

The Facts About Potential California Long-Term Care Legislation

September 5, 2023

Quick Facts

- State-managed Long-Term Care (LTC) programs are a focus of many state legislatures, including California.
- California released the results of a Long-Term Care Task Force feasibility study in December 2022 and intends to release an actuarial study in January 2024.
- While no legislation has been introduced in California yet, employers and employees should be aware of its potential.
- Considering LTC as a voluntary benefit for employees can be an important value-add for employer-sponsored benefit packages.

Important Update

On August 23, 2023, the California Department of Insurance (CA DOI) released a statement confirming that as of the present time, the state has not implemented a new payroll tax to fund a state-mandated Long-Term Care program. Additionally, the CA DOI warns consumers that communications from third parties about the necessity to purchase an individual Long-Term Care policy in the immediate future, to avoid a payroll tax due to new requirements is both false and misleading.

EPIC is taking great care to help you navigate this topic in three distinct ways:

1) The Human Perspective

Planning for LTC needs is an important component of a sound financial plan.

2) The Employer Perspective

Considering a voluntary benefits offering of LTC Insurance is a relevant benefit decision for the following reasons:

- Many organizations have adopted a people-first culture and end-stage care is a significant concern that employees are facing for themselves and often for their parents.
- Employer-sponsored Long-Term Care Insurance can be issued without the employee being subject to underwriting, which might preclude individuals with adverse health history from obtaining coverage.
- Employer-sponsored Long-Term Care Insurance is often less expensive than individually obtained coverage and is generally portable in the event of a change in employment.
- Employer-funded Long-Term Care Insurance is a low-cost, highly valued incentive that can be a differentiator in attracting and retaining valued employees.

3) The Legislative Perspective

While relatively low in cost, whether funded by the employer or employee, Long-Term Care Insurance **may** help employees and their families avoid a potential new payroll tax and improve their coverage for LTC needs as compared with state-provided benefits. California has established an **LTC Task Force** to investigate options for designing and implementing a public LTC option. At this juncture, the task force has completed its **feasibility study** and has a January 1, 2024, due date for actuarial study completion. Legislation has yet to be introduced. We expect that we will see a bill introduced at some point in the future. If the state decides to move forward with a public option and if that legislation mirrors other state legislation, it will require a payroll tax and limited exemptions for opting out; however actual details remain to be determined. No action is required by California employers at this time.

It is imperative to note that while we provide updates on how legislative activity around Long-Term Care has transpired in each state as we are aware, in no way does that mean that legislation has passed, nor do we know if, how, or when that will happen.

Summary

EPIC is following developments with the CA LTC Task Force and any potential legislation. We recommend that you take the time to get educated about this sensitive topic, by reaching out to your EPIC account team and accessing the many resources we have made available. You can also view our recent webinar on this hot topic:

BENEFITS CURVE: INSIGHTS TO ACTION WEBINAR | AUGUST 17, 2023

Long-Term Care: Strategies & Legislation Employers Need to Know

Key Highlights:

- Baseline knowledge of LTC offerings including group worksite and individual products
- State LTC legislation initiatives and the potential implications for you and your employees
- The advantages of having personal coverage even if your state mandates benefits
- Enrollment and education tips to engage employees in making an active, educated decision

[Webinar Recording](#) | [Webinar Deck](#) | [Bonus Materials](#)

EPIC Employee Benefits Compliance Services

For further information on this or any other topic, please contact your EPIC benefits consulting team.

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