

ELIGIBILITY AND ENROLLMENT

Considerations on potential eligibility and enrollment provisions for a statewide long-term care (LTC) insurance program in California

December 2021

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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1: SCOPE

The following eligibility and enrollment provisions are discussed:

- Benefit eligibility criteria
- Age requirements
- Vesting criteria
- Portability and divesting criteria
- Family or spousal coverage
- Enrollment type (including opt-out provisions)
- Opt-in/buy-in provisions
- Exclusions

2: BASELINE ASSUMPTIONS

- To facilitate pros/cons considerations and cost benchmarking, we established an **illustrative** baseline assumption for each provision
- **Baseline assumptions are not recommendations.** Although *preliminary* recommendations from prior Task Force questionnaires formed the basis for *some* baseline assumptions, **this is not always the case**

3: INTERDEPENDENCIES

- Certain aspects of program eligibility and enrollment are highly correlated with other design elements (e.g., contribution age requirements and financing) and will be covered at future Task Force Meetings

4: NEXT STEPS






- We will ask Task Force Members for their preliminary recommendations regarding program eligibility and enrollment in a subsequent questionnaire, to be discussed at Task Force Meeting #7 (February 16, 2022)

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PROGRAM AND BENEFIT ELIGIBILITY

BENEFIT ELIGIBILITY CRITERIA: RELEVANT DATA POINTS

Common dimensions: Activities of daily living (ADLs), instrumental activities of daily living (IADLs), severe cognitive impairment (e.g., Alzheimer's)


	Medi-Cal	<ul style="list-style-type: none">• LTC eligibility is based on income, assets, physician approval, and medical necessity<ul style="list-style-type: none">– A service is defined as "medically necessary" or a "medical necessity" when it is reasonable and necessary to protect life, prevent significant illness or disability, or to alleviate severe pain• In-Home Supportive Services (IHSS) program requires Medi-Cal eligible individuals to undergo a social worker assessment, which will authorize them to receive help with housework, meals, laundry, shopping, personal care services, paramedical services, accompaniment services, and/or teaching and demonstration
	Private Insurance	<ul style="list-style-type: none">• Must require substantial assistance with at least 2 of 6 ADLs for a period of at least 90 days or have severe cognitive impairment that requires substantial supervision<ul style="list-style-type: none">– The 6 ADLs are bathing, continence, dressing, eating, toileting, transferring• Benefit eligibility typically also requires a Plan of Care and satisfaction of an elimination period
	Washington State	<ul style="list-style-type: none">• Must require assistance with at least 3 of 10 ADLs:<ul style="list-style-type: none">– Medication management, personal hygiene, eating, toileting, cognitive functioning, transfer assistance, body care, bathing, ambulation/mobility, dressing• A qualified individual may become an eligible beneficiary by filing an application with the Department of Social and Health Services and undergoing an eligibility determination (determination must be made within 45 days)
	France	<ul style="list-style-type: none">• Nationally standardized assessment methodology is used to assign beneficiaries into 6 groups (GIR) based on need for assistance with ADLs or cognitive impairment<ul style="list-style-type: none">– GIR 1 is the highest loss of autonomy while GIR 6 is the lowest; only individuals of GIR 1 through 4 may receive benefits• GIR 4 requires that an individual need assistance with at least 3 ADLs (transferring, bathing, and dressing) while GIR 3 requires assistance with at least 4 ADLs (transferring, mobility, bathing, and dressing)
	Germany	<ul style="list-style-type: none">• Benefit eligibility is determined using ADL and mental cognition-driven criteria• There are five defined degrees of care need, ordered inversely with degree of autonomy• To determine degree of care, points are awarded with respect to six categories:<ul style="list-style-type: none">– Mobility, cognitive and communication skills, behaviors and psychological problems, self-care, ability to manage treatment, and social environment– Differential weighting is applied such that some categories count more than others

BENEFIT ELIGIBILITY CRITERIA: CONSIDERATIONS

Considerations for a statewide LTC insurance program in California

Baseline assumption

HIPAA benefit eligibility trigger (2 of 6 ADLs for at least 90 days or severe cognitive impairment)

 Baseline assumptions are **only** used to facilitate pros/cons considerations and cost benchmarking

Pros

- Consistent with private LTC insurance benefit triggers (HIPAA), which may:
 - Facilitate coordination/interaction with existing private LTC insurance
 - Promote development of supplemental (or wrap-around) private LTC insurance coverages that coordinate with public benefit

