

Presentation #23.C

AB 567 CLARIFICATIONS

Program effective date and other clarifications

November 2023

A business of Marsh McLennan

AB 567 CLARIFICATIONS (1 OF 2)

We've received several reports of misleading communications by agents and insurers regarding a deadline to purchase private insurance



Task Force mandate

- The Legislature established the AB 567 Task Force to recommend options for designing and implementing a public long-term care (“LTC”) insurance program in California



Legislative next steps

- Following its receipt of the Actuarial Report, the Legislature may or may not choose to proceed with legislation to establish a public LTC program
- If the Legislature does proceed with such legislation, it may choose to adopt some, all, or none of the Task Force’s recommendations
 - A legislator must author a bill. The bill could specify program details or delegate design of the program to a state agency.
 - The bill would then be assigned to a policy committee, where it may be amended. It would also likely be assigned to a fiscal committee to assess the bill's fiscal impact.
 - If a bill passes in its house of origin (Assembly or Senate), it goes through the committee process again in the second house.
 - If the bill is amended in the second house, the house of origin may concur with the amendments or send the bill back to committee.
 - The Governor has 12 days to sign, approve without signing, or veto a bill.
- As of right now, the Legislature has not made any decisions about a public LTC program, no payroll tax is being implemented, and there is no current “opt-out” date

Additional information on frequently asked questions is available here: <https://www.insurance.ca.gov/0500-about-us/03-appointments/upload/AB567FeasibilityReportFAQs01032023.pdf>

AB 567 CLARIFICATIONS (2 OF 2)

We've received several reports of misleading communications by agents and insurers regarding a deadline to purchase private insurance



Producer communications and marketing

- Any agent or insurer communication stating that a public LTC program will be (or is likely to be) enacted on January 1, 2024, or on any other specific date is factually untrue
 - Agent or insurer communications can:
 - Explain that the Task Force has recommended options for the design of a public LTC program
 - Discuss the implications of a potential tax and/or opt-out for a consumer
 - Agent or insurer communications should be clear that:
 - There is no program, tax, or deadline being implemented at this time
 - The Legislature would need to take action before a program or tax could be implemented
 - All details and deadlines are up to the Legislature or a designated state agency
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