# AB567 - Program Design "Straw Man" [DRAFT - VERSION 3]

Blue font indicates a change relative to Version 2

The purpose of this "straw man" is to lay out several potential program designs for inclusion in the AB 567 Feasibility Report.

The program designs included in this file are subject to change based on the input from

Lower Cost

- Legend

   [√] indicates a plan design element that is consistent with preliminary Task Force recommendations

   Veriow shading represents a <u>less generous</u> plan design element relative to Design 3

   Green shading represents a <u>offferent</u> (not necessarily more or less generous) plan design element relative to Design 3

   Grey shading represents a <u>different</u> (not necessarily more or less generous) plan design element relative to Design 3

Higher Cost

	-				
Task Force Members and the public.			Comprehensive benefits (low-range) &	Comprehensive benefits (mid-range) &	Comprehensive benefits (high-range) &
	Supportive LTC benefits & adult population covered (18+)	Home care benefits & senior population covered (65+)	adult population covered (18+)	adult population covered (18+)	adult population covered (18+)
Plan design element	Design 1	Design 2	Design 3	Design 4	Design 5
ian design element	Design 1	Design 2	Design 3	Design 4	Design 5
ndicative program cost (\$ - \$\$\$\$\$)	Ś	\$\$	\$\$	\$\$\$	\$\$\$\$\$
idicative program cost (5 - 55555)	*	<b>**</b>	(Estimated payroll tax range: 0.40% to 0.60% <sup>1</sup> )	<b>333</b>	*****
Estimated range is based on the 2020 Milliman CA LTSS Feasibility Study	!	ı			
Design philosophy					
Program benefit richness	Targeted benefits	Targeted benefits	Comprehensive benefits (low-range)	Comprehensive benefits (mid-range)	Comprehensive benefits (high-range) [√]
			8-/		
California population coverage	Adult population covered (18+) [√]	Senior population covered (65+)	Adult population covered (18+) [√]	Adult population covered (18+) [√]	Adult population covered (18+) [√]
distribution corerage	Proportional tax with a contribution cap and a contribution	SCHOOL POPULATION COVERED (COST)	Proportional tax with a contribution cap and a contribution	Proportional tax with a contribution waiver for lower-	Proportional tax with a contribution cap and a contribution
axation progressivity	waiver for lower-income individuals [√]	Proportional tax with a contribution cap	waiver for lower-income individuals [✓]	income individuals[√]	waiver for lower-income individuals[√]
and ton progressivity	wave for lower meditic marriadas (* )	Troportional tax with a contribution cap	water for lower meetine marvadads [v]	meome marriadas (* )	wave for lower meonic markadas[v]
tructure and design					
	Front-end coverage [√]	Front-end coverage [✓]	Front-end coverage [√]	Front-end coverage [√]	Front-end coverage [✓]
Program structure	Vested social insurance [√]	Vested social insurance [√]	Vested social insurance [√]	Vested social insurance [√]	Vested social insurance [√]
Program benefits					
	!	Reimbursement for all covered benefits (actual benefit			Reimbursement for all covered benefits (actual benefit
	Reimbursement for all covered benefits (actual benefit	amount reimbursed, subject to limitations) with reduced	Reimbursement for all covered benefits (actual benefit	Reimbursement for all covered benefits (actual benefit	amount reimbursed, subject to limitations) with reduced
Benefit type	amount reimbursed, subject to limitations)	(50%) cash benefit alternative [√]	amount reimbursed, subject to limitations)	amount reimbursed, subject to limitations)	(50%) cash benefit alternative [√]
Benefit period	2 years [√]	2 years [√]	1 year	18 months	2 years [√]
	\$1,500 per month				
Benefit maximum	[alternative scenario: \$1,000 per month]	\$4,600 per month [ \(  \)]	\$3,000 per month [ ]</td <td>\$4,500 per month [<!-- ]</td--><td>\$6,000 per month [<!-- ]</td--></td></td>	\$4,500 per month [ ]</td <td>\$6,000 per month [<!-- ]</td--></td>	\$6,000 per month [ ]</td
	Inflation as a function of CPI; assessed annually (not	Inflation as a function of CPI; assessed annually (not	Inflation as a function of CPI; assessed annually (not	Inflation as a function of CPI; assessed annually (not	
