

AMENDED IN SENATE MARCH 28, 2012

SENATE BILL

No. 1438

Introduced by Senator Alquist

February 24, 2012

An act to add *and repeal* Section 10234.75 ~~to~~ of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1438, as amended, Alquist. Long-term care insurance.

Existing law provides for the regulation of long-term care insurance by the Insurance Commissioner and prescribes various requirements and conditions governing the delivery of individual or group long-term care insurance in the state. Existing law establishes the California Partnership for Long-Term Care Program to link private long-term care insurance and health care service plan contracts that cover long-term care with the In-Home Supportive Services program and Medi-Cal and to provide Medi-Cal benefits to certain individuals who have income and resources above the eligibility levels for receipt of medical assistance, but who have purchased certified private long-term care insurance policies and subsequently exhausted the benefits of these private policies.

This bill would require the Insurance Commissioner to ~~conduct a study that assesses the feasibility of establishing a voluntary insurance program for purchasing long-term care services and supports. The bill would require the study to adopt a design for the program, as specified, and would require the commissioner to provide the study to the Governor and the Legislature by January 1, 2014~~ *convene a task force composed of specified stakeholders and representatives of government agencies to examine the components necessary to design a statewide*

long-term care insurance program, as specified. The bill would require the task force to recommend options for establishing this program and to comment on their respective degrees of feasibility in a report submitted to the commissioner, the Governor, and the Legislature by July 1, 2013.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature hereby finds and declares all of
2 the following:

3 ~~(a) A recent poll~~ *Recent public opinion research* indicates that
4 Californians, regardless of political party or income level, are
5 worried about the costs of growing older. Two-thirds of
6 respondents ~~to the poll~~ *in the research* said that they are
7 apprehensive about being able to afford long-term care. Sixty-three
8 percent of respondents worry as much about paying for long-term
9 care as they do for their future health care.

10 (b) A majority of respondents could not afford more than three
11 months of nursing home care at an average cost of \$6,000 per
12 month in California. About 4 in 10 *respondents* could not afford
13 a single month of care at that rate. Among Latino voters, 88 percent
14 said they do not have long-term care insurance or are not sure
15 whether they are covered for supportive services like in-home care.
16 ~~Nearly three-fourths of democrats, 64 percent of independents, 62~~
17 ~~percent of republicans, and 61 percent of voters with household~~
18 ~~incomes over \$75,000 are worried about paying for long-term care.~~
19 *Concerns about paying for long-term care cut across all income*
20 *levels and all partisan affiliations.*

21 (c) It is the intent of the Legislature to enact legislation ~~that~~
22 ~~would~~ *establishing a task force to explore the feasibility of*
23 *developing an a statewide insurance program for long-term care*
24 *services and supports.*

25 SEC. 2. Section 10234.75 is added to the Insurance Code, to
26 read:

27 ~~10234.75. (a) The commissioner shall conduct a study that~~
28 ~~assesses the feasibility of establishing a voluntary insurance~~
29 ~~program for purchasing long-term care services and supports. The~~
30 ~~study shall do all of the following:~~

1 10234.75. (a) *The commissioner shall convene a task force to*
2 *examine the components necessary to design a statewide long-term*
3 *care insurance program. The task force shall do all of the*
4 *following:*

5 (1) Explore how a *statewide* long-term care ~~services and~~
6 ~~supports~~ insurance program could be designed to expand the
7 options for people who become functionally or cognitively disabled
8 and require long-term care services and supports.

9 (2) ~~Adopt a~~ *Explore options for the design for* of the program,
10 including eligibility, enrollment, benefits, financing, administration,
11 and interaction with the Medi-Cal program and other publicly
12 funded resources. ~~The design should do~~ *In exploring these options,*
13 *the task force shall consider all of the following:*

14 (A) ~~Allow~~ *Allowing* for enrollment in the program of working
15 adults who would make voluntary premium contributions either
16 directly or through payroll deductions through their employer.

17 (B) To the extent feasible, ~~require~~ *requiring* a mandatory
18 enrollment with a voluntary opt-out option.

19 (C) ~~Give~~ *Giving* working adults the opportunity to plan for
20 future long-term care needs by providing a basic insurance benefit
21 to those who meet work requirements and have developed
22 functional or equivalent cognitive limitations.

23 (D) ~~Help~~ *Helping* individuals with functional or cognitive
24 limitations remain in their communities by purchasing nonmedical
25 services and supports such as home health care and adult day care.

26 (E) ~~Help~~ *Helping* offset the costs incurred by adults with chronic
27 and disabling conditions. The program need not be designed to
28 cover the entire costs associated with an individual's long-term
29 care needs.

30 (3) Evaluate how benefits under the program would be
31 coordinated with existing private health care coverage benefits.

32 (4) Take into account the premiums necessary to provide an
33 adequate benefit within a solvent program.

34 ~~The commissioner may consult with the Secretary of~~
35 ~~California Health and Human Services, the Secretary of Labor and~~
36 ~~Workforce Development, and other officials, experts, and interested~~
37 ~~parties while conducting this study.~~

38 ~~(e) The commissioner shall provide this study to the Governor~~
39 ~~and the Legislature by January 1, 2014. The report submitted to~~

1 ~~the Legislature shall be submitted in accordance with Section 9795~~
2 ~~of the Government Code.~~

3 *(b) The task force shall be composed of key senior health policy*
4 *and long-term care insurance stakeholders, at least one*
5 *representative from the State Department of Health Care Services,*
6 *and at least one representative from the Employment Development*
7 *Department. The task force may include representatives from other*
8 *relevant federal, state, and local government agencies.*

9 *(c) The department shall operate within its existing budgetary*
10 *resources for purposes of implementing this section. Any*
11 *governmental agency that participates in the task force shall*
12 *operate within its existing budgetary resources for purposes of*
13 *that participation.*

14 *(d) The task force shall recommend options for establishing a*
15 *statewide long-term care insurance program and comment on the*
16 *respective degrees of flexibility of those options in a report*
17 *submitted to the commissioner, the Governor, and the Legislature*
18 *on or before July 1, 2013. The report submitted to the Legislature*
19 *shall be submitted in accordance with Section 9795 of the*
20 *Government Code.*

21 *(e) The commissioner may seek private funds for purposes of*
22 *implementing this section.*

23 *(f) This section shall remain in effect only until January 1, 2017,*
24 *and as of that date is repealed, unless a later enacted statute, that*
25 *is enacted before January 1, 2017, deletes or extends that date.*