Partnership Regulations Overview

California Partnership for
Long Term Care Task Force
June 20, 2017

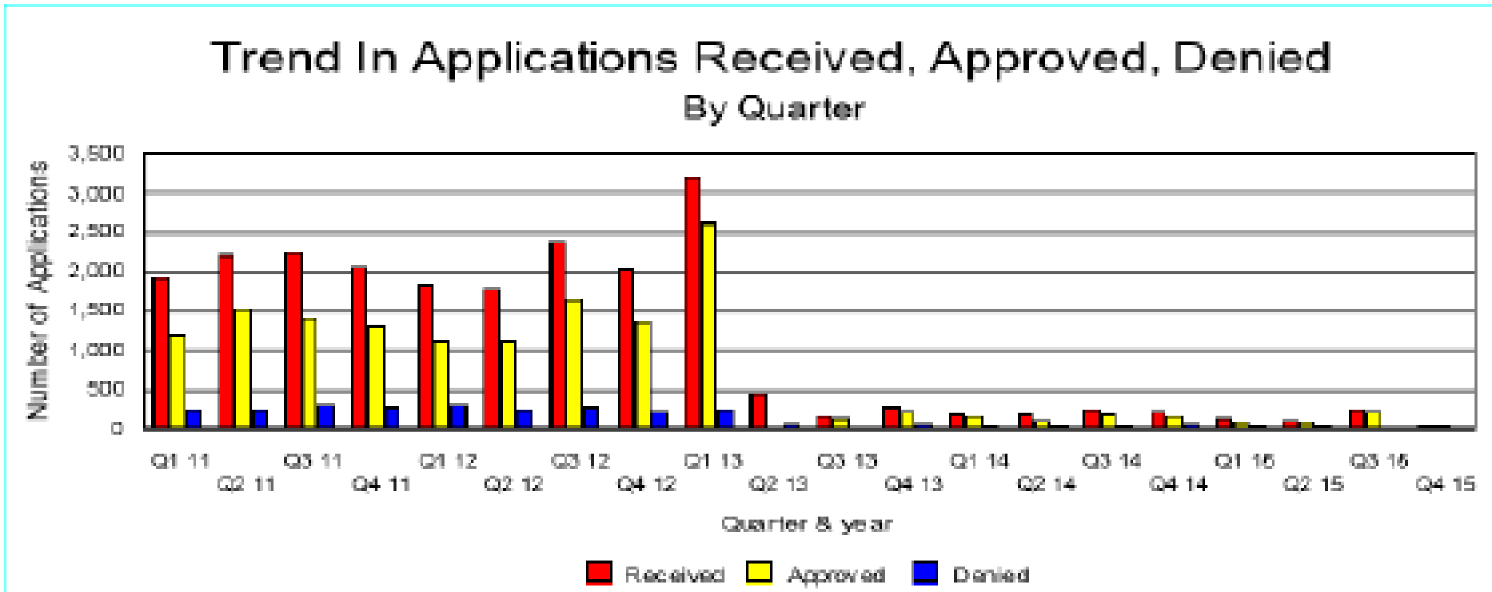
Partnership Background

- Present Condition
- Loss of Policy Sales
- Loss of Insurers
- Emergency Regulations Approval Process
- Efforts in Progress

Partnership Background

- Policy Sales Decline

By Quarter (2011 – 2015)



