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CALIFORNIA INSURANCE COMMISSIONER

California Long Term Care Insurance (LTCI) Task Force
Meeting #11 Minutes
Thursday, May 5th 2022

1. **Task Force Meeting Call to Order** – 2:00PM
    - Roll Call – present: Aron Alexander, Jamala Arland, Susan Bernard, Joe Garbanzos, Eileen Kunz, Laurel Lucia, Parag Shah, Sarah Steenhausen, and Brandi Wolf. Note: Tiffany Whiten joined after roll was taken.
    - Absent: Anastasia Dodson, Doug Moore, Dr. Karl Steinberg
    - 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 #10
    - Laurel Lucia moved to approve the prior meeting's minutes and Joe Garbanzos seconded. The motion was approved unanimously.

4. **Agenda Item #3:** Task Force Meeting #11 Questionnaire Results
    - Dustin Plotkin and Stephanie Moench presented results from the Task Force Meeting #11 questionnaire on LTSS workforce considerations.
    - Task Force Member Comments:
        - Parag Shah asked for clarification regarding integration with the Program for All-Inclusive Care for the Elderly (PACE).
            - Response: The purpose is to determine whether benefits provided by the statewide program should be used to pay for services provided by PACE.
        - Eileen Kunz commented that recognizing PACE as part of the statewide program is beneficial for creating an integrated, multi-disciplinary care model.
        - Laurel Lucia noted that in the interest of clarity for the final report, we should specify that PACE capitated rates could be covered by the statewide program rather than specific services.

- Joe Garbanzos noted that if someone has Medicare Part D, then cash could allow these individuals to cherry-pick the PACE services that they want to receive rather than pay the capitation rate.
- Jamala Arland noted that integrating PACE into the statewide program may help PACE achieve a broader scale.
- Eileen Kunz agreed that PACE programs in rural areas would be more likely to expand if the Task Force provides visibility.
- Joe Garbanzos noted that if an eligible beneficiary chooses the reduced cash benefit, they can use the cash for other services outside of PACE.
- Parag Shah asked for clarification regarding additional training for informal caregivers and asked that the Task Force consider streamlined training requirements.
    - Response: Specific requirements and/or a certification process may need to be defined. Washington, for example, has certain training exemptions for spouses or domestic partners providing care.
- Jamala Arland noted that culturally competent, accessible training is important.
- Joe Garbanzos noted that the model of reimbursing informal caregivers can support the development of the LTSS workforce, specifically providing support to informal caregivers that are not properly compensated or trained for their services.
- Eileen Kunz noted that there is value in providing a training or certification program for informal caregivers so long as it is not too burdensome.
- Jamala Arland observed that the Task Force unanimously agrees that there should be financial support for informal caregivers. She urged not professionalizing informal care and noted that “certified provider” is the same terminology used in the context of PACE, which is different from a person caring for their family. There may be a middle ground in the language that the Task Force uses to frame a potential training or certification process for informal caregivers.
- Parag Shah asked for clarification regarding the process for reimbursing an informal caregiver. For example, how do you reimburse someone if they have not incurred a financial loss?
    - Response: We will share examples from Washington state, Medi-Cal, and other applicable programs with the Task Force.
- Ryan de la Torre commented that, under California’s In-Home Supports and Services (IHSS) program, a family caregiver could become a certified IHSS provider and are reimbursed at a set rate, currently 14 to 17 dollars per hour.
- Jamala Arland asked for clarification regarding the Task Force’s ability to implement specific recommendations related to the LTSS workforce. She suggested highlighting those recommendations that are within the scope of AB 567 vs. those that need to be built out separately.

    - Response: Some of the recommendations may need a separate Task Force or program beyond the scope of AB 567. The Feasibility Report will still cover these recommendations at a high level, as many are crucial to the success of the statewide program, even if not within the scope of AB 567.
- Laurel Lucia noted that establishing an upper limit on program contributions is regressive financing, which the Task Force did not preliminarily recommend.
- Parag Shah noted that it may be inequitable for an individual to contribute more than what they can receive in benefits from the statewide program and that a program with some type of a limit may have a greater chance of approval.
- Jamala Arland agreed with Parag's comment about equity and not having individuals contribute more than they receive from the program.
- Laurel Lucia commented that she based her questionnaire response on the definitions of progressive and regressive financing provided by the California Budget and Policy Center.
- Parag Shah noted that there could be a marketing value if contribution rates start low and increase over time. He asked if the Task Force can recommend both level and step-rated contributions to the California legislature.
    - Response: Multiple recommendations are possible.
- Susan Bernard commented that implementing level contributions may avoid challenges like those faced with ongoing private LTC rate increases.
- Eileen Kunz noted that the goal should be to have level contributions and plan for investment opportunities to support the program financially.
- Jamala Arland stated that implementing step-rated contributions allows more flexibility with respect to program financing. Contribution rate increases should be administered with transparency (i.e., a pre-determined schedule of rate increases).
    - Response: Allowing for flexibility with respect to contribution rates, regardless of whether level or step-rated, is important for sustainability.
- Parag Shah noted that as individuals age, they generally earn more and can contribute more.
- Joe Garbanzos noted that the assumption that individuals generally earn more as they age might not line up with reality.
- Eileen Kunz commented that there might be variability regarding how age and income interact.
    - Response: We will collect data on wages by age and share it with the Task Force.
- Jamala Arland noted that attained age rating might be unconstitutional.
- Laurel Lucia asked for clarification regarding vesting and benefits for those who drop their private coverage after program enactment but before requiring care.

