



**RICARDO LARA**  
CALIFORNIA INSURANCE COMMISSIONER

**California Long Term Care Insurance (LTCI) Task Force  
Meeting #2 Minutes  
Friday, June 4, 2021**

1. **Task Force Meeting Call to Order** – 1:00 PM
  - Roll Call – present: Dr. Lucy Andrews, Jamala Arland, Susan Bernard, Grace Cheng Braun, Blanca Castro, Anastasia Dodson, Eileen Kunz, Kim McCoy Wade, Michael Mejia, Doug Moore, Dr. Karl Steinberg, Tiffany Whiten
  - Quorum was met.
2. **Agenda Item #1: Housekeeping & Introductions**
  - Chair Susan Bernard went over housekeeping items.
  - Introductions were made by new Task Force members, including Eileen Kunz, Blanca Castro, and Jamala Arland.
  - Introductions were made by California Department of Insurance (CDI) staff members, including Tyler McKinney and Emily Smith.
  - Oliver Wyman, the contractor for report-writing and facilitating Task Force discussions, was introduced.
3. **Agenda Item #2: Approve Minutes from Meeting #1**
  - Doug Moore motioned the approval of the prior meeting's minutes and Dr. Lucy Andrews seconded. The vote was approved unanimously.
4. **Agenda Item #3: LTC Insurance Demographics**
  - Perry Kupferman gave an overview of California's 2020 stand-alone LTC insurance demographics and the status of LTC insurance in California.
  - Topics covered included number of policies sold, California's sales relative to other states, and top carriers selling in California.
  - Task Force members discussed the differences between group and individual LTC insurance and the prevalence of employer-paid coverage.
  - Jamala Arland mentioned that it may be possible to disaggregate the demographics between group and individual LTC insurance by surveying insurance carriers.
  - Public comments:
    - California should ensure everyone in the state can access and afford long-term services and supports (LTSS), including undocumented immigrants and current claimants.
    - It is important to include CalPERS and other data points. It was suggested that another row be added to Perry's slide on the top 10 carriers given how big CalPERS is.
    - Public comments were appreciative of this effort by California and emphasized how important independent funding and LTSS access is to the public.

- Public comments also expressed strong support for a universal program, specifically coverage of undocumented immigrants, current seniors, and those with disabilities.

**5. Agenda Item #4: Current State of LTC Insurance**

- Ryan de la Torre gave an overview of the state of LTC insurance.
- Topics covered included stand-alone versus hybrid LTC policies, chronic illness riders, Partnership program, and statistics regarding the affordability and average benefits for stand-alone LTC insurance.
- No comments from Task Force members or the public.

**6. Agenda Item #5: Population Demographics and the 2020 Department of Health Care Services (DHCS) LTSS Feasibility Study Final Report**

- Chris Giese and Sarah Wunder of Milliman walked through their 2020 LTSS feasibility analysis and report, which was prepared for DHCS as part of the Master Plan for Aging.
- The report was a jumping-off point and focused on a payroll tax as the primary funding source.
- Milliman clarified that the 0.66% payroll tax associated with Core Plan 1 in the report is just a point estimate in a reasonable range of results.
- Task Force member comments:
  - Core plan coverage levels analyzed in the Milliman report were based on Washington's program structure. A lot of options were modeled.
  - It is important to think about partnerships that can exist with CA for the program. There was some discussion of the WISH Act, which is a back-end design program proposed at the federal level.
  - Investment considerations are important.
  - Blanca asked if Milliman considered savings to Medicaid in their analysis. Chris confirmed that they did try to estimate potential savings with Medicaid, but did not consider these savings as a means for lowering the payroll tax.
  - Blanca asked if there was a general number of people estimated as using the benefits. Chris referred her to Exhibit 3, which has the number of beneficiaries and dollars (in billions of revenue) needed to cover the program costs.
  - Doug asked how are the Core plans treating people with disabilities before the age of 55? Response: if the disability occurs before the age of 55, but after the age of 18, so long as individuals have met the vesting requirements, they are eligible for benefits.
  - The federal/HIPAA definition of cognitive impairment is used for the analysis in order to have an apples-to-apples comparison to the private market. It is important to take into consideration any tax consequences (at the federal level) for the individuals in the plan, and using a definition consistent with HIPAA allows for tax qualification.
- Public comments:
  - Question for Ryan de la Torre's previous presentation: Does private insurance cover family caregivers? Ryan explained that private insurance does not cover family caregivers except for informal caregiver training.
    - Response: Chris Giese added that having a cash benefit could provide for family caregiver coverage, but this design is potentially subject to abuse and more costly.
  - Biden proposed \$400B to Home and Community-Based Services; how does that impact the California program?

- Response: There's not a lot of details yet, but that amount of money infused into LTSS would be significant.
  - Public health nurses may be able to educate families and help them prepare for aging needs.
  - Working class will not be able to afford this care. There needs to be strongly progressive funding for the California LTC program.
  - Public comments expressed disappointment in the report's focus on limited benefits, payroll tax funding sources, and lack of consideration for universal coverage.
  - Those not on a formal payroll system will be left behind.
  - This issue affects all future generations as well.
  
- 7. **Agenda Item #6:** Master Plan for Aging Overview
  - It was decided to postpone this presentation/discussion until the next meeting of the Task Force.
  
- 8. **Agenda Item #7:** Washington LTSS Trust (WA Cares Fund)
  - Perry Kupferman highlighted some notable aspects of Washington's LTC Plan: the WA Cares Fund.
    - Funded via an uncapped payroll tax.
    - Future benefits are pre-funded by tax and investment income.
    - Recent initiative failed so funds for the program must be invested in low yield Treasury bonds.
    - More recent estimates increased payroll tax to 0.64% from 0.58% assuming 2.5% yield on investments.
    - Those that are employed by a Washington employer but work outside of state will pay the tax but are not eligible for benefits.
    - High-income earners' ability to opt out of the plan needs to be monitored.
    - Migration out of state is comparable to lapses on private LTC insurance.
  - Task Force members commented that the notion of a cap on the salary deduction should be considered (if using a payroll tax for funding) in order to avoid having high-earners opt out.
  
- 9. **Agenda Item #8:** Working Documents
  - It was decided to postpone the discussion of noted documents until the next meeting of the Task Force.
  
- 10. **Agenda Item #9:** Next Steps & Closing
  - Future meetings were proposed for the 3<sup>rd</sup> Thursday of certain months.
  - Recording for this meeting will be available early next week.
  - At 3:29 PM, Susan Bernard motioned to adjourn the meeting.