

RECAP: PRELIMINARY RECOMMENDATIONS TO DATE

A summary of preliminary Task Force recommendations as of April 20, 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
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
2		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)				

KEY PRELIMINARY RECOMMENDATIONS AS OF TASK FORCE MEETING #9

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
 - TBD: consider targeting specified population(s) (e.g., elderly)?



Coordination and interaction

- Private LTC insurance pays first
 - Concurrent, non-duplicative payments permitted
 - TBD: should different interaction be allowed for private LTC policies sold after program implementation?
- 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

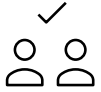


Administration

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

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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 elderly?
 - 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., may be used outside of CA)
 - Consider both full and partially portable designs
 - For partial portability, grade to lower benefit over time outside CA
- TBD: should individuals be able to extend coverage to spouse or domestic partner?
 - If yes, require higher contributions



Enrollment

- TBD: opt-out provision or reduced program contributions for specified groups of individuals?
 - Individuals that own eligible private LTC insurance before program implementation
 - Individuals that purchase eligible private LTC insurance after program implementation
 - Individuals covered by other (non Medi-Cal) government programs
 - Individuals unable to satisfy vesting requirements
- No opt-in or buy-in provisions
 - TBD: allow potential exception for those unable to satisfy vesting requirements?

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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)
- Preventive benefits
 - Available before satisfying benefit eligibility criteria but after satisfying vesting criteria



Financing

- Vary contributions by level of wages or income
 - Higher for higher-income individuals, lower or zero for lower-income individuals
 - TBD: is this politically feasible and/or equitable to taxpayers?
- Waive contributions for individuals below specified poverty level
 - Allow these individuals to receive benefits
- Progressive tax
- Finance via 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



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