Memo

Date: **28 October 2022**

Subject: **AB 567 Task Force Meeting 17 questionnaire (Draft Feasibility Report amendments)**

This questionnaire will be distributed to all California Assembly Bill ("AB") 567 Long-Term Care ("LTC") Task Force Members to complete in advance of Task Force Meeting 17 on November 18, 2022. The purpose of this questionnaire is to independently collect Task Force Members' views regarding amendments to the AB 567 Feasibility Report proposed by Members of the Task Force.

Results from this questionnaire will be integrated into Version 2.0 of the draft Feasibility Report, which will be discussed at Task Force Meeting 17 on November 18, 2022.

The final Feasibility Report will be submitted to the Commissioner, the Governor, and the Legislature on or before January 1, 2023.

Results from this questionnaire will be published on an aggregated and anonymous basis, consistent with prior questionnaire results.

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 our November 18 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).

Questionnaire

Name (optional):____

1. Please specify your recommended **elimination period** for Design 2 and Design 3. Refer to Version 4.0 of the straw man for further detail on these program designs.

   Helpful information:

   - Design 2 currently includes a 90-day elimination period, which is consistent with the **@ Home** program example outlined on page 28 of Presentation 12.B.
     - The Task Force previously recommended including the **@ Home** program design in the Feasibility Report as an additional lower-cost targeted program design (page 23 of Presentation 15.A)
   - Design 3 currently includes a 30-day elimination period, which was the Task Force's second most prevalent elimination period recommendation (page 60 of Presentation 7.A). A zero-day elimination period is the Task Force's most prevalent recommendation
   - Estimated (multiplicative) savings[1] attributable to:
     - Increasing the elimination period from 0 days to 30 days: **4% savings**
     - Increasing the elimination period from 0 days to 90 days: **8% savings**

   [1] Estimates are based on the 2020 Milliman CA LTSS Feasibility Study

   a. Elimination period recommendation (in days):

      i. Design 2:_________

      ii. Design 3:_________

   b. Please explain your response:

2. Should **residential care facility** be added as an approved care setting to Design 2? Refer to Version 4.0 of the straw man for further detail on this program design.

Helpful information:

- Design 2 (which is intended to be a lower-cost targeted program design) currently only includes home and community-based care as an approved care setting, which is consistent with the **@ Home** program example outlined on page 28 of Presentation 12.B.
    - The Task Force previously recommended including the **@ Home** program design in the Feasibility Report as an additional lower-cost targeted program design (page 23 of Presentation 15.A)
- Estimated (multiplicative) savings[1] attributable to changing the approved care settings from comprehensive (i.e., inclusive of facility care and home and community-based care) to home care only: **39% savings**
    - This figure includes the estimated savings associated with removing **both** nursing home and residential care facility coverage. Removing only nursing home coverage (i.e., retaining residential care facility) would lower the estimated (multiplicative) savings

[1] Estimates are based on the 2020 Milliman CA LTSS Feasibility Study

a. Multiple-choice options:

◯ No (do not include residential care facility as an approved care setting in Design 2)
◯ Yes (include residential care facility as an approved care setting in Design 2)

b. Please explain your response:

3. Should the benefit type for Design 4 be revised to include a **reduced cash benefit alternative**? Refer to Version 4.0 of the straw man for further detail on this program design.

   Helpful information:

   - If approved, this change would amend the Design 4 benefit type language from "*Reimbursement for all covered benefits (actual benefit amount reimbursed, subject to limitations)*" to "*Reimbursement for all covered benefits (actual benefit amount reimbursed, subject to limitations)* ***with reduced (50%) cash benefit alternative***"
   - The benefit type for Design 4 currently reflects the Task Force's second most prevalent benefit type recommendation (page 44 of Presentation 7.A). The inclusion of a reduced cash benefit alternative was the Task Force's most prevalent benefit type recommendation
   - An estimate of the savings associated with not including the reduced (50%) cash benefit alternative is not yet available

   a. Multiple-choice options:

      ◯ No (do not include a reduced cash benefit alternative in Design 4)
      ◯ Yes (include a reduced cash benefit alternative in Design 4)

   b. Please explain your response:

4. Should **international portability** apply instead of domestic portability for all program designs with a portability provision? Where applicable, grading of benefits to 50% over 5 years will remain unchanged. Refer to Version 4.0 of the straw man for further detail on the five program designs.

Helpful information:

- Refer to page 3 of Presentation 14.B for several examples of international portability
- International portability (whether at full or reduced levels) was the Task Force's most prevalent recommendation regarding portability (page 25 of Presentation 11.A)
- An estimate of the savings associated with changing portability provisions from domestic to international is not yet available

a. Multiple-choice options:

- ◯ No (do not amend the portability provisions reflected in the Feasibility Report)
- ◯ Yes (apply international portability instead of domestic portability for all program designs with a portability provision; where applicable, grading to 50% over 5 years will remain unchanged)
- ◯ Other (please specify)

b. Please explain your response:

5. Do you recommend that program contribution **rates** increase with an individual's wage or income (i.e., tiered program contributions based on wage/income level)?

