

CALIFORNIA DEPARTMENT OF INSURANCE: LONG TERM CARE INSURANCE PROGRAM

Program and Benefit Design Questionnaire Results

August 16, 2021

QUALIFICATIONS, ASSUMPTIONS AND LIMITING CONDITIONS

Oliver Wyman was commissioned by the California Department of Insurance 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 (LTSS). 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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EXECUTIVE SUMMARY

Task Force Members were asked to complete a questionnaire regarding their [preliminary](#) views of program and benefit design for a potential LTSS program in California as part of AB #567. Task Force Member views may evolve as detailed discussions progress across the [seven Work Plan elements](#). This page summarizes the questionnaire results; all subsequent pages contain questionnaire responses verbatim, apart from minor edits for spelling, grammar, and punctuation

Key Takeaways

Program structure: targeted social assistance or vested social insurance

- 1
 - Most respondents feel that vested social insurance or targeted social assistance are *feasible* to implement in California
 - These same program structures scored highest on *preference* to implement in California

Most respondents feel vesting requirements can be culturally competent

- 2
 - One respondent indicated that it is not possible as it would discriminate against those who shift in and out of the workforce

Over half of respondents feel private insurance can provide meaningful benefits that are both culturally competent and affordable

- 3
 - Nevertheless, program structures involving public support for a private solution were not highly ranked in question 1
 - Select responses as to why such a private solution would not be possible include:
 - (1) discrimination against the less wealthy
 - (2) private insurance is not designed for broad societal goals

There is a role for private insurers in response to a California LTSS program

- 4
 - Respondents would like to see private LTC insurers respond to California's LTSS program by offering lower costs, broader coverage options, and services that are complementary to California's program
 - Respondents indicated that these actions could be incentivized through tax incentives or through a reduction in insurers' risk if California's LTSS program covers some of the costs

Program coverage design: front-end coverage

- 5
 - Rationale included:
 - (1) being the best fit for the state layer (with private and federal layer following)
 - (2) providing earlier access to care may result in improved health outcomes
 - (3) addressing the needs of those who don't immediately qualify for Medi-Cal
 - Respondents also feel that front-end coverage is a more important gap to address than back-end coverage for those without private insurance

QUESTION 1

Which of the following program structure options do you feel are feasible to implement in California?
(please select all options that apply)

#	Answer	Percentage	Count
1	Public solution: vested social insurance	78%	7
2	Public solution: target social assistance	78%	7
3	Public solution: universal social insurance or assistance	56%	5
4	Hybrid public-private solution: public benefit supplemented by private insurance	56%	5
5	Public support of private solution: require Medicare Supplement health plans to include limited LTSS benefit	33%	3
6	Public support of private solution: expanded Partnership options	33%	3
7	Public support of private solution: incentivize new products	22%	2
8	Public support of private solution: public-private reinsurance or risk-sharing for private LTCi	11%	1

QUESTION 2 (1 OF 3)

Please rank the program structure options that you have indicated as being feasible to implement in California from “most preferred” to “least preferred”

#	Answer	Score ¹
1	Public solution: target social assistance	48
2	Public solution: vested social insurance	47
3	Public solution: universal social insurance or assistance	35
4	Hybrid public-private solution: public benefit supplemented by private insurance	33
5	Public support of private solution: expanded Partnership options	21
6	Public support of private solution: require Medicare Supplement health plans to include limited LTSS benefit	11
7	Public support of private solution: incentivize new products	7
8	Public support of private solution: public-private reinsurance or risk-sharing for private LTCi	2

1. **Scoring methodology:** 8 points for first choice (i.e., most preferred), 7 points for second choice, etc., 0 points awarded if respondent indicated “not feasible” in the prior question. Scores should be interpreted on a relative basis within a given question, with the highest score representing the most preferred selection

QUESTION 2 (2 OF 3)

Please provide rationale for your ranking above

Responses for those who ranked “Public solution: target social assistance” as most preferred

- 1 Plan that has some flexibility and options to be able to assist the need of that individual. Could be home assistance, adult day care or some type of group home setting. Will need to have a payroll tax or some tax funding. Vesting and participation is important to make sure the program could be sustainable

Responses for those who ranked “Public solution: vested social insurance” as most preferred

- 1 To address the growing population in need of LTSS, we need a broad program requiring employed individuals to contribute into a social [insurance]

Responses for those who ranked “Public solution: universal social insurance or assistance” as most preferred

- 1 Having a public universal system will provide greater access to more people and become a true benefit, but it may need to be targeted so that option should be explored as well
- 2 I think that having a public solution takes several things out of the equation, [including] eligibility and access, which would be key to a successful program
- 3 I think universal will be the most popular but also targeted could work as a first step

QUESTION 2 (3 OF 3)

Please provide rationale for your ranking above

Responses for those who ranked “Hybrid public-private solution: public benefit supplemented by private insurance” as most preferred

1 Expensive, but feasible in a very [liberal] state like California

Responses for those who ranked “Public support of private solution: expanded Partnership options” as most preferred

