Prepared for the California Department of Insurance

Presentation #9.B

# CALIFORNIA DEPARTMENT OF INSURANCE: LONG-TERM CARE INSURANCE PROGRAM

## Program financing questionnaire results

March 2022

# QUALIFICATIONS, ASSUMPTIONS AND LIMITING CONDITIONS

Oliver Wyman was commissioned by the California Department of Insurance 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 (LTSS). 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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# EXECUTIVE SUMMARY

Task Force Members were asked to complete a questionnaire regarding their **preliminary** views on **financing** for a statewide LTC insurance program in California. Task Force Member views may evolve as detailed discussions progress across the seven Work Plan elements. This page summarizes Task Force Member questionnaire results. Subsequent pages contain verbatim responses from Task Force Members and the public (with minor edits for spelling, grammar, and punctuation).

| Program element | Key takeaways |
|---|---|
| **Program affordability** | **Vary contributions by level of wages or income (i.e., higher for higher-income individuals, lower or zero for lower-income individuals)** |
| **Taxation structure** | **Progressive tax (i.e., a larger tax is levied on higher-income individuals)** |
| **Revenue option** | **Payroll tax**<br>• Recommendations for consideration: 50/50 employee/employer split, 75/25 employee/employer split |
| **Contribution ages** | **Program should be funded by non-juvenile individuals (e.g., age 18+)** |
| **Mutual exclusivity with Medi-Cal** | **Program should not be designed with the intent of being mutually exclusive with Medi-Cal**<br>• A federal demonstration waiver will likely need to be pursued |
| **Funding approach** | **Hybrid funding (elements of both pre-funding and PAYGO)**<br>• Recommendations for consideration: transition from pre-funding to PAYGO over time and/or vary the funding approach by population segment<br>• A pre-funded approach also received a high percentage of votes |
| **Contribution rate structure** | **Varied (i.e., program contribution rates are intended to change over time)** |
| **Investment strategy** | **Program contributions should be invested in stocks, bonds, and U.S. Treasuries (constitutional amendment required)** |
| **Private LTC insurance opt-out alternative** | **Task Force is split between having an opt-out provision or reduced program contributions for individuals with eligible private LTC insurance**<br>• Preliminary recommendations apply to individuals who own an eligible private LTC insurance policies purchased before or after the potential legislative approval of the program |

The results in this presentation are based on questionnaire responses from **ten** Task Force members and **one** public respondent; their responses are provided on the subsequent pages

# QUESTION 1 (1 OF 4)

Please select your recommended affordability lever. Please select up to three choices, ranked in order of preference.

| # | Answer – Task Force Members | Score[1] | First choice count |
|---|---|---|---|
| 1 | Subsidized contribution: vary contributions by level of wages or income (higher for higher-income individuals, lower or zero for lower-income individuals) | 32 | 5 |
| 2 | Subsidized tax contribution: exempt the first $[x],000 of income from the tax (please specify your recommendation for X)<br><br>**Recommendations for income exemption threshold:** $13,000, $20,000, $25,000, $30,000, percentage of the Federal Poverty Level | 24 | 3 |
| 3 | Limit out-of-pocket costs: minimize elimination period for lower-income individuals[2] (please specify your recommended elimination periods for higher-income individuals and lower-income individuals)<br><br>**Recommendations for elimination periods**: lower-income individuals = no elimination period, higher-income individuals = 90 days | 15 | 2 |
| 4 | Subsidized tax contribution: apply the same tax to all individuals but provide a separate tax rebate for lower-income individuals | 8 | 0 |
| 5 | Limit out-of-pocket costs: increase monthly benefit amounts for lower-income individuals (please specify your recommended monthly benefit amounts for higher-income individuals and lower-income individuals)<br><br>**Recommendations for monthly benefit**: none specified | 3 | 0 |
| 6 | Variability by type of service: reduce the elimination period for specific services (please specify which services should have a lower elimination period and any elimination period recommendations)<br><br>**Recommendations for service type:** none specified | 1 | 0 |
| 7 | Alternative affordability lever not listed above (please specify) | 0 | 0 |
| 8 | None of the above: do not apply an explicit lever to increase affordability for lower-income individuals | 0 | 0 |

[1] **Scoring methodology**: 6 points for first choice (i.e., most preferred), 2 points for second choice (if applicable), 1 point for third choice (if applicable). Scores should be interpreted on a relative basis within a given question, with the highest score representing the most preferred selection

