

Long-Term Care Program Semi-Annual Update



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Key Statistics

- Program population continues to decrease primarily due to participant death
- Average annualized premiums have remained relatively stable

Participants and Premiums	Annual	Annual	Annual	Jan 1 to June 30
	2012	2013	2014	2015
Program Participants	148,292	142,050	138,348	136,256
Premiums Paid*	\$327 million	\$309 million	\$309 million	\$135 million
Avg Annualized Premium	\$2,206	\$2,177	\$2,121	\$2,104
Invested Asset Value	\$3.6 billion	\$3.8 billion	\$4.2 billion	\$4.1 billion

Claims and Care Management

Benefits Paid	\$182 million	\$203 million	\$240 million	\$123 million
Benefits Paid Since Inception	\$1.1 billion	\$1.3 billion	\$1.5 billion	\$1.7 billion

*Premiums paid monthly, quarterly, semi-annually, and annually.

Key Statistics

- 2015 premium increase policy conversions exceeded estimates

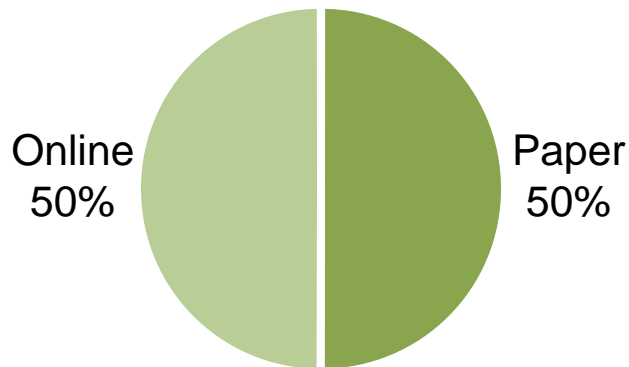
2015 Premium Increase and Policy Conversions

		Accept Increase		10-Year w/BIO		6-Year w/BIO		3-Year w/BIO	
Initial Coverage	Offers Mailed	Count	% of Total	Count	% of Total	Count	% of Total	Count	% of Total
Lifetime w/Inflation	35,145	26,338	43.7%	7,028	11.7%	1,540	2.6%	239	0.4%
Lifetime w/BIO	12,110	8,724	14.5%			3,189	5.3%	197	0.3%
6-Year w/Inflation	4,683	2,990	5.0%			1,547	2.6%	146	0.2%
3-Year w/Inflation	8,353	5,277	8.8%					3,076	5.1%
Totals	60,291	43,329	71.9%	7,028	11.7%	6,276	10.4%	3,658	6.0%

LTC4 Open Application Activity

- Open application launched December 2013
- Online application* submittals have increased by 3 percent to 50 percent since last reported

Online vs. Paper
Applications
July 2014 through
September 2015



Status of current applications and enrollment to
September 25, 2015

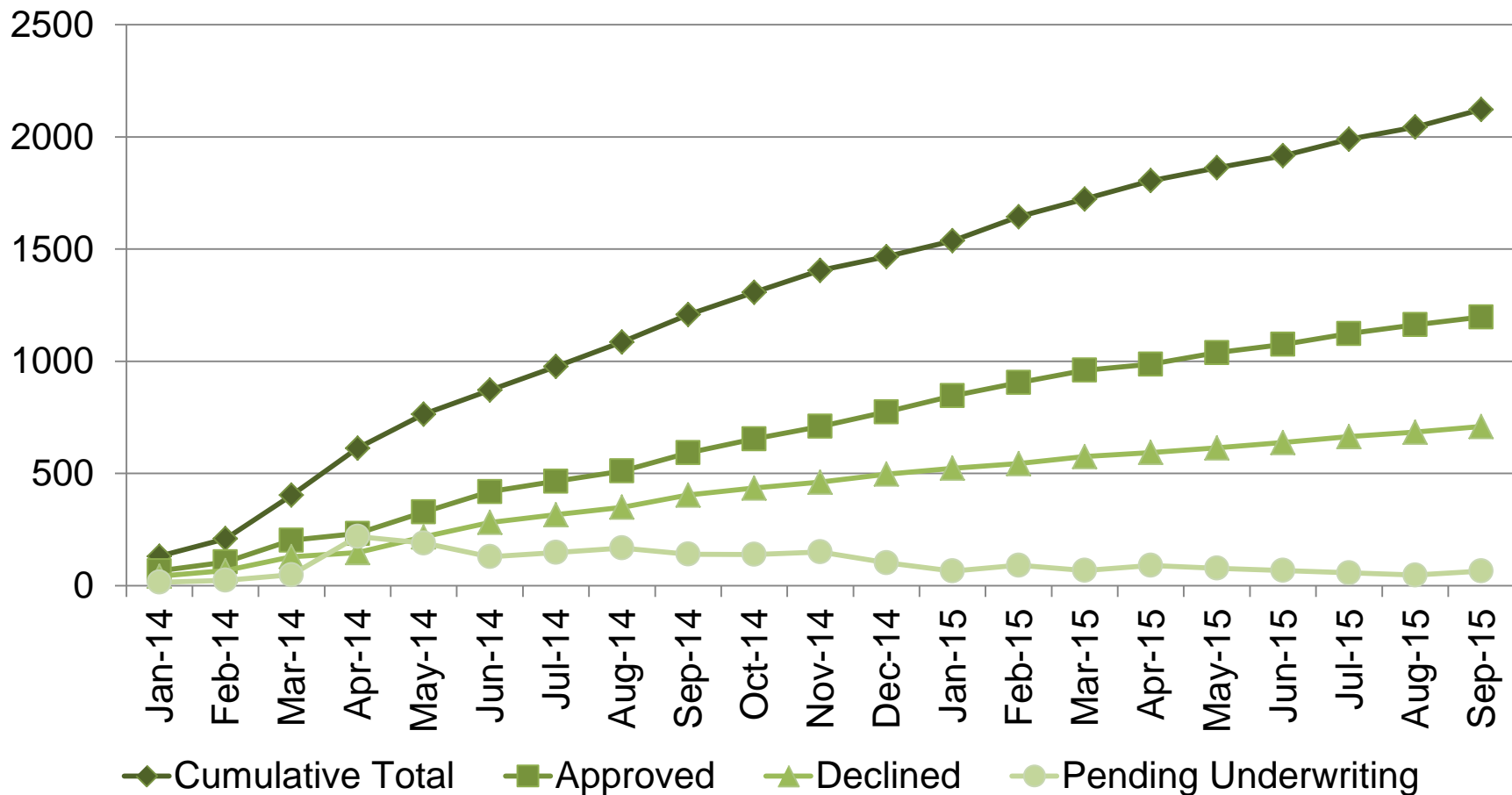
Applications Received		Underwriting Decisions	
Total Number	2,122	Approved/Issued	1,197
Comprehensive	2,077	Declines	709
Partnership	45	Withdrawn	151