1 Leverage existing public support means to incorporate partial coverage of LTCI premiums while expanding options for private insurers to enter the market

2 My ranking is more of a Swiss cheese approach for tackling different elements vs. preference. A layered approach would make a lot of sense to potentially cover the different demographics (employed and unemployed), balance cost and need with a private insurance middle layer and maybe a federal back-end layer (with something like the WISH Act), and enhance services through non-medical options

- i. California has one of the original and largest Partnership programs. It would be relatively quick and cost effective to the system to reform the program parameters to better align with new information about LTCI product experience (e.g., reduce the 5% [compound benefit inflation option] requirement), needs, and demographics. It could also bring more private partners to the table to support further market opportunities
- ii. Providing services, training and other caregiver supports will go a long way for Californians (and may align with Biden’s America Job Plan). Leveraging the fraud assessment capabilities of the CDI to reduce misuse of the program would be important
- iii. I think it is best to align with existing constructs to be efficient, effective, and less redundant (which leads to waste and duplication). As such, I think a front-end program makes the most sense for the state layer, which should cover as many people as possible. An assessment of remaining need after 1 and 2 would be the basis for establishment of a state insurance program
- iv. Continue to enhance innovation for services and insurance through a thriving and viable private sector is important and will help close remaining gaps in LTSS

QUESTION 3 (1 OF 2)

Do you think it is possible to develop a public program with vesting requirements that is culturally competent¹? (please provide rationale in the space provided)

#	Answer	Percentage	Count
1	Yes	89%	8
2	No	11%	1

1. One definition of **Cultural competence**: the integration and transformation of knowledge about individuals and groups of people into specific standards, policies, practices, and attitudes used in appropriate cultural settings to increase the quality of services; thereby producing better outcomes (source: <https://npin.cdc.gov/pages/cultural-competence>)

QUESTION 3 (2 OF 2)

Do you think it is possible to develop a public program with vesting requirements that is culturally competent¹? (please provide rationale in the space provided)

Yes - Text
It is important to study the specifics, nuances and segments of the CA population to define eligibility and benefits in a way that is inclusive and accessible. For example, is payroll the right measure? [Give] consideration [to] how public education will be tackled, as well as assessing who the target population will be for this program. [It] would also be helpful to consider what services people are utilizing, as well – are certain groups using more of a particular service [or] in need of a particular service?
I believe it can be developed especially if we used a target social assistance benefit. Letting a person who benefits from the program make choices that are more in line with what they need and [what] their families expect can produce a better outcome for the person using the program. [An example] is a vested individual who speaks a [specific] language could use the benefit to get a support person that speaks that language (family as an example). Giving a person more control of what they need will make the person feel positive about the assistance they are receiving as well as some flexibility in how that assistance is delivered. Mandatory participation, vesting, target assistance and [flexibility] are important
I think with community help and support this could be a viable option and with the public aspect there would be greater opportunity for positive outcomes in health and social services
It has to be
I believe this is possible if there is a commitment to do so. It will be important to create an understanding of how to support family caregivers which may be an important part of the LTC service continuum
I don't see any reason why not
There must be existing data sources and experts that can be culled to incorporate cultural competency in the building of the vesting requirements for a public program
Yes, if inclusive. It may depend on vesting requirements

No - Text
It will discriminate against those that shift in and out of the workforce

1. One definition of **Cultural competence**: the integration and transformation of knowledge about individuals and groups of people into specific standards, policies, practices, and attitudes used in appropriate cultural settings to increase the quality of services; thereby producing better outcomes (source: <https://npin.cdc.gov/pages/cultural-competence>)

QUESTION 4

Do you think it is possible to develop a private solution that provides meaningful long-term care benefits while still being culturally competent and affordable? (please provide rationale in the space provided)

#	Answer	Percentage	Count
1	Yes	56%	5
2	No	44%	4

Yes - Text

It is important to study the specifics, nuances and segments of the CA population to define eligibility and benefits in a way that is inclusive and accessible. For example, is payroll the right measure? [Give] consideration [to] how public education will be tackled, as well as assessing who the target population will be for this program. [It] would also be helpful to consider what services people are utilizing, as well – are certain groups using more of a particular service [or] in need of a particular service?

I think with extreme caution as, by virtue of being private, there is a fundamental difference in expectations, requirements, and equity

The private market has failed

Maybe

As [long] as it is not solely dependent on the "private" sector to develop. Must involve public/social services sector in development

No - Text

Private will discriminate against those less wealthy leaving them unable to afford the benefit and potentially can discriminate against those with developmental disabilities

Private solutions may make it work for only certain people, especially if its a process that is difficult to enroll in and understand. Private solutions [often] provide multiple choices they may be hard to navigate. There could be a minimum amount of benefits, but I could see more being added for additional cost and that may not help those that [need it] most

I think the private insurance is not designed for the broad societal goals

Likely to not be affordable

QUESTION 5

What actions would you like private LTC insurance companies to take in response to California's program? How can features of California's program be designed to incentivize these actions? (Please describe up to 3)

