

LTSS Trust Commission

Meeting Minutes			
Meeting Date	9/30/2020	Time	1:00 to 4:00

Attendees			
Commission Members			
✓	Senator Karen Keiser	✓	Representative Paul Harris
✓	Representative Frank Chopp	✓	Representative Nicole Macri
✓	Senator Curtis King	✓	Representative Drew MacEwen
✓	ESD Commissioner Suzi Levine	✓	Taylor Linke Director, Division of Medicaid Eligibility & Community Support, HCA
✓	TBD, Individual receiving Long-Term Services and Supports	✓	Ruth Egger, Individual receiving Long-Term Services and Supports Designee
✓	Sarai Childs, Representative of an organization of employers whose members collect the premium	✓	John Ficker, Adult Family Home Providers Representative
✓	Peter Nazzal, Home Care Association Representative	✓	Michael Tucker, Representative of an organization representing retired persons
✓		✓	Senator Judy Warnick
✓		✓	Senator Steve Conway
✓		✓	Bill Moss (Chair) Assistant Secretary, AL TSA, DSHS
✓		✓	Madeline Foutch, Representative of a union representing LTC workers
✓		✓	Andrew Nicholas, Worker who will likely be paying the premium
✓		✓	Dan Murphy, Area Agencies on Aging Representative
✓		✓	Lauri St. Ours, Representative of an association representing SNF/ALF providers
Guest Speakers			
✓	Matt Smith State Actuary	✓	Ben Veghte Director, LTSS Trust, AL TSA
✓	Annie Gunnlaugsson Milliman	✓	Andrea Meewes Sanchez Program Manager, LTSS Trust, AL TSA
✓		✓	Chris Giese Milliman

Topic	Minutes
Introductions	Meeting attendees indicated above.
Consent Agenda <ul style="list-style-type: none"> • Minutes from 8/4/2020 • Temporary chair for Investment Strategy Subcommittee 	<ul style="list-style-type: none"> • There was a motion to approve the minutes from the August 4th meeting. The move was seconded. A voice vote was taken and the motion was passed. • There was a motion to take nominations for the chair of the Investment Strategy Subcommittee until 11/12 and have Bill chair the first meeting on 11/12. The move was seconded. A voice vote was taken and the motion was passed.



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Topic	Minutes
Unfinished Business <ul style="list-style-type: none"> • Charter • Bylaws • Foundational Principles 	<ul style="list-style-type: none"> • There was a motion to approve the LTSS Trust Commission Charter. The motion was seconded. A voice vote was taken and the motion was passed. • There was a motion to approve the LTSS Trust Commission Bylaws. The motion was seconded. A voice vote was taken and the motion was passed. • There was a motion to approve the LTSS Trust Foundational Principles. The motion was seconded. A voice vote was taken and the motion was passed.
New Business <ul style="list-style-type: none"> • Considerations for projected program costs and premium rates 	<ul style="list-style-type: none"> • Matt Smith, the State Actuary, explained what the actuarial analysis being done by Milliman represents and what it does not represent. He also shared things for the Commission to consider for premium rate setting. • Milliman’s final actuarial report will be completed in early October. It will include some additional modeling of alternative program features and some risk management considerations.
New Business <ul style="list-style-type: none"> • Requirements to be a qualified individual 	<ul style="list-style-type: none"> • Chris Giese from Milliman shared estimates from two alternative pathways to qualified individual status, in addition to the baseline assumption (3 out of the last 6 years), and their impact on the premium required to cover projected benefit costs: <ul style="list-style-type: none"> ○ Qualified individual status is achieved after contributing premiums for 3 out of <u>any</u> 6 year period ○ Qualified individual status is achieved after contributing premiums for 3 out of <u>any</u> 6 year period but only for those born before 1960 • Andy Nicholas shared information from the workgroup that was convened to discuss requirements to be a qualified individual, and shared their recommended approach, which is identical to that assumed in Milliman’s baseline modeling: <ul style="list-style-type: none"> ○ Use the date of application as the time the qualified individual test is applied to determine if an individual has contributed three of the last six years. <i>Note: ESD and DSHS believe this is something that can be addressed through WAC and may not require a legislative change to the RCW.</i> • Andy also shared that the workgroup acknowledged that there is still an issue for people near retirement now and they may be left out of this program despite having paid in for a few years. The workgroup encouraged the Commission to look into this further in 2021. • The Commission will make a final decision on the qualified individual recommendation at the October 20 Commission meeting.



