

RECAP: PRELIMINARY RECOMMENDATIONS TO DATE

A summary of preliminary Task Force recommendations as of July 21, 2022

QUALIFICATIONS, ASSUMPTIONS AND LIMITING CONDITIONS

Oliver Wyman was commissioned by the California Department of Insurance (CDI) to provide support associated with assessing the feasibility of developing and implementing a culturally competent statewide insurance program for long-term care services and supports. The primary audience for this report includes stakeholders from the California Department of Insurance, members of the Long-Term Care Insurance Task Force, and members of the general public within the state of California.

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ILLUSTRATIVE AB 567 FEASIBILITY REPORT ROADMAP

Task Force may recommend multiple program design options

Goal



- Recommend options for establishing a **culturally competent** statewide LTC insurance program
- Comment on respective degrees of feasibility for each recommended option
- Submit recommendations in a report on or before **January 1, 2023**

Develop a range of recommendations for more detailed program design elements (e.g., benefit amount)

	Structure and design	Eligibility	Enrollment	Benefits & services	Financing	Workforce ¹
1		Benefit eligibility at 65+, partial portability, ...	Reduced contributions for specified groups, ...	Initial benefit pool of \$96,000 (i.e., two years at \$4,000/month), ...	Payroll tax and premiums	Cover informal care and respite care, provide access to training programs, promote workforce expansion, provide access to unions, promote technology, ...
2	Front-end coverage via vested social insurance	Benefit eligibility at 18+, partial portability, ...	Reduced contributions for specified groups, ...	Initial benefit pool of \$96,000 (i.e., two years at \$4,000/month), ...	Payroll tax	
3		Benefit eligibility at 18+, full portability, ...	Opt-out provisions for specified groups, ...	Initial benefit pool of \$120,000 (i.e., two years at \$5,000/month), ...	Payroll tax, waive contributions below specified poverty level, ...	
...	Gain consensus on fundamental program design elements (e.g., front-end vs. back-end)					

¹ AB 567 specifies that the Task Force should “evaluate the demands on the long-term care workforce as the need for long-term care in California grows, and how the long-term care workforce can be prepared to meet those demands”; while some preliminary recommendations may require a separate Task Force or program beyond the scope of AB 567, the Feasibility Report will still cover these recommendations at a high level, as many are crucial to the success of the statewide program

KEY PRELIMINARY RECOMMENDATIONS AS OF TASK FORCE MEETING #13 (1 OF 5)

Preliminary recommendations are subject to change; pursuant to AB 567, feasibility report may recommend multiple program designs



Structure and design

- Front-end coverage
 - Benefits payable at or near beginning of LTSS need
- Social insurance
- Targeted and/or vested program
 - Specified vesting requirement(s) must be met before benefits are paid
 - Lower cost targeted program design(s) to be considered



Coordination and interaction

- Private LTC insurance pays first
 - Concurrent, non-duplicative payments permitted
 - Establish working group to examine coordination with supplementary private LTC policies
- Include considerations for individuals who own (eligible) private insurance (see Enrollment section on page 5)
- Medi-Cal coordination
 - Not designed to be mutually exclusive with Medi-Cal
 - A federal demonstration waiver will likely need to be pursued
 - Not designed to factor into Medi-Cal eligibility

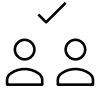


Administration

- Keep program simple
 - Higher potential for perceived gaps/inequities
 - Lower administrative costs

KEY PRELIMINARY RECOMMENDATIONS AS OF TASK FORCE MEETING #13 (2 OF 5)

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Eligibility

- HIPAA benefit eligibility (i.e., consistent with private insurance)
 - 2 of 6 activities of daily living (ADLs) for 90 days or severe cognitive impairment
- TBD: all adults with non-developmental disabilities or only seniors?
 - Consider designs that cover each population separately
- Vesting requirement: contribute for set number of years
 - Consider designs with and without partial vesting provisions
- Portable benefits (i.e., availability of program benefits outside of CA)
 - Consider both full and partially portable designs
 - For partial portability, grade to lower benefit over time outside CA
 - Allow international portability
- Consider a design that allows individuals to extend program benefits to a spouse/domestic partner via a “shared benefit pool” if not otherwise covered



Enrollment

- Include considerations for individuals who own (eligible) private insurance:
 - Opt-out provision if purchased before program enactment
 - Reduced program contributions if purchased after program enactment
 - Apply same provisions to individuals covered by other (non Medi-Cal) government programs
- Require a non-voluntary alternative program contribution (e.g., premiums) for those unable to contribute to the program via the primary financing mechanism(s)
- Consider a design that offers pro-rated benefits and a voluntary alternative program contribution option for those unable to fully vest
- Include provision(s) to reduce initial intergenerational inequity (e.g., grade-in benefits during the program’s early years)

KEY PRELIMINARY RECOMMENDATIONS AS OF TASK FORCE MEETING #13 (3 OF 5)

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Benefits and services

- Reimbursement benefit type
 - Consider designs with and without a reduced cash benefit
- Monthly maximum benefit amount (between \$3,000 - \$6,000)
- Two-year benefit period
- Benefit inflation as a function of consumer price index or cost of care trend(s)
 - Review, if not automatically apply, inflation annually
- No elimination period
- Comprehensive coverage (institutional and home and community-based care)
 - Cover ‘services’ provided by informal caregivers
 - Cover respite care
 - Cover services provided by PACE
- Preventive benefits
 - Available before satisfying benefit eligibility criteria but after satisfying vesting criteria



Financing

- Vary contribution by level of wages or income
 - Higher for higher-income individuals, lower or zero for lower-income individuals
 - Include an upper limit on program contributions
- Do not vary contributions based on an individual’s age
- Waive contributions for individuals below specified poverty level
 - Allow these individuals to receive benefits
- Finance via a progressive payroll tax
 - Split tax between employees and employers
 - Consider designs that utilize hybrid (multiple) financing options
- Require contributions from non-juveniles (i.e., age 18+)
- Hybrid pay-as-you-go and pre-funded approach
- Invest program funds in stocks, bonds, and U.S. Treasuries
 - Requires constitutional amendment

KEY PRELIMINARY RECOMMENDATIONS AS OF TASK FORCE MEETING #13 (4 OF 5)

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Workforce¹

- Provide financial support to informal/family caregivers
- Improve caregiver wages and benefits
- Invest in caregiver training programs
- Promote workforce expansion
 - Promote career opportunities to younger individuals (e.g., community college programs)
 - Include undocumented workforce
- Establish governance and oversight processes
- Provide access to unions
- Embrace automation and technology to supplement workforce



Access and regulation

- Establish working groups consisting of industry experts to examine:
 - Medicare Advantage coordination and interaction
 - Program outreach and education planning
 - Private LTC insurance coordination (particularly with respect to wrap-around products)
 - PACE coordination
 - Coordination of program eligibility processes with other state LTSS programs

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