CalPERS
Long-Term Care Program Update - PHBC
Agenda

• Long-Term Care Program Update
• Operations Key Performance Indicators
  – Benefit Eligibility Decisions
  – Claims Payments
  – Policy Owners Services
• Claims Management and Recovery
• 2012 Rate Increase Update
• Innovations Update
  – Univita Sponsored Research
### Long-Term Care Program Update

**Fiscal Year Ending June 30, 2012**

#### Program Statistics
- 150,333 active program members
- Over $355 million in annual premium
- $2,167 average annualized premium
- Invested asset value of $3.6 billion

#### Claim and Care Management
- 5,350 members in active claim
- 84,700+ volume of claim payments annually
- $168+ million paid in member benefits annually
- $1+ billion paid in member benefits*
- 95% of claims paid in 10 days

* Since program inception
### Summary of Plans

<table>
<thead>
<tr>
<th>Plan</th>
<th>Period</th>
<th>Options</th>
</tr>
</thead>
</table>
| LTC 1 | 1995 - 2002 | - Comprehensive or Facilities Only  
|       |            |   - Unlimited or 3 Year  
|       |            |   - Partnership  
|       |            |   - 1 or 2 Year |
| LTC 2 | 2003 - 2004 | - Comprehensive or Facilities Only  
|       |            |   - Unlimited or 3 Year  
|       |            |   - Partnership  
|       |            |   - 1 or 2 Year |
| LTC 3 | 2005 - 2008 | - Comprehensive or Facilities Only  
|       |            |   - Unlimited, 6 Year or 3 Year  
|       |            |   - Partnership  
|       |            |   - 1 or 2 Year |
Operations Key Performance Indicators

- Benefit Eligibility Decisions
- Members in Active Claim Status and Claims Processed
- Claim Payments
- Policy Owner Services
  - Terminations
    - Non-payment Terminations
    - Voluntary Terminations
    - Exhausted Benefits Terminations
Benefit Eligibility Decisions continue a slight upward trend
Members in Active Claim Status and Claims Processed
Fiscal Year Ending June 30, 2012

Paid 6,574 7,021 7,159 6,799 6,645 6,834 7,814 7,652 7,150 6,988 6,685 7,400
Non-Paid 1,975 2,178 2,125 2,102 1,972 1,987 2,108 2,556 2,278 2,141 1,881 2,186
Total 8,549 9,199 9,284 8,901 8,617 8,821 9,922 10,208 9,428 9,129 8,566 9,586
Active Claimants 5,149 5,232 5,250 5,245 5,243 5,298 5,297 5,340 5,330 5,317 5,350
Monthly Claim Payments show variability in requests for payment

Total Claims Paid FY 2011/2012: $170,750,689 and Average Paid Claim $2,015
**Terminations**

Fiscal Year Ending June 30, 2012

- **2,774 Death**
- **1,046 Non-Payment**
- **877 Voluntary**
- **170 Exhausted Benefits**

**4,867 Total Terminations**

Member deaths (57%) is the leading reason for termination

Note: Exhausted Benefits was rounded up while Voluntary was rounded down to total 100%
Non-Payment Terminations
Fiscal Year Ending June 30, 2012

1,046 Non-Payment Terminations totaling $2,024,827 in annual premium

LTC1* plans represent 80% by number of members and 78% by premium

Terminated members by plan type

<table>
<thead>
<tr>
<th>Plan</th>
<th>Members</th>
<th>Annual Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTC1</td>
<td>837</td>
<td>$1,577,531</td>
</tr>
<tr>
<td>LTC2</td>
<td>109</td>
<td>$245,014</td>
</tr>
<tr>
<td>LTC3</td>
<td>100</td>
<td>$202,282</td>
</tr>
</tbody>
</table>

* LTC1 is the original plan series offered from 1995 – 2002.

