

# Long-Term Care Program Semi-Annual Report

March 14, 2017



# Table of Contents

---

<ul style="list-style-type: none"><li>• Key Statistics</li><li>• Annual Valuation Highlights</li><li>• Optional DBA Purchase Option</li></ul>	<b>Updates</b>
<hr/> <ul style="list-style-type: none"><li>• Participants<ul style="list-style-type: none"><li>– LTCG Provider Network</li><li>– Benefits Paid</li></ul></li></ul>	<b>Participants</b>
<hr/> <ul style="list-style-type: none"><li>• LTC4<ul style="list-style-type: none"><li>– Application Activity</li><li>– Website Functionality Improvements</li><li>– Marketing</li><li>– Coverage Change Rules</li></ul></li></ul>	<b>LTC4</b>
<hr/> <ul style="list-style-type: none"><li>• Appendix</li></ul>	<b>Appendix</b>

# Key Statistics

Updates

Participants and Premiums	Calendar Year		
	2014	2015	2016
Program Participants	138,348	134,495	130,242
Premiums Paid*	\$309 million	\$308 million	\$336 million
Avg Annualized Premium	\$2,121	\$2,292	\$2,584
Invested Asset Value	\$4.2 billion	\$4.0 billion	\$4.2 billion

## Claims and Care Management

Benefits Paid Annually	\$237 million	\$256 million	\$281 million
Benefits Paid Since Inception	\$1.5 billion	\$1.8 billion	\$2.1 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 continue to decline

	Annual					
	2014		2015		2016	
	Count	Annual Premium	Count	Annual Premium	Count	Annual Premium
Death	2,823	\$ 8,268,495	2,937	\$ 8,768,234	3,089	\$ 9,689,377
Non-Payment	631	1,281,470	766	1,701,455	484	\$ 1,288,941
Voluntary	894	1,972,374	628	1,556,925	536	\$ 1,602,166
Exhausted Benefit	128	289,958	110	237,624	214	\$ 507,822
<b>Total</b>	<b>4,476</b>	<b>\$ 11,812,297</b>	<b>4,441</b>	<b>\$ 12,264,238</b>	<b>4,323</b>	<b>\$ 13,088,305</b>

# 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 Daily Benefit Amount (DBA) in effect at the time coverage decreases were elected

# LTCG Provider Network

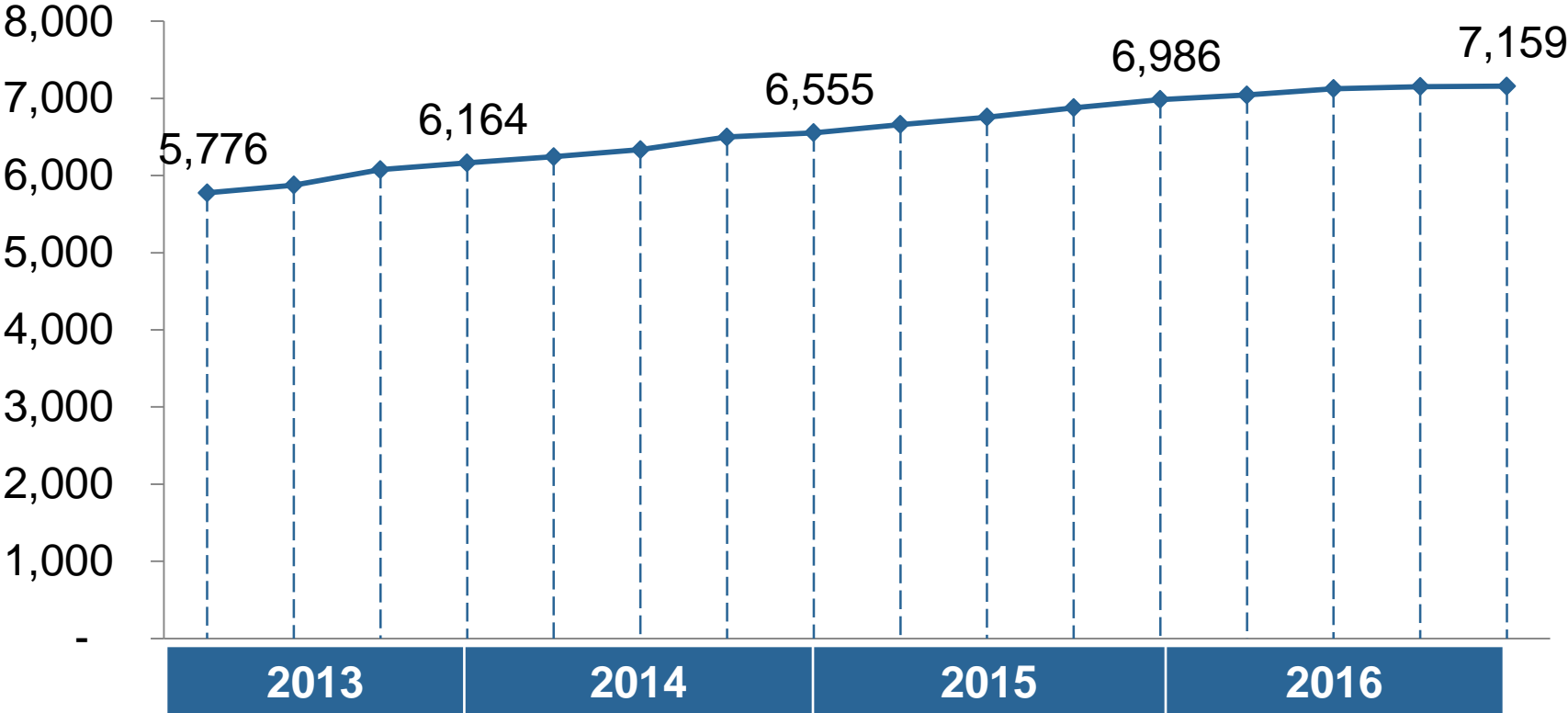
- Contracted providers may provide discounts from 5% to 20% for long-term care services for CalPERS LTC participants
- National contracts with BAYADA, ComForCare, Signature Healthcare, Interim Healthcare, Maxim Healthcare, BrightStar, AccentCare, Home Helpers, FirstLight Home Care, and Outreach Health 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**

