Task Force background

• **Mandate:** To recommend options for a public LTC insurance program in California.

• **Work Product:**
  - A Feasibility Study recommending potential program designs was issued on 12/14/2022.
  - An Actuarial Analysis assessing the cost and viability of the recommended designs will be issued by 1/1/2024.

• **Members:** 15 volunteers and state agency representatives with expertise relating to LTC or LTC insurance.
Recommended program designs

Design 1: Supportive LTC benefits

• $36,000 over two years for ages 18+
• Examples of supportive benefits include caregiver support, adult day care, meal delivery, transportation, durable medical equipment, home assessment, and minor home modifications
• Formal home care and facility care are not covered
Recommended program designs

Design 2: Home care and residential care facilities (RCF) benefits for older adults

• $110,400 over two years for ages 65+
• Covered services are the same as Design 1 plus formal home care and care in an RCF
• Limits duplication with Medi-Cal by excluding low-income individuals (no contributions or vesting)
• Individuals who are below the income limit in some years will still vest if they accumulate enough vesting credits over their working life
Recommended program designs

Design 3: Lower-range comprehensive LTSS benefits

- $36,000 over one year for ages 18+
- Covered services are the same as Design 2
- Inspired by the Washington Cares Fund design, with select updates
Recommended program designs

Design 4: Mid-range comprehensive LTSS benefits

- $81,000 over 18 months for ages 18+
- Covered services include those covered in Designs 2 and 3 plus care in a skilled nursing facility
Recommended program designs

Design 5: Higher-range comprehensive LTSS benefits

• $144,000 over two years for ages 18+
• Covered services are the same as Design 4
Notable benefit recommendations

- Benefit inflation based on Consumer Price Index
- Reimbursement for informal or family caregivers
- Coverage for home mods and assessment
- 5 or 10 year vesting period
- Domestic or international portability
- Opt-out available for individuals who purchase eligible private LTC insurance before Program effective date (regular recertification required)
Notable financing recommendations

- Funded by a payroll tax and an income-based tax for the self-employed
- Contribution cap ($400k) in most designs
- Contribution waiver (first $30k) in all designs
- 50/50 employee/employer contribution split
- Rates are calculated to achieve a zero fund balance at the end of the 75-year projection period (i.e., as of December 31, 2099).
Estimated contribution rate by program design*

- Design 1 Supportive benefits: 0.60%
- Design 2 Home care and RCF for older adults: 1.15%
- Design 3 Lower-range comprehensive: 0.65%
- Design 4 Mid-range comprehensive: 1.60%
- Design 5 Higher-range comprehensive: 3.00%

*THESE ARE PRELIMINARY RESULTS ONLY. THE FINAL ACTUARIAL ANALYSIS WILL BE ISSUED BEFORE JANUARY 1, 2024.