

# Long-Term Care Program Semi-Annual Update

March 15, 2016



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# Key Statistics

- Average annualized premiums have risen with the implementation of the first portion of the 2015-16 85% premium increase.

Participants and Premiums	Calendar Year		
	2013	2014	2015
Program Participants	142,050	138,348	134,495
Premiums Paid*	\$309 million	\$293 million	\$308 million
Avg Annualized Premium	\$2,177	\$2,121	\$2,292
Invested Asset Value	\$3.8 billion	\$4.2 billion	\$4.0 billion
Claims and Care Management			
Benefits Paid Annually	\$203 million	\$237 million	\$256 million
Benefits Paid Since Inception	\$1.3 billion	\$1.5 billion	\$1.8 billion

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

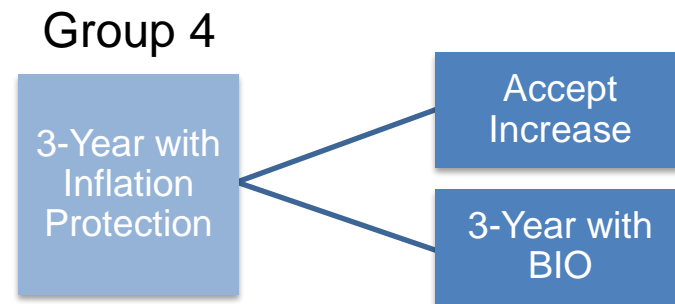
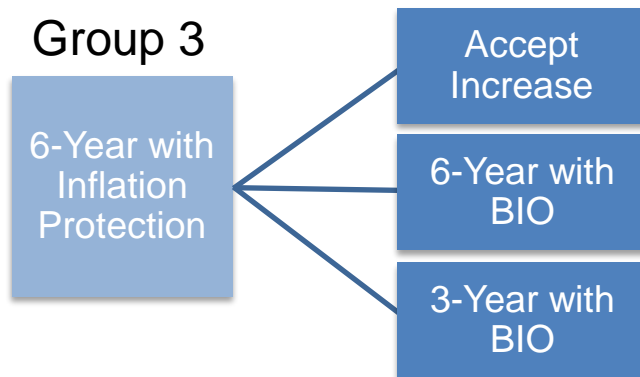
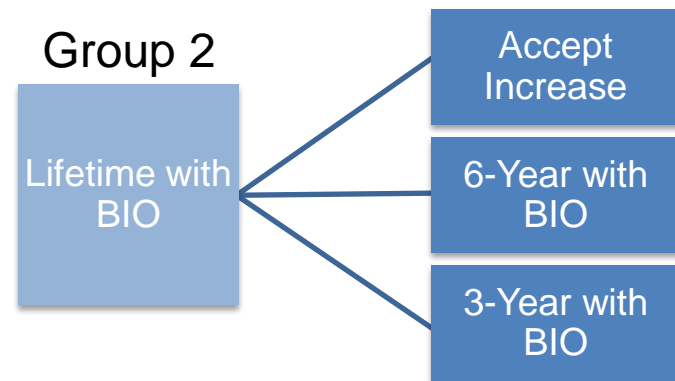
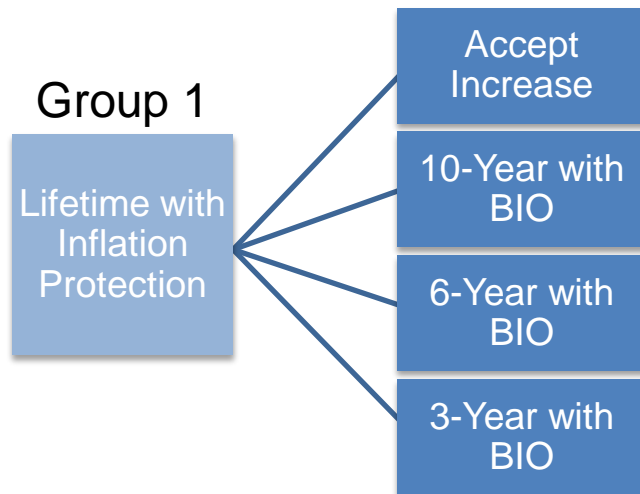
# 85% Premium Increase Update

- Educational letters will be mailed at the end of February with information about the remaining portion of 2015-16 85 percent premium increase and the options available to affected participants.
- Change opportunity letters will be mailed in April 2016.

