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CALIFORNIA INSURANCE COMMISSIONER

**California Long Term Care Insurance (LTCI) Task Force
Meeting #17 Minutes
Friday, November 18, 2022**

1. Task Force Meeting Call to Order – 1:00 PM

- Roll Call – present: Aron Alexander, Jamala Arland, Susan Bernard, Dean Chalios, Anastasia Dodson, Joe Garbanzos, Doug Moore, Parag Shah, Sarah Steenhausen, Dr. Karl Steinberg, and Tiffany Whiten.
 - Note, Tiffany joined after the conclusion of roll call
 - Absent: Becky Duffey, Eileen Kunz, Laurel Lucia, and Brandi Wolf
- A quorum was met.

2. Agenda Item #1: Welcome & Housekeeping Items

- Chair Susan Bernard went over housekeeping items.

3. Agenda Item #2: Approve Minutes from Meeting #16

- Dean Chalios moved to approve the minutes from the prior meeting, and Doug Moore seconded. The motion was approved unanimously.

4. Agenda Item #3: Task Force Next Steps

- Stephanie Moench provided an overview of next steps for Task Force Members.
- Amanda Bastidas stated that Task Force Members interested in participating in the actuarial sub-committee should contact the California Department of Insurance. Amanda noted that the actuarial sub-committee meetings would not require full Task Force quorum.
- Dustin Plotkin noted that the purpose of the actuarial sub-committee is to provide updates on the actuarial analysis. Dustin stated that the design options submitted to the Legislature in the Feasibility Report will not be changed by the sub-committee.
- Joe Garbanzos moved to approve the creation of an actuarial sub-committee, and Jamala Arland seconded. The motion was approved unanimously.
- Task Force Member Comments:
 - Jamala Arland asked how formal recommendations will be handled if a full quorum is not required.
 - Response (Amanda Bastidas): Any recommendations from the sub-committee will be presented to the full Task Force for approval.
 - Joe Garbanzos asked if the next meeting will be in-person.

- Response (Susan Bernard): No, the next meeting will be held over Zoom.
 - Doug Moore urged that sub-committee meetings should be equitable and should ensure that all Task Force Members' voices are heard.
 - Parag Shah asked if the sub-committee will be comprised of individuals outside of the Task Force. Parag stated that this sub-committee will have value and expressed his interest in participating.
 - Response (Amanda Bastidas): The sub-committee will be comprised of members of the Task Force. Participation is voluntary. Meetings will be open to the public.
 - Dr. Karl Steinberg indicated that he did not feel that he needed to be on the actuarial sub-committee.
 - Joe Garbanzos noted that the sub-committee's work will be technical, but having individuals without an actuarial background will be valuable.
 - Response (Susan Bernard): The sub-committee is voluntary, and all members of the Task Force are invited to participate. We will set up quarterly meetings with the full Task Force.
 - Doug Moore asked about the duration of the sub-committee meetings.
 - Response (Susan Bernard): Sub-committee meetings will occur in advance of the Actuarial Report being submitted to the California Legislature on or before January 1, 2024.
 - Response (Oliver Wyman): Sub-committee meetings will present the actuarial analysis and the results of sensitivities outlined in the Feasibility Report. The sub-committee's findings will be shared with the broader Task Force at the full Task Force meetings.
 - Public Comments:
 - Judy Jackson asked if the sub-committee meetings will be open to the public.
 - Response (Susan Bernard): The sub-committee meetings and the full Task Force meetings will all be open to the public.
 - Nina Weiler-Harwell echoed Doug's comments regarding a balanced sub-committee.
 - Amanda Ream echoed Nina's comments and urged the Task Force to create a balanced sub-committee. Amanda asked about the status of the sub-committee's composition.
 - Response (Susan Bernard): We are looking for volunteers to join the sub-committee and will re-balance the composition as necessary.
 - Sylvia Yee asked if basic actuarial training will be available for the public to participate in actuarial discussions.
 - Response (Susan Bernard): We will likely not have the resources to accomplish this.

