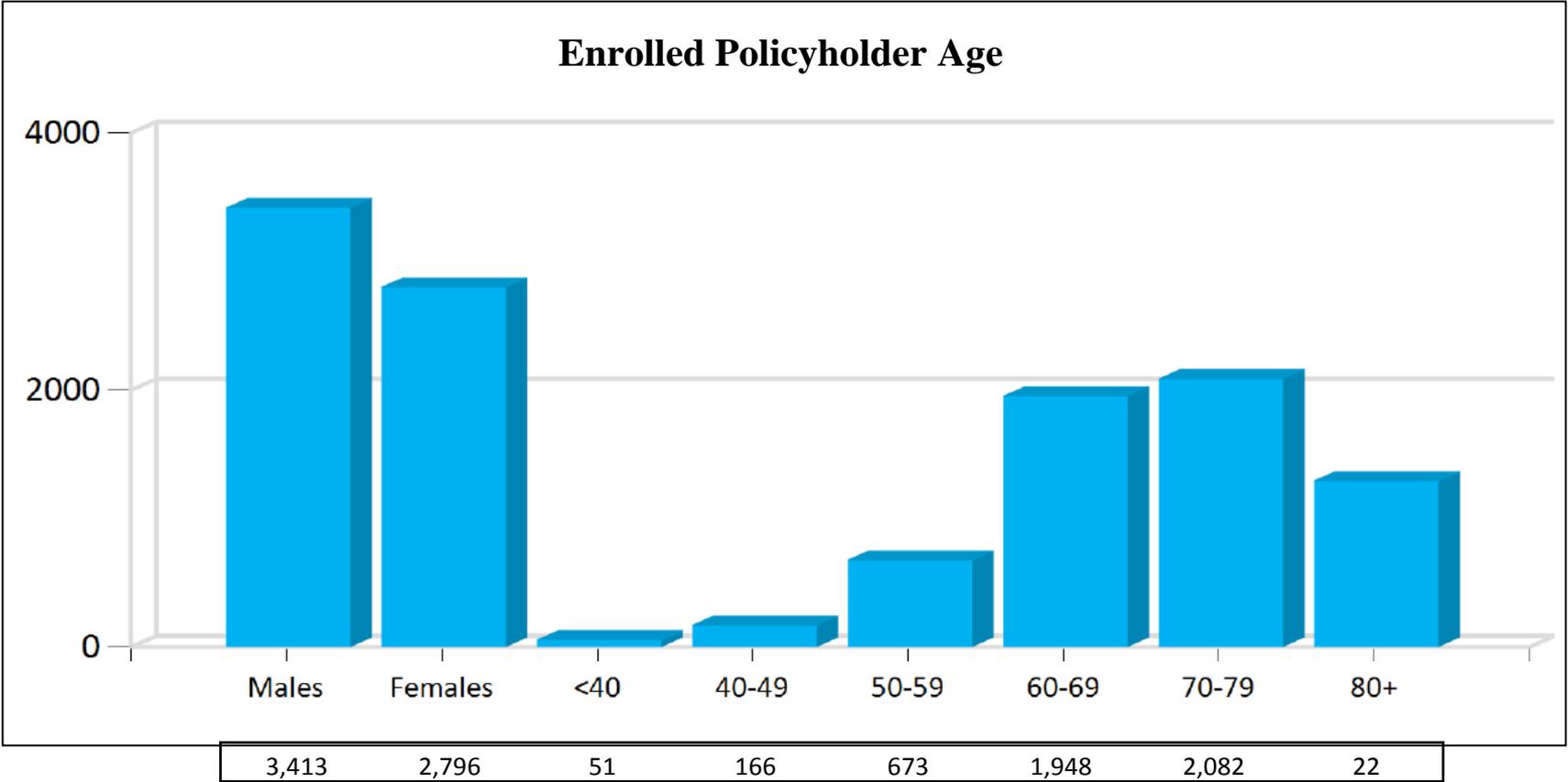