Participant Group	Count	Number of Options Offered
Group 1: Lifetime w/Inflation Protection	25,548	4
Group 2: Lifetime w/Benefit Increase Option (BIO)	8,357	3
Group 3: 6-Year w/Inflation Protection	2,918	3
Group 4: 3-Year w/Inflation Protection	5,077	2
<b>Total Offer Letters Scheduled to be Sent</b>	<b>41,900</b>	

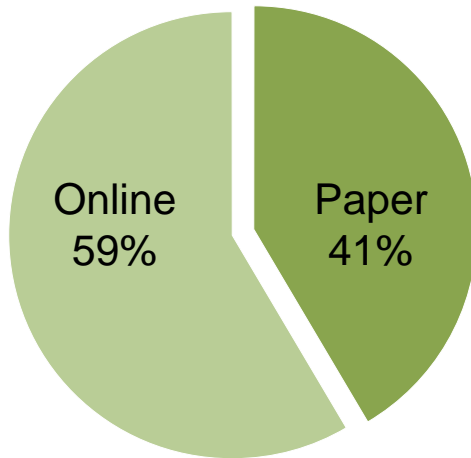
# 85% Premium Increase Update

- Multiple options are available for participants to avoid the remaining portion of the 2015-16 85 percent premium increase.



# LTC4 Open Application Activity

Online vs. Paper Applications for 2015



Status of total applications and enrollment to February 5, 2016

Applications Received	To date
Total Number	2,385
Comprehensive	2,338
Partnership	47
Underwriting Decisions	
Approved	1,342
Declines	821
Underwriting Approval/Total Underwriting Decisions	62%
Withdrawn	169

53 applications are pending underwriting

# Average Premium by LTC Group

- Average annual premiums for the LTC4 policy group are similar to those of the previous LTC groups while benefit periods are shorter on average as shown on the next slide

		2013	2014	2015
LTC1	Average annual premium	\$2,180	\$2,126	\$2,325
	Average attained age at year end	71.8	72.6	73.3
LTC2	Average annual premium	\$2,425	\$2,188	\$2,304
	Average attained age at year end	64.5	65.5	66.4
LTC3	Average annual premium	\$2,020	\$2,019	\$2,012
	Average attained age at year end	68.5	69.4	70.2
LTC4	Average annual premium	N/A	\$2,019	\$2,012
	Average attained age at year end	N/A	56.5	57.3

