



Pension and Health Benefits Committee

Agenda Item 6c

April 16, 2019

Item Name: Long-Term Care Benefit Update

Program: Long-Term Care Program

Item Type: Action

Recommendation

CalPERS team recommends that the Pension and Health Benefits Committee (PHBC) approve the Long-Term Care Program (LTCP) benefit design changes aimed to decrease costs and improve the wellness of participants enrolled in the program.

Executive Summary

This agenda item provides information to the PHBC for consideration of implementing the LIFT Wellness Program (LIFT). LIFT is a fall prevention program that will be offered to eligible LTCP participants designed to reduce falls and address the rising costs of long-term care and health care claims associated with injuries and hospitalizations.

Strategic Plan

This item supports Strategic Goal Plan: Health Care Affordability – “Transform Health Care Purchasing and delivery to Achieve Affordability.”

Background

LIFT was developed in 2004 through a collaboration between the U.S. Department of Health and Human Services and CalPERS LTCP Third-Party Administrator, Long-Term Care Group. The programs’ development was guided by an appointed technical advisory group comprised of falls prevention experts and was founded upon industry best practices based upon extensive literature review that focused on the major cause of claims associated with falls and fractures. The goal of LIFT is to prevent falls and keep CalPERS LTCP participants functionally independent while lowering future LTCP claim costs by using proactive pre-claim intervention consisting of the following major components:

- Member engagement that includes active member outreach to encourage LTCP participants to join the program;
- A comprehensive in-home falls risk and home safety evaluation conducted by specially trained nurses;
- The development and delivery of a customized action plan that is sent both to the member and their physician to align wellness goals and efforts;
- Educational health promotion materials and a LIFT Wellness Tool-Kit (including wellness items such as a pedometer, medicine bottle opener, exercise book and health and home safety tips); and
- On-going 12-month telephonic based health coaching, education and support.

With the passing of the Chronic Care Act and implementation in 2020, any expanded supplemental benefits due to the Chronic Care Act may be covered by the health plans. The LTCP will engage CalPERS health plans, specifically the plans offering Medicare Advantage plans, to assist in promoting the program and encourage participant involvement.

Analysis

Since the inception of the CalPERS LTCP in 1995, the program has experienced over \$490M in long-term care claims expenses resulting from “falls, gait anomalies, and imbalance,” which is approximately 21 percent of total LTCP claims paid. As participants continue to live longer, and this claim type grows, we recognize the need for an effective, replicable, adoptable and affordable intervention that proactively prevents falls, reduces fear of falling, promotes wellness and advances the ability for participants to remain independent in their own homes for as long as possible.

LIFT is a comprehensive program that will be offered to over 45,000 LTCP participants ages 75 years and older who are not on claim and reside in California. The program will be phased in over a three-year period based on enrollment targeting an age band where the volume of new claim inquiries is material and has a significant impact on health by reducing falls.

It is important to note the original pilot program sponsored by the Department of Health and Human Services produced a self-reported 18 percent reduction in injurious falls. Assuming LIFT has a similar reduction in the rate of injurious falls, there could be a significant reduction in LTCP claim costs. The table below depicts four possible scenarios for CalPERS and is used for illustrative purposes.

CalPERS Eligible LIFT Participants				
CalPERS Participants Currently Not in Claim By Attained Age				
Members Contacted	Estimated Enrollment Rate	Members Enrolled	Estimated Cost	Estimated Savings
46,706	25%	11,677	\$6.4M	\$7.5 - \$15.9M
46,706	20%	9,341	\$5.1M	\$6.0 - \$12.7M
46,706	15%	7,006	\$3.9M	\$4.5 - \$9.5M
46,706	10%	4,671	\$2.6M	\$3.0 - \$6.4M

Budget and Fiscal Impacts

The total administrative services fee for the program is \$550 per enrollee. This per enrollee fee, with 20 percent enrollment into the program, will create an estimated direct cost to the Long-Term Care Fund of \$5.1 million. The total estimated savings of the program is between \$6.0 to \$12.7 million.

Benefits and Risks

The benefits include:

- Reduces long-term care claims
- Net savings of \$6.0 to \$12.7 million
- Return on investment between 118 to 248 percent

The risks include:

- The detection of unrecognized functional deterioration producing additional LTCP claims
- LTCP claims costs associated with increased morbidity
- Poor participant engagement and lack of realized LTCP claims savings

Attachments

Attachment 1 – Long-Term Care Benefit Update PowerPoint

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