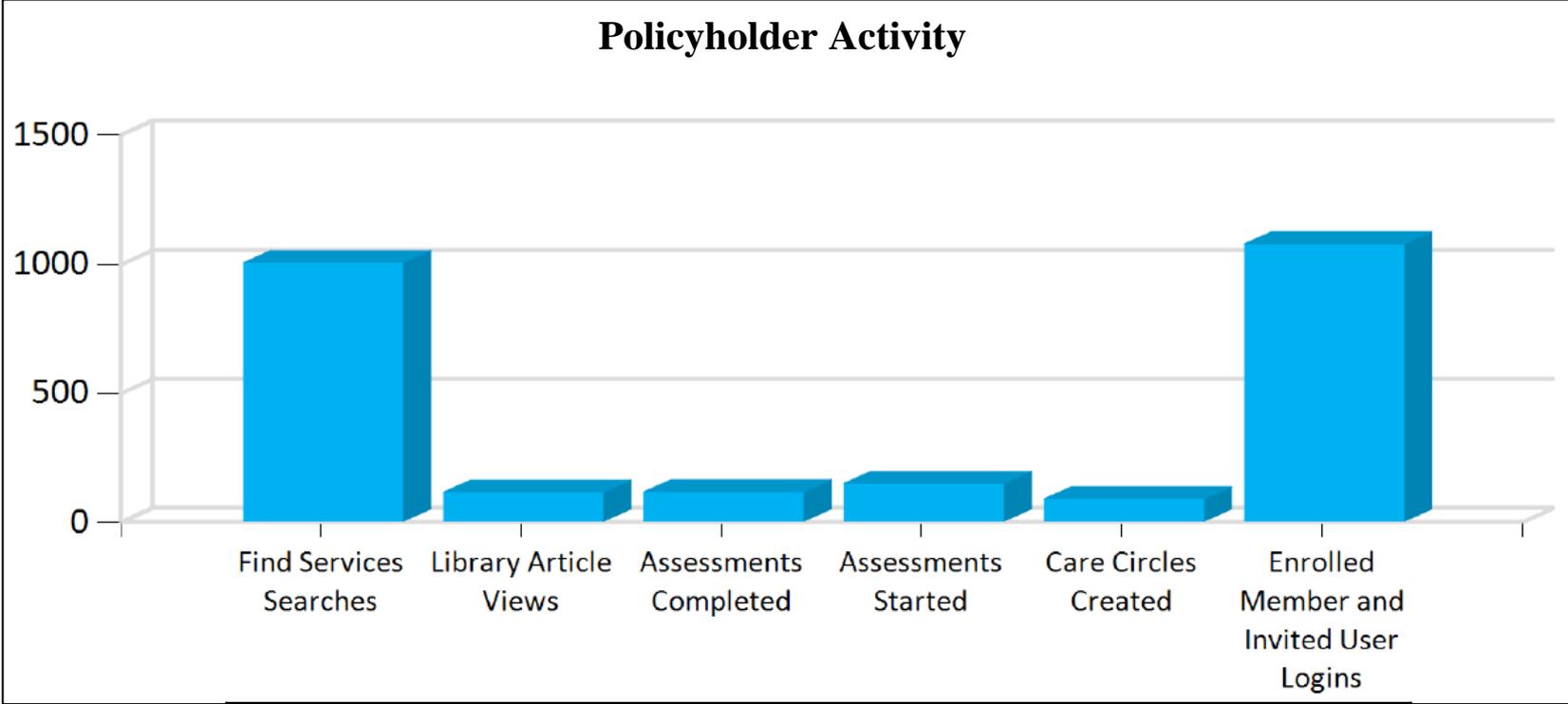


