

# Long-Term Care Program Semi-Annual Update



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Appendix A

# Overview

## Between 2012 and 2014:

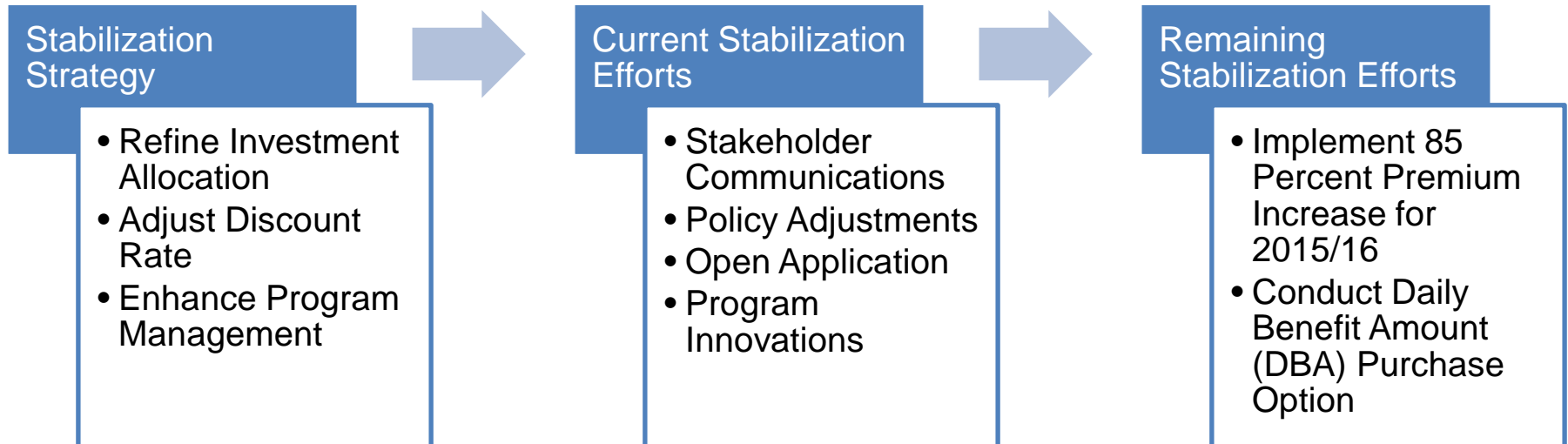
- Number of participants decreased by 9,944 (7 percent); over half of the decrease was due to participant death
- Premiums paid decreased by 10 percent due to attrition, coverage modifications, and participants entering claim status

Participants and Premiums	2012	2013	2014
Program Participants	148,292	142,050	138,348
Premiums Paid	\$327 million	\$309 million	\$293 million
Average Annualized Premium	\$2,206	\$2,177	\$2,121
Invested Asset Value	\$3.6 billion	\$3.8 billion	\$4.2 billion

Claims and Care Management	2012	2013	2014
Active Claims	5,632	6,164	6,555
Average Benefit Paid Per Claim	\$32,315	\$32,933	\$36,613
Benefits Paid Annually	\$182 million	\$203 million	\$240 million
Benefits Paid Since Inception	\$1.1 billion	\$1.3 billion	\$1.5 billion

# Stabilization Strategy and Efforts

- Fiscal Year 2013-14 valuation reflects positive stabilization results



# Coverage Modification History

- In 2013, 31.2 percent of participants modified their coverage
- In 2014, 17.6 percent of participants modified their coverage

## 2013 5% Rate Increase Offer letters: 62,377

Option Selected	Count	Percent of Total
Decrease DBA	267	0.4%
6-Year w/Inflation	2,097	3.4%
3-Year w/Inflation	605	1.0%
10-Year w/BIO	11,583	18.6%
6-Year w/BIO	4,100	6.6%
3-Year w/BIO	758	1.2%
<b>Total</b>	<b>19,410</b>	<b>31.2%</b>

## 2014 5% Rate Increase Offer letters: 40,970

Option Selected	Count	Percent of Total
Decrease DBA	814	2.0%
6-Year w/Inflation	786	1.9%
3-Year w/Inflation	164	0.4%
10-Year w/BIO	3,882	9.5%
6-Year w/BIO	1,301	3.2%
3-Year w/BIO	238	0.6%
<b>Total</b>	<b>7,185</b>	<b>17.6%</b>

# August 2014

## Early Plan Change Opportunity

- These participants were not subject to the 2012 and 2013 rate increases
- Participants received customized options based on current coverage
- Approximately 37.5 percent modified their coverage

Option Selected	Count	Percent of Total
10 Year w/BIO	1,060	2.4%
6-Year w/BIO	6,607	14.6%
3-Year w/BIO	9,262	20.5%
None	28,240	62.5%
<b>Total Offer Letters Sent</b>	<b>45,169</b>	<b>100%</b>