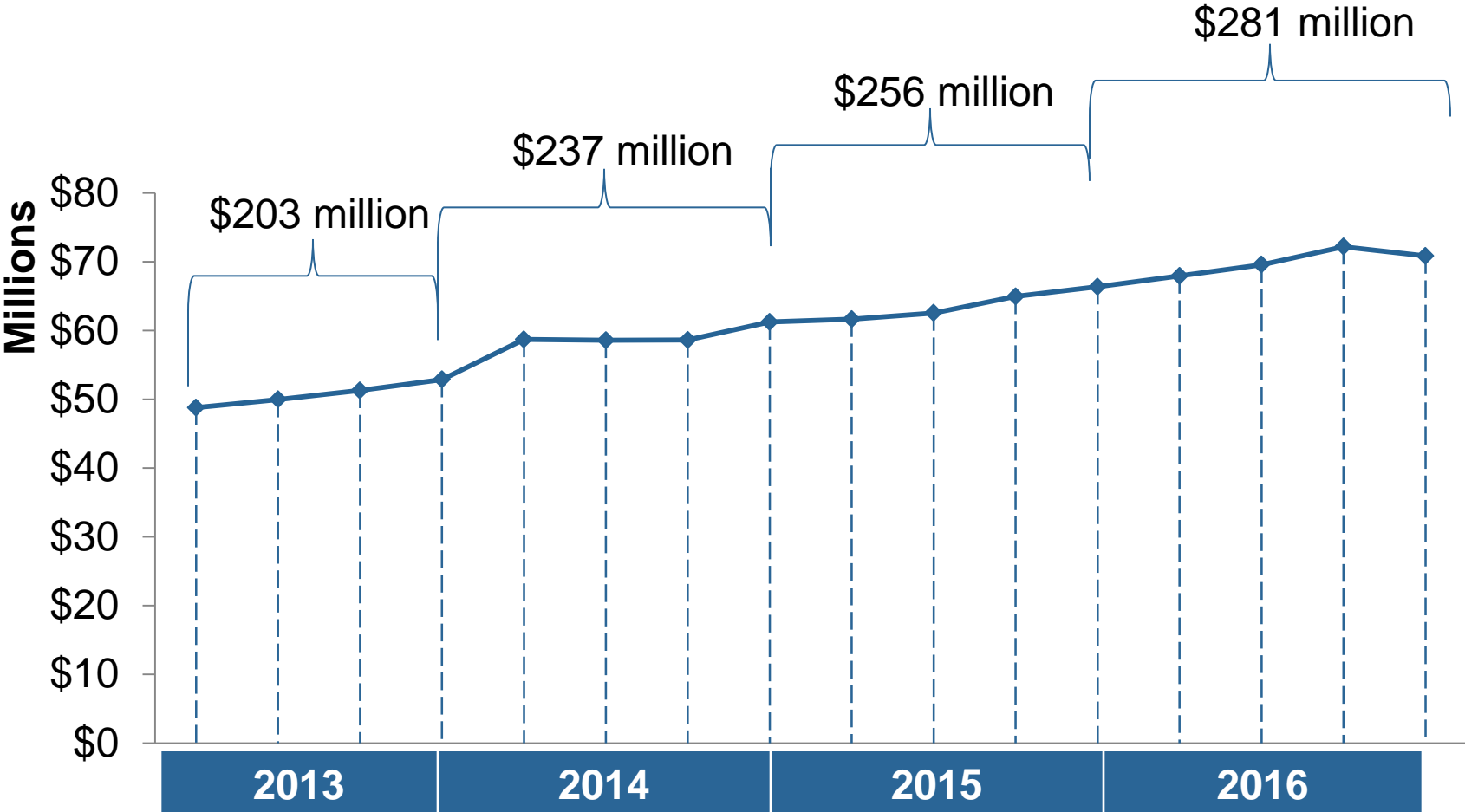
# Participants in Active Claim Status

Over 90 percent of initial claims are approved



