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

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.

- Legend

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

 Yellow shading represents a less generous plan design element relative to Design 3

 Green shading represents a more generous plan design element relative to Design 3

 Grey shading represents and efferent (not necessarily more or less generous) plan design element relative to

Higher Cost

Support of Comparison Support	benchmarks* only; actual Program cost relativ ties differ)
Second content of the content of t	
Targeted benefits Targeted bene	
Tagged benefits Aftir population covered (151 /) Aftir populati	
Fargeted benefits Conformal population covered [15-1] / Septemble benefits (find-range) Adult population covered [15-1] / Septemble	
Adult population covered (15+) [/] Advised to population covered (15+)	
Traction progressivity contribution waker for lower-income individuals of progressive for lower-income individuals of progressive for all coverage [/] pront end coverage [/] Vested social insurance	
Front-end coverage [/]	
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vestes social insurance [v] ve	
Reimbursement for all covered benefits (actual benefit amount reimbursed, subject to limitations) bit reduced (50%) cash benefit alternative [7] benefit amount reimbursed, subject to limitations at function of CPI; assessed annually (not automatically applied) Senefit framative scenario: \$1,000 per month Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annually (not automatically applied) Senefit inflation as a function of CPI; assessed annua	
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Senefit period Senefit period Senefit period Senefit period Senefit period from 2va	
S1,500 per month Calternative scenario: \$1,000 per month Salternative scenario: \$1,000 per month [/] Salternative scenario: \$1,000 per month [/] Inflation as a function of CP; assessed annually (not automatically applied) Salternative scenario: \$1,000 per month [/] Inflation as a function of CP; assessed annually (not automatically applied) Salternative scenario: \$1,000 per month [/] Inflation as a function of CP; assessed annually (not automatically applied) Salternative scenario: \$1,000 per month [/] Inflation as a function of CP; assessed annually (not automatically applied) Salternative scenario: \$1,000 per month [/] Salternative scenario: \$1,000 per month [/] Inflation as a function of CP; assessed annually (not automatically applied) Salternative scenario: \$1,000 per month [/] Inflation as a function of CP; assessed annually (not automatically applied) Salternative scenario: \$1,000 per month [/] Inflation as a function of CP; assessed annually (not automatically applied) Salternative scenario: \$1,000 per month [/] Salternative scenar	
Sanctif maximum Sanctif ma	from \$6,000 to \$4,500: 27% savings
Inflation as a function of CPI; assessed annually (not automatically applied) Inflation as a function of CPI; assessed annually (not automatically applied) No elimination period [/] Supportive LTSS (e.g., cargiver 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 reimbursement or reimbursement or caregivers (subject to completion of certified caregiver training, minimum requirements that do not training	from \$6,000 to \$3,000: 50% savings
### automatically applied Inflation as a function of CP; applied annually [v] N/A Covered service; reimbursement to caregivers (subject to completion of certified caregiver training, minimum requirements that do not training, minimum requirements that do no	1 11 0111 30,000 to \$1,500: 75% savings
Elimination period [/] 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 reimbursement to caregivers (subject to completion of certified caregiver training, minimum requirements that do not training, mini	laure to 20 days 400 and and
care, meal delivery, transportation, preventative equipment, home assessment, and minor home modifications) Caregiver support includes: training, respite care, and financial support via certified provider reimbursement to caregivers suddent to caregivers (subject to completion of certified caregiver training, minimum requirments that do not training minimum requirment	
equipment, home assessment, and minor home modifications.) Caregiver support includes: training, respite care, and financial support via certified provider eimbursement to caregivers (subject to completion of certified caregiver training, minimum requirments that do not training,	
