



Senate Bill (SB) 1384

California Partnership for Long Term Care

Task Force Meeting

April 3, 2017



CALIFORNIA PARTNERSHIP FOR
LONG-TERM CARE

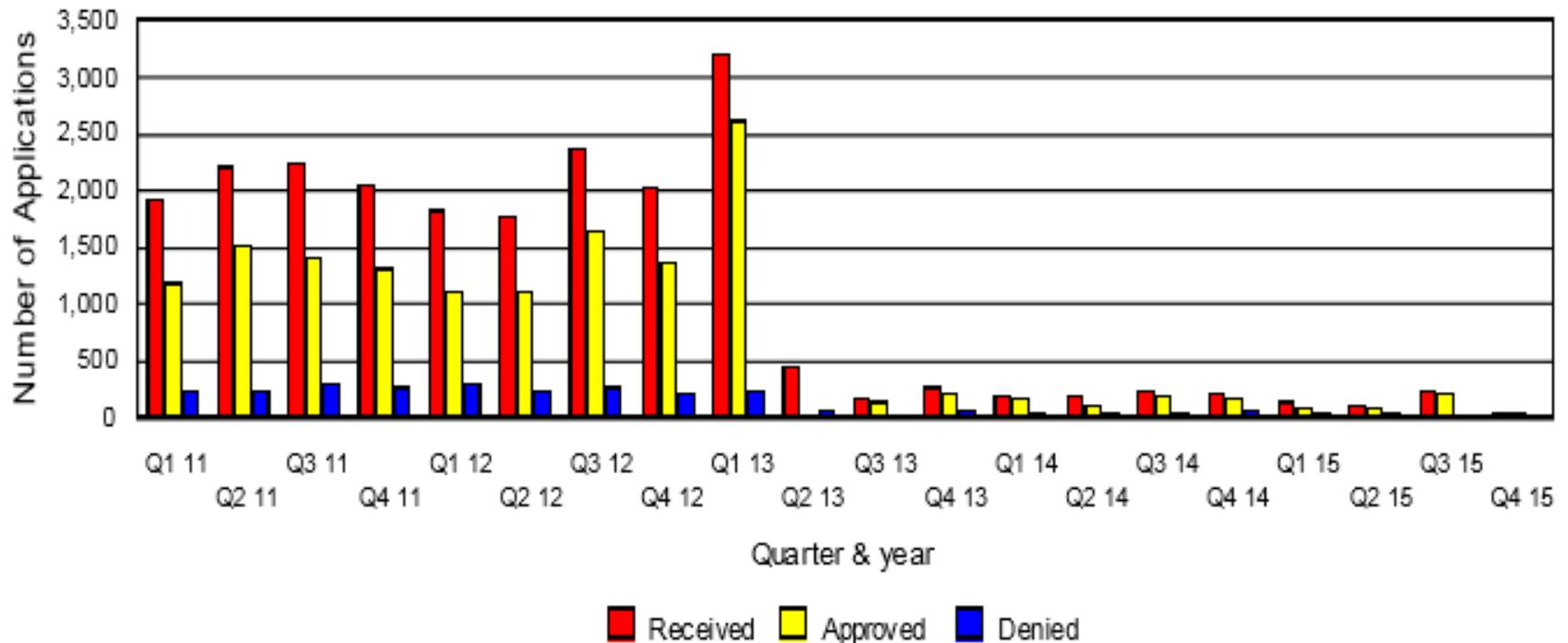
Present Condition

Loss of Policy Sales

Loss of insurers

Present Condition Policy Sales Decline

Trend In Applications Received, Approved, Denied
By Quarter



Contributing Factors

- Economic condition caused by the recession.
- Job losses
- Work furloughs/work hour cutbacks
- Less disposable income
- Medi-Cal (Medicaid) crowd out
- Lack of stronger and active federal and state role in finding solutions
- Regulatory lack of flexibility in policy designs

Present Condition Loss of Insurers

BEFORE

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

NOW

- Genworth
- CalPERS

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

Possible Solutions

- Do Nothing
- Create and support a paradigm shift in the way ltc is funded such as; Private front end Public catastrophic
- Private Insurance alone
- Options for funding private insurance
- Federal and State tax incentives
- Tighten Medi-Cal eligibility to create disincentives for artificial impoverishment to the benefit of their heirs and to the detriment of the taxpayer and those truly in need.

Paradigm Shift

- Develop new and innovative policy designs that would cover front-end costs while Medi-Cal (Medicaid) assumes the more catastrophic needs.
- For example policies that would work concurrently with the California Coordinated Care Initiative and/or other Medi-Cal initiatives, numerous waiver programs and experiments in ltc funding and service delivery

Private Insurance

- Support regulatory changes to speed up the presently lengthy review of their policies, and associated materials such as Evidence of Coverage, Marketing Materials, Actuarial review
- DHCS support the Partnership in redoubling its consumer education and public awareness campaigns
- Support innovative yet sustainable policy designs
- Support new pathways to funding long-term care

Options for Funding Private Insurance

- Develop and support diverse ltc funding solutions such as:
 1. long-term care riders to life insurance policies
 2. Reverse Mortgages to help fund ltc premiums
 3. Allow for Health Service Accounts-like savings accounts
 4. Allow for 401(k) or IRA funds to help fund the ltc premium

Federal and State Tax Incentives

- Federal off-the-top tax break for a certain percentage of the total yearly premium. For example 20% or better for taxpayers within specified income levels
- State Tax incentives for the same and similarly structured

Tighten/Reform Medi-Cal Eligibility

- Medi-Cal should use a mixture of IRS and Franchise Tax Board and if need be local County Assessors databases to identify individuals/households with specified income and real estate assets that would be candidates for exercising artificial impoverishment techniques to qualify for Medi-Cal to the benefit of their heirs and to the detriment of the tax payer and those truly in need.

Evaluating Solutions