5. Agenda Item #4: Recap and Discuss: Task Force Meeting #16 Questionnaire Results

- Stephanie Moench presented results from the Task Force Meeting #16 questionnaire on draft Feasibility Report amendments.
- Stephanie Moench noted that there were three questions that had split votes and proposed the following next steps, which were agreed to by the Task Force:

- Feasibility Report will keep the 90-day elimination period for Design 2, but alternative scenarios will be assessed for 0-day and 30-day elimination periods on Design 2.
- Alternative scenarios will be assessed to include international portability on Designs 1 through 4.
- Feasibility Report will keep program enactment as the opt-out provision trigger date, but an alternative scenario will be assessed assuming the trigger day is one year prior to the program enactment date.
- Task Force Member Comments:
 - Jamala Arland asked that sensitivities be performed for the elimination periods recommended for Designs 2 and 3. Jamala noted the tradeoff between the accessibility of benefits and program cost due to the chosen elimination periods that needs to be considered.
 - Response (Oliver Wyman): Yes, given the split vote, we can include alternative elimination period scenarios.
 - Dr. Karl Steinberg echoed Jamala's comments and expressed his support for a lower elimination period.
 - Parag Shah noted that he envisioned Design 2 as an alternative lower cost program design. Parag supported the inclusion of various sensitivities as a way to provide a holistic view of all possible program design features.
 - Joe Garbanzos noted his preference for simplicity and allowing program participants to access benefits as early as possible.
 - Joe Garbanzos noted that potential fraud and associated administration costs should not be deal-breakers when considering international portability, since these challenges exist with domestic portability as well.
 - Response (Parag Shah): The prevalence of fraud can vary internationally versus domestically, and should be analyzed separately. Any associated administration costs will be funded by all program participants' contributions.
 - Susan Bernard noted that Task Force Members that did not support adding international portability requested more data to make an informed decision in their questionnaire responses.
 - Response (Oliver Wyman): We can include international portability as an alternative scenario to allow Task Force Members to make a more informed decision regarding this program feature.
 - Tiffany Whiten noted that her preference was to not expand to international portability, but that she would be open to changing her recommendation based on the discussion and if additional data was provided. Tiffany stated her preference for increased access to program benefits and cost savings.
 - Dr. Karl Steinberg urged the Task Force not to deprive program participants of the option to receive care internationally.
 - Aron Alexander noted that she is not against allowing international portability, but would need the results of the actuarial analysis to make a recommendation.
 - Parag Shah asked if all existing program designs will have varying portability sensitivities.

- Response (Oliver Wyman): the program designs vary in terms of benefit divesting mechanisms for portability. For the alternative scenario, we will assume international, versus domestic, portability, but will otherwise keep the portability criteria the same as the current designs.
- Parag Shah cautioned against repeating the WA Cares Fund's opt-out date provision, citing the impact on private insurance sales. Parag noted that we should keep in mind those that may buy LTC to circumvent the tax and those that do so for their own wellness when recommending an opt-out trigger date.
 - Response (Oliver Wyman): The reduced contribution provision is intended to provide consumers with additional flexibility and incentivization to purchase substitutive coverage.
- Joe Garbanzos stated that it might be beneficial to consider the opt-out provision from a game theory perspective to mitigate solvency concerns.
 - Response (Oliver Wyman): Maintaining a balance between solvency and flexibility is important in the recommended designs.
 - Response (Parag Shah): Washingtonians used similar game theory reasoning when deciding to purchase private coverage to circumvent the tax.
- Doug Moore recommended a short opt-out period to protect consumers and support program solvency.
 - Response (Susan Bernard): To reduce the risk that individuals purchase coverage and allow it to lapse shortly thereafter, the opt-out provision will include a definition for what constitutes eligible substitutive private coverage.
- Jamala Arland stated that public outreach and education will be an important consideration with regard to the opt-out provision and eligible substitutive private insurance. Jamala noted that outreach to consumers and providers may not occur immediately, which could hinder individuals making an informed decision about private insurance coverage.
- Parag Shah asked Doug Moore about his stance on the timing of the opt-out date.
 - Response (Doug Moore): In the interest of simplicity, I prefer an opt-out date before program enactment. Doug echoed Jamala's comments regarding proper education for the public.
- Jamala Arland asked how the actuarial analysis will model the opt-out date and how the analysis will be impacted by the proposed working groups. Jamala stated the importance of having certain working groups established in 2023.
 - Response (Susan Bernard): Our scope under AB 567 is to recommend options in the Feasibility Report.
 - Response (Stephanie Moench): Working groups focused on public outreach and provider coordination could potentially commence while the actuarial analysis is ongoing as these were the two highest priority working groups as recommended by the Task Force.
 - Response (Amanda Bastidas): Our original intent was to have the working groups start after program implementation. We can