Action	Incentivizing features
Coverage of more home care services, including reimbursement for [family] caregivers	More % covered by public support
More lower cost options	Lower costs
Consider lower cost community alternatives in benefit structure	Create process for approving cost effective, quality services
Offer additional coverage above state benefit	They don't share the higher acuity risk so may have something they can feasibly offer
Act more like a public program in [terms of] access, benefits, and cost	Access for all
[Minimum] amounts of coverage for a base plan	Help control cost and predict cost long term. Make participation if doing something private mandatory
Address gaps	Clarity of exclusions
Lower cost to compete with program	Would need to explore this further
Lower costs	Tax benefits to the insurers?
Design programs that encompass a large community service effort	Low cost
[Incentivize] individuals to purchase private LTC plans	[Possibly] some tax deduction benefit for purchaser of LTC insurance. Maybe on property, income or something else
Complementary services	Promote innovation
Include disease-specific exceptions such as for Alzheimer's	Inclusive benefit for specific diseases
Excess coverage or umbrella policy to complement/supplement California program	Design program to accommodate these private insurance solutions

QUESTION 6 (1 OF 2)

Which program coverage design do you recommend be implemented in California?
(please select your top 2 choices and explain in the space provided)

Answer	Score ¹
Front-end coverage (i.e., coverage within the first 1-2 years). This is the least costly option for taxpayers	8
Back-end coverage (i.e., coverage begins after satisfying a defined period, such as 2-3 years). This is a more costly option for taxpayers than front-end coverage	4
Comprehensive coverage (i.e., front-end and back-end coverage). This is the costliest option for taxpayers	3
Other (please explain)	3

Other (please explain) - Text
Back-end coverage with bridging capability for the first 1-2 years
When it's needed
Some kind of targeted design

1. **Scoring methodology:** Respondents were asked to select two choices. 1 point was awarded for each choice. Scores should be interpreted on a relative basis within a given question, with the highest score representing the most preferred selection

QUESTION 6 (2 OF 2)

Please explain your selection in the question above.

#	Response	Top 2 choices
1	Comprehensive allows for the [greatest] needs to be address without putting limits and time structures in place. It also provides options for consumers; some may need front end while other need back end. It's not always a simple [either-or]	Comprehensive; Front-end
2	I think a front-end program makes the most sense for the state layer, which should cover as many people as possible. Integration with private and federal solutions to cover remainder. Also, insurance isn't the only option for CA—services, training, education are also very important!	Front-end; Back-end
3	If there is a limited amount of total benefit dollars to use [in] a lifetime, using it sooner in my opinion may help the person getting benefits have a better outcome because they will be getting support [that] they may not [have] otherwise had available. I also think that by allowing some to use benefits when they think they need it could work with someone who is spending down their [assets] or decided not to do that until some later time for whatever particular reason they have	Front-end; Other
4	My experience is those who have long term care loathe to access for fear they won't qualify and that it will run out, so a front-end makes sense as by the time you typically access LTCI you may not live long enough to access it with a long waiting period	Front-end; Comprehensive
5	We support the highest level of service	Comprehensive; Back-end
6	I think you need front-end coverage in order to address the needs of individuals with incomes [too] high for Medi-Cal eligibility and too low to pay for services. If structured well, it seems like this could delay Medi-Cal spend down	Front-end; Back-end
7	No strong feelings on this, other than that I don't think comprehensive is feasible cost-wise	Back-end; Front-end
8	As only 50% will end up needing back-end, there has to be some means to help those with bridging different private options with some public support from employer-employee taxes; e.g., build into SSI	Front-end; Other

QUESTION 7

What do you feel is a more important gap to address amongst Californians without private LTC insurance coverage? (please explain your selection in the space provided)

#	Answer	Percentage	Count
1	Front-end gap (i.e., coverage within the first 1-2 years)	78%	7
2	Back-end gap (i.e., coverage begins after satisfying a defined period, such as 2-3 years)	22%	2

Front-end gap (i.e., coverage within the first 1-2 years) - Text

Recent public opinion research indicates that the majority of Californians could not afford more than three months of nursing home care at an average cost of six thousand dollars (\$6,000) per month in California

I think using the coverage provided sooner than later may lead to a better quality of life for both person receiving benefits and individual who are in their support network

Most people need 1-2 years care at the end of their lives

I think you need front-end coverage in order to address the needs of individuals with incomes [too] high for Medi-Cal eligibility and too low to pay for services. If structured well, it seems like this could delay Medi-Cal spend down

People may go bankrupt before their insurance even kicks in, and can then access Medicaid

The front-end is the larger gap for Californians without private coverage

Back-end gap (i.e., coverage begins after satisfying a defined period, such as 2-3 years) - Text

My experience is those who have long term care loathe to access for fear they won't qualify and that it will run out, so a front-end makes sense as by the time you typically access LTCI you may not live long enough to access it with a long waiting period

More catastrophic impact (financially) on people, especially with health conditions like Alzheimer's Disease

