

CALIFORNIA DEPARTMENT OF INSURANCE: LONG TERM CARE INSURANCE PROGRAM

Social Insurance vs Public Assistance Questionnaire Results

August 16, 2021

QUALIFICATIONS, ASSUMPTIONS AND LIMITING CONDITIONS

Oliver Wyman was commissioned by the California Department of Insurance to provide support associated with assessing the feasibility of developing and implementing a culturally competent statewide insurance program for long-term care services and supports (LTSS). The primary audience for this report includes stakeholders from the California Department of Insurance, members of the Long-Term Care Insurance Task Force, and members of the general public within the state of California.

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EXECUTIVE SUMMARY

Task Force Members were asked to complete a questionnaire regarding their [preliminary](#) views on a social insurance vs. public assistance design for a potential LTSS program in California as part of AB #567. Task Force Member views may evolve as detailed discussions progress across the [seven Work Plan elements](#). This page summarizes the questionnaire results; all subsequent pages contain questionnaire responses verbatim, apart from minor edits for spelling, grammar, and punctuation

Key Takeaways

Key social insurance features

- 1
 - Respondents ranked the existing mechanism for premium collection as a percentage of wages as the most appealing feature of a social insurance program
 - The second most appealing feature to respondents was the benefit equality between lower and higher income workers
 - The least appealing feature was the potential increase in payroll tax rates if California's LTC insurance program costs runs higher than expected

Key public assistance features

- 2
 - The most appealing feature of a public assistance program was identified as the lack of a dedicated payroll tax, which could avoid taxing lower income persons
 - The second most appealing feature to respondents was the ease of adjusting a public assistance program in the future
 - The least appealing feature was the ease of reducing benefit levels if California's LTC insurance program costs runs higher than expected

Most suitable structure: social insurance

- 3
 - Most respondents believe that a social insurance structure is more suitable for California's LTC insurance program
 - A wide range of rationale was provided by respondents (refer to page 9)

QUESTION 1 (1 OF 2)

By dragging and dropping, rank the following features associated with a **social insurance** program in the context of California’s LTC insurance program from most appealing to least appealing

| # | Answer | Score ¹ |
|---|---|--------------------|
| 1 | Mechanism for premium collection as a percentage of wages already exists with the California State Disability Insurance Program | 36 |
| 2 | Lower income workers receive the same long-term care benefit as higher income workers | 33 |
| 3 | AB 567 language has several references to “working adults” and “mandatory enrollment”, which fit with typical social insurance program features | 28 |
| 4 | With a payroll tax, it will be difficult for future politicians to reduce eligibility and benefit levels | 24 |
| 5 | If costs of California’s LTC insurance program run high compared to expectations, increased payroll tax rates are a likely reaction | 14 |
| 6 | Other (please specify) | n/a |

1. **Scoring methodology:** 5 points for first choice (i.e., most appealing), 4 points for second choice, etc., and 1 point for fifth choice (i.e., least appealing). Scores should be interpreted on a relative basis within a given question, with the highest score representing the most appealing feature

QUESTION 1 (2 OF 2)

Please provide your rationale for your ranking above

| # | Responses for those who ranked “Mechanism for premium collection as a percentage of wages already exists with the California State Disability Insurance Program” as most appealing |
|---|--|
| 1 | The bottom two are undesirable in my opinion |
| 2 | Universal is popular and scale will improve the care economy for workers |
| 3 | Developing a program within the existing framework of the CSDI systems would be more feasible than creating a new mechanism |

| # | Responses for those who ranked “Lower income workers receive the same long-term care benefit as higher income workers” as most appealing |
|---|---|
| 1 | We should be protecting the low wage worker to ensure they also have access to the benefit |
| 2 | Higher participation, everyone receives the benefit, [and] benefits can be defined |
| 3 | Lower-income workers should be afforded the same access and benefits as other higher-earning income workers, perhaps with access to a "basic" coverage and then the opportunity for others to pay additionally for supplemental (where public subsidies are available for lower-income workers) |

| # | Responses for those who ranked “AB 567 language has several references to “working adults” and “mandatory enrollment”, which fit with typical social insurance program features” as most appealing |
|---|--|
| 1 | There should be some participation from all who receive the insurance and services so that is why I ranked that first; however, payroll tax is the least palatable for employers I suspect. And, if it is always through employment how will those not employed or employed very little receive the benefits? |
| 2 | Working adults and mandatory enrollment are important aspects for risk pooling. However, I think there should be a provision to differentiate benefits by income level and additional consideration for working adults who are off payroll but pay taxes. Also, when I think of features, I think of things like waiting period, benefit levels, coordination with existing programs, public education, [etc.] |

QUESTION 2 (1 OF 2)

