

Long-Term Care Program Semi-Annual Update

September 20, 2016



Table of Contents

<ul style="list-style-type: none">• Key Statistics• 85% Premium Increase Update• Optional DBA Purchase Option	Updates
<hr/> <ul style="list-style-type: none">• Participants<ul style="list-style-type: none">– LTCG Provider Network– Claims	Participants
<hr/> <ul style="list-style-type: none">• LTC4<ul style="list-style-type: none">– Application Activity– Website Functionality Improvements– Marketing	LTC4
<hr/> <ul style="list-style-type: none">• 2018 LTC Solicitation	LTC Solicitation
<hr/> <ul style="list-style-type: none">• Appendix	Appendix

Key Statistics

Participants and Premiums	Calendar Year			Jan 1 - Jun 30
	2013	2014	2015	2016
Program Participants	142,050	138,348	134,495	132,289
Premiums Paid*	\$309 million	\$309 million	\$308 million	\$140 million
Avg Annualized Premium	\$2,177	\$2,121	\$2,292	\$2,282
Invested Asset Value	\$3.8 billion	\$4.2 billion	\$4.0 billion	\$4.3 billion

Claims and Care Management

Benefits Paid Annually	\$203 million	\$237 million	\$256 million	\$136 million
Benefits Paid Since Inception	\$1.3 billion	\$1.5 billion	\$1.8 billion	\$1.9 billion

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

Causes of Terminations

- The majority of terminations are due to participant death
- Terminations due to non-payment and voluntary terminations have declined since 2013

	Annual						Jan 1 – Jun 30	
	2013		2014		2015		2016	
	Count	Annual Premium	Count	Annual Premium	Count	Annual Premium	Count	Annual Premium
Death	2,865	\$ 8,433,386	2,823	\$ 8,268,495	2,937	\$ 8,768,234	1,675	\$ 5,200,279
Non-Payment	1,184	2,315,453	631	1,281,470	766	1,701,455	236	548,793
Voluntary	2,334	5,228,012	894	1,972,374	628	1,556,925	274	779,762
Exhausted Benefit	152	325,656	128	289,958	110	237,624	123	303,325
Total	6,535	\$ 16,302,507	4,476	\$ 11,812,297	4,441	\$ 12,264,238	2,308	\$ 6,832,159

85% Premium Increase Update

The 2015-16 85% Premium Increase has been completed

2016 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	25,168	22,422	54.5%	2,186	5.3%	430	1.0%	130	0.3%
Lifetime w/BIO	8,161	6,924	16.8%			1,152	2.8%	85	0.2%
6-Year w/Inflation	2,868	2,396	5.8%			414	1.0%	58	0.1%
3-Year w/Inflation	4,950	4,123	10.0%					827	2.0%
Totals	41,147	35,865	87.2%	2,186	5.3%	1,996	4.9%	1,100	2.7%

Optional DBA Purchase Option

- Adoption of Board recommendation from October 16, 2012, PHBC meeting
- Offer will be sent to approximately 1,800 participants in 2017
- Available to participants that removed built-in inflation protection or lowered DBA after the 2010 premium increase
- Provides participants the opportunity to repurchase up to 100% of their DBA in effect at the time coverage decreases were elected