LTC Program: Semi-Annual Program Update January 1 through December 31, 2012







1,002	113	114	147	87	1,075
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Six months activity ending 12-31-12

Long-Term Care Program Update

Fiscal Year Ending December 31, 2012

Program Statistics

- 148,292 active program members
 - Over \$327 million in annual premium
 - \$2,206 average annualized premium
 - Invested asset value of \$3.6 billion
-

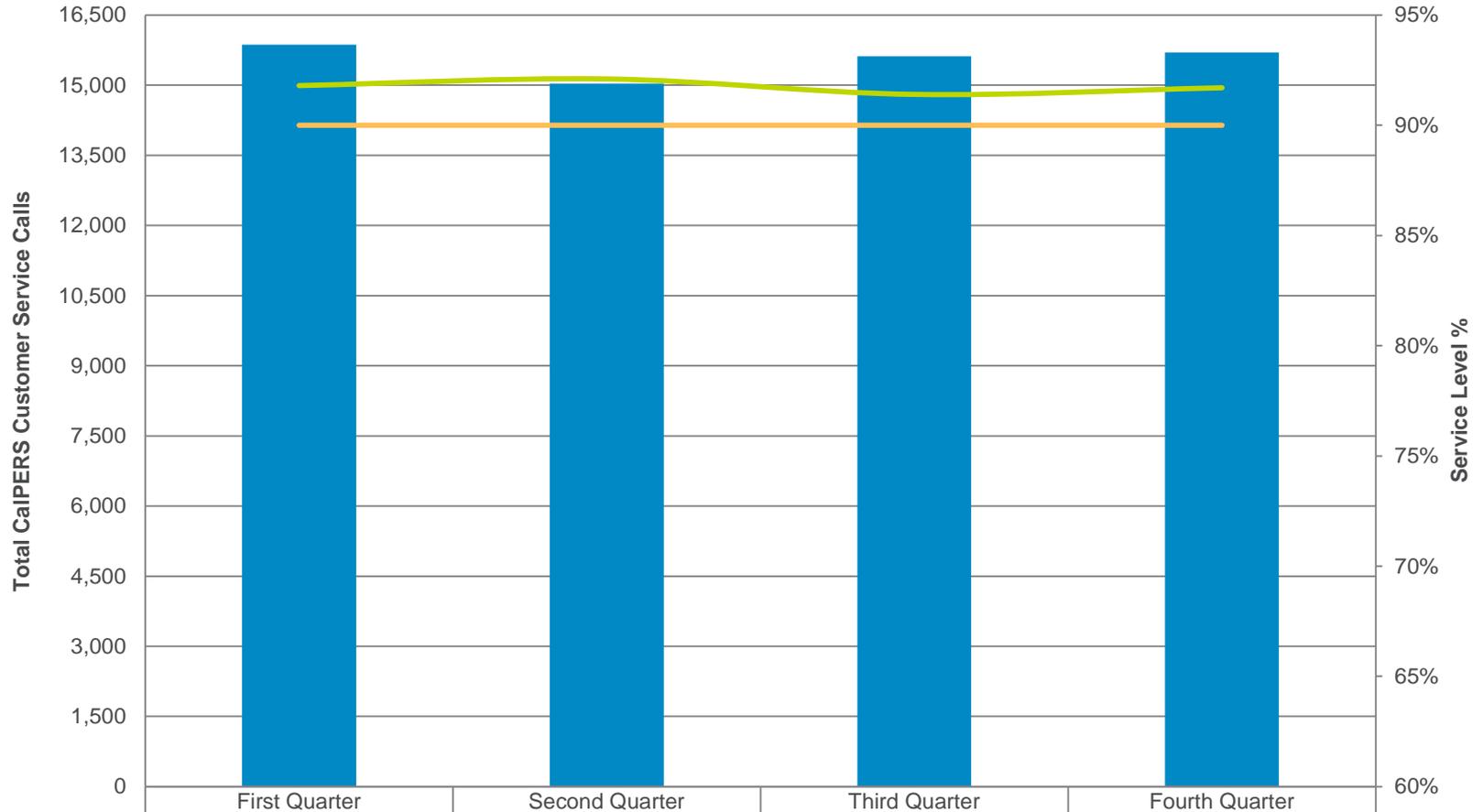
Claim and Care Management

- 5,632 members in active claim
 - 90,300+ volume of claim payments annually
 - \$179+ million paid in member benefits annually
 - \$1+ billion paid in member benefits*
 - 95% of claims paid in 10 days
-

* Since program inception

Customer Service (CS) (January 2012 – December 2012)

Rolling 12-month CS call total: **62,213** / Average of **15,553** calls per quarter



Total Calls	15,867	15,033	15,617	15,696
Service Level %	91.8%	92.1%	91.4%	91.7%
SL Standard	90%	90%	90%	90%
Abandon Rate %	0.7%	0.6%	0.9%	1.0%

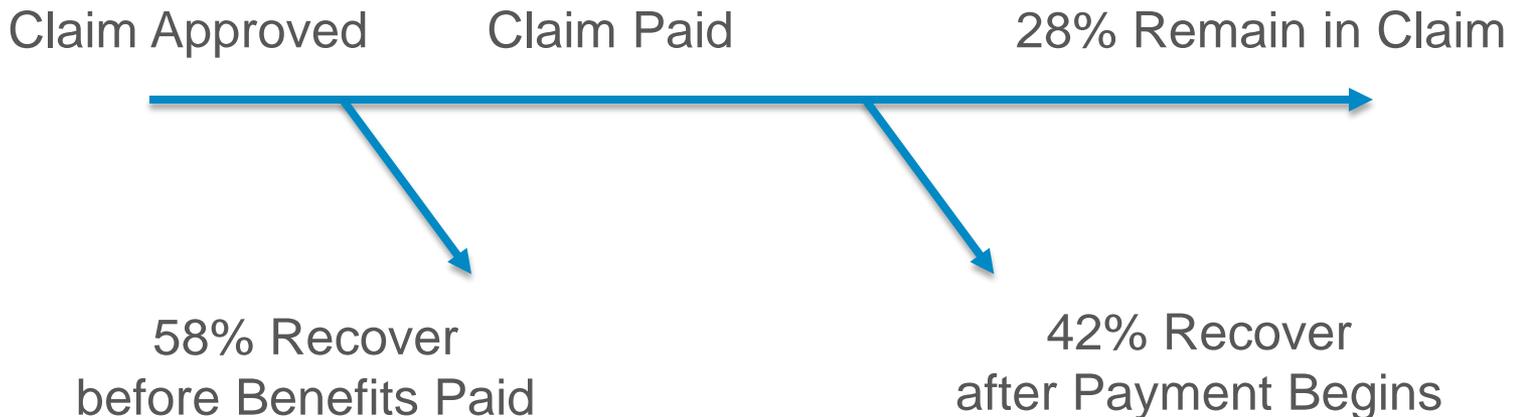
Service Level Agreement: Answer 90% of calls in 60 seconds or less