BIO is the Benefit Increase Option offered as an alternative to inflation protection.
Voluntary Terminations
Fiscal Year Ending June 30, 2012

877 Voluntary Terminations totaling $1,898,395 in annual premium

LTC1* plans represent 81% by number of members and 78% by premium

Terminated members by plan type

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Members</th>
<th>Annual Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTC1</td>
<td>707</td>
<td>$1,485,935</td>
</tr>
<tr>
<td>LTC2</td>
<td>71</td>
<td>$177,518</td>
</tr>
<tr>
<td>LTC3</td>
<td>99</td>
<td>$234,942</td>
</tr>
</tbody>
</table>

* LTC1 is the original plan series offered from 1995 – 2002.
Exhausted Benefits
Fiscal Year Ending June 30, 2012

170 Exhausted Benefits Terminations totaling $326,821 in annual premium
LTC1* plans represent 99% by number of members and premium

Terminated members by plan type

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Members</th>
<th>Annual Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTC1</td>
<td>169</td>
<td>$324,772</td>
</tr>
<tr>
<td>LTC2</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>LTC3</td>
<td>1</td>
<td>$2,049</td>
</tr>
</tbody>
</table>

* LTC1 is the original plan series offered from 1995 – 2002.
CalPERS Long-Term Care provides substantial value to its members

Since program inception over 15,000 members have received long term care benefits

CalPERS Long-Term Care claimants disabling diagnosis

- Top 5 diagnoses include dementia, cancer, stroke, fractures, Parkinson's
- 11% cognitive impairment;
- 67% 2+ Activities of Daily Living deficits;
- 22% combined cognitive impairment and 2+ Activities of Daily Living deficits
CalPERS Long-Term Care claimants live at home and in the community

- 51% in homecare
- 32% in Assisted Living Facility
- Less than 17% in nursing home

Average claim duration is 3.2 years

- 29% recover
- 67% expire
- 4% exhaust benefits
Recovery from Claim

Recovery Continues Throughout the Life of a Claim
Almost 30% of closed claimants have recovered
- 58% before benefit payments are made
- 42% after benefit payments have begun

Claim Approved  Claim Paid  28% Remain in Claim

58% Recover before Benefits Paid

42% Recover after Payment Begins
## Clinical Profile of Claims

### Pure Dementia is the Leading Disabling Condition for Paid Claims

<table>
<thead>
<tr>
<th>Disabling Condition</th>
<th>% of Total Approved Claims</th>
<th>% of Total Paid Claims</th>
<th>Total Paid Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pure Dementia</td>
<td>31%</td>
<td>31%</td>
<td>$297,241,961</td>
</tr>
<tr>
<td>Stroke</td>
<td>13%</td>
<td>13%</td>
<td>$126,832,831</td>
</tr>
<tr>
<td>Fractures/Injuries</td>
<td>9%</td>
<td>6%</td>
<td>$60,361,987</td>
</tr>
<tr>
<td>Parkinson’s Disease</td>
<td>8%</td>
<td>6%</td>
<td>$54,682,200</td>
</tr>
<tr>
<td>Arthritis, Rheumatic Disease</td>
<td>7%</td>
<td>5%</td>
<td>$48,899,817</td>
</tr>
<tr>
<td>Cancer</td>
<td>18%</td>
<td>4%</td>
<td>$34,126,791</td>
</tr>
<tr>
<td>Cardiomyopathy, CHF</td>
<td>4%</td>
<td>3%</td>
<td>$26,342,978</td>
</tr>
<tr>
<td>Disorders of the Spine</td>
<td>3%</td>
<td>3%</td>
<td>$26,194,681</td>
</tr>
<tr>
<td>Respiratory Diseases</td>
<td>5%</td>
<td>2%</td>
<td>$23,447,023</td>
</tr>
<tr>
<td>Dementia - falls, fractures or injury</td>
<td>2%</td>
<td>2%</td>
<td>$22,934,826</td>
</tr>
</tbody>
</table>

This does not represent all claims
### Profile of Those Who Recover

#### Women Claimants Lead in Recovery

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Recovered Claimants</td>
<td></td>
<td>4,208</td>
</tr>
<tr>
<td>Female</td>
<td>68%</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>Average Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At Claim</td>
<td>75.7</td>
<td></td>
</tr>
<tr>
<td>At Recovery</td>
<td>76.5</td>
<td></td>
</tr>
<tr>
<td>Age at Recovery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age 65 and under</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Age 66 and older</td>
<td>88%</td>
<td></td>
</tr>
<tr>
<td>Age 85+ years at recovery</td>
<td>19%</td>
<td></td>
</tr>
</tbody>
</table>
Clinical Profile of Those Who Recover