Benefit inflation	automatically applied)	automatically applied)	automatically applied)	automatically applied)	Inflation as a function of CPI; applied annually [√]
limination period	No elimination period [√]	90-day elimination period	30-day elimination period	No elimination period [√]	No elimination period [√]
	Supportive LTSS (e.g., caregiver support, adult day care,				
	meal delivery, transportation, preventative equipment,				
	home assessment, and minor home modifications)				
			Home and community-based care with select institutional		
	Caregiver support includes: training, respite care, and		care (e.g., adult day care, respite care, residential care	Comprehensive (i.e., institutional care and home and	Comprehensive (i.e., institutional care and home and
Approved care settings	financial support via certified provider reimbursement	Home and community-based care only	facility)	community-based care) [√]	community-based care) [√]
PACE coverage	N/A	N/A	Covered service; certified provider reimbursement [√]	Covered service; certified provider reimbursement [  ]	Covered service; certified provider reimbursement [
	Covered service; reimbursement to caregivers (subject to	Covered service; reimbursement to caregivers (subject to	Covered service; reimbursement to caregivers (subject to	Covered service; reimbursement to caregivers (subject to	Covered service; reimbursement to caregivers (subject to
	completion of certified caregiver training; minimum	completion of certified caregiver training; minimum	completion of certified caregiver training; minimum	completion of certified caregiver training; minimum	completion of certified caregiver training; minimum
	requirements that do not discourage benefit utilization to	requirements that do not discourage benefit utilization to	requirements that do not discourage benefit utilization to	requirements that do not discourage benefit utilization to	requirements that do not discourage benefit utilization to
nformal / family caregivers	be defined in a culturally competent manner) [✓]	be defined in a culturally competent manner) [✓]	be defined in a culturally competent manner) [√]	be defined in a culturally competent manner) [✓]	be defined in a culturally competent manner) [✓]
				Preventative benefits before satisfying the benefit eligibility	Preventative benefits before satisfying the benefit eligibility
		Limited/contingent preventative benefits (e.g., partake in	Limited/contingent preventative benefits (e.g., partake in	criteria but only after becoming fully vested in the program	criteria but only after becoming fully vested in the program
Preventative benefits	N/A	wellness program)	wellness program)	[√]	[/]
		Domestic portability; partial benefits outside of California	Domestic portability; partial benefits outside of California		
Portability	Domestic portability; full benefits	(grade to 50% over 5 years)	(grade to 50% over 5 years)	Domestic portability; full benefits	International portability; full benefits [√]
			M	Coverage can be extended to a spouse or domestic partner	Coverage can be extended to a spouse or domestic partner
amily / spousal coverage	Individual coverage only	Individual coverage only	Individual coverage only	through a shared benefit pool	through a shared benefit pool
Program eligibility and enrollment					
Benefit eligibility age	Age 18+ (subject to vesting requirements) [√]	Age 65+ (subject to vesting requirements)	Age 18+ (subject to vesting requirements) [√]	Age 18+ (subject to vesting requirements) [√]	Age 18+ (subject to vesting requirements) [√]
	HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe	HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe	HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe	HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe	HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe
	and the second s		cognitive impairment) [√]	cognitive impairment) [√]	cognitive impairment) [√]
Benefit eligibility criteria	cognitive impairment) [√]	cognitive impairment) [√]			
Benefit eligibility criteria	cognitive impairment) [V]	cognitive impairment) [v ]	Cognitive impairment/ (V )		5 years of contributions [√]
	5 years of contributions [/]	5 years of contributions [ $\sqrt{\ }$ ]	10 years of contribution	10 years of contribution	5 years of contributions [√] [alternative scenario: 10 years of contribution]