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



Clinical Profile of Claims

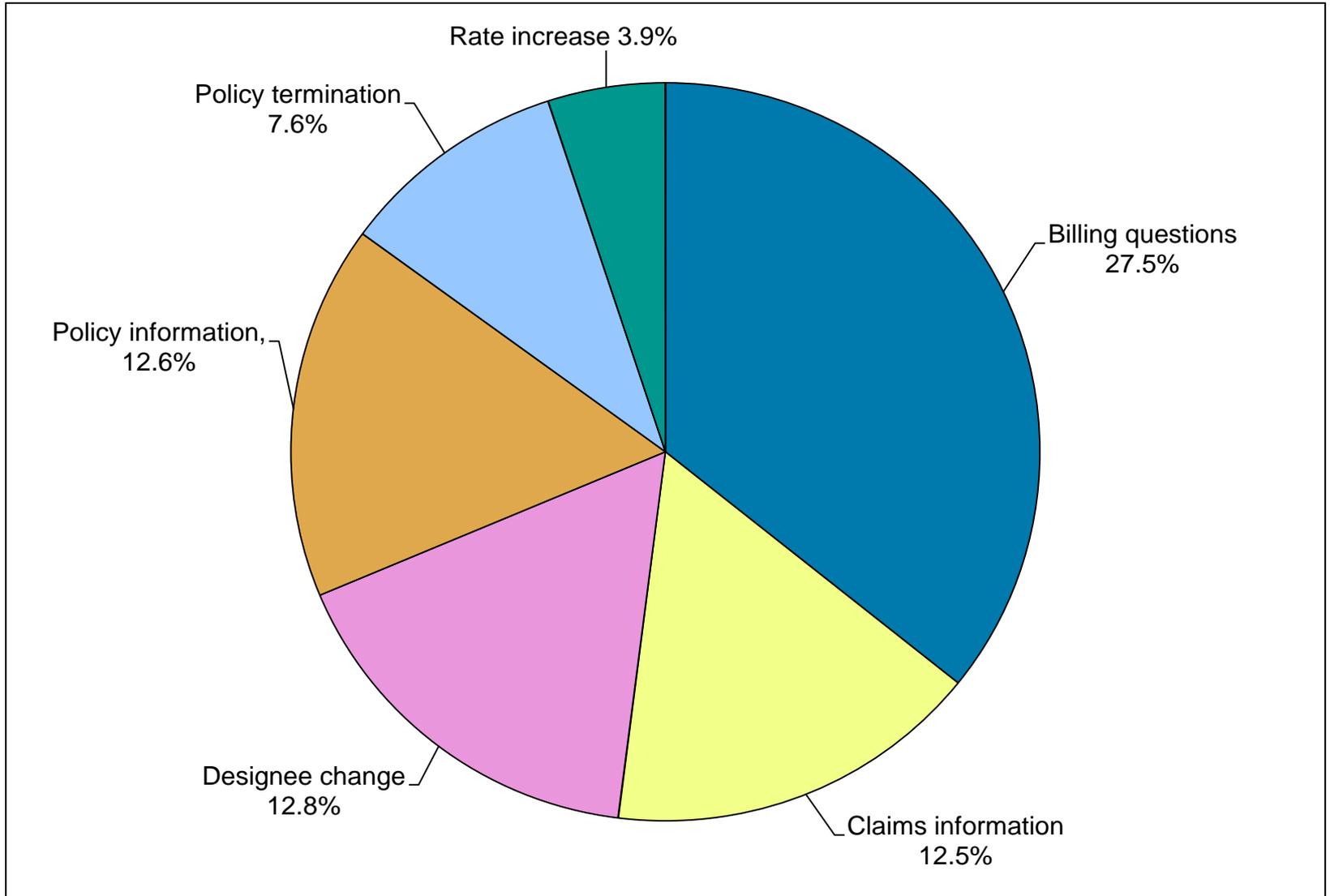
Since Inception of the Program

Pure Dementia is the Leading Disabling Condition for Paid Claims

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

CalPERS Call Types

Most Frequent Call Types – total year 2012

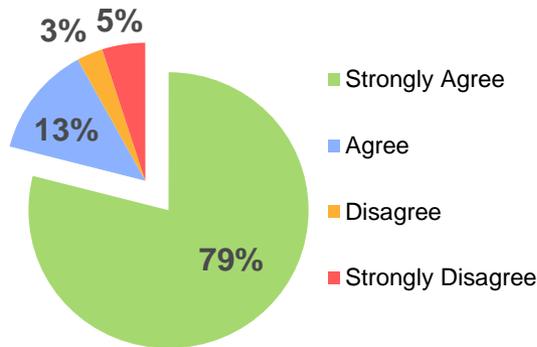


CalPERS CS survey results

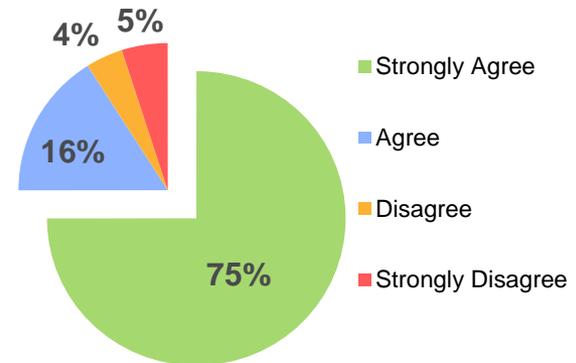
2012 Total

Total 2012 survey respondents: 1,247

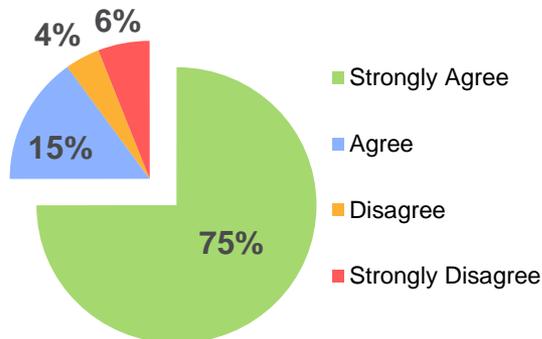
The employee I spoke to was courteous and helpful