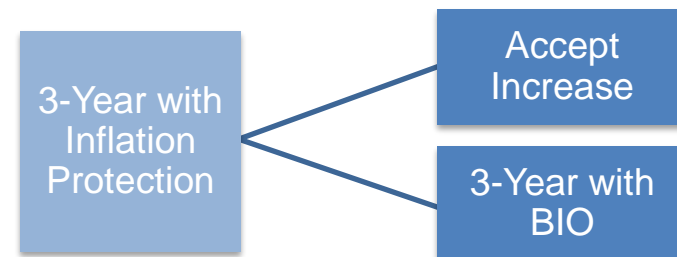
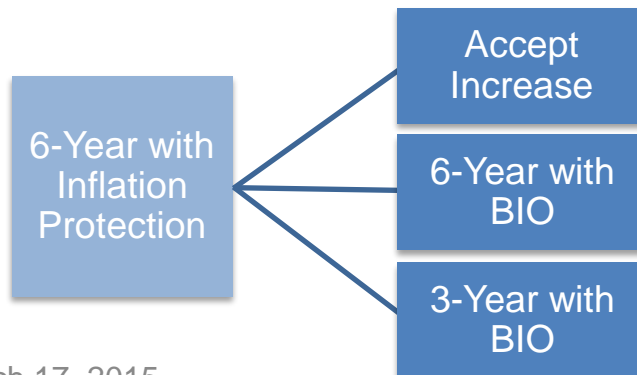
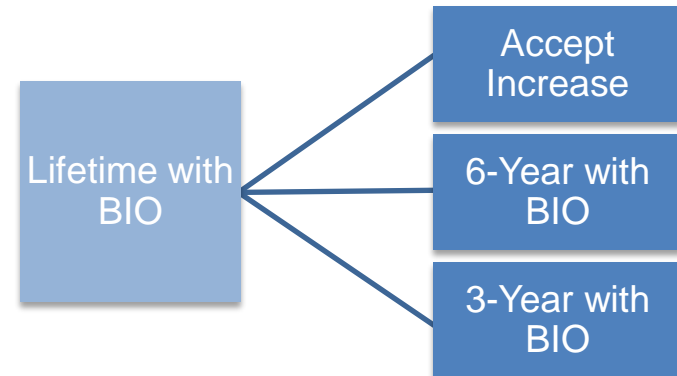
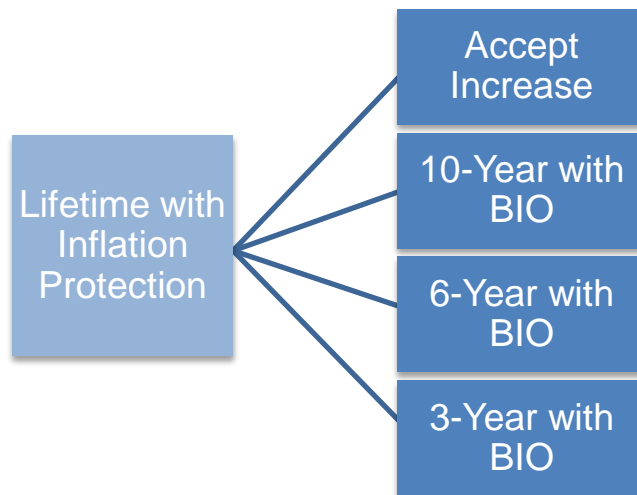
# April 2015 Change Opportunity

- Offer letter includes options to avoid 85 percent increase that takes effect July 2015 or accept the rate increase

Participant Group	Count	Number of Options Offered
Group 1: Lifetime w/Inflation Protection	35,731	4
Group 2: Lifetime w/BIO	12,450	3
Group 3: 6-Year w/Inflation Protection	8,547	3
Group 4: 3-Year w/Inflation Protection	4,758	2
<b>Total Offer Letters Scheduled to be Sent</b>	<b>61,486</b>	

# April 2015 Change Opportunity

- Multiple options are available for participants to avoid the 85 percent increase