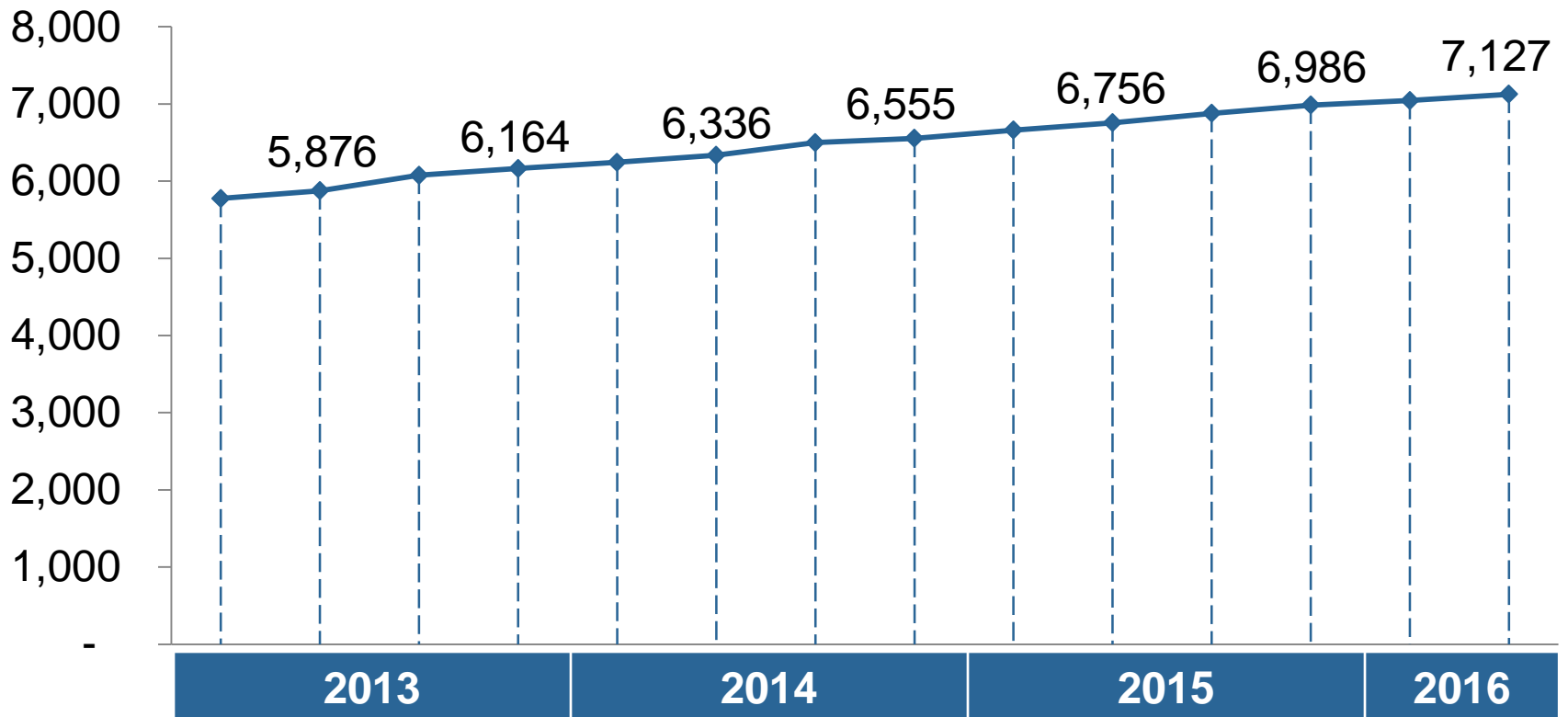
LTCG Provider Network

- Contracted providers may provide discounts from 5% to 20% for long-term care services for CalPERS LTC participants
- National contracts with BAYADA, ComForCare, Signature Healthcare, Interim Healthcare, Maxim Healthcare, BrightStar, AccentCare, Home Helpers, FirstLight Home Care, and Outreach Health Services. 3 National Contracts currently pending.
- CA providers: 225 Home Healthcare, 10 Assisted Living Facilities, and 2 Adult Day Care. 45 CA Contracts currently pending

