

Date of Hearing: June 11, 2019

ASSEMBLY COMMITTEE ON AGING AND LONG-TERM CARE

Adrin Nazarian, Chair

SB 512 (Pan) – As Amended April 25, 2019

SENATE VOTE: 35-1

SUBJECT: Long-term services and supports.

SUMMARY: This bill establishes the California Long-Term Services and Supports (LTSS) Benefits Board (Board) and requires the Board to manage and invest revenue deposited in the California LTSS Benefits Trust Fund (Trust) for the purpose of financing LTSS for eligible individuals. Specifically, **this bill:**

- 1) Creates the LTSS Board and requires the board to manage and invest revenue in the LTSS Trust Fund.
- 2) Requires the LTSS Board to be composed of nine members, as follows:
 - a) The Treasurer, who shall serve as the chair.
 - b) The Secretary of the California Health and Human Services Agency, who shall serve as the vice chair.
 - c) The Director of Finance, or the director's designee.
 - d) The Controller, or the controller's designee.
 - e) An individual with expertise in the provision and financing of LTSS who shall be appointed by the Senate Committee on Rules.
 - f) An individual with expertise in the provision and financing of LTSS who shall be appointed by the Speaker of the Assembly.
 - g) One individual appointed by the Governor that is a person who is 60 years of age or older and who is a consumer of LTSS.
 - h) One individual appointed by the Governor who has lived with a disability and/or a chronic disability for a majority of their life and who is a consumer of LTSS.
 - i) One individual appointed by the Governor who serves as an unpaid family caregiver to an older adult or individual with a disability.
- 3) Creates the LTSS Trust Fund and requires moneys in the fund to be available, upon appropriation by the Legislature, to finance long-term services and support for eligible older adults and individuals with physical and mental disabilities in California.
- 4) Provides that after sufficient funds are deposited into the LTSS Trust Fund, all costs of administration shall be paid out of funds in the LTSS Trust.

- 5) Creates the LTSS Committee, until January 1, 2025, and requires the committee to consist of nine members that have experience in aging and disability services. The appointments shall be made as follows:
 - a) A provider of LTSS.
 - b) A consumer of publicly financed LTSS.
 - c) A representative of a labor union that is the designated representative of in-home supportive services providers.
 - d) An advocate for older adults.
 - e) An advocate for persons with physical and mental disabilities who rely upon LTSS.
 - f) A family caregiver.
 - g) Three members each shall be appointed by the Senate Committee on Rules, the Speaker of the Assembly, and the Governor.
- 6) Requires the LTSS Committee to provide ongoing advice and recommendations to the LTSS Board until January 1, 2025.

EXISTING LAW:

- 1) Establishes Medicare, a federal health insurance program for aged and disabled people.
- 2) Establishes the Medicaid program, under which health care services are provided to qualified, low-income persons.
- 3) Establishes the Medi-Cal program, which is California's Medicaid, to provide various health and long-term services to low-income women, parents and caretaker adults, children, elderly, people with disabilities and, under the Affordable Care Act, adults without children or who are not pregnant between the ages of 19 and 65.
- 4) Establishes the In-Home Supportive Services (IHSS) program to provide supportive services for aged, blind, or disabled persons who are unable to perform the tasks themselves and who cannot safely remain in their homes unless such services are provided. Those supportive services include, but are not limited to, domestic services, heavy cleaning, personal care services, and accompaniment during travel to health-related appointments or to alternative resource sites, yard hazard abatement, protective supervision, and paramedical services, as defined.
- 5) Provides for the licensure of health facilities, including skilled nursing facilities (SNFs), by the Department of Public Health and defines "SNF" as a health facility that provides skilled nursing care and supportive care to patients whose primary need is for availability of skilled nursing care on an extended basis.

FISCAL EFFECT: According to the Senate Appropriations Committee:

- Staff support for the LTSS Board would require costs in the hundreds of thousands of dollars, likely to the State Treasurer, who would serve as a chair of the Board. (GF)
- Staff support for the LTSS Advisory Committee would require costs in the hundreds of thousands of dollars, likely to the California Health and Human Services Agency. (GF)
- Potentially significant cost pressure to implement any recommendations that the Committee develops. (GF)

COMMENTS:

According to the author “This bill creates the framework and roadmap for a new program that would provide older Californians and Californians living with a disability with access to long-term services and supports. These are things like help in the home with day-to-day tasks and health maintenance, and help provided in assisted living and other supportive housing settings.”

California’s Aging Demographics. In California, the senior population is projected to increase by 4 million in the next 10 years. In 40 years, California’s Department of Finance projects California’s senior population will grow to approximately 13.5 million. Causes of the projected rapid growth of senior population include aging baby boomers and increasing longevity, in general. With longevity comes increased need for care. This indicates higher number of individuals with chronic conditions associated with aging and increasing cost of LTSS.