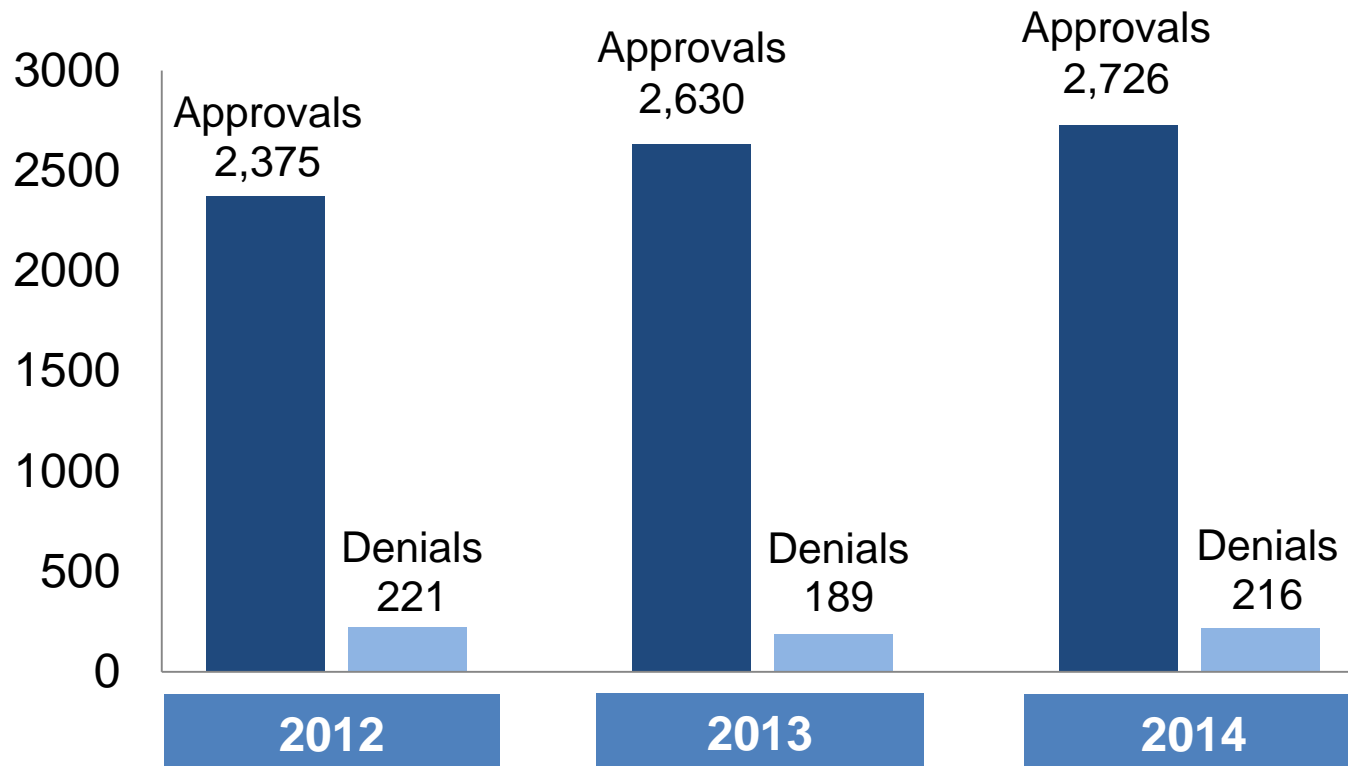




# Initial Claims

## Benefit Eligibility Decisions

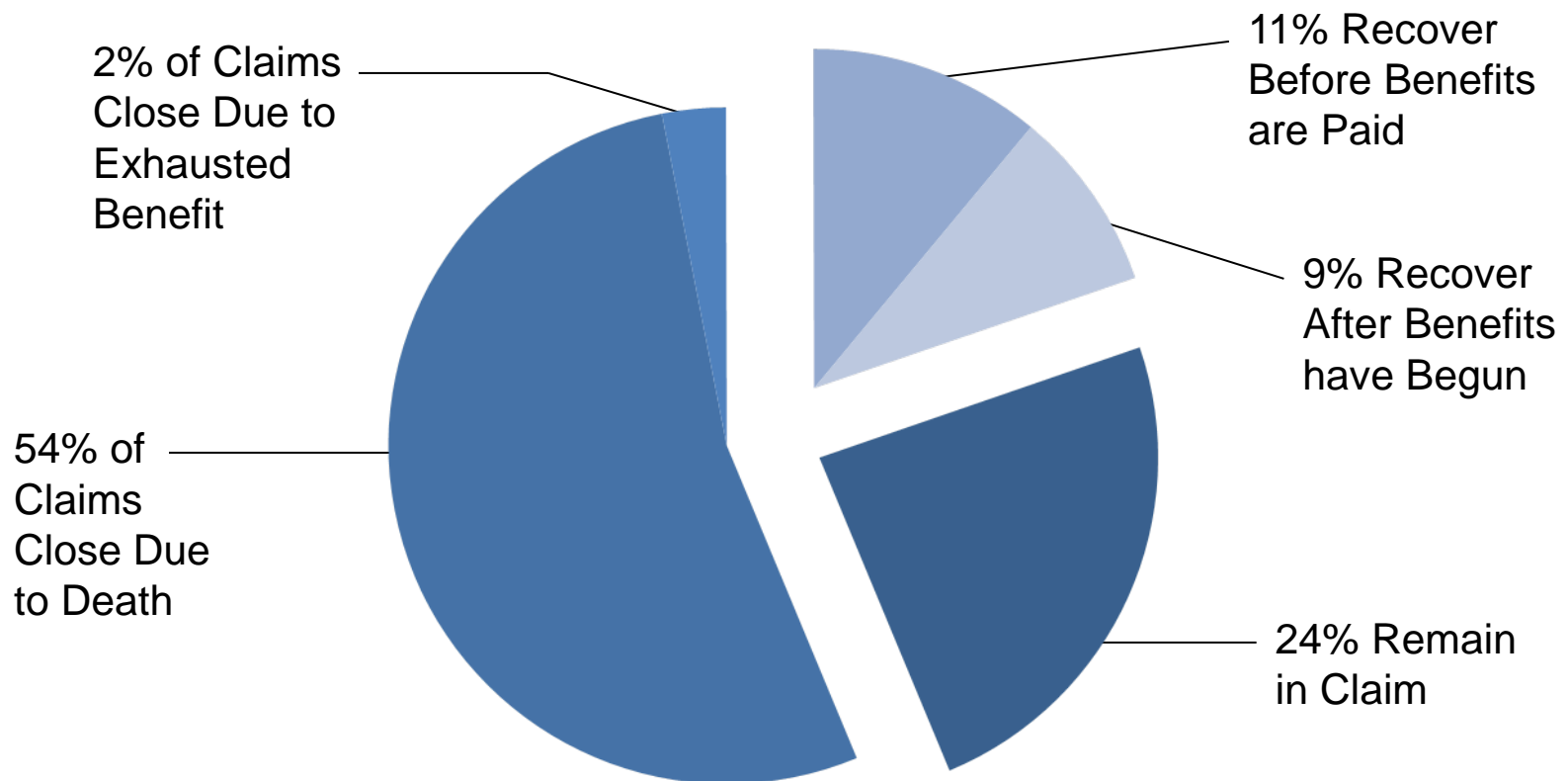
- Over 90 percent of initial claims for 2012-2014 were approved
- Reconsideration and appeals process available for denials



# Open and Closed Claims

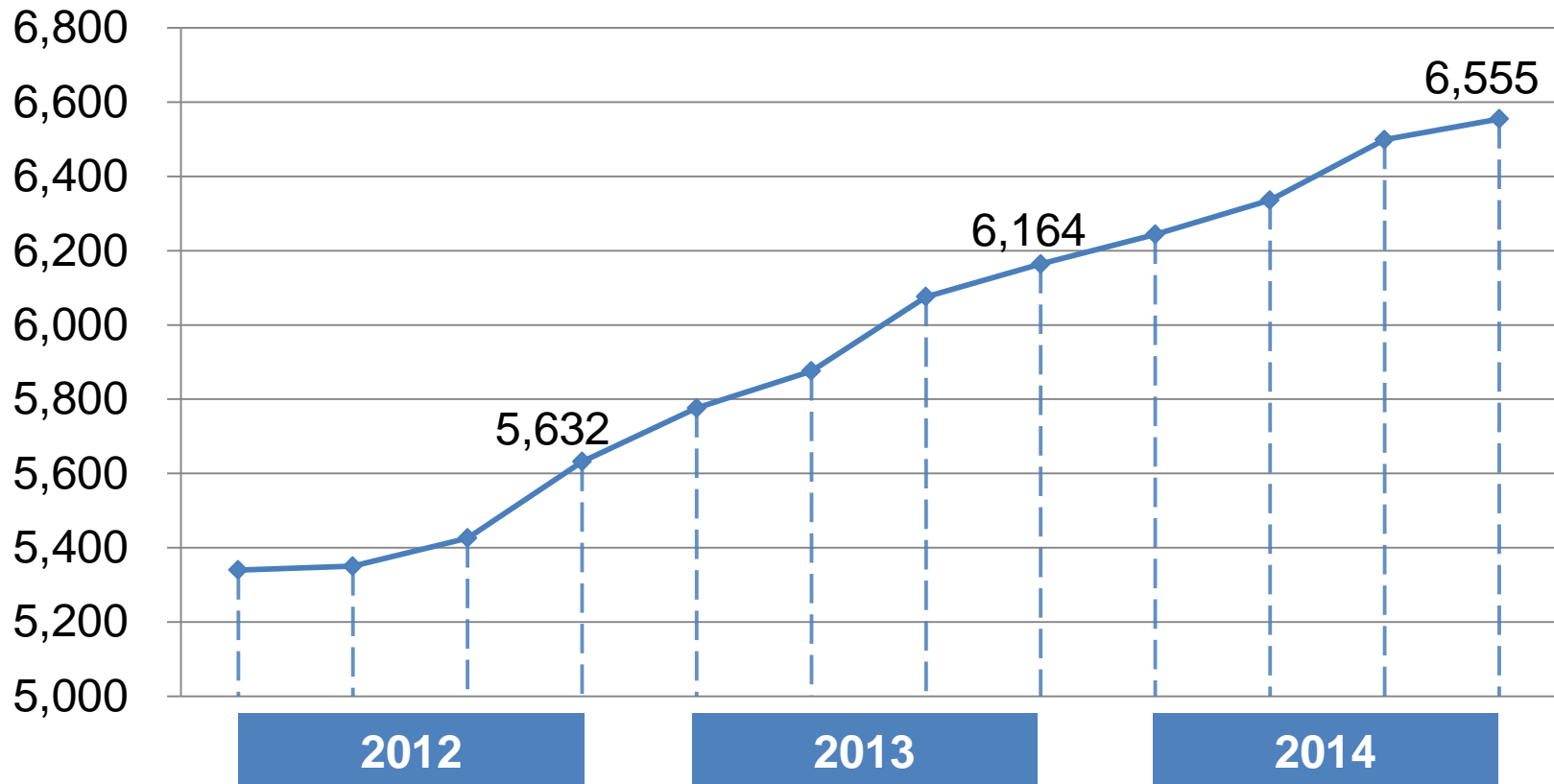
Since inception of Program through December 31, 2014