# Benefits Paid

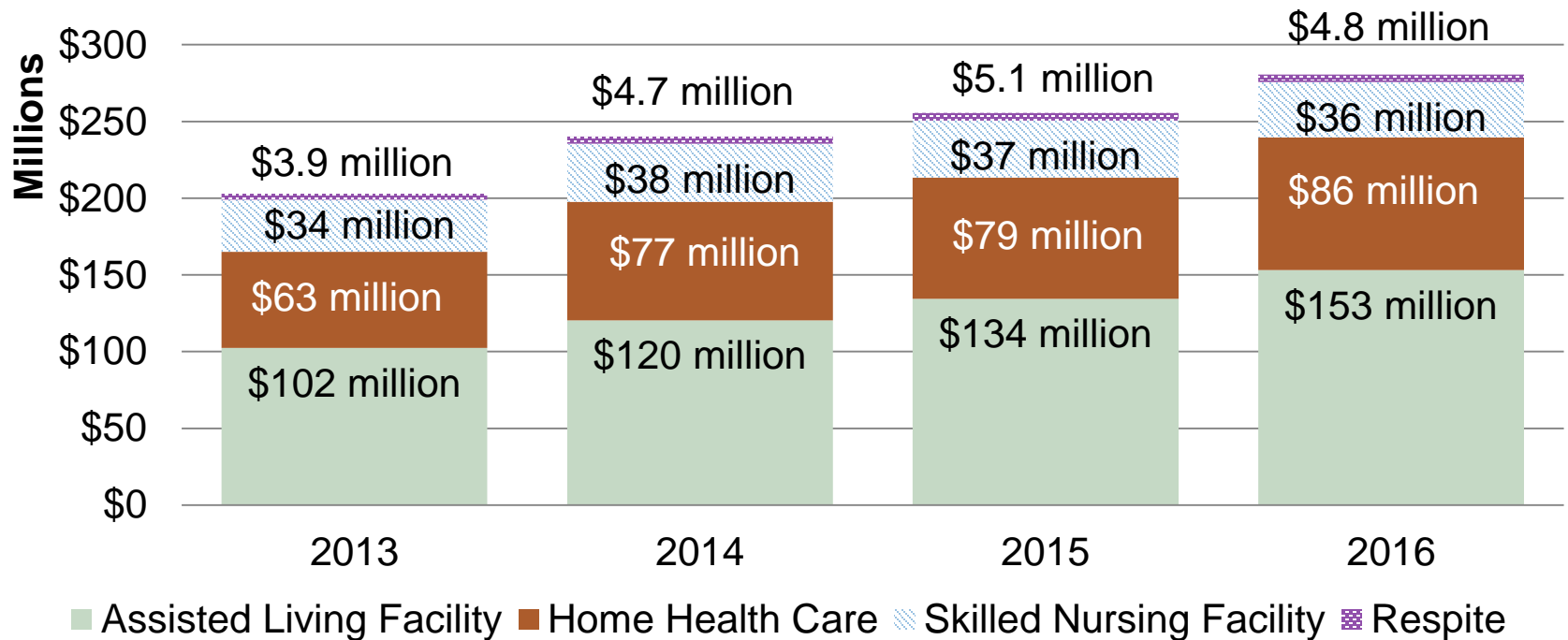
Benefits Paid continue to rise at a steady rate