Cons

- More restrictive than Medi-Cal benefit triggers
 - Individuals may qualify for Medi-Cal benefits without being eligible for the LTC insurance program benefits

Potential alternatives (non-exhaustive)

- 3 of 6 ADLs or severe cognitive impairment
- 3 of 10 ADLs (e.g., Washington State)
- IADL-based criteria
- Severe cognitive impairment
- Other assessment criteria based on cognitive impairment and/or autonomy

Cost benchmarks

Alternative design	Estimated (multiplicative) impact on cost	Source
3+ (of 6) ADLs for at least 90 days or severe cognitive impairment	- 3.0%	Milliman CA LTSS Feasibility Study ¹
IHSS benefit eligibility criteria	+ 56.1%	

1. <https://www.dhcs.ca.gov/formsandpubs/Documents/Legislative%20Reports/Long-Term-Services-and-Supports-Feasibility-Study-Final-Report.pdf>

AGE REQUIREMENTS: RELEVANT DATA POINTS

Common dimensions: 18 and older, 65 and older, no age restriction

This section relates to **benefit eligibility** age requirements; **funding** age requirements are provided where applicable but will be discussed in detail at Task Force Meeting 8



Medi-Cal

- Individuals must be 65 or older to receive long-term services and supports (LTSS) benefits but those under 65 may be eligible based on Modified Adjusted Gross Income (MAGI) standards
- There are no age limits for many Medi-Cal programs, though certain exemptions may exist (e.g., PACE)
 - A large portion of the population that Medi-Cal serves are children and if they need LTSS services, they can receive them



Private Insurance

- Issue age limits to purchase private LTC insurance vary by product
 - Upper issue age limit is typically 85 with lower issue age limit ranging from 18 to 30
- No attained age restrictions apply for an individual to receive benefits if they satisfy the benefit eligibility criteria



Washington State

- Individuals must be 18 or older to be eligible for program contributions and benefits
- Individuals are not eligible for the program if their disablement occurs before age 18



France

- Program is primarily funded by general tax revenues, so there's no specified age at which individuals begin contributing to the program
- Individuals must be age 60 or older to receive benefits




Germany

- Program is funded through payroll tax and retiree premiums, so fund contributions are made by those of at least working age
- No age restriction apply for an individual to receive benefits if they satisfy vesting requirements

AGE REQUIREMENTS: CONSIDERATIONS

Considerations for a statewide LTC insurance program in California

Baseline assumption
Benefits available for those ages 18 and older

 Baseline assumptions are **only** used to facilitate pros/cons considerations and cost benchmarking

Pros

- Benefits available to a broad facet of CA population

Cons

- Does not cover intellectually and developmentally disabled (IDD) individuals until age 18
 - IDD individuals are those born with a disability or who develop a disability before age 18
 - These individuals typically receive benefits from other state-funded programs (e.g., Medi-Cal)
- Encompassing wider range of ages increase number of individuals that will require benefits, which will increase anticipated costs

Potential alternatives (non-exhaustive)

- No minimum age
- 18 and older, but only if disabled after age 18
- 40 and older
- 40 and older, but only if disabled after age 18
- 65 or older
- 65 and older, but only if disabled after age 18

Cost benchmarks

Alternative design	Estimated (multiplicative) impact on cost	Source
No minimum age	+ 1.5%	Milliman CA LTSS Feasibility Study ¹
18 and older, but only if disabled <u>after</u> age 18	- 1.5%	
65 or older	- 11.9%	

1. <https://www.dhcs.ca.gov/formsandpubs/Documents/Legislative%20Reports/Long-Term-Services-and-Supports-Feasibility-Study-Final-Report.pdf>

VESTING CRITERIA: RELEVANT DATA POINTS

Common dimensions: Specified number of contribution years, uniform vs. varied among cohorts of individuals (e.g., years to retirement, income level)



Medi-Cal

- No vesting requirements but there is a means test



Private Insurance

- No vesting requirements beyond the elimination period



Washington State

- Contribute to the fund for:
 - A total of 10 years without interruption of 5 or more consecutive years, or
 - 3 of the last 6 years from the date of application for benefits
- Person must have worked at least 500 hours per year during the contribution period



France

- No vesting requirements



Germany


- 2-year vesting period (includes non-contributing family members and retirees)
 - Individual required to have contributed via payroll tax or premiums for 2 out of the last 10 years
-