# LTCCG Provider Network

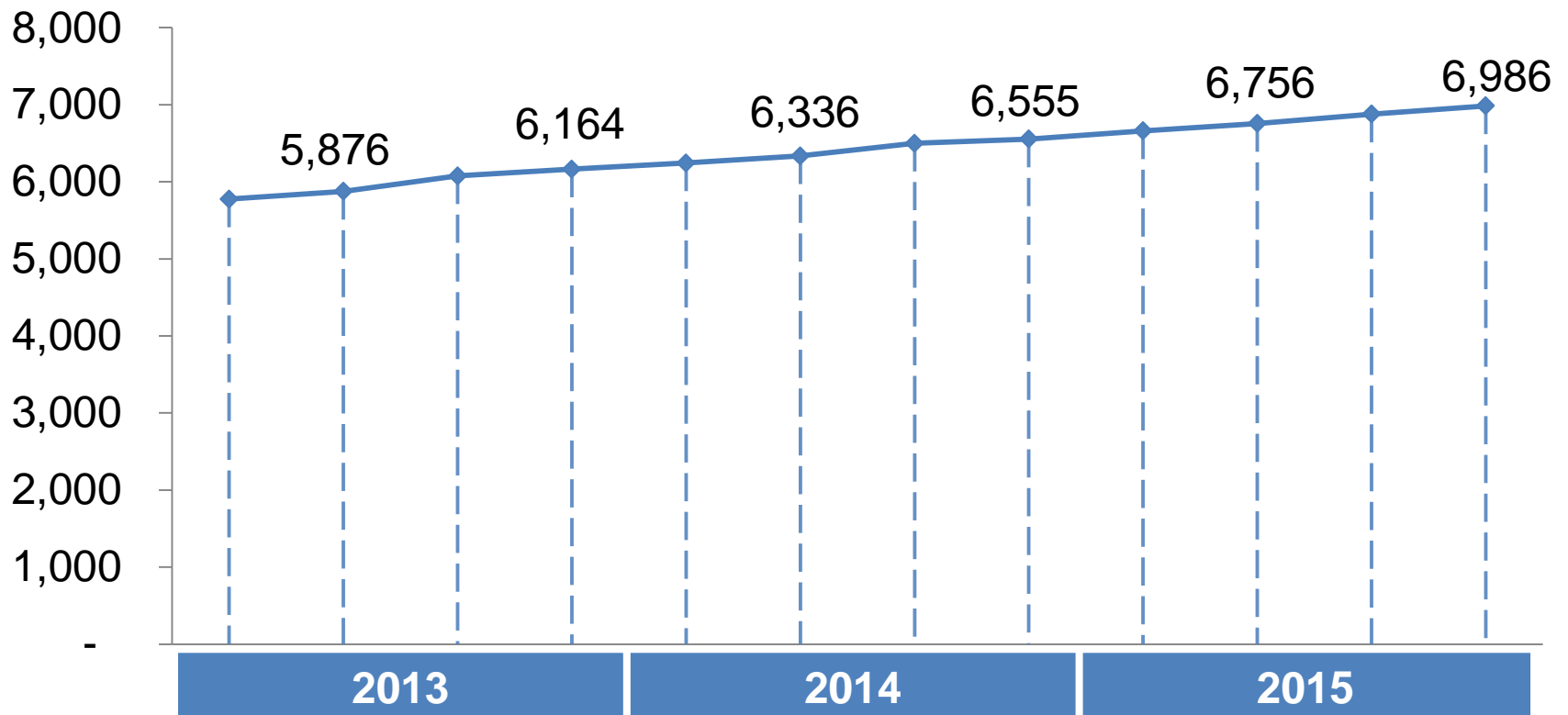
- Contracted providers may provide discounts from 5-20% to participants for their care
- National contracts with BAYADA, ComForCare, Signature Healthcare, Interim Healthcare, Maxim Healthcare, BrightStar, AccentCare, Home Helpers, FirstLight Home Care, and Outreach Health Services
- CA providers: 225 Home Healthcare, 10 Assisted Living Facilities, 2 Adult Day Care