65 applications are pending underwriting

*Online application activated July 2014

LTC4 Open Application Activity

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



LTC4 Open Application Activity

Types of Applications Approved

Plan	Count	Daily Benefit Amount	Inflation Protection	Optional Benefits
Custom select	572	From \$150 to \$400	Six Options	Any combination of four Optional Benefits
Essential 3-Year	284	\$150	3% Simple	Includes Restoration of Benefit
Choice 6-Year	222	\$180	3% Simple	Includes Survivorship Benefit (when applicable)
Premier 10-Year	102	\$200	3% Simple	Includes Survivorship Benefit (when applicable)
CA Partnership	16	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
Total	1,197			

LTC4 Integrated Marketing Campaign

The 2015-16 Integrated Marketing Campaign for the LTC Program was developed in collaboration with the CalPERS Public Affairs team to help promote LTC4 and drive application activity to strengthen and grow the Program. These efforts include:

- Website banner ads – Ads operate in conjunction with search engine optimization tools to increase exposure to high potential market segments
- Media ads – Radio, billboard, and print strategically located throughout the greater Sacramento region
- Direct mail letters – Letters mailed to high potential market segments
- Direct outreach
 - CalPERS Benefit Education Events
 - CalPERS Educational Forum, October 2015
 - Employer benefit and open enrollment fairs
 - Speaking engagements

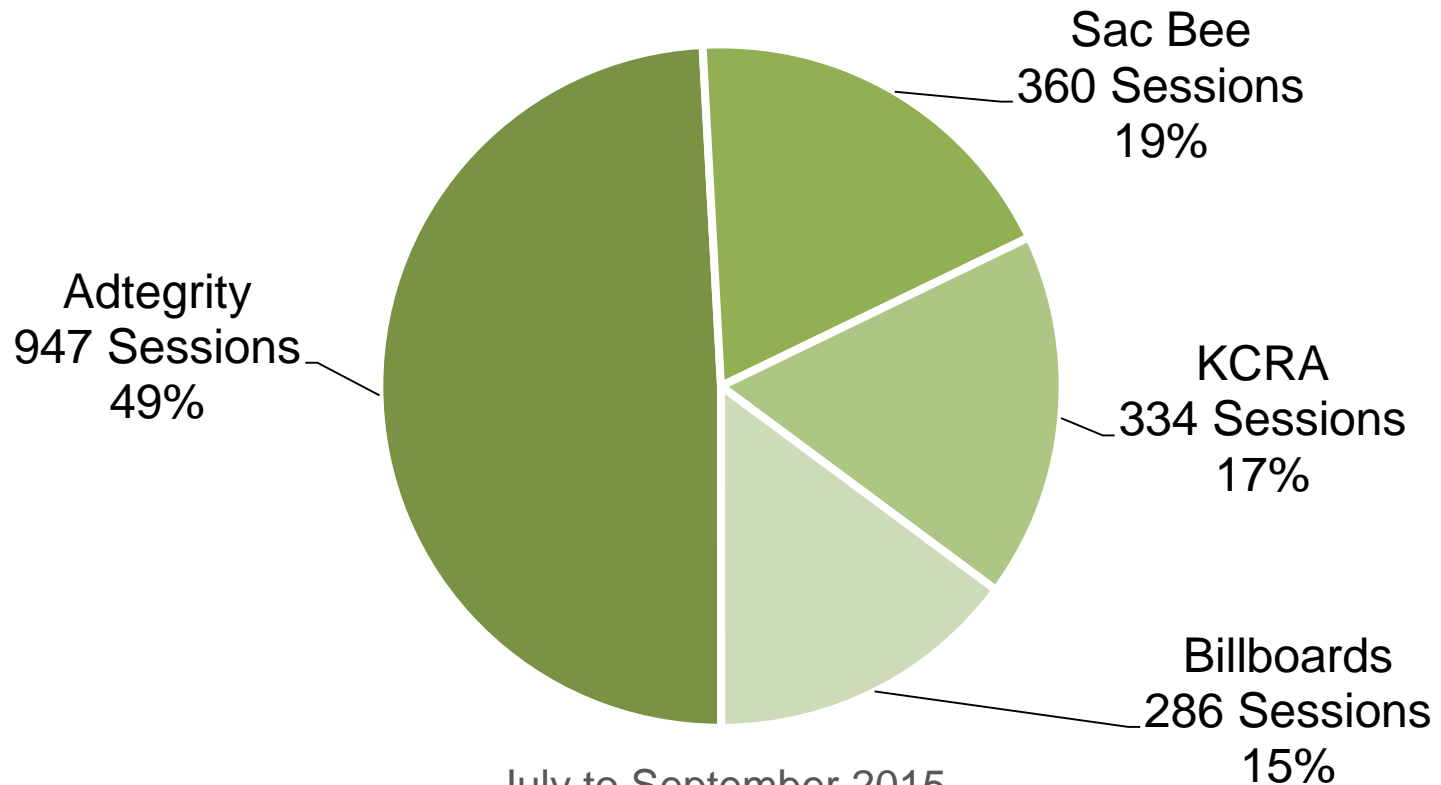
LTC4 Integrated Marketing Campaign

- Print and billboard ad examples for the 2015-16 campaign



LTC Website Activity

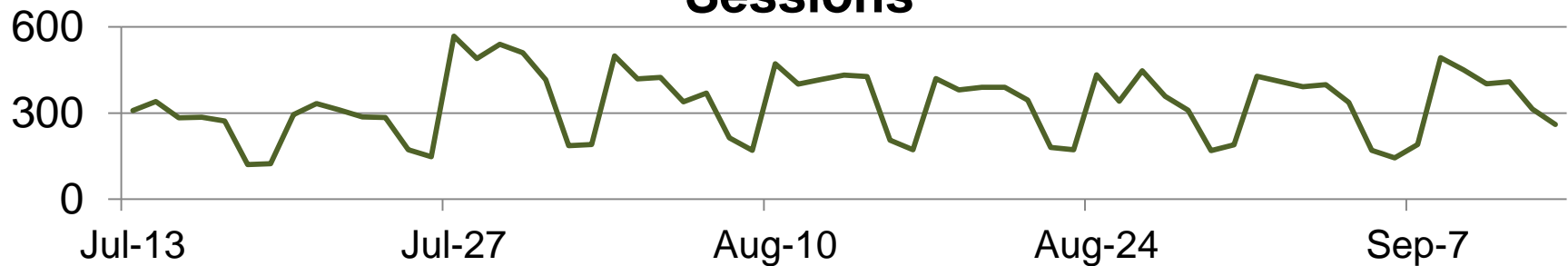
- Billboard advertisements and web banners on selected web sources provide data on how well each channel is performing
- Nearly half of the sessions from the marketing campaign URL, WhyLongTermCare.org, are sourced from Adtegrity which places web banners on a multitude of different sources



