



## Pension and Health Benefits Committee

# Agenda Item 6c

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**March 19, 2019**

**Item Name:** Long-Term Care Program Report

**Program:** CalPERS Long-Term Care Program

**Item Type:** Information Consent

### **Executive Summary**

This agenda item provides an update to the Pension and Health Benefits Committee (PHBC) on the California Public Employees' Retirement System (CalPERS) Long-Term Care (LTC) Program. The LTC Program overview compares the calendar years 2015, 2016, 2017 and 2018. These trends provide comparative information related to program performance and sustainability efforts. Additionally, the latest LTC product, LTC4, has been available for over five years, and statistics for claims, applications and underwriting results are provided.

### **Strategic Plan**

This agenda item supports Strategic Plan Goal A – "Improve long-term pension and health benefit sustainability."

### **Background**

The CalPERS LTC Program has provided long-term care coverage to its participants for over 23 years. In September 2018, staff reported highlights of the LTC Program's Semi-Annual Report to the PHBC.

### **Analysis**

#### Key Statistics

As of December 31, 2018, the LTC Program has 122,810 participants; \$4.4 billion invested asset value; and \$2.7 billion paid in participant benefits since program inception in 1995. The program lost 4149 participants in 2018. The leading reason was due to death (85 percent), followed by non-payment (6 percent), voluntary (5 percent), and exhausted benefits (4 percent).

#### Claims

Participants in active claim status increased from 7,466 to 7,517 claimants in 2018. The paid benefits amount increased by four percent to \$313 million in 2018. Approximately 87 percent of the paid benefits amount were paid for Assisted Living Facility claims (55 percent) and Home Health Care claims (32 percent).

The number of certified providers has grown to over 43,000 and the contracted providers increased to 2,985 by the end of 2018. The contracted providers provide discounts from 5 to 20 percent of their regular rate. The third-party administrator has continued its efforts to enroll more providers, as well as, educating participants of the benefits of utilizing a preferred provider.

#### Current Offering (LTC4)

Monthly application, underwriting, policy acceptance, and decline statistics have been maintained since the opening of the LTC4 application process. As of December 31, 2018, 4,629 applications were received with a 58 percent approval rate. New product applications were comprised of approximately 40 percent current employee, 26 percent former employee, 34 percent family members (24 percent spouse, 5 percent child/grandchild, with the remaining sibling, parent/grandparent, in-law, or niece/nephew). There have been no aunt/uncle new product applications.

The LTC Program receives an average of 66 applications per month. Online application submittals continued to slightly exceed paper application submittal with 58 percent online in 2018. The LTC Program continues to market at CalPERS Benefit Education Events and employer and wellness benefit fairs.

#### Customer Service

Call volume increased approximately 333 calls a month (4 percent) in 2018. Total calls received were 119,673; of which 1,380 of the callers elected to complete the satisfaction survey. Survey ratings were rated on a 1 to 5 scale. Scores with a survey rating of 4 or more resulted in an overall rating with the experience at 84 percent, ability of the representative to understand and resolve the inquiry at 88 percent, and courtesy and professionalism of the representative at 92 percent.

#### **Budget and Fiscal Impacts**

The activities outlined in this agenda item are consistent with expected expenditures.

#### **Benefits and Risks**

The LTC Program continues to improve financially and administratively. The LTC4 product reflects current market approaches to benefit design, product pricing, and underwriting.

#### **Attachments**

Not applicable.

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