

# *California's* **MASTER PLAN FOR AGING**



**Long-Term Services and  
Supports Subcommittee  
Meeting #2  
November 12, 2019**

# Meeting Logistics

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- Meeting Materials Posted [Online](#)
- Telephone and In-Person Audience
  - To access meeting by phone: (800) 230-1085
  - Ask for: Master Plan for Aging
- Email Inbox for Feedback: [EngAGE@aging.ca.gov](mailto:EngAGE@aging.ca.gov)
- Accommodations:
  - Simultaneous captioning is available in the room
  - Live telephonic access with two-way communication for public comment

# Meeting Agenda

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1. Welcome and Introductions
2. Overview: Subcommittee Framework, Future Meeting Topics and Schedule (See Expanded Calendar), Subcommittee Charter, Prior Aging Report List, Recommendations from October 28 LTSS Subcommittee Meeting
3. Focus: Paying for Services & Supports and a Long-Term Care Benefit
4. Public Comment
5. Summary of Recommendations and Action Items

# Welcome and Introductions

- **Ana Acton**, FREED Center for Independent Living and Nevada County Aging and Disability Resource Connection
- **Maya Altman**, Health Plan of San Mateo
- **José Alberto Arévalo, MD**, Sutter Independent Physicians - Sutter Health
- **Catherine Blakemore**, Disability Rights California
- **Kathryn Barger**, Supervisor, Los Angeles County, District 5
- **Kristina Bas-Hamilton**, United Domestic Workers of America/AFSCME local 3930
- **Donna Benton, PhD**, USC Family Caregiver Support Center
- **Patty Berg**, Former Assembly member
- **Craig Cornett**, California Association of Health Facilities
- **Susan DeMarois**, Alzheimer's Association
- **Karen Fies**, Sonoma County Human Services Department and Area Agency on Aging
- **Julia Figueira-McDonough**, 2020 Soros Leadership in Government Fellow
- **Karen Keeslar**, California Association of Public Authorities for IHSS
- **Peter Mendoza**, Community Member who Utilizes LTSS
- **Lydia Missaelides**, Alliance for Leadership & Education
- **Marty Omoto**, California Disability-Senior Community Action Network
- **Claire Ramsey**, Justice in Aging
- **Ellen Schmeding**, St. Paul's Senior Services and Member of the California Commission on Aging
- **Sarah Steenhausen**, The SCAN Foundation
- **Jeff Thom**, California Council of the Blind
- **Nina Weiler-Harwell, PhD**, AARP California
- **Brandi Wolf**, Service Employees International Union Local 2015

## Subcommittee: Objectives (in Charter)

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1. Advise the SAC and the Administration on the development of the Master Plan for Aging, including approaches to providing and funding a range of Long Term Services and Supports (LTSS), as well as a robust and data-driven approach to quality.
2. By March 1, 2020, present a report to the SAC on LTSS.

**Initial Report Recommendations due to [EngAGE@aging.ca.gov](mailto:EngAGE@aging.ca.gov) by December 13, 2019.**

# Person-Centered Framework

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**Goal 1: Long-Term Services and Supports/Caregiving:** We will be able to live where we choose as we age and have the help we and our families need to do so.

**Goal 2: Livable Communities and Purpose:** We will live in and be engaged in communities that are age-friendly, dementia-friendly, and disability-friendly.

**Goal 3: Health and Well-Being:** We will maintain our health and well-being as we age.

**Goal 4: Safety and Security:** We will have economic security and be safe from abuse, neglect, and exploitation throughout our lives.

# Proposed Meeting Topics & Schedule

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- #1 October 28, 2019: Focus on Information & Assistance
- #2 November 12, 2019: Paying for Services and Supports and a Long-Term Care Benefit
- #3 December 2, 2019: Focus on In-Home Supportive Services (IHSS)
- #4 December 5, 2019: Focus on All Other Home- and Community-Based Services (HCBS): Medi-Cal (including CalAIM), Older Americans Act Programs, Disability Programs, and more
- #5 December 17, 2019: Focus on Group Living Settings, Including Assisted Living Communities, Residential Care Facilities, Supported Housing, and Skilled Nursing Facilities
- #6 January 6, 2020: Focus on LTSS Workforce, Family Caregivers, and Assistive Technology
- #7 January 13, 2020: Focus on Integration and Financing
- #8 January 27, 2020: Discuss/prepare LTSS Report
- #9 February 2020: Discuss/prepare LTSS Report for March SAC meeting
- #10 March 2020: Review SAC feedback and finalize March Report for Secretary/Governor
- April & June 2020: Review Master Plan, dashboard and other Master Plan components/deliverables related to LTSS