- 54 percent of claims are closed due to death and 2 percent are due to exhaustion of benefit
- 11 percent of claimants recover before benefit payments begin



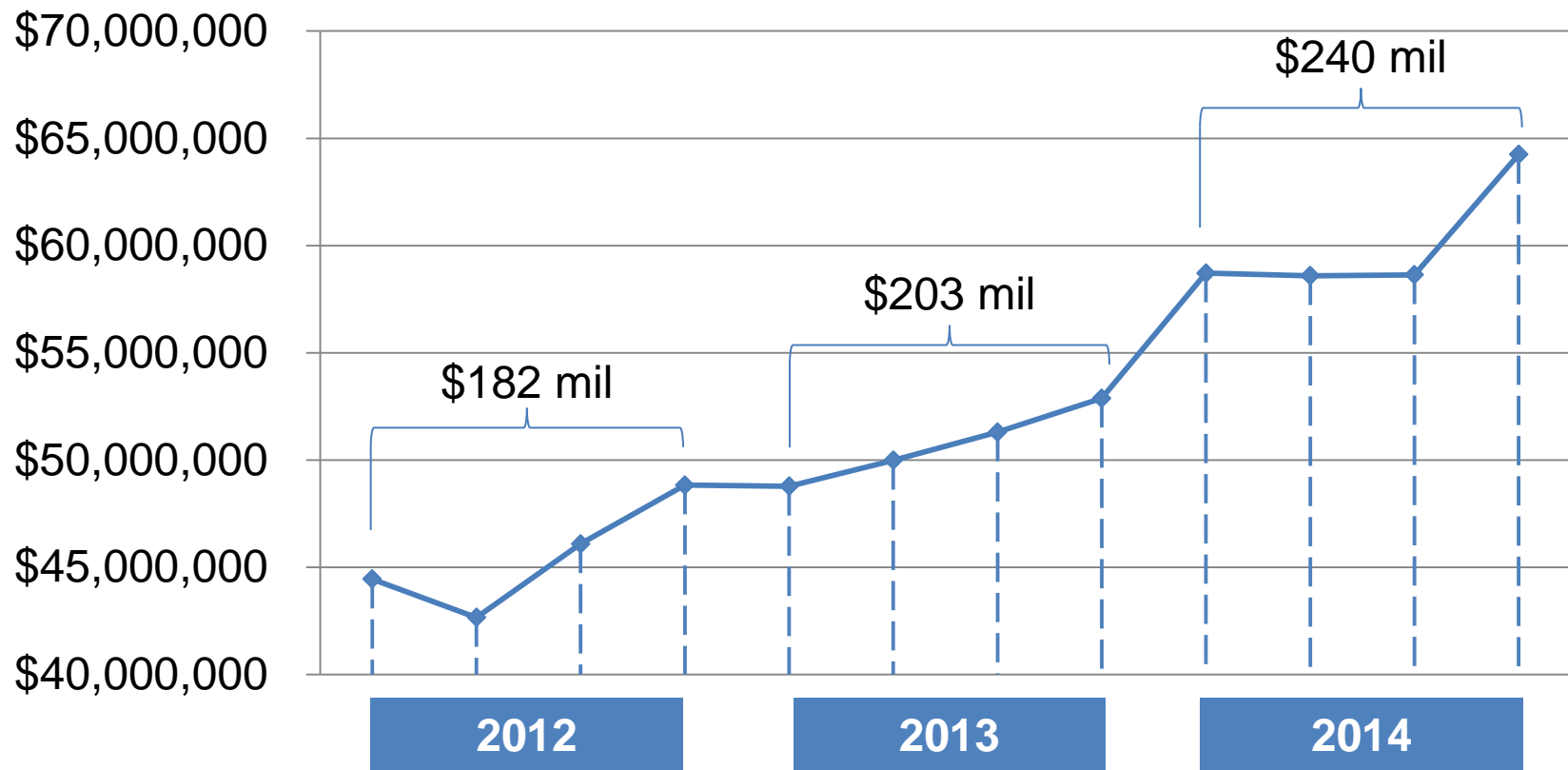
# Participants in Active Claim Status

- Participants in active claim status have increased by 16 percent since the end of 2012 to the end of 2014