LTC Website Activity

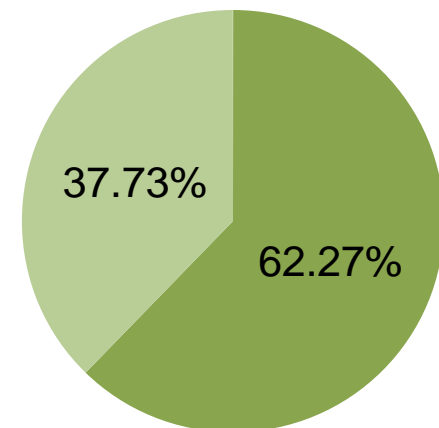
- Google Analytics provides detailed information about web activity
- Daily session tracking shows lower web activity on weekends and higher activity typically at the beginning of the week

Sessions



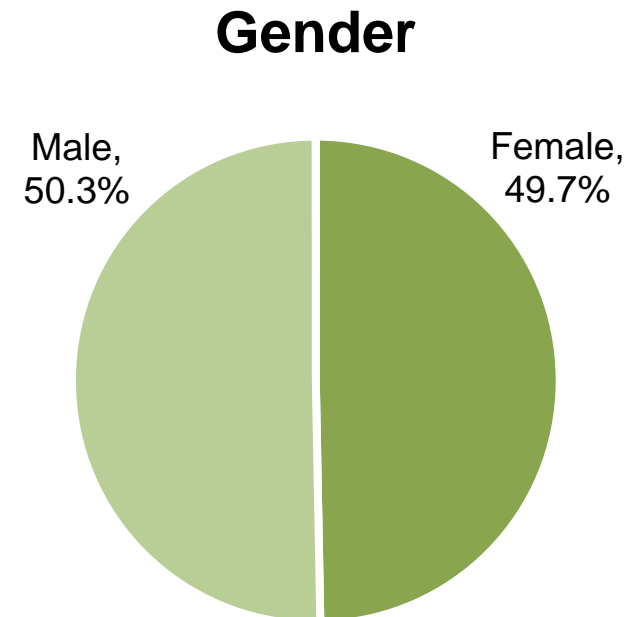
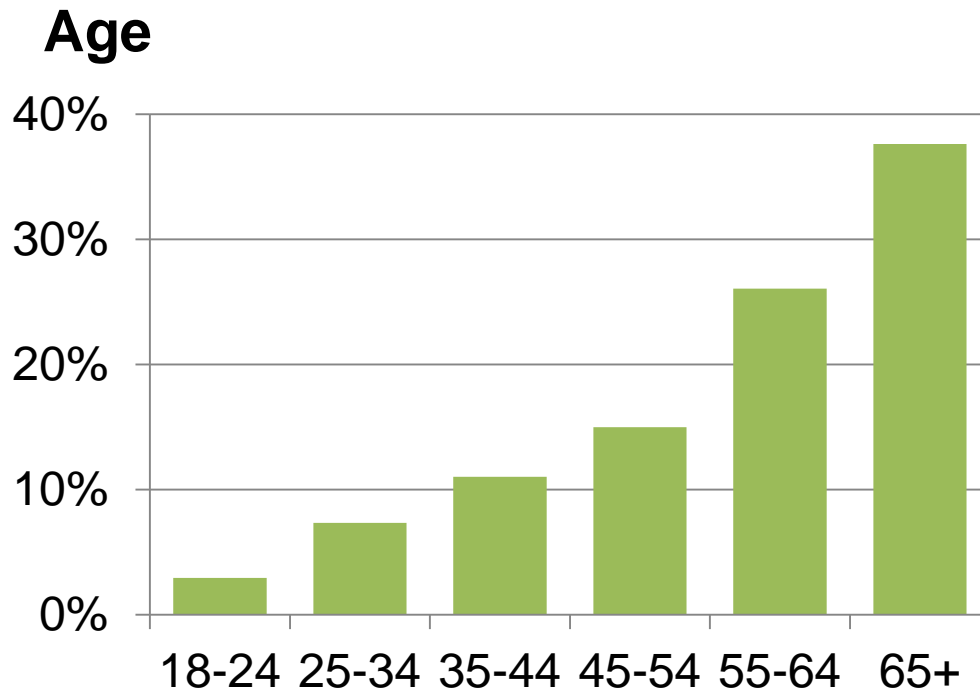
Sessions	Users	Page views	Pages/Session
20,744	13,040	115,665	5.58
Avg. Session Duration	Bounce Rate	% New Sessions	
00:06:29	30.65%	62.27%	