[2] Question 17A of the Task Force Meeting 7 questionnaire indicates that the Task Force is preliminarily leaning towards a program with a zero-day elimination period

# QUESTION 1 (2 OF 4)

Please select your recommended affordability lever. Please select up to three choices, ranked in order of preference.

| # | Answer – Public | Score[1] | First choice count |
|---|---|---|---|
| 1 | Subsidized contribution: vary contributions by level of wages or income (higher for higher-income individuals, lower or zero for lower-income individuals) | 6 | 1 |
| 2 | Subsidized tax contribution: exempt the first $[x],000 of income from the tax (please specify your recommendation for X)<br>**Recommendations for income exemption threshold:** none specified | 2 | 0 |
| 3 | None of the above: do not apply an explicit lever to increase affordability for lower-income individuals | 1 | 0 |
| 4 | Limit out-of-pocket costs: minimize elimination period for lower-income individuals[2] (please specify your recommended elimination periods for higher-income individuals and lower-income individuals) | 0 | 0 |
| 5 | Subsidized tax contribution: apply the same tax to all individuals but provide a separate tax rebate for lower-income individuals | 0 | 0 |
| 6 | Limit out-of-pocket costs: increase monthly benefit amounts for lower-income individuals (please specify your recommended monthly benefit amounts for higher-income individuals and lower-income individuals) | 0 | 0 |
| 7 | Variability by type of service: reduce the elimination period for specific services (please specify which services should have a lower elimination period and any elimination period recommendations) | 0 | 0 |
| 8 | Alternative affordability lever not listed above (please specify) | 0 | 0 |

[1] **Scoring methodology**: 6 points for first choice (i.e., most preferred), 2 points for second choice (if applicable), 1 point for third choice (if applicable). Scores should be interpreted on a relative basis within a given question, with the highest score representing the most preferred selection

[2] Question 17A of the Task Force Meeting 7 questionnaire indicates that the Task Force is preliminarily leaning towards a program with a zero-day elimination period

# QUESTION 1 (3 OF 4)

Please explain your response to the question above.

| # | Responses for those who ranked "Subsidized contribution: vary contributions by level of wages or income (higher for higher-income individuals, lower or zero for lower-income individuals)" as most preferred |
|---|---|
| 1 | Sliding scale approval. Consider having a lifetime max associated. Limit out-of-pocket cost / variability of services - an indirect approach to affordability. Not everyone will claim (which is a good thing). These should be addressed from a benefit and risk perspective vs affordability<br><br>[Secondary option]: [I] do not have enough information to make an educated guess. Should be based on a baseline that considers a living wage and the objectives of the program. |
| 2 | For future iterations of this survey, I suggest splitting the levers to improve affordability for taxpayers from the levers to improve affordability for users of LTSS since those seem like separate policy design questions<br><br>[Tertiary option]: If an elimination period is considered, it should only be a possibility for those with the resources to cover an elimination period, i.e. lower-income should be defined quite broadly given that many people in middle income ranges could not afford to access care during an elimination period |
| 3 | [Tertiary option]: Needs to be social insurance, so everyone is invested in it. If this approach can do this, I am open to it. |
| 4 | [Tertiary option]: Especially with in home care a 90-day waiting period can mean a person who needs care [immediately] won't last at home if they can't get care so variability in wait times should be flexible for the immediate need. |

| # | Responses for those who ranked "Subsidized tax contribution: exempt the first $[x],000 of income from the tax (please specify your recommendation for X)" as most preferred |
|---|---|
| 1 | Principles / guiding choices: Income-based affordability, limit out-of-pocket costs for low income |
| 2 | Having the "exempt the first $" amount would address income levels, though I am not knowledgeable enough to propose an actual amount.<br><br>[Secondary option]: Again, I do not feel that I am knowledgeable enough to propose an actual benefit $ amount, though agree that [it's] important to have a sliding scale of sort depending on income level |
| 3 | X = $30,000 but I don't have a strong reason for this number; perhaps define as a percentage of the Federal Poverty Level (e.g., 150%) instead. Any of the other options would likely increase administrative complexity |

# QUESTION 1 (4 OF 4)

Please explain your response to the question above.

