

Agenda Item 11, Attachment 1

Univita



August 14, 2012

# CalPERS

## Long-Term Care Program Update - PHBC

# Agenda

- Long-Term Care Program Update
- Operations Key Performance Indicators
  - Benefit Eligibility Decisions
  - Claims Payments
  - Policy Owners Services
- Claims Management and Recovery
- 2012 Rate Increase Update
- Innovations Update
  - Univita Sponsored Research

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## Program Statistics

- 150,333 active program members
- Over \$355 million in annual premium
- \$2,167 average annualized premium
- Invested asset value of \$3.6 billion

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## Claim and Care Management

- 5,350 members in active claim
  - 84,700+ volume of claim payments annually
  - \$168+ million paid in member benefits annually
  - \$1+ billion paid in member benefits\*
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- 95% of claims paid in 10 days

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\* Since program inception

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## **LTC 1    1995 - 2002**

- Comprehensive or Facilities Only
  - Unlimited or 3 Year
- Partnership
  - 1 or 2 Year

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## **LTC 2    2003 - 2004**

- Comprehensive or Facilities Only
  - Unlimited or 3 Year
- Partnership
  - 1 or 2 Year

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## **LTC 3    2005 - 2008**

- Comprehensive or Facilities Only
    - Unlimited, 6 Year or 3 Year
  - Partnership
    - 1 or 2 Year
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## Operations Key Performance Indicators

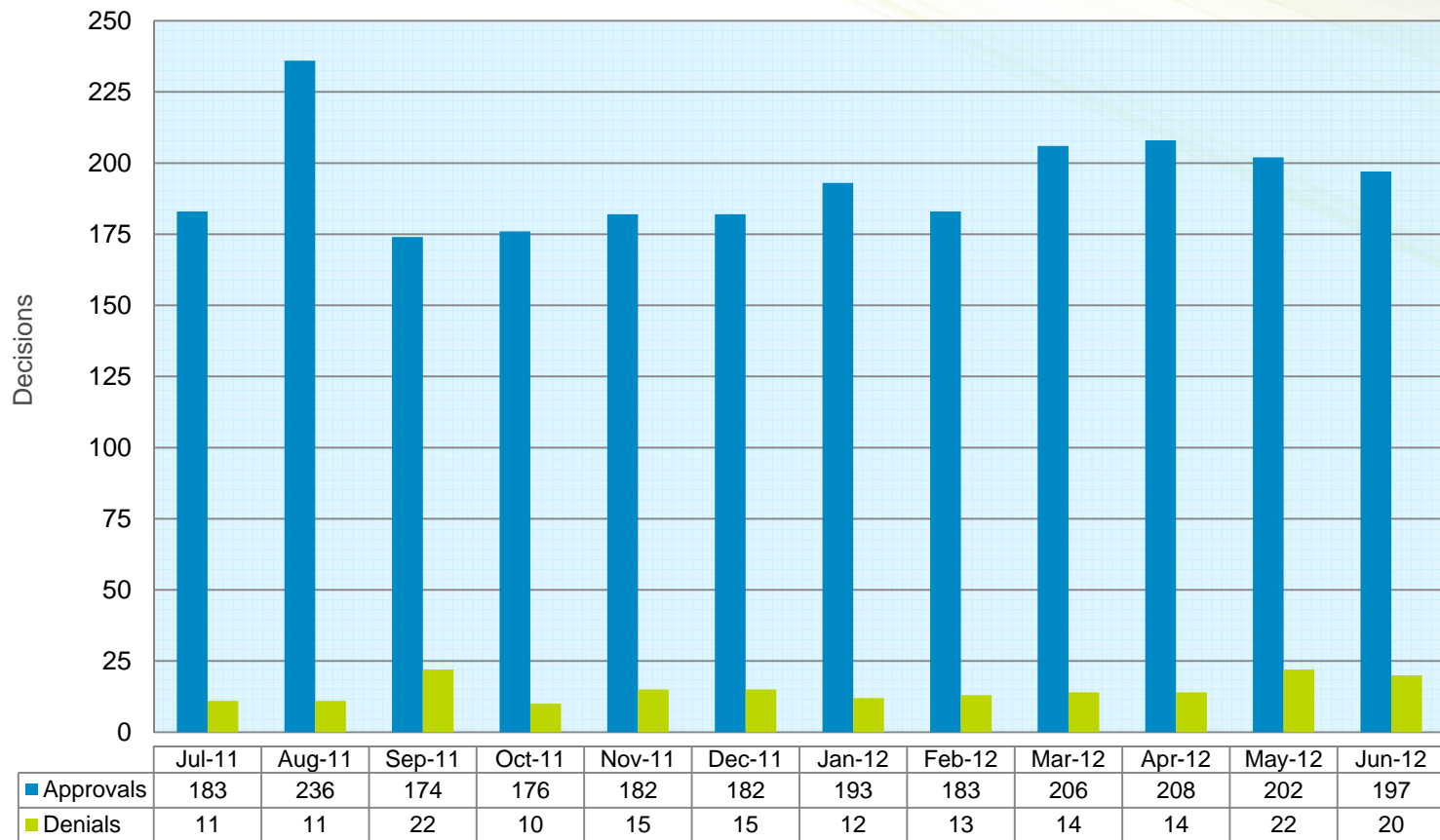
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- Benefit Eligibility Decisions
- Members in Active Claim Status and Claims Processed
- Claim Payments
- Policy Owner Services
  - Terminations
    - Non-payment Terminations
    - Voluntary Terminations
    - Exhausted Benefits Terminations