VESTING CRITERIA: CONSIDERATIONS

Considerations for a statewide LTC insurance program in California

Baseline assumption

Uniform vesting requirement defined as a specified number of contribution years

 Baseline assumptions are **only** used to facilitate pros/cons considerations and cost benchmarking

Pros

- Allows for pre-funding of the program prior to benefits being paid
- Lower cost relative to limited or no vesting requirements

Cons

- Certain individuals that pay into the program may not be able to fully vest and thus may not receive benefits
 - Potential examples include individuals that become permanently disabled, retire, or move out of CA before fully vesting
 - Alternative vesting criteria may need to be defined if these individuals are required to contribute under the program

Potential alternatives (non-exhaustive)

- Tiered vesting requirement under which number of years required to vest varies by income level, number of years to retirement, number of dependents that are also eligible, etc.
- Option to pay one-time cash deductible
- Allow for partial vesting (i.e., reduced benefits if vesting requirements are partially satisfied)
- No vesting requirement






Cost benchmarks (assume baseline vesting requirement of 10 years working and paying taxes into program fund)

Alternative design	Estimated (multiplicative) impact on cost	Source
No vesting requirement	+ 500% (first year), + 89% (ultimate)	Milliman CA LTSS Feasibility Study ¹
10 years total with partial vesting credits that grade uniformly to 100% over 10 years	+ 16.1%	
5 years total	+ 14.5%	
1 of last 3 years or 10 years total	+ 9.7%	

1. <https://www.dhcs.ca.gov/formsandpubs/Documents/Legislative%20Reports/Long-Term-Services-and-Supports-Feasibility-Study-Final-Report.pdf>

PORTABILITY AND DIVESTING CRITERIA: RELEVANT DATA POINTS

Common dimensions: Fully portable, partially portable, non-portable, divesting schedule based on number of years outside the state


	Medi-Cal	<ul style="list-style-type: none">• Benefits are not portable in the sense that individuals must re-apply for Medicaid benefits if they move to another state• Eligibility criteria varies by state, so eligibility in one state does not guarantee eligibility in another state
	Private Insurance	<ul style="list-style-type: none">• Benefits are portable. Insured does not need to reside in original issue state to receive benefits under their policy• Some policies include international coverage benefits, which may have a lower benefit maximum or other service limitations compared to benefits for care received in the U.S.
	Washington State	<ul style="list-style-type: none">• As of November 2021, benefits are not portable<ul style="list-style-type: none">— If you leave Washington for more than 5 years, you forfeit your right to benefits (and any contributions paid)
	France	<ul style="list-style-type: none">• Benefits are not portable outside of France<ul style="list-style-type: none">— You must live in France in "a stable and regular way"
	Germany	<ul style="list-style-type: none">• Benefits are not portable outside of Germany<ul style="list-style-type: none">— You must be a German citizen to receive benefits under the program

PORTABILITY AND DIVESTING CRITERIA: CONSIDERATIONS

Considerations for a statewide LTC insurance program in California

Baseline assumption

Full portability (individuals that leave CA retain vesting indefinitely)

 Baseline assumptions are **only** used to facilitate pros/cons considerations and cost benchmarking

Pros

- Increases flexibility and may limit need for exemptions
- Limits potential inequity for individuals that pay into the program but move out of CA before claim
- Costs may be lower for care received outside of CA
- May avoid litigation
 - Ongoing class action lawsuit filed against WA Cares Fund cites non-portability as violation of certain clauses of the U.S. Constitution

Cons

- Increases the number of individuals that can receive benefits, which will increase anticipated costs
- May limit cost control mechanisms as CA may have less influence on provider rates in other states
- Reduces incentive for individuals to stay in CA and invest program dollars into CA economy
- More complicated administration
 - Need to track individuals that move out of CA and establish provider networks outside of CA

Potential alternatives (non-exhaustive)

- Graded divestment over a certain number of years (e.g., grade from 100% to 0% over 5 years)
- Divesting grace period for a certain number of years (e.g., retain 100% for 5 years then 0%)
- Portion of vested benefits are portable (e.g., grade from 100% to 50% over 5 years)
- No portability (immediately divest upon leaving CA)