| # | Responses for those who ranked "Limit out-of-pocket costs: minimize elimination period for lower-income individual (please specify your recommended elimination periods for higher-income individuals and lower-income individuals)" as most preferred |
|---|---|
| 1 | I am concerned about the cost of the program.  I understand the lack of affordability, but also recognize the strain it will put on the rest of the system.<br><br>My first choice [0 days for lower income, 90 days for higher income], the elimination period is based on those with lower income not being able to afford any amount of LTC. I am then offsetting their cost via the higher income by increasing their elimination period.<br><br>My second choice [exempt first $20k] is trying to remove some cost for those with very low income while allowing some contributions to be allowed after a threshold. |
| 2 | I would want individuals to be able to afford and access [the program] as soon as possible, so I like the idea of no elimination period. I also like the idea of a tax being adjusted according to their income so they can actually afford it. Finally, I'm not sure what the right numbers are but [I am] curious to hear [if] others think limiting out-of-pocket costs would [also] be beneficial |

# QUESTION 2

Do you have any other recommendations related to program affordability?

| # | Responses – Task Force Members |
| --- | --- |
| 1 | Everyone must pay in, and lower income individuals can be subsidized like Medicare. |
| 2 | I think it’s important to keep in mind that an earner’s wage changes over their work lifetime. While using wages as an indicator [for affordability], wages often vary over a lifetime. How would this be accounted for and does it impact affordability? |
| 3 | No |
| 4 | Wouldn't we need to know more about the cost of providing the affordability? Does the LTC utilization increase for those that have affordability concerns? |
| 5 | Not at this time. |

# QUESTION 3 (1 OF 2)

Please select your recommended taxation structure.

| # | Answer – Task Force Members | Percentage | Count |
|---|---|---|---|
| 1 | Progressive tax | 60.0% | 6 |
| 2 | Proportional tax | 40.0% | 4 |
| 3 | Regressive tax | 0.0% | 0 |
| 4 | Other (please specify) | 0.0% | 0 |

| # | Answer – Public | Percentage | Count |
|---|---|---|---|
| 1 | Progressive tax | 100.0% | 1 |
| 2 | Proportional tax | 0.0% | 0 |
| 3 | Regressive tax | 0.0% | 0 |
| 4 | Other (please specify) | 0.0% | 0 |

# QUESTION 3 (2 OF 2)

Please explain your response to the question above.

| # | Responses for those who chose “Progressive tax“ |
|---|---|
| 1 | Taxing those who can pay the most is the best idea |
| 2 | Progressive is most equitable |
| 3 | It is important for lower-income people to bear less of the cost associated with the program |

| # | Responses for those who chose “Proportional tax“ |
|---|---|
| 1 | Proportional, with perhaps an annual cap when met? |
| 2 | I like a tax similar to Social Security which generates more money for those making more, but has a cap. I believe that would therefore be proportional as it is the same percentage for everyone up to a cap. |
| 3 | Guiding principles: equity and affordability. |
| 4 | Because my recommendation to question 1 was to exempt the first $[x],000 of income from the tax, I propose a proportional tax; without this exemption, I would prefer a progressive tax |

# QUESTION 4A (1 OF 5)

Please select your recommended revenue option. Please select up to three choices, ranked in order of preference.

| # | Answer – Task Force Members | Score[1] | First choice count |
|---|---|---|---|
| 1 | Payroll tax: split X% funded by employees and Y% funded by employers (please specify your recommendations for X% and Y%, where X% + Y% must equal 100%)<br>**Recommendations for employee/employer split:** 50% employee/50% employer, 75% employee/25% employer | 30 | 4 |
| 2 | Hybrid financing option (please identify your recommended hybrid revenue sources in question 4.b)<br>**Recommendations for hybrid option:** payroll tax and corporate income tax; payroll tax and premium contributions; payroll tax, general income tax, and excise tax | 18 | 3 |
| 3 | Personal income tax | 11 | 1 |
| 4 | Sales tax | 10 | 1 |
| 5 | Corporate income tax | 6 | 1 |
| 6 | General revenue funding (including an increase to insurance premium taxes) | 3 | 0 |
| 7 | Excise tax | 2 | 0 |
| 8 | Estate tax | 2 | 0 |
| 9 | Provider tax | 2 | 0 |
| 10 | Premium contributions | 2 | 0 |
| 11 | Inheritance tax | 1 | 0 |
| 12 | Other (please specify) | 0 | 0 |

[1] **Scoring methodology**: 6 points for first choice (i.e., most preferred), 2 points for second choice (if applicable), 1 point for third choice (if applicable). Scores should be interpreted on a relative basis within a given question, with the highest score representing the most preferred selection.