enefit eligibility criteria /esting criteria				10 years of contribution	[alternative scenario: 10 years of contribution]
	5 years of contributions [/]	5 years of contributions [ / ]		10 years of contribution	[alternative scenario: 10 years of contribution]  Pro-rated benefits (no benefits for individuals who
	5 years of contributions [ / ]  Pro-rated benefits (no benefits for individuals who	5 years of contributions [<]  Pro-rated benefits (no benefits for individuals who	10 years of contribution		[alternative scenario: 10 years of contribution]  Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for
	S years of contributions [ ]  Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for</td <td>5 years of contributions [√]  Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for</td> <td>10 years of contribution  Pro-rated benefits (no benefits for individuals who</td> <td>Pro-rated benefits (no benefits for individuals who</td> <td>[alternative scenario: 10 years of contribution]  Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute between 3 and 5 years, 100% of</td>	5 years of contributions [√]  Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for	10 years of contribution  Pro-rated benefits (no benefits for individuals who	Pro-rated benefits (no benefits for individuals who	[alternative scenario: 10 years of contribution]  Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute between 3 and 5 years, 100% of
	S years of contributions [v]  Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute between 3 and 5 years, 100% of	S years of contributions [V]  Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute between 3 and 5 years, 100% of	10 years of contribution  Pro-rated benefits (no benefits for individuals who contribute for less than 5 years, 50% of the benefits for	Pro-rated benefits (no benefits for individuals who contribute for less than 5 years, 50% of the benefits for	[alternative scenario: 10 years of contribution]  Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute between 3 and 5 years, 100% of the benefits for individuals who contribute for 5 or more
/esting criteria	Syears of contributions [v]  Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute between 3 and 5 years, 100% of the benefits for individuals who contribute for 5 or more	5 years of contributions [√]  Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for	10 years of contribution  Pro-rated benefits (no benefits for individuals who contribute for less than 5 years, 50% of the benefits for individuals who contribute for 5 years, grading up by 10%	Pro-rated benefits (no benefits for individuals who contribute for less than 5 years, 50% of the benefits for individuals who contribute for 5 years, grading up by 10%	[alternative scenario: 10 years of contribution]  Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute to set than 10 years, 50% of the benefits for individuals who contribute for 5 or more years) and voluntary alternative program contribution
	S years of contributions [v]  Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute between 3 and 5 years, 100% of	S years of contributions [47]  Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute between 3 and 5 years, 100% of the benefits for individuals who contribute for 5 or more years)	10 years of contribution  Pro-rated benefits (no benefits for individuals who contribute for less than 5 years, 50% of the benefits for individuals who contribute for 5 years, grading up by 10% each year up to 100% of benefits in year 10)	Pro-rated benefits (no benefits for individuals who contribute for less than 5 years, 50% of the benefits for individuals who contribute for 5 years, grading up by 10% each year up to 100% of benefits in year 10)	[alternative scenario: 10 years of contribution]  Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute between 3 and 5 years, 100% of the benefits for individuals who contribute for 5 or more years) and voluntary alternative program contribution option to "top up" benefits [v]
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The criteria for private LTC insurance to be considered eligible under the opt-out provision are TBD (and will be determined at a later date)

Supplemental LTC products designed after program enactment would not qualify for reduced program contributions (e.g., private LTC insurance with a 2-year elimination period)

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Blue font indicates a change relative to Version 2

The purpose of this "straw man" is to lay out several potential program designs for inclusion in the AB 567 Feasibility Report.

The program designs included in this file are subject to change based on the input from Task Force Members and the public.

## Lower Cost

Legend

• [A] indicates a plan design element that is consistent with preliminary Task Force recommendations

• Yellow shading represents a <u>less generous</u> plan design element relative to Design 3

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• Grey shading represents a <u>different</u> (not necessarily more or less generous) plan design element relative to Design 3

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	Supportive LTC benefits & adult population covered (18+)	Home care benefits & senior population covered (65+)	adult population covered (18+)	adult population covered (18+)	adult population covered (18+)
Plan design element	Design 1	Design 2	Design 3	Design 4	Design 5
Program financing					
	Payroll tax (split between employees and employers); non-	Payroll tax (split between employees and employers); non-			
	voluntary premium contributions via an income tax for the	voluntary premium contributions via an income tax for the	Payroll tax (split between employees and employers); non-	Payroll tax (split between employees and employers); non-	Payroll tax (split between employees and employers); non-
	self-employed; alternative funding sources beyond	self-employed; alternative funding sources beyond	voluntary premium contributions via an income tax for the		voluntary premium contributions via an income tax for the
	payroll/income tax may also be considered [√]	payroll/income tax may also be considered [√]	self-employed [√]	self-employed [√]	self-employed [√]
			. ,	. ,	. , ,
	[Alternative scenario: reduce/eliminate employer portion of	[Alternative scenario: reduce/eliminate employer portion of	[Alternative scenario: reduce/eliminate employer portion of	[Alternative scenario: reduce/eliminate employer portion of	[Alternative scenario: reduce/eliminate employer portion of
Revenue source	the program contributions]	the program contributions]	the program contributions]	the program contributions]	the program contributions]
Program contribution age: minimum	Age 18 [√]	Age 18 [√]	Age 18 [√]	Age 18 [√]	Age 18 [√]
	No maximum (contributions dependent on being on payroll	No maximum (contributions dependent on being on payroll	No maximum (contributions dependent on being on payroll	No maximum (contributions dependent on being on payroll	No maximum (contributions dependent on being on payroll
Program contribution age: maximum	or self-employed) [√]	or self-employed) [√]	or self-employed) [√]	or self-employed) [√]	or self-employed) [√]
		Individuals below a specified poverty level will not			
		contribute or receive vesting credits (the individual may still			
		vest in the program if they meet the vesting requirement			
		over their working lifetime). Such individuals could receive			
	Waive contributions for individuals below a specified	LTSS benefits from Medi-Cal (subject to Medi-Cal eligibility	Waive contributions for individuals below a specified	Waive contributions for individuals below a specified	Waive contributions for individuals below a specified
Program contribution limits: taxable earnings waiver	poverty level (e.g., 138% of FPL) [√]	requirements)	poverty level (e.g., 138% of FPL) [√]	poverty level (e.g., 138% of FPL) [√]	poverty level (e.g., 138% of FPL) [√]
	Apply a contribution cap. Consider contribution caps in	Apply a contribution cap. Consider contribution caps in	Apply a contribution cap. Consider contribution caps in		Apply a contribution cap. Consider contribution caps in
Program contribution limits: taxable earnings maximum	excess of Social Security (e.g., 2x Social Security cap) [√]	excess of Social Security (e.g., 2x Social Security cap) [√]	excess of Social Security (e.g., 2x Social Security cap) [√]	No maximum contribution limitations	excess of Social Security (e.g., 2x Social Security cap) [√]
	Level tax rate (with guidelines stipulating the process to	Level tax rate (with guidelines stipulating the process to	Level tax rate (with guidelines stipulating the process to	Level tax rate (with guidelines stipulating the process to	Level tax rate (with guidelines stipulating the process to
	amend the tax rate); no variability by age (or any other	amend the tax rate); no variability by age (or any other	amend the tax rate); no variability by age (or any other	amend the tax rate); no variability by age (or any other	amend the tax rate); no variability by age (or any other