	2013	2014	2015
Contracted Providers	888	1,775	1,950+



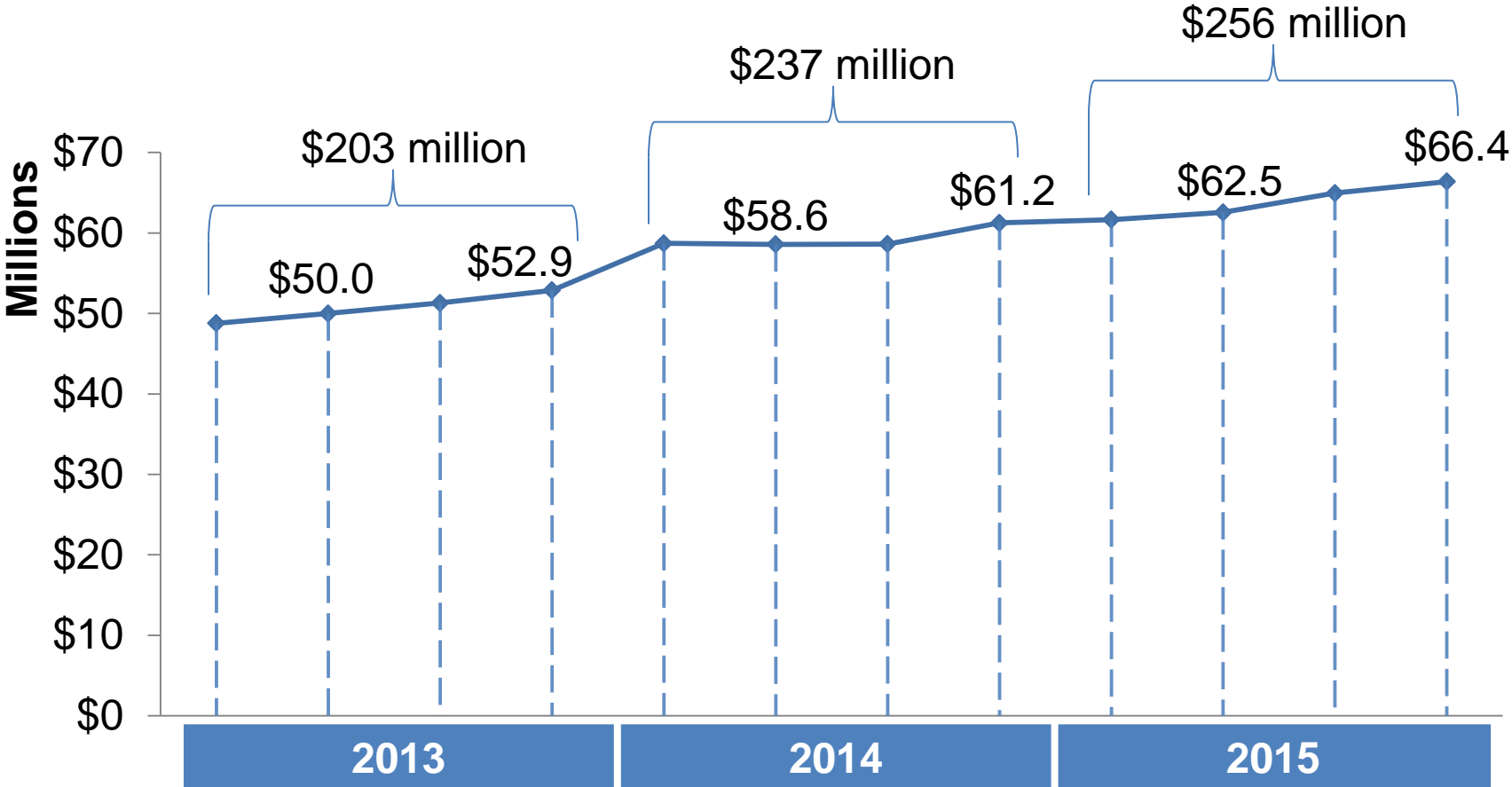
# Participants in Active Claim Status

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



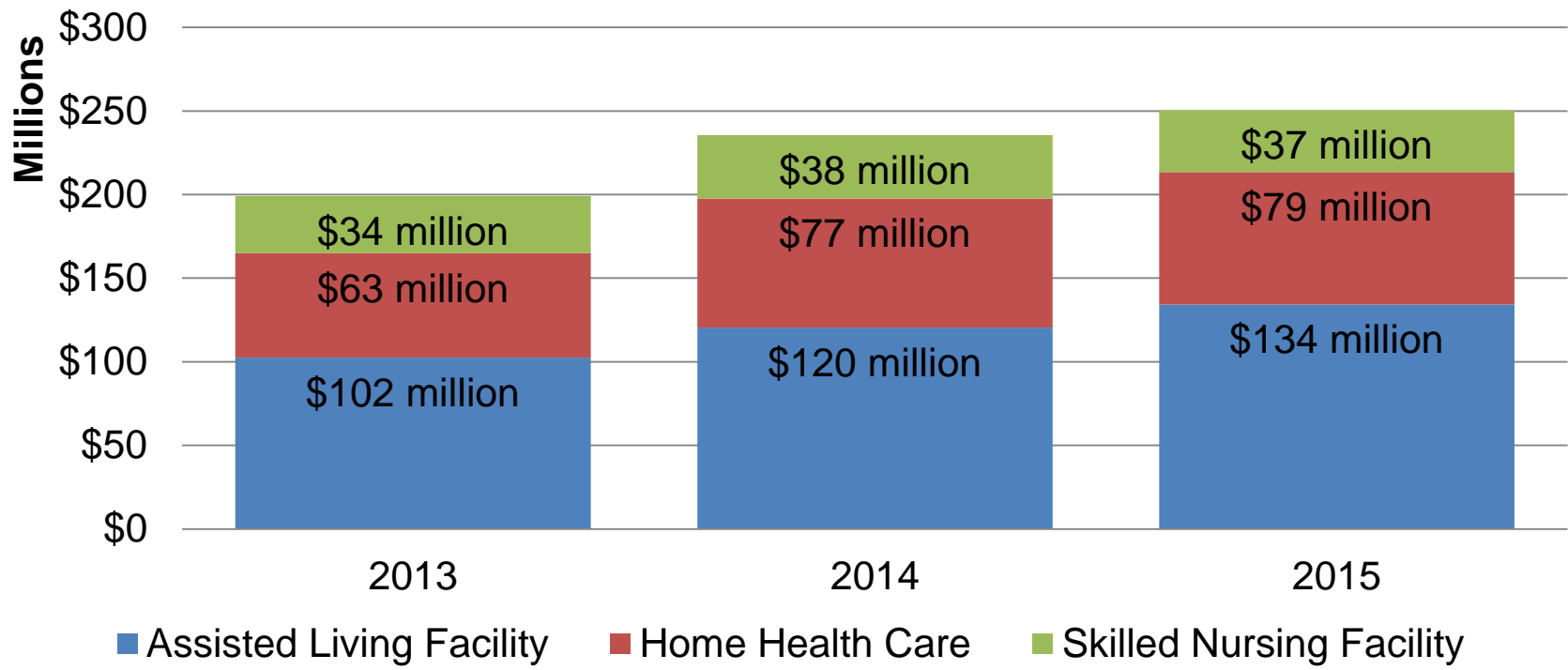
# Claim Payments

- Claim payments continue to rise at a steady rate



# Claim Dollars Paid by Site of Care

- Claim payments for Assisted Living Facilities account for the largest portion of claim dollars paid and are growing at a higher rate