# QUESTION 4A (2 OF 5)

Please select your recommended revenue option. Please select up to three choices, ranked in order of preference.

| # | Answer – Public | Score[1] | First choice count |
|---|---|---|---|
| 1 | Personal income tax | 6 | 1 |
| 2 | Payroll tax: split X% funded by employees and Y% funded by employers<br>(please specify your recommendations for X% and Y%, where X% + Y% must equal 100%)<br>**Recommendations for employee/employer split:** 60% employee/40% employer with 100% for self-employed and dependents | 2 | 0 |
| 3 | Hybrid financing option (please identify your recommended hybrid revenue sources in question 4.b)<br>**Recommendations for hybrid option:** payroll tax and personal income tax | 1 | 0 |
| 4 | Sales tax | 0 | 0 |
| 5 | Corporate income tax | 0 | 0 |
| 6 | General revenue funding (including an increase to insurance premium taxes) | 0 | 0 |
| 7 | Excise tax | 0 | 0 |
| 8 | Estate tax | 0 | 0 |
| 9 | Provider tax | 0 | 0 |
| 10 | Premium contributions | 0 | 0 |
| 11 | Inheritance tax | 0 | 0 |
| 12 | Other (please specify) | 0 | 0 |

[1] **Scoring methodology**: 6 points for first choice (i.e., most preferred), 2 points for second choice (if applicable), 1 point for third choice (if applicable). Scores should be interpreted on a relative basis within a given question, with the highest score representing the most preferred selection

# QUESTION 4A (3 OF 5)

Please explain your response to the question above.

| # | Responses for those who ranked “Payroll tax: split X% funded by employees and Y% funded by employers (please specify your recommendations for X% and Y%, where X% + Y% must equal 100%)” as most preferred |
|---|---|
| 1 | Payroll tax has the advantage of the structural precedent set with SDI/ paid family leave. Employers paying a portion of the payroll tax makes sense given employers’ interest in addressing family caregiving demands for employees. Up to 2% with employees paying 1% plus employers paying 1% (and employee rate potentially lower or zero for lower-income employees) |
| 2 | A payroll tax is [a] more stable social insurance model. I recommend that the payroll tax be applied only to wages above a certain level so that it is less regressive. I also think the tax should [be] fund[ed based on a] 50%/50% split between employees and employers. |
| 3 | I had a hard time on this as I couldn't figure out how those covered [by the program] match or [don’t] match those paying for the program.<br><br>A. I like the Sales tax, but it doesn't align with our original goal of those working. This is a good idea if we are providing benefits to a larger CA population. It also spreads the cost out among many items.<br><br>B. I picked payroll as #1 since it matches the population we [are] going to provide the LTC coverage to. I didn't have much idea how to split between ER and EE, so I just picked 50/50<br><br>C. Personal income tax in CA is high, but this would allow for us to provide benefit[s] to a wider CA population since you don't need to be working. We can now provide for retirees and others (businesses owners) |
| 4 | Payroll tax allows for a buy-in and perhaps a buy-in to specific services and supports. A personal income tax seems like an equitable alternative and would need the Legislature’s support. I feel like those are the most viable options |

# QUESTION 4A (4 OF 5)

Please explain your response to the question above.

| # | Responses for those who ranked "Hybrid financing option (please identify your recommended hybrid revenue sources in question 4.b)" as most preferred |
|---|---|
| 1 | Private health insurance companies are also contributing to the hybrid model, along with government<br><br>[Proposed hybrid design]: payroll tax and corporate income tax |
| 2 | [Proposed hybrid design]: payroll tax and premium contributions; allows near retirees to vest<br><br>[Secondary option]: 25% employer, 75% employee payroll tax; having a lower employer proportion may lessen opposition from employer groups |
| 3 | Need a combination of sources to be sustainable. Not everyone files person[al] income tax. Sales tax tends to be more regressive. Levy excise taxes on cigarettes and other products that do not support healthy living. General revenue tax support can change based on politics.<br><br>Position payroll tax to employers as a way to retain employees and realize savings later because people who may have been family caregivers stay in the workforce. Need examples from real-world instances of how this is split, the impact to acceptance, and utilization of benefits. Have provisions to make sure employers' portion isn't passed to employees [or consumers] in some way<br><br>[Proposed hybrid design]: payroll tax, general income tax, and excise tax |

# QUESTION 4A (5 OF 5)

Please explain your response to the question above.

