

Presentation #6.A

Prepared for the California Department of Insurance

RECAP: PRELIMINARY RECOMMENDATIONS TO DATE

A summary of preliminary Task Force recommendations and discussions through December 2021

January 2022

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.

Oliver Wyman shall not have any liability to any third party in respect of this report or any actions taken or decisions made as a consequence of the results, advice or recommendations set forth herein.

The opinions expressed herein are valid only for the purpose stated herein and as of the date hereof. Information furnished by others, upon which all or portions of this report are based, is believed to be reliable but has not been verified. No warranty is given as to the accuracy of such information. Public information and industry and statistical data are from sources Oliver Wyman deems to be reliable; however, Oliver Wyman makes no representation as to the accuracy or completeness of such information and has accepted the information without further verification. No responsibility is taken for changes in market conditions or laws or regulations and no obligation is assumed to revise this report to reflect changes, events or conditions, which occur subsequent to the date hereof.

KEY PRELIMINARY RECOMMENDATIONS AS OF TASK FORCE MEETING #4

Preliminary recommendations are subject to change

Front-end coverage

• Benefits payable at or near the beginning of an individual's eligibility for LTSS

Preference is for a targeted and/or vested program

- "Targeted" refers to specific population(s) and/or specific service(s) that will covered by the program
- "Vested" refers to specified eligibility requirement(s) that must be met before benefits are paid
- Specific target(s) and/or vesting requirement(s) yet to be determined

Social insurance is preferred to public assistance

- Social Security is a prominent example of a social insurance program
- Medicaid is a prominent example of a public assistance program
- Task Force Members discussed potentially blending social insurance and public assistance

Consider LTSS program in Germany, Washington state, and France for reference

- Germany vested, comprehensive social insurance program
- Washington state vested, front-end social insurance program
- France hybrid program that blends universal comprehensive coverage and family responsibility with small social insurance component

Preference is for private long-term care (LTC) insurance to pay before statewide LTC insurance program

- With concurrent but non-duplicative payments permitted
- Consider whether it is appropriate to allow different interaction for private LTC insurance sold *after* (vs. before) program implementation (e.g., permit supplemental LTC coverage sold after program launch to pay secondary to state benefits)

Statewide LTC insurance should not factor into Medi-Cal eligibility

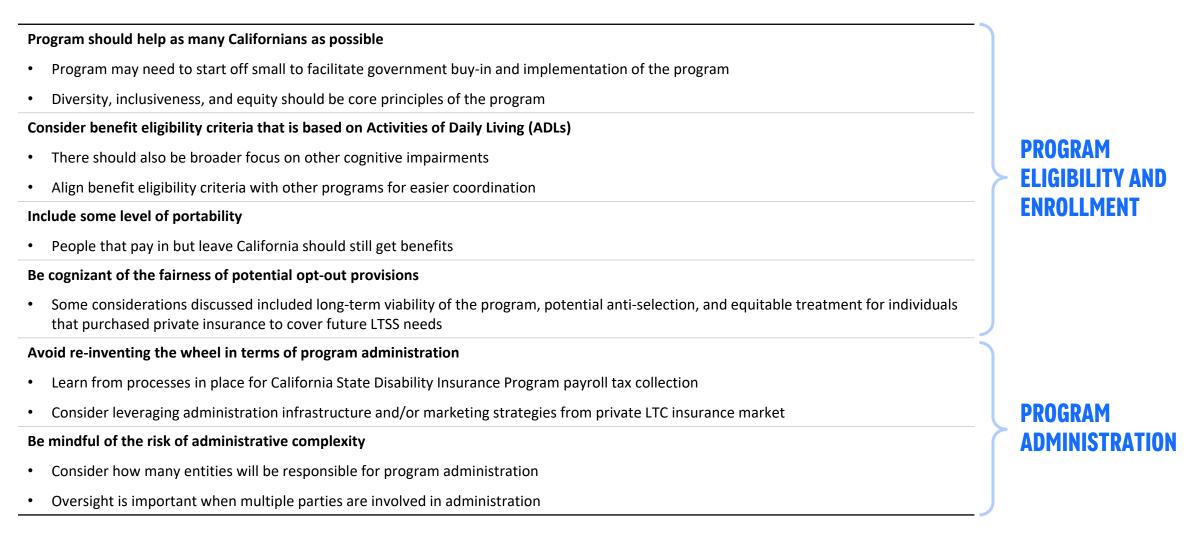
© Oliver Wyman

PROGRAM STRUCTURE AND DESIGN

PROGRAM COORDINATION AND INTERACTION

PRELIMINARY DISCUSSION FROM TASK FORCE MEETING #5

At our last meeting, several Task Force Members shared their views on program eligibility, enrollment, and administration as recapped below



Task Force Members will be asked to make a preliminary recommendation on these topics (and more) following today's Task Force meeting (#6)



A business of Marsh McLennan