# Claim Payments

- Annual claim payments have increased by 32 percent from 2012 to 2014



# Clinical Profile of Claims

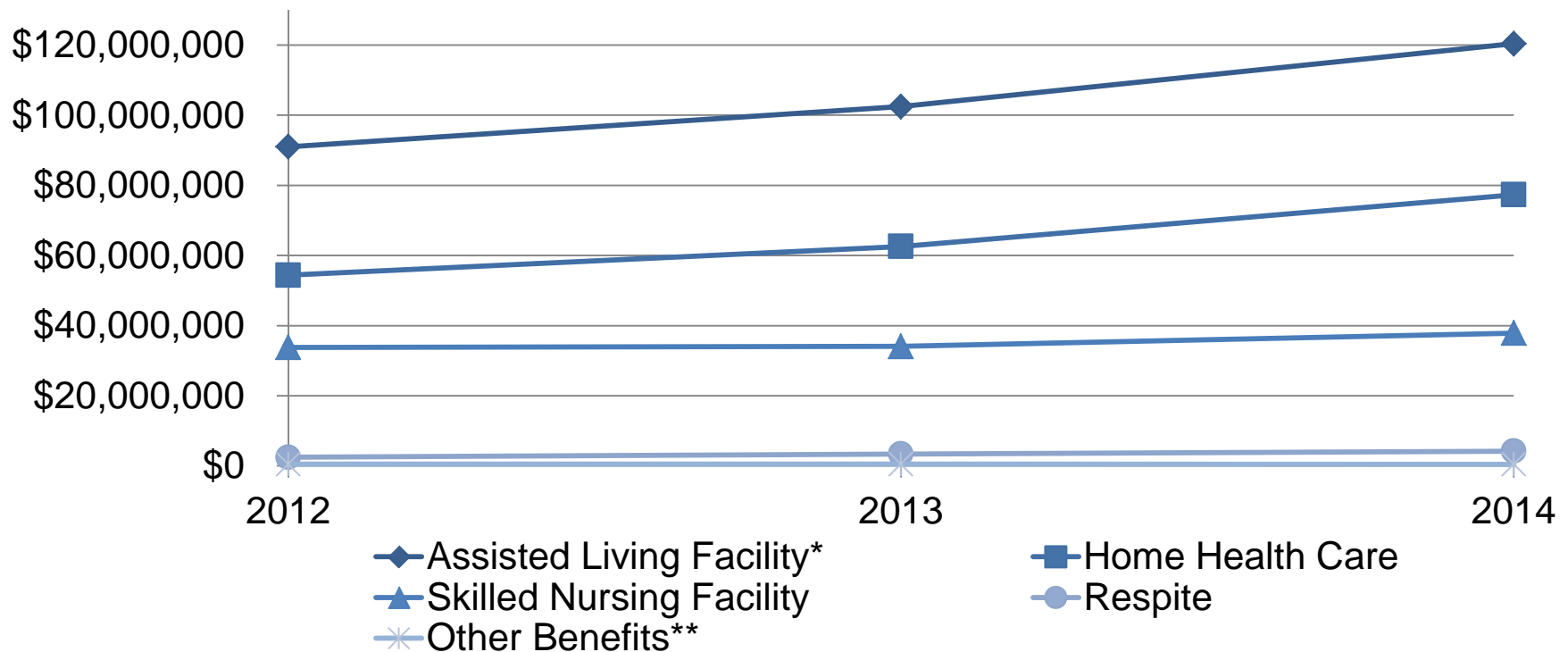
- Pure Dementia is the leading disabling condition for paid claims
- The top five conditions have remained constant for the last three years

	2012		2013		2014	
Disabling Condition	% of Total Paid Claims	Total Paid Claims	% of Total Paid Claims	Total Paid Claims	% of Total Paid Claims	Total Paid Claims
Pure Dementia	34%	\$60,879,972	33%	\$67,038,101	34%	\$80,429,450
Stroke	10%	18,546,770	10%	19,235,151	9%	21,383,917
Arthritis and Other Rheumatic Diseases	6%	10,875,333	7%	14,913,196	8%	19,000,794
Fracture/Injuries	6%	11,572,515	7%	13,117,663	6%	13,486,749
Parkinson's	6%	10,314,804	6%	11,368,903	5%	12,623,890

This does not represent all claims

# Claim Dollars Paid by Site of Care

- Claim payments for Skilled Nursing Facilities are nearly flat, only a slight increase is noted
- Assisted Living Facility and Home Health Care increased 32 percent and 42 percent respectively between 2012 and 2014



\*Assisted Living Facilities include Residential Care Facilities, Group Homes, Adult Foster Homes, etc.

\*\*Other Benefits are defined as Hospice and Bed Hold Reservation.

# Average Claims Paid Per Participant by Site of Care

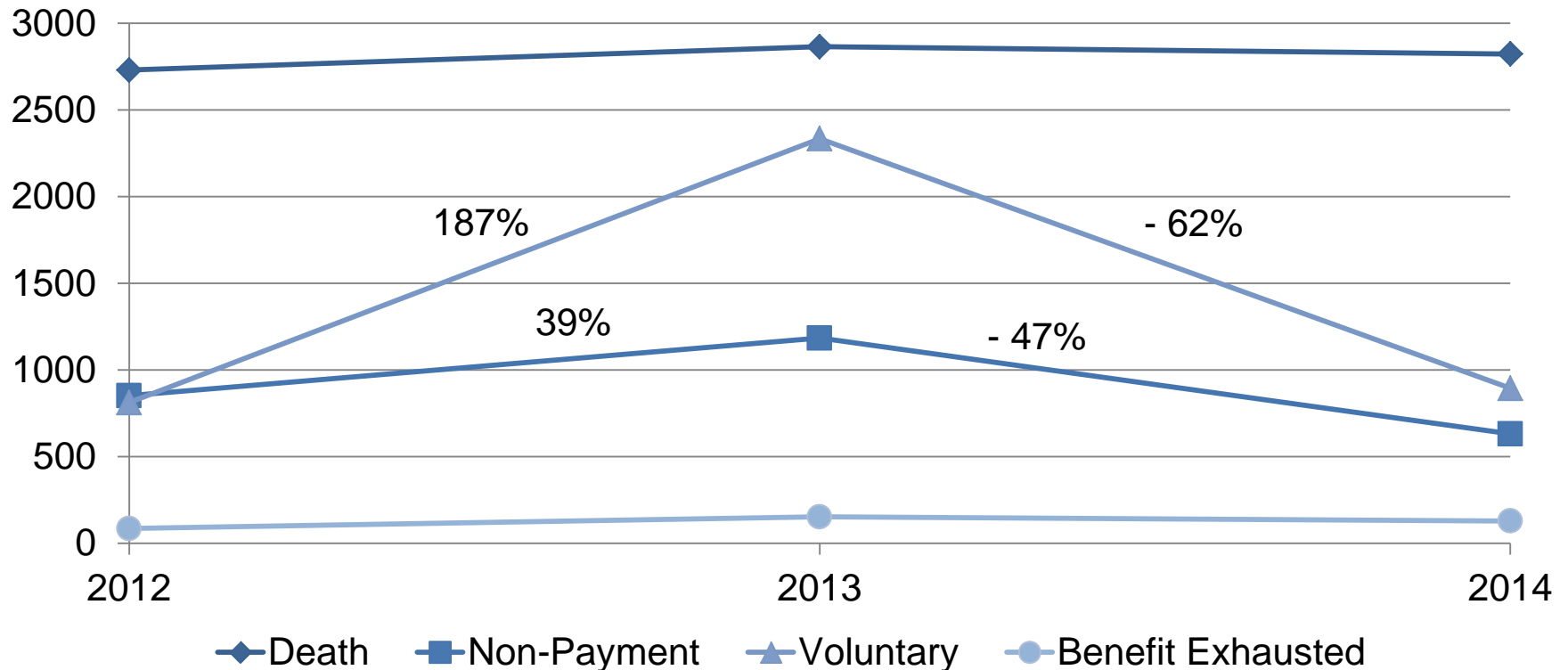
- Site of Care claims range from \$29,000 per participant at home to \$49,000 per participant in a Skilled Nursing Facility
- Assisted Living is approximately \$11,000 less than skilled nursing with an average of 2,732 participants receiving care in this setting.

