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CALIFORNIA INSURANCE COMMISSIONER

**California Long Term Care Insurance (LTCI) Task Force
Meeting #16 Minutes
Thursday, October 6, 2022**

1. **Task Force Meeting Call to Order – 2:00PM**
 - Roll Call – present: Aron Alexander, Jamala Arland, Susan Bernard, Dean Chalios, Anastasia Dodson, Becky Duffey, Joe Garbanzos, Eileen Kunz, Laurel Lucia, Doug Moore, Parag Shah, Sarah Steenhausen, Dr. Karl Steinberg, Tiffany Whiten, and Brandi Wolf
 - Note: Anastasia joined after the conclusion of roll call
 - 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 #15**
 - Joe Garbanzos inquired about the release of the prior meeting's questionnaire results.
 - Response (Oliver Wyman): The prior meeting's questionnaire results are summarized within the Feasibility Report ("Report").
 - Dustin Plotkin noted that Jamala Arland's proposed changes to the meeting minutes, which were brought to attention before this meeting, are being implemented.
 - Joe Garbanzos moved to approve the minutes from the prior meeting, and Doug Moore seconded. The motion was approved unanimously.
4. **Agenda Item #3: Draft Feasibility Report**
 - Dustin Plotkin provided a high-level overview of the draft Report, specifically Sections 2 and 3, outlining preferred and supported program designs, modifications to designs that did not garner support, and recommended next steps to be addressed after publication of the Report.
 - Task Force Member Comments:
 - Anastasia Dodson noted that the titles of "straw man" program designs 3, 4, and 5 are not immediately intuitive. Anastasia stated that the usage of 'low-range', 'mid-range', and 'high-range' do not provide sufficient information.

- Response (Oliver Wyman): The titles refer to the robustness of the benefits package within each design. We will revisit these design titles to be more descriptive.
- Jamala Arland asked how the common design elements outlined in Section 2.2 of the Report align with the trade-offs and priorities questionnaire results. Jamala suggested that the Report include an explicit explanation of how the questionnaire results influenced the designs. Jamala also asked whether municipal bonds, specifically those that are backed by California, are constitutionally allowed for investment and whether the return on such bonds is high enough to impact the financial sustainability of the program meaningfully.
 - Response (Oliver Wyman): We will perform additional research to determine if any constraints within the state constitution would prohibit investment in municipal bonds. The trade-offs and priorities questionnaire responses informed the program designs contained in the original version of the program design “straw man”. We will include a more detailed description of how the trade-offs and priorities questionnaire was used to construct the program designs in the Report.
- Joe Garbanzos noted that it might be helpful to explicitly list program design elements that did not achieve consensus among the Task Force.
 - Response (Oliver Wyman): We will add an Appendix outlining the design elements that did not receive consensus and were not included in the program designs.
- Dr. Karl Steinberg suggested renaming designs 3 and 5 to ‘lower range’ and ‘higher range’ options. Karl noted a concern that the Legislature might choose program designs 1 or 2 solely based on their relatively low cost.
 - Response (Oliver Wyman): Exhibit 2.4 details the designs preferred and supported by various Task Force Members (i.e., Task Force recommendations will be provided to help inform Legislature decision-making, in addition to high-level relative cost information).
- Jamala Arland asked for clarification regarding the explicit inclusion of Task Force Members’ names for the preferred and supported program designs in Exhibit 2.4. Jamala noted that identifying which Task Force Members prefer and support each design does not capture the entire perspective as all prior questionnaires summarizing Task Force member views were anonymous, and the results of those questionnaires build up to the conclusion in Exhibit 2.4.
 - Response (Oliver Wyman): Names were included for transparency around which program designs were preferred and supported by each Task Force Member.
- Parag Shah noted that it might be helpful to add commentary from prior questionnaires to give more context to the program designs preferred and supported by each Task Force Member.

