



## Agenda Item 13

February 20, 2013

**ITEM NAME:** Long-Term Care Program Semi-Annual Update

**PROGRAM:** CalPERS Long-Term Care Program

**ITEM TYPE:** Information

### **EXECUTIVE SUMMARY**

This agenda item provides a semi-annual update to the Pension and Health Benefits Committee (PHBC) on the Long-Term Care (LTC) Program with an update on program statistics and a focus on program enhancements included in the five-year Third-Party Administrator Contract.

### **STRATEGIC GOAL**

This agenda item supports the Strategic Plan Goal A - Improve long-term pension and health benefit sustainability, as well as Business Objectives 3.4 and 3.5 in the 2012-14 CalPERS Business Plan to stabilize and sustain the LTC Program.

### **BACKGROUND**

The CalPERS LTC Program has provided long-term care services to its policy holders for 17 years. As of December 31, 2012, there are 148,292 policies in effect with an invested asset value of \$3.8 billion dollars.

Significant analysis and effort has gone into identifying and employing measures to effectively stabilize and sustain the LTC Program. To date, CalPERS has conducted a LTC Industry Market analysis, changed the strategic asset allocation of the LTC Fund to a more conservative asset mix, enhanced program management and oversight, and lowered the LTC Fund's discount rate to 5.75 percent more closely aligning with LTC industry practice. In addition, the LTC Program implemented a 5 percent premium rate increase for select policy holders in July 2012, and developed optional benefit design to mitigate future premium rate increases scheduled for 2013, 2014, and 2015. As a result of these changes, the LTC Program has become more stable.

The stabilization effort includes continued premium increases for select plans consistent with previous Board actions. At the November 2012, PHBC Meeting, staff presented preliminary LTC4 design & benefit offering that are current and competitive in today's market, and re-opening of the LTC Program to new business in the near future.

At the April 2012, Board of Administration (Board) Meeting, the Board awarded the CalPERS LTC Program Third-Party Administrator Contract to Univita Health, Inc. (Univita) for a new contract to cover January 1, 2013, through December 31, 2017. In August 2012, CalPERS staff presented the first semi-annual LTC Program update. The update included statistics in the following areas: Program demographics, initial benefit determinations, claims volume, terminations and a clinical profile of policy holders in claim.

### **ANALYSIS**

This agenda item provides a high-level summary of the new Univita contract and LTC Program enhancements, Stabilization and Open Application Period Project (SOAPP) planning, and calendar year 2012 annual LTC Program statistics.

The new contract contains a number of program enhancements summarized below:

#### Program Website Portal:

The Program Website Portal will allow policy holders to check the status of their premium payments and payment history. The portal will also allow policy holders the opportunity for “live” chat with a representative to obtain policy information and request education materials. Future functionality will include electronic claims submissions, on-line application, on-line bill payment, plan benefit design calculator, automated claims adjudication and the ability to securely accept e-mails containing personally identifiable information and/or protected health information. Portal testing is currently underway with an anticipated launch to policy holders during second quarter of 2013.

#### Interactive Voice Response (IVR):

The IVR enhancement enables policy holders to check the status of their premium payments and claim payments on the telephone through touch-tone prompts and voice activated responses. The regular customer service number will continue to have the option to speak with a customer service representative.

#### Preferred Provider Network (PPN):

Univita will develop a PPN to allow CalPERS LTC Program policy holders to receive discounted rates for long-term care services. Beginning January 1, 2013, Univita will contract with nursing homes, assisted living facilities, skilled nursing facilities, adult day care centers, hospice facilities, respite care facilities, home health providers, and Independent Providers to participate in the PPN. Initially, the PPN will be implemented in seven geographic/urban areas of California where the majority of our policy holders are largely concentrated. Those geographic areas are: (1) Los Angeles-Long Beach-Santa Ana; (2) San Francisco-Oakland; (3) San Diego; (4) Riverside-San Bernardino; (5) San Jose; (6) Sacramento; and, (7) Fresno. By January 1, 2015, the PPN will be expanded to other regions of California.

Appeals and Reconsideration Reporting Enhancements:

Univita has enhanced the appeals and reconsideration turn-around time to ensure policy holders receive timely responses. Univita will develop a reporting system to monitor, track, and categorize policy holder reconsiderations and appeals and provide detailed reporting on policy holder status.

CalPERS LTC Program Staff Access to Policy Holder Information:

Univita will provide the LTC Program with secure access to the customer service module, Long-Term Care Administrative System. This includes access to customer service, policy holder claims history, benefit/policy information, plan administration components - including eligibility information, subject to Health Insurance Portability and Accountability Act standards and other legal requirements.

Program Update and Statistics

There were no significant changes in Program statistics from the previously presented semi-annual Agenda Item in August 2012. Highlights from the Program Update and Statistics include a rise in Univita Living utilization to 6,209 enrolled policy holders with most of the enrollees using the 'find services search.' Attachment 1 provides you updated information for the year ending December 31, 2012.

**ATTACHMENTS**

Attachment 1 – LTC Program: Semi-Annual Program Update

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