Contribution rate structure	characteristics) [√]	characteristics) [√]	characteristics) [√]	characteristics) [✓]	characteristics) [√]
	Invest program contributions in stocks, bonds, and U.S.	Invest program contributions in stocks, bonds, and U.S.	Invest program contributions in stocks, bonds, and U.S.	Invest program contributions in stocks, bonds, and U.S.	Invest program contributions in stocks, bonds, and U.S.
	Treasuries (constitutional amendment required)	Treasuries (constitutional amendment required)	Treasuries (constitutional amendment required)	Treasuries (constitutional amendment required)	Treasuries (constitutional amendment required)
	[Alternative scenario: consider the financial implications of	[Alternative scenario: consider the financial implications of	[Alternative scenario: consider the financial implications of	[Alternative scenario: consider the financial implications of	[Alternative scenario: consider the financial implications of
Investment strategy	not obtaining a constitutional amendment][√]	not obtaining a constitutional amendment][√]	not obtaining a constitutional amendment][√]	not obtaining a constitutional amendment][√]	not obtaining a constitutional amendment][√]
Intergenerational consideration (i.e., upon program inception, older individuals are likely to					
contribute less to the program over their lifetime relative to younger individuals; this inequity					
wanes as the program matures)	None	Grade-up benefits over first 20 years [√]	Grade-up benefits over first 20 years [√]	Grade-up benefits over first 20 years [√]	Grade-up benefits over first 20 years [√]
Coordination and interaction (with other LTSS financing sources)					
	Private LTC pays before Program; concurrent, non-	Private LTC pays before Program; concurrent, non-	Private LTC pays before Program; concurrent, non-	Private LTC pays before Program; concurrent, non-	Private LTC pays before Program; concurrent, non-
Coordination: private LTC	duplicative payments permitted [√]	duplicative payments permitted [√]	duplicative payments permitted [√]	duplicative payments permitted [√]	duplicative payments permitted [√]
		Program pays before Medi-Cal; concurrent, non-duplicative	Program pays before Medi-Cal; concurrent, non-duplicative		Program pays before Medi-Cal; concurrent, non-duplicative
	payments permitted. Program benefits should not influence		payments permitted. Program benefits should not influence		payments permitted. Program benefits should not influence
	Medi-Cal eligibility. The program should not exclude	Medi-Cal eligibility. The program should not exclude	Medi-Cal eligibility. The program should not exclude	Medi-Cal eligibility. The program should not exclude	Medi-Cal eligibility. The program should not exclude
	contributions or benefits for individuals eligible for Medi-Cal		contributions or benefits for individuals eligible for Medi-Cal		
	in the past, present, or future.	in the past, present, or future.	in the past, present, or future.	in the past, present, or future.	in the past, present, or future.
	Pursue a CMS federal demonstration waiver to retain	Pursue a CMS federal demonstration waiver to retain	Pursue a CMS federal demonstration waiver to retain	Pursue a CMS federal demonstration waiver to retain	Pursue a CMS federal demonstration waiver to retain
Coordination: Medi-Cal	federal Medicaid savings from the program [√]	federal Medicaid savings from the program [√]	federal Medicaid savings from the program [√]	federal Medicaid savings from the program [√]	federal Medicaid savings from the program [√]
	[Coordination of benefits TBD]	[Coordination of benefits TBD]	[Coordination of benefits TBD]	[Coordination of benefits TBD]	[Coordination of benefits TBD]
	[coordination of benefits 155]	[Coordination of benefits 150]	[coordination of benefits TBD]	[Coordination of benefits 155]	[coordination of benefits 155]
	Pursue a CMS federal demonstration waiver to retain	Pursue a CMS federal demonstration waiver to retain	Pursue a CMS federal demonstration waiver to retain	Pursue a CMS federal demonstration waiver to retain	Pursue a CMS federal demonstration waiver to retain
Coordination: Medicare	federal Medicare savings from the program [√]	federal Medicare savings from the program [√]	federal Medicare savings from the program [√]	federal Medicare savings from the program [  ]	federal Medicare savings from the program [√]
coordination, intedicare	reactar medicare savings from the program [4]	reactar medicare savings from the program [4]	reactor medicate savings from the program [4]	reactar meascare savings from the program [V]	rederar medicare savings from the program [4]

Oliver Wyman was commissioned by the California Department of Insurance (CDI) 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. 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

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