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**California Long Term Care Insurance (LTCI) Task Force
Meeting #6 Minutes
Thursday, January 27th, 2022**

1. **Task Force Meeting Call to Order – 1:00 PM**
 - Roll Call – present: Dr. Lucy Andrews, Jamala Arland, Susan Bernard, Grace Cheng Braun, Anastasia Dodson, Joe Garbanzos, Eileen Kunz, Sutep Laohavanich, Laurel Lucia, Michael Mejia, Doug Moore, Parag Shah, Dr. Karl Steinberg, and Tiffany Whiten
 - Quorum was met.

2. **Agenda Item #1: Welcome & Housekeeping Items**
 - Chair Susan Bernard went over housekeeping items.

3. **Agenda Item #2: Approve Minutes from Meeting #5**
 - Dr. Lucy Andrews moved to approve the prior meeting's minutes and Grace Cheng Braun seconded. The motion was approved unanimously.

4. **Agenda Item #3: Recap of Preliminary Recommendations To-Date**
 - Kevin Russell provided an overview of the key preliminary recommendations from prior Task Force Meetings.
 - Task Force Member Comments:
 - Parag asked whether the Task Force members have discussed these preliminary recommendations amongst themselves, beyond the questionnaires.
 - Susan noted that Parag may not have been a Task Force member during some of the preliminary discussions.
 - Kevin noted that no program design features have been ruled out and that these preliminary recommendations are the overall consensus of the group up to this point.
 - Stephanie Moench reminded the Task Force members that some of the items presented on will be covered in the upcoming questionnaire, the results of which will be the focus of Task Force Meeting #7.
 - Joe urged fellow Task Force members to think holistically about this program and detach themselves from their vested interests.
 - Laurel stated that the Task Force discussion surrounding opt-out provisions focused on both program viability and fairness to those participating in the

program. Laurel also provided an interpretation of the Task Force Meeting #4 questionnaire, slide 4, regarding opt-out provisions: the fairness consideration should extend to everyone, specifically focusing on those in the program, not just those who already have private insurance.

- Response: the design of the presentation mimics that of meeting notes—it is not designed to be an exhaustive list of all considerations and their associated data points.
- Anastasia opined that attaching more numerical metrics to these preliminary considerations will facilitate the Task Force making concrete recommendations. Additionally, final recommendations will be the result of an iterative process involving Task Force member and public feedback.
- Michael noted that many of the presentations provided by Oliver Wyman have included numerical metrics (e.g., percentage-related impacts of various program design elements) that he considers in forming his opinions. Michael urged that if any Task Force members are not looking at the numerical data provided in prior presentations, it would benefit them to do so.
 - Susan suggested that a summary grid of costs per recommendation would be useful.
- Public Comments:
 - Bonnie Burns asked about the public's opportunities to voice their opinions. Bonnie also asked if the questionnaires are available after the Task Force has discussed them.
 - Response: Members of the public can complete the questionnaires and send their responses directly to the CDI Boards email. All questionnaires to-date are available on the CDI website and can be responded to retrospectively. Responses to new questionnaires are recommended to be made in advance of their associated Task Force meeting so that public commentary can be represented during the Task Force meeting discussions. All questionnaires we receive from the public will be shared with the Task Force members to help inform their decisions.

5. **Agenda Item #4:** Partnering a Statewide LTC Insurance Program with Private LTC Insurance

- Jamala Arland gave an overview of key considerations for a partnership between a statewide LTC insurance program and private LTC insurance.
- Task Force Member Comments:
 - Doug asked for descriptions of any existing LTC policies available in California and their respective premiums. Doug also asked how much premiums generally increase over the lifetime of a product.
 - Response: Ryan de la Torre gave a presentation at a prior Task Force Meeting that stated the average new LTC policies annual premium in California is \$3,532. The California Department of Insurance (CDI) has a database that keeps track of rate changes.
 - Joe inquired about the potential moral hazard stemming from a partnership between insurance entities and the statewide program.