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# Focus: Paying for Services & Supports and a Long-Term Care Benefit

# Rethinking Long Term Services and Supports Financing

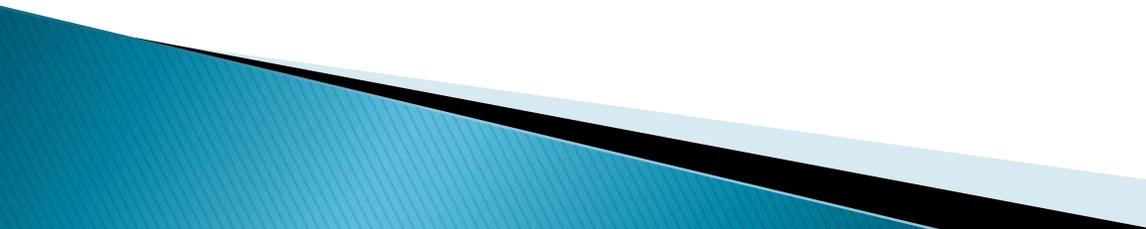
Jedd Hampton  
Director of Public Policy  
LeadingAge California

# Who needs Long Term Services and Supports (LTSS)?

- ◆ **Among persons age 65 and over, an estimated 70 percent will use Long Term Services and Supports (LTSS)**
- ◆ **85% of LTSS needs last less than three years, BUT:**
  - ◆ persons age 85 and over – *the fastest growing segment of the U.S. population* – are four times more likely to need LTSS than persons age 65 to 84
  - ◆ 20% of California's population will be 65 years or older by 2030
  - ◆ 15% of seniors over the age of 65 will incur LTSS expenses over \$250,000

# Why Do We Need to Rethink How We Finance LTSS?

## ➤ Changing Demographics

- ◆ California currently has approximately **8 million persons** who are either older adults or persons with mobility, sensory, intellectual, developmental and/or mental health disabilities
  - ◆ Population will grow significantly over the next decade as the “baby boomer” cohort continues to age
  - ◆ Medical advancements, among other things, have resulted in longer life expectancies
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# Why Do We Need to Rethink How We Finance LTSS?

## ▶ Growing Financial Insecurity

- ◆ According to the California State Treasurer's Office:
  - ◆ Approximately **7.5 million Californians** today have **no workplace pension or retirement savings program**
  - ◆ A large majority (64%) of workers without access to a workplace retirement plan are people of color, with Latinos making up the largest share (46%)
  - ◆ Nearly half (47%) of California workers—public and private—are projected to retire with **incomes below 200% of federal poverty level** (about \$22,000 a year)
- ◆ For those with retirement savings:
  - ◆ tax penalties for withdrawing savings before the age of 59, and
  - ◆ withdrawals at any age taxed as ordinary income **even if used for LTSS**

# Why Do We Need to Rethink How We Finance LTSS?

## ▶ Current Long-Term Care Insurance Market

- ◆ across-the-board premium hikes on both prospective and retrospective business
- ◆ tightened underwriting practices
- ◆ reduction in consumer demand
- ◆ 90% of insurance companies that once offered LTCi on a national basis no longer do so
- ◆ Trend towards:
  - ◆ high-end niche products
  - ◆ few or no insurance options for middle-income

# Why Do We Need to Rethink How We Finance LTSS?

- ▶ Changing demographics, increasing financial insecurity and the virtual collapse of the LTCi market have led to a fundamental LTSS financing problem that is failing to protect people against the costs of extensive LTSS they may require over the course of their lives
  - ▶ The current financing structure incentivizes middle-income Californians to spend down their assets and enroll in Medicaid (Medi-Cal) to receive and “afford” LTSS benefits
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# Federal Efforts

- ▶ In 2010, Congress enacted the Community Living Assistance Services and Supports Act (CLASS) as a part of the Patient Protection and Affordable Care Act
- ▶ CLASS would have voluntarily enrolled eligible individuals 18 years and older
- ▶ Eligibility for CLASS benefits:
  - Voluntarily enrolled in program by individual
  - Paid premiums for five years (five-year vesting requirement)
  - Minimum earning requirement for at least three years during five-year vesting requirement

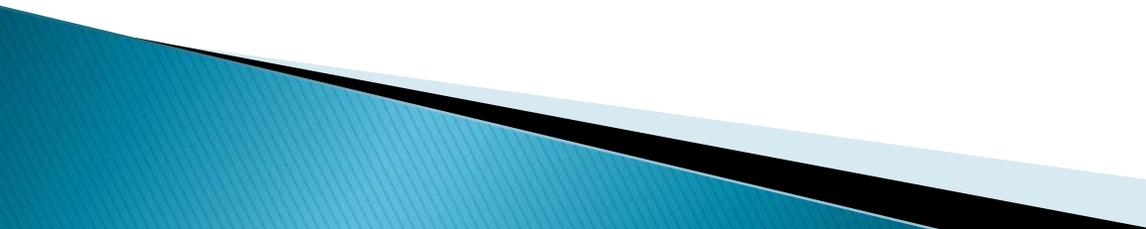
## Federal Efforts Cont.