- Laurel Lucia suggested that Task Force Members be able to provide additional (optional) commentary regarding their views on the program designs and that this commentary be included in an Appendix.
 - Response (Oliver Wyman): This would be preferable to un-anonymizing the prior questionnaires.
- Parag Shah asked for confirmation of the ask of Task Force Members regarding additional, optional commentary.
 - Response (Susan Bernard): Task Force Members may voluntarily submit additional commentary to provide rationale for their supported and preferred program designs in Exhibit 2.4, and this commentary will be included in an Appendix in the Report.
- Joe Garbanzos motioned to approve the inclusion of optional Task Force Member commentary in the Report. Laurel Lucia and Dr. Karl Steinberg both seconded. The motion was approved unanimously.
 - Response (Oliver Wyman): We will summarize the request to Task Force members in an email following this meeting.
- Oliver Wyman asked if the Task Force preferred their names also be associated with the recommended modifications for program designs that they did not support in Exhibit 2.5.
 - Response (Parag Shah): I do not support this proposal as the proposed modifications in this Exhibit may not provide enough context as written. If we are submitting optional commentary, I would prefer to do so in a way that holistically captures my thoughts for all program designs.
 - Response (Joe Garbanzos): Yes, I support this proposed addition. The choice of whether to support a program design is based on a series of information from prior discussions. Task Force Members should be able to explain how they arrived at their preferred and supported program designs.
 - Response (Laurel Lucia): Yes, I support this proposed addition. Some program designs, specifically designs 1 and 2, would require a robust set of modifications, which would have been challenging to exhaustively list as part of the questionnaire response.
 - Response (Brandi Wolf): I prefer that the Report be consistent in whether or not Task Force Member names are included. If they are included for Exhibit 2.4, they should be included in Exhibit 2.5. If names are included, I support giving Task Force Members an opportunity to provide more detailed explanations of their views. The Legislature or members of the public might not be concerned with which modifications came from which Task Force Members.
 - Jamala Arland noted that the purpose of the Report is to provide a recommendation for program design options from the Task Force as a whole. Jamala noted her concern that the additional appendices may veer away from this purpose, attributing too much information to individual Task Force Members.

- Response (Susan Bernard): In the interest of time, we will push the remainder of this discussion to the next meeting. Task Force Members and the public may submit additional commentary to the CDI email listed in the closing slides.
- Brandi Wolf asked for clarification regarding a program contribution limit and whether we have considered evaluating the impact of not including a contribution limit. Brandi noted her preference to assess the cost associated with not having a contribution limit.
 - Response (Oliver Wyman): The contribution limit, per Task Force recommendation, will be a multiple of Social Security's wage limit. As part of the recommended testing around this, we will include an alternate scenario to assess the financial impact of having no contribution limit.
- Public Comments:
 - Ramon Castellblanch noted the importance of maximizing program funds, potentially through not having a contribution limit. Ramon opined that including an opt-out provision may introduce adverse selection and decrease program funds. Ramon noted that none of the proposed designs provide cash benefits for unpaid caregivers.
 - Kathy Petinas stated that all Californians, including retirees and those not subject to payroll taxes, should have access to program benefits. Kathy suggested that the Report indicate how many Californians will have access to each program design and how many will be excluded. Kathy also suggested that additional clarification be added regarding the benefits covered under each program design. Kathy supported the inclusion of no contribution limit to maximize program funds.
 - Gordon Miller noted that California needs a way to cover existing retirees under the program. Gordon noted that provisions should be included to not allow private equity firms to interact with the statewide program.
 - Judy Jackson suggested that all seniors be included in the statewide program. Judy noted her support for program design 5 on account of its relatively more generous benefit.
 - Jared Giarrusso noted that Alzheimer's is the most expensive disease to live with in the nation, and the cost is typically shared by care partners, including family members. Jared noted that out-of-pocket costs for those with dementia are around \$10,000 per year. Jared noted his support for more generous program designs, such as design 5, and for adding a cash benefit to design 4. Jared supported the recommendation to revisit the contribution limit. Jared noted his concerns about the opt-out provision, citing Washington State's WA Cares Fund program.
 - Lindsay Imai Hong stated that the program must cover all Californians, including current retirees. Lindsay noted her support for program design 5 without a contribution limit or design 4, including a cash benefit. Lindsay noted her support for financing provisions that are sustainable and equitable and for limiting opt outs.