- investigate alternative timing, though our scope under AB 567 and resource constraints may impede this effort.
 - Response (Anastasia Dodson): Resource constraints and coordination with existing programs will be prominent challenges in 2023. Implementing working groups while fundamental program design elements remain undecided may be infeasible.
- Parag Shah noted that outreach and education might increase anti-selection risk.
 - Response (Jamala Arland): Outreach and education would be geared towards general LTC knowledge and program design elements, not encouraging individuals to purchase private coverage. We want consumers to be able to make informed decisions. A smaller group of individuals may be able to get together and decide what such an effort would include and how it should be introduced to program participants and private insurers.
- Joe Garbanzos echoed Jamala’s comments regarding the holistic approach to outreach and education. Joe stated that the Affordable Care Act faced difficulties in educating the public, and was almost dissolved prior to implementation. Joe stated that as the actuarial work is completed and program elements are voted upon by the Legislature, we should transition to broader outreach and education. Joe commented that we may be able to work collaboratively with community organizations in this effort.
- Jamala Arland noted that Californians will have to make important decisions soon, and these decisions impact the program’s solvency.
- Ryan de la Torre echoed Stephanie’s comments that there are multiple deadlines for the opt-out, namely there is the date by which individuals would need to have purchased eligible private insurance, and then there is a likely later date by which individuals with eligible insurance would need to decide whether to opt out of the program or elect reduced contributions. Ryan noted that public outreach and education must be tailored to the second deadline so that individuals with eligible substitutive private insurance can make a sound decision based on what the program will do for them.
- Public Comments:
 - Lindsay Imai Hong noted her concern with a program enactment date opt-out trigger, citing program solvency. Lindsay noted her concern that higher income and healthier individuals will opt out, potentially introducing equity concerns. Lindsay stated that a recertification provision and a clear definition for eligible private coverage will be necessary to ensure success. Lindsay suggested the Feasibility Report include an alternative scenario for an opt-out date that assumes the earliest option given in the questionnaire.
 - Response (Susan Bernard): The Feasibility Report includes opt-out provision considerations for re-certification and properly defining eligible substitutive coverage.
 - Steve Cain noted his concern with an opt-out trigger date that is too early. Steve stated that an early opt-out trigger date would punish individuals that have started planning for, but have not yet purchased, a private policy. Steve stated that there are multiple triggering events for an individual to purchase private coverage. Steve reminded the Task Force that the WA Cares Fund

program is expected to be solvent for the next 75 years at the current tax rate, despite the increased opt-outs based on the most recent analysis performed.

- Ligia Montano noted that individuals not native to California might travel to their home country and experience a qualifying LTC event. Ligia stated her support for an internationally portable benefit and a full cash benefit alternative.
- Art Persyko stated his support for an internationally portable benefit and no opt-out provision, citing impacts on program solvency.
- Judy Jackson asked about an opt-in/buy-in provision for current retirees.
 - Response (Susan Bernard): This program design element will be discussed later in this meeting as we go through edits made to the Feasibility Report.
- Juan Guerrero applauded the Task Force for their hard work. Juan recommended that each program design specify how many Californians are included versus excluded. Juan noted that provisions should be designed to not allow private insurers to explicitly profit from the statewide program.
- Betsy Morris echoed Juan's comments above regarding the inclusivity of each program design. Betsy recommended that we assume the best intentions of individuals to purchase private LTC coverage for their own wellness rather than to circumvent a tax. Betsy recommended that low-income, homeless, and retired individuals be able to contribute to the program, citing potential savings to existing programs from allowing them to do so.
- Rocio Gonzales applauded the Task Force for their hard work. Rocio stated the importance of learning from the shortcomings of the WA Cares Fund, specifically its opt-out provision.