- Response: there are a lot of regulations in place supporting LTC at the state and federal level. Whenever the private sector helps or supports the state, regulations exist to help manage that partnership. Similarly, the CDI has regulations in place to support the interest of Californians. The expectation is that this practice would continue for this program.
- Joe inquired about general guidelines for managing moral hazard.
 - Response: the public sector will generally set these guardrails, with the private sector being required to operate within them.
- Michael voiced support for the partnership, citing its potential to improve the affordability, inclusivity, and equitability of the program. He noted that the concept of the partnership could be that the state provides a base level of coverage while the private market provides supplemental and/or complimentary coverage.
- Doug asked how to justify the high and/or increasing premiums to low-income individuals.
 - Response: in general, the industry is having more conversations around wellness/receiving care and how they relate directly to premiums. One of the key reasons for exploring a statewide LTC insurance program in California is to make sure there are solutions available for individuals at all income levels to have access to care if they need it. The benefits of many higher premium policies are directly tied to cost.
- Public Comments:
 - Lindsay Imai Hong voiced their support for this discussion and presentation. Lindsay commented on affordability and cited the 2020 AARP survey, which stated that only 4.2% of people in California have private LTC insurance.
 - Bonnie Burns stated that the premium increases many seniors are seeing today on policies purchased many years ago are devastating. Bonnie noted that this should be a very important consideration in how the program gets designed. Additionally, it is important to consider coordination—who pays first, and where costs get allocated. If the state program pays first, then private insurance premiums will likely be less expensive. If private LTC insurance pays first, it may be more expensive. The design of the program can also help the design of and availability of supplemental LTC insurance. Lastly, Bonnie mentioned that there is a need to account for inflation, as well.
 - Louis Brownstone stated that the program will only be partially successful unless we encourage Californians to purchase private LTC insurance. One way to achieve this goal is through education, but this has failed in recent past. Would advocate for an opt-out provision that allows individuals to opt-out only after paying the tax for a sufficient amount of time—such as 5 to 10 years—this would essentially eliminate the problem of rich Californians purchasing private coverage to evade the tax. Louis also emphasized the importance of imposing minimum benefit requirements for an opt-out provision.
 - Steve Cain commends the presentation on this topic and echoes the consideration that coordination with private insurance is a crucial element. Steve also asked the Task Force to consider the effects that AB 1400 may

have on discussions during and outside of this Task Force as AB 1400 is a parallel track that will cover LTC.

- Steve Schoonveld emphasized that exemptions do not have to be all or nothing—there could be a partial opt-out. Steve stated that there are other ways to encourage individuals to buy LTC insurance, including partial tax discounts or incentives. Steve also reiterated that the \$3,532 statistic is for the average individual purchasing a new benefit, which would be much smaller if purchased earlier in life. Steve warned the Task Force about administration expenses of having multiple sources funding the program and reminded the Task Force that the asset requirement removal from Medi-Cal means that impoverishment is off the table.
- Jim Glickman suggested that the Task Force consider funding the program with an employer/employee split payroll tax and allow the employee to opt-out of their portion of the tax if they buy private coverage. Jim suggested that the Task Force look at the federal integration between Medicare and private LTC insurance, especially in terms of eligibility requirements such as Activities of Daily Living (ADLs).
- Ramon Castellblanch asked about regulation and whether implementing a loss ratio limit and regulating the appeals process would be effective solutions.

6. **Agenda Item #5: Benefits and Services**

- Stephanie Moench gave an overview of key considerations for potential benefits under a new statewide LTC insurance program in California. Stephanie covered pros/cons considerations and benchmarks for each potential benefit.
- Dustin Plotkin gave an overview of key considerations for potential services under a new statewide LTC insurance program in California. Dustin covered pros/cons considerations and benchmarks for each potential service.
- Stephanie and Dustin reiterated that the “baseline assumptions” for design elements are not to be interpreted as a recommendation, but are instead illustrative in nature and used to facilitate comparison of different potential options.
- Task Force Member Comments:
 - Joe noted that we are building on history and urged the Task Force to consider using healthcare as an example. Healthcare was primarily operated on a fee-for-service model and Joe cautioned against a similar model here. Joe asked whether the Task Force could look to value-based care models that directly pay providers based on outcomes and quality of care rather than activities.
 - Response: preventative component of the program could partially play into a value-based reimbursement model.
 - Jamala asked about the discrepancy between Milliman’s Core Plan 1 and the presentation.
 - Response: cost benchmarks are presented relative to our baseline assumption for each benefit/service in isolation. While interdependencies may cause fluctuation in the cost benchmarks shown, the relativities are meant to be an estimate.
 - Eileen stated that females’ LTC needs are often not met due to economic power or financial insecurity. Females tend to have longer care needs and it

may make sense to consider design variances for gender in the interest of equity.