Cost benchmarks

Alternative design	Estimated (multiplicative) impact on cost	Source
Not portable	- 37.0%	Milliman CA LTSS Feasibility Study ¹
Vested benefits for individuals that leave CA grade from 100% to 0% over 5-year period	- 34.0%	
Vested benefits for individuals that leave CA are retained for 5 years (then 0%)	- 33.0%	
Vested benefits for individuals that leave CA grade from 100% to 50% over 5-year period	- 17.0%	

1. <https://www.dhcs.ca.gov/formsandpubs/Documents/Legislative%20Reports/Long-Term-Services-and-Supports-Feasibility-Study-Final-Report.pdf>

OTHER PROGRAM ELIGIBILITY CRITERIA: RELEVANT DATA POINTS

Common dimensions: Employment status, current level of disability, state/country residency, other categories (unhoused, undocumented)

	Medi-Cal	<ul style="list-style-type: none">• Medi-Cal is available based on other income levels (besides MAGI standards) and factors such as age, disability, pregnancy, and many other categories• Some beneficiaries must pay a monthly dollar amount (Share of Cost) toward their medical expenses before they qualify for Medi-Cal benefits
	Private Insurance	<ul style="list-style-type: none">• Individuals must pass underwriting to qualify for a policy<ul style="list-style-type: none">– Underwriting criteria varies by product (e.g., group vs. individual coverage, standalone vs. combination LTC insurance, etc.) and company
	Washington State	<ul style="list-style-type: none">• To be an "eligible beneficiary", an individual must reside in the state of Washington<ul style="list-style-type: none">– As of November 2021, individuals that work remotely for a company located in Washington must contribute to the fund via the payroll tax, but cannot claim benefits unless they move to Washington• Excluded groups (due to inability to meet vesting requirement):<ul style="list-style-type: none">– Unemployed individuals– Already retired individuals– Near-retirement individuals¹
	France	<ul style="list-style-type: none">• You must need assistance to complete essential acts in life or be in a state of health that requires regular supervision• You must live in your own home, at the home of a family member, or at a facility
	Germany	<ul style="list-style-type: none">• No additional eligibility criteria

1. Washington's LTSS Trust Commission is considering a revision that would allow those who retire before reaching permanent vesting status in 2032 to "opt-in" and continue contributing to the program after retirement (via annual premium) until fully vested

OTHER PROGRAM ELIGIBILITY CRITERIA: CONSIDERATIONS

Considerations for a statewide LTC insurance program in California

Baseline assumption

Do not limit eligibility based on other characteristics (e.g., employment, immigration status)



Baseline assumptions are **only** used to facilitate pros/cons considerations and cost benchmarking

Pros

- A broader eligibility definition means that more Californians will benefit from the program
- Covers individuals who may be unable to purchase private insurance due to age, health status, or affordability
- Having a broader eligibility definition may mitigate the risk of litigation
 - Ongoing class action lawsuit against the WA Cares Fund argues, in part, that program violates federal law forbidding state from requiring employees to participate in a plan that provides sickness or medical benefits

Cons

- Including more individuals in the program may result in higher funding costs
 - For example, if program is funded via a payroll tax, the contribution rate may need to be higher than what is required to only cover those contributing into the program (to subsidize those who are unable to contribute into the program)
 - Higher funding costs could be mitigated via an option to pay a one-time cash deductible
- Some cohorts may require additional administration
 - For example, there may be added complexities in tracking undocumented or unhoused individuals

Potential alternatives (non-exhaustive)






- Employed individuals only
- Exclude those who are currently disabled as of the program implementation date (i.e., those who may require benefits without being able to first contribute into the program)

Cost benchmarks

None readily available

FAMILY OR SPOUSAL COVERAGE: RELEVANT DATA POINTS

Common dimensions: Individual only, coverage for dependents (children, spouse/domestic partner)


	Medi-Cal	<ul style="list-style-type: none">• Coverage is only for the individual• Coverage for children is often based on the parents' income and asset level
	Private Insurance	<ul style="list-style-type: none">• Coverage does not extend to family or spouses unless spouse also purchased a policy and coverage includes shared benefits (e.g., shared care, shared waiver)• Some policies offer benefits that can be used to support an insureds' family member if providing informal care to the individual (e.g., respite benefits, caregiver training, informal care coverage or cash benefits)
	Washington State	<ul style="list-style-type: none">• Coverage is only for the vested individual
	France	<ul style="list-style-type: none">• Coverage is only for the individual
	Germany	<ul style="list-style-type: none">• Worker's spouse and children are covered by spouse/parent's membership in the program to the extent they are not working (and therefore not contributing on their own)• Coverage for children extends through age 18, or through age 23 if they are not working, or through age 25 if they are undergoing education, training, or a national service year