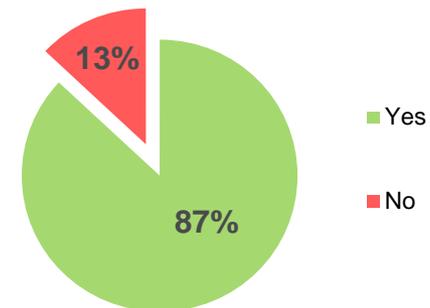
The employee I spoke with had the knowledge and skill to address my needs



My question, concern or issue was handled well

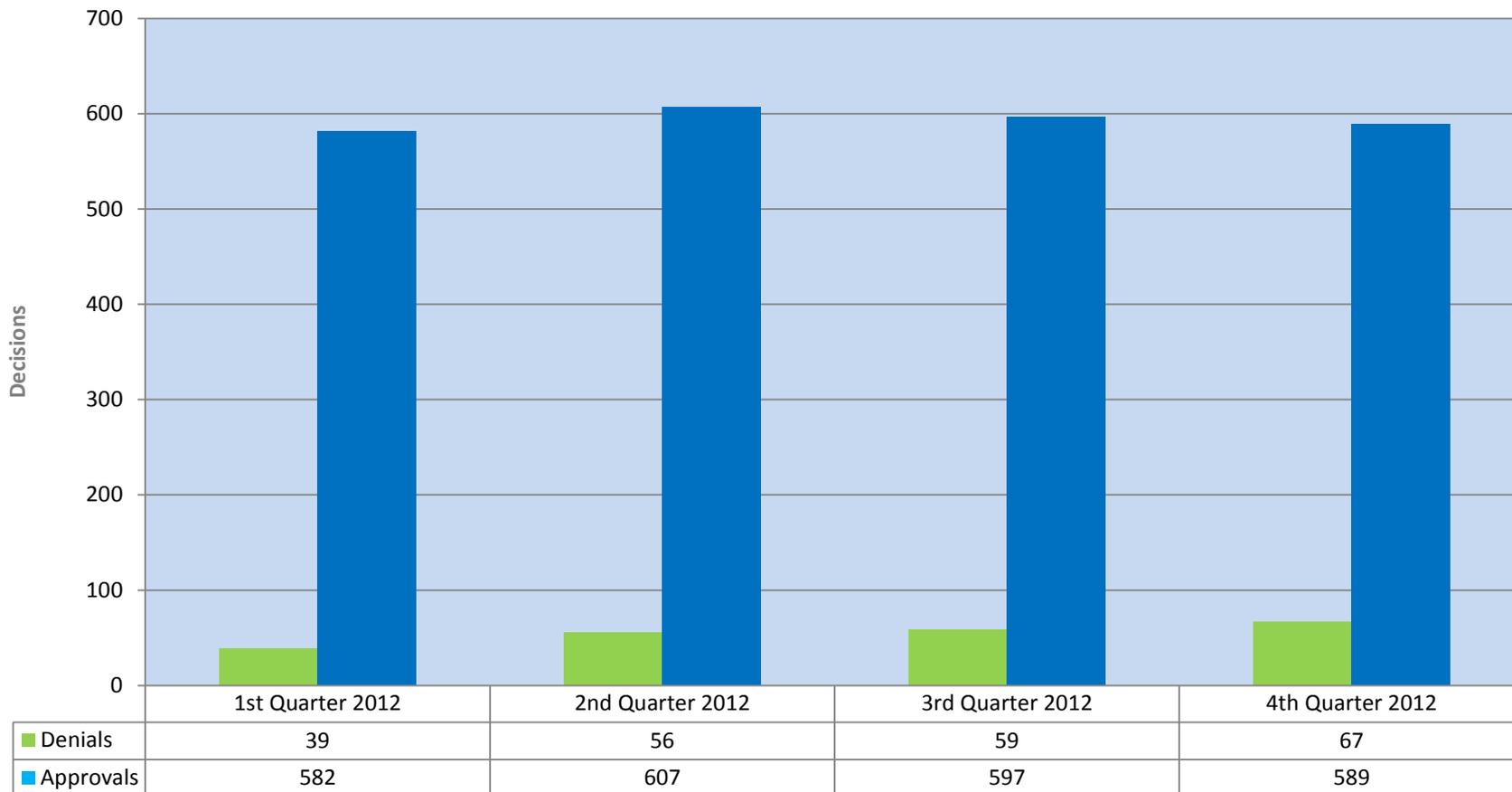


I would recommend the CalPERS Long-Term Care Program to others



Initial Benefit Eligibility Decisions (January 2012 – December 2012)

