

AB 567 - Program Design "Straw Man" [DRAFT - VERSION 4]

Blue font indicates a change relative to Version 3

This "straw man" summarizes the five program designs included in the draft Feasibility Report dated October 5, 2022.

The program designs included in this file are subject to change based on the input from Task Force Members and the public.

Legend

- [✓] indicates a plan design element that is consistent with preliminary Task Force recommendations
- Yellow shading represents a less generous plan design element relative to Design 3
- Green shading represents a more generous plan design element relative to Design 3
- Grey shading represents a different (not necessarily more or less generous) plan design element relative to

Lower Cost

Higher Cost

Plan design element	Supportive LTC benefits & adult population covered (18+) Design 1	Home care benefits & senior population covered (65+) Design 2	Comprehensive benefits (low range) & adult population covered (18+) Design 3	Comprehensive benefits (mid range) & adult population covered (18+) Design 4	Comprehensive benefits (high range) & adult population covered (18+) Design 5	Relative cost benchmarks* (high level estimates for reference only; actual Program cost ratios will differ)
Indicative program cost (\$ \$\$\$)	\$	\$\$	\$\$\$ (Est mated payroll tax range: 0.40% to 0.60%) ¹	\$\$\$\$	\$\$\$\$\$	
Design philosophy						
Program benefit richness	Targeted benefits	Targeted benefits	Comprehensive benefits (low-range)	Comprehensive benefits (mid-range)	Comprehensive benefits (high-range) [✓]	
California population coverage	Adult population covered (18+) [✓]	Senior population covered (65+)	Adult population covered (18+) [✓]	Adult population covered (18+) [✓]	Adult population covered (18+) [✓]	
Taxation progressivity	Proportional tax with a contribution cap and a contribution waiver for lower-income individuals	Proportional tax with a contribution cap	Proportional tax with a contribution cap and a contribution waiver for lower-income individuals	Proportional tax with a contribution waiver for lower-income individuals [✓]	Proportional tax with a contribution cap and a contribution waiver for lower-income	
Structure and design						
Program structure	Front-end coverage [✓] Vested social insurance [✓]	Front-end coverage [✓] Vested social insurance [✓]	Front-end coverage [✓] Vested social insurance [✓]	Front-end coverage [✓] Vested social insurance [✓]	Front-end coverage [✓] Vested social insurance [✓]	
Program benefits						
Benefit type	Reimbursement for all covered benefits (actual benefit amount reimbursed, subject to limitations)	Reimbursement for all covered benefits (actual benefit amount reimbursed, subject to limitations) with reduced (50%) cash benefit alternative [✓]	Reimbursement for all covered benefits (actual benefit amount reimbursed, subject to limitations)	Reimbursement for all covered benefits (actual benefit amount reimbursed, subject to limitations)	Reimbursement for all covered benefits (actual benefit amount reimbursed, subject to limitations) with reduced (50%) cash benefit alternative [✓]	N/A
Benefit period	2 years [✓] \$1,500 per month	2 years [✓]	1 year	18 months	2 years [✓]	- Decrease benefit period from 2 years to 18 months: 22% savings - Decrease benefit period from 2 years to 1 year: 45% savings - Decrease monthly benefit maximum from \$6,000 to \$4,500: 27% savings - Decrease monthly benefit maximum from \$6,000 to \$3,000: 50% savings - Decrease monthly benefit maximum from \$6,000 to \$1,500: 75% savings
Benefit maximum	[alternative scenario: \$1,000 per month] Inflation as a function of CPI; assessed annually (not automatically applied)	\$4,600 per month [✓] Inflation as a function of CPI; assessed annually (not automatically applied)	\$3,000 per month [✓] Inflation as a function of CPI; assessed annually (not automatically applied)	\$4,500 per month [✓] Inflation as a function of CPI; assessed annually (not automatically applied)	\$6,000 per month [✓] Inflation as a function of CPI; applied annually [✓]	
Benefit inflation						
Elimination period	No elimination period [✓] Supportive LTSS (e.g., caregiver support, adult day care, meal delivery, transportation, preventative equipment, home assessment, and minor home modifications)	90-day elimination period	30-day elimination period	No elimination period [✓]	No elimination period [✓]	N/A - Increase elimination period from 0 days to 30 days: 4% savings - Increase elimination period from 0 days to 90 days: 8% savings
Approved care settings	Caregiver support includes: training, respite care, and financial support via certified provider reimbursement	Home and community-based care only	Home and community-based care with select institutional care (e.g., adult day care, respite care, residential care facility); certified provider reimbursement [✓]	Comprehensive (i.e., institutional care and home and community-based care) [✓] Covered service; certified provider reimbursement [✓]	Comprehensive (i.e., institutional care and home and community-based care) [✓] Covered service; certified provider reimbursement [✓]	- Change approved care settings from comprehensive to home care only: 39% savings
PACE coverage	N/A Covered service; reimbursement to caregivers (subject to completion of certified caregiver training; minimum requirements that do not discourage benefit utilization to be defined in a culturally competent manner) [✓]	N/A Covered service; reimbursement to caregivers (subject to completion of certified caregiver training; minimum requirements that do not discourage benefit utilization to be defined in a culturally competent manner) [✓]	Covered service; reimbursement to caregivers (subject to completion of certified caregiver training; minimum requirements that do not discourage benefit utilization to be defined in a culturally competent manner) [✓]	Covered service; reimbursement to caregivers (subject to completion of certified caregiver training; minimum requirements that do not discourage benefit utilization to be defined in a culturally competent manner) [✓] Preventative benefits before satisfying the benefit eligibility criteria but only after becoming fully vested in the program [✓]	Covered service; reimbursement to caregivers (subject to completion of certified caregiver training; minimum requirements that do not discourage benefit utilization to be defined in a culturally competent manner) [✓] Preventative benefits before satisfying the benefit eligibility criteria but only after becoming fully vested in the program [✓]	N/A