- ▶ In 2011, the Department of Health and Human Services (HHS) concluded that CLASS would not be actuarially sound if enacted due to the voluntary nature of the act
- ▶ In 2014, LeadingAge, AARP and the SCAN Foundation jointly funded research by the Urban Institute and Milliman, Inc. to analyze different policy options to finance LTSS using the most recent national demographics
- ▶ Study examined length of coverage, performance indicators of voluntary or mandatory coverage, participation, consumer affordability and potential savings to Medicaid

# Federal Efforts Cont.

- ▶ Results of the national study can be found here:
- ▶ Health Affairs: <http://content.healthaffairs.org/content/early/2015/11/13/hlthaff.2015.1226.full>
- ▶ Urban Institute:  
[http://www.thescanfoundation.org/sites/default/files/urban\\_institute\\_microsimulation\\_analysis\\_of\\_ltss\\_nov\\_2015.pdf](http://www.thescanfoundation.org/sites/default/files/urban_institute_microsimulation_analysis_of_ltss_nov_2015.pdf)
- ▶ Milliman, Inc.: [http://www.thescanfoundation.org/sites/default/files/milliman\\_report\\_-\\_premium\\_estimates\\_for\\_policy\\_options\\_to\\_finance\\_ltss.pdf](http://www.thescanfoundation.org/sites/default/files/milliman_report_-_premium_estimates_for_policy_options_to_finance_ltss.pdf)
- ▶ The SCAN Foundation:  
[http://www.thescanfoundation.org/sites/default/files/ltc\\_financing\\_summary\\_of\\_policy\\_modeling\\_november\\_2015.pdf](http://www.thescanfoundation.org/sites/default/files/ltc_financing_summary_of_policy_modeling_november_2015.pdf)

# California Aging and Disability Alliance (CADA)

- ▶ CADA formed in 2017 to address lack of action at the Federal level
  - ▶ Comprised of over 20 diverse organizations sharing a common commitment to creating affordable financing solutions to strengthen the LTSS system today and prepare CA for tomorrow
  - ▶ CADA includes LTSS providers, consumers, unions and disability advocates
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# California Aging and Disability Alliance

## ▶ CADA's early successes include:

- Initiated and succeeded in securing \$3 million in the 2018–19 state budget to incorporate key LTSS screening questions on the California Health Interview Survey (CHIS), the largest population-based state health survey in the United States
- Initiated and succeeded in securing \$1 million in the 2019–2020 budget to fund a California-based actuarial/feasibility study of different state-based LTSS benefit options
- Sponsored SB 512 (Pan), which would have created a framework for California to build out a state-backed LTSS benefit

# What else is needed? A Central Resource for LTSS Education and Awareness

## Why?

- ◆ Over half of all Californians will need long-term care after age 65
- ◆ Consumers typically do not understand:
  - ◆ Potential need for LTSS
  - ◆ LTSS options
  - ◆ retirement financial issues
- ◆ Mistaken belief that Medicare or private health insurance will pay for LTSS
- ◆ Fewer than 20% of baby boomers have taken action to prepare for LTSS, compared to more than 80% who have prepared for their death
- ◆ 8 in 10 baby boomers don't know how much a home health aide or a nursing home costs

## California LTSS Help Center should include:

- ◆ Objective, timely and credible information
- ◆ Website with interactive decision-support tools
- ◆ Telephone support to help consumers learn about, plan for and prepare for potential LTSS needs
- ◆ Information and tools related to full range of insurance and financial options and service provider choices including:
  - ◆ Health and wellness programs and employer supports and assistance
  - ◆ Government programs including Medicare and Medical Assistance
  - ◆ Savings and investment options
  - ◆ Long-term care insurance -- life, health and other insurance options
  - ◆ Reverse mortgage and other home equity products
  - ◆ Caregiving services and supports including HCBS, assisted living, and skilled nursing facilities

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# Christina Mills, California Foundation for Independent Living Centers