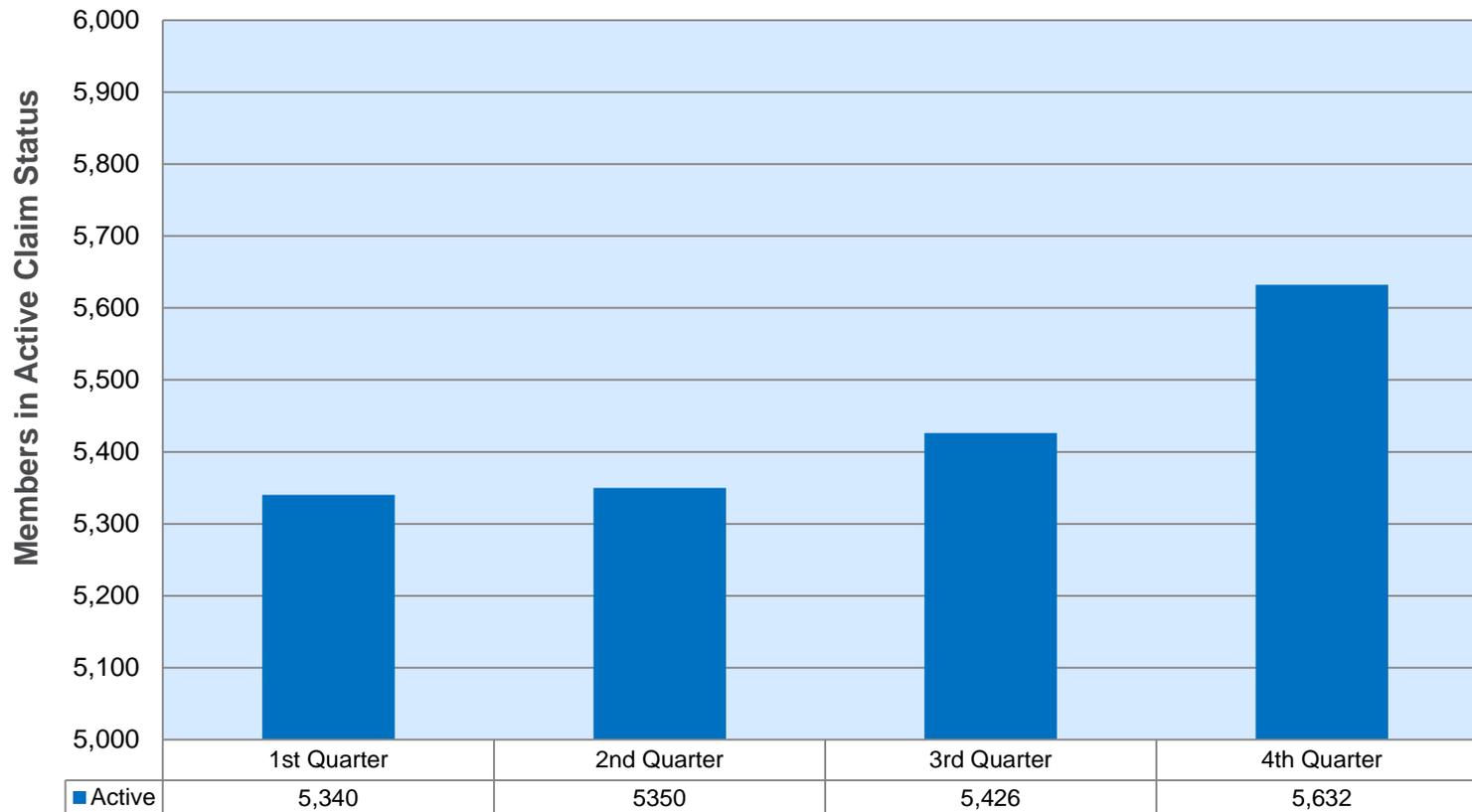
Annual Total - Approvals 2,375 and Denials 221



Policyholders in Active Claim Status (January 2012 – December 2012)