Informal / family caregivers						N/A
Preventative benefits	N/A	Limited/contingent preventative benefits (e.g., partake in wellness program)	Limited/contingent preventative benefits (e.g., partake in wellness program)			N/A
Portability	Domestic portability; full benefits	Domestic portability; partial benefits outside of California (grade to 50% over 5 years)	Domestic portability; partial benefits outside of California (grade to 50% over 5 years)	Domestic portability; full benefits Coverage can be extended to a spouse or domestic partner through a shared benefit pool	International portability; full benefits [✓] Coverage can be extended to a spouse or domestic partner through a shared benefit pool	- Change from full domestic portability to partial domestic portability (grade to 50% over 5 years): 17% savings
Family / spousal coverage	Individual coverage only	Individual coverage only	Individual coverage only			N/A
Program eligibility and enrollment						
Benefit eligibility age	Age 18+ (subject to vesting requirements) [✓] HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe cognitive impairment) [✓]	Age 65+ (subject to vesting requirements) HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe cognitive impairment) [✓]	Age 18+ (subject to vesting requirements) [✓] HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe cognitive impairment) [✓]	Age 18+ (subject to vesting requirements) [✓] HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe cognitive impairment) [✓]	Age 18+ (subject to vesting requirements) [✓] HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe cognitive impairment) [✓]	- Increase benefit eligibility age from 18+ to 65+: 12% savings
Benefit eligibility criteria						N/A
Vesting criteria	5 years of contributions [✓] Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute between 3 and 5 years, 100% of the benefits for individuals who contribute for 5 or more years)	5 years of contributions [✓] Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute between 3 and 5 years, 100% of the benefits for individuals who contribute for 5 or more years)	10 years of contribution Pro-rated benefits (no benefits for individuals who contribute for less than 5 years, 50% of the benefits for individuals who contribute for 5 years, grading up by 10% each year up to 100% of benefits in year 10)	10 years of contribution Pro-rated benefits (no benefits for individuals who contribute for less than 5 years, 50% of the benefits for individuals who contribute for 5 years, grading up by 10% each year up to 100% of benefits in year 10)	10 years of contributions [✓] [alternative scenario: 10 years of contribution] Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute between 3 and 5 years, 100% of the benefits for individuals who contribute for 5 or more years) and voluntary alternative program contribution option to "top up" benefits [✓]	- Increase vesting criteria from 5 years to 10 years: 13% savings
Flexibility for those unable to vest		Individuals with eligible private LTC insurance ² may opt out of the program. They would be exempt from making program contributions and will not be eligible to receive program benefits [✓] Individuals with eligible substitute (i.e., non-supplemental) private LTC insurance ² would be subject to reduced program contributions (and will remain eligible to receive program benefits as a secondary payor to their private LTC insurance) [✓]	Individuals with eligible private LTC insurance ² may opt out of the program. They would be exempt from making program contributions and will not be eligible to receive program benefits [✓] Individuals with eligible substitute (i.e., non-supplemental) private LTC insurance ² would be subject to reduced program contributions (and will remain eligible to receive program benefits as a secondary payor to their private LTC insurance) [✓]	Individuals with eligible private LTC insurance ² may opt out of the program. They would be exempt from making program contributions and will not be eligible to receive program benefits [✓] Individuals with eligible substitute (i.e., non-supplemental) private LTC insurance ² would be subject to reduced program contributions (and will remain eligible to receive program benefits as a secondary payor to their private LTC insurance) [✓]	Individuals with eligible private LTC insurance ² may opt out of the program. They would be exempt from making program contributions and will not be eligible to receive program benefits [✓] Individuals with eligible substitute (i.e., non-supplemental) private LTC insurance ² would be subject to reduced program contributions (and will remain eligible to receive program benefits as a secondary payor to their private LTC insurance) [✓]	- Remove partial vesting (10 year vesting criteria): 14% savings
Private LTC considerations: before program enactment	N/A					N/A
Private LTC considerations: after program enactment ³	N/A					N/A

¹ The criteria for private LTC insurance to be considered eligible under the opt-out provision are TBD (and will be determined at a later date)

² Supplemental LTC products designed after program enactment would not qualify for reduced program contributions (e.g., private LTC insurance with a 2 year elimination period)