FAMILY OR SPOUSAL COVERAGE: CONSIDERATIONS

Considerations for a statewide LTC insurance program in California

Baseline assumption

Individual coverage only



Baseline assumptions are **only** used to facilitate pros/cons considerations and cost benchmarking

Pros

- Most cost effective
- May simplify administration

Cons

- Dependent family members may not be able to meet vesting requirements, if applicable, on their own and thus would not be eligible for coverage by the program

Potential alternatives (non-exhaustive)

- Spousal benefit that covers spouse/domestic partner
- Immediate family benefit that covers spouse/domestic partner and dependents children
- Household benefit that covers all family members (including an individuals' elderly parents, etc.)

Cost benchmarks

Alternative design	Estimated (multiplicative) impact on cost	Source
Household benefit (includes individual's spouse/domestic partner and any adult dependent children between ages 18 and 26)	+ 31.8%	Milliman CA LTSS Feasibility Study ¹

1. <https://www.dhcs.ca.gov/formsandpubs/Documents/Legislative%20Reports/Long-Term-Services-and-Supports-Feasibility-Study-Final-Report.pdf>

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PROGRAM ENROLLMENT

ENROLLMENT TYPE: RELEVANT DATA POINTS

Common dimensions: Mandatory (with opt-out), mandatory (with no opt-out), voluntary

	Medi-Cal	<ul style="list-style-type: none">• Mandatory (although, there are no individual funding requirements to enroll in Medi-Cal)
	Private Insurance	<ul style="list-style-type: none">• Voluntary
	Washington State	<ul style="list-style-type: none">• Mandatory for employed individuals with opt-out provision for those with private LTC insurance<ul style="list-style-type: none">– Private insurance must be in place by November 2021 and individual must file for exemption by December 2021– No benefit minimums for private coverage– One-time certification required for exemption¹• Voluntary for self-employed individuals and federally recognized tribes• As of November 2021, LTSS Trust Commission is also considering opt-out provisions (exemptions) for the following cohorts:<ul style="list-style-type: none">– Temporary workers with non-immigrant visas in Washington– Veterans rated as 70%-100% service-connected disabled (regardless of when they meet this definition)– Military spouses– Border-state and out-of-country (Canadian) residents (full exclusion rather than opt-out)
	France	<ul style="list-style-type: none">• Mandatory
	Germany	<ul style="list-style-type: none">• LTC coverage is mandatory but citizens, with option to receive coverage through private insurance or more widely selected public program• The option for substitutive, private LTC insurance is available for certain categories of workers, namely higher earners, civil servants, and self employed<ul style="list-style-type: none">– Substitutive private LTC insurance is provided by same insurer that provides individual's private health insurance– Eligibility for, and benefits under, mandatory private policies match public program, but premiums are based on issue age and never change

1. Washington's LTSS Trust Commission is considering a revision that would (a) require re-attestation at an interval between one and three years, (b) establish criteria for what a private LTC policy must include to qualify for an exemption, and (c) grant the Employment Security Department authority to withdraw exemptions upon failure to re-attest or provide adequate proof of LTC insurance. Withdrawal of an exemption would require an individual to participate in the program.

ENROLLMENT TYPE: CONSIDERATIONS

Considerations for a statewide LTC insurance program in California

Baseline assumption

Mandatory with no opt-out provisions



Baseline assumptions are **only** used to facilitate pros/cons considerations and cost benchmarking

Pros

- May mitigate risk of adverse selection and improve sustainability of the program (e.g., because healthier individuals or those who may potentially have higher contribution requirements do not have the option to opt-out)
- Mitigates rate setting challenges that may be associated with opt-out provisions (such as difficulty estimating election rates)

Cons

- Individuals with existing private LTC insurance may be required to pay for a public benefit that they do not need
- Depending on other program provisions, individuals may be required to contribute to the program who will not have an opportunity to receive (full) benefits
- Reduces consumer flexibility and choice
- Inconsistent with California's SDI program

Potential alternatives (non-exhaustive)

- Mandatory with opt-out provisions based certain criteria, such as:
 - Ownership of private LTC insurance coverage
 - Inability to fully vest under the program (e.g., due to number of years until retirement)
- Voluntary (though this option is subject to significant adverse selection)

