

## Memo

Date: **21 September 2023**  
Subject: **AB 567 potential Program design changes questionnaire**

This questionnaire is being distributed to all California Assembly Bill (“AB”) 567 Long-Term Care (“LTC”) Insurance Task Force Members and the public. The purpose of this questionnaire is to independently collect Task Force Members’ recommendations regarding potential Program design changes based on the preliminary actuarial analysis presented at [Task Force Meeting #21](#).

Given that we do not know what level of tax rate might be considered feasible by the Legislature, Task Force Members may want to consider responding to this questionnaire from the mindset of designing their preferred Programs that fall approximately within the preliminary range of tax rates (e.g., 0.5%, 0.9%, 1.3%, 2.4%).

A supplement to the Feasibility Report will be included in the Actuarial Report to document the Task Force's recommended Program design changes, if applicable, based on the results of this questionnaire. The draft Actuarial Report will be discussed at Task Force Meeting #23 on November 2, 2023. The final Actuarial Report will be submitted to the Commissioner, the Governor, and the Legislature on or before January 1, 2024.

The public may submit a response to the questionnaire by completing this fillable PDF and submitting it via email ([CDIBoards@insurance.ca.gov](mailto:CDIBoards@insurance.ca.gov)).

## Questionnaire

Name (optional): \_\_\_\_\_

1. **Do you recommend changing the Program designs to reflect any of the following design elements?**

**Note:** Please select your (one) preferred alternative for each of the listed Program design elements. If no choice is selected, this will be presumed to mean you prefer the current baseline (which is indicated in bracketed **blue font**). You do not need to choose the same alternative across all designs.

Some alternative scenarios are not applicable to all Program designs or are already captured in the Task Force's recommended Program designs. These cells are shaded grey in the grid below and do not need to be populated.

Design element	Potential alternatives	Design 1	Design 2	Design 3	Design 4	Design 5
<b>Design 1 monthly maximum benefit</b>	\$1,000		N/A	N/A	N/A	N/A
	\$1,500 <b>[current baseline]</b>		N/A	N/A	N/A	N/A
<b>Design 2 approved care setting</b>	Home care only (i.e., remove residential care facilities)	N/A		N/A	N/A	N/A
	Home care and residential care facilities <b>[current baseline]</b>	N/A		N/A	N/A	N/A
<b>Design 2 elimination period</b>	0 days	N/A		N/A	N/A	N/A
	30 days	N/A		N/A	N/A	N/A
	90 days <b>[current baseline]</b>	N/A		N/A	N/A	N/A
<b>Design 5 vesting period</b>	5 years (with partial vesting) <b>[current baseline]</b>	N/A	N/A	N/A	N/A	
	10 years (with partial vesting)	N/A	N/A	N/A	N/A	
<b>Portability</b>	Full domestic portability <b>[current baseline for Designs 1 and 4]</b>		N/A	N/A		N/A
	Partial domestic portability <b>[current baseline for Designs 2 and 3]</b>	N/A			N/A	N/A
	Full international portability <b>[current baseline for Design 5]</b>		N/A	N/A		N/A
	Partial international portability	N/A			N/A	N/A

Design element	Potential alternatives	Design 1	Design 2	Design 3	Design 4	Design 5
<b>Benefit eligibility age</b>	18+ [current baseline for Designs 1, 3, 4 and 5]					
	30+					
	40+					
	50+					
	65+ [current baseline for Design 2]					
<b>Investment strategy assumption for modeling purposes only<sup>1</sup></b>	Invest in only U.S. Treasuries					
	Invest in bonds, stocks, and equities [current baseline]					
<b>Contribution caps</b>	No cap [current baseline for Design 4]					
	\$500,000 cap					
	\$400,000 cap [current baseline for Designs 1, 2, 3, and 5]					
	\$200,000 cap					

<sup>1</sup>This question seeks to clarify what we should assume for actuarial modeling purposes rather than what should be pursued by the Legislature. Investing in bonds (excluding California municipal bonds), stocks, and other equities would require a state constitutional amendment, which may be challenging to obtain. Estimated tax rates are materially higher absent this state constitutional amendment. The outcome of this question will not alter the Task Force's broader recommendation to pursue a state constitutional amendment.

Design element	Potential alternatives	Design 1	Design 2	Design 3	Design 4	Design 5
<b>Contribution waivers<sup>2</sup></b>	\$20,000 threshold		N/A			
	\$30,000 threshold <a href="#">[current baseline]</a>		N/A			
	\$35,000 threshold		N/A			
	\$50,000 threshold		N/A			
<b>Contribution exclusions<sup>2</sup></b>	\$20,000 threshold	N/A		N/A	N/A	N/A
	\$30,000 threshold <a href="#">[current baseline]</a>	N/A		N/A	N/A	N/A
	\$35,000 threshold	N/A		N/A	N/A	N/A
	\$50,000 threshold	N/A		N/A	N/A	N/A
<b>Private insurance exemption</b>	No opt-out <a href="#">[current baseline for Design 1]</a>					
	Opt-out on or before Program effective date <sup>3</sup> <a href="#">[current baseline for Designs 2, 3, 4 and 5]</a>					
	Opt-out 1-year prior to Program effective date <sup>3</sup>	N/A				
<b>Employer contributions</b>	0% employer contribution					
	25% employer contribution					
	50% employer contribution <a href="#">[current baseline]</a>					

<sup>2</sup> For all designs, taxable wages/income below a specified threshold (\$30,000 for baseline actuarial modeling purposes) are not subject to the tax; for Design 2, individuals with wages/income below the specified threshold do not contribute and do not receive vesting credits. The "contribution exclusion" and "contribution waivers" alternative scenarios quantify the impact of increasing or decreasing the specified threshold for Designs 2 and all other designs, respectively.

<sup>3</sup> Program effective date is assumed to be the beginning of the calendar year following the Governor's approval of proposed legislation.

**2. Are there any additional financial sensitivities (i.e., financial impact quantification of alternative program designs) that you would like to recommend be performed?**

**Note:** Additional financial sensitivities will be documented as a "next step" within the Actuarial Report (i.e., quantifications will not be performed before the completion of the Actuarial Report).

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