Notes:

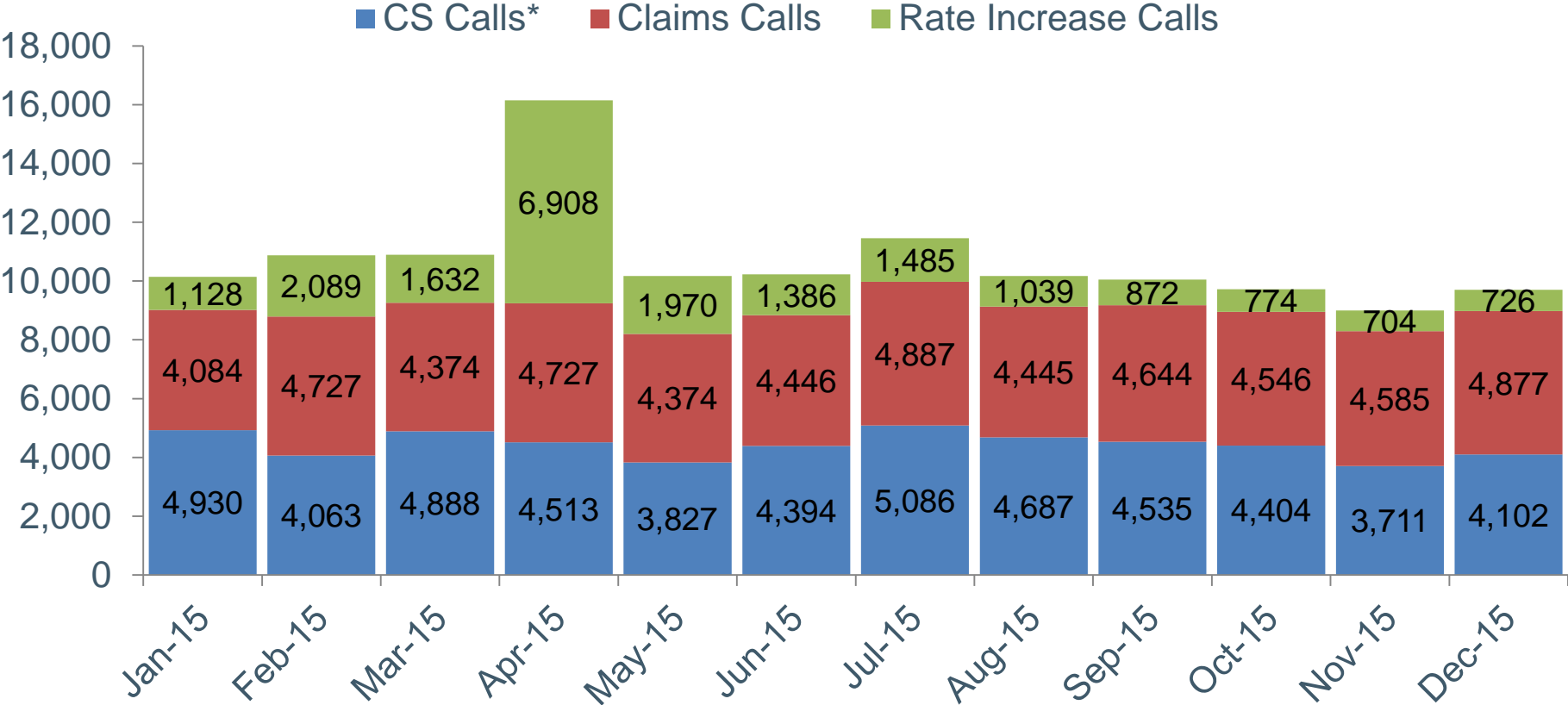
- Assisted Living Facilities include Residential Care Facilities, Group Homes, Adult Foster Homes, etc.
- Home Health Care values includes In-Home Respite Care
- Skilled Nursing Facility values includes Out-of-Home Respite Care
- Other Benefits, Hospice and Bed Hold Reservation values are too low to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

