

## MEMO

---

DATE:	February 25, 2022
SUBJECT:	<b>CDI LTC program – Task Force Meeting 9 questionnaire (program financing)</b>

---

This questionnaire will be distributed to all Task Force Members to complete in advance of California Assembly Bill (“AB”) 567 Long-Term Care (“LTC”) Insurance Task Force Meeting 9 on March 10, 2022. The purpose of this questionnaire is to independently collect Task Force Members’ **preliminary** recommendations concerning the following **four** elements of a potential statewide LTC insurance program that relate to **program financing**:

1. Affordability
2. Revenue options
3. CMS waiver considerations
4. Sustainability

We will discuss the results of this questionnaire during Task Force Meeting 9, and Task Force Members will have the opportunity to clarify and revisit their recommendations during that discussion.

The four program elements covered in this questionnaire were deliberated at [Task Force Meeting 8](#) (February 17, 2022). We recommend that you reference the educational materials from this meeting as you make your selections.

**We ask that Task Force Members come prepared to explain their questionnaire selections and provide their perspectives on the aggregate results of this questionnaire at the upcoming Task Force Meeting.**

The public may submit a response to the questionnaire by completing this fillable PDF and submitting it via email ([CDIBoards@insurance.ca.gov](mailto:CDIBoards@insurance.ca.gov)).

## QUESTIONNAIRE

Name: \_\_\_\_\_

### Affordability

Questions 1-2 relate to program **affordability**. This topic was discussed at Task Force Meeting 8 on February 17, 2022. We recommend referencing the [associated educational materials](#) (Presentation 8.B) as you respond to these questions.

**Note:** The results for [question 9 of the Task Force Meeting 7 questionnaire](#) suggest that the Task Force is preliminarily leaning towards a program that subsidizes lower-income individuals. In particular, the highest-scoring option for this question recommended that the program “*waive contributions for individuals below a specified poverty level; allow them to receive benefits from the program*”. The following questions expand on question 9 from the prior questionnaire by considering *other* levers that may be used to subsidize lower-income individuals.

1. Please select your recommended **affordability lever**. Please select **up to** three choices, ranked in order of preference (indicate “1” for your most preferred option, “2” for your second-most preferred option, if applicable, and “3” for your third-most preferred option, if applicable) [[Presentation 8.B](#)]

a. *Multiple-choice options:*

i. **Subsidized contribution:** vary contributions by level of wages or income (higher for higher-income individuals, lower or zero for lower-income individuals)

ii. **Subsidized tax contribution:** exempt the first \$[x],000 of income from the tax  
Please specify your recommendation for X:

---

iii. **Subsidized tax contribution:** apply the same tax to all individuals but provide a separate tax rebate for lower-income individuals

iv. **Limit out-of-pocket costs:** minimize elimination period for lower-income individuals (note: [question 17A of the Task Force Meeting 7 questionnaire](#) indicates that the Task Force is preliminarily leaning towards a program with a zero-day elimination period)  
Please specify your recommended elimination periods for higher-income individuals and lower-income individuals:

---

v. **Limit out-of-pocket costs:** increase monthly benefit amounts for lower-income individuals  
Please specify your recommended monthly benefit amounts for higher-income individuals and lower-income individuals:

---

vi. **Variability by type of service:** reduce the elimination period for specific services  
Please specify which services should have a lower elimination period and any elimination period recommendations:

---

vii. **Alternative affordability lever not listed above** (please specify):

---

viii. **None of the above:** do not apply an explicit lever to increase affordability for lower-income individuals

b. Please explain your response: \_\_\_\_\_

2. Do you have any other recommendations related to program **affordability**?

## Revenue options

Questions 3-6 relate to program **revenue options**. This topic was discussed at Task Force Meeting 8 on February 17, 2022. We recommend referencing the [associated educational materials](#) (Presentation 8.C and 8.E) as you respond to these questions. We also recommend referencing educational materials from Task Force Meeting 4 regarding the [financing of LTC insurance programs in other countries](#) (Presentation 4.F; pages 4-5)

3. Please select your recommended **taxation structure** [[Presentation 8.C](#): page 5]

a. *Multiple-choice options:*

i. *Progressive tax*

ii. *Regressive tax*

iii. *Proportional tax*

iv. *Other (please specify):*

---

b. Please explain your response: \_\_\_\_\_

4. Please select your recommended **revenue option**. Please select **up to** three choices, ranked in order of preference (indicate “1” for your most preferred option, “2” for your second-most preferred option, if applicable, and “3” for your third-most preferred option, if applicable) [[Presentation 8.C](#): pages 6-16; [Presentation 8.E](#): pages 3-7]

a. *Multiple-choice options:*

i. *Payroll tax: split X% funded by employees and Y% funded by employers*

*Please specify your recommendations for X% and Y%, where X% + Y% must equal 100%:*

