



**SB 1384 California Partnership for Long-Term Task Force  
Meeting Minutes  
September 27, 2017**

Prepared by Brown·Miller Communications with the California Department of Health Care Services Integrated Systems of Care Division and California Partnership for Long-Term Care

---

## **SUMMARY**

The Partnership Task Force (Task Force) meetings set the stage for identifying current issues facing consumers, private insurance partners, and the California Partnership for Long-Term Care (Partnership), both statewide and nationally. During the June 20<sup>th</sup> meeting a massive amount of information and rich discussion was shared among Task Force members. The first and second Task Force meetings proved LTC is a worrisome issue in California.

The Task Force identified multiple priorities needing attention before the January 2019 sunset date. The group recognized that quarterly meetings were limiting and did not provide the time needed to research, explore, and implement recommendations and/or strategies.

## **AGENDA**

Brenda Bufford provided an update on the Partnership's emergency regulations. From May 2017 to September 2017, the regulations have been under DHCS' Fiscal Forecasting Division review.

Suzanne corrected her comment on the charter regarding additional funding sources to say “affordable financing options.”

Brenda asked the Task Force to review the meeting minutes. All comments and/or feedback should be sent via email or shared during the December 5<sup>th</sup> meeting.

Mike Miller of Brown·Miller Communications led the “Group Discussion”. During the “Group Discussion” the Task Force brainstormed LTC policy recommendations that would need legislative approval.

**Discussion criteria:**

- Do we have the resources?
- What impact will it have? Will it make a real difference?
- Is it realistic? Can it be done within the task force timeframe?
- Does it fit within the task force charter?

The June 20<sup>th</sup> meeting assignment requested individual Task Force members to identify the one priority that would provide the most impact in revitalizing the Partnership and consequentially, help Californians prepare for the likelihood of needing long-term care.

Based on responses received, four priorities surfaced: (1) Policy Design/Financing (Cost Sharing), (2) Consumer Education/Outreach, (3) Legislation/Regulations, and (4) Partnership/Alliances. Mike reviewed the Task Force Assignment Summary with the group.

**Discussion points: Individuals were asked what they thought was the main priority to pursue.**

- (John Shirikian) Offer a lower-cost inflation escalator (2% or 3%) to cut premiums for consumer.
- (Robert Yee) Seconds the lower inflation escalator but also consider lowering the minimum daily benefit.
- (Suzanne Reed) Agrees with the recommendations because if there needs to be a market for affordable products and right now, there are no products.
- (Jessica Aguallo) Agreed with both points about lower inflation escalator and lowering the minimum daily benefit. It's a good benefit for CalPers to be able to offer a new policy.
- (Bonnie Burns) Agreement or buy-in with the industry about selling the products we're proposing is critical
- (Louis Brownstone) Get a proposal that we can approach the carriers right now that includes a policy design that we can say, if you file this, there's a sense of urgency and priority.
- (Lora Connolly) Some type of model for what is being proposed, how it impacts premiums, coverage and overall benefits.
- (Jedd Hampton) Statewide Medi-Cal Safety Net-linked policies, whether if that's private front-end/ public back-end, public cash out on the back end or a public front-end and private cash out on the back end.
- (Christin Hemann) Consumer education and making the marketing and messaging less complicated and easier to understand (Partnership policy vs. long-term care policies without the Medi-Cal asset protection).
- (Amanda Steele) Affordability and policy design to make sure people can actually purchase these policies and they're getting what they need out of them and the policies are providing the benefits that they need.
- (Hugh Slayden) The mechanisms are already in place. We need to settle on something that insurance can start to look at and start the buy-in process now.

- (Linda Kam) We need to make sure that there's an affordable product and that consumers are aware of the product. Then making sure that we have buy-in from the insurance and getting this out on the table quickly so that insurers can start the filing process.
- (Carol Sewell) I agree with Jedd's suggestion but need to look at how it works with the Medi-Cal program as a public/private partnership piece.
- (Lisa Bandaccari) Agrees with everyone about policy design and giving people choices then perhaps maybe home, community-based services might be interesting to consumers.
- (Ryan DelaTorre) Restructure incentives and offer policies that would pay for long-term care insurance to get down to Medi-Cal's eligibility threshold.
- (Emily Smith) Agrees that the task force needs to start with policy design with hopes of looking into more innovative, flexible policies that doesn't strip away current Partnership benefits.

Bonnie Burns explained the difference between the Partnership policy and other long-term care insurance policies. Bonnie advocated for the expansion of the concept of the linkage between Medi-Cal, the public programs and long-term care insurance. For instance: If an unaffordable rate increase occurred, Bonnie suggested that a Medi-Cal subsidy may assist consumers in mitigating the increase costs. The Medi-Cal subsidy may allow the consumer to retain benefits without offloading the policy.

- Not applicable to everyone but could apply with "suitability"
- Suitability: premiums, the amount of coverage, what types of coverage, etc.
- Affordability means something different for everyone
- Premium needs to be affordable and suitable for the person who is buying it

- What other public benefit will assist the person at the time they need this kind of care?