   Illustrative example:

   - 0.50% payroll tax on income below $100,000
   - 0.75% payroll tax on income in excess of $100,000, but below $200,000
   - 1.00% payroll tax on income in excess of $200,000

   Helpful information:

   - The Task Force recommended a progressive tax structure for the program (page 9 of Presentation 9.B). Instituting tiered program contributions would incorporate a progressive element into the program taxation structure. This progressive element would be in addition to the program contribution waivers for individuals below a specified poverty level currently reflected in Designs 1, 3, 4, and 5, as described in Version 4.0 of the straw man. As an example, consider the above "Illustrative Example", with a waiver applicable to income below $20,000
     - The specified poverty level below which contributions are waived has yet to be determined
   - The Task Force recommended instituting a program contribution cap (page 26 of Presentation 15.A). The tiered program contribution rate structure would be in addition to the contribution cap currently reflected in Designs 1, 2, 3, and 5, as described in Version 4.0 of the straw man. As an example, consider the above "Illustrative Example", with a cap applicable to income excess of $250,000
     - Although the level of the contribution cap has yet to be determined, the Task Force recommended that it be a multiple of the Social Security wage limit (e.g., 2x Social Security wage limit)

   a. Multiple-choice options:

   ◯ No (do not increase program contribution rates with an individual's wage or income)
   ◯ Yes (increase program contribution rates with an individual's wage or income)

   b. Please explain your response:

6. Please specify your recommended **triggering event** to transition from an opt-out provision to a reduced program contribution provision for individuals with eligible private LTC insurance (criteria for "eligible" to be determined). Only policies sold before this event date may qualify the policyholder for program opt-out. Policies sold after the event date may qualify the policyholder for a reduced program contribution but not program opt-out. This question is a technical clarification to a prior Task Force recommendation regarding considerations for individuals with private LTC insurance (page 22 of Presentation 11.A)

   Illustrative timeline:

   - Program enactment date: January 1, 2025
   - Governor approval date: October 1, 2024
   - Senate pass date: September 1, 2024
   - Assembly pass date: August 1, 2024
   - Beginning of the year preceding Governor approval date: January 1, 2024

   Helpful information:

   - Relevant excerpts from the October 6, 2022 Draft Feasibility Report (Presentation 16.A):
     - The circumstances and motivations underlying an individual's decision to purchase private LTC insurance likely differ depending on whether the insurance is issued before or after the legislative enactment of the Program. The potential for anti-selection substantially increases if an opt-out provision is extended post-Program enactment. If an opt-out provision is included, the least risky provision would be to allow only individuals with legacied private LTC insurance policies the ability to opt out. For this provision, a legacied policy would be defined as an LTC insurance policy issued before a specified date preceding Program enactment (e.g., January 2022). Capturing only legacied policies in the opt-out provision significantly reduces the risk of anti-selection as it generally encompasses a smaller cohort of individuals who were not motivated to purchase private LTC insurance as a result of the Program.
     - While including a time-limited opt-out window would increase flexibility for prospective private LTC insurance consumers, a surge in private LTC insurance applications would likely occur in the months leading up to the deadline, similar to what happened with the WA Cares Fund. To avoid this outcome, legislation enacting the Program should set a deadline (e.g., the date the Governor signs the legislation), which would make any new LTC policy sales ineligible for Program opt-out after the deadline.

a. Multiple-choice options:

- ◯ Program enactment trigger date
- ◯ Governor approval trigger date
- ◯ Senate pass trigger date
- ◯ Assembly pass trigger date
- ◯ Beginning of the year preceding Governor approval trigger date
- ◯ Other trigger date (please specify)

b. Please explain your response:

7. Should Task Force Member names be referenced in Exhibit 2.4 of the Feasibility Report (page 11 of Presentation 16.A)?

Helpful information:

- At our last Task Force meeting, the Task Force voted to allow each Task Force Member the option of including a statement explaining their program design recommendations and next steps within the Feasibility Report.
  - Exhibit 2.5 of the Feasibility Report ("*Program design modifications recommended by Task Force members that did not support the design*") will be replaced with an appendix that includes the (optional) expanded views provided by Task Force Members. Task Force Member names will be consistently identified (or not) in this appendix and Exhibit 2.4

a. Multiple-choice options:

- ◯ Yes (reference Task Force Member names in Exhibit 2.4 and the associated appendix)
- ◯ No (do not reference Task Force Member names in Exhibit 2.4 and the associated appendix)

b. Please explain your response: