AB 567 - Program Design "Straw Man" [DRAFT - VERSIC Blue font indicates a change relative to Version 3 This "straw man" summarizes the five program designs included in the draft Feasibility Report dated October 5, 2022.	ON 4] Lower Cost Lowe								
The program designs included in this file are subject to change based on the input from Task Force Members and the public.	<b></b>					•			
input nom rask rote menuels and the public.	Supportive LTC benefits & adult population	Home care benefits & senior population covered	Comprehensive benefits (low range) &	Comprehensive benefits (m d range) & adult population covered (18+)	Comprehensive benefits (high range) &	Relative cost benchmarks <sup>4</sup> (high level estimates for reference only; actual Program cost relativ ties			
Plan design element	covered (18+) Design 1	(65+) Design 2	adult population covered (18+) Des gn 3	adult population covered (18+) Design 4	adult population covered (18+) Des gn 5	will differ)			
Indicative program cost (\$\$\$\$\$\$) <sup>1</sup> Estimates are based on the 2020 Milliman CA LTSS Feasibility Study	\$	\$\$	\$\$ (Est mated payrol tax range: 0.40% to 0.60% <sup>1</sup> )	\$\$\$	\$\$\$\$\$				
Design philosophy									
Program benefit richness	Targeted benefits Adult population covered (18+) [√]	Targeted benefits Senior population covered (65+)	Comprehensive benefits (low-range) Adult population covered (18+) [√]	Comprehensive benefits (mid-range) Adult population covered (18+) [√]	Comprehensive benefits (high-range) [√] Adult population covered (18+) [√]				
California population coverage	Proportional tax with a contribution cap and a		Proportional tax with a contribution cap and a	Proportional tax with a contribution waiver for	Proportional tax with a contribution cap and a	-			
Taxation progressivity	contribution waiver for lower-income individuals	Proportional tax with a contribution cap	contribution waiver for lower-income individuals	lower-income individuals[√]	contribution waiver for lower-income	-			
Structure and des gn									
Program structure	Front-end coverage [√] Vested social insurance [√]	Front-end coverage [√] Vested social insurance [√]	Front-end coverage [√] Vested social insurance [√]	Front-end coverage $[\checkmark]$ Vested social insurance $[\checkmark]$	Front-end coverage [√] Vested social insurance [√]				
Program benefits		Reimbursement for all covered benefits (actual			Reimbursement for all covered benefits (actual				
Dave Of here	Reimbursement for all covered benefits (actual	benefit amount reimbursed, subject to limitations)	Reimbursement for all covered benefits (actual	Reimbursement for all covered benefits (actual	benefit amount reimbursed, subject to limitations)				
Benefit type	benefit amount reimbursed, subject to limitations)	with reduced (50%) cash benefit alternative $[\checkmark]$	benefit amount reimbursed, subject to limitations)	benefit amount reimbursed, subject to limitations)	with reduced (50%) cash benefit alternative $[\checkmark]$	N/A - Decrease benefit period from 2 years to 18 months: 22% savings			
Benefit period	2 years [√] \$1.500 per month	2 years [√]	1 year	18 months	2 γears [√]	<ul> <li>Decrease benefit period from 2 years to 1 year: 45% savings</li> <li>Decrease monthly benefit maximum from \$6,000 to \$4,500: 27% savings</li> </ul>			
						- Decrease monthly benefit maximum from \$6,000 to \$3,000: 50% savings			
Benefit maximum	[alternative scenario: \$1,000 per month] Inflation as a function of CPI; assessed annually (not	\$4,600 per month []	\$3,000 per month [√] Inflation as a function of CPI; assessed annually (not	\$4,500 per month [√] Inflation as a function of CPI; assessed annually (not	\$6,000 per month [√]	<ul> <li>Decrease monthly benefit maximum from \$6,000 to \$1,500: 75% savings</li> </ul>			
Benefit inflation	automatically applied)	automatically applied)	automatically applied)	automatically applied)	Inflation as a function of CPI; applied annually $[\checkmark]$	N/A			
Elimination period	No elimination period [√]	90-day elimination period	30-day elimination period	No elimination period [√]	No elimination period [√]	<ul> <li>Increase elimination period from 0 days to 30 days: 4% savings</li> <li>Increase elimination period form 0 days to 90 days: 8% savings</li> </ul>			
	Supportive LTSS (e.g., caregiver support, adult day care, meal delivery, transportation, preventative equipment, home assessment, and minor home modifications)								
	Caregiver support includes: training, respite care, and financial support via certified provider		Home and community-based care with select	Comprehensive (i.e., institutional care and home	Comprehensive (i.e., institutional care and home	- Change approved care settings from comprehensive to home care only:			
Approved care settings	reimbursement	Home and community-based care only	residential care facility)	and community-based care) [√]	and community-based care) [√]	39% savings			
PACE coverage	N/A	N/A	Covered service; certified provider reimbursement	Covered service; certified provider reimbursement	Covered service; certified provider reimbursement	N/A			
	Covered service; reimbursement to caregivers	Covered service; reimbursement to caregivers	Covered service; reimbursement to caregivers	Covered service; reimbursement to caregivers	Covered service; reimbursement to caregivers				
	(subject to completion of certified caregiver training; minimum requirements that do not	(subject to completion of certified caregiver training; minimum requirements that do not	(subject to completion of certified caregiver training; minimum requirements that do not	(subject to completion of certified caregiver training; minimum requirements that do not	(subject to completion of certified caregiver training; minimum requirements that do not				
	discourage benefit utilization to be defined in a	discourage benefit utilization to be defined in a	discourage benefit utilization to be defined in a	discourage benefit utilization to be defined in a	discourage benefit utilization to be defined in a				
Informal / family caregivers	culturally competent manner) [√]	culturally competent manner) [√]	culturally competent manner) $[\checkmark]$	culturally competent manner) $[]$ Preventative benefits before satisfying the benefit	culturally competent manner) [√] Preventative benefits before satisfying the benefit	N/A			
Preventative benefits	N/A	Limited/contingent preventative benefits (e.g., partake in wellness program)	Limited/contingent preventative benefits (e.g., partake in wellness program)	eligibility criteria but only after becoming fully vested in the program [√]	eligibility criteria but only after becoming fully vested in the program $[\checkmark]$	N/A			
Preventative benefits	N/A	Domestic portability; partial benefits outside of	Domestic portability; partial benefits outside of	vested in the program (v )	vested in the program (v )	<ul> <li>Change from full domestic portability to partial domestic portability (grade)</li> </ul>			
Portability	Domestic portability; full benefits	California (grade to 50% over 5 years)	California (grade to 50% over 5 years)	Domestic portability; full benefits Coverage can be extended to a spouse or domestic	International portability; full benefits [√] Coverage can be extended to a spouse or domestic	to 50% over 5 years): 17% savings			
Family / spousal coverage	Individual coverage only	Individual coverage only	Individual coverage only	partner through a shared benefit pool	partner through a shared benefit pool	N/A			
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) $[\checkmark]$	Age 18+ (subject to vesting requirements) $[\checkmark]$	Age 18+ (subject to vesting requirements) $[\checkmark]$	- Increase benefit eligibility age from 18+ to 65+: 12% savings			
Benefit eligibility criteria	HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe cognitive impairment) [√]	HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe cognitive impairment) [√]	HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe cognitive impairment) [√]	HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe cognitive impairment) $[\checkmark]$	HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe cognitive impairment) [√] 5 years of contributions [√]	N/A			
Vesting criteria	5 years of contributions [√]	5 years of contributions [√]	10 years of contribution	10 years of contribution	[alternative scenario: 10 years of contribution] Pro-rated benefits (no benefits for individuals who	- Increase vesting criteria from 5 years to 10 years: 13% savings			
	Pro-rated benefits (no benefits for individuals who	Pro-rated benefits (no benefits for individuals who	Pro-rated benefits (no benefits for individuals who	Pro-rated benefits (no benefits for individuals who	contribute for less than 3 years, 50% of the benefit for individuals who contribute between 3 and 5	'S			
	contribute for less than 3 years, 50% of the benefits	contribute for less than 3 years, 50% of the benefits	contribute for less than 5 years, 50% of the benefits	contribute for less than 5 years, 50% of the benefits	years, 100% of the benefits for individuals who				
	for individuals who contribute between 3 and 5 years, 100% of the benefits for individuals who	for individuals who contribute between 3 and 5 years, 100% of the benefits for individuals who	for individuals who contribute for 5 years, grading up by 10% each year up to 100% of benefits in year		contribute for 5 or more years) and voluntary alternative program contribution option to "top				
Flexibility for those unable to vest	contribute for 5 or more years)	contribute for 5 or more years)	10)	10)	up" benefits [√]	- Remove partial vesting (10 year vesting criteria): 14% savings			
		Individuals with eligible private LTC insurance <sup>2</sup> may opt out of the program. They would be exempt	Individuals with eligible private LTC insurance <sup>2</sup> may opt out of the program. They would be exempt	Individuals with eligible private LTC insurance <sup>2</sup> may opt out of the program. They would be exempt	Individuals with eligible private LTC insurance <sup>2</sup> may opt out of the program. They would be exempt				
		from making program contributions and will not be	from making program contributions and will not be	from making program contributions and will not be	from making program contributions and will not be				
Private LTC considerations: before program enactment	N/A	eligible to receive program benefits [√] Individuals with eligible substitutive (i.e., non-	eligible to receive program benefits [√] Individuals with eligible substitutive (i.e., non-	eligible to receive program benefits [√] Individuals with eligible substitutive (i.e., non-	eligible to receive program benefits [√] Individuals with eligible substitutive (i.e., non-	N/A			
		supplemental) private LTC insurance <sup>2</sup> would be							
		subject to reduced program contributions (and will remain eligible to receive program benefits as a	subject to reduced program contributions (and will remain eligible to receive program benefits as a	subject to reduced program contributions (and will remain eligible to receive program benefits as a	subject to reduced program contributions (and wil remain eligible to receive program benefits as a	1			
Private LTC considerations: after program enactment <sup>3</sup>	N/A	secondary payor to their private LTC insurance) [√]	secondary payor to their private LTC insurance) [1]		secondary payor to their private LTC insurance) [√	N/A			

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)

Blue font indicates a change relative to Version 3	•		Legend	de staar of a second data at to second a state of a state of the test of test	Frank and the second second	
				design element that is consistent with preliminary Task esents a <u>less generous</u> plan design element relative to		
This "straw man" summarizes the five program designs included in the draft Feasibility Report dated October 5, 2022.	Lower Cost		<ul> <li>Green shading representation</li> </ul>	esents a <u>less generous</u> plan design element relative to sents a <u>more generous</u> plan design element relative to ents a <u>different</u> (not necessarily more or less generous	Design 3	
The program designs included in this file are subject to change based on the input from Task Force Members and the public.			-	· · · · · · · · · · · · · · · · · · ·		
						Relative cost benchmarks*
	Supportive LTC benefits & adult population	Home care benefits & senior population covered	Comprehensive benefits (low range) &	Comprehensive benefits (m d range) &	Comprehensive benefits (high range) &	(high level estimates for reference only; actual Program cost relativ ties
Plan design element	covered (18+) Design 1	(65+) Design 2	adult population covered (18+) Des gn 3	adult population covered (18+) Design 4	adult population covered (18+) Des gn 5	will differ)
Plan design element	Design 1	Design 2	Des gri s	Design 4	Des gri 5	
Program financ ng		1	1	1		
	Payroll tax (split between employees and	Payroll tax (split between employees and	1			
		employers); non-voluntary premium contributions	11			
	via an income tax for the self-employed; alternative	via an income tax for the self-employed; alternative		Payroll tax (split between employees and	Payroll tax (split between employees and	
	funding sources beyond payroll/income tax may	funding sources beyond payroll/income tax may	employers); non-voluntary premium contributions	employers); non-voluntary premium contributions	employers); non-voluntary premium contributions	
	also be considered [√]	also be considered [√]	via an income tax for the self-employed $[\checkmark]$	via an income tax for the self-employed $[\checkmark]$	via an income tax for the self-employed $[\checkmark]$	
	Alternative seenaries reduce (aliminate employeer	Alternative segnation reduce (aliminate employer	falterative scenarie, reduce/eliminate employer	Alternative scenarie, reduce (eliminate employer	Alternative segnation reduce (eliminate employeer	
Revenue source	[Alternative scenario: reduce/eliminate employer portion of the program contributions]	[Alternative scenario: reduce/eliminate employer portion of the program contributions]	[Alternative scenario: reduce/eliminate employer portion of the program contributions]	[Alternative scenario: reduce/eliminate employer portion of the program contributions]	[Alternative scenario: reduce/eliminate employer portion of the program contributions]	N/A
Program contribution age: minimum	Age 18 [√]	Age 18 [√]	Age 18 [√]	Age 18 [√]	Age 18 [√]	N/A N/A
rightin contribution age.	No maximum (contributions dependent on being	No maximum (contributions dependent on being	No maximum (contributions dependent on being	No maximum (contributions dependent on being	No maximum (contributions dependent on being	.,
Program contribution age: maximum	on payroll or self-employed) [√]	on payroll or self-employed) [√]	on payroll or self-employed) [ </td <td>on payroll or self-employed) [√]</td> <td>on payroll or self-employed) [√]</td> <td>N/A</td>	on payroll or self-employed) [√]	on payroll or self-employed) [√]	N/A
		Individuals below a specified poverty level will not				
		contribute or receive vesting credits (the individual	1			
		may still vest in the program if they meet the	1			<ul> <li>Do not waive program contributions for individuals below 138% of FPL</li> </ul>
	Waive contributions for individuals below a	vesting requirement over their working lifetime).	and the second distance for the distance is bedraues	we have a second the stress from to divide all the last of	Market and a state of the state	(but still receive benefits): 3% savings
Program contribution limits: taxable earnings waiver	specified poverty level (e.g., 138% of FPL) [√]	Such individuals could receive LTSS benefits from Medi-Cal (subject to Medi-Cal eligibility	Waive contributions for individuals below a specified poverty level (e.g., 138% of FPL) [√]	Waive contributions for individuals below a specified poverty level (e.g., 138% of FPL) [√]	Waive contributions for individuals below a specified poverty level (e.g., 138% of FPL) [√]	<ul> <li>Do not waive program contributions for individuals below 138% of FPL (but do not receive benefits): 22% savings</li> </ul>
Program contribution nimits, taxable earnings waiver	Apply a contribution cap. Consider contribution	Apply a contribution cap. Consider contribution	Apply a contribution cap. Consider contribution	specified poverty lever (e.g., 138% of TPL) [V]	Apply a contribution cap. Consider contribution	(but do not receive benefits). 2276 savings
	caps in excess of Social Security (e.g., 2x Social		caps in excess of Social Security (e.g., 2x Social		caps in excess of Social Security (e.g., 2x Social	
Program contribution limits: taxable earnings maximum	Security cap) [√]	Security cap) [√]	Security cap) [√]	No maximum contribution limitations	Security cap) [√]	N/A
	Level tax rate (with guidelines stipulating the	Level tax rate (with guidelines stipulating the	Level tax rate (with guidelines stipulating the	Level tax rate (with guidelines stipulating the	Level tax rate (with guidelines stipulating the	
	process to amend the tax rate); no variability by	process to amend the tax rate); no variability by	process to amend the tax rate); no variability by	process to amend the tax rate); no variability by	process to amend the tax rate); no variability by	
Contribution rate structure	age (or any other characteristics) [√]	age (or any other characteristics) [√]	age (or any other characteristics) [√]	age (or any other characteristics) [√]	age (or any other characteristics) [√]	N/A
		Invest program contributions in stocks, bonds, and		Invest program contributions in stocks, bonds, and	Invest program contributions in stocks, bonds, and	
	U.S. Treasuries (constitutional amendment required)	U.S. Treasuries (constitutional amendment required)	U.S. Treasuries (constitutional amendment required)	U.S. Treasuries (constitutional amendment required)	U.S. Treasuries (constitutional amendment required)	
	required)	required)	required	(equired)	required)	
	[Alternative scenario: consider the financial	[Alternative scenario: consider the financial	[Alternative scenario: consider the financial	[Alternative scenario: consider the financial	[Alternative scenario: consider the financial	
Investment strategy	implications of not obtaining a constitutional	implications of not obtaining a constitutional	implications of not obtaining a constitutional	implications of not obtaining a constitutional	implications of not obtaining a constitutional	Restrict investment strategy to U.S. treasuries: 20% cost increase <sup>4</sup>
Intergenerational consideration (i.e., upon program inception, older individuals			1			
are likely to contribute less to the program over their lifetime relative to			1			
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 [√]	N/A
<sup>4</sup> Estimate is based on the 2020 Milliman WA Cares LTSS Actuarial Study, so it does not reflect California demo Coordination and interaction (with other LTSS financ ng sources)	ographics		(			
Coordination and interaction (with other LISS 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 $\lceil \sqrt{\rceil}$	duplicative payments permitted [√]	duplicative payments permitted [√]	duplicative payments permitted [√]	duplicative payments permitted [√]	N/A
	Program pays before Medi-Cal; concurrent, non-	Program pays before Medi-Cal; concurrent, non-	Program pays before Medi-Cal; concurrent, non-	Program pays before Medi-Cal; concurrent, non-	Program pays before Medi-Cal; concurrent, non-	
	duplicative payments permitted. Program benefits	duplicative payments permitted. Program benefits		duplicative payments permitted. Program benefits	duplicative payments permitted. Program benefits	
	should not influence Medi-Cal eligibility. The	should not influence Medi-Cal eligibility. The	should not influence Medi-Cal eligibility. The	should not influence Medi-Cal eligibility. The	should not influence Medi-Cal eligibility. The	
	program should not exclude contributions or	program should not exclude contributions or	program should not exclude contributions or	program should not exclude contributions or	program should not exclude contributions or	
	benefits for individuals eligible for Medi-Cal in the	benefits for individuals eligible for Medi-Cal in the	benefits for individuals eligible for Medi-Cal in the	benefits for individuals eligible for Medi-Cal in the	benefits for individuals eligible for Medi-Cal in the	
	past, present, or future.	past, present, or future.	past, present, or future.	past, present, or future.	past, present, or future.	
	Pursue a CMS federal demonstration waiver to	Pursue a CMS federal demonstration waiver to	Pursue a CMS federal demonstration waiver to	Pursue a CMS federal demonstration waiver to	Pursue a CMS federal demonstration waiver to	
Coordination: Medi-Cal	retain federal Medicaid savings from the program	retain federal Medicaid savings from the program	retain federal Medicaid savings from the program	retain federal Medicaid savings from the program	retain federal Medicaid savings from the program	N/A
coordination, meanual	Assess the feasibility of having Program pay after	Assess the feasibility of having Program pay after	Assess the feasibility of having Program pay after	Assess the feasibility of having Program pay after	Assess the feasibility of having Program pay after	
Coordination: Medicare	Medicare.	Medicare.	Medicare.	Medicare.	Medicare.	N/A
			<u></u>	11	u l	

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 Task Force, and members of the general public within the state of California.

Oliver Wyman shall not have any liability to any third party in respect of this report or any actions taken or decisions made as a consequence of the results, advice or recommendations set forth herein.

The opinions expressed herein are valid only for the purpose stated herein and as of the date hereof. Information furnished by others, upon which all or portions of this report are based, is believed to be The comparison of the second s

AB 567 - Program Design "Straw Man" [DRAFT - VERSION 4]