- Response: the current baseline assumptions are uniform, but gender could certainly be a characteristic by which we vary design elements.
- Dr. Lucy Andrews stated that we can only glean so much from the numerical results. Dr. Lucy asked whether low utilization rates are because individuals don't require care or because there are external factors and hesitations at play (e.g., conservation of benefits due to individual's longevity expectations).
- Eileen noted that the Task Force should keep in mind certain seniors' increased propensities to "save" their consumption of long-term services and supports (LTSS).
- Jamala noted that the current high inflation environment may be behind the new levels of cost that we are seeing. Jamala also noted the importance of opportunities to create savings for the program while maintaining a standard for quality of care.
- Eileen reiterated Jamala's point regarding high inflation and added that the workforce shortage is a very critical cost item that we need to consider. We must encourage more individuals to enter the LTSS workforce in order to meet growing demand for care.
- Tiffany commented on the importance of an affordable program that supports the need of the LTSS workforce (formal and informal).
- Grace underscored the need for affordability and adequate training to bolster supply of qualified caregivers.
- Jamala noted that having a lower program elimination period is essential in supporting access to care. However, contradiction exists between zero-day elimination period and having private insurance paying before the statewide program.
- Eileen, Grace, and Tiffany all echoed Jamala's comments regarding the importance of a zero-day elimination period for the program.
- Parag suggested that we consider a holistic program with a wellness component.
- Anastasia asked whether the interactions between disability insurance and the statewide program are being considered.
 - Response: yes, this is something that we are trying to keep in mind.
- Grace commented on the importance of covering both adult day health and adult day care.
- Parag asked for an explanation of the +65% relative cost benchmark between a home care-only program and a comprehensive program.
 - Response: the difference in relative cost is driven by the removal of several higher-cost care settings (e.g., nursing home facilities). This would shift program utilization to (a) lower-cost care settings (e.g., adult day care), and (b) out-of-pocket costs for those who require institutional care.
- Anastasia asked for clarification regarding interpretation of approved care setting metrics.
 - Response: metrics are meant to illustrate how targeting different care settings impacts the design of the program.

- Eileen stated that individuals requiring overnight care need to be considered. Residential Care Facilities for the Elderly (RCFEs) are a beneficial option as it may not be practical or affordable for the individual to remain in their home once overnight care is required.
- Grace echoed Eileen’s comments, adding that the high-quality of institutions as approved care settings (e.g., RCFEs) will infuse a substantial amount of socialization for beneficiaries. It may also mitigate the risk of elder abuse— one-on-one care may increase the risk for such abuse, which is often underreported.
- Dr. Lucy stated that board and care homes (e.g., Assisted Living Facilities) are a good middle ground between offering socialization and adequate care and recommends them to be allowable care settings for this program.
- Joe stated that we cannot afford to be prescriptive in how we assign care to different populations and emphasized the care should be aligned with need. Joe noted that the Program for All Inclusive Care for the Elderly (PACE) is an effective model.
 - Anastasia stated that PACE is a great model, but may not be able to be scaled up to the level required for a statewide LTC insurance program.
- Eileen stated that certain PACE organizations have private pay individuals in the PACE model, and is happy to discuss where PACE fits and doesn’t fit with a new statewide LTC insurance program in California. Eileen also commented that having options available is crucial.
- Parag asked whether the \$1,000 referenced in the preventative measures portion of the presentation is based on any historical data, or just a starting point?
 - Response: the \$1,000 figure is a starting point to facilitate discussion.
- Public Comments:
 - Ramon Castellblanch noted that more research may need to be done regarding cash benefits. Ramon referenced the Cash and Counseling approach and associated studies performed by the federal government. These studies demonstrate that there are extensive beneficial impacts from cash benefits, including better quality of care, reduction in unmet needs, improved quality of life, etc.
 - Kholoud highlighted California’s need for qualified caregivers and echoed the importance of focusing on affordability. Kholoud also reinforced that people who do not get care at the appropriate time can become more disabled and need greater level of care.
 - Jane Washburn commented that conversations surrounding dementia are so often exclusively centered on the elderly.
 - Lindsay asked whether there are possibilities to work in more attractive wages and benefits for the LTSS workforce.
 - Ramon stated that the ‘stereotypical gender roles’ con, in terms of workforce, noted for several benefit/service elements should be back-ed up by data from the National Study of Caregiving statistics.

7. Agenda Item #6: General Public Commentary

- No additional public comments expressed.

8. **Agenda Item #7:** Next Steps & Closing

- Recording for this meeting will be available early next week.
- All meetings through March 31st will be virtual.
- At 4:28 pm, Susan Bernard moved to adjourn the meeting. Tiffany Whiten motioned, and this was seconded by Parag Shah.