# Long-Term Care Program Semi-Annual Update

## Appendix

# LTCG Customer Call Metrics

- LTCG fielded a total of 128,569 calls in 2015, an average of 10,714 calls per month

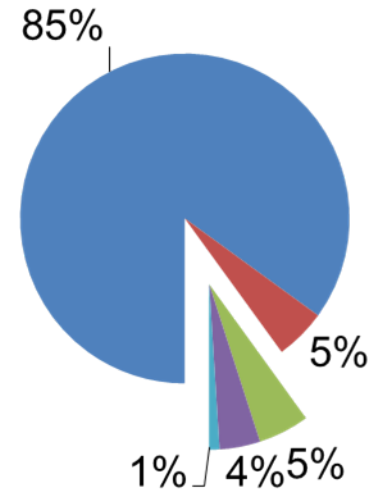
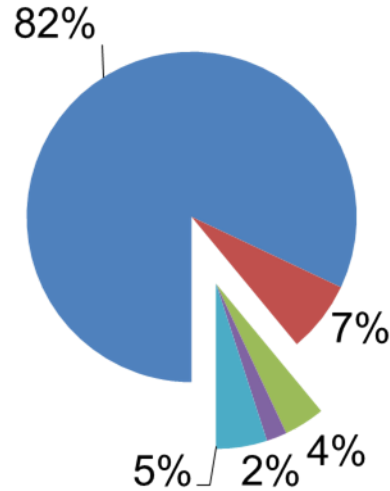
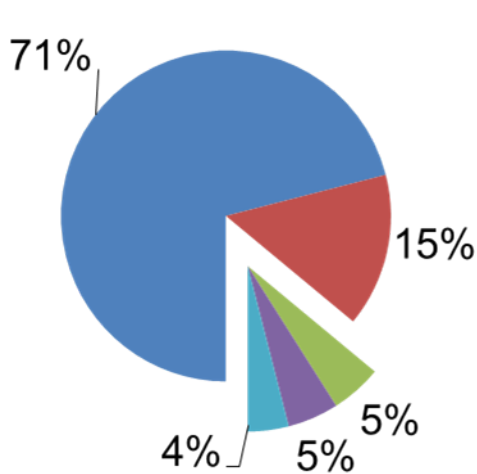


\*Customer Service (CS) calls include address change, billing questions, designee questions, termination requests, and coverage discussions.

