

# OUR ASK OF LTC TASK FORCE MEMBERS

1. **Read** this document or **watch** the YouTube recording of this presentation



2. **Respond** to our brief questionnaire regarding your (preliminary) recommendations for the program design elements discussed in this document/presentation



3. **Review** summarized questionnaire results prior to upcoming Task Force Meeting



4. **Participate** in group discussions and debates around recommended program design at Task Force Meetings





# Program Structure Concepts: Public, Private, and Hybrid Solutions

# Structure Concepts:

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1. Public – Public benefit options, such as universal social assistance, vested social insurance, or targeted social assistance
2. Private – Public support for private market solutions,
3. Hybrid – A public benefit that is designed to coexist with supplemental or complementary private insurance

## Program Structure Concepts: Public, Private, and Hybrid Solutions

### 1. Public Benefit Options

Examples	Questions	Pros	Cons
<p><b>a. Universal Assistance</b></p> <ul style="list-style-type: none"> <li>- Denmark, France, Japan, Germany, Netherlands, Singapore</li> <li>- Maine Universal Home Care Initiative – Universal home care proposal, assessing 3.8% payroll tax (split between employee and employer) on income over \$128k; rejected in 2018 ballot initiative</li> </ul>	<ul style="list-style-type: none"> <li>- Can this be done effectively at the state level?</li> <li>- How would the program be funded?</li> <li>- How would it interact with Medicaid and other federal programs?</li> <li>- How would it interact with private LTCi?</li> </ul>	<ul style="list-style-type: none"> <li>- Everyone is covered</li> <li>- Cost control – ability to negotiate and/or regulate service prices</li> <li>- Potentially lower administrative costs</li> </ul>	<ul style="list-style-type: none"> <li>- High total program cost</li> <li>- Potential loss of federal Medicaid contributions</li> <li>- Political/popular opposition?</li> </ul>
<p><b>b. Vested Social Insurance:</b></p> <ul style="list-style-type: none"> <li>- Washington Trust Act – State program, funded by a 0.58% payroll tax, paying vested workers a \$36,500 benefit (\$100/day for 365 days)</li> <li>- CLASS Act – Voluntary (opt-out) national LTCi program that was included in ACA but repealed due to concerns about adverse selection, high premiums, and program sustainability</li> </ul>	<ul style="list-style-type: none"> <li>- How is LTSS funded for everyone who is not vested?</li> <li>- How would the program be funded?</li> <li>- How would it interact with Medicaid and other federal programs?</li> <li>- How would it interact with private LTC insurance?</li> </ul>	<ul style="list-style-type: none"> <li>- Less costly than universal coverage (0.58% payroll tax under WA plan; 0.5% to 1% in most scenarios in DHCS Feasibility Study )</li> <li>- Less overlap with Medicaid (vested workers less likely to qualify for Medicaid)</li> <li>- More politically feasible?</li> </ul>	<ul style="list-style-type: none"> <li>- Only vested workers, and potentially family of vested workers, are covered</li> <li>- Costly, although significantly less costly than a universal program</li> <li>- May overlap with Medicaid to some extent, and therefore may reduce federal contributions</li> </ul>

## Program Structure Concepts: Public, Private, and Hybrid Solutions

<p><b>c. Targeted Social Assistance</b></p> <ul style="list-style-type: none"><li>- Hawaii Kapuna Caregivers Program – \$350 weekly benefit for unpaid family caregivers</li><li>- Credit for Caring Act – Proposed federal law that would provide a tax credit for informal family caregivers</li><li>- Some have proposed a public benefit covering catastrophic losses for those with Alzheimer’s disease</li></ul>	<ul style="list-style-type: none"><li>- Is the benefit meaningful?</li><li>- How would it be funded?</li></ul>	<ul style="list-style-type: none"><li>- Least costly</li><li>- Least likelihood for overlap with Medicaid</li><li>- Easier to design and implement</li></ul>	<ul style="list-style-type: none"><li>- Will not solve larger LTSS demographic and funding issues</li></ul>
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## Program Structure Concepts: Public, Private, and Hybrid Solutions