	Home Health Care		Assisted Living Facility*		Skilled Nursing Facility	
Year	# of Claims	Average \$ per Claim	# of Claims	Average \$ per Claim	# of Claims	Average \$ per Claim
2012	2,061	\$ 26,365	2,608	\$ 34,895	648	\$ 52,145
2013	2,347	\$ 26,656	2,690	\$ 38,078	705	\$ 48,387
2014	2,393	\$ 32,307	2,897	\$ 41,543	813	\$ 46,597
<b>3-Year Average</b>	<b>2,267</b>	<b>\$ 28,556</b>	<b>2,732</b>	<b>\$ 38,290</b>	<b>722</b>	<b>\$ 48,839</b>

\*Assisted Living Facilities include Residential Care Facilities, Group Homes, Adult Foster Homes, etc.

# Causes of Termination

- Death is the leading cause for termination
- Terminations due to non-payment and voluntary terminations spiked (2 percent of participants) in 2013, then returned to a steady state in 2014 (1 percent of participants)





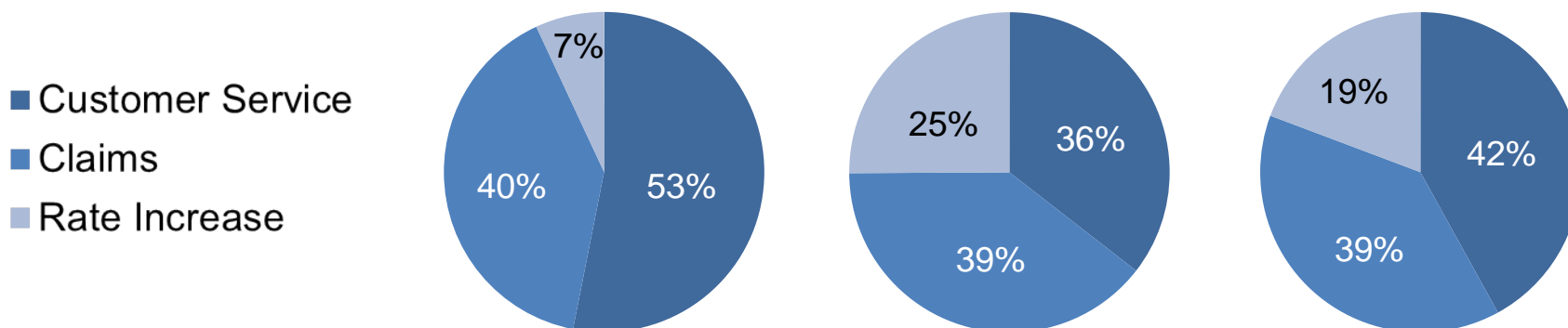
# Causes of Terminations

- On average, 54 percent of terminations for the 2012 to 2014 period were due to death and account for an average of \$8.2 million less in premiums annually
- On average, 17 percent of terminations were due to non-payment and 26 percent were voluntary for the 2012 to 2014 period which accounts for a combined average of \$3.7 million less in premiums annually

	2012		2013		2014	
	# of Participants	Annual Premium	# of Participants	Annual Premium	# of Participants	Annual Premium
Death	2,730	\$ 7,802,425	2,865	\$ 8,433,386	2,823	\$ 8,268,495
Non-Payment	851	\$ 1,613,598	1,184	\$ 2,315,453	631	\$ 1,281,470
Voluntary	812	\$ 1,783,875	2,334	\$ 5,228,012	894	\$ 1,972,374
Exhausted Benefit	85	\$ 167,382	152	\$ 325,656	128	\$ 289,958
<b>Total</b>	<b>4,478</b>	<b>\$ 11,367,280</b>	<b>6,535</b>	<b>\$ 16,302,507</b>	<b>4,476</b>	<b>\$ 11,812,297</b>

# LTCG Customer Call Metrics

- Total calls decreased by 8 percent from 2013 to 2014



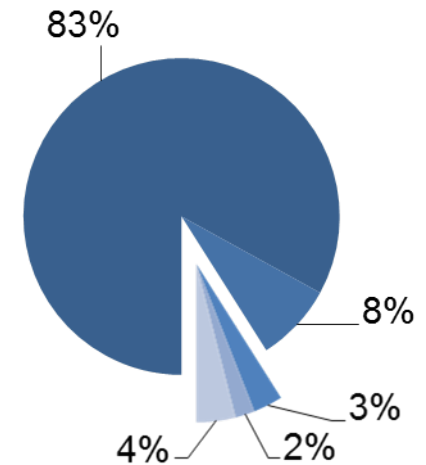
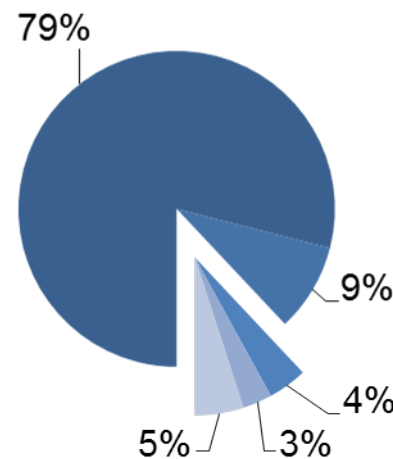
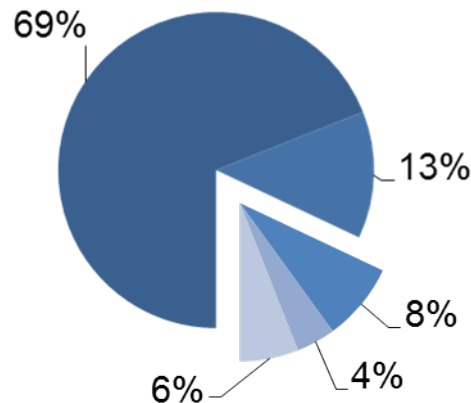
	2012	2013	2014
Customer Service*	53% (62,213)	36% (53,093)	42% (58,009)
Claims	40% (46,813)	39% (58,880)	39% (53,595)
Rate Increase	7% (8,143)	25% (37,491)	19% (26,642)
<b>Total Calls</b>	<b>117,169</b>	<b>149,464</b>	<b>138,246</b>
Avg. Speed Answered	89 sec	89 sec	90 sec
Abandoned Rate	4.2%	3.4%	4.0%