	2013	2014	2015	2016
Contracted Providers	888	1,775	1,950	1,975

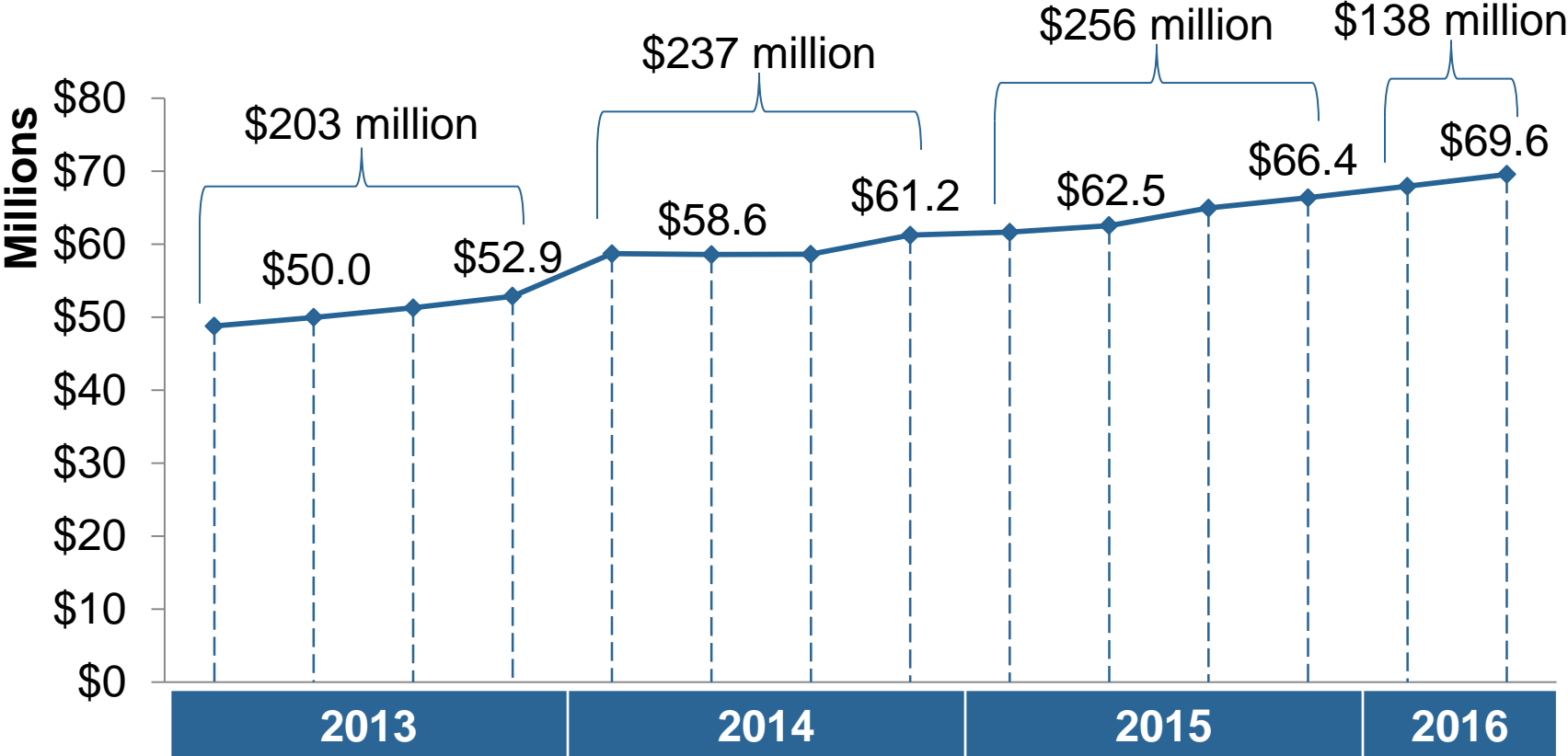
Participants in Active Claim Status

Over 90 percent of initial claims are approved



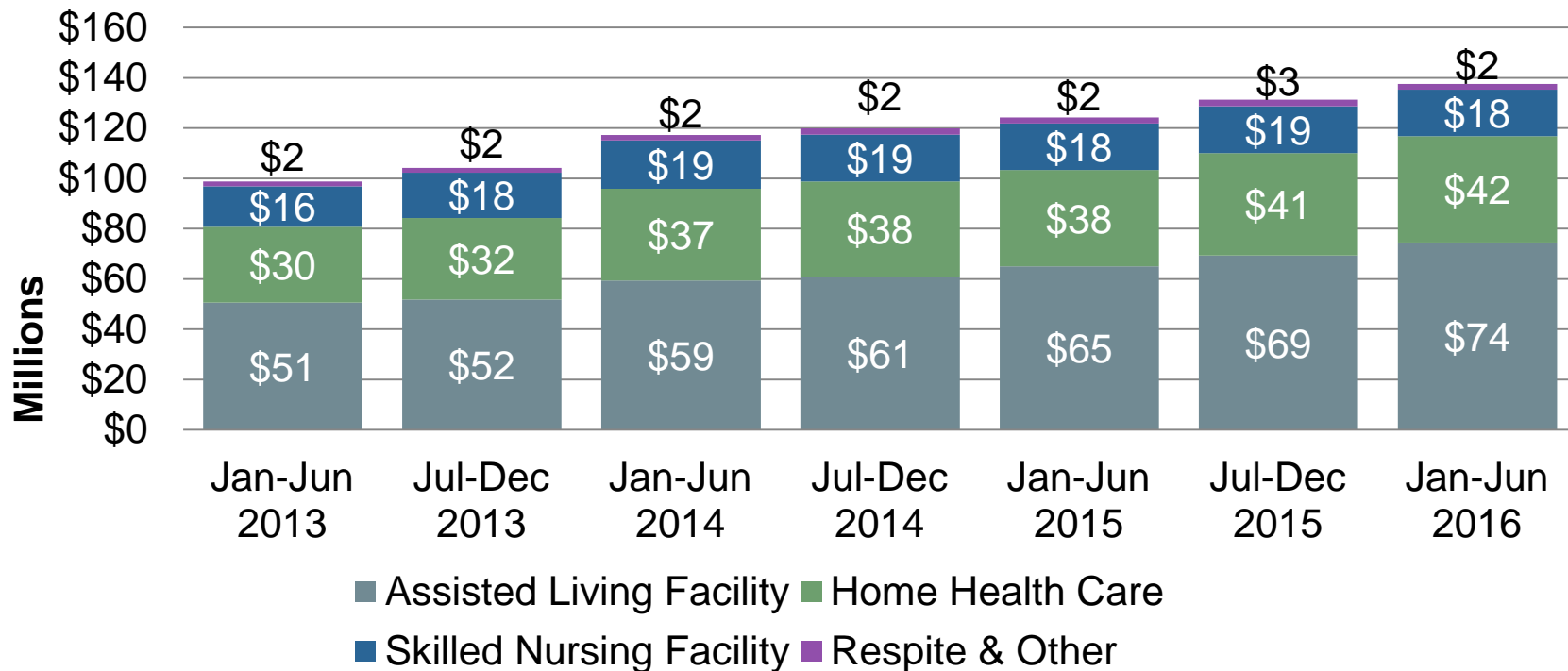
Claim Payments

Claim payments continue to rise at a steady rate



Claim Dollars Paid by Site of Care

Claim payments for Assisted Living Facilities continue to account for the largest portion of claim dollars paid

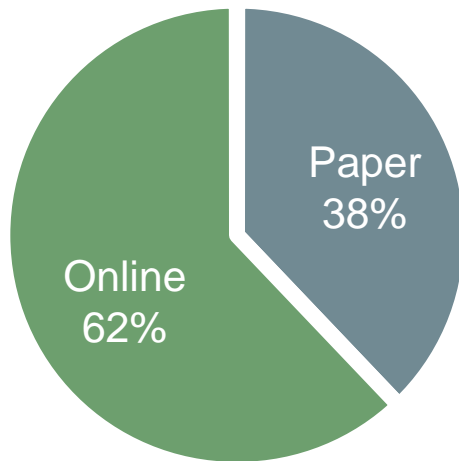


Notes:

- Assisted Living Facilities includes Residential Care Facilities, Group Homes, Adult Foster Homes, etc.
- Other Benefits includes Respite, Hospice, and Bed Hold Reservation

LTC4 Open Application Activity

Online vs. Paper
Applications
from Jan 1 to Aug 26, 2016



As of August 26, 2016

Applications Received	
Total Number	2,792
Comprehensive	2,739
CA Partnership	53
Underwriting Decisions	
Approved	1,574
Declines	970
Withdrawn	209

39 applications were pending underwriting

Website Functionality Improvements

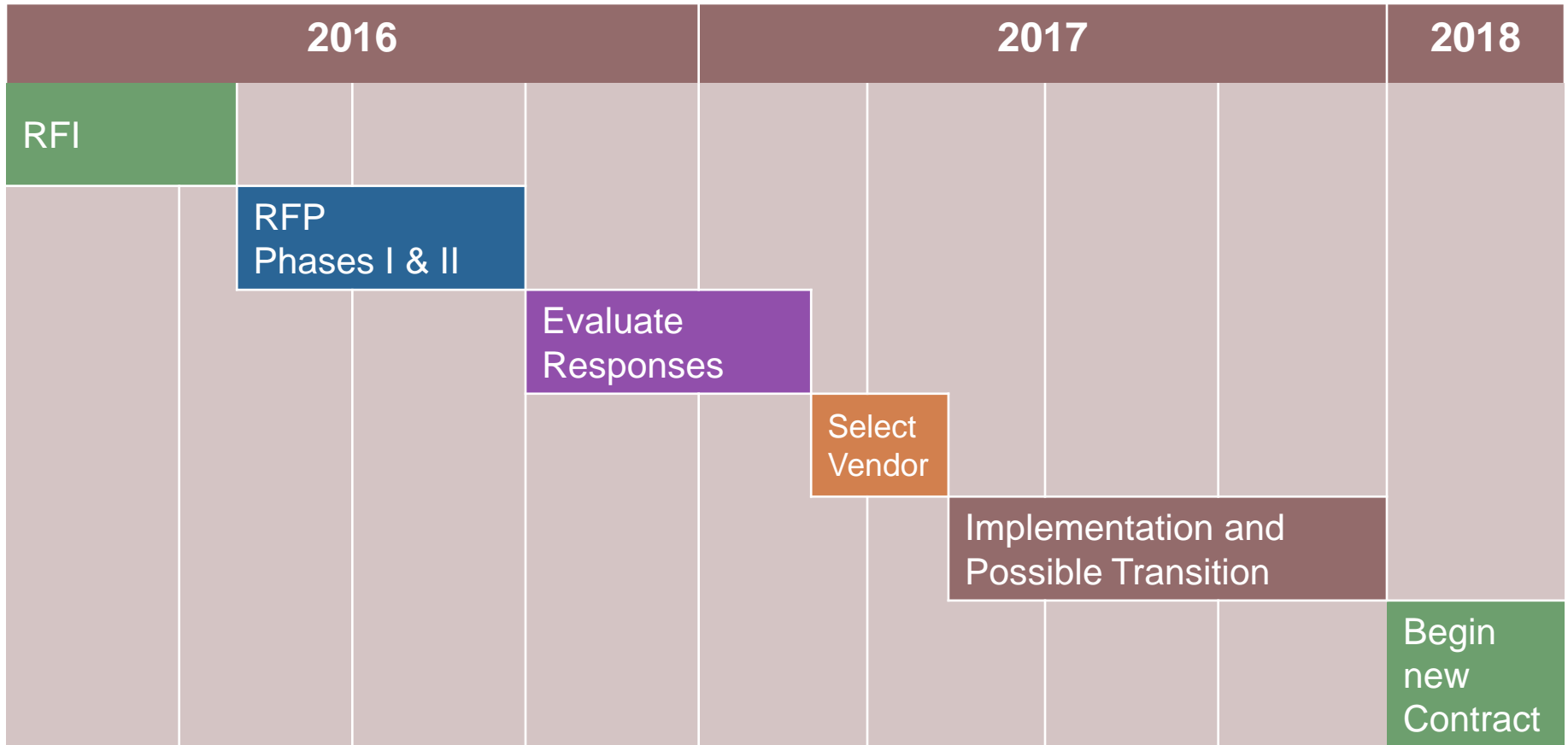
- Expanded Eligibility incorporated into website and application process
- Partnership Plan updated to align with new 2016 California Department of Health Care Services design requirements
- Evidence of Coverage (EOC) added to participant's secure portal benefits tab for improved transparency and participant interface

