

Program Design Concepts: Public, Private, and Hybrid Solutions

1. Public Benefit Options

Examples	Questions	Pros	Cons
<p>a. Universal Social Insurance or Assistance</p> <ul style="list-style-type: none"> - Denmark, France, Japan, Germany, Netherlands, Singapore - Maine Universal Home Care Initiative – A universal home care proposal, assessing 3.8% payroll tax (1.9% from employee, 1.9% from employer) on income over \$128k, was rejected by a 63-37 margin in 2018 ballot initiative 	<ul style="list-style-type: none"> - Can this be done effectively at the state level? - How would the program be funded? - How would it interact with Medicaid and other federal programs? - How would it interact with private LTC insurance? 	<ul style="list-style-type: none"> - Everyone is covered - Cost control – ability to negotiate and/or regulate service prices - Potentially lower administrative costs 	<ul style="list-style-type: none"> - High total program cost - Potential loss of federal Medicaid contributions - Political/popular opposition?
<p>b. Vested Social Insurance:</p> <ul style="list-style-type: none"> - Washington Trust Act –State program, funded by a 0.58% payroll tax, paying vested workers a \$36,500 benefit (\$100/day for 365 days) that is indexed for inflation. - CLASS Act – Voluntary (opt-out) national LTCi program funded by premiums paid through payroll deductions that was included in ACA but repealed in 2013 due to concerns about adverse selection, high premiums, and program sustainability 	<ul style="list-style-type: none"> - How is LTSS funded for everyone who is not vested? - How would the program be funded? - How would it interact with Medicaid and other federal programs? - How would it interact with private LTC insurance? 	<ul style="list-style-type: none"> - Less costly than universal coverage (0.58% payroll tax under WA plan; 0.5% - 1% payroll tax for most program scenarios in DHCS Feasibility Study) - Likely less overlap with Medicaid (vested workers less likely to qualify for Medicaid) - More politically feasible? 	<ul style="list-style-type: none"> - Only vested workers, and potentially family of vested workers, are covered - Costly, although significantly less costly than a universal program - May overlap with Medicaid to some extent, and therefore may reduce federal contributions
<p>c. Targeted Social Assistance</p> <ul style="list-style-type: none"> - Hawaii Kapuna Caregivers Program – \$350 weekly benefit for unpaid family caregivers - Credit for Caring Act –Proposed federal law that would provide a tax credit for informal family caregivers - Some have proposed a public benefit covering catastrophic losses for those with Alzheimer’s disease 	<ul style="list-style-type: none"> - Is the benefit meaningful? - How would it be funded? 	<ul style="list-style-type: none"> - Least costly - Least likelihood for overlap with Medicaid - Easier to design and implement 	<ul style="list-style-type: none"> - Will not solve larger LTSS demographic and funding issues

2. Public Support for Private Market Solutions

Examples	Questions	Pros	Cons
<p>a. Public-private reinsurance or risk-sharing for private LTCi</p> <ul style="list-style-type: none"> - Some have proposed public support (design, legislation, and/or funding) for a program that would reimburse private insurer LTCi costs for catastrophic claims or in the event of unexpected adverse claims experience 	<ul style="list-style-type: none"> - Would this materially reduce LTCi premiums? - Would any reduction in LTCi premiums produce a sufficient improvement in LTCi sales? 	<ul style="list-style-type: none"> - Would provide insurance companies with more certainty when estimating premiums - Not disruptive – largely maintains status quo - Less costly - Comparatively simple 	<ul style="list-style-type: none"> - Would it do enough to motivate more private insurers to enter the market? - Milliman Feasibility Study in Michigan found that a reinsurance program had “limited potential” to increase LTCi prevalence, as the costs of funding the reinsurance pool would likely ultimately be passed to consumers - Political/popular opposition (could be viewed as a subsidy to insurance companies)
<p>b. Promote/Incentivize new products</p> <ul style="list-style-type: none"> - Term-life + LTCi – Minnesota is supporting development of a term life policy that converts to LTC coverage at a certain age (the state is funding actuarial analysis and market research) - LTC in Medicare Advantage –As of 2019, Medicare Advantage plans are allowed to include certain LTC benefits (adult day care, in-home personal care, respite care, home modification, and non-opioid pain management). As of 2020, plans may offer chronically ill members “non-primarily health related” assistive services, including food and transportation benefits. 	<ul style="list-style-type: none"> - Would the new products materially reduce LTCi premiums or increase LTCi sales? - Will an opt-in Medicare Advantage plan be actuarially viable? 	<ul style="list-style-type: none"> - Not disruptive – largely maintains status quo - Very little cost for state - Comparatively simple 	<ul style="list-style-type: none"> - Would the new options do enough to motivate more private insurers to enter the market? - Likely not sufficient, in isolation, to solve larger LTSS demographic and funding problems

<p>c. Require Medicare Supplement health plans to include limited LTSS benefit</p> <ul style="list-style-type: none"> - A Minnesota proposal would require Medicare supplement health plans to include a limited, nonmedical LTSS benefit package. 	<ul style="list-style-type: none"> - Would the new plans materially increase LTCi sales? - Would the plans be actuarially viable? - Would the plans be affordable? 	<ul style="list-style-type: none"> - Not disruptive – largely maintains status quo - Very little cost for state - Comparatively simple 	<ul style="list-style-type: none"> - Any material benefit is likely to increase plan costs significantly and could lead to policy lapse - Might drive Med Supp carriers from the market to avoid repricing and new claims expertise needed - Likely not sufficient, in isolation, to solve larger LTSS demographic and funding problems
<p>d. Expanded Partnership options</p> <ul style="list-style-type: none"> - Cheaper policies - More program participation 	<ul style="list-style-type: none"> - Would this materially reduce LTCi premiums or increase LTCi sales? 	<ul style="list-style-type: none"> - Not disruptive – maintains status quo - Very little cost for state - Comparatively simple 	<ul style="list-style-type: none"> - Would the expanded options do enough to motivate more private insurers to enter the market? - Likely not sufficient, in isolation, to solve larger LTSS demographic and funding problems

3. Hybrid Public-Private Solutions

Examples	Questions	Pros	Cons
<p>a. Public benefit supplemented by private insurance</p> <ul style="list-style-type: none"> - Option to purchase private supplemental coverage – covering liability beyond amount covered by public benefit, services not covered by public benefit, or providers not participating in public benefit - Option to purchase complementary insurance – covering any co-pays, share-of-cost, deductible, etc. - Supplemental and complementary options exist in most countries with social LTC insurance 	<ul style="list-style-type: none"> - Would new legislation be required to allow for or facilitate the sale of supplemental or complementary coverage? - Would supplemental or complementary coverage be affordable? 	<ul style="list-style-type: none"> - Will help keep costs of public benefit down - Allows consumers greater freedom to choose the amount of coverage they want - Would help to fill gaps in the public system 	<ul style="list-style-type: none"> - Private carriers would need to enter/adapt to a new market