Bonnie also pointed out that the Partnership policies were designed to take care of the biggest catastrophic need at that time, which was nursing home care. However, nursing home care is no longer the biggest need. Consumers seek assisted living, memory care, and home care, more than nursing home care. Unfortunately, LTC policies have not changed to reflect the consumers' current wants and needs.

Hugh Slayden points out that *suitability* is a case-by-case analysis.

**The question for the task force is that when it comes to the Partnership, is this new policy going to alleviate some of the costs for the State? One that says, this policy has been carefully looked at and one that the task force has to balance out. Are we going to open up the flood gates to Medi-Cal or are we discouraging people from going to Medi-Cal?**

- How do we set standards, eligibility and requirements that will provide benefits, discourage people from misusing the system and draw a clearly defined line?
- It's a riddle and will require reliance on the state department's expertise to help solve this.

Lora Connolly agrees that we need to do some type of model of what's being discussed at the task force in terms of cost premiums, benefit design and product that's easy for consumers to understand, especially in policies that talk about home health care and hospice services.

Tom Orr discussed the history of the 90-day period and how it relates to the insurance industry as a benchmark for deductible or co-pays predicated on the catastrophic institutional stay in the nursing home.

Raul Moreno states that the main reason for including the 90-day elimination period is to contain the premium at the lowest cost possible and out-of-pocket costs.

Mike Miller reconvened the group after a break to discuss how to move forward with the discussion. The idea was to break into smaller groups. But group consensus decided to move ahead and discuss as one large group with the priority of looking into a suitable, affordable and appropriate policy that is sellable.

Mike reiterated that the Task Force's goal is to have a clear idea and/or direction. With this in mind, the Task Force should move towards making recommendations while being cognizant of resources, impact, current workloads and working within a realistic timeframe.

Mike suggested looking at the bigger picture items and then digesting that information so that we can reconvene at the next meeting with a model and an action plan to bring everything together.

Suzanne said she's happy to table the conversation about the 90-day elimination period based on the information of how it's currently handled as an option flexible in terms of length of that time and being factored into costs.

The Task Force invited Louis Brownstone to present his LTC policy proposal. The Task Force also invited Tom Orr to share his LTC proposal as well.

### **Louis Brownstone recommended proposal**

Use the current Partnership policy structure with the following additions or changes

- Nursing Home Care: \$6600 a month, Residential Care Facility (Assisted Living): \$4650 a month, Home Care Services: \$3300 a month
- Comprehensive one-year policy would cost a minimum \$80,300
- No coverage for the other riders that is common except as riders, giving the carriers the option to include or not include the riders
- 30- day elimination to be mandatory for 1 & 2 year policies (respite, hospice, care coordination)
  - Use service days rather than calendar days when calculating elimination period
- 3% compounding inflation (possible 2%)
- Lesser inflation for age 70 (2 possible)
- Training for caregivers
- Non-forfeiture

### **Tom Orr's proposal of an integrated comprehensive policy**

- Daily Benefit: \$140-\$150 (up to \$300 a day)
- Duration: Asset Protection (\$75,000 / \$100,000 / \$125,000 / \$150,000 / \$250,000 / \$350,000 / \$500,000)
- Deductibles: \$10,000 / \$15,000 / \$20,000
- Inflation protection for people age:
  - 69 or less: 2%, 3% or 5% compound
  - 70-75: 2-3% simple
  - 76: offer disclosure to meet HIPAA needs and option to opt out
  - Non-forfeiture (yes or no)

Bob Yee made some comments:

- Nursing facility inflation for the past 8 years is roughly around 3% - 3.5%
- Home care inflation is around 1.5%

- Average cost of care in California for nursing home care is \$100,000 and home care is about \$60,000
- **Bob proposed a minimum, i.e., \$100,000 minimum benefit with a 2-3% inflation**

A note of caution from Bonnie about current trends that may affect how we look at inflation, there is a labor shortage. Nursing homes are closing all over the state and home care is becoming more popular. Bonnie is comfortable with 3% but not less. Look at inflation protection not just in terms of inflation for the cost of the service but it is also connected to the total amount of money and how much of that money there is later on.

This discussion produced a conversation around existing suitability standards and laws. It was confirmed there were none. Bob Yee asked if it would be appropriate to examine that through this task force for the purpose of policy.

Suzanne commented that it's really important to think in terms of the legislative context here in California. If the task force has something concrete to introduce to the legislature as possible legislation or amendment, the task force will need to:

- Either amend a bill that most like is going to have to move from its current location in January
- New bills have to be submitted to elected counsel by the third week in January to be introduced in February

Suzanne noted the first Task Force meeting in 2018 occurs in April. Given the legislative calendar and activities, there's a big gap of time between the December 5, 2017 and April 2018 meetings. She thinks that the Task Force should schedule a meeting at the end of January since the legislature goes back into session on the first Monday of January.



