

# LTSS AROUND THE WORLD

A comparison of long-term services and supports (LTSS) programs in France, Germany, and Washington State

# **QUALIFICATIONS, ASSUMPTIONS AND LIMITING CONDITIONS**

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 state of California.

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# LTSS GOVERNMENT PROGRAMS ARE NOT “ONE SIZE FITS ALL”

Differences in political, economic, and social environments relative to California should be considered

It is not feasible to “lift and shift” a program from one country into California

## What can we do?

01

Draw inspiration and insights from program designs in other countries

02

Be mindful of fundamental differences relative to California

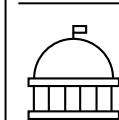
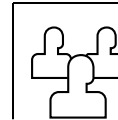
03

Be aware of challenges faced by other countries and get ahead of these challenges, if possible

Keep the following in mind when drawing parallels from other government programs:

### Population size and demographics (2020)

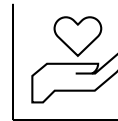
	Population (millions)	% Aged 65+
California	39.5 <sup>1</sup>	15.8% <sup>3</sup>
France	67.3 <sup>2</sup>	20.8% <sup>4</sup>
Germany	83.2 <sup>2</sup>	21.7% <sup>4</sup>
Washington	7.7 <sup>1</sup>	16.7% <sup>5</sup>



### Government structure

- California is one of 50 states within a country
- Most LTSS programs in other countries are administered and financed at the federal level

### Cultural and political differences



- In many countries, public LTSS benefits were designed to support and supplement family caregiving, not replace it



### Integration and impact on existing government programs (e.g., Medi-Cal) and private insurance

- Fragmentation can lead to lack of coordination between health care and long-term care, and yield inefficient incentive structures

<sup>1</sup> <https://www.census.gov/quickfacts/fact/table/US/PST045219>

<sup>2</sup> <https://data.worldbank.org/indicator/SP.POP.TOTL>

<sup>3</sup> California Department of Finance

<sup>4</sup> <https://data.worldbank.org/indicator/SP.POP.65UP.TO.ZS>

<sup>5</sup> <https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/>

# LTSS PROGRAMS AROUND THE WORLD: OVERVIEW



## France

- Allowance for Personal Autonomy (APA) established in 2002
- National Solidarity Fund for Autonomy established in 2005
- National system; administered locally
  - Part of the health and social services system
- 1.9% of GDP spent on long-term care (LTC) in 2017 (\$56.7 billion)
- 20.8% of population is age 65 or older (2020)
  - +3.9% increase since 2010



## Germany

- *Die Soziale Pflegeversicherung* (the Social Long-Term Care Insurance Program) established in 1995
- National program administered by social LTC insurance funds
- LTC coverage, whether public or private, is mandated for all citizens
- 1.5% of GDP spent on LTC in 2017 (\$65.7 billion)
- 21.7% of population is age 65 or older (2020)
  - +1.1% increase since 2010



## Washington State

- WA Cares Fund established in 2019
  - Contributions start in 2022
  - Benefits first become payable in 2025
- State-level program
- WA Cares Fund is not yet effective so actual annual spending on program unknown
- The estimated present value of future expenditures under the program is \$171.5 billion (as of January 2022)
- 16.7% of population is age 65 or older (2020)
  - +4.4% increase since 2010

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As of 2020, 15.8% of California's population is age 65 or older, which represents a +4.3% increase since 2010

# LTSS PROGRAMS AROUND THE WORLD: STRUCTURE & FINANCING



## France

- Universal coverage
- Coverage duration is unlimited
- Primarily funded by general tax revenues
- Small social insurance component (i.e., National Solidarity Fund for Autonomy)
  - Companies pay in workers' wages for a day that was previously a holiday
- Additional funding from small tax on pensions
- No means test but benefits decrease as income increases
  - Families responsible for substantial coinsurance that increases with income
  - Highest earners receive only 10% of the maximum benefit (i.e., 90% coinsurance)
  - Poorest have no cost sharing



## Germany

- Social insurance with near universal coverage
- Coverage duration is unlimited
- Funded by dedicated contributions from workers, employers, and retirees
  - Payroll tax of 3.05% on earned income up to a cap of €58,056 (\$71,065 US) per year
  - Tax split equally between employees and employers
  - Pensioners pay full 3.05% contribution (as premium)
  - Childless workers aged 23 and older pay additional 0.25% (employer match not impacted)
  - Unemployment insurance pays contributions for unemployed



## Washington State

- Social insurance
- Front-end coverage
- Funded by dedicated contributions from workers (no employer contribution)
  - Payroll tax of 0.58% on all earned income (i.e., no cap)
  - Self-employed individuals can opt in

# LTSS PROGRAMS AROUND THE WORLD: ELIGIBILITY



## France

- To be eligible for benefits under the APA, individuals must:
  - Be at least 60 years old
  - Live in France in a stable and regular way
  - Live in their own home, at the home of a family member, or at a facility
  - Need assistance completing essential activities of daily living (ADLs) or require regular supervision
- Beneficiaries assigned into 6 groups (GIR) based on nationally standardized assessment methodology
  - GIR 1 represents highest loss of autonomy
  - Only persons in GIR 1 to 4 may receive benefits