# Benefits Paid by Site of Care

Assisted Living Facilities continue to account for the largest portion of paid claims



Notes:

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

# Clinical Profile of Claims

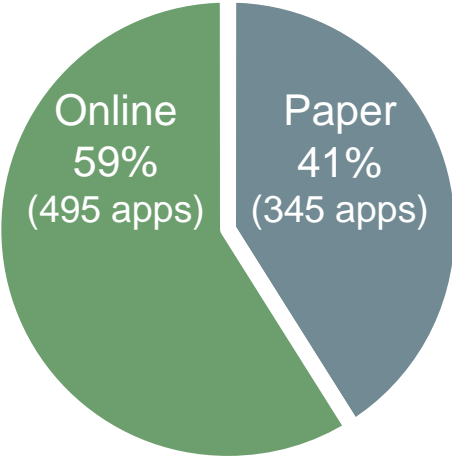
Pure Dementia continues to be the leading disabling condition for paid claims

Disabling Condition	Annual							
	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	34%	\$ 94,707,224
Stroke	10%	19,176,754	9%	21,545,667	9%	22,148,451	8%	\$ 23,046,693
Arthritis and Rheumatic Diseases	7%	14,966,863	8%	19,358,115	9%	22,980,717	10%	\$ 27,048,392
Fracture/Injuries	6%	13,061,744	6%	13,549,591	6%	14,426,491	6%	\$ 16,312,602
Parkinson's	6%	11,442,666	5%	12,845,870	5%	13,650,091	5%	\$ 14,787,814

Not representative of all claims

# LTC4 Open Application Activity

Online vs. Paper Applications for 2016



As of February 17, 2017

Applications Received	
Total Number	3,180
Comprehensive	3,123
CA Partnership	57
Underwriting Decisions	
Approved	1,781
Declines	1,179
Approval Rate	56.0%
Withdrawn	203

17 applications were pending underwriting

# Website Functionality Improvements

- Expanded Eligibility incorporated into website and application process
- Evidence of Coverage (EOC) added to participant's secure portal benefits tab for improved transparency and participant interface

# Marketing

The LTC Program will continue direct outreach efforts. Attendance for the 2016 and into 2017 include:

- CalPERS Benefit Education Events (CBEEs)

2016	2017 (scheduled)
January in Rohnert Park, CA	January in Carlsbad, CA
February in Seaside, CA	February in Sacramento, CA
April in Oakland, CA	March in Millbrae, CA
May in Redding, CA	March in Santa Barbara, CA
July in Los Angeles, CA	April in Fresno, CA
August in Newport Beach, CA	May in Eureka, CA
September in City of Industry, CA	July in Santa Clara, CA
October in Riverside, CA	August in Pasadena, CA
	September in Garden Grove, CA

# Marketing

The LTC Program will continue direct outreach efforts. Attendance for the 2016 and into 2017 include:

- City employer benefit and wellness fairs:

2016

- o 9 events attended of which seven were during CalPERS Health Open Enrollment: City of Napa, City of American Canyon, Placer County, CalEPA, County of Yolo, California Highway Patrol, CSU Sacramento, County of Napa, and Fairfield-Suisun Unified School District
- o 13 events directly requested and turned down due to staffing constraints

2017: to be scheduled

- Newsletters/Other

2016	Publication
Fall-Winter	CalPERS Employer News
February	Integrated marketing campaign (web, billboard, and radio) that increased web traffic from targeted regions around the CBEE in Monterey, CA
Spring	PERSpective and CalPERS LTC Newsletter
Summer-Fall	CalPERS Employer News
Fall	CalPERS LTC Newsletter
December	CalPERS Daily Question on Intranet
2017	Publication
Winter	PERSpective
Spring	CalPERS LTC Newsletter (scheduled)
Fall	PERSpective Approved (scheduled)

# Coverage Change Rules

- Implementation of product specific coverage change rules
- Implementation of product specific premium calculations for coverage changes
- Ratified a coverage increase application specific to the LTC4 product

