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CALIFORNIA INSURANCE COMMISSIONER

**California Long Term Care Insurance (LTCI) Task Force  
Meeting #9 Minutes  
Thursday, March 10<sup>th</sup>, 2022**

1. **Task Force Meeting Call to Order – 1:00 PM**
  - Roll Call – present: Jamala Arland, Susan Bernard, Anastasia Dodson, Joe Garbanzos, Eileen Kunz, Laurel Lucia, and Parag Shah
    - Note: Dr. Lucy Andrews, Sarah Steenhausen, Tiffany Whiten, and Brandi Wolf joined subsequent to roll call being completed.
    - Absent: Grace Cheng Braun, Doug Moore, Dr. Karl Steinberg
  - Quorum was met.
2. **Agenda Item #1: Welcome & Housekeeping Items**
  - Chair Susan Bernard went over housekeeping items.
3. **Agenda Item #2: Approve Minutes from Task Force Meetings #7 and #8**
  - Dr. Lucy Andrews moved to approve the prior meetings' minutes and Laurel Lucia seconded. The motion was approved unanimously.
4. **Agenda Item #3: AB 567 Refresher**
  - Ryan de la Torre gave an overview of AB 567 as it relates to a statewide LTC insurance program in California.
  - Sarah Steenhausen gave an overview of non-means tested public LTSS programs available to the non-elderly in the state of California.
  - Task Force Member Comments:
    - Parag asked for clarification regarding individuals interested in purchasing products on the private market.
      - Response: AB 567 seems to suggest exploring a private solution—there is a clause for people to have an option to insure against the risk of cost associated with getting older.
      - Jamala reminded Parag that a private insurance solution that coordinated with the potential public program like the Partnership program was covered in her presentation.
      - Stephanie reminded Parag that preliminary recommendations made by Task Force Members suggest a vested, social insurance program. Stephanie noted that during Task Force Meeting #3, among the program design options discussed were joint public/private and public-supported private programs—based on voting, these are not being

- considered as preliminary recommendations for the structure of a statewide program.
- Jamala stated that this is a very big topic with a wide array of considerations. Jamala suggested that we try to focus the scope of the program and consider solutions that cover different age groups independently instead of all in one. Jamala suggested that the Task Force consider distinct recommendations for program design elements that address non-developmental disabilities and aging, as a recommendation to cover both would be too broad.
  - Ryan asked Sarah for clarification regarding the income level for the working disabled program—is it less than 250% of the Federal Poverty Level (FPL)?
    - Response: Yes, but Sarah will follow up with firm confirmation.
    - Anastasia noted that the Medi-Cal “Share of Cost” adds complexities.
  - Joe stated that the key takeaways were to explore, evaluate, and recommend. Joe noted one difficulty of developing a program is the fragmented needs. Joe asked if there is guidance that the Task Force can receive regarding integrating a statewide program and current non-means tested public offerings?
    - Response: A cash model would potentially help address some of that need. Currently, there is no central place where someone can go to get information regarding LTSS—that is a very substantial issue. Two concerns are how to access and how to pay for services. Another layer is workforce, and the low supply relative to demand.
  - Jamala stated that a lot of private plans have respite care options that can provide support to family caregivers. Jamala noted that we need to align on what population and concerns we are trying to address, and that if we don’t, we may be too broad in what we are recommending, resulting in high costs.
    - Response: These discussions will take place later in the Task Force Meeting.
  - Public Comments:
    - Ramon Castellblanch noted that the U.S. needs 7 million LTC workers by 2026—we have approximately half of that right now. Whatever solution we have right now is going to have to involve a high number of unpaid workers. Ramon asked what state programs help unpaid workers?
      - Response: Area Agencies on Aging (AAAs) have family caregiver support programs and the Department of Health Care Services (DHCS) has the Caregiver Resource Program. There are 11 caregiver resources throughout the state providing caregiver training, support, and assessment. We currently have 4.5 million unpaid family caregivers in California, and 2/3 of services provided for individuals receiving care in the home are from unpaid caregivers.
      - [The following references were provided live during the meeting: Caregiver Resource Centers at <https://www.caregiver.org/resource/californias-caregiver-resource-centers/> and Medi-Cal Working Disabled Program at [https://www.dhcs.ca.gov/services/Pages/TPLRD\\_WD\\_cont.aspx](https://www.dhcs.ca.gov/services/Pages/TPLRD_WD_cont.aspx)]