■ New Visitor ■ Returning Visitor



LTC Website Activity

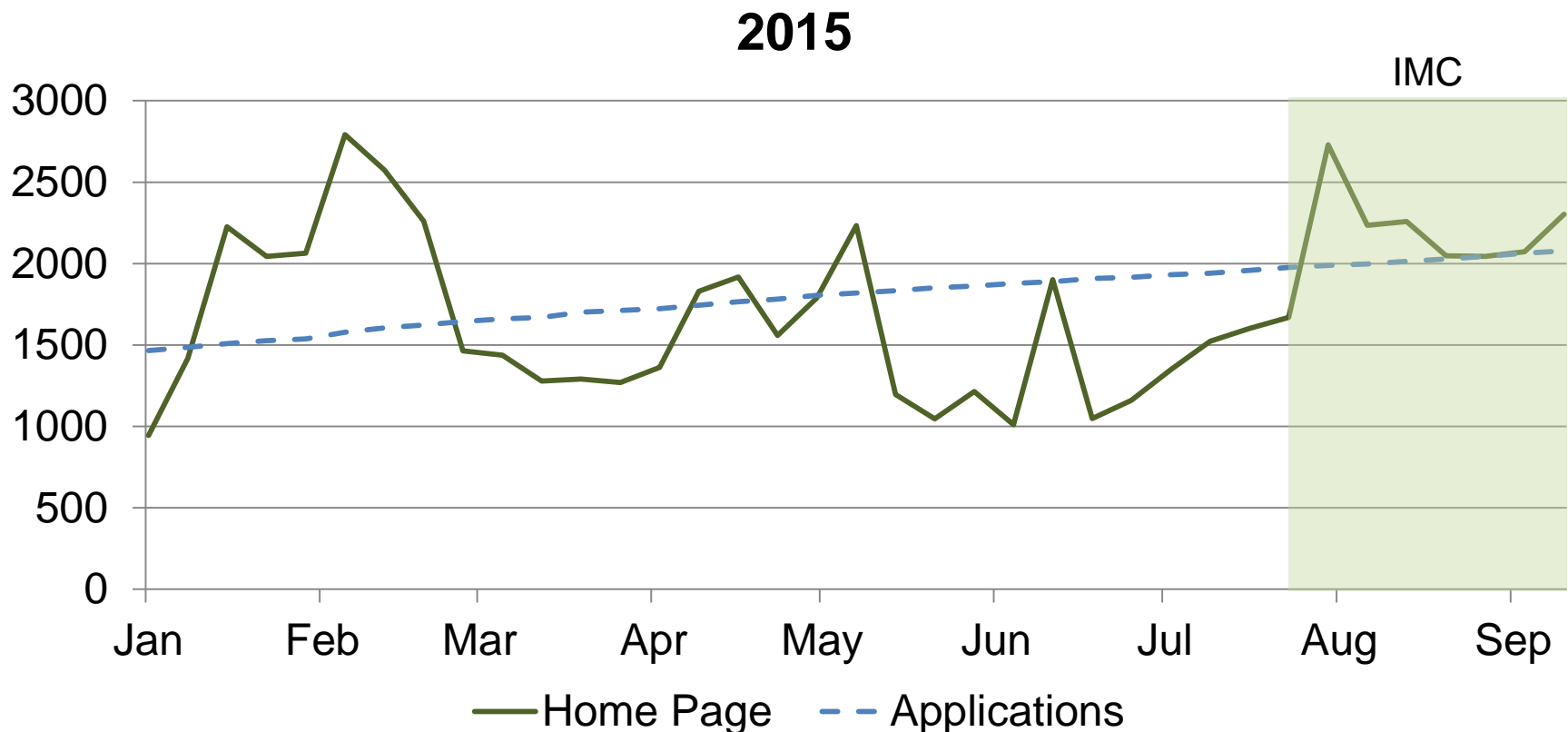
- Demographics* of individuals accessing www.calperslongtermcare.com for all long-term care related activities



*Values are based on percentage sampling of all site traffic

LTC Website Activity

- Visits to the home page increased substantially when the Integrated Marketing Campaign (IMC) was launched July 27, 2015 and have continued to show strong activity



Transition Care Program (TCP) Pilot

The 2015-2016 pilot targets:

- Gaps in care following hospital discharge
- Medicare patients readmitted within 60 days
- Reducing readmissions

Voluntary participants:

- 1,100 Medicare members residing in Sacramento
- 65+ years old
- Have Long-Term Care coverage and PPO health plan
- Hospitalized in the prior year