Caregiver support includes: training, respite care, and financial support via certified provider reimbursement to caregivers (subject to completion of certified caregiver training, minimum requirements that do not training minimum requirements that do not training minimum requirements that do not training minimum requirement	
and financial support via certified provider reimbursement Approved care settings Approved care settings from and community-based care) [v] Covered service; certified provider reimbursement to Caregivers (subject to completion of certified caregiver training, minimum requirements that do not tra	
and financial support via certified provider reimbursement Approved care settings Approved care settings from and community-based care) [v] Covered service; certified provider reimbursement to Caregivers (subject to completion of certified caregiver training, minimum requirements that do not tra	
PACE coverage N/A Covered service; reimbursement to caregivers (Subject to completion of certified caregiver training, minimum requirements that do not training m	comprehensive to home care only:
PACE coverage N/A Covered service; reimbursement to caregivers (subject to completion of certified caregiver training; minimum requirements that do not training; minimum requirements that do not N/A Covered service; reimbursement to caregivers (subject to completion of certified caregiver training; minimum requirements that do not) N/A Covered service; reimbursement to caregivers (subject to completion of certified caregiver training; minimum requirements that do not) N/A Covered service; reimbursement to caregivers (subject to completion of certified caregiver training; minimum requirements that do not) Training; minimum requirements that do not training; minimum requirements that do not training; minimum requirements that do not	
(subject to completion of certified caregiver training; minimum requirements that do not training minimum	
training; minimum requirements that do not training that do no	
$[a_1, \dots, a_{n-1}, a_{n-1}, \dots, a_{n-1}, \dots$	
discourage benefit utilization to be defined in a	
Informal / family caregives culturally competent manner) [/] M/A Culturally competent manner [/] culturally competent manner [/] culturally competent manner [/] m/A Cultura	
Limited/contingent preventative benefits (e.g., limited/contingent preventativ	
Preventative benefits NA partake in wellness program partake in wellness program partake in wellness program wested in the program [v] vested in the program [v] N/A	y to partial domestic portability (grade
Portability Domestic portability; full benefits California (grade to 50% over 5 years) California (grade to 50% over 5 years) Domestic portability; full benefits International portability; full benefits [/] to 50% over 5 years): 17% savings	, p
Family / Spousal coverage only Individual cove	
Program eligibility and enrollment Age 15+ (subject to vesting requirements) [/]	18+ to 65+: 12% savings
HIPAA benefit eligibility (2 of 6 ADLs for 90 days or HIPAA benefit eligibility (2 of 6 ADLs for 90 da	
Benefit eligibility criteria severe cognitive impairment) [/] [/] [/] [/] [/] [/] [/] [/] [/] [/]	
Vesting criteria Syears of contributions [/] Syears of contributions [/] 10 years of contribution 10 years of contribution [alternative scenario: 10 years of contribution] - Increase vesting criteria from 5 years	
Pro-rated perfect for the state of the state	s to 10 years: 13% savings
Pro-rated benefits (no benefits for individuals who pro-rated benefits	s to 10 years: 13% savings
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 ben	s to 10 years: 13% savings
for individuals who contribute between 3 and 5 for individuals who contribute between 3 and 5 for individuals who contribute for 5 years, grading for individuals who contribute for 5 years, grading for individuals who part of 100% of the benefits for individuals who up to 100% of the benefits for individuals who up to 100% of the penting in years, 100%	s to 10 years: 13% savings
Flexibility for those unable to vest contribute for 5 or more years) contribute for 5 or more years) 10) up" benefits [/] -Remove partial vesting (10 year ves	s to 10 years: 13% savings
Individuals with eligible private LTC insurance* may Individuals with eligible privat	
from making program contributions and will not be	
Private LTC considerations: before program enactment N/A eligible to receive program benefits [/] eligible to r	
supplemental) private LTC insurance ² would be supplemental) private LTC insurance ² would be supplemental) private LTC insurance ² would be	
subject to reduced program contributions (and will subject to reduced program contributions)	
remain eligible to receive program benefits as a rema	
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)	