**Claimants with Fractures and Injuries have the Highest Recovery Rate**

<table>
<thead>
<tr>
<th>Disabling Condition</th>
<th>% of all Recoveries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fractures and Injuries</td>
<td>17%</td>
</tr>
<tr>
<td>Stroke</td>
<td>11%</td>
</tr>
<tr>
<td>Cancer</td>
<td>10%</td>
</tr>
<tr>
<td>Pure Dementia</td>
<td>9%</td>
</tr>
<tr>
<td>Arthritis, Rheumatic Disease</td>
<td>6%</td>
</tr>
<tr>
<td>Disorders of the Spine</td>
<td>5%</td>
</tr>
<tr>
<td>Respiratory Disease</td>
<td>4%</td>
</tr>
<tr>
<td>Cardiomyopathy, CHF</td>
<td>3%</td>
</tr>
<tr>
<td>Parkinson’s Disease</td>
<td>3%</td>
</tr>
<tr>
<td>Orthopedic Complications</td>
<td>2%</td>
</tr>
</tbody>
</table>
Average Time on Claim

Average Time on Claim Until Recovery: 9 Months
Average Time on Claim Until Death: 17.7 Months
Care Setting at Time of Recovery

- Home with Independent Provider: 45%
- Assisted Living: 20%
- Home with Agency Care: 20%
- Nursing Home: 15%
• 67,005 notification letters mailed in May 2012 to applicable LTC1 members with comprehensive, lifetime with inflation protection

• Members provided 3 options:
  – Decrease total coverage amount and reduce current premium
  – Decrease benefits and keep current premium
  – Accept premium increase with no change to benefits
• 2,327 of members receiving the 2012 rate increase notification opted to decrease their coverage:
  – 1,442 decreased from lifetime to 6-year with inflation
  – 438 decreased from lifetime to 3-year with inflation
  – 447 decreased daily benefit amount

• 885 members elected to terminate their coverage

• 63,793 members accepted the ongoing 5 percent increase
Study Design

The CalPERS Outcomes Study was undertaken by Univita in an effort to determine if the availability of paid long-term care services at the end of life has a positive impact on healthcare utilization and cost of care as compared to those without long-term care services paid for by a long-term care insurance program.

Analytic Work to Date

- Study participants were drawn from CalPERS Healthcare Claims Data Warehouse from 2005 through 2011 and LTCP claims data was drawn from Univita’s claims data for the same CalPERS LTCP members.
- High frequency diagnoses were selected by Univita’s clinical staff to be the focus of this study.
- The last year of life was selected as the incident event and the focus of the utilization study.
- The first analytic step was to identify CalPERS LTCP members using LTC benefits during their last year of life.
- Then to identify those individuals’ healthcare claims experience in the CalPERS Data Warehouse data set.
Analytic Work to Date (cont.)

- These individuals were assigned to the treatment group and their LTCP claims data were then successfully merged with their healthcare claims experience.
- Preliminary comparative analyses of the treatment, those who purchased and used CalPERS LTCP during their last year of life, and the comparison group, those who did not purchase CalPERS LTCP insurance, were developed.
- A preliminary analysis was undertaken to determine whether patterns of utilization and costs differ between the two groups.
- Starting with medical costs, pharmacy costs, and the count of inpatient hospital admissions in the 12 months prior to death, we found that without adjusting for any factors, the cost outcomes were higher in the treatment group than the comparison.
- The treatment group members incurred less healthcare expenditures than the comparison group after adjusting for their age, sex, frailty, and other clinical characteristics.

Next Steps

Analytic work continues to refine both the comparison group and outcome measures. Once the final comparison group has been selected and differences in disease burden and frailty better matched between the treatment and comparison groups, a number of additional comparisons will be made.