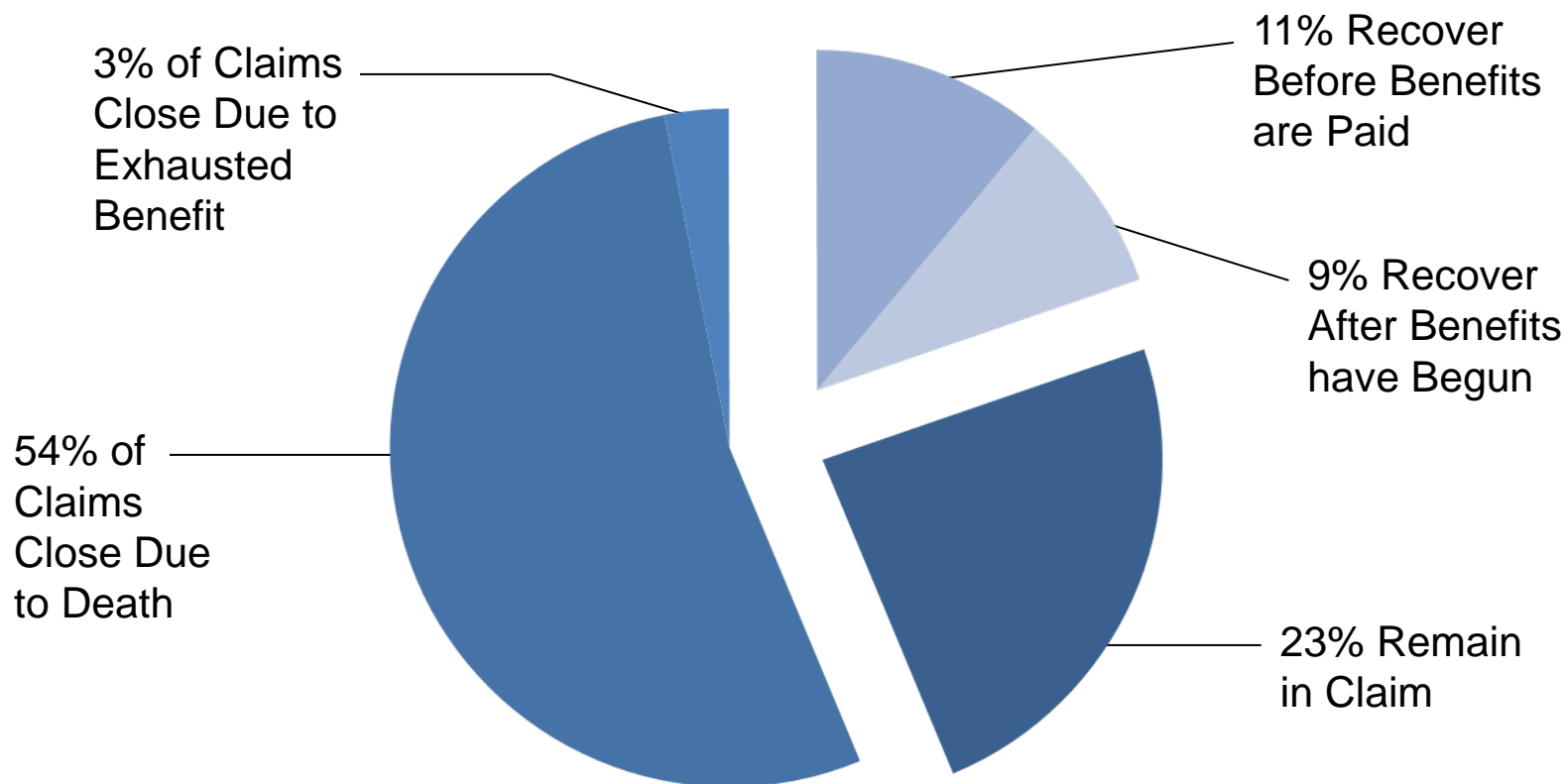
LTCCG Preferred Provider Network

- 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

Open and Closed Claims

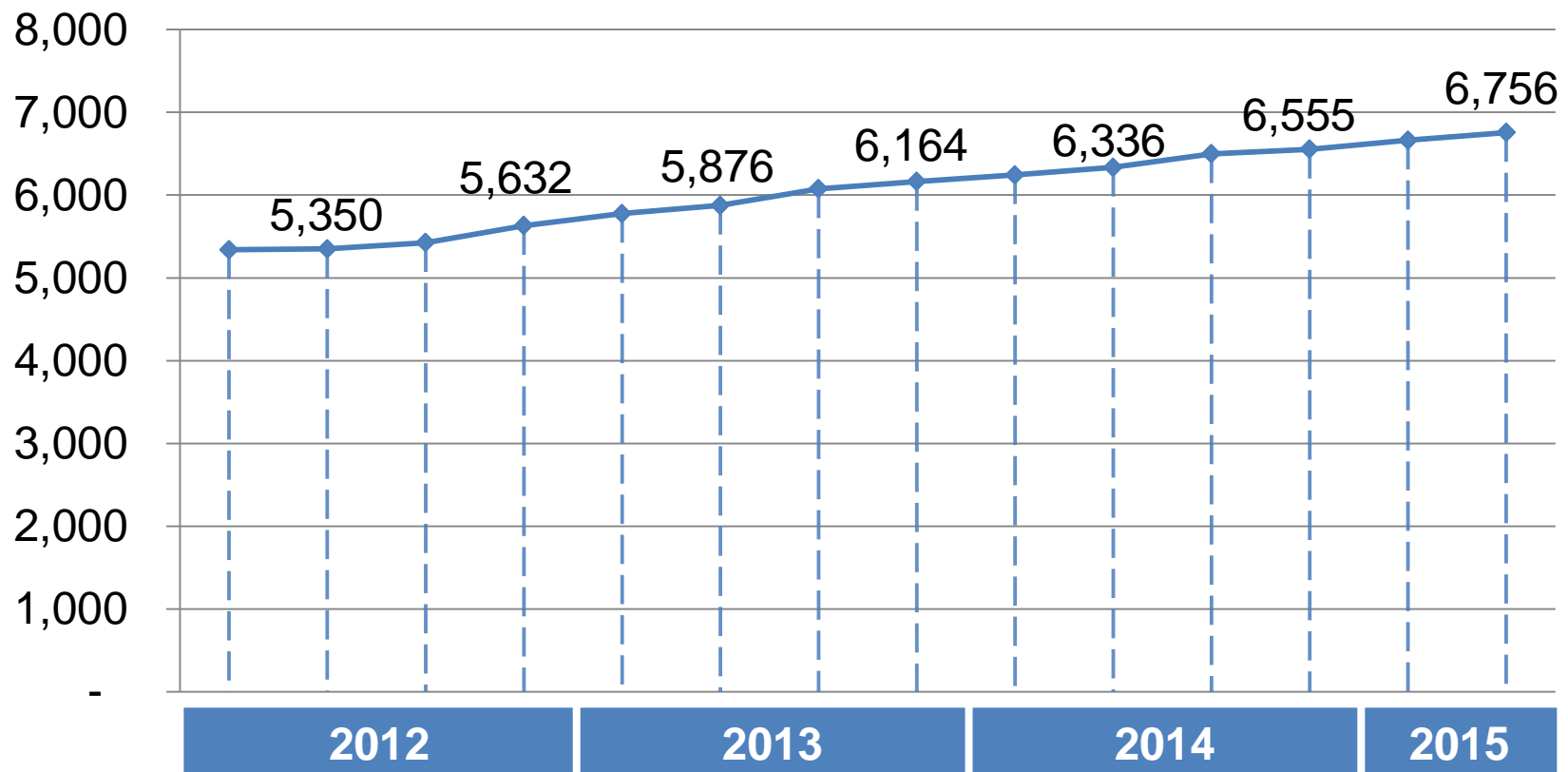
Since inception of Program through June 30, 2015

- 54 percent of claims are closed due to death and 3 percent are due to exhaustion of benefit
- 11 percent of claimants recover before benefit payments begin