Active claims trend upward with the continued aging of the block of business

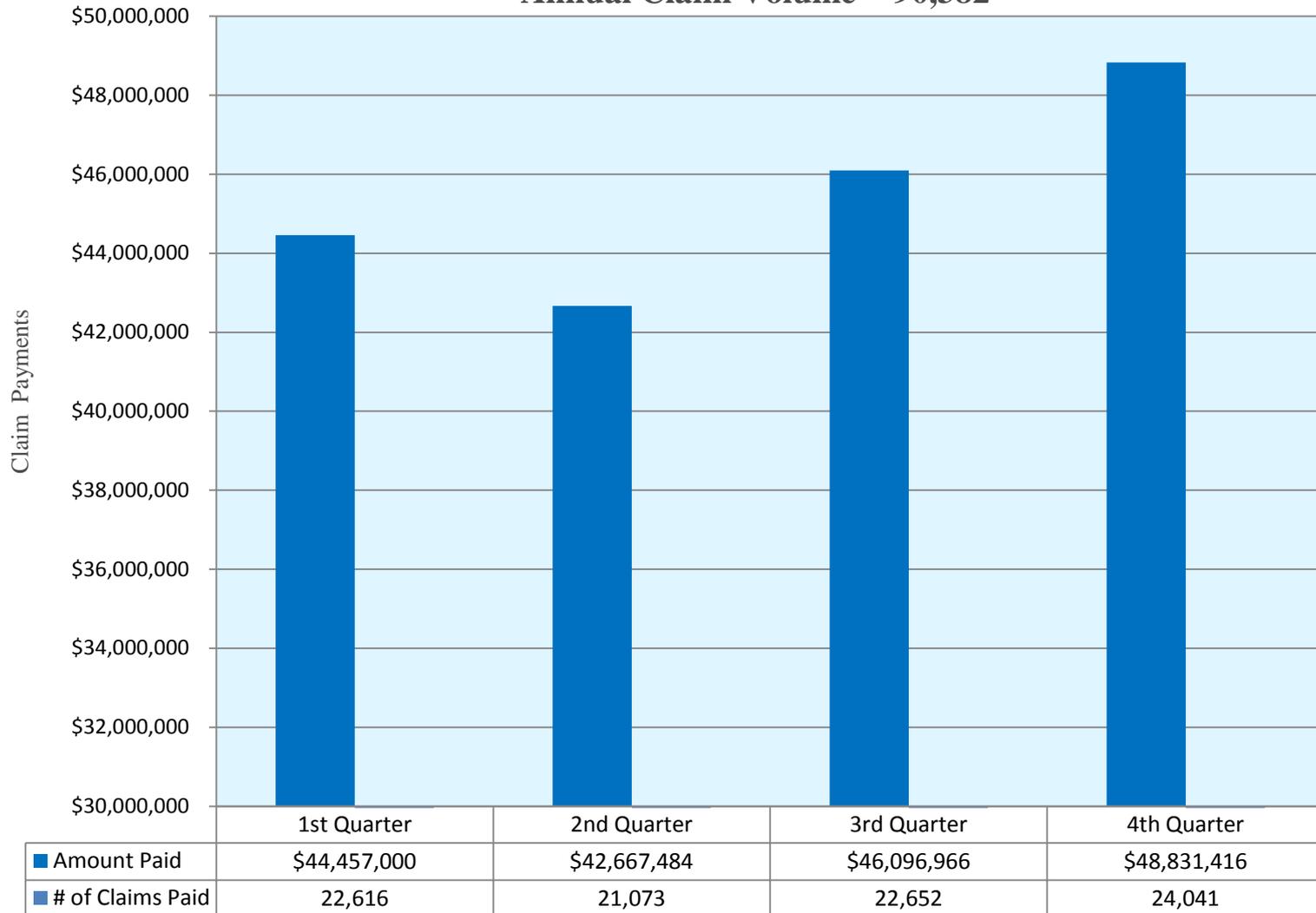
5,632 Active Claim Status, 6.3% increase from the prior year



Claim Payments

(January 2012– December 2012)

Total Claims Paid \$182,052,866 - Average Paid Claim \$2,014
Annual Claim Volume = 90,382



Average Dollars Paid per Claim (January 2012 – December 2012)

CalPERS closely matches the LTC Industry Average

2012 LTC Industry Average: \$2,045

- **CalPERS Average: \$2,014**
- Carrier #1 Average: \$2,172
- Carrier #2 Average: \$2,409
- Carrier #3 Average: \$1,938
- Carrier #4 Average: \$1,743
- Carrier #5 Average: \$1,985

Claimants Paid by Service Type

(January 2012 – December 2012)

Alternative Living Facilities* (ALF) account for the highest number of paid claims

2012 Quarterly Claims Paid by Service Type

	Nursing Home	Home Health Care	Alternative Living Facility	Respite	Other Benefits	Total
1st Quarter	1,884	5,746	6,367	202	133	14,332
2nd Quarter	1,739	5,894	6,406	195	140	14,374
3rd Quarter	1,819	6,042	6,569	238	137	14,805
4th Quarter	1,901	6,123	6,909	196	158	15,287
Grand Total	7,343	23,805	26,251	831	568	58,798

*ALFs include: Residential Care Facilities, Group Homes, Adult Foster Homes, etc.

Claim Dollars Paid by Service Type (January 2012 – December 2012)

