



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

**California Long Term Care Insurance (LTCI) Task Force
Meeting #21 Minutes
Thursday, September 7, 2023**

1. **Task Force Meeting Call to Order – 10:35 AM**
 - Roll Call – present: Aron Alexander, Jamala Arland, Dean Chaliros, Anastasia Dodson, Stephanie Moench (Acting as Chair on behalf of Ahmad Kamil), Eileen Kunz, Laurel Lucia, Parag Shah, and Brandi Wolf.
 - Absent: Joe Garbanzos, Lydia Missaelides, Dr. Karl Steinberg, Tiffany Whiten
 - Doug Moore and Sarah Steenhausen were also present but could not be considered voting Task Force members because their locations were not listed on the public notice.
 - A quorum was met.
2. **Agenda Item #1: Welcome & Housekeeping Items**
 - Acting Chair Stephanie Moench went over housekeeping items.
3. **Agenda Item #2: Approve Minutes from Meeting #20**
 - Brandi Wolf moved to approve the minutes from the prior meeting. Doug Moore seconded. The motion was approved unanimously.
4. **Agenda Item #3: Overview and Discuss: Preliminary Actuarial Analysis and Potential Program Design Changes**
 - Stephanie Moench provided an overview of the preliminary actuarial analysis results, alternative financial scenarios, potential program design changes, and next steps for the Task Force through the end of 2023.
 - Key Takeaways:
 - The shape and magnitude of the projected Program fund balances are a function of the features associated with each Design (e.g., elimination periods, benefit maximums, intergenerational equity provisions).
 - The projected Program fund balance will peak when expenditures begin to exceed revenues.
 - The absolute dollar impact of Program cash flows deviating from those projected in the actuarial analysis will be more significant for Program designs that are more

costly (e.g., Design 5). Oliver Wyman is quantifying the financial impact of several assumption sensitivities, which will be included in the forthcoming Actuarial Report.

- If the Program cannot invest in equities, the projected Program fund balance would be adversely impacted, requiring a higher tax rate to remain solvent, all else equal. An amendment to the state constitution is required to allow the Program to invest in equities.
- Apart from Design 2, the number of Californians projected to be covered under each Program design is independent of an individual's personal income.
- Oliver Wyman will include more detailed exhibits summarizing the demographics of Program participants who are and are not projected to satisfy vesting requirements over the Program's lifetime (e.g., by age and income level).
- In the upcoming questionnaire, Task Force members will be asked to include the philosophy underpinning their proposed Program design changes (if any). Task Force members can also recommend additional alternative financial scenarios that should be performed as a "next step" in the Actuarial Report.
- In the Actuarial Report, Oliver Wyman will quantify the projected fiscal impact of all five Program designs on Medi-Cal. It is important to consider the holistic impact of the Program on California funding for long-term services and supports.
- Brandi Wolf expressed her opinion that a tax rate above 1% may not be popular among legislators.
- Designs 4 and 5 allow vested individuals to share benefits with their spouse or domestic partner. The financial impact of this provision was not separately quantified.
- Oliver Wyman increased claim incidence rates for younger individuals relative to those implied based on proprietary LTC insured experience data.
- Including a relatively high Program contribution cap (e.g., above \$200,000 per year) may assist with public and legislator buy-in while having a small impact on the Program's projected tax rates.
- Allowing a one-time opt-out for those with eligible private LTC insurance before the Program's effective date is not projected to have a meaningful impact on Program solvency. However, the effect of an opt-out provision has multiple interactions with other Program design elements, including the contribution cap level and the demographics of the individuals who are assumed to opt out.
- The private LTC insurance opt-out assumption applied in the actuarial analysis varies by age and income level.
- The Feasibility Report and Actuarial Report are constructed to provide legislators with a broad range of design options across a range of projected tax rates for their consideration.
- The upcoming questionnaire will include guidance that Task Force members may want to consider responding from the mindset of designing their preferred Programs within the preliminary range of tax rates.

- Public Comments:
 - Meeting materials should be published with more advanced notice to make the meetings more accessible to public participants.
 - The Program should consider how to best meet the needs of immigrants working and residing in California. Further, the Program should include provisions for international portability.
 - The Program must meet the needs of all Californians in a sustainable manner using equitable funding. A progressive funding approach, no contribution cap, and universal benefits will help achieve these goals.
 - Consider different groups of earners beyond those receiving W-2 income and how they may be affected by a contribution cap.
 - Care received in a residential care facility should be considered a home-and-community-based service.
 - Consider the importance of international portability, as care is generally cheaper internationally. Further, the projected financial impact of expanding portability from domestic to international is expected to be minimal.
 - It would be helpful to quantify the financial impact of including or excluding a spousal benefit for Designs 4 and 5.

5. **Agenda Item #4:** Discuss: Program Effective Date and Other Clarifications

- Ryan de la Torre noted that the California Department of Insurance (“CDI”) had observed misleading communications by agents and insurers concerning the AB 567 Task Force. Ryan clarified that the legislative assembly has not made any decisions in connection with AB 567. Stating that a public LTC program, tax, or opt-out provision will be enacted on January 1, 2024 or any other specific date is factually untrue and unacceptable.

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

- Limiting the private LTC insurance opt-out window may yield savings to the Program.
- Specific requirements for private insurance to be eligible for any Program opt out provision have yet to be defined.
- Consider modifying Design 2 to have a lower elimination period and an unlimited benefit.
- A representative from the California Agents and Health Insurance Professionals affirmed her support for the CDI's clarifications regarding misleading communications by agents and insurers with regard to the AB 567 Task Force.
- Obtaining the state constitutional amendment required to allow the Program to invest in equities may prove challenging.

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

- Recording for this meeting will be available early next week.
- At 1:00 PM, Stephanie Moench requested a motion to adjourn the meeting. Parag Shah made the motion, and Laurel Lucia seconded it. The meeting was adjourned.