### 2. Public Support for Private Market Solutions

Examples	Questions	Pros	Cons
<p><b>a. Public-private reinsurance or risk-sharing for private LTCi</b></p> <ul style="list-style-type: none"> <li>- Some have proposed public support (design, legislation, and/or funding) for a program that would reimburse private insurer LTCi costs for catastrophic claims or in the event of unexpected adverse claims experience</li> </ul>	<ul style="list-style-type: none"> <li>- Would this materially reduce LTCi premiums?</li> <li>- Would any reduction in LTCi premiums produce a sufficient improvement in LTCi sales?</li> </ul>	<ul style="list-style-type: none"> <li>- Would provide insurance companies with more certainty when estimating premiums</li> <li>- Not disruptive – largely maintains status quo</li> <li>- Less costly</li> <li>- Comparatively simple</li> </ul>	<ul style="list-style-type: none"> <li>- Would it motivate more private insurers to enter the market?</li> <li>- Milliman Feasibility Study in Michigan found that a reinsurance program had “limited potential” to increase LTCi prevalence, as the costs would likely be passed to consumers</li> <li>- Political/popular opposition (could be viewed as a subsidy)</li> </ul>
<p><b>b. Promote/Incentivize new products</b></p> <ul style="list-style-type: none"> <li>- Minnesota is supporting development of a term life policy that converts to LTCi at a certain age</li> <li>- LTCi in Medicare Advantage – Plans may now include supplemental home care</li> </ul>	<ul style="list-style-type: none"> <li>- Would the new products materially reduce LTCi premiums or increase LTCi sales?</li> <li>- Will an opt-in Medicare Advantage plan be actuarially viable?</li> </ul>	<ul style="list-style-type: none"> <li>- Not disruptive – largely maintains status quo</li> <li>- Very little cost for state</li> <li>- Comparatively simple</li> </ul>	<ul style="list-style-type: none"> <li>- Would the new options motivate more private insurers to enter the market?</li> <li>- Likely not sufficient, in isolation, to solve larger demographic and funding problems</li> </ul>

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<p>(adult day care, personal care, respite care, home modification, and non-opioid pain management) and some assistive services, including food and transportation.</p>			
<p><b>c. Require Medicare Supplement health plans to include limited LTSS benefit</b></p> <ul style="list-style-type: none"> <li>- A Minnesota proposal would require Medicare supplement health plans to include a limited, nonmedical LTSS benefit package.</li> </ul>	<ul style="list-style-type: none"> <li>- Would the new plans materially increase LTCi sales?</li> <li>- Would the plans be actuarially viable?</li> <li>- Would the plans be affordable?</li> </ul>	<ul style="list-style-type: none"> <li>- Not disruptive – largely maintains status quo</li> <li>- Very little cost for state</li> <li>- Comparatively simple</li> </ul>	<ul style="list-style-type: none"> <li>- Any material benefit is likely to increase plan costs</li> <li>- Might drive Med Supp carriers from the market</li> <li>- Likely not sufficient, in isolation, to solve larger demographic and funding problems</li> </ul>
<p><b>d. Expanded Partnership options</b></p> <ul style="list-style-type: none"> <li>- Cheaper policies</li> <li>- More program participation</li> </ul>	<ul style="list-style-type: none"> <li>- Would this materially reduce LTCi premiums or increase LTCi sales?</li> </ul>	<ul style="list-style-type: none"> <li>- Not disruptive – maintains status quo</li> <li>- Very little cost for state</li> <li>- Comparatively simple</li> </ul>	<ul style="list-style-type: none"> <li>- Would the expanded options motivate more private insurers to enter the market?</li> <li>- Likely not sufficient, in isolation, to solve larger demographic and funding problems</li> </ul>

## Program Structure Concepts: Public, Private, and Hybrid Solutions

### 3. Hybrid Public-Private Solutions

Examples	Questions	Pros	Cons
<p><b>a. Public benefit supplemented by private insurance</b></p> <ul style="list-style-type: none"><li>- Option to purchase supplemental coverage – to provide additional coverage or services, or to pay providers not participating in public benefit</li><li>- Option to purchase complementary insurance – covering co-pays, share-of-cost, deductibles, etc.</li><li>- Supplemental and complementary options exist in most countries with public benefits</li></ul>	<ul style="list-style-type: none"><li>- Would new legislation be required to allow for or facilitate the sale of supplemental or complementary coverage?</li><li>- Would supplemental or complementary coverage be affordable?</li></ul>	<ul style="list-style-type: none"><li>- Will help keep costs of public benefit down</li><li>- Allows consumers greater freedom to choose the amount and types of coverage they want</li><li>- Would help to fill gaps in the public system</li></ul>	<ul style="list-style-type: none"><li>- Private carriers would need to enter/adapt to a new market</li></ul>





# Program Coverage Concepts: Front-end, Back-end, or Comprehensive Coverage

# Coverage Concepts:

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1. Front-end – Benefits payable at or near the beginning of an individual's eligibility for LTSS
2. Back-end – Benefit payable after an individual is impaired for a specified period of time
3. Comprehensive – Benefit payable for initial and back-end (catastrophic) LTSS needs