Suzanne suggested having the Task Force meetings occur more frequently. At the December meeting, discuss how often the Task Force should meet, what level of work, and what work is needed to support the Task Force recommendation(s) to the legislature. She mentioned the Assembly on Aging and Long-Term Care committee that was hosted by Asm. Ash Kahlra on September 21st and connecting with them to understand their objectives and expectations so that these two groups can share information. Jedd Hampton is a member and will serve as their representative.

Another opportunity for the Task Force is to have recommendations on long-term care financing for the senior group advocates (Suzanne's a member) to present at their rally in May 2018.

A discussion about how policies – revised and new – start to file and the Department of Insurance's filing system is first in, first out. There has to be an industry understanding that if DOI reprioritizes Partnership filings to move up, everyone else falls down the list and someone will be unhappy. For clarification, if filing a revision, it's a matter of inserting a page and this can move through DOI quickly without much political implications.

There were discussions about what existing laws allow the Task Force to move quickly to implement the 3% inflation protection. Is there a need for legislative or policy filing? Can we get a legislative council legal opinion?

John Shirikian stated that insurers won't move until they believe policies can be expedited. They need clarity and assurances among other host of complexities.

Suzanne outlined some considerations for the next meeting:

- We need to understand what we're looking at now
- What would require new legislation in order to implement?

- What change in regulation or new regulation?

There was a discussion of what the existing context in the legislature of making sure that we're moving locked in step with where they are and taking advantage of it.

In conclusion, Suzanne suggests more frequent meetings, concrete proposals that can be presented to the legislature and make our presence and the substance of what we're producing known.

The Task Force discussed Reciprocity, the practice of exchanging Medi-Cal asset protection accrual between Partnership states. Reciprocity proves to be a complicated matter because Partnership policy standards can be radically different from state to state. For instance, California's minimum daily benefits are higher than most states and care management requirements vary significantly. Other States may not meet California's high standards, leaving California Policyholders with a less than favorable LTC policy experience. For these reasons, the Partnership is hesitant on becoming a reciprocal state. However, the Partnership does recognize consumer and industry interest and subsequent request for participation.

### **ACTION STEPS:**

- Lora Connolly of the Department of Aging wanted clarification on Warren Jaffe's (Genworth) comment: "We have a large percentage who terminate at home. Very few actually migrate, as you would think, from home care to assisted living to a nursing facility." Does this mean they exhausted their policy, left their policy or did they pass away at home?

- Suzanne is interested to know about the implementation of death with dignity, what’s transpiring and where that figures into in California
- John Shirikian will investigate and get additional feedback from the industry about the proposals (Sent to John on Oct. 2)
- Take a survey of the group on how often the meetings should be (Survey Monkey sent via [muriel@brownmillerpr.com](mailto:muriel@brownmillerpr.com) on Oct. 16)
- Jedd will talk with the Assembly Committee to share information and make them aware of the SB 1384 Task Force

**NEXT MEETING:**      **Tuesday, December 5, 2017**  
                                  **9 a.m. – 12 p.m.**  
                                  **California State Capitol, Room 113**

Attendees:

---

## CONSULTANTS

Amanda Steele	Deputy Policy Director	SEIU Local 2015
Bonnie Burns	Training & Policy Specialist	CA Health Advocates (Consumer Rep)
Carol Sewell, MAG	Legislative Director	CA Commission on Aging (Consumer Rep)
Jessica Aguallo in lieu of Gray Scott	Unit Manager	CalPERS
Jedd Hampton, MPA	Director of Policy	LeadingAge CA (LTC Provider)
Robert Yee	Preventative Medicine Specialist	Price-Waterhouse (Academic)
John Shirikian	Vice President	Association of CA Health Insurance Companies (ACLHIC) (Insurance Comp)

Louis Brownstone	Owner	California Long Term Care Insurance Services, Inc.
Michael Miller	President	Brown-Miller Communications
Muriel Banares Miller	Account Manager	Brown-Miller Communications
Tom Orr		Senior Insurance Training Services

## STATE DEPARTMENTS

Brenda Bufford	Chief, California Partnership for Long-Term Care	DHCS-LTCD
Carlos Angel* (phone)	Appointed member	Assembly
Christin Hemann	Assistant Director of Legislation & Public Affairs	CDA
Emily Smith	Attorney, Policy Approval Bureau	Dept of Insurance
Hugh Slayden	Consultant - CA State Senate Committee on Insurance	Senate Consultant (Other)
Joseph Billingsley	Chief, LTSS Operations Branch	DHCS-LTCD
Kim Bell	Analyst, Partnership for Long-Term Care	DHCS-LTCD
Lisa Bandaccari in lieu of Kim Rutledge	Chief, Policy and Quality Assurance Branch	DSS
Linda Kam	Attorney	DMHC-Licensing
Lora Connelly		Department of Aging
Raul Moreno	Contractor	DHCS-LTCD
Ryan Delatorre		Dept of Insurance
Suzanne Reed	Appointed member	Senate
Traci Howard-Richards	Analyst, Partnership for Long-Term Care	DHCS-LTCD