# Benefit Eligibility Decisions

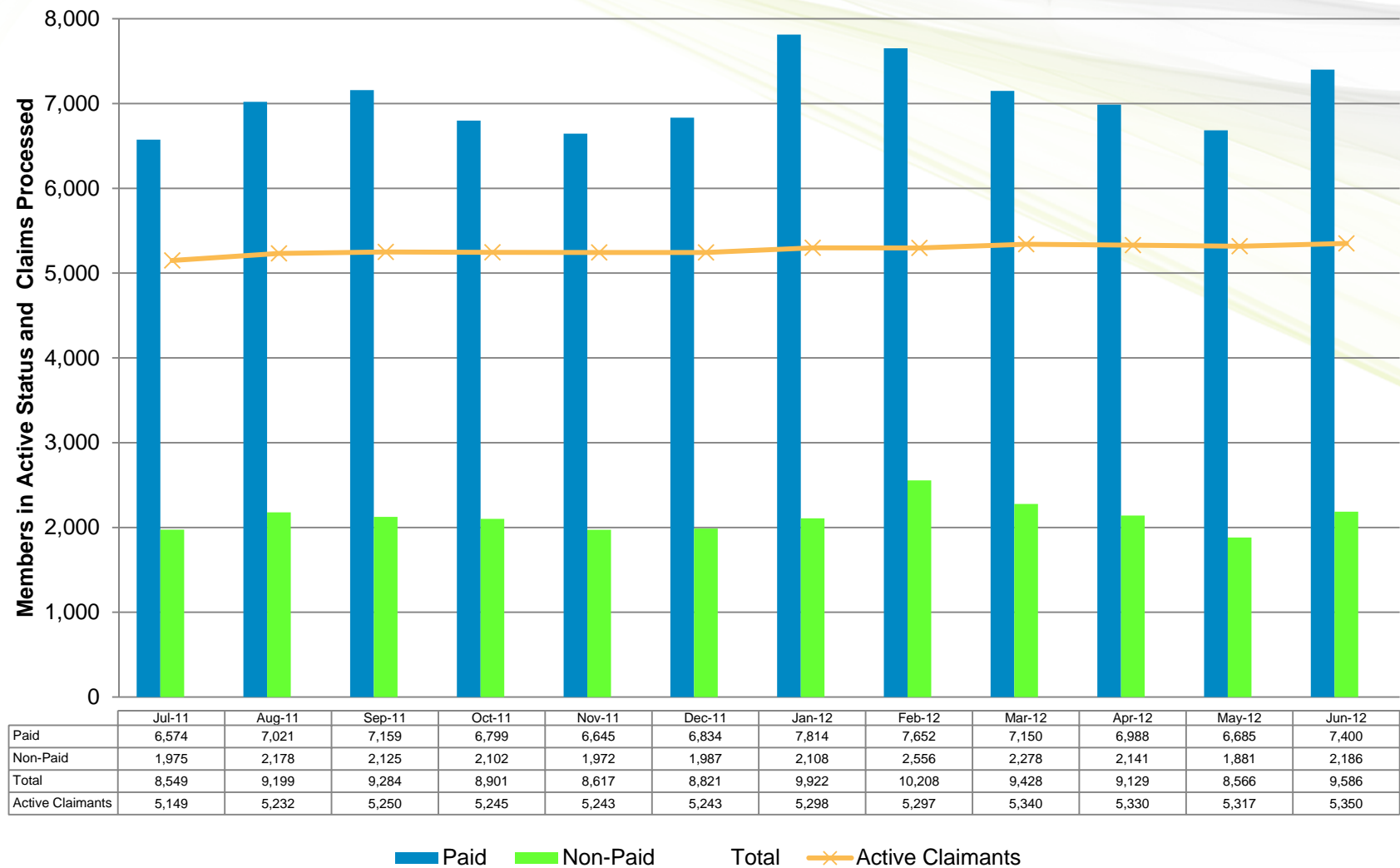
Fiscal Year Ending June 30, 2012

## Benefit Eligibility Decisions continue a slight upward trend