---

ii. *Personal income tax*

- iii. *Corporate income tax*
  - iv. *Sales tax*
  - v. *Excise tax*
  - vi. *Estate tax*
  - vii. *Inheritance tax*
  - viii. *General revenue funding (including an increase to insurance premium taxes)*
  - ix. *Provider tax*
  - x. *Premium contributions*
  - xi. *Hybrid financing option (please identify your recommended hybrid revenue sources in question 4.b below)*
  - xii. *Other (please specify):*
- 

b. *If you recommended a hybrid financing option for question 4.a, please select your recommended hybrid revenue sources (you must select at least two sources):*

- i. *Payroll tax*
  - ii. *Personal income tax*
  - iii. *Corporate income tax*
  - iv. *Sales tax*
  - v. *Excise tax*
  - vi. *Estate tax*
  - vii. *Inheritance tax*
  - viii. *General revenue funding (including an increase to insurance premium taxes)*
  - ix. *Provider tax*
  - x. *Premium contributions*
  - xi. *Other (please specify):*
- 

c. *Please explain your response, including any recommended variability in your selected revenue option:* \_\_\_\_\_

5. Assuming the revenue option allows for specific age groups to contribute towards the program (e.g., personal income tax), please select which program contribution age categories you recommend be considered (select all that apply):

a. *Multiple-choice options (please select all that apply):*

i. *Juveniles (e.g., before 18)*

ii. *Younger adults (e.g., 18-39)*

iii. *Older adults; pre-retirement age (e.g., 40-64)*

iv. *Retirement age adults (e.g., 65+)*

v. *Other (please specify):*

---

b. *Please explain your response:* \_\_\_\_\_

6. Do you have any other recommendations related to program **revenue options**?

## CMS waiver considerations

Questions 7-8 relate to **CMS waiver considerations**. This topic was discussed at Task Force Meeting 8 on February 17, 2022. We recommend referencing the [associated educational materials](#) (Presentation 8.D and 8.E) as you respond to these questions.

7. Do you recommend designing the statewide LTC insurance program to be mutually exclusive from Medi-Cal (to the extent practicable)? [[Presentation 8.E](#): pages 8-10]

a. *Multiple-choice options:*

i. *Yes*

*Please explain how you recommend achieving mutual exclusivity:*

---

ii. *No (in this case, a federal demonstration waiver will likely need to be pursued)*

iii. *Other (please specify):*

---

b. *Please explain your response:* \_\_\_\_\_

8. Do you have any other recommendations related to **CMS waivers (or Medi-Cal interaction)**?

## Program sustainability

Questions 9-12 relate to program **sustainability**. This topic was discussed at Task Force Meeting 8 on February 17, 2022. We recommend referencing the [associated educational materials](#) (Presentation 8.E: pages 11-14) as you respond to these questions.

9. Please select your recommended **funding approach** [[Presentation 8.E](#): pages 11-14]

a. *Multiple-choice options:*

- i. *Pay-as-you-go (PAYGO)*
- ii. *Pre-funding*
- iii. *Hybrid; include elements of both PAYGO and pre-funding*

*Please explain your recommended hybrid funding approach:*

---

iv. *Other (please specify):*

---

b. *Please explain your response:* \_\_\_\_\_

10. Please select your recommended **contribution rate structure** [[Presentation 8.E](#): pages 11-14]

a. *Multiple-choice options:*

- i. *Level (i.e., program contribution rates are **not intended** to change over time)*
- ii. *Varied (i.e., program contribution rates **are intended** to change over time)*
- iii. *Other (please specify):*

---

b. *Please explain your response:* \_\_\_\_\_

11. Please select your recommended **investment strategy** [[Presentation 8.E](#): pages 11-14]

a. *Multiple-choice options:*

- i. *Program contributions should be invested in U.S. Treasuries only*
- ii. *Program contributions should be invested in stocks, bonds, and U.S. Treasuries (note, this option requires a constitutional amendment)*
- iii. *Other (please specify):*

---

b. Please explain your response: \_\_\_\_\_

12. Do you have any other recommendations related to **program sustainability**?

## Follow-up questions from prior Task Force meetings

13. For individuals who own eligible private LTC insurance policies (criteria for “eligible” to be determined), would you recommend a reduced program contribution requirement in lieu of an opt-out provision? (Note: [question 7A of the Task Force Meeting 7 questionnaire](#) indicates that the Task Force is preliminarily leaning towards a program with opt-out provisions for specified groups of individuals)

a. Multiple-choice options:

i. Reduced program contributions (under this approach, individuals with eligible private LTC insurance policies would still be part of the program, and would be able to use program benefits upon satisfaction of eligibility requirements)

Please specify your recommended reduction to program contributions:

\_\_\_\_\_

ii. Include an opt-out provision(s) for individuals with eligible private LTC insurance

iii. Do not include any special provisions for individuals with private LTC insurance in the program design

iv. Other (please specify):

\_\_\_\_\_

b. To which cohorts of individuals does your above recommendation apply?

i. Individuals who own an eligible private LTC insurance policy **before** the potential legislative approval of the program

ii. Individuals who purchase an eligible private LTC insurance policy **after** the potential legislative approval of the program

iii. All of the above

c. Please explain your response, including any recommended variability in your selection:

\_\_\_\_\_