Long Term Services and Supports (LTSS). LTSS are the services and supports used by individuals of all ages with functional limitations and chronic illnesses who need assistance to perform routine activities of daily living such as bathing, dressing, preparing meals, and administering medications. LTSS include the wide array of medical and non-medical services provided to people of all ages with impaired mobility, impaired cognitive function, physical or mental disabilities, complex medical needs or chronic disease. Individuals may need these services on a regular or occasional basis, for a few months or a lifetime.

LTSS include personal care services, assistance with health maintenance, assistance with activities of daily living such as bathing, dressing, toileting, and cooking, adult day services, transportation, social services, in-home support care, assisted living, assistive technology, nutrition assistance, person-centered care coordination, and nursing facility services.

Caregivers provide services and supports to help individuals with activities of daily living - such as eating, bathing, and dressing - or other activities such as housekeeping or managing medications that help people live independently, while licensed health professionals provide more complex medical care.

LTSS can be home based care, which includes personal care aides, home health aides, and caregivers or in community based settings, which include assisted living facilities, adult day care, respite care, senior centers and meal programs. Additionally, LTSS may occur as facility based care provided in nursing homes, intermediate care facilities, and other 24-hour care settings.

Approximately 20 percent of the people who need LTSS live in an institutional setting. The remaining 80 percent living in the community primarily reside in private homes and residential care facilities for the elderly. For those living at home, most receive assistance from unpaid

family and friends, referred to as informal caregivers, some pay for assistance, and low-income households may qualify for Medicaid (Medi-Cal in California) services via the IHSS program.

Paying for LTSS. There are options for paying for LTSS: one can purchase long-term care (LTC) insurance, pay out of pocket or qualify for Medicaid (Medi-Cal in California) or Medicare.

It appears that private pay LTC insurance has not met its promise of an affordable option to help meet LTSS needs. Such policies require an annual premium in return for financial assistance if/when policy holders need help with activities of daily living or nursing home care as they age. These policies can be cost prohibitive and recent reports indicate that the cost will increase over time. Additionally, insurance companies are dropping LTC coverage from their menu of optional coverage. According to the American Association of Retired Persons (AARP), more than 100 insurers sold such policies in the 1990s and fewer than 15 were offering LTC policies in 2018. Few Californians have private LTC insurance. According to AARP, despite the need to cover these costs, only about 800,000 private LTC insurance policies are in effect in California. Because of the low take-up rates, the overwhelming majority of private pay LTSS is paid for out of pocket rather than by insurance.

The out of pocket expense to provide LTSS for older adults is often unaffordable for seniors on a fixed income. As the level of care increases, so does the cost. Paid in-home care costs about \$26 per hour, which means 20 hours of weekly care would cost about \$2,250 per month. The average cost of assisted living in California in 2018 was \$4,070 per month. However, that price ranges from \$1,020 to \$10,720, depending on the geographic region. According to the Public Policy Institute, nursing home care in 2014 averaged \$7,500 a month for a semi-private room and \$8,666 a month for a private room. Adult day services for 5 days a week cost about \$20,000 per year.

Government healthcare programs that cover LTSS include Medicaid (Medi-Cal in California) and Medicare. Medi-Cal is available for individuals who meet income eligibility. Medicare is available for those who meet age requirements. However, neither program adequately covers LTSS (even for people who are eligible for both). Medicare only pays for short-term rehabilitative care. Medi-Cal pays for personal care and supportive services, but income and asset limits can force older adults to spend down their savings or sell their homes in order to qualify for help through Medi-Cal. This scenario forces people into poverty in their later years in order to access the care they need.

Of the \$192 billion spent on formal LTSS in 2011, about two-thirds was paid by Medicare and Medi-Cal. The remainder was paid out-of-pocket by consumers or by private insurance. More than half of LTSS are provided as informal care. The Congressional Budget Office estimates that the value of informal care provided in 2011 was approximately \$234 billion.

REGISTERED SUPPORT / OPPOSITION:

Support

Disability Rights California – Sponsor

United Domestic Workers UDW/AFSCME Local 3930 – Co-Sponsor

AARP

American Federation of State, County and Municipal Employees (AFSCME), AFL-CIO
The Arc and United Cerebral Palsy California Collaboration
California Assisted Living Association (CALA)
California Association for Adult Day Services (CAADS)
California Association for Health Services at Home (CAHSAH)
California Long-Term Care Ombudsman Association (CLTCOA)
CalPACE
Congress of California Seniors
LeadingAge
State Independent Living Council (SILC)

Opposition

None on file.

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