doug commented that UDW does everything possible to ensure that workforce members who want training have access to it and can overcome common barriers (e.g., by providing transportation).

- Joe Garbanzos supported mandatory training requirements, noting that there should be baseline, culturally competent educational requirements for family/friend caregiver training.
 - Dr. Karl Steinberg noted his concern for equity among family/friend caregivers. Karl stated that many custodial tasks do not require training, and that having mandatory training adds unnecessary complexity.
 - Dean Chaliros supported baseline educational requirements for family/friend caregiver training.
 - Brandi Wolf supported voluntary, paid family/friend caregiver training requirements. Brandi noted the complexity involved in administering exemptions or exclusions to mandatory trainings.
 - Dr. Karl Steinberg supported voluntary family/friend caregiver training requirements at no additional cost to the caregiver. Karl noted that some individuals or communities may find it more difficult to complete mandatory training.
 - Tiffany Whiten echoed Dr. Karl Steinberg’s support for voluntary training at no additional cost.
 - Doug Moore supported culturally competent (e.g., in native languages), voluntary, paid family/friend caregiver training.
 - Joe Garbanzos noted that well-implemented requirements that incentivize caregivers to take additional training can improve care outcomes and public support.
 - Laurel Lucia supported culturally competent, voluntary family/friend caregiver training requirements. Laurel commented that she is switching her vote from “Yes” to “No” after this conversation, citing the fact that trainings should not be mandatory.
- Public Comments:
 - Lindsay Imai Hong noted her support for a low or nonexistent benefit eligibility age requirement for all program designs. Lindsay stated that exclusions based on age or disability are discriminatory. Lindsay asked for clarification regarding the benefit eligibility age for a lower-cost targeted program design, and whether it aligns with previous Task Force recommendations.
 - Response (Oliver Wyman): Some Task Force Members voted against this lower-cost targeted design yet indicated a preference to implement no minimum benefit eligibility age.
 - Nina Weiler-Harwell noted her concerns with a tiered approach to benefit eligibility, particular in instances when individuals requiring more intensive care get stuck in a lower tier. Nina also noted that many individuals with disabilities do not require long-term support. Nina also stated her appreciation for Task Force Members that recommended no minimum benefit eligibility age. Nina voiced her agreement with Brandi’s comment regarding potential delays in program implementation resulting from additional working groups.

- Response (Jamala Arland): Existing program designs do not exclude disabled individuals—such exclusions were never recommended by the Task Force.
 - Response (Oliver Wyman): Existing program designs also do not exclude individuals based on the age at which a disability was acquired. If individuals can meet the vesting requirements, they are eligible to receive benefits.
- Steve Cain noted the challenge that the WA Cares Fund has faced in defining eligible private insurance for program exclusion. Steve opined that any private LTC policy with a benefit eligibility trigger of 2 of 6 activities of daily living (ADLs) or a cognitive impairment be considered eligible for the purposes of program contribution exemption.
- Haley Sandford asked for clarification regarding the ability for consumers to choose private coverage over the statewide program.
 - Response (Susan Bernard): There will be minimum standards for eligible private LTC for exemption from the statewide program. These standards will be decided upon later. One of the proposed working groups is focused on coordination with the private industry.
- Louis Brownstone noted that it may be more appropriate for the Legislature to decide on a suitable lifetime maximum program contribution rather than benchmarking off of Social Security. Louis supported a progressive contribution methodology and is partial to a high lifetime contribution limit if there is a cap but noted that this could be a moving target. Louis emphasized the importance of financial incentives for purchasing supplemental private insurance coverage. Louis stated that a working group may not be enough to convince consumers to engage with the private industry. Louis urged the Task Force to consult with the WA Cares Fund as they have a committee that coordinates with private LTC.
- Lindsay Imai Hong noted that a contribution cap will ultimately result in a regressive taxation structure, even with exceptions for low-income individuals. Lindsay also noted the discrepancy between effective Social Security tax rates among low- and high-income earners. Lindsay echoed Louis' suggestion for a progressive taxation structure.
- Nina Weiler-Harwell noted that it is good to see support for an annual contribution cap above the level of the Social Security limit. Nina opposed strict training requirements such as those implemented for the WA Cares Fund. Nina also opposed inclusion of an opt-out provision for those that purchase eligible private insurance. Nina noted that if an opt-out provision is included, it will be important to mitigate any attempts to game the market.
- Steve Cain stated that political viability is an important concern, and that a substantial tax on higher-income individuals may not gain much support. Steve stated that the program must incentivize individuals to purchase private supplemental coverage. Steve supported reduced program contributions for those who purchase eligible private insurance and noted that efficient

coordination with the private insurance industry can also translate to Medicare and Medi-Cal savings.

- Dan Okenfuss supported an inclusive and financially viable program that provides LTSS for all people that need it.
 - Response (Susan Bernard): The Task Force will present multiple program design options to the Legislature and other interested stakeholders.

5. Agenda Item #6: General Public Commentary

- Nina Weiler-Harwell noted that an employer portion of a payroll tax may be challenging to implement and not politically feasible. Nina also noted that design 6's \$144,000 benefit pool may not be financially sustainable. Nina asked for clarification on the program design variations that will be included in the Feasibility Report.
 - Response (Oliver Wyman): Several options for an employer portion of the payroll tax will be included in the Feasibility Report.

6. Agenda Item #7: Next Steps & Closing

- Recording for this meeting will be available early next week.
- At 3:55, Susan Bernard requested a motion to adjourn the meeting. Doug Moore made the motion, and Tiffany Whiten seconded it. The meeting was adjourned.