

**Introduced by Senator Alquist**February 24, 2012

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An act to add Section 10234.75 to the Insurance Code, relating to insurance.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1438, as introduced, 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.

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 indicates that Californians, regardless of  
4 political party or income level, are worried about the costs of  
5 growing older. Two-thirds of respondents to the poll said that they  
6 are apprehensive about being able to afford long-term care.  
7 Sixty-three percent of respondents worry as much about paying  
8 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 \$6,000 per  
11 month in California. About 4 in 10 could not afford a single month  
12 of care at that rate. Among Latino voters, 88 percent said they do  
13 not have long-term care insurance or are not sure whether they are  
14 covered for supportive services like in-home care. Nearly  
15 three-fourths of democrats, 64 percent of independents, 62 percent  
16 of republicans, and 61 percent of voters with household incomes  
17 over \$75,000 are worried about paying for long-term care.

18 (c) It is the intent of the Legislature to enact legislation that  
19 would explore the feasibility of developing an insurance program  
20 for long-term care services and supports.

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

23 10234.75. (a) The commissioner shall conduct a study that  
24 assesses the feasibility of establishing a voluntary insurance  
25 program for purchasing long-term care services and supports. The  
26 study shall do all of the following:

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

31 (2) Adopt a design for the program, including eligibility,  
32 enrollment, benefits, financing, administration, and interaction  
33 with the Medi-Cal program and other publicly funded resources.  
34 The design should do all of the following:

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

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

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

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

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

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

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

18 (b) The commissioner may consult with the Secretary of  
19 California Health and Human Services, the Secretary of Labor and  
20 Workforce Development, and other officials, experts, and interested  
21 parties while conducting this study.

22 (c) The commissioner shall provide this study to the Governor  
23 and the Legislature by January 1, 2014. The report submitted to  
24 the Legislature shall be submitted in accordance with Section 9795  
25 of the Government Code.