6. Agenda Item #5: Draft Feasibility Report (November Update)

- Dustin Plotkin provided a high-level overview of the second iteration of the draft Feasibility Report, showcasing changes made to address Task Force Member feedback. Dustin reminded the Task Force to submit any additional feedback on the Feasibility Report by November 28th, 2022.
- Dustin Plotkin stated that a contribution exemption for businesses with fewer than a certain number of employees will be an alternative scenario in the actuarial analysis.
- Task Force Member Comments:
 - Parag Shah asked about the data required to run a sensitivity of waiving the tax for small businesses.
 - Response (Dustin Plotkin): We are working with the California Department of Finance to acquire additional data to inform this sensitivity.
 - Joe Garbanzos asked about the presence of an outreach and education recommendation in the Feasibility Report. Joe recommended that language in the Feasibility Report regarding outreach and education be updated to encompass concerns raised by the Task Force during this meeting.
 - Response (Dustin Plotkin): That recommendation is included in the Feasibility Report, and any suggested changes can be emailed to our team for inclusion.

- Parag Shah applauded the Oliver Wyman team for their hard work in developing the Feasibility Report and implementing Task Force feedback.
- Anastasia Dodson noted the challenge in accurately quantifying Medi-Cal savings for multiple program design options, especially those that provide duplicative benefits and/or services with Medi-Cal.
- Parag Shah asked how the Task Force’s recommendations will result in tangible public policy.
 - Response (Amanda Bastidas): Our Legislative Office can provide clarification at the next meeting.
- Public Comments:
 - Lindsay Imai Hong praised the inclusion of an alternative scenario for no contribution cap on all designs and considerations for covering current retirees. Lindsay recommended that additional individuals who may be ineligible for the program (besides current retirees) be mentioned in the Feasibility Report, as doing so will increase visibility to the Legislature while they consider cost implications on the final program design.
 - Nina Weiler-Harwell urged that careful consideration be given to the opt-out provision, and that allowing opt-outs upon program enactment could be problematic. Nina noted that near-retirees and military spouses are being considered by the WA Cares Fund. Nina encouraged the exploration of Medi-Cal savings in the Actuarial Report.
 - Judy Jackson noted her concern for younger individuals with pre-existing conditions not being able to receive coverage.
 - Response (Oliver Wyman): Each program design option includes a vesting requirement that, if met, would qualify any individual for benefits and services under the program.
 - Maria Guillen thanked the Task Force for considering options for covering current retirees. Maria also stated that the availability of program benefits may cause some individuals to alter their retirement plans.
 - Michael Staeb stated that the private insurance industry should work with the program to ensure that affordable and accessible LTC is available to all who need it.
 - Betsy Morris stated her support for the most robust program possible to meet the needs of California’s growing senior population. Betsy noted that affordable private coverage has been challenging to find in the past.
 - Response (Susan Bernard): Balancing program solvency and robustness is of great concern, and we believe that the program can work with private insurers to accomplish this goal.
 - Art Persyko noted his support for no contribution cap, a buy-in option for current retirees, and a program that serves all Californians’ LTC needs. Art opined that the involvement of the private insurance industry might obscure the program’s goals by prioritizing profits over people.
 - Response (Susan Bernard): The scope of this Task Force is to recommend multiple options to the Legislature, not to vote on any one option.

7. Agenda Item #6: General Public Commentary

- No additional public comments were expressed.

8. Agenda Item #7: Next Steps & Closing

- The recording for this meeting will be available early next week.
- At 3:38 PM, Susan Bernard requested a motion to adjourn the meeting. Joe Garbanzos made the motion, and Tiffany Whiten seconded it. The meeting was adjourned.