Marketing

- Integrated marketing campaign focused around the February 2016 CalPERS Benefit Education Event (CBEE) in Monterey
 - Web
 - Billboard
 - Radio
 - Increased web traffic from targeted regions
- The LTC Program will continue direct outreach efforts
 - CBEEs
 - CalPERS Education Forum
 - Employer benefit fairs

2018 LTC Solicitation

The 2018 LTC Solicitation for a third-party administrator for the administration of the CalPERS LTC Program has been initiated



Long-Term Care Program Semi-Annual Update

Appendix

Clinical Profile of Claims

Pure Dementia continues as the leading disabling condition for paid claims

Disabling Condition	Annual						Jan 1 – Jun 30	
	2013		2014		2015		2016	
	% of Total Paid Claims	Total Paid Claims	% of Total Paid Claims	Total Paid Claims	% of Total Paid Claims	Total Paid Claims	% of Total Paid Claims	Total Paid Claims
Pure Dementia	33%	\$ 66,891,201	35%	\$ 81,203,938	35%	\$ 87,747,403	35%	\$ 47,068,710
Stroke	10%	19,176,754	9%	21,545,667	9%	22,148,451	8%	11,413,995
Arthritis and Rheumatic Diseases	7%	14,966,863	8%	19,358,115	9%	22,980,717	10%	12,961,652
Fracture/Injuries	6%	13,061,744	6%	13,549,591	6%	14,426,491	6%	8,149,253
Parkinson's	6%	11,442,666	5%	12,845,870	5%	13,650,091	5%	7,364,054

Not representative of all claims

Terminations due to Death by Plan Series

	Annual						Jan 1 – Jun 30	
	2013		2014		2015		2016	
Plan Series	Count	Annual Premium	Count	Annual Premium	Count	Annual Premium	Count	Annual Premium
LTC1	2,603	\$ 7,685,678	2,592	\$ 7,634,608	2,656	\$ 8,003,460	1,497	\$ 4,680,814
LTC2	58	207,389	53	189,524	76	261,030	42	158,547
LTC3	204	540,319	178	444,363	204	501,709	135	358,216
LTC4	0	0	1	1,599	1	2,036	1	2,702
Total	2,865	\$ 8,433,386	2,824	\$ 8,270,094	2,937	\$ 8,768,235	1,675	\$ 5,200,279

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

	Annual						Jan 1 – Jun 30	
	2013		2014		2015		2016	
Plan Series	Count	Annual Premium	Count	Annual Premium	Count	Annual Premium	Count	Annual Premium
LTC1	987	\$ 1,921,577	521	\$ 1,033,916	607	\$ 1,321,406	185	\$ 411,562
LTC2	118	249,773	50	105,958	61	136,884	14	36,559
LTC3	79	144,103	60	141,596	48	96,245	18	39,362
LTC4	0	0	18	77,221	50	146,920	19	61,311
Total	1,184	\$ 2,315,453	649	\$ 1,358,691	766	\$ 1,701,455	236	\$ 548,793