| # | Responses for those who ranked "Personal income tax" as most preferred |
|---|---|
| 1 | Guiding principles: fairness, sustainability, [and] public support. |

| # | Responses for those who ranked "Sales tax" as most preferred |
|---|---|
| 1 | Sales tax on luxury items [such as] cigarettes [and] alcohol<br>If we use things like corporate tax, what happens to very small corporations that are under 100 or 50 or fewer employees? They are not the same as a huge Walmart or Kaiser or other huge corporations so [is that what we would want]? |

| # | Responses for those who ranked "Corporate income tax" as most preferred |
|---|---|
| 1 | Looking to tax the highest worth individuals and corporations only. |

# QUESTION 4C

Do you recommend any variability in your selected revenue option?

| # | Responses – Task Force Members |
|---|---|
| 1 | Interested in employer taxes |
| 2 | Integration of Medicare, Medi-Cal funds and other LTSS program fund streams. |
| 3 | Open to discussion |

# QUESTION 5 (1 OF 2)

Assuming the revenue option allows for specific age groups to contribute towards the program (e.g., personal income tax), please select which program contribution age categories you recommend be considered (select all that apply):

| # | Answer – Task Force Members | Percentage | Count |
|---|---|---|---|
| 1 | Older adults; pre-retirement age (e.g., 40-64) | 100.0% | 10 |
| 2 | Younger adults (e.g., 18-39) | 90.0% | 9 |
| 3 | Retirement age adults (e.g., 65+) | 80.0% | 8 |
| 4 | Juveniles (e.g., before 18) | 20.0% | 2 |
| 5 | Other (please specify) | 20.0% | 2 |

| # | Other (please specify) – Task Force Members |
|---|---|
| 1 | Anyone should be able to pay into [the] program even if it is a grandparent doing it for a new grandchild |
| 2 | Include young adults aged 29-39 (rather than 18-39) |

| # | Answer – Public | Percentage | Count |
|---|---|---|---|
| 1 | Younger adults (e.g., 18-39) | 100.0% | 1 |
| 2 | Older adults; pre-retirement age (e.g., 40-64) | 100.0% | 1 |
| 3 | Retirement age adults (e.g., 65+) | 0.0% | 0 |
| 4 | Juveniles (e.g., before 18) | 0.0% | 0 |
| 5 | Other (please specify) | 0.0% | 0 |

# QUESTION 5 (2 OF 2)

Please explain your response to the question above.

| # | Responses – Task Force Members |
|---|---|
| 1 | Everyone should be eligible |
| 2 | Guiding principles: fairness, equity, [and] sustainability. |
| 3 | If [the program] allow[s] for [an] opt-in of retirement age adults, they should contribute |
| 4 | I assumed if everyone benefits, should they not pay into the program?  I am assuming those that are younger are getting vesting towards the benefit. |
| 5 | You shouldn't wait until the age in which you need the services to pay into the fund |

# QUESTION 6

Do you have any other recommendations related to program revenue options?

| # | Responses – Task Force Members |
|---|---|
| 1 | Corporate tax reform is needed in CA |
| 2 | Provider tax. |
| 3 | Are there savings from Medicaid we should be considering to be revenue items? |
| 4 | No |

# QUESTION 7 (1 OF 2)

Do you recommend designing the statewide LTC insurance program to be mutually exclusive from Medi-Cal (to the extent practicable)?

| # | Answer – Task Force Members | Percentage | Count |
|---|---|---|---|
| 1 | No (in this case, a federal demonstration waiver will likely need to be pursued) | 60.0% | 6 |
| 2 | Yes (please explain how you recommend achieving mutual exclusivity) | 20.0% | 2 |
| 3 | Other (please specify) | 20.0% | 2 |

| # | Yes (please explain how you recommend achieving mutual exclusivity) – Task Force Members |
|---|---|
| 1 | I believe this is the ideal goal (since the goal of the committee is to expand the LTC coverage, not find better solutions for those already finding LTC solutions), but I also recognize it is difficult. I am supportive of refunding contributions or other items that could work. I am not an expert on this to know what options are possible.<br>For me, I am looking to expand LTC solutions to more CA individuals. Those that are already finding solutions are getting basic services. Thus, if Medi-Cal is supporting some individuals, the ideal goal would be to exclude [them] so that we can focus on those not qualifying. |

| # | Other (please specify) – Task Force Members |
|---|---|
| 1 | Depends on actual federal dollars we can leverage. If we can do it on our own, we should, and we should maximize available dollars. |
| 2 | What would the plan be if we are not able to get the waiver? It would be great to have the program be mutually exclusive from Medi-Cal, but is that possible? |

