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CALIFORNIA INSURANCE COMMISSIONER

**California Long Term Care Insurance (LTCI) Actuarial Subcommittee
Meeting #3 Minutes
Tuesday, October 3, 2023**

1. **Subcommittee Meeting Call to Order – 12:04 PM**
 - Roll Call – present: Jamala Arland, Ahmad Kamil, Laurel Lucia, Parag Shah, and Brandi Wolf
 - A quorum was met.
2. **Agenda Item #1: Welcome & Housekeeping Items**
 - Chair Ahmad Kamil went over housekeeping items.
3. **Agenda Item #2: Approve Minutes from Subcommittee Meeting #2**
 - Laurel Lucia moved to approve the minutes from the prior meeting, and Parag Shah seconded. The motion was approved unanimously.
4. **Agenda Item #3: Overview and Discuss: Work-in-Progress Draft Actuarial Report (“Report”)**
 - Stephanie Moench provided a high-level overview of the work-in-progress draft Actuarial Report, covering all sections and appendices.
 - Key Takeaways:
 - The preliminary tax rates in the Report were developed to ensure Program solvency through 75 years, assuming zero surplus at the end of that projection period. This approach is similar to that used in the actuarial analysis of the WA Cares Fund. Oliver Wyman will refine language to be more explicit regarding how contribution rates are developed and implications for “new entrants” beyond 2099.
 - Establishing a reserve for Program participants who are part of the Program at the end of the 75-year projection period increases the estimated contribution rates.
 - Oliver Wyman will include context in the Report to compare the expected expenditures for current retirees to the estimated expenditures for Program participants (excluding current retirees).
 - It is challenging to convert the expected expenditures for current retirees to an explicit contribution rate impact because the Program is financed by payroll wages or self-employed income, so the actuarial model does not include a tax basis for current retirees. Depending on the financing approach, Program expenditures for current retirees may be subsidized by the working

population as current retirees will require benefits closer to the time of Program implementation.

- Oliver Wyman to consider whether it is practicable to include a breakdown of the Program's Medi-Cal fiscal impact for federal, state, and local payors.
- Oliver Wyman will follow up with the Actuarial Subcommittee after this meeting to confirm target dates for their feedback on the Report.
- Oliver Wyman will consider refinements to the Report to comment on the degree of uncertainty attributed to each assumption sensitivity performed.

5. **Agenda Item #4:** General Public Commentary

- Oliver Wyman will ensure next steps are clear with regard to assessing potential financing options to include current retirees (e.g., an additional income tax or a buy-in option).
- The actuarial analysis does not assume that the Program receives federal funding, though there are considerations outside the scope of this Subcommittee and the broader Task Force for how LTSS could be financed at the federal level.
- Members of the public will have until October 13th to provide feedback on the work-in-progress draft Report. A revised version of the report that considers feedback from the Actuarial Subcommittee and the public will be discussed at our next Task Force Meeting in November.
- Oliver Wyman will attempt to distribute the revised Report a week before the next Task Force Meeting, to the extent practicable. The next Meeting is intended to be a walkthrough of the draft Report, and there will be a comment period following the meeting.
- The upcoming questionnaire will focus on gathering feedback regarding which Program designs garner support, given preliminary actuarial analysis.
- It would be helpful to include a benchmark to track how many Californians are expected to be covered by the Program.

6. **Agenda Item #5:** Next Steps & Closing

- Recording for this meeting will be available early next week.
- At 1:19 PM, Ahmad Kamil requested a motion to adjourn the meeting. Parag Shah made the motion, and Laurel Lucia seconded it. The meeting was adjourned.