## Program Coverage Concepts: Front-end, Back-end, or Comprehensive Coverage

### 1. Front-end – Benefits payable at or near the beginning of an individual’s eligibility for LTSS

Examples	Questions	Pros	Cons
<ul style="list-style-type: none"> <li>- <b>Washington Trust Act</b></li> <li>– State program funded by a 0.58% payroll tax, paying vested workers a \$36,500 benefit (\$100/day for 365 days) that is indexed for inflation.</li> </ul>	<ul style="list-style-type: none"> <li>- Does a front-end benefit reduce spend-down / impoverishment?</li> <li>- Would it help individuals who would otherwise qualify for Medicaid?</li> <li>- How would it interact with private LTC insurance?</li> </ul>	<ul style="list-style-type: none"> <li>- Everyone who qualifies and needs LTSS receives a benefit</li> <li>- Less costly than back-end and comprehensive coverage (0.58% payroll tax under WA plan; 0.5% - 1% payroll tax for most program scenarios in DHCS Feasibility Study)</li> <li>- More predictable costs</li> <li>- Likely less overlap with Medicaid than back-end and comprehensive</li> </ul>	<ul style="list-style-type: none"> <li>- Pays less per claim than back-end and comprehensive</li> <li>- Benefit likely insufficient to cover most LTSS costs (median LTSS costs are over \$100,000, 75<sup>th</sup> percentile is about \$250,000)</li> <li>- Individuals whose LTSS expenditures exceed public benefit will need to spend down any remaining assets before qualifying for Medicaid</li> </ul>

## Program Coverage Concepts: Front-end, Back-end, or Comprehensive Coverage

### 2. Back-end – Benefit payable after an individual is impaired for a specified period of time

Examples	Questions	Pros	Cons
<ul style="list-style-type: none"> <li>- <b>WISH Act</b> – proposed federal catastrophic LTC insurance program; 0.6% payroll tax split between employee and employer; waiting period of 1-5 years, depending on income; \$3,600/month benefit; vesting after 10 years of contributions</li> </ul>	<ul style="list-style-type: none"> <li>- Does a back-end benefit reduce spend-down?</li> <li>- Would it help individuals who would otherwise qualify for Medicaid?</li> <li>- Should it exclude individuals who would otherwise qualify for Medicaid?</li> <li>- How would it interact with private LTC insurance?</li> </ul>	<ul style="list-style-type: none"> <li>- Generally pays more than front-end (longer maximum benefit duration)</li> <li>- Often more beneficial than front-end for those with high claim costs</li> <li>- More likely to reduce state Medicaid spending</li> <li>- Easier for private market to design supplemental front-end coverage (front-end risk/liability is easier to predict)</li> </ul>	<ul style="list-style-type: none"> <li>- More expensive than front-end (1.83% - 3.32% payroll tax in scenarios modeled in DHCS Feasibility Study)</li> <li>- Helps fewer people (about 50% of LTC claims end within 2 years)</li> <li>- Significant overlap with Medicaid</li> <li>- Potential loss of federal Medicaid contributions</li> <li>- Many will be impoverished during a waiting period</li> <li>- More unpredictable costs</li> </ul>

## Program Coverage Concepts: Front-end, Back-end, or Comprehensive Coverage

### 3. Comprehensive – Benefit payable for initial and back-end (catastrophic) LTSS needs

Examples	Questions	Pros	Cons
<ul style="list-style-type: none"> <li>- Denmark, France, Japan, Germany, Netherlands, Singapore</li> <li>- <b>Maine Universal Home Care Initiative</b> – A universal home care proposal, assessing 3.8% payroll tax (1.9% from employee, 1.9% from employer) on income over \$128k, was rejected by a 63-37 margin in 2018 ballot initiative</li> </ul>	<ul style="list-style-type: none"> <li>- Can this be done effectively at the state level?</li> <li>- How would it be funded?</li> <li>- How would it interact with Medicaid and other federal programs?</li> <li>- How would it interact with private LTC insurance?</li> </ul>	<ul style="list-style-type: none"> <li>- Everyone who qualifies and needs LTSS receives a benefit</li> <li>- Cost control – ability to negotiate and/or regulate service prices</li> <li>- Potentially lower administrative costs</li> </ul>	<ul style="list-style-type: none"> <li>- High total program cost</li> <li>- Potential loss of federal Medicaid contributions</li> <li>- Political/popular opposition?</li> <li>- More unpredictable program costs (due to more variable catastrophic liability)</li> </ul>

# WHAT NEXT?

**Please fill out the questionnaire**

We will tally results and distribute them in advance of the next Task Force Meeting!