- Response: Specific requirements for eligible private insurance coverage have yet to be defined. If an individual drops their private coverage after program enactment, they will be required to pay the full contribution rate. The Task Force's preliminarily recommendation is for vesting to be based on contribution years, not a cumulative contribution amount.

- Laurel Lucia noted the potential equity concerns for those who pay reduced program contributions until they fully vest, drop their private LTC coverage, and receive the same benefit amount as those who contributed the full amount during their vesting periods.
  - Response: Ideally, the definition of 'eligible private insurance' will disincentivize this behavior.
- Parag Shah noted that eligible private LTC insurance would likely be more costly than discounts provided by the statewide program.
- Jamala Arland commented that the language of AB 567 contemplates an opt-out provision. Jamala noted the disconnect between social insurance principles and a potential opt-out provision. Jamala echoed Laurel's equity concerns regarding reduced program contributions.
  - Response: The preliminary recommendation from the Task Force is that private insurance will pay before the statewide program. This would likely result in different benefit usage by individuals with private insurance (who are paying a reduced contribution) and those without private insurance. We will want to be cognizant of coordination between private insurance and the state program, given the Task Force's preliminary recommendation not to have an elimination period for the state program.
- Joe Garbanzos noted that international portability should be explored, given the cultural diversity of many communities in California. Further, Joe Garbanzos noted that it would not be equitable to penalize individuals for utilizing their benefits outside of the U.S. Joe suggested that the Task Force may want to consider a stipulation that requires eligibility assessments for international benefits to be performed by U.S.-certified providers.
  - Response: Stipulations of this kind are common in private LTC policies that include international coverage.
- Joe Garbanzos commented that LTSS coverage provided to veterans might be a good model for international portability.
- Eileen Kunz stated that international portability might be an administrative challenge.
- Parag Shah discussed the cost considerations for shared vs. separate benefit pools.
- Jamala Arland commented that the Task Force should consider opt-ins holistically (i.e., extending beyond provisions for domestic partners/spouses).
  - Response: One key recommendation is to ensure that those paying into the program via an alternative financing mechanism are doing so equitably relative to those contributing through the primary financing mechanism.

  - Parag Shah noted his concerns about a program with voluntary elements, as it might result in anti-selection, which may increase costs.
    - Response: An underwriting requirement may help ease anti-selection.
  - Joe Garbanzos asked whether spouses and domestic partners will still be covered under an alternative contribution option.
    - Response: Yes.
  - Parag Shah asked for clarification regarding the inclusivity of a potential alternative contribution option.
    - Response: The ask of Task Force members is whether the preliminary recommendation to offer a non-voluntary alternative contribution overrides the recommendation to allow individuals to extend their benefits to family members via a shared benefit pool.
  - Parag Shah stated that a non-voluntary alternative contribution option would likely be more costly, albeit more inclusive, than a shared benefit pool for family members.

- <u>Public Comments:</u>
  - Ramon Castellblanch noted that progressive taxes generally work well with California voters, and that two such taxes—Propositions 30 and 55—have been passed in the past decade. Ramon asked how a cash benefit would interact with the PACE model.
    - Response: Cash benefits can be used to pay PACE capitation rates.
  - Nina Weiler-Harwell stated that providing career advancement opportunities, livable wages, and reasonable training requirements for informal caregivers are important considerations. AARP opposed the first draft of training requirements for WA Cares family caregivers. California's IHSS requirements are OK.
  - Lindsay Imai Hong noted that protecting workers' rights by monitoring wage trends and working with cooperative businesses (i.e., "co-ops") are important considerations.
  - Louis Brownstone commented that level contribution rates are preferred, though not necessarily realistic due to inflation. Louis noted that the goal should be to keep benefits proportional to costs.
  - Leza Coleman noted that allowing the individual or family to choose how they use their benefit is preferred. Leza also noted that the administrative costs relating to collecting and reconciling receipts of services for reimbursement purposes might outweigh the cost of providing cash benefits. Leza also noted that program contributions should vary by income
  - Bonnie Burns stated that the Task Force can learn from the class-action lawsuit against CalPERS related to large premium rate increases.
  - Maxwell Hellmann reiterated the definitions of progressive and regressive financing. Maxwell noted that the Task Force should be prepared for rising program costs due to inflation, demographic shifts, and increasing disability rates.

        - Bonnie Burns noted that benefit eligibility triggers may vary between the statewide program and private insurance. Bonnie stated that there are many elements of payment coordination that should be considered as individuals look for alternative ways to finance their care needs.
        - Ramon Castellblanch echoed Laurel Lucia's concerns regarding individuals dropping their private coverage after program enactment. Ramon commented on the equity concerns of an opt-out provision. Ramon noted that individuals who emigrate from California are often low-income. Ramon reminded the Task Force of their preliminary recommendation for hybrid financing.
        - Steve Cain reminded the Task Force that some concessions need to be made if a feasible and politically viable program is the goal. Steve commented that the payroll tax may be as high as 2% given the preliminary recommendations made by the Task Force.
        - Louis Brownstone echoed Steve's comments regarding the cost of the program. Louis voiced his concerns regarding putting together the feasibility report in a timely manner. Louis noted that the National Association for Insurance and Financial Advisors (NAIFA) will be considering recommendations made to the California legislature.
        - Aquilina Soriano Versoza noted the potential equity concerns of offering reduced program contributions for individuals who purchase eligible private insurance after program enactment.

5. **Agenda Item #6:** General Public Commentary
    - No additional public comments were expressed.

6. **Agenda Item #7**: Next Steps & Closing
    - Recording for this meeting will be available early next week.
    - At 4:32 PM, Susan Bernard requested a motion to adjourn the meeting. Joe Garbanzos made the motion, and Parag Shah seconded it. The meeting was adjourned.