5. **Agenda Item #3:** Task Force Meeting #7 Questionnaire Results

- Dustin Plotkin and Stephanie Moench presented results from the Task Force Meeting #7 questionnaire on program administration, eligibility, enrollment, benefits, services, and prevention.
- Task Force Member Comments:
  - Jamala noted that the preliminary recommendation felt like an over-analysis of the limited data, and that the discussion of benefit eligibility age deserves a more robust discussion.
  - Laurel noted that she liked Jamala's suggestion of splitting the program into three groups: adults with developmental disabilities, adults with non-developmental disabilities, and retirement age adults. Laurel added that there are many gaps for the adults with non-developmental disabilities, so would lean towards including them in the program. She would like to understand reasons for excluding certain age cohorts under a certain program design for reasons other than cost. What are the needs for the different age groups and why does a program need to be designed differently?
  - Parag asked to clarify the process of arriving at preliminary recommendations. Parag asked if we are trying to determine a base case and then apply adjustments to that base case? Parag asked if it would be better to run different types of program choices in parallel instead?
    - Response: The Task Force can recommend multiple options. We will take back the feedback that we need to separate the populations more appropriately.
    - Stephanie noted that, as we develop options, the Task Force should think about the most highly recommended design (perhaps this is more expansive). From there, we want to be able to get to a point where there is a range of options—do these options vary by eligibility, richness of benefits, or a combination of the two? Consider this as framing for your range of recommendations for each program design element as we continue our discussions.
  - Eileen echoed Laurel's comments that thinking about the buckets is helpful. For individuals with development disabilities, the Lanterman Act and Regional Centers are very useful, and there is a good system in place. Given this, Eileen suggested that we not include those individuals covered by that program in the population covered by a statewide LTC program. Eileen noted that individuals under 65 should be eligible for benefits, in the name of inclusivity.
  - Jamala noted that if we can align on plan design elements, we can make decisions. Jamala recommended segmenting future questionnaires to focus on different eligibility age groups in order to develop a framework for our recommendations.
  - Parag asked for clarification on vesting requirements and whether, under a program with a 10-year vesting requirement, a 20-year-old that has paid into the program for ten years would still be required to pay in at the age of 31?
    - Response: Yes, that is the intention. Similar to Social Security, contributions would not stop after vesting.

- Parag asked about a potential concern that individuals who vest and move out of state—if they don't contribute after they move, do they get the full benefits? Parag asked if this is a potential flaw in the preliminary program design?
  - Response: This may be an equity consideration. This discussion is also related to portability, and whether the program offers individuals moving out of state reduced benefits.
- Laurel noted that there may be interplay between age and vesting requirements, and that certain vesting requirements may be more appropriate for individuals under 65 years of age versus over 65 years of age.
- Parag noted that his comments focused on trying to expand LTC coverage. Parag opined that those that already have private LTC coverage shouldn't be the Task Force's focus.
- Parag noted that his perspective is that the program should be for California residents, to mitigate potential interstate conflict regarding an individual's resident state which could establish its own program in the future. Parag reiterated his concern of high program costs and the additional funds spent to administer the program benefits effectively outside of California.
- Joe noted the importance of keeping the program simple and gaining public support, and that good should not be the enemy of perfection. If we cover most people with a benefit that is easy to manage and understand, we have done well.
- Joe stated that the Task Force needs to consider the needs of the state and implement provisions in the program to allow for flexibility for individuals who chose to move outside of the state. Joe also noted that he looks forward to the Task Force weighing in on providing benefits outside of the U.S.
- Parag asked fellow Task Force Members about their views on potential interstate conflicts for individuals that go on claim outside of California after vesting.
  - Joe noted that ideally, the individual will be covered by the program into which they have paid the most, and that there should be a process by which states can work out such conflicts.
- Joe stated that he would like the Task Force to consider cash benefits for eligible beneficiaries.
- Jamala noted the potential benefits of looking at questionnaire results by person rather than by question to look for holistic themes in the responses.
  - Joe seconded this recommendation.
- Jamala suggested that the Task Force's inflation provision recommendation be considered in the context of the current LTC Partnership program in California—Jamala suggested potential for alignment in this area. That is, the minimum inflation requirement for LTC policies in the Partnership program could align with the inflation provision for the potential statewide LTC program.
- Parag asked for clarification regarding how the Task Force's second place recommendation varied from its first in relation to approved care settings.
  - Response: The second highest scoring recommendation is for home and community-based services with *select* institutional care services

also included. This option stipulates potentially more guardrails around the institutional care settings that are approved under the potential program than the first place option.

- Public Comments:
  - Ramon Castellblanch asked about how the program would treat individuals living out of state but working in California or individuals working remotely in California. Ramon noted that a reduced benefit for individuals retiring out of state is disadvantageous to Latin American and African American communities. Results from Washington suggest many people will opt-out—where does this leave the actuarial assumptions?
    - Response: Questionnaire results seem to imply the design in California may include some sort of portability and a potentially more limited opt-out provision, which is different from Washington’s design.
  - Ramon Castellblanch asked for clarification regarding mutual exclusivity of cash benefits and institutional care.
    - Response: Under a program that offers both reimbursement and cash benefits, the cash benefit could generally be used to pay for care received in the home (formal or informal), whereas reimbursement benefits may be more applicable for institutional care (though cash could be used to pay for institutional care as well).