\*Customer Service calls include address change, billing questions, designee questions, termination requests, and coverage discussions.

# Customer Service Satisfaction Survey

- 82 percent of respondents rated the overall call experience with a score of 4 or higher

■ 5: Highest  
 ■ 4  
 ■ 3  
 ■ 2  
 ■ 1: Lowest



Total 2014 survey respondents: 2,048

Consider everything about your call to us today. What is your overall rating with the experience?

Please rate ability of the representative to understand and resolve your inquiry.

Please rate the courtesy and professionalism of the representative you spoke with.

# Online Capability Enhancements

## Online Credit Card Payment

From September to December 2014 the LTC Program received 247 credit card payments totaling \$165,584.47 in paid premiums.

## Online Demographic Updates

Participants can now make demographic changes to their policies through the [www.calperslongtermcare.com](http://www.calperslongtermcare.com) website.

# LTCCG Preferred Provider Network

- Preferred providers may provide discounts to participants for their care
- National contracts with BAYADA, ComForcare, Signature Healthcare, Interim Healthcare, Maxim Healthcare, and BrightStar
- 1,775 contracted providers
  - 1,335 Home Health/Home Care Providers (HHC)
  - 10 Assisted Living Facilities (ALF)
  - 4 Adult Day Care Facilities (ADC)
  - 425 Skilled Nursing Facilities
  - 1 Hospice Agency
- CA providers: 150 HHC, 10 ALF, 2 ADC

# Transition Care Program (TCP) Pilot

- CalPERS, LTCG, Inc. and Anthem Blue Cross designed a one-year TCP pilot to reduce hospital readmissions for LTC members who live in the greater Sacramento area, are age 65 and over, and have health coverage through one of the Self-Funded PPO health plans.
- Pilot implementation: February 9, 2015.
  - Added benefit at no cost to the participant.
  - 400 eligible participants selected for the pilot.

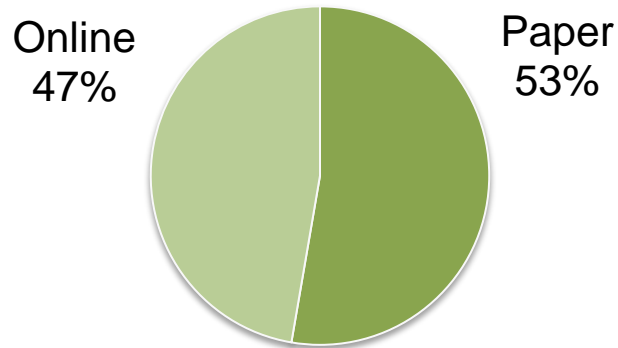
# Transition Care Program (TCP) Pilot

- LTCG, Inc. has subcontracted with AccentCare, a well-known national firm, to provide a specially trained nursing staff to work closely with our members and their personal physicians for a successful transition from hospital to home recovery.
- Transition care nurses will:
  - Ensure all medications and discharge orders are completely understood;
  - Check for home safety issues;
  - Facilitate a primary care physician or specialist follow-up visit;
  - Arrange any needed outpatient or home-based therapies or equipment; and
  - Assist in filing a long term care claim, as necessary.

# LTC4 Open Application Activity

- Online application activated July 2014, after which 47 percent of applications submitted online
- To date, 905 applications have been approved; this represents 62 percent of total underwriting decisions