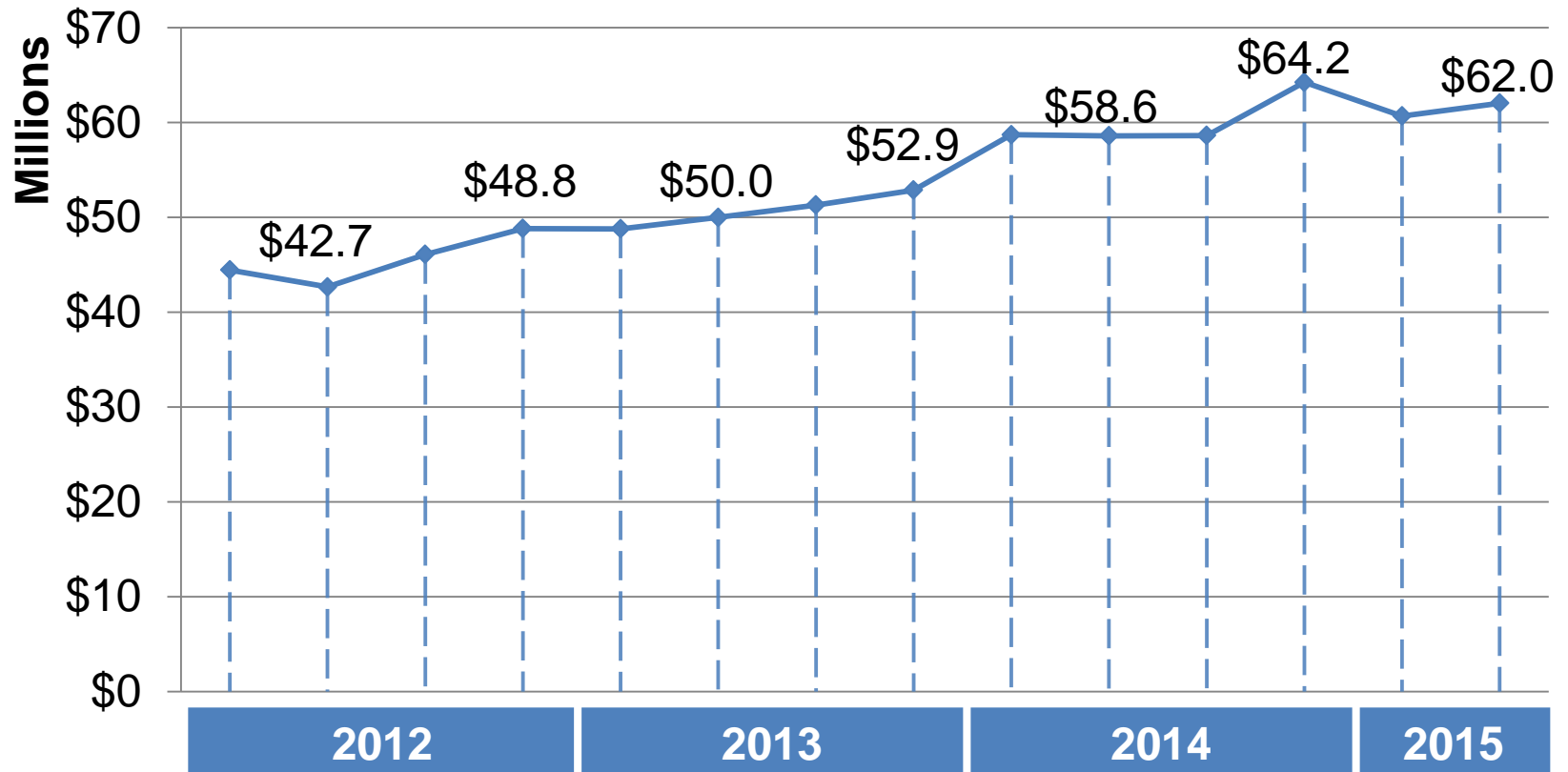
Participants in Active Claim Status

- Over 90 percent of initial claims are approved
- Reconsideration and appeals process available for denials



Claim Payments

- Claim payments continue to rise at a steady rate



Clinical Profile of Claims

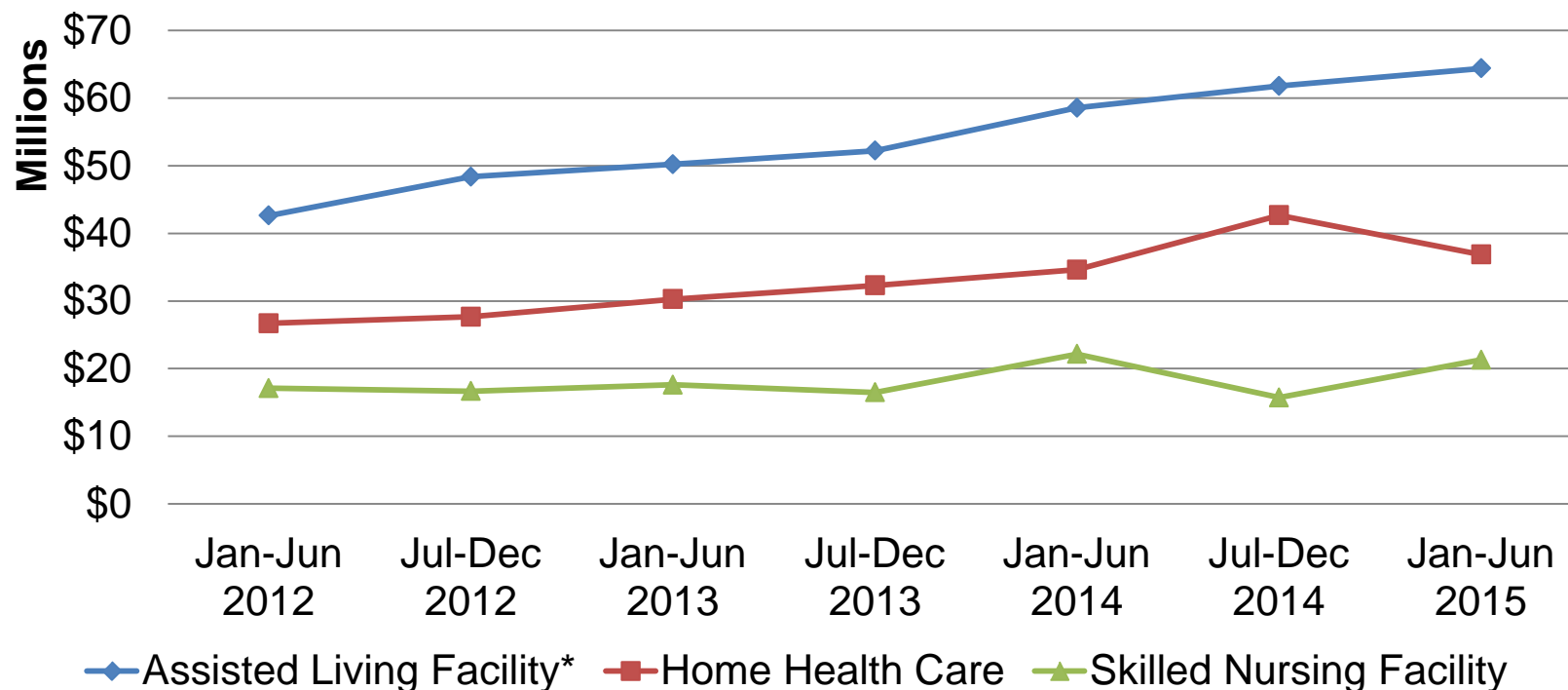
- Pure Dementia is the leading disabling condition for paid claims
- Dementia care is predominately paid at the Skilled Nursing level of care but care may be provided in Assisted Living Facility Memory Care units

	2013		2014		2015	
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	33%	\$32,900,419	35%	\$40,139,283	35%	\$42,668,957
Stroke	9%	9,245,810	9%	10,792,721	9%	11,032,582
Arthritis and Other Rheumatic Diseases	7%	7,166,633	8%	9,136,075	9%	10,892,888
Fracture/Injuries	7%	6,432,709	6%	6,875,308	6%	6,901,284
Parkinson's	6%	5,577,092	6%	6,370,389	6%	6,791,737

This does not represent all claims

Claim Dollars Paid by Site of Care

- Claim payments for Skilled Nursing Facilities are nearly flat while Assisted Living and Home Health Care continue to rise



Notes:

- Assisted Living Facilities include Residential Care Facilities, Group Homes, Adult Foster Homes, etc.
- Home Health Care values includes In-Home Respite Care
- Skilled Nursing Facility values includes Out-of-Home Respite Care
- Other Benefits, Hospice and Bed Hold Reservation values are too low to display

