

September 7, 2016

Edmund G. Brown Jr., Governor State of California
State Capitol, Suite 1173
Sacramento, CA 95814

RE: SB 1384 (Liu) - SIGN

Dear Governor Brown:

The Senior Services Coalition of Alameda County is writing to express our strong support for SB 1384, which is step towards a solution to our inadequate, broken system of financing long-term services and supports.

We believe, along with virtually all who have examined this issue, that the solution is a mix of public and private initiatives. Just like in health care, for example, people with pre-existing conditions are not going to be served in a voluntary, private market. We do believe that private long-term care insurance can play an important role, one that is bigger than exists today. Its role will always be limited, but we believe its potential is far from realized.

Long-term care insurance can be a useful financial planning tool for middle-income individuals and families to protect against the catastrophic costs when a person needs substantial services for a lengthy period of time. The people who may find this an attractive product are those who do not have sufficient assets to self-insure this risk, but have assets that they want to protect rather than be required to deplete in order to qualify for what is offered under Medi-Cal.

The long term care insurance market, however, is clearly broken. The miscalculation of risk and investment return assumptions, the resulting price increases, the abandonment of the market by most insurers, and the resulting bad publicity has created a terrible public perception of this product. It is going to take a major effort to revive this market and have it accepted by the public as a viable financial planning tool.

We believe that SB 1384 (Liu) is a necessary first step in fixing the long-term care insurance market in California. It appropriately focuses on policies issued under the auspices of the existing California Long-Term Care Partnership program, since it targets the segment of the population most likely to buy long term care insurance and offers the only policy providing Medicaid asset protection.

We understand the issues are difficult and complex. We have no illusions that there is a quick fix. However, we do believe that it is important to start a deliberative, inclusive process that has a realistic chance of eventually bearing fruit. The partnership program is in serious danger of effectively disappearing if nothing is done.

Senior Services Coalition

of Alameda County

Importantly, SB 1384 (Liu) creates an inclusive process for all stakeholders to be involved in assessing options for creating viable long term care insurance products that will be useful to consumers. In a very real sense, it recreates the process that was used to initially fashion the California Long-Term Care Partnership Program. We feel strongly that workable solutions will require buy-in from all stakeholders.

Sincerely,



Jordan Lindsey, State Policy Director