# QUESTION 7 (2 OF 2)

Please explain your response to the question above.

| # | Responses for those who chose "No (in this case, a federal demonstration waiver will likely need to be pursued)" |
|---|---|
| 1 | Ideas to seem [to be] that we can have these be exclusive since they comingle and are attached to the same person, the same illness and the same need |
| 2 | Guiding principles: integration and coordination to produce good outcomes, equity, cost management, [and] inclusion. |
| 3 | It does not seem feasible to make the programs mutually exclusive given that most people have fluctuations in income over the course of their lives. |
| 4 | I think California should apply for a federal demonstration waiver to expand Medi-Cal to lower-income individuals as much as possible and maximize federal dollars. |
| 5 | I feel like being mutually exclusive is shaming those that utilize Medi-Cal and not allowing them access is unfair. |

# QUESTION 8

Do you have any other recommendations related to CMS waivers (or Medi-Cal interaction)?

| # | Responses – Task Force Members |
|---|---|
| 1 | This should not be our focus and it will resolve itself over time in usage. |
| 2 | Expand eligibility of the PACE Program. Make the program part of LTC Insurance offering for all. |
| 3 | It is very important for the state to capture any federal funding lost as a result of the statewide long-term care program<br><br>I would be interested in finding out more about WA's waiver proposal as more information becomes available. For example, is the level of savings to potentially be captured through the waiver significant enough to reduce the tax rate needed to fund the program? If so, that suggests the waiver may need to be figured out before the program begins. |
| 4 | No |

# QUESTION 9 (1 OF 2)

Please select your recommended funding approach.

| # | Answer – Task Force Members | Percentage | Count |
|---|---|---|---|
| 1 | Hybrid; include elements of both PAYGO and pre-funding (please explain your recommended hybrid funding approach) | 50.0% | 5 |
| 2 | Pre-funding | 40.0% | 4 |
| 3 | Pay-as-you-go (PAYGO) | 10.0% | 1 |
| 4 | Other (please specify) | 0.0% | 0 |

| # | Hybrid; include elements of both PAYGO and pre-funding (please explain your recommended hybrid funding approach) – Task Force Members |
|---|---|
| 1 | The hybrid approach of initially pre-funded and then transition to PAYGO |
| 2 | It seems like there are benefits to having some populations PAYGO and others prefunded similar to Germany's program. |

| # | Answer – Public | Percentage | Count |
|---|---|---|---|
| 1 | Pre-funding | 100.0% | 1 |
| 2 | Hybrid; include elements of both PAYGO and pre-funding (please explain your recommended hybrid funding approach) | 0.0% | 0 |
| 3 | Pay-as-you-go (PAYGO) | 0.0% | 0 |
| 4 | Other (please specify) | 0.0% | 0 |

# QUESTION 9 (2 OF 2)

Please explain your response to the question above.

| # | Responses for those who chose "Hybrid; include elements of both PAYGO and pre-funding (please explain your recommended hybrid funding approach)" |
|---|---|
| 1 | Guiding principles: equity, program management, [and] allow pre-funded investments in the equity market. |

| # | Responses for those who chose "Pre-funding" |
|---|---|
| 1 | We need a financially stable program |
| 2 | PAYGO isn't ideal as it puts a lot of stress on population demographics. I would like a program that is funded appropriately. If we are taxing during the working lifetime, we should be able to pre-fund the program. |

| # | Responses for those who chose "Pay-as-you-go (PAYGO)" |
|---|---|
| 1 | I believe PAYGO will get services to individuals faster |

# QUESTION 10 (1 OF 2)

Please select your recommended contribution rate structure.

| # | Answer – Task Force Members | Percentage | Count |
|---|---|---|---|
| 1 | Varied (i.e., program contribution rates **are intended** to change over time) | 70.0% | 7 |
| 2 | Level (i.e., program contribution rates are **not intended** to change over time) | 30.0% | 3 |
| 3 | Other (please specify) | 0.0% | 0 |

| # | Answer – Public | Percentage | Count |
|---|---|---|---|
| 1 | Level (i.e., program contribution rates are **not intended** to change over time) | 100.0% | 1 |
| 2 | Varied (i.e., program contribution rates **are intended** to change over time) | 0.0% | 0 |
| 3 | Other (please specify) | 0.0% | 0 |