Online vs. Paper Applications  
July 2014 through Present



Status of current applications and enrollment

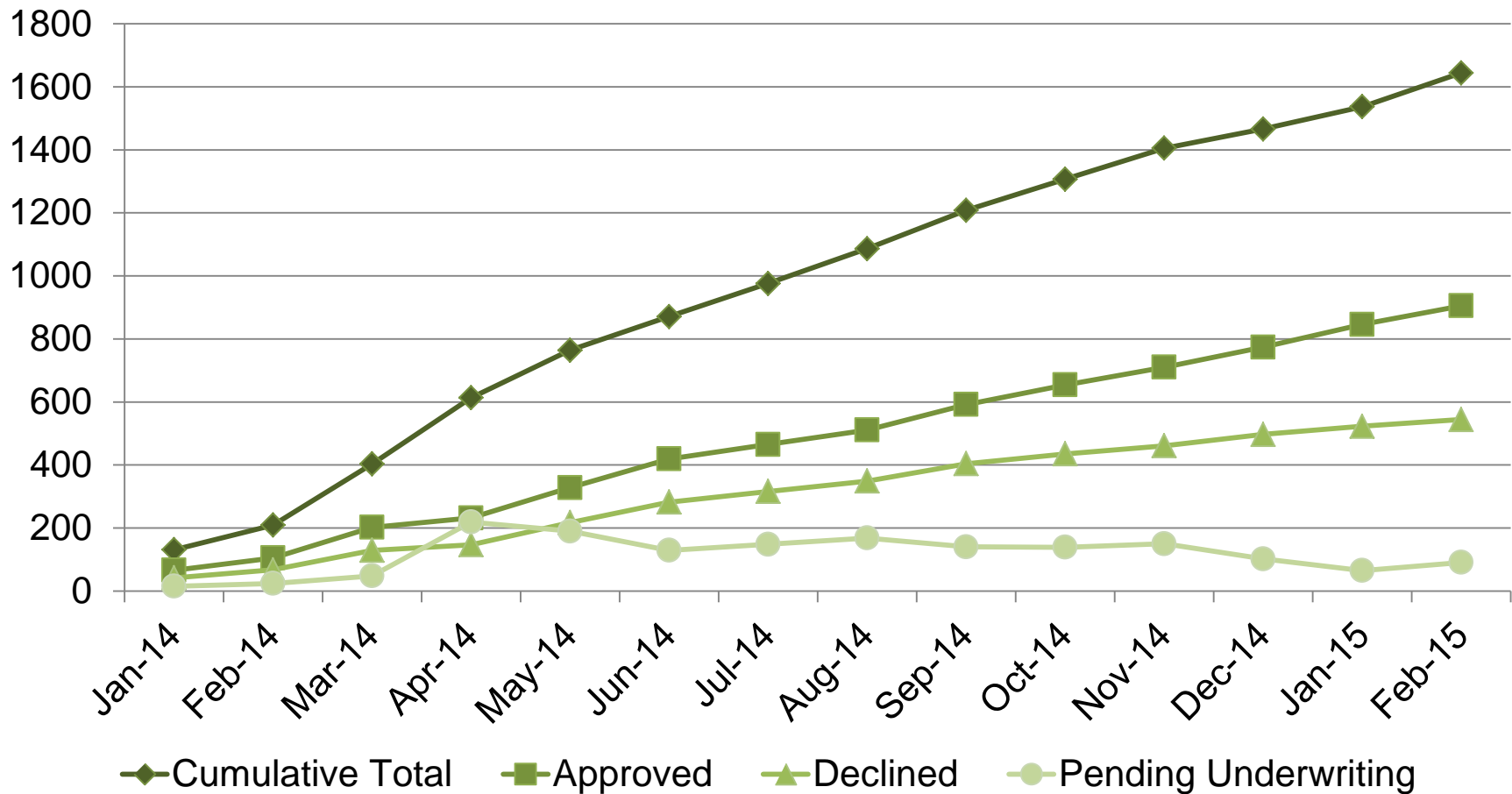
Applications Received		Underwriting Decisions	
Total Number	1,644	Approved/Issued	905
Comprehensive	1,610	Declines	544
Partnership	34	Withdrawn	104

91 applications are pending underwriting



# LTC4 Open Application Activity

- On average LTC4 receives approximately 100 applications per month
- Increasingly more applications are approved than declined due to applicants successfully pass underwriting



# LTC4 Open Application Activity

## Types of Applications Approved

Plan	Count	Daily Benefit Amount	Inflation Protection	Optional Benefits
Custom select	426	From \$150 to \$400	Six Options	Any combination of four Optional Benefits
Essential 3-Year	212	\$150	Includes 3% Simple	Includes Restoration of Benefit
Choice 6-Year	183	\$180	Includes 3% Simple	Includes Survivorship Benefit (when applicable)
Premier 10-Year	69	\$200	Includes 3% Simple	Includes Survivorship Benefit (when applicable)
CA Partnership	15	From \$180 to \$400	Includes 5% Compound ages 18-69; option of 5% Simple or 5% Compound ages 70-79	Any combination of three Optional Benefits
<b>Total</b>	<b>905</b>			

# Long-Term Care Program Semi-Annual Update

## Appendix A

# Terminations due to Death by Plan Series

	2012		2013		2014	
Plan Series	# of Participants	Annual Premium	# of Participants	Annual Premium	# of Participants	Annual Premium
LTC1	2,509	\$ 7,232,856	2,603	\$ 7,685,678	2,592	\$ 7,634,608
LTC2	52	\$ 159,056	58	\$ 207,389	53	\$ 189,524
LTC3	169	\$ 410,513	204	\$ 540,319	178	\$ 444,363
<b>Total</b>	<b>2,730</b>	<b>\$ 7,802,425</b>	<b>2,865</b>	<b>\$ 8,433,386</b>	<b>2,823</b>	<b>\$ 8,268,495</b>

LTC1 is the plan series offered 1995 – 2002; LTC2, 2003 – 2004; and LTC3, 2005 – 2008.

# Terminations due to Non-Payment by Plan Series

	2012		2013		2014	
Plan Series	# of Participants	Annual Premium	# of Participants	Annual Premium	# of Participants	Annual Premium
LTC1	663	\$ 1,229,958	987	\$ 1,921,577	521	\$ 1,033,916
LTC2	93	\$ 212,602	118	\$ 249,773	50	\$ 105,958
LTC3	95	\$ 171,038	79	\$ 144,103	60	\$ 141,596
<b>Total</b>	<b>851</b>	<b>\$ 1,613,598</b>	<b>1,184</b>	<b>\$ 2,315,453</b>	<b>631</b>	<b>\$ 1,281,470</b>

LTC1 is the plan series offered 1995 – 2002; LTC2, 2003 – 2004; and LTC3, 2005 – 2008.

# Voluntary Terminations by Plan Series

	2012		2013		2014	
Plan Series	# of Participants	Annual Premium	# of Participants	Annual Premium	# of Participants	Annual Premium
LTC1	648	\$ 1,401,048	2,050	\$ 4,559,675	759	\$ 1,657,844
LTC2	76	\$ 187,054	186	\$ 462,010	77	\$ 178,437
LTC3	88	\$ 195,773	98	\$ 206,327	58	\$ 136,093
<b>Total</b>	<b>812</b>	<b>\$ 1,783,875</b>	<b>2,334</b>	<b>\$ 5,228,012</b>	<b>894</b>	<b>\$ 1,972,374</b>

LTC1 is the plan series offered 1995 – 2002; LTC2, 2003 – 2004; and LTC3, 2005 – 2008.

# Terminations due to Exhausted Benefits by Plan Series

	2012		2013		2014	
Plan Series	# of Participants	Annual Premium	# of Participants	Annual Premium	# of Participants	Annual Premium
LTC1	83	\$ 164,325	145	\$ 302,758	118	\$ 261,496
LTC2	0	\$ 0	1	\$ 1,630	4	\$ 13,583
LTC3	2	\$ 3,057	6	\$ 21,268	6	\$ 14,879
<b>Total</b>	<b>85</b>	<b>\$ 167,382</b>	<b>152</b>	<b>\$ 325,656</b>	<b>128</b>	<b>\$ 289,958</b>

LTC1 is the plan series offered 1995 – 2002; LTC2, 2003 – 2004; and LTC3, 2005 – 2008.