Causes of Terminations

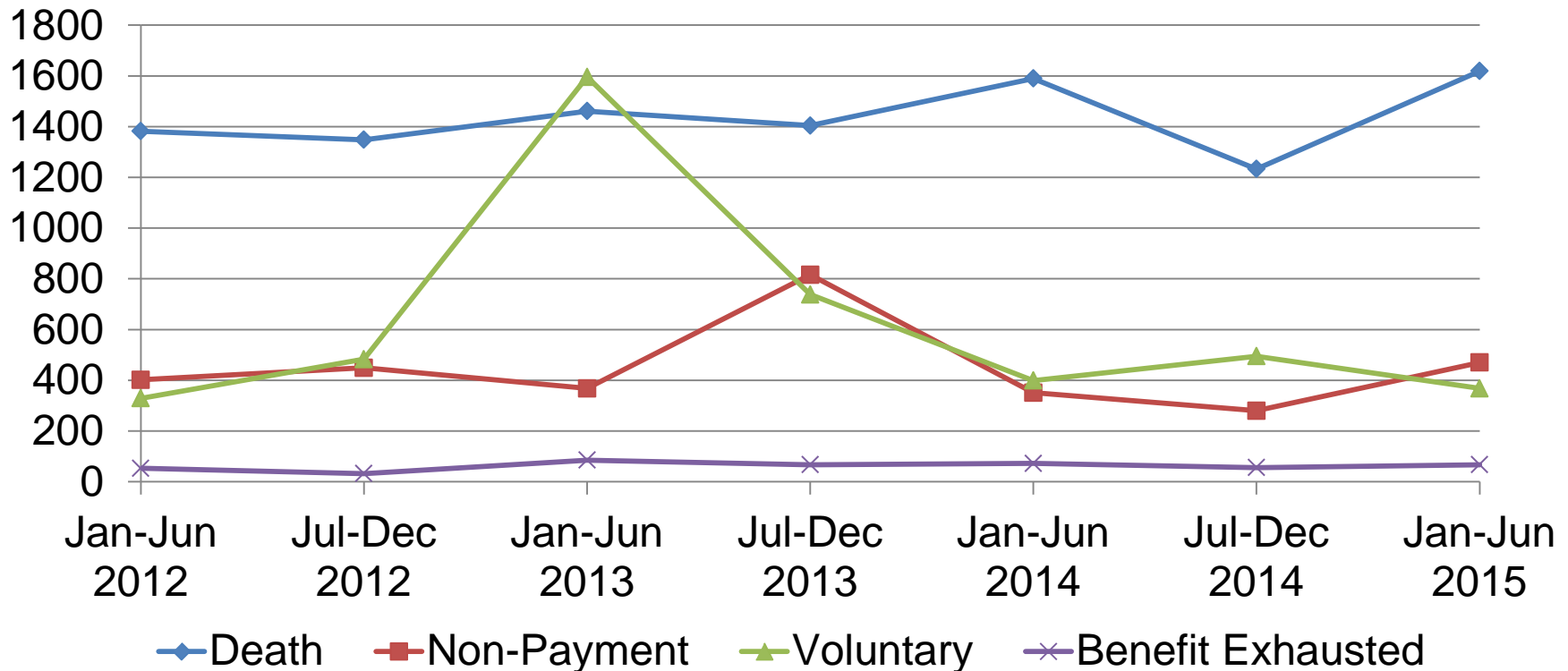
- Voluntary terminations have decreased significantly from 2013 to 2015
- Over 64 percent of terminations for the 2015 period were due to participant death

	Annual		Annual		Annual		Through June	
	2012		2013		2014		2015	
	Qty	Annual Premium	Qty	Annual Premium	Qty	Annual Premium	Qty	Annual Premium
Death	2,730	\$ 7,802,425	2,865	\$ 8,433,386	2,823	\$ 8,268,495	1,619	\$ 4,767,813
Non-Payment	851	1,613,598	1,184	2,315,453	631	1,281,470	470	968,885
Voluntary	812	1,783,875	2,334	5,228,012	894	1,972,374	368	873,703
Exhausted Benefit	85	167,382	152	325,656	128	289,958	67	142,080
Total	4,478	\$ 11,367,280	6,535	\$ 16,302,507	4,476	\$ 11,812,297	2,524	\$ 6,752,481

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

Causes of Termination

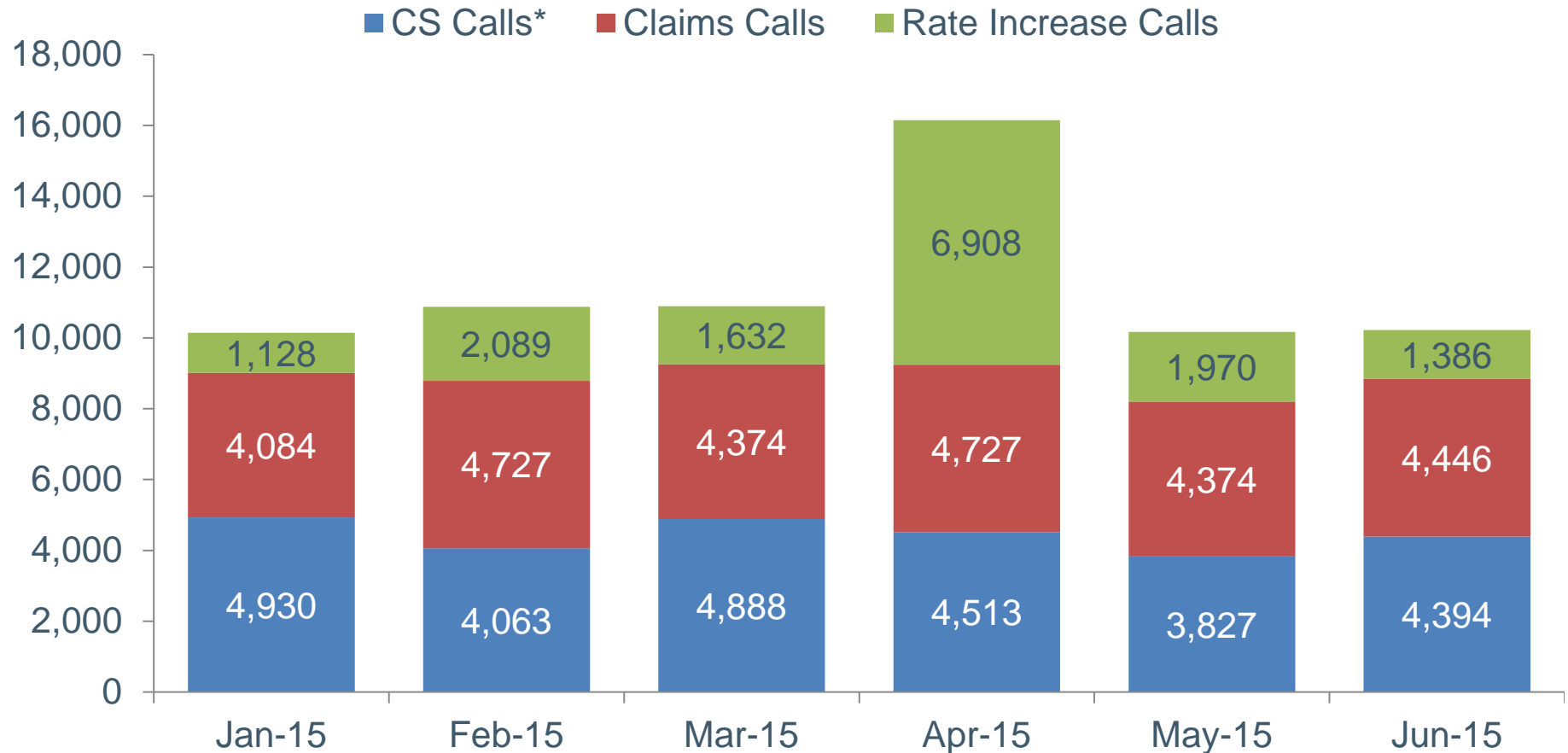
- Death is most typically the leading cause for termination
- Terminations due to non-payment and voluntary terminations spiked in early 2013, then returned to a steady state in 2014