**6. Agenda Item #4: Task Force Meeting #9 Questionnaire Results**

- Stephanie Moench and Dustin Plotkin presented results from the Task Force Meeting #9 questionnaire on program financing.
- Task Force Member Comments:
  - Parag noted that modifying elimination periods based on income was a creative way to improve affordability and address potential political feasibility concerns associated with varying contributions by income or wages.
  - Laurel suggested that the next iteration of the questionnaire separate out affordability for beneficiaries and taxpayers, as the considerations are different for these two cohorts and may result in different design decisions.
  - Parag noted that Washington’s challenge was that there is no limit to the amount of income to be taxed. Parag asked if individuals who voted for a progressive tax want to implement a taxation structure similar to Washington.
    - Response: Washington’s tax rate is uniform. Also, important to keep in mind interdependencies between the program’s financing provision and potential opt-out provision.
  - Anastasia noted that, whether we are looking at income by month, quarter, or annually, there are lessons to be learned from Medi-Cal and Covered California with regard to income fluidity. Anastasia noted that income is more stable once people are retired.
  - Jamala noted that we can leverage experience of private market as a case study in potential design levers we could incorporate to increase program sustainability, such as rate flexibility and monitoring program solvency. Jamala noted that the WA Cares Fund program legislation did not allow for future variations in the payroll tax, making it difficult to make initial solvency recommendations.

- Jamala said that, anecdotally, her understanding was that the wording of the proposed constitutional amendment for WA Cares Fund (to allow investment in stocks and bonds) was problematic and may have confused voters. Thus, Washington's experience may not be representative of the experience for a program in California. Jamala noted that it will be key to have substantial public education on the pros and cons of the proposed constitutional amendment.
- Jamala noted that reduced program contributions (in lieu of an opt out provision) could allow (incentivize) individuals to buy private insurance for additional coverage.
- Tiffany noted that reduced program contributions seemed to allow for more flexibility.
- Joe said that he voted to have an opt-out provision, noting that fairness and flexibility drove this decision.
- Laurel noted that one primary concern with allowing opt-outs is the impact on program sustainability. Laurel reminded the Task Force of statistics noted during a prior Task Force Meeting that 6% of workers in Washington opted out of the WA Cares Fund, but they represented 30% of payroll taxes. Laurel asked to what extent the reduced program contributions option would improve this large loss from the opt-out option. Can we calculate the reduction to contributions that would not jeopardize sustainability?
- Parag suggested that individuals that found an LTC solution beforehand should not be penalized by also being required to pay into the program. Parag asked that we consider those with private LTC insurance in two categories: (1) those who purchased coverage before the implementation of a state program (allow opt-out with requirements on minimum for policies that qualify), and (2) design the program such that it encourages/rewards the purchase of complimentary private LTC insurance (such as through reduced contributions) after the state program is implemented. Further, we should encourage purchase of complimentary private LTC coverage after the program implementation as this may reduce the pressure on the state system.
  - Jamala seconded Parag's comment, specifically the notion of rewarding the purchase of complimentary private LTC insurance.
- Jamala stated that the opportunity to encourage personal responsibility, provide flexibility without creating too much complexity, and give people options is important, and that balancing these considerations in the design of a potential opt-out provision is crucial.
  - If the goal is to reduce Medi-Cal exposure, Ryan noted that there is a logic for a reduced contribution rate for those with private LTC insurance.
- Public Comments:
  - Ramon Castellblanch stated that the program is going to need additional revenue source beyond payroll tax.
    - Response: based on Task Force member preliminary recommendations, our analyses will also look at blending revenue streams.

- Steve Cain inquired about political feasibility of a corporate tax and its potential to be another tipping point for employers to leave the state of California. Steve believes that the payroll tax is the only way to go.
- Louis Brownstone cautioned the Task Force on the risk of equity investments not always rising in value. Louis noted that, in 2008, when George W. Bush suggested Social Security funds be invested in equities, Congress voted against it. Louis said that this would have been very helpful for the fund in retrospect. Louis stated that opt-out is a very complicated issue, and that he agrees that those who pre-purchased private LTC policies in the past (pre-2021) should be allowed to opt-out, but that such an opt out provision maybe should not be extended to individuals that rush to buy private LTC policies now that this program is being developed. Louis recommended that individuals at older ages that may have an actual need for LTSS—potentially ages 45 or 50—be allowed the opt-out of the program if they purchase private LTC insurance.

**7. Agenda Item #5: General Public Commentary**

- Ramon Castellblanch reminded the Task Force that private companies will screen for the healthier lives and leave the unhealthy lives in the public program, degrading the quality of the population covered by the public program in terms of health status. Ramon noted that the individuals remaining generally cannot afford to opt-out.

**8. Agenda Item #6: Next Steps & Closing**

- Starting with our next Task Force Meeting in April, meetings will be in-person. Members of the public may still attend virtually, if preferred. Additional logistics will be posted on the website as part of future meeting agendas.
- Recording for this meeting will be available early next week.
- At 4:06, Susan Bernard moved to adjourn the meeting. Parag Shah motioned, and this was seconded by Joe Garbanzos.