ALF account for the highest paid dollar amount

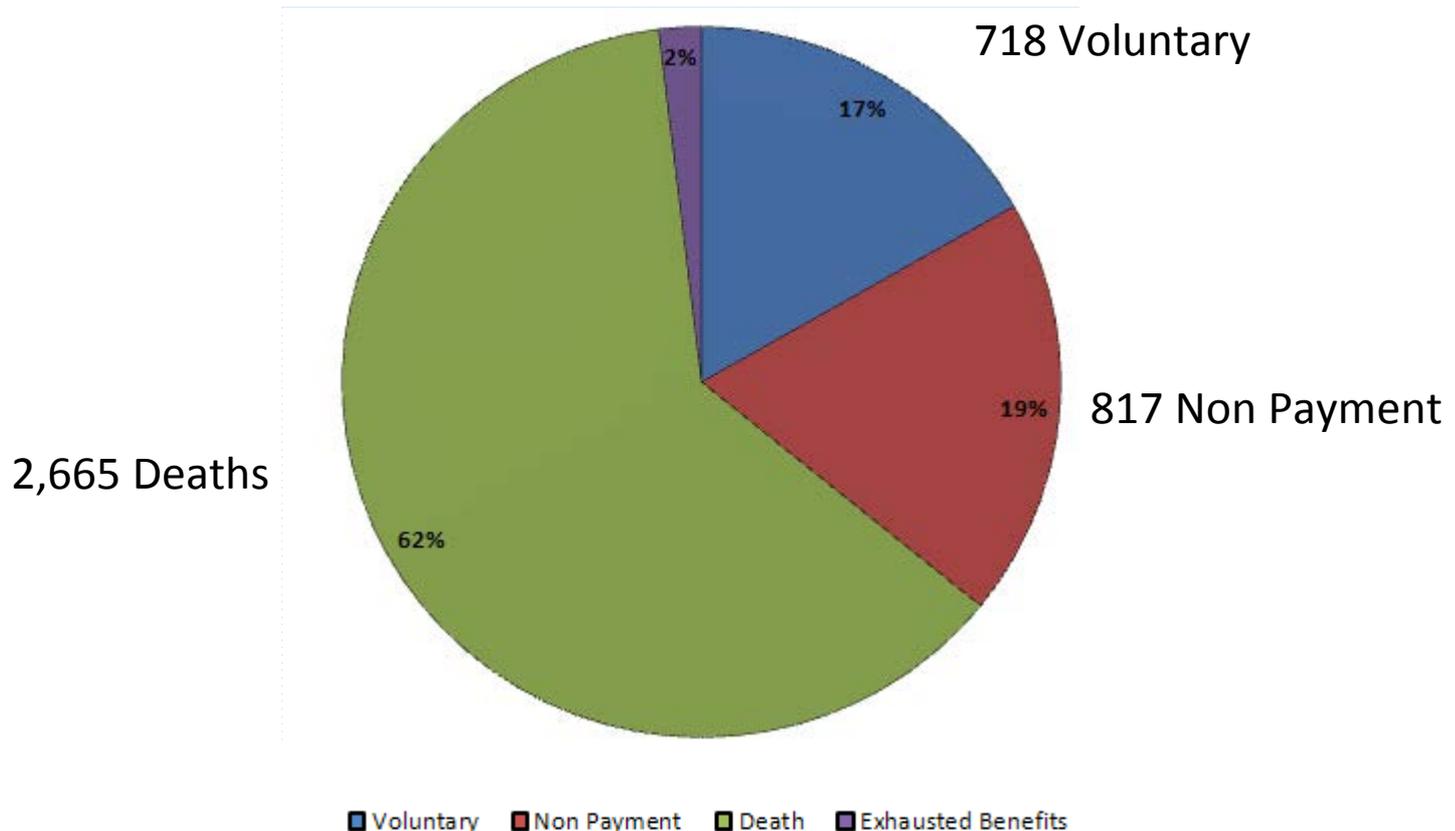
2012 Quarterly Claims Paid by Service Type						
	Nursing Home	Home Health Care	Alternative Living Facility	Respite	Other Benefits	Total
1st Quarter	\$8,581,958	\$13,441,661	\$21,634,860	\$688,163	\$110,358	\$44,457,000
2nd Quarter	\$8,026,253	\$12,488,417	\$21,402,306	\$631,857	\$118,652	\$42,667,484
3rd Quarter	\$8,448,652	\$13,674,068	\$23,322,565	\$519,795	\$131,886	\$46,096,966
4th Quarter	\$8,716,191	\$14,741,466	\$24,633,289	\$601,328	\$139,142	\$48,831,416
Grand Total	\$33,773,054	\$54,345,612	\$90,993,020	\$2,441,143	\$500,038	\$182,052,866

Terminations (January 2012 – December 2012)

4,282 Total Terminations

Member Death (62%) is the Leading Reason for Termination

82 Exhausted Benefits



Program Terminations due to Exhausted Benefits (January 2012 – December 2012)

82 Program Terminations due Exhausted Benefits
\$154,754 Annual Premiums

LTC1* Plans Represent 99% by Number of Members and 98% of Annual Premiums

Terminated Members by Plan Type

LTC1	80 Members \$ 151,696 Annual Premiums
LTC2	0 Members \$0 Annual Premium
LTC3	2 Members \$3,057 Annual Premium

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

Voluntary Terminations (January 2012 – December 2012)

718 Voluntary Terminations
\$1,570,755 in Annual Premiums

LTC1* Plans Represent 78% by Number of Members and 77% of Annual Premiums

Terminated Members by Plan Type

LTC1	563 Members \$1,211,453 Annual Premiums
LTC2	73 Members \$180,984 Annual Premiums
LTC3	82 Members \$178,318 Annual Premiums

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

Program Terminations Due to Death (January 2012 – December 2012)

2,665 Program Terminations Due to Death
\$7,627,506 Annual Premiums

LTC1* Plans Represent 92% by Number of Members and 93% of Annual Premiums

Terminated Members by Plan Type

LTC1	2,447 Members \$7,065,284 Annual Premiums
LTC2	52 Members \$159,056 Annual Premiums
LTC3	166 Members \$403,165 Annual Premiums

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

Non-Payment Terminations (January 2012 – December 2012)

817 Non-Payment Terminations

\$1,540,318 in Annual Premiums

LTC1* Plans Represent 77% by Number of Members and 76% of Annual Premiums



Terminated Members by Plan Type

LTC1	633 Members \$1,172,227 Annual Premiums
LTC2	90 Members \$200,841 Annual Premiums
LTC3	94 Members \$167,249 Annual Premiums

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



2012 Rate Increase Summary

- 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

*Applicable members = excludes those in claim, on waiver of premium or lapsed

2012 Rate Increase Summary

- 2,358 of members receiving the 2012 rate increase notification opted to decrease their coverage:
 - 1,465 decreased from lifetime to 6-year with inflation
 - 448 decreased from lifetime to 3-year with inflation
 - 445 decreased daily benefit amount
- 158 members elected to terminate their coverage
- 64,489 members accepted the 5 percent increase