## Germany

- All disabled citizens are eligible
  - Worker's spouse (if not working) and children are covered
  - Coverage for children extends to age 18 or up to age 25 if certain criteria are met
- Must meet vesting requirement by contributing via payroll tax/premiums for 2 out of last 10 years
  - Applies to non-contributing family members and retirees
- Benefit eligibility determined using ADL and mental cognition-driven criteria
  - Five degrees of care need, ordered inversely with degree of autonomy



## Washington State

- Disabled individuals aged 18 and older are eligible, except:
  - If disablement occurs prior to age 18
  - If individual was retired at program start<sup>1</sup>
- Must meet vesting requirement by contributing via payroll tax for period of:
  - 10 total years without interruption of 5 or more consecutive years OR
  - 3 of the last 6 years
- Must work at least 500 hours/year during contribution period
- Must reside in WA to receive benefits
- Must require assistance with at least 3 of 10 ADLs
- There is up to 45 day waiting period<sup>2</sup>

<sup>1</sup> As of September 2021, an option for individuals to pay into WA Cares Fund after retirement is being discussed by the LTSS Trust Commission, aimed at near-retirees who are not expected to meet the contribution requirements before retirement

<sup>2</sup> Individuals must file application and undergo eligibility determination. Washington department of social and health services "must engage sufficient qualified assessor capacity...so that the determination may be made within forty-five days"

# LTSS PROGRAMS AROUND THE WORLD: **BENEFIT LEVEL**



## France

- Service reimbursement or cash
- Benefit amount is equal to the amount of the facility's dependency rate (institutions), or the help plan used (home)
  - Reduced by beneficiary's required participation (coinsurance)
- Maximum monthly amount for home care decreases by GIR group
  - Highest maximum for GIR 1
- Informal caregivers benefit from tax deductions but do not receive a cash allowance



## Germany

- Service reimbursement, cash, or combination
  - Majority of beneficiaries opt to receive cash benefit (even though lower value)
  - Cash can be used to pay for informal support while remaining at home
- Benefit amount and maximum expenditures increase with intensity of care needs
- Monthly benefits capped at specific dollar amount of services, cash, or combination
  - Designed to cover only a portion of cost
  - Remainder falls to families, backstopped by social assistance
- Benefits reviewed every three years and adjusted to keep pace with cost of living
  - Subject to constraints of overall economic situation



## Washington State

- Service reimbursement
  - No cash benefit available
- \$100/day for a maximum of 365 days
  - Equates to initial lifetime maximum benefit of \$36,500
- Benefit adjustment is foreseen annually but is not automatic
  - Indexed at rate no greater than WA consumer price index

# LTSS PROGRAMS AROUND THE WORLD: SERVICES COVERED



## France

- Benefits can be used for home and community-based services (HCBS) and institutional care
- APA covers medical costs associated with institutional care
  - Families responsible for housing costs
- Home care is based on medical need
  - Temporary care for dependent patients and respite services for caregivers available without means testing
  - Means-tested cash allowances used to pay for in-kind non-medical services



## Germany

- Benefits can be used for HCBS and institutional care
- A range of ancillary benefits are available, such as:
  - Day and night care
  - Respite care
  - Care counselling
- For institutional care:
  - Benefits can only be used to pay for a portion the personal care cost component
  - Benefits cannot be used for room and board



## Washington State

- Benefits can be used for HCBS and institutional care, including:
  - Adult day services
  - Care transition coordination
  - Memory care
  - Adaptive equipment and technology
  - Respite care
  - Personal emergency response system
  - Home safety evaluation
  - Education and consultation
  - Services that assist paid and unpaid family caregivers
- Qualified family members may be paid for approved personal care services



# LTSS PROGRAMS AROUND THE WORLD: COORDINATION



## France

- APA cannot be combined with the following benefits:
  - Social assistance for elderly
  - Aid from pension funds
  - Financial assistance to pay home help
  - Disability compensation benefit
  - Increment for constant third-party assistance
  - Third-party supplementary benefit
- Private LTC insurance supplements public coverage
  - 11% of France's adult population (mostly middle-income) have private coverage
  - Private coverage pays estimated 0.5% of total LTC expenditures in France



## Germany

- Beneficiary can apply for social assistance program if LTSS need extends beyond:
  - What is covered by social insurance program AND
  - What the individual and their spouse can afford out of income/assets
- Certain categories of workers can opt for substitutive, private LTC insurance
  - Higher earners, civil servants, and self-employed
  - 10% of the population is covered by private LTC insurance



## Washington State

- Legislation requires various government entities to actively collaborate to:
  - Realize program efficiencies
  - Provide well-coordinated experience for beneficiaries
- Health Care Authority must establish rules<sup>1</sup> and procedures for benefit coordination when beneficiary is also eligible for Medicaid and other LTSS, such as:
  - Medicare
  - Coverage through department of labor and industries
  - Private LTC insurance
- Benefits not used to determine eligibility for other state or federal means-tested programs, including Medicaid
- Employees can opt out if they purchase private LTC insurance before Nov. 1, 2021

<sup>1</sup> As of September 2021, these rules have not yet been established