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Topic	Minutes
<p>New Business</p> <ul style="list-style-type: none">• Coverage for individuals who become disabled before the age of 18	<ul style="list-style-type: none">• Chris Giese from Milliman shared two alternatives tested, in addition to the baseline, and their impact on the premium rate.<ul style="list-style-type: none">○ No minimum age for disability○ Premium refund for a developmentally disabled dependent• Ruth Egger shared information from the workgroup convened to discuss coverage for individuals who became disabled before the age of 18, and shared their recommended approach:<ul style="list-style-type: none">○ Remove the requirement to exclude all individuals disabled prior to age 18• The Commission will make a final decision on the recommendation at the October 20 Commission meeting.• Bill Moss asked for Milliman’s assumptions on what was used to cost model this. ACTION ITEM: Chris Giese will share more details and background on this.

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New Business

- **Responses to Commission questions on Actuarial Analysis Part 1**

Chris Giese from Milliman responded to questions from the 8/4 Commission meeting regarding:

- Opt-out/Opt-in benchmarks, assumptions used and some ways to discourage non-participation and adverse selection.
 - Private LTC Insurance Opt-Out:
 - Senator Keiser shared the purpose/intent was to protect people who had LTC insurance prior to enactment. She suggested checking with the insurance commissioner to see how many have LTC insurance to get an idea of how many could opt out.
 - Senator Conway shared that LTC plans don't always cover all of the costs. The LTSS Trust could be considered an additional benefit to what they already have and impacts whether they choose to opt-out.
 - Chris Giese shared that there is a lot of uncertainty under current statute's prospective opt-out as to how many people will choose to opt-out.
 - Self-Employed Opt-In:
 - Here too there is uncertainty as to how the self-employed will opt-in and opt-out of the program.
 - Commissioner LeVine recommended defining what can fit within the existing timeline versus what needs to be pushed out and what is the operational load that each consideration has. Have found that there are hundreds of thousands of self-employed in Washington. Recommend having self-employed on workgroup.
 - A workgroup was formed to develop mitigation strategies for risks to program solvency and consumer protection entailed in non-participation and adverse selection stemming from private long-term care insurance opt-out, and self-employed opt-in and opt-out. Commission staff and ESD staff will support the workgroup. In addition to Commission members there was a recommendation to include a cross section of self-employed individuals on the workgroup. **ACTION ITEM:** Commission members interested in being on the workgroup should email Ben Veghte at benjamin.veghte@dshs.wa.gov
- Elimination periods
 - Milliman shared estimates showing that the cost of the program will go up significantly if there is a 0-day elimination period, compared to the baseline assumption of 45 days.
 - Dan Murphy shared notes from the 2018 stakeholder group on why a shorter elimination period was preferred. There was a concern that people already wait too long to ask for help and exhaust their resources before asking for help. A concern of the group was to try to set an elimination period that gets care to people who need it earlier and most protects Medicaid dollars.
 - There was a recommendation to form a workgroup after the 2021 legislative session to look into elimination periods.
 - Medicare does not pay for home and community based services which is the intent of the LTSS Trust benefit.