By dragging and dropping, rank the following features associated with a **public assistance** program in the context of California's LTC insurance program from most appealing to least appealing

| # | Answer | Score ¹ |
|---|---|--------------------|
| 1 | With no dedicated payroll tax, a public assistance program could avoid taxing lower income persons for the benefit, when they likely would qualify for Medi-Cal LTC benefits anyway | 34 |
| 2 | If a federal LTC insurance program is instituted in the future, it is likely easier to adjust a public assistance program than a social insurance program | 33 |
| 3 | If costs of California's LTC insurance program run high compared to expectations, additional funding could be available from general state tax revenue | 27 |
| 4 | Mechanism for collection of eligibility records (years of residence in California) would need to be created | 25 |
| 5 | If costs of California's LTC insurance program run high compared to expectations, it is easier to reduce benefit levels | 16 |
| | Other (please specify) | n/a |

1. **Scoring methodology:** 5 points for first choice (i.e., most appealing), 4 points for second choice, etc., and 1 point for fifth choice (i.e., least appealing). Scores should be interpreted on a relative basis within a given question, with the highest score representing the most appealing feature

QUESTION 2 (2 OF 2)

Please provide your rationale for your ranking above.

| | |
|---|--|
| # | Responses for those who ranked “With no dedicated payroll tax, a public assistance program could avoid taxing lower income persons for the benefit, when they likely would qualify for Medi-Cal LTC benefits anyway” as most appealing |
| 1 | You hate to reduce benefits |
| 2 | There’s precedence for this program to start us on the road to universal LTSS |
| # | Responses for those who ranked “If a federal LTC insurance program is instituted in the future, it is likely easier to adjust a public assistance program than a social insurance program” as most appealing |
| 1 | With so much changing at the federal level, there could be opportunities to expand Medi-Cal to cover lower income workers. This would be preferable to adding an additional tax |
| 2 | If we [choose the] public assistance route, I think its important that it be flexible to adapt to whatever federal benefits would be offered and would work to enhance benefits overall |
| 3 | Coordination with other state or federal programs is critical to reduce duplication and waste; [For] Feature 4 – Will the eligibility be solely based on CA residency? Will there be verification of income? [For] Feature 5 – What about the ability to invest in equities? |
| # | Responses for those who ranked “If costs of California’s LTC insurance program run high compared to expectations, additional funding could be available from general state tax revenue” as most appealing |
| 1 | Using general funds will assist the program and the use of payroll tax and eligibility for other programs will make for success |
| 2 | Various cost options should be explored if the expectations run high |
| # | Responses for those who ranked “Mechanism for collection of eligibility records (years of residence in California) would need to be created” as most appealing |
| 1 | If state-funded, confirmation of residency and years of residency (should not [be] culminative in the event of gaps where person may be living out of state, then returning to reside in the state). [Best] to see where federal and state can be leveraged such [that] there's no duplication or conflict |

QUESTION 3 (1 OF 2)

What do you feel is a more suitable structure for California's LTC insurance program?

| # | Answer | Percentage | Count |
|---|-------------------|------------|-------|
| 1 | Social insurance | 78% | 7 |
| 2 | Public assistance | 22% | 2 |

QUESTION 3 (2 OF 2)

Please provide rationale for your choice above

| # | Responses for those who selected "Social insurance" |
|---|---|
| 1 | I think this is a better option and that health care should be available for all in our state and country. The use of (worker and employer) taxes, monitoring and ensuring low fraud will make this program a better option than a public assistance program which already has social and equity connotations |
| 2 | Social benefit[s] allows us to explore tax options, employer contributions, etc. |
| 3 | This committee should evaluate the level of LTSS available in public programs for the currently and permanently disabled, and recommend amendments for those programs, but not necessarily as part of a new program |
| 4 | Participation and vesting is important so that we have enough funds for those that will need it when they need it. By having all participate we would also be spreading the revenue to fund payments to those that will need the benefits. Benefits should be mainly targeting over 65 and [those] who have vested and participated |
| 5 | We need a solution that's popular with, and applicable to, the middle class |
| 6 | From a sustainability standpoint, it would appear that a model with "social" insurance benefits, with an element of public support for those falling below [a] certain income level (tied to Medi-Cal?), would provide that safety net |
| 7 | This is a two-way commitment (not a welfare benefit), we already have Social Security, social insurance presents a ready source of funding |

| # | Responses for those who selected "Public assistance" |
|---|--|
| 1 | If the primary goal is to ensure that LTC services are available to lower income worker[s], I think the public assistance approach that expands Medi-Cal eligibility would be preferable. I'm wondering if we could consider a hybrid approach of some sort which differentiate[s] based on income levels with worker[s] below a certain level falling into a public insurance approach and higher income worker in another approach |
| 2 | Actually receiving benefits would be more based on need |