# Customer Service Satisfaction Survey

- Of the 128,569 calls received, 44,748 (35%) were provided the opportunity to complete a customer service satisfaction survey
- 985 callers elected to complete the survey, 2.2% of calls

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



Total 2015 survey respondents: 985

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.

# Clinical Profile of Claims

- The top five disabling conditions remain nearly constant
- Pure Dementia continues as the leading disabling condition for paid claims

	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%	\$67,038,101	34%	\$80,429,450	35%	\$87,802,975
Stroke	10%	19,235,151	9%	21,383,917	9%	23,037,215
Arthritis and Other Rheumatic Diseases	7%	14,913,196	8%	19,000,794	9%	22,196,791
Fracture/Injuries	7%	13,117,663	6%	13,486,749	6%	14,411,957
Parkinson's	6%	11,368,903	5%	12,623,890	5%	13,668,526

# Causes of Terminations

- Terminations due to non-payment and voluntary terminations spiked in 2013, then returned to a steady state in 2014
- Over 66 percent of terminations for 2015 were due to participant death

	2013		2014		2015	
	Qty	Annual Premium	Qty	Annual Premium	Qty	Annual Premium
Death	2,865	\$ 8,433,386	2,823	\$ 8,268,495	2,937	\$ 8,768,234
Non-Payment	1,184	2,315,453	631	1,281,470	766	1,701,455
Voluntary	2,334	5,228,012	894	1,972,374	628	1,556,925
Exhausted Benefit	152	325,656	128	289,958	110	237,624
<b>Total</b>	<b>6,535</b>	<b>\$ 16,302,507</b>	<b>4,476</b>	<b>\$ 11,812,297</b>	<b>4,441</b>	<b>\$ 12,264,238</b>



# Terminations due to Death by Plan Series

	2013		2014		2015	
Plan Series	Qty	Annual Premium	Qty	Annual Premium	Qty	Annual Premium
LTC1	2,603	\$ 7,685,678	2,592	\$ 7,634,608	2,656	\$ 8,003,460
LTC2	58	207,389	53	189,524	76	261,030
LTC3	204	540,319	178	444,363	204	501,709
LTC4	0	0	1	1,599	1	2,036
<b>Total</b>	<b>2,865</b>	<b>\$ 8,433,386</b>	<b>2,824</b>	<b>\$ 8,270,094</b>	<b>2,937</b>	<b>\$ 8,768,235</b>

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

	2013		2014		2015	
Plan Series	Qty	Annual Premium	Qty	Annual Premium	Qty	Annual Premium
LTC1	987	\$ 1,921,577	521	\$ 1,033,916	607	\$ 1,321,406
LTC2	118	249,773	50	105,958	61	136,884
LTC3	79	144,103	60	141,596	48	96,245
LTC4	0	0	18	77,221	50	146,920
<b>Total</b>	<b>1,184</b>	<b>\$ 2,315,453</b>	<b>649</b>	<b>\$ 1,358,691</b>	<b>766</b>	<b>\$ 1,701,455</b>

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

# Voluntary Terminations by Plan Series

	2013		2014		2015	
Plan Series	Qty	Annual Premium	Qty	Annual Premium	Qty	Annual Premium
LTC1	2,050	\$ 4,559,675	759	\$ 1,657,844	470	\$ 1,103,855
LTC2	186	462,010	77	178,437	51	134,252
LTC3	98	206,327	58	136,093	39	64,189
LTC4	0	0	50	158,841	68	254,629
<b>Total</b>	<b>2,334</b>	<b>\$ 5,228,012</b>	<b>944</b>	<b>\$ 2,131,215</b>	<b>368</b>	<b>\$ 1,556,925</b>

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

# Terminations due to Exhausted Benefit by Plan Series

	2013		2014		2015	
Plan Series	Qty	Annual Premium	Qty	Annual Premium	Qty	Annual Premium
LTC1	145	\$ 302,758	118	\$ 302,758	102	\$ 202,807
LTC2	1	1,630	4	1,630	4	19,443
LTC3	6	21,268	6	21,268	4	15,374
LTC4	0	0	0	0	0	0
<b>Total</b>	<b>152</b>	<b>\$ 325,656</b>	<b>128</b>	<b>\$ 289,958</b>	<b>110</b>	<b>\$ 237,624</b>

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