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

Voluntary Terminations by Plan Series

	Annual						Jan 1 – Jun 30	
	2013		2014		2015		2016	
Plan Series	Count	Annual Premium	Count	Annual Premium	Count	Annual Premium	Count	Annual Premium
LTC1	2,050	\$ 4,559,675	759	\$ 1,657,844	470	\$ 1,103,855	220	\$ 620,545
LTC2	186	462,010	77	178,437	51	134,252	17	55,256
LTC3	98	206,327	58	136,093	39	64,189	21	47,314
LTC4	0	0	50	158,841	68	254,629	16	56,648
Total	2,334	\$ 5,228,012	944	\$ 2,131,215	628	\$ 1,556,925	274	\$ 779,762

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

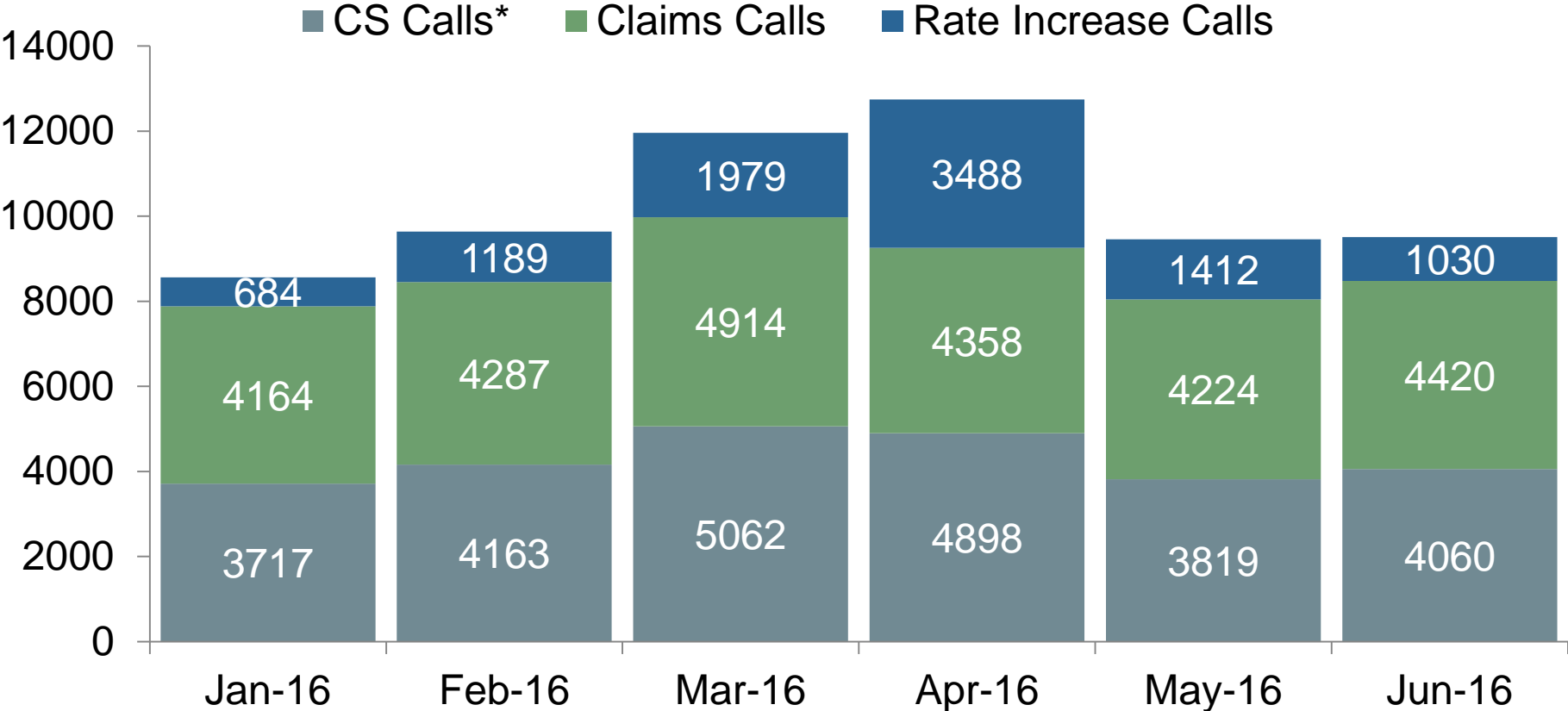
Terminations due to Exhausted Benefit by Plan Series