# Long-Term Care Program Semi-Annual Update

## Appendix



# Terminations due to Death by Plan Series

	Annual							
	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	2,757	\$ 8,782,818
LTC2	58	207,389	53	189,524	76	261,030	78	\$ 280,766
LTC3	204	540,319	178	444,363	204	501,709	253	\$ 623,091
LTC4	0	0	1	1,599	1	2,036	1	\$ 2,702
<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>	<b>3,089</b>	<b>\$ 9,689,377</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

	Annual							
	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	387	\$ 1,031,343
LTC2	118	249,773	50	105,958	61	136,884	33	\$ 84,861
LTC3	79	144,103	60	141,596	48	96,245	34	\$69,952
LTC4	0	0	18	77,221	50	146,920	30	\$ 102,786
<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>	<b>484</b>	<b>\$ 1,288,941</b>

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

**Appendix**

# Voluntary Terminations by Plan Series

	Annual							
	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	424	\$ 1,300,712
LTC2	186	462,010	77	178,437	51	134,252	36	\$ 101,852
LTC3	98	206,327	58	136,093	39	64,189	38	\$ 85,158
LTC4	0	0	50	158,841	68	254,629	38	\$ 114,444
<b>Total</b>	<b>2,334</b>	<b>\$ 5,228,012</b>	<b>944</b>	<b>\$ 2,131,215</b>	<b>628</b>	<b>\$ 1,556,925</b>	<b>536</b>	<b>\$ 1,602,166</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

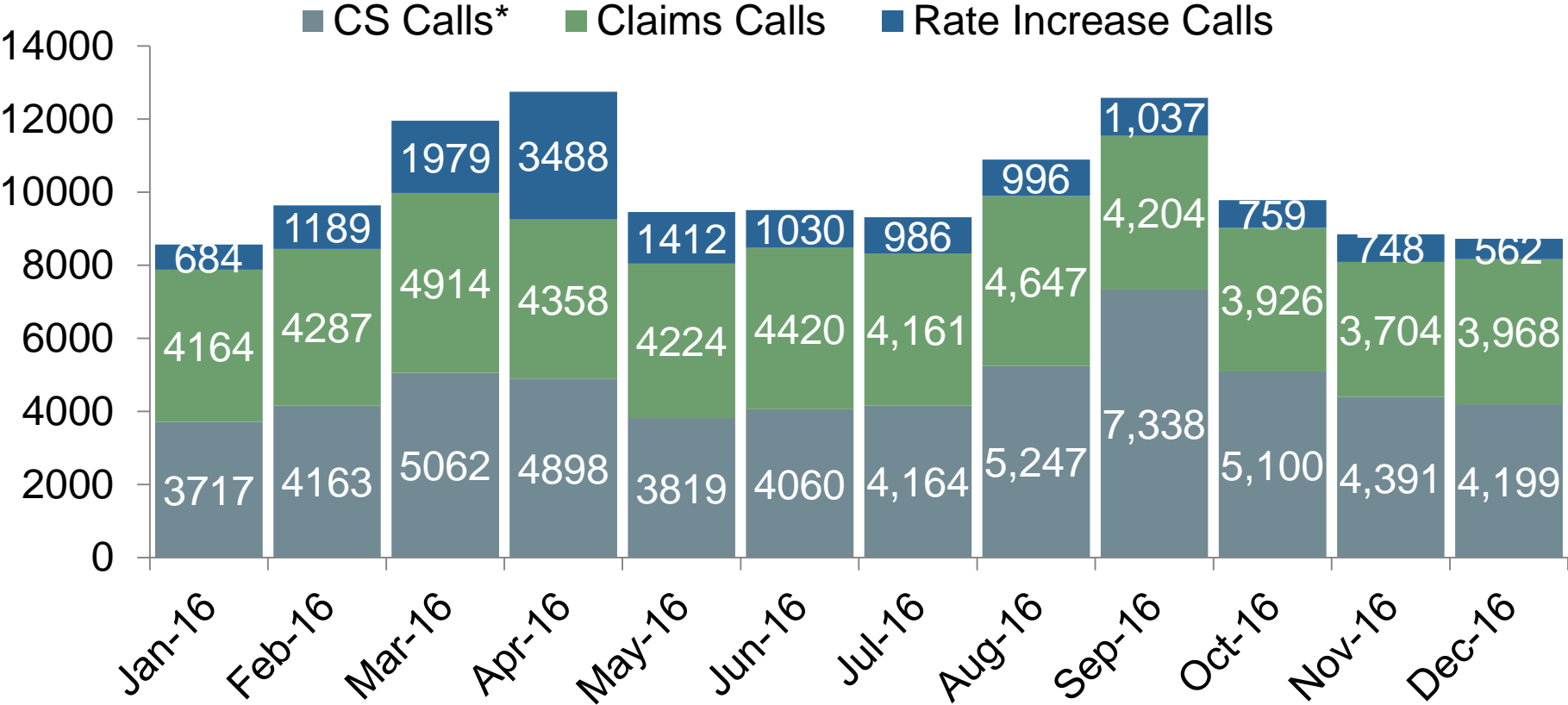
	Annual							
	2013		2014		2015		2016	
Plan Series	Count	Annual Premium	Count	Annual Premium	Count	Annual Premium	Count	Annual Premium
LTC1	145	\$ 302,758	118	\$ 302,758	102	\$ 202,807	195	\$ 437,203
LTC2	1	1,630	4	1,630	4	19,443	7	\$ 36,796
LTC3	6	21,268	6	21,268	4	15,374	12	\$ 33,823
LTC4	-	-	-	-	-	-	-	-
<b>Total</b>	<b>152</b>	<b>\$ 325,656</b>	<b>128</b>	<b>\$ 289,958</b>	<b>110</b>	<b>\$ 237,624</b>	<b>214</b>	<b>\$ 507,522</b>