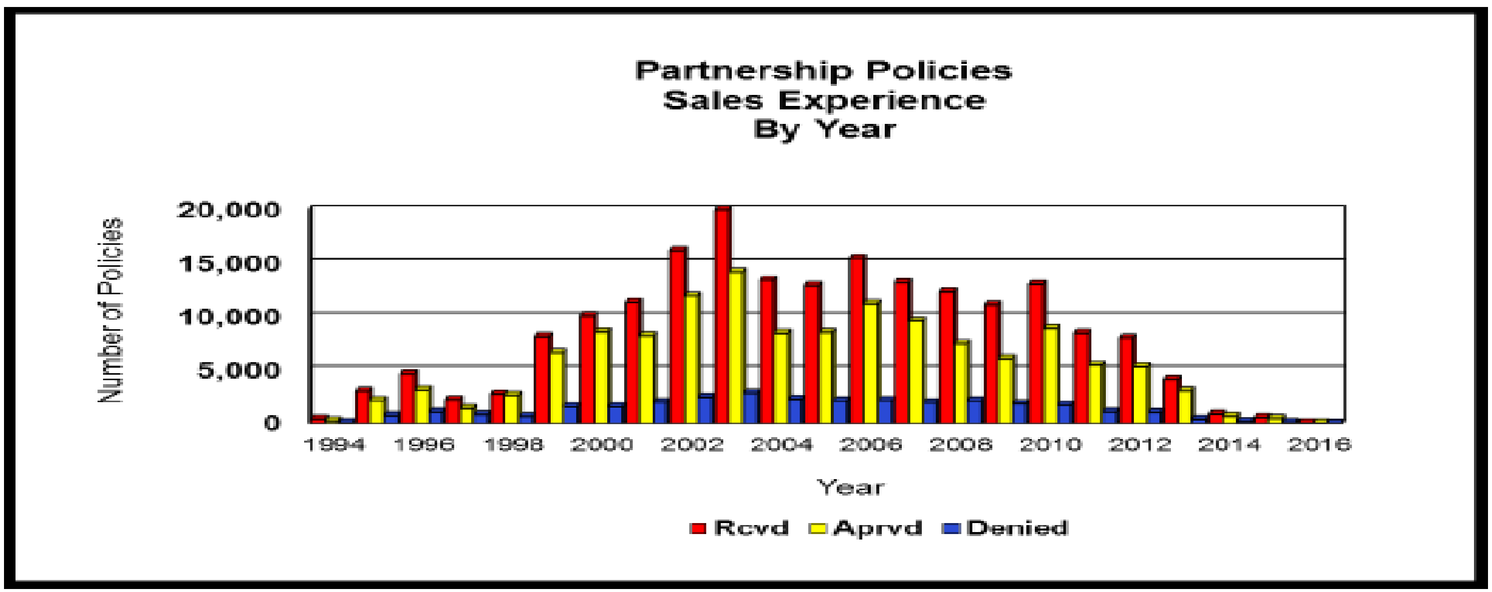
Partnership Background

- Policy Sales Decline

HIGHEST = 16,146 policy sales in the year 2002

LOWEST = 533 policy sales in the year 2015

Drop-Off = 20 Policies were sold in the year 2016



Partnership Background

Contributing Factors:

- Policies have become unaffordable
- Regulatory lack of flexibility in policy designs
- Job losses to other states
- Medi-Cal (Medicaid) crowd out
- Lack of stronger and active federal and state role in finding solutions
- Silver Tsunami

Partnership Background Loss of Insurers

BEFORE	NOW
• Bankers Life & Casualty	• Genworth
• Continental Casualty Co.	• CalPERS
• Genworth (GE Capital Assurance)	
• New York Life	
• Transamerica Occidental	
• MetLife	
• Time Life Insurance	
• CalPERS	

Partnership Background

Loss of Insurer Contributing Factors:

- Original premium pricing assumptions were off
- Re-pricing and rate increases created public doubt
- Lack of policy design freedom leading to increasingly more expensive premiums
- Excessive time waiting for policy forms and associated materials to be reviewed

Partnership Background

- Authority to implement change (Emergency Regulations)– Welfare and Institutions Code Section 22009
- Policy premiums high for moderate income Californians

Partnership Background

- Prior to initiating the Emergency Regulation process, DHCS consulted Partnership LTCI stakeholders to identify key issues to address in the Emergency Regulation

- Stakeholders included:
  - Partner Insurers
  - Agent Community
  - Consumers

New Partnership Regulations

Changes in Inflation Escalators (5% compound is still required to be offered)

- ***Age Based Inflation Protection (targets the employer marketplace)***
- < 50 Years of Age 4% compounded
- 50 – 64 Years of Age 5% Simple
- 65 and over, 3% compounded

Selectable Inflation Protection, regardless of age at purchase

- 4% Compound
- 5% Simple
- 3% Compound

New Partnership Regulations

- To Existing Comprehensive and Facility Only Policies
  Assumptions: 57 Year old, Single, Male, Select Underwriting, $150 DB, 90 day EP, 3 Year Policy

Inflation Escalator	Yearly Premium	Difference	Premium Reduction Percent	Yearly Premium As Monthly
5% Compound	$5,130.60	N/A	N/A	$427.55
4% Compound	$3,811.20	$1,319.40	26%	$317.60
5% Simple	$2,246.55	$2,884.05	56%	$187.21
3% Compound	$2,151.45	$2,979.15	58%	$179.29
2% Compound	$1,750.65	$3,379.95	66%	$145.89
FPO	$1,629.60	$3501.00	68%	$135.80
None	$1,455.00	$3675.60	72%	$121.25

New Partnership Regulations

Make available a Home Care ONLY policy

Includes minimal levels of protection while also including meaningful features in tune with supporting the Safety Net System

Key features:

- Value at a minimum 50% of the ADPPR and 2% compounded Inflation Protection and 30 day Elimination Period
- Adult Day Health/Social Care
- Personal Care Services
- Hands-On Assistance
- Standby Assistance
- Homemaker Services
- Hospice Services etc.
- Coverage for Home Modifications Assistive Devices as identified in a Plan of Care
- Emergency Medical Response Systems
- Caregiver Training EXCLUDES Home Health Care services.

EXCLUDES Home Health Care services.

New Partnership Regulations

Efforts In Progress Through Legislation (SB-1384)

Home and Community Based Services Policy . Same as a Comprehensive policy EXCEPT it excludes Nursing Facility Care.

Minimum value 50% of the ADPPR and 3% compounded Inflation Protection

Task Force may propose and deliberate on:

a) Linking this policy to Medi-Cal such that if Skilled Nursing Facility care be necessary then Medi-Cal can seamlessly transition policyholder coverage to Medi-Cal

b) New and innovative consumer centric approaches to funding long-term care. Let a policyholder buy what they can afford.

Questions?