# QUESTION 10 (2 OF 2)

Please explain your response to the question above.

| # | Responses for those who chose “Varied (i.e., program contribution rates are intended to change over time)” |
|---|---|
| 1 | Varied because life circumstances and earning power vary over one’s lifetime |
| 2 | Guiding principles: flexibility, equity, [and] sustainability. |
| 3 | I am okay with Level but picked Varied to better align age and cost. This would allow the actuaries to find the right funding balance.<br><br>My thought process is that young individuals may have less disposable income than those that might be older. There may be value to charge less when young and more when older or getting closer to retirement. Not sure but would defer to the actuaries. |
| 4 | It may be varied based on income if we go with certain tax options |

| # | Responses for those who chose “Level (i.e., program contribution rates are not intended to change over time)” |
|---|---|
| 1 | We need a stable program without a lot of variability |
| 2 | Public support could be weakened by program contribution rates that vary a lot over time |
| 3 | My preference is for a level contribution rate (recognizing there would be a path to recommending the ability for unanticipated increases if necessary). |

# QUESTION 11 (1 OF 2)

Please select your recommended investment strategy.

| # | Answer – Task Force Members | Percentage | Count |
|---|---|---|---|
| 1 | Program contributions should be invested in stocks, bonds, and U.S. Treasuries (note, this option requires a constitutional amendment) | 60.0% | 6 |
| 2 | Program contributions should be invested in U.S. Treasuries only | 30.0% | 3 |
| 3 | Other (please specify) | 10.0% | 1 |

| # | Other (please specify) – Task Force Members |
|---|---|
| 1 | I don't know the best way to invest these funds [as it is] not my area of expertise but [I suggest doing so] in something with low risk |

| # | Answer – Public | Percentage | Count |
|---|---|---|---|
| 1 | Program contributions should be invested in stocks, bonds, and U.S. Treasuries (note, this option requires a constitutional amendment) | 100.0% | 1 |
| 2 | Program contributions should be invested in U.S. Treasuries only | 0.0% | 0 |
| 3 | Other (please specify) | 0.0% | 0 |

# QUESTION 11 (2 OF 2)

Please explain your response to the question above.

| # | Responses for those who chose “Program contributions should be invested in stocks, bonds, and U.S. Treasuries (note, this option requires a constitutional amendment)” |
|---|---|
| 1 | Guiding principles: ROI and sustainability. |
| 2 | The ability to invest in equities will help reduce the cost of the program. |
| 3 | Seems like the best option but would like to hear the group discussion once we review answers |
| 4 | Investment in stocks/bonds (with guardrails) improves the sustainability of the program.  A constitutional amendment (to invest in stocks/bocks) is a large barrier in isolation but may be less of a barrier considering other potential constitutional amendment requirements and public education. |

| # | Responses for those who chose “Program contributions should be invested in U.S. Treasuries only” |
|---|---|
| 1 | Achieving a constitutional amendment to allow investment seems like a big hurdle to overcome, but if the program requires a constitutional amendment for other design reasons it might be worth considering an investment strategy that includes stocks |

# QUESTION 12

Do you have any other recommendations related to program sustainability?

| # | Responses – Task Force Members |
|---|---|
| 1 | As close to predictable is good for long-term program political support |
| 2 | Innovation strategies:<br><br>+ Capitation of rates to providers<br>+ Allow cash plus program (pay beneficiaries directly and measure outcomes)<br>+ Shared risk with providers (i.e., HMO model)<br>+ Waiver programs for [dual-eligible] population<br>+ Portability of benefits (allow designated benefit coverage for legal immigrants who chose to go back in their home country)<br>+ Benefits should include prevention and wellness at home. |
| 3 | No |

# QUESTION 13A (1 OF 2)

For individuals who own eligible private LTC insurance policies (criteria for "eligible" to be determined), would you recommend a reduced program contribution requirement in lieu of an opt-out provision?[1]

| # | Answer – Task Force Members | Percentage | Count |
|---|---|---|---|
| 1 | Include an opt-out provision(s) for individuals with eligible private LTC insurance | 40.0% | 4 |
| 2 | Reduced program contributions (under this approach, individuals with eligible private LTC insurance policies would still be part of the program, and would be able to use program benefits upon satisfaction of eligibility requirements) (please specify your recommended reduction to program contributions)<br><br>**Recommendations for program contribution reduction:** none specified | 40.0% | 4 |
| 3 | Do not include any special provisions for individuals with private LTC insurance in the program design | 20.0% | 2 |
| 4 | Other (please specify) | 0.0% | 0 |

