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CALIFORNIA INSURANCE COMMISSIONER

**California Long Term Care Insurance (LTCI) Actuarial Subcommittee
Meeting #1 Minutes
Monday, February 27, 2023**

1. **Subcommittee Meeting Call to Order – 10:00 AM**
 - Roll Call – present: Jamala Arland, Susan Bernard, Laurel Lucia, and Parag Shah
 - Absent: Brandi Wolf
 - A quorum was met.
2. **Agenda Item #1: Welcome & Housekeeping Items**
 - Chair Susan Bernard went over housekeeping items.
3. **Agenda Item #2: Overview and Discuss: Actuarial Subcommittee Scope, Approach, and Workplan**
 - Stephanie Moench provided an overview of the Actuarial Subcommittee’s scope, approach, and workplan.
 - Key Takeaways:
 - While exact assumptions and rates will not be shared, the data sources and methodologies used to develop the assumptions will be discussed with the Subcommittee.
 - Oliver Wyman to develop caveat language for the Actuarial Report to clarify the Subcommittee’s role and that the Report is an Actuarial Statement of Opinion from Oliver Wyman’s actuaries (not the actuaries on the Subcommittee). The Actuarial Subcommittee can review this language before the draft Actuarial Report is circulated to the full Task Force for review.
 - Include additional explanation in future Actuarial Subcommittee meeting materials to benefit non-actuarial Subcommittee Members and the public.
4. **Agenda Item #3: Overview and Discuss: Initial Data Sources and Modeling Plan**
 - Dustin Plotkin provided an overview of the initial modeling plan, methodologies, and data sources.
 - Key Takeaways:
 - Consider the implications of assuming the Program begins on a date later than January 1, 2025.
 - Provide a summary of the anticipated model outputs (including but not limited to the tax rate and projected cash flows).

- Consider expanding annual wage/income bands to align with tax brackets. This may facilitate the illustrative tax progressivity analysis. Having more wage/income bands could also better facilitate modeling for the opt-out provisions and contribution limits.
- Assess the impact of using alternative approaches to develop an average starting wage/income.
- Discuss with the California Department of Finance to (1) see if they anticipate any new information or baseline projections during the course of the actuarial analysis, which may necessitate modeling updates, and (2) revisit the rationale for a negative projected immigration growth rate.
- Consider the potential impacts of climate change on population, wage, and investment assumptions. Jamala Arland to share recent NAIC climate change report with the Oliver Wyman team.
- Consider revising the alternative baseline asset allocation to assume 100% corporate A bonds and 0% equity. This approach results in the widest boundaries from which to interpolate the potential outcome of achieving (or not achieving) the Constitutional amendment.
- Investigate whether investment in municipal bonds is allowed without a Constitutional amendment. If so, consider refining the financial sensitivity scenario to reflect potentially higher investment returns.
- Consider how shifts in the labor market could impact the Program and actuarial analysis. Laurel Lucia to share potential data sources and/or information with the Oliver Wyman team.

5. **Agenda Item #4:** General Public Commentary

- No additional public comments were expressed.

6. **Agenda Item #5:** Next Steps & Closing

- Recording for this meeting will be available early next week.
- At 10:59 AM, Susan Bernard requested a motion to adjourn the meeting. Parag Shah made the motion, and Laurel Lucia seconded it. The meeting was adjourned.