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Appendix

LTCG Customer Call Metrics

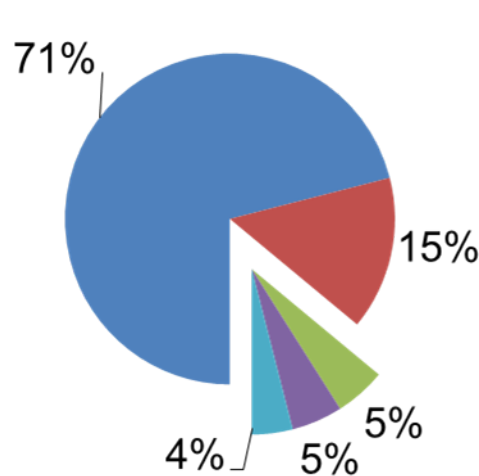


*Customer Service (CS) calls include address change, billing questions, designee questions, termination requests, and coverage discussions.

Customer Service Satisfaction Survey

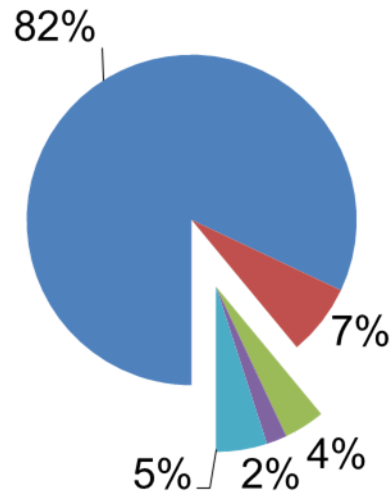
- 86 percent of respondents rated the overall call experience with a score of 4 or higher

■ 5: Highest
■ 4
■ 3
■ 2
■ 1: Lowest

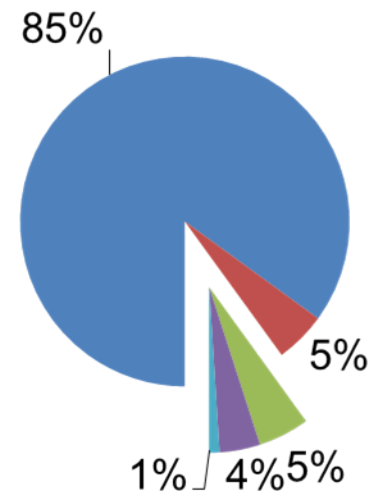


**Total 2014
survey
respondents:
2,048**

**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.**

Terminations due to Death by Plan Series

Plan Series	Annual 2012		Annual 2013		Annual 2014		Jan 1 to Jun 30 2015	
	Qty	Annual Premium	Qty	Annual Premium	Qty	Annual Premium	Qty	Annual Premium
LTC1	2,509	\$ 7,232,856	2,603	\$ 7,685,678	2,592	\$ 7,634,608	1,465	\$ 4,337,877
LTC2	52	159,056	58	207,389	53	189,524	43	159,983
LTC3	169	410,513	204	540,319	178	444,363	111	269,953
LTC4	N/A	N/A	0	0	1	1599	0	0
Total	2,730	\$ 7,802,425	2,865	\$ 8,433,386	2,824	\$ 8,270,094	1,619	\$ 4,767,813

LTC1 is the plan series offered 1995 – 2002; LTC2, 2003 – 2004; LTC3, 2005 – 2008; and LTC4, 2013-present.

Terminations due to Non-Payment by Plan Series

Plan Series	Annual 2012		Annual 2013		Annual 2014		Jan 1 to Jun 30 2015	
	Qty	Annual Premium	Qty	Annual Premium	Qty	Annual Premium	Qty	Annual Premium
LTC1	663	\$ 1,229,958	987	\$ 1,921,577	521	\$ 1,033,916	365	\$ 713,232
LTC2	93	212,602	118	249,773	50	105,958	38	79,753
LTC3	95	171,038	79	144,103	60	141,596	34	74,477
LTC4	N/A	N/A	0	0	18	77,221	33	101,423
Total	851	\$ 1,613,598	1,184	\$ 2,315,453	649	\$ 1,358,691	470	\$ 968,885

LTC1 is the plan series offered 1995 – 2002; LTC2, 2003 – 2004; LTC3, 2005 – 2008; and LTC4, 2013-present.

Voluntary Terminations by Plan Series

Plan Series	Annual 2012		Annual 2013		Annual 2014		Jan 1 to Jun 30 2015	
	Qty	Annual Premium	Qty	Annual Premium	Qty	Annual Premium	Qty	Annual Premium
LTC1	648	\$ 1,401,048	2,050	\$ 4,559,675	759	\$ 1,657,844	311	\$ 712,754
LTC2	76	187,054	186	462,010	77	178,437	22	53,742
LTC3	88	195,773	98	206,327	58	136,093	14	27,045
LTC4	N/A	N/A	0	0	50	158,841	21	80,162
Total	812	\$ 1,783,875	2,334	\$ 5,228,012	944	\$ 2,131,215	368	\$ 873,703

LTC1 is the plan series offered 1995 – 2002; LTC2, 2003 – 2004; LTC3, 2005 – 2008; and LTC4, 2013-present.

Terminations due to Exhausted Benefits by Plan Series

Plan Series	Annual 2012		Annual 2013		Annual 2014		Jan 1 to Jun 30 2015	
	Qty	Annual Premium	Qty	Annual Premium	Qty	Annual Premium	Qty	Annual Premium
LTC1	83	\$ 164,325	145	\$ 302,758	118	\$ 302,758	64	\$ 131,200
LTC2	0	0	1	1,630	4	1,630	1	2,803
LTC3	2	3,057	6	21,268	6	21,268	2	8,077
Total	85	\$ 167,382	152	\$ 325,656	128	\$ 289,958	67	\$ 142,080

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