ntal 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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Legend

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

• Vellow shading represents a less generous plan design element relative to Design 3

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Higher Cost

The program designs included in this file are subject to change based on the input from Task Force Members and the public.						
input from Task Force Members and the public.						Relative cost benchmarks ¹
	Supportive LTC benefits & adult population covered (18+)	Home care benefits & senior population covered (65+)	Comprehensive benefits (low range) & adult population covered (18+)	Comprehensive benefits (m d range) & adult population covered (18+)	Comprehensive benefits (high range) & adult population covered (18+)	(high level estimates for reference only; actual Program cost relativ will differ)
an design element	Design 1	Design 2	Des gn 3	Design 4	Des gn 5	
ogram financ ng						
	Payroll tax (split between employees and	Payroll tax (split between employees and				
	employers); non-voluntary premium contributions	employers); non-voluntary premium contributions	December (selfa habitata anni la constanti d	Barrell Are Coults have a construction of	Bernell to the feet of the fee	
		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 also be considered [√]	funding sources beyond payroll/income tax may also be considered [√]	employers); non-voluntary premium contributions via an income tax for the self-employed [√]	employers); non-voluntary premium contributions via an income tax for the self-employed [√]	employers); non-voluntary premium contributions via an income tax for the self-employed [√]	
	[Alternative scenario: reduce/eliminate employer					
evenue source	portion of the program contributions]	N/A				
rogram contribution age: minimum	Age 18 [√]	N/A				
	No maximum (contributions dependent on being					
Program contribution age: maximum	on payroll or self-employed) [√]	N/A				
		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				- Do not waive program contributions for individuals below 138% of F
		vesting requirement over their working lifetime).				(but still receive benefits): 3% savings
	Waive contributions for individuals below a	Such individuals could receive LTSS benefits from	Waive contributions for individuals below a	Waive contributions for individuals below a	Waive contributions for individuals below a	- Do not waive program contributions for individuals below 138% of FI
rogram contribution limits: taxable earnings waiver	specified poverty level (e.g., 138% of FPL) [√] Apply a contribution cap. Consider contribution	Medi-Cal (subject to Medi-Cal eligibility Apply a contribution cap. Consider contribution	specified poverty level (e.g., 138% of FPL) [√] Apply a contribution cap. Consider contribution	specified poverty level (e.g., 138% of FPL) [√]	specified poverty level (e.g., 138% of FPL) [√] Apply a contribution cap. Consider contribution	(but do not receive benefits): 22% 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		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
Togram contribution limits, taxable earnings maximum	Level tax rate (with guidelines stipulating the	1977				
	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) [√]	N/A				
	Invest program contributions in stocks, bonds, and	·				
	U.S. Treasuries (constitutional amendment					
	required)	required)	required)	required)	required)	
	[Alternative scenario: consider the financial					
nvestment strategy	implications of not obtaining a constitutional	Restrict investment strategy to U.S. treasuries: 20% cost increase				
ntergenerational consideration (i.e., upon program inception, older individuals						
re likely to contribute less to the program over their lifetime relative to ounger individuals; this inequity wanes as the program matures)	None	Grade-up benefits over first 20 years [√]	N/A			
stimate is based on the 2020 Milliman WA Cares LTSS Actuarial Study, so it does not reflect California demo	ographics					
oordination and interaction (with other LTSS financ ng sources)						
	Private LTC pays before Program; concurrent, non-					
Coordination: private LTC	duplicative payments permitted [√]	N/A				
	Program pays before Medi-Cal; concurrent, non-					
	duplicative payments permitted. Program benefits					
	should not influence Medi-Cal eligibility. The					
	program should not exclude contributions or benefits for individuals eligible for Medi-Cal in the	program should not exclude contributions or benefits for individuals eligible for Medi-Cal in the	program should not exclude contributions or benefits for individuals eligible for Medi-Cal in the	program should not exclude contributions or benefits for individuals eligible for Medi-Cal in the	program should not exclude contributions or benefits for individuals eligible for Medi-Cal in the	
	past, present, or future.					
	Pursue a CMS federal demonstration waiver to					
Coordination: Medi-Cal	retain federal Medicaid savings from the program	N/A				
	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	
	Medicare.	Medicare.	Medicare.	Medicare.	Medicare.	

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.

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 reliabilities teaps besti enterfield. No warrant js given as to the accuracy of the confidence information and information information in unifished by other states, applicabilities and the state of the confidence information and information and information. Public information and infor