

AMENDED IN SENATE MAY 1, 2012  
AMENDED IN SENATE MARCH 28, 2012

**SENATE BILL**

**No. 1438**

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**Introduced by Senator Alquist**  
**(Coauthor: Senator Correa)**

February 24, 2012

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An act to add and repeal Section 10234.75 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 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~~ *January 1, 2014*.

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

9 (b) A majority of respondents could not afford more than three  
10 months of nursing home care at an average cost of six thousand  
11 dollars (\$6,000) per month in California. About 4 in 10 respondents  
12 could not afford a single month of care at that rate. Among Latino  
13 voters, 88 percent said they do not have long-term care insurance  
14 or are not sure whether they are covered for supportive services  
15 like in-home care. Concerns about paying for long-term care cut  
16 across all income levels and all partisan affiliations.

17 (c) It is the intent of the Legislature to enact legislation  
18 establishing a task force to explore the feasibility of developing a  
19 statewide insurance program for long-term care services and  
20 supports.

21 SEC. 2. Section 10234.75 is added to the Insurance Code, to  
22 read:

23 10234.75. (a) The commissioner shall convene a task force to  
24 examine the components necessary to design a statewide long-term  
25 care insurance program. The task force shall do all of the following:

26 (1) Explore how a statewide long-term care insurance program  
27 could be designed to expand the options for people who become  
28 functionally or cognitively disabled and require long-term care  
29 services and supports.

30 (2) Explore options for the design of the program, including  
31 eligibility, enrollment, benefits, financing, administration, and  
32 interaction with the Medi-Cal program and other publicly funded

resources. In exploring these options, the task force shall consider all of the following:

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

(B) To the extent feasible, requiring a mandatory enrollment with a voluntary opt-out option.

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

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

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

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

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

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

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

(d) The task force shall recommend options for establishing a statewide long-term care insurance program and comment on the respective degrees of flexibility of those options in a report submitted to the commissioner, the Governor, and the Legislature on or before ~~July 1, 2013~~ *January 1, 2014*. The report submitted to the Legislature shall be submitted in accordance with Section 9795 of the Government Code.

- 1 (e) The commissioner may seek private funds for purposes of  
2 implementing this section.
- 3 (f) This section shall remain in effect only until January 1, 2017,  
4 and as of that date is repealed, unless a later enacted statute, that  
5 is enacted before January 1, 2017, deletes or extends that date.

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