Cost benchmarks






Alternative design	Estimated (multiplicative) impact on cost	Source
Opt-out option for individuals enrolled in CalPERS LTC Program or covered by private LTC insurance	+ 1.5%	Milliman CA LTSS Feasibility Study¹
Washington-specific: exemption for individuals in border states or Canada	+ 5.2%	November 2021 WA Cares Fund LTSS Trust Commission Meeting²

1. <https://www.dhcs.ca.gov/formsandpubs/Documents/Legislative%20Reports/Long-Term-Services-and-Supports-Feasibility-Study-Final-Report.pdf>

1. <https://www.dhs.gov/sites/default/files/legislative/2020/reports/Long-Term-Services-and-Supports-Feasibility-Study-Final-Report.pdf>
2. <https://www.dshs.wa.gov/sites/default/files/ALTSA/stakeholders/documents/LTSS/LTSS%20Trust%20Commission%20Presentation%202021-11-10.pdf>


OPT-IN/BUY-IN PROVISIONS: RELEVANT DATA POINTS

Common dimensions: Self-employed opt-in, retiree buy-in, voluntary options for other excluded cohorts

	Medi-Cal	<ul style="list-style-type: none">• None
	Private Insurance	<ul style="list-style-type: none">• Not applicable
	Washington State	<ul style="list-style-type: none">• Self-employed individuals are only enrolled in the program after opting in<ul style="list-style-type: none">– If self-employed opt-in, they pay 0.58% tax on their net earnings (no different than other employed individuals)• Already retired individuals do not have the option to buy-in to the program as of November 2021<ul style="list-style-type: none">– LTSS Trust Commission is considering a buy-in provision for near-retirees that won't meet contribution requirement by the time they retire– Under this option, individuals who retire before reaching permanent vesting status in 2032 can opt-in and continue contributing to the program after retirement (via annual premium) until fully vested• There is no provision for individuals that opt out of the program to subsequently opt back in• A federally recognized tribe may opt-in to the program and has the option to opt back out at any time for any reason
	France	<ul style="list-style-type: none">• None
	Germany	<ul style="list-style-type: none">• Self-employed individuals that do not opt-out of the program pay the entire 3.05% contribution (i.e., both the employer and employee share)• Pensioners that do not opt-out of the program pay the entire 3.05% contribution (as premium)<ul style="list-style-type: none">– Germany elected to largely grandfather in coverage of the first generations of beneficiaries, despite their not contributing throughout their careers as subsequent generations would do– This created intergenerational inequity, which was partially mitigated by requiring all retirees to contribute to the program throughout retirement (unless and until entering beneficiary status)• Unclear whether an individual that elects substitutive private LTC insurance in lieu of public program can subsequently lapse private coverage and enter public program

OPT-IN/BUY-IN PROVISIONS: CONSIDERATIONS

Considerations for a statewide LTC insurance program in California

Baseline assumption		
No opt-in/buy-in provisions (<u>require</u> participation by self-employed, retirees, etc.)		
 Baseline assumptions are only used to facilitate pros/cons considerations and cost benchmarking		
Pros	Cons	Potential alternatives (non-exhaustive)
<ul style="list-style-type: none">• May mitigate risk of adverse selection• Avoids a voluntary aspect to participation that would increase uncertainty related to participation rates• May simplify administrative functions related to tracking opt-in elections• Program would cover a larger portion of Californians (and alleviate potential future out-of-pocket LTSS costs)	<ul style="list-style-type: none">• May increase risk of litigation (e.g., if participation is required by individuals not able to receive benefits)• May allow older generations to pay in less than future generations• May increase administrative complexity to collect contributions• Reduces consumer flexibility and choice• Retirees may have financial limitations due to fixed income that could be impacted by required program participation	<ul style="list-style-type: none">• Opt-in option for self-employed individuals• Buy-in option for retirees (or other cohorts that may not otherwise meet full vesting requirements)• Opt-in option for individuals that originally opted out of program, if applicable• Buy-in option for excluded cohorts, if any• Require substitutive private insurance in lieu of participation in public program

Cost benchmarks

Alternative design	Estimated (multiplicative) impact on cost	Source
Include opt-in provision for self-employed individuals	+ 12.1%	Milliman CA LTSS Feasibility Study ¹
Buy-in option for near-retirees to pay premiums post-retirement until fully vested	+ 5 to + 10%, depending on level of adverse selection assumed	November 2021 WA Cares Fund LTSS Trust Commission Meeting ²

