

RECAP: PRELIMINARY RECOMMENDATIONS TO DATE

A summary of preliminary Task Force recommendations as of February 16, 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.

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AB 567 FEASIBILITY REPORT MAY RECOMMEND MULTIPLE PROGRAM DESIGNS

Glide path: unified alignment on fundamental program elements (e.g., front-end vs. back-end); consider a range of recommendations on more detailed design elements (e.g., benefit period)

	CONFIGURATION 1	CONFIGURATION 2	CONFIGURATION 3
Program structure	◀ Front-end design ▶		◀ ▶
	◀ Social insurance program ▶		◀ ▶
	◀ Targeted and/or vested ▶		◀ ▶
Benefit eligibility age	Age 18+	Age 65+	Age 50+
Enrollment type	[TBD]	[TBD]	[TBD]
Benefits and services	2-year benefit	3-year benefit	2-year benefit
...
Financing	◀ [TBD March 10] ▶		◀ ▶

ILLUSTRATIVE

KEY PRELIMINARY RECOMMENDATIONS AS OF TASK FORCE MEETING #6

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

**PROGRAM
STRUCTURE AND
DESIGN**

**PROGRAM
COORDINATION
AND INTERACTION**

PRELIMINARY RECOMMENDATIONS FROM TASK FORCE MEETING #7 (1 OF 2)

Summary reflects highest scoring options from questionnaire only; alternative outcomes based on Task Force Meeting #7 discussions are not reflected

Benefit eligibility framework consistent with existing HIPAA triggers

- Substantial assistance with 2 of 6 Activities of Daily Living or severe cognitive impairment for a period of 90 days or more

Individuals must be aged 65 or older to be eligible for benefits, regardless of disablement age (aged 18 or older was also highly scored)

Individuals are fully vested after contributing for a set number of years, with partial vesting allowed

- A 5-year vesting schedule was the most common recommendation with partial vesting after a limited duration (e.g., 1 year)
- Individuals who are unable to satisfy the vesting requirements can buy into the program

Fully portable benefits (i.e., benefits may be used outside of California)

Preference is to offer a spousal benefit that extends coverage to a spouse or domestic partner

- Require a higher contribution from individuals who elect spousal coverage

Allow an opt-out provision for specified groups of individuals

- Individuals who own or purchase an eligible private LTC insurance policy before the program effective date
- Individuals who purchase an eligible substitutive private LTC insurance policy after the program effective date
- Individuals nearing retirement and individuals covered by other (non Medi-Cal) government programs

Preference is to not have an opt-in/buy-in provision except for those unable to satisfy vesting requirements

- Require all other individuals not subject to an opt-out provision to participate in the program

Waive contributions for individuals below a specified poverty level

- Allow these individuals to receive benefits under the program

Keep program administrative complexity low

- A simpler program may have higher potential for perceived gaps/inequities
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**PROGRAM
ELIGIBILITY**

**PROGRAM
ENROLLMENT**

ADMINISTRATION

PRELIMINARY RECOMMENDATIONS FROM TASK FORCE MEETING #7 (2 OF 2)

Summary reflects highest scoring options from questionnaire only; alternative outcomes based on Task Force Meeting #7 discussions are not reflected

Reimbursement for all covered benefits with a reduced cash benefit alternative

- The reduced cash benefit may be used to support informal / family caregivers

Provide a specified monthly benefit maximum

- Recommended benefit maximums ranged from \$3,000 to \$6,000 per month
- Several designs for varying benefit maximums were shared

Two-year benefit period

Benefit inflation as a function of cost of care trend(s)

- Preference is to assess, if not automatically apply, benefit inflation annually

No elimination period

Comprehensive coverage

- Cover institutional care as well as home and community-based care

Offer preventive benefits before satisfying the benefit eligibility criteria but only after becoming fully vested in the program

- Recommended preventive benefits included durable medical equipment, hearing aids, home safety evaluations, home modifications, education, and/or discounts/promotions to encourage wellness behavior
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**PROGRAM
BENEFITS**

**PROGRAM
SERVICES**



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