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

Appendix

# LTCG Customer Call Metrics

- LTCG fielded a total of 132,928 calls in 2016, an average of 11,078 calls per month



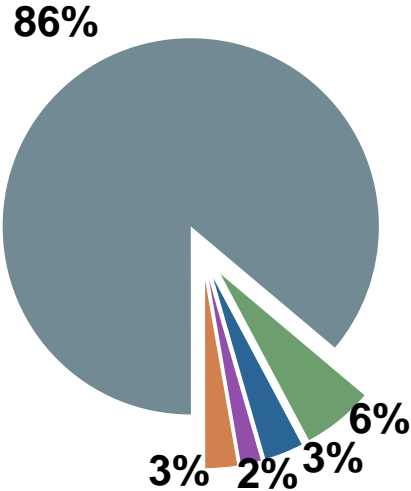
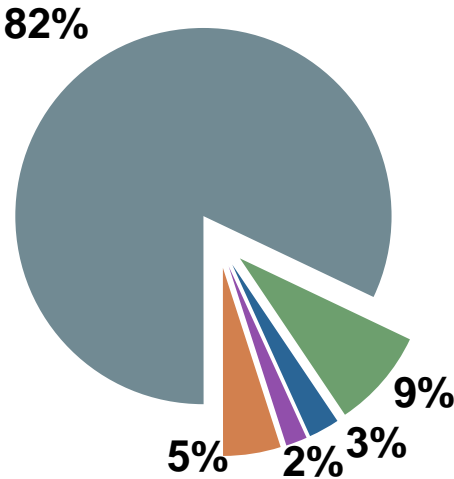
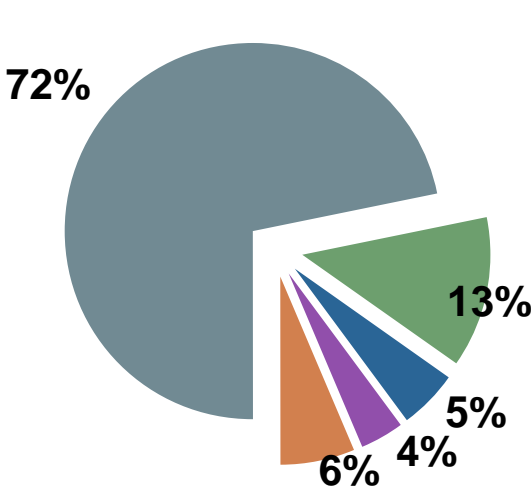
\*Customer Service (CS) calls include address change, billing questions, designee questions, termination requests, and coverage discussions.

Appendix

# Customer Service Satisfaction Survey

Of the 132,928 calls received in 2016, 996 (0.7%) of the callers elected to complete the survey

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



Total survey respondents for 2016: 996

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.