- Michael Lyon noted that the program must cover today’s retirees and all future workers, including caregivers and those with informal jobs. Michael supported mechanisms, such as a separate pool of funds, to provide benefits to retirees and other Californians not subject to payroll taxes, much like Social Security. Michael suggested taxing companies that removed defined benefit pension plans. Michael noted his support for progressive financing, no contribution limit, and cash benefits. Michael urged that the program be publicly administered.
- Russell Rawlings applauded the Task Force for their hard work. Russell noted his support for program design 4 with a cash benefit and design 5 without a contribution limit. Russell noted that cash benefits could be used to cover irregular expenses and that waiting for reimbursement could be challenging for low-income caregivers.
- Malcolm Harris opined that benefits, services, and financing provisions should be as equitable as possible for all Californians. Malcolm noted his support for program design 4 with cash benefits and design 5 with no contribution limit.
- Allen Galeon noted his support for program designs 4 and 5, noting that these designs offered the most generous and comprehensive benefits. Allen noted his support for cash benefits, as individuals may not be able to afford costs, such as for home modifications, if they have to wait for reimbursement. Allen stated his support for not having a contribution limit in the final design. Allen also noted his support for progressive financing and recommended that each program design specify how many Californians are included versus excluded.
- Dan Okenfuss noted his support for including cash benefits in the program design, as such benefits help provide wages for unpaid caregivers. Dan also noted that many high-risk individuals are often denied private insurance coverage and are thus heavily reliant on public programs.
- Tom Manley noted his support for program designs 4 and 5. Tom noted that all Californians, even those not subject to payroll taxes, should be covered by the statewide program. Tom stated that the program should not include a contribution limit and should use progressive funding as this will increase program sustainability and equity.
- Emma Martin noted that many aging and disabled Californians have difficulty finding adequate and affordable coverage for long-term services and supports. Emma noted her support for program design 4 with a cash benefit and design 5 with no contribution limit.
 - Response (Dr. Karl Steinberg): Higher-income people may leave the state or opt out of the program if there is no contribution limit. Not having a contribution limit only seems feasible if there is no opt-out provision. While not holistically equitable, it may be preferable to have a contribution limit that grades up with income.
- María Guillén noted her support for program designs 4 and 5, citing the relative generosity of the benefits. María urged the inclusion of an alternative

mechanism to allow current retirees to access program benefits, similar to Title I of Social Security.

- Aquilina Soriano Versoza noted her support for program design 4 with a cash benefit and design 5 with no contribution limit. Aquilina noted her support for allowing current retirees to access program benefits.
- Nina Weiler-Harwell recommended that we carefully design the opt-out provision to avoid duplicating the hurdles faced by the WA Cares Fund. Nina asked for clarification regarding the income tax provision for self-employed individuals. Nina noted her support for allowing retirees to access program benefits beyond the partial vesting provisions. Nina urged that careful consideration be given to a cash benefit, if included in the program design.
- Art Persyko noted his support for a statewide program that is universal, publicly administered, and comprehensive. Art stated that including a contribution cap or allowing the involvement of private equity firms may obscure the goals of the program by prioritizing profits over people.

5. Agenda Item #4: Task Force Next Steps

- Stephanie Moench provided an overview of next steps for Task Force Members.

6. Agenda Item #5: General Public Commentary

- Marie Acdal stated that the statewide program should provide the most generous benefits to all Californians, including those with disabilities. Marie noted her support for program designs 4 and 5, citing a strong preference for providing cash benefits with design 4 and not implementing a contribution cap for design 5.
- Steve Cain stated his desire for the richest benefits possible but acknowledged that concessions have to be made for the sake of feasibility. Steve reiterated that high-net-worth individuals can and will leave the state if their taxes get too high. Steve urged the Task Force and members of the public to consider the possible program designs that can achieve support from the Legislature.

7. Agenda Item #6: Next Steps & Closing

- Recording for this meeting will be available early next week.
- At 4:00PM, Susan Bernard requested a motion to adjourn the meeting. Doug Moore made the motion, and Joe Garbanzos seconded it. The meeting was adjourned.