| # | Answer – Public | Percentage | Count |
|---|---|---|---|
| 1 | Include an opt-out provision(s) for individuals with eligible private LTC insurance | 100.0% | 1 |
| 2 | Reduced program contributions (under this approach, individuals with eligible private LTC insurance policies would still be part of the program, and would be able to use program benefits upon satisfaction of eligibility requirements) (please specify your recommended reduction to program contributions) | 0.0% | 0 |
| 3 | Do not include any special provisions for individuals with private LTC insurance in the program design | 0.0% | 0 |
| 4 | Other (please specify) | 0.0% | 0 |

[1] Question 7A of the Task Force Meeting 7 questionnaire indicates that the Task Force is preliminarily leaning towards a program with opt-out provisions for specified groups of individuals

# QUESTION 13A (2 OF 2)

Please explain your response to the question above.

| # | Responses for those who chose "Include an opt-out provision(s) for individuals with eligible private LTC insurance" |
|---|---|
| 1 | Guiding principles: equity, inclusion, [and] fairness. |
| 2 | I suggest an opt-out [provision] as I am unclear on how them having access to both programs would work (coordinate). |
| 3 | If they have something that they like they should [not] have to give it up |

| # | Responses for those who chose "Reduced program contributions (under this approach, individuals with eligible private LTC insurance policies would still be part of the program, and would be able to use program benefits upon satisfaction of eligibility requirements) (please specify your recommended reduction to program contributions)" |
|---|---|
| 1 | Don't penalize for having private insurance. Use it as [an] additional benefit for end-users |
| 2 | Individuals who have purchased private LTC insurance should be included in the program but should get credit for the premiums they [have] already paid through reduced contribution. |

| # | Responses for those who chose "Do not include any special provisions for individuals with private LTC insurance in the program design" |
|---|---|
| 1 | LTC Insurance is not affordable or widely available.  No opt-outs. |
| 2 | The WA Cares experience of losing a large percentage of the payroll tax base due to opt-out (something like 6% of individuals representing 30% of payroll tax base was mentioned at prior meeting?) makes me question whether a program can be sustainable with any kind of special provisions for those with private long-term care insurance |

# QUESTION 13B (1 OF 2)

To which cohorts of individuals does your above recommendation apply?

| # | Answer – Task Force Members | Percentage | Count |
|---|---|---|---|
| 1 | Individuals who own an eligible private LTC insurance policy **before** the potential legislative approval of the program | 50.0% | 5 |
| 2 | All of the above | 50.0% | 5 |
| 3 | Individuals who own an eligible private LTC insurance policy **after** the potential legislative approval of the program | 0.0% | 0 |

| # | Answer – Public | Percentage | Count |
|---|---|---|---|
| 1 | All of the above | 100.0% | 1 |
| 2 | Individuals who own an eligible private LTC insurance policy **before** the potential legislative approval of the program | 0.0% | 0 |
| 3 | Individuals who own an eligible private LTC insurance policy **after** the potential legislative approval of the program | 0.0% | 0 |

# QUESTION 13B (2 OF 2)

Please explain your response to the question above.

| # | Responses for those who chose “Individuals who own an eligible private LTC insurance policy before the potential legislative approval of the program” |
|---|---|
| 1 | Guiding principle[s]: fairness [and] equity. |
| 2 | I am focused on giving credit to those that have taken the LTC risk off the table. We should set criteria for what qualifies.<br>If we allow opt-out after the program launches, we need to build a mechanism to make sure we are [encouraging] good behavior. See comments in variability below. |
| 3 | If they choose after, they won’t have had much experience with the private insurance, so they should pay into the tax |

# QUESTION 13C

Do you recommend any variability in your selection?

| # | Responses – Task Force Members |
|---|---|
| 1 | Keep it simple. |
| 2 | Maybe there is an idea to allow opt-out after program rollout on various time points (e.g., 25, 35, 45, etc.) but the requirement is that their private LTC solution needs to be x amount greater than the CA program (e.g., 2x). The idea would be to incentivize individuals to look for more comprehensive solutions for themselves. The threshold of 2x would help prevent people from opting out just for a lower cost but instead opting out because they find a more comprehensive solution and will not be a drain to the state or society. |
| 3 | No |

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