# State of California LTSS Feasibility Study

Christopher Giese, FSA, MAAA  
Principal and Consulting Actuary, Milliman

TUESDAY, NOVEMBER 12, 2019



# Why Are Solutions Needed?

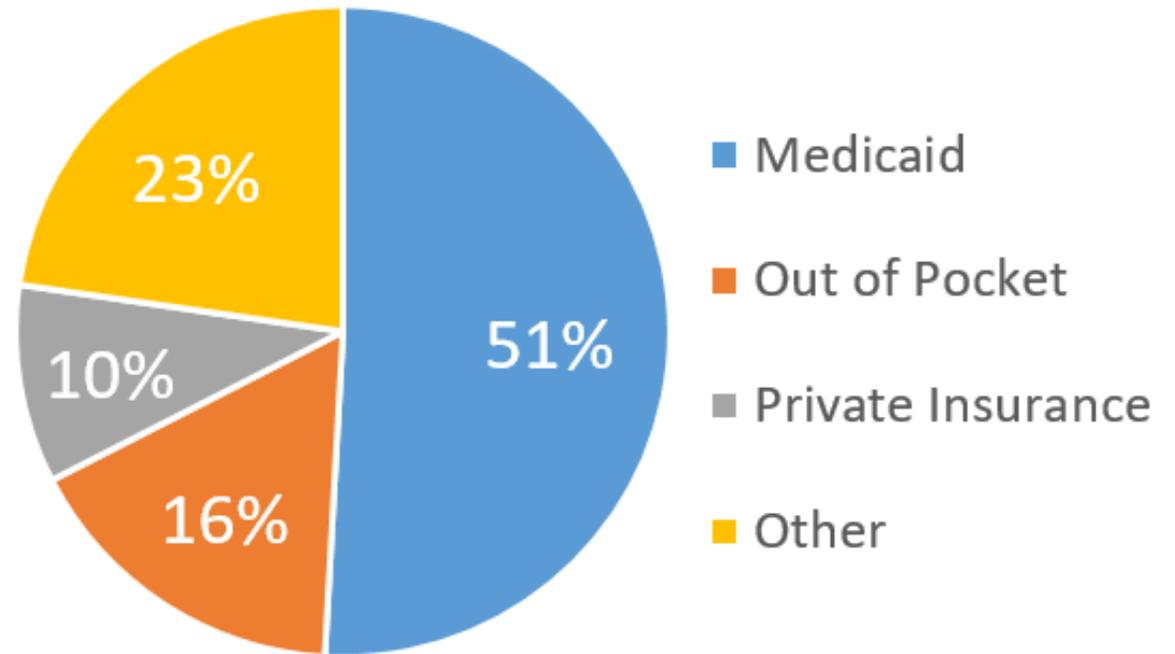
Many will need LTC at some point in their lifetime

Care is expensive and needed for multiple years

Strain on families and public programs

U.S. aged population continues to grow rapidly

Funding of LTSS Expenditures by Payer



Source: The Centers for Medicare and Medicaid Services  
Excludes Medicare funding for rehabilitation care following a hospitalization stay  
"Other" includes various state, local, and private sources

# LTSS Reform - State Activity

- **Washington**
  - LTC Trust Act established public LTSS insurance program starting January 1, 2022 financed by new payroll tax
- **Hawaii**
  - Support to age 60+ exceeding Medicaid eligibility level & \$70/day stipend to family caregivers
- **Maine**
  - A universal Home Care ballot initiative voted down
- **Illinois**
  - Ongoing feasibility study of state-based LTSS financing program
- **Michigan**
  - Ongoing feasibility study of state-based LTSS financing program
- **Minnesota**
  - Exploring new private finance options for middle income market

# Key Study Objectives of Actuarial Analysis

- General level of revenue / tax needed
- Sufficiency of fund by year
- Financial trade-offs of different program features and benefits
- Sensitivity of needed revenue under different sets of conditions / assumptions
- Savings to State's Medicaid program

# Main Program Parameters – Public Option

Program Specification	Program Parameter – Examples from State of WA
Participation	Mandatory, with private LTC insurance opt-out
Eligibility Age	18; disabled before age 18 not eligible
Benefit Eligibility	State Medicaid definition
Daily Benefit Amount	\$100 in 2025, indexing 3% annually
Lifetime Pool of Benefits	\$36,500 in 2025, indexing 3% annually
Benefit Structure	Reimbursement
Elimination Period	30 days
Vesting Requirements	3 of last 6 years, or 10 years total with annual requirement = 25% of full-time hours
Divesting Period	5 years
Program Revenue	Payroll tax all wages, no premium
Low-income Subsidy	None

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# Subcommittee Discussion

# Public Comment

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- Information Posted on website: <https://www.chhs.ca.gov/home/master-plan-for-aging/>
- Email Inbox for Feedback: [EngAGE@aging.ca.gov](mailto:EngAGE@aging.ca.gov)

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# Wrap Up and Next Steps