

LTSS Benefit Age & Situs Eligibility

**Presentation to CA LTCI Task Force
July 2022**

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Disclaimer: The views expressed by the presenter are intended to provide the Task Force with considerations about potential program structures, and not any recommendations by the presenter or others. Nothing in this presentation reflects the view of any particular Task Force member or their employer, including Genworth Financial and its affiliates. Please note that there is not a single industry view that has been adopted.

Agenda

Benefit Age Eligibility

Benefit Care Setting Eligibility

LTSS Benefit Age Eligibility

For Taskforce Consideration

- Individuals must be age X or older to receive benefits... consider targeting the benefits to the aging population (e.g., 60, 65)
- Establish a separate working group to look into supports for developmental and acquired disabilities in early adulthood

AB 567 Reference

Section 1: The Legislature hereby finds and declares all of the following:

- (a) Recent public opinion research indicates that Californians, regardless of political party or income level, are worried about the costs of growing older.
- (b) A majority of respondents 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. About four in 10 respondents could not afford a single month of care at that rate. Among Latino voters, 88 percent said they do not have long-term care insurance or are not sure whether they are covered for supportive services like in-home care. Concerns about paying for long-term care cut across all income levels and all partisan affiliations

Supporting Data

- In general in the United States, 70-85% of the disabled population is aged 65+ (see appendix for sources)
- In California, 10.6% of adults have a disability, compared to 36% of people 65 and older (Task Force [Presentation 4G](#))
- In California, 16% of the population is 65 and older (2020), and that is expected to grow to 27% by 2060 – the only segment expected to increase (Task Force [Presentation 4G](#))
- The cost of the program would increase 13.5% by expanding eligibility from 65+ to 18+ (Task Force [Presentation 5C](#))

Conclusion

Defining benefit eligibility to align with aging is consistent with the stated rationale for creating AB 567, covers a broad yet focused population that is consistent with the Governor's Master Plan on Aging, and could reduce costs (which may increase the likelihood of the program being established).

LTSS Benefit Care Setting Eligibility

For Taskforce Consideration

Taking a tiered approach to benefit eligibility by care setting, based on activities of daily living (ADLs*), could balance:

- the Task Force's preliminary desire to provide comprehensive coverage in diverse care settings (home, community-based, and institutional), and
- an interest in addressing preventative and pre-need care ([Recap 10A](#)), with
- cost considerations

Sample Structure For Illustrative Purposes

- | | |
|--------------------------------|---|
| ➤ Pre-HIPAA*, Pre-IADL Trigger | Preventive benefits before satisfying HIPAA trigger upon meeting program vesting requirements (e.g.,: minor medical/supportive equipment, home assessment, minor home modifications) |
| ➤ IADL* Trigger | Partial benefits upon satisfying IADL-based trigger, such as home and community-based care, informal care, caregiver support (respite and education), adult day care, meal delivery, and transportation |
| ➤ Post-HIPAA Trigger | Full benefits, including institutional-based care, upon satisfying HIPAA trigger |

**See Appendix for HIPAA trigger, ADL, and instrumental activities of daily living (IADL) definitions.*

Pros

- Aligning benefits and care with the severity of need could reduce cost
- Increase flexibility and support to empower Californians to utilize the benefits in ways that best align with their needs

Cons

- Increased program complexity from the perspectives of program administration and coordination with private LTC insurance
- May be more difficult for Californians to comprehend the program
- Trade-off between program administration complexity and potential cost savings
- Expanding the accessibility of benefits and care prior to satisfying HIPAA triggers could increase cost

Appendix

LTSS Age Data

- [2021 Center for Disease Control Brief](#) on Residential Care Community Residents (using 2018 data - 93% of residential care communities residents are 65+)
- [2020 California Health and Human Resources LTC Facilities Report](#)
 - Includes data collected from 1,038 LTC facility locations in California in 2020
 - 76.6% of those in an LTC facility are aged 65+
- [Cornell 2018 Disability Status Report](#)
 - Based on data from the US Census Bureau's American Community Survey, sent each year to a random sample of over 3.5 million households.
 - Includes California-specific statistics as of 2018; excludes institutionalized care
 - Disability is defined as having one or more of the following: Hearing disability, Visual disability, Cognitive disability (i.e., difficulty concentrating, remembering, or making decisions), Ambulatory disability (i.e., difficulty walking or climbing stairs), Self-care disability (i.e., bathing or dressing), Independent living disability (i.e., difficulties doing errands alone such as visiting a doctor's office or shopping)
 - 71.6% of those with a (non-institutionalized) disability are aged 65+
- [United Census Bureau 2016 American Community Survey](#)
 - Based on data from the US Census Bureau's American Community Survey, sent each year to a random sample of about 3.5 million addresses each year, and approximately 20,000 Group Quarters facilities, such as correctional facilities for adults, nursing homes, college/university student housing, military quarters, and group homes
 - US-specific statistics as of 2016; institutionalized care only
 - 83.2% of those within a nursing facility or skilled nursing facility are aged 65+
- From the [Society of Actuaries 2000-2011 Long Term Care Aggregate intercompany experience database](#), there is a 72% probability that claim starts at ages 75-89

Definitions

- HIPAA establishes [six standard activities of daily living \(ADLs\)](#) as bathing, dressing, toileting, transferring, continence, and eating. (See also [CA Ins. Code 10232.8](#)) Tax-qualified insurance policies must include at least five of these six and must use the HIPAA definitions. They must define a physical impairment as the inability to perform at least two of the standard ADLs without substantial assistance from another person.
- [National Library of Medicine](#) defines Instrumental activities of daily living (IADL) as “those activities that allow an individual to live independently in a community. Although not necessary for functional living, the ability to perform IADLs can significantly improve the quality of life. The major domains of IADLs include cooking, cleaning, transportation, laundry, and managing finances.”