	Annual						Jan 1 – Jun 30	
	2013		2014		2015		2016	
Plan Series	Count	Annual Premium	Count	Annual Premium	Count	Annual Premium	Count	Annual Premium
LTC1	145	\$ 302,758	118	\$ 302,758	102	\$ 202,807	113	\$ 263,757
LTC2	1	1,630	4	1,630	4	19,443	5	24,644
LTC3	6	21,268	6	21,268	4	15,374	5	14,925
LTC4	0	0	0	0	0	0	0	0
Total	152	\$ 325,656	128	\$ 289,958	110	\$ 237,624	123	\$ 303,325

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

LTCG Customer Call Metrics

- LTCG fielded a total of 69,598 calls as of June 30, 2016, an average of 11,600 calls per month

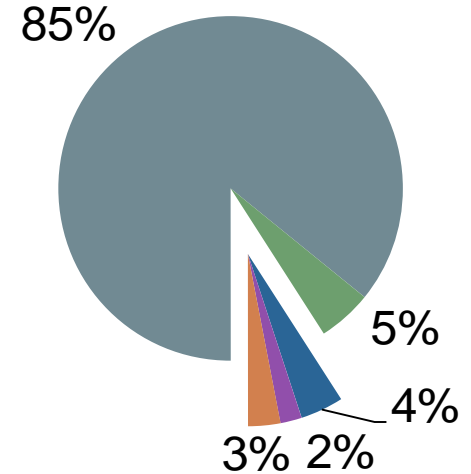
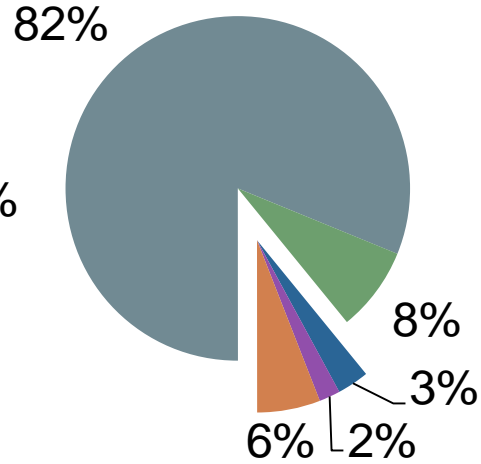
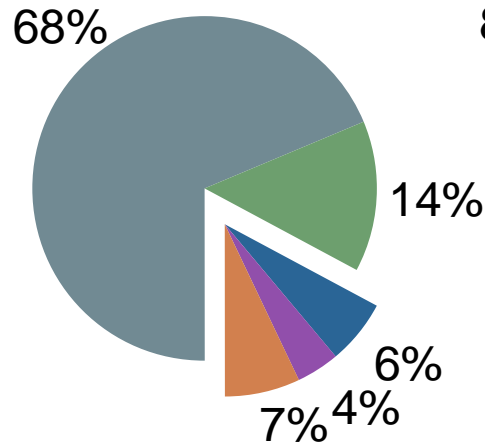


*Customer Service (CS) calls include address change, billing questions, designee questions, termination requests, and coverage discussions.

Customer Service Satisfaction Survey

Of the 69,598 calls received as of June 30, 2016, 519 (0.7%) of the callers elected to complete the survey

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



Total survey respondents as of June 30, 2016: 519

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.