1. <https://www.dhcs.ca.gov/formsandpubs/Documents/Legislative%20Reports/Long-Term-Services-and-Supports-Feasibility-Study-Final-Report.pdf>
2. <https://www.dshs.wa.gov/sites/default/files/AL TSA/stakeholders/documents/LTSS/LTSS%20Trust%20Commission%20Presentation%202021-11-10.pdf>

EXCLUSIONS: RELEVANT DATA POINTS

Common dimensions: Individuals may be excluded from making program contributions and/or receiving benefits based on income-related criteria



Medi-Cal

- Individuals that do not satisfy income and asset limits do not receive benefits



Private Insurance

- None



Washington State

- None



France

- Highest earners receive only 10% of the maximum benefit for their disability level, which is essentially 90% coinsurance
- Poorest individuals have no cost sharing requirements

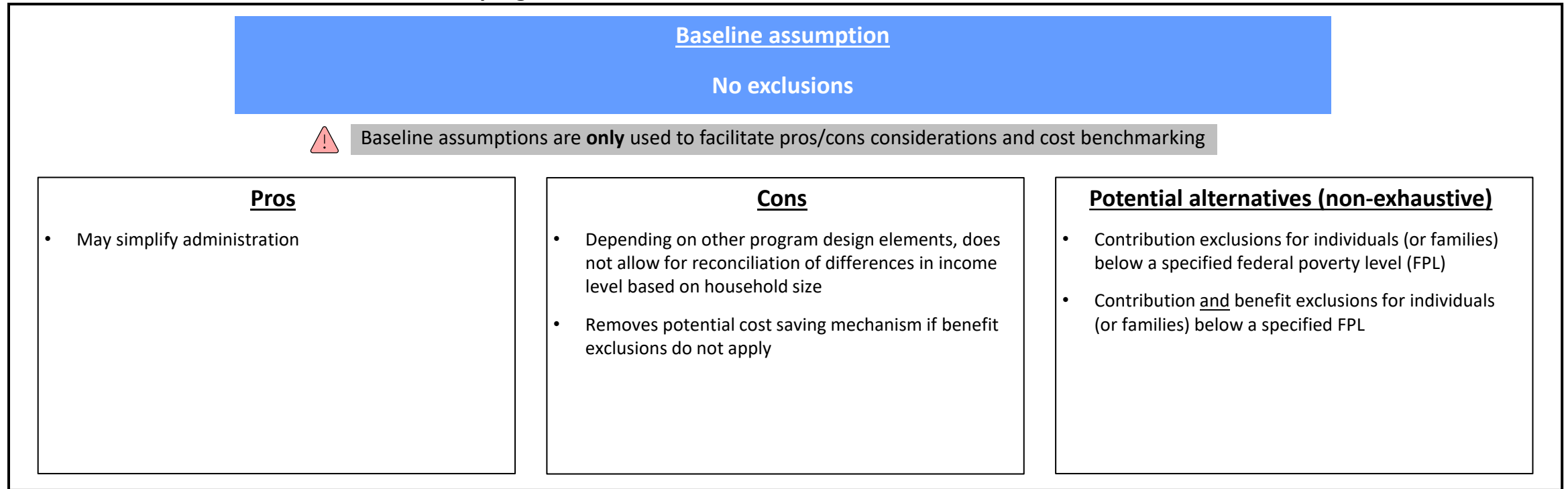


Germany

- Unemployment insurance pays contributions for unemployed
- Childless workers aged 23 and older pay supplementary 0.25% contribution (does not impact employer match)

EXCLUSIONS: CONSIDERATIONS

Considerations for a statewide LTC insurance program in California



Cost benchmarks

Alternative design	Estimated (multiplicative) impact on cost	Source
Individuals below a specified poverty level are not taxed but can still receive benefits	+ 3.0% (below 138% FPL) to + 43.9% (below 500% FPL)	Milliman CA LTSS Feasibility Study ¹
Individuals below a specified poverty level are not taxed and cannot receive benefits	- 19.7% (below 138% FPL) to - 56.1% (below 500% FPL)	

1. <https://www.dhcs.ca.gov/formsandpubs/Documents/Legislative%20Reports/Long-Term-Services-and-Supports-Feasibility-Study-Final-Report.pdf>



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