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Topic	Minutes
	<ul style="list-style-type: none"> • Return rates for the equity market vs. the treasury market and % of contributions vs. investment income over 75 years <ul style="list-style-type: none"> ○ Chris shared investment rates of return if Senate Joint Resolution 8212 fails in November and if it passes. He also shared the percentage of revenue from investment income based on whether or not the resolution fails or passes.
New Business <ul style="list-style-type: none"> • Review draft Actuarial Analysis Part 2 	<ul style="list-style-type: none"> • Chris Giese shared analysis on portability and divesting alternatives. <ul style="list-style-type: none"> ○ Commissioner LeVine suggested, from a portability standpoint, looking at possibly developing agreements with other states until there is a national program. ○ Senator Conway requested would like to see: <ul style="list-style-type: none"> ▪ Something that more clearly shows the prediction on revenue and expenditures; and ▪ What assumptions are being used on rate of return if investing in something other than bonds. ▪ Chris confirmed that the final report will have yearly cash flows and details on investment earnings. • Milliman next steps: <ul style="list-style-type: none"> ○ The final actuarial report will be delivered to OSA and DSHS in early October ○ Perform additional analysis as requested to inform program parameter choices <ul style="list-style-type: none"> ▪ New alternatives ▪ Combined impact of alternatives from the actuarial report • Support discussions on: <ul style="list-style-type: none"> ○ Margin or “Cushion”, potentially including additional sensitivity/scenario testing ○ Framework and experience monitoring system for ongoing evaluation of program’s financial soundness ○ Investment strategy and related possible returns over different time horizons
New Business Part Three <ul style="list-style-type: none"> • Actuarial report of the projected solvency and financial status of the program 	Matt Smith, the State Actuary, provided an overview of the draft outline of the report. No input was received during the meeting. ACTION ITEM: Commission members can send feedback to Matt after the meeting. OSA will share a full draft report at the October 20 th meeting.
New Business <ul style="list-style-type: none"> • Draft Administrative Expenses Report, due 11/15/2020 	No questions from the Commission on the draft report. Sarai Childs volunteered to submit the report on behalf of the Commission. Commission staff will provide support.



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New Business <ul style="list-style-type: none"> Tribal participation in the LTSS Trust 	<ul style="list-style-type: none"> A recommendation was made to create a workgroup on Tribal participation in the LTSS Trust that includes agency representatives, a policy analyst from the Governor’s office and 3 or 4 Tribal representatives who generally represent Tribal concerns, like the American Indian Health Commission. There might be an opportunity to do a joint effort on Tribal participation in PFML and the LTSS Trust. A motion was made to create a workgroup on Tribal participation in the LTSS Trust. The move was seconded. A voice vote was taken and the motion was passed.
Public Comment	One comment was received from Stephen Forman: <ul style="list-style-type: none"> The Commission has referenced the stakeholder community several times, but I'm not seeing any private insurance industry representation, why is that? It's a \$300M/yr market that is being broadly remade by the Commission's decisions. The decisions have the potential to discourage responsible planning by those who have the means to do so, thereby protecting Medicaid, which is a point of the Trust Act. In February we proposed a number of blind spots and loopholes in the Act before the Legislature-- including the lack of stakeholder representation-- and the fact that these remain speaks to the fact that this institutional expertise is needed. Thank you for listening, and for your hard work!
Set Agenda for October meeting	The Commission reviewed the proposed agenda for the meeting on October 20 th . Bill invited suggestions for additional topics. No additional agenda items were provided.
Wrap-up <ul style="list-style-type: none"> Action items review What do you need for your work? 	<ul style="list-style-type: none"> Action items are captured in the table below. Meeting adjourned at 3:46.

Action Items

ID	Meeting Date	Action Item	Owner	Due Date	Comments/Updates	Status	Completion Date
18	09/30/20	Provide assumptions on what was used to cost model coverage for individuals who become disabled before the age of 18	Chris Giese	10/31/20	2020-09-30: During the discussion of the alternatives explored for providing coverage for individuals who become disabled before the age of 18, Milliman was asked to provide the assumptions used in the cost model.	New	



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ID	Meeting Date	Action Item	Owner	Due Date	Comments/Updates	Status	Completion Date
19	09/30/20	Participants for the workgroup to look at the challenges of non-participation and adverse selection	Commission Members	10/16/20	2020-09-30: There was a proposal to form a workgroup to look at the challenges of non-participation and adverse selection stemming from private long-term care insurance opt-out, and self-employed opt-in and opt-out. In addition to Commission members there was a recommendation to include a cross section of self-employed individuals on the workgroup. Commission members interested in being on the workgroup should send an email to Ben Veghte at benjamin.veghte@dshs.wa.gov .	New	
20	09/30/20	Provide feedback on the proposed OSA report outline	Commission Members	10/16/20	2020-09-30: Matt Smith provided an overview of the draft outline of the actuarial report of the projected solvency and financial status of the program. If Commission members have feedback on the outline, please send it to Matt at matt.smith@leg.wa.gov .	New	

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