# Members in Active Claim Status and Claims Processed

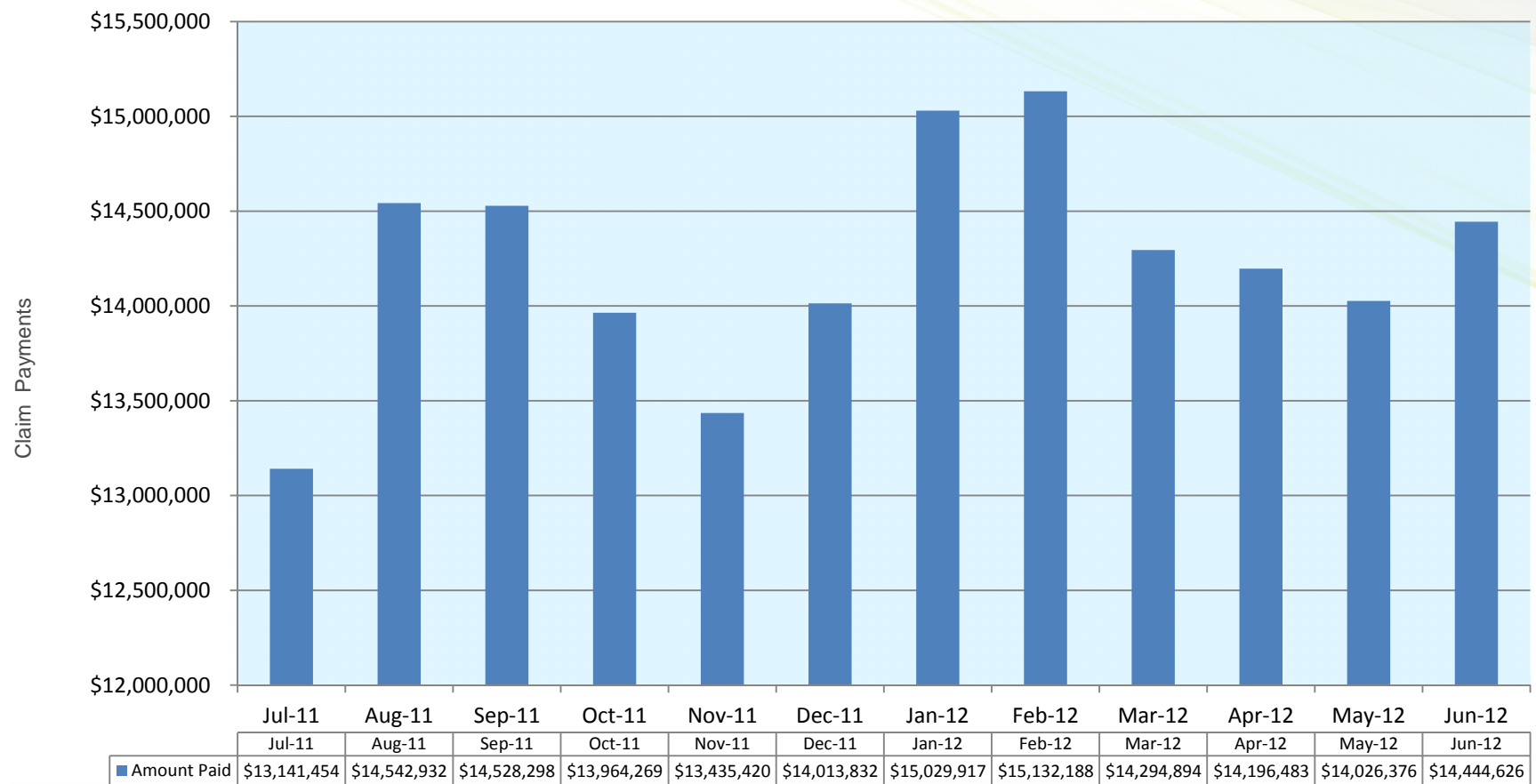
Fiscal Year Ending June 30, 2012



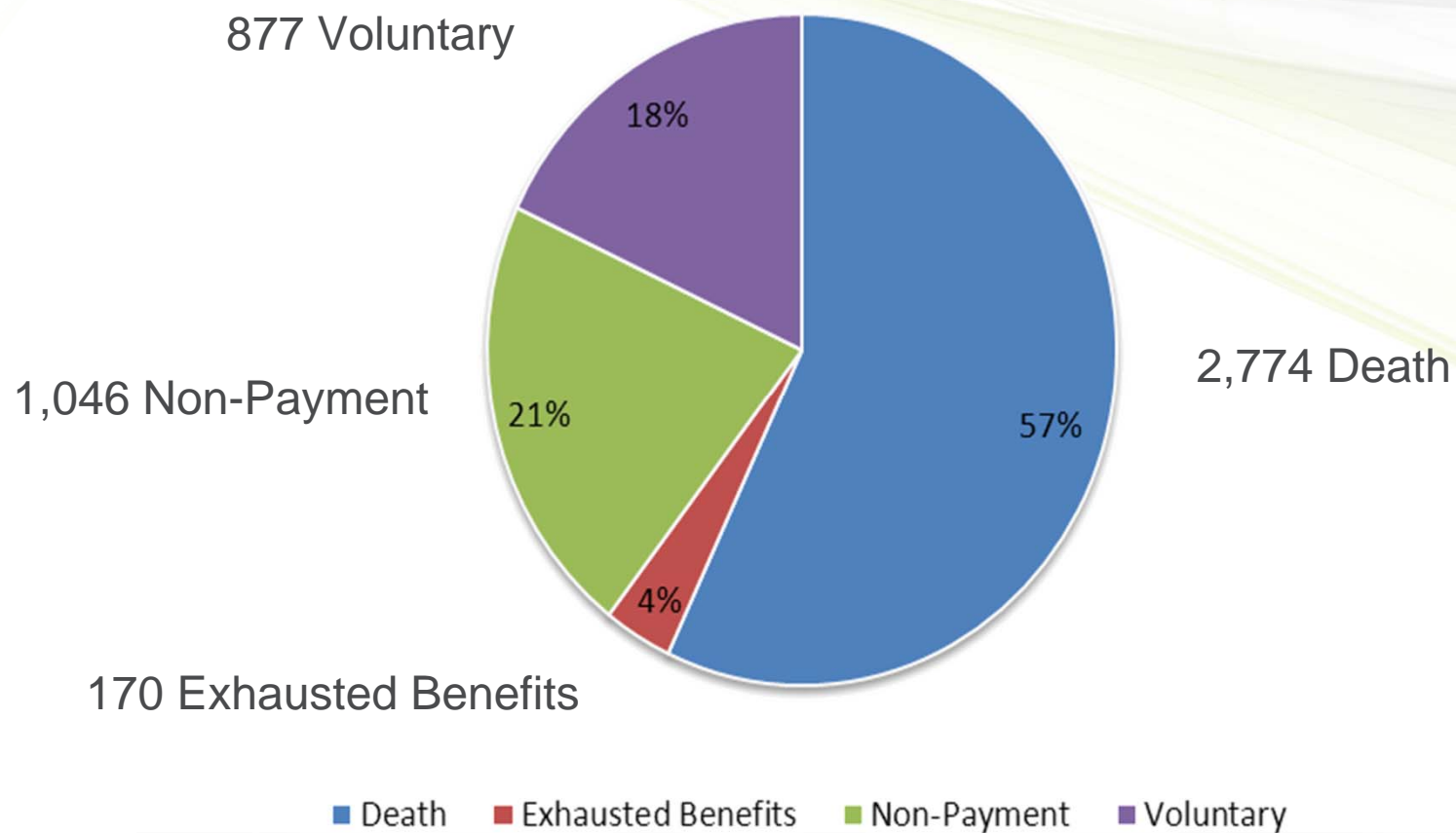


## Monthly Claim Payments show variability in requests for payment

Total Claims Paid FY 2011/2012: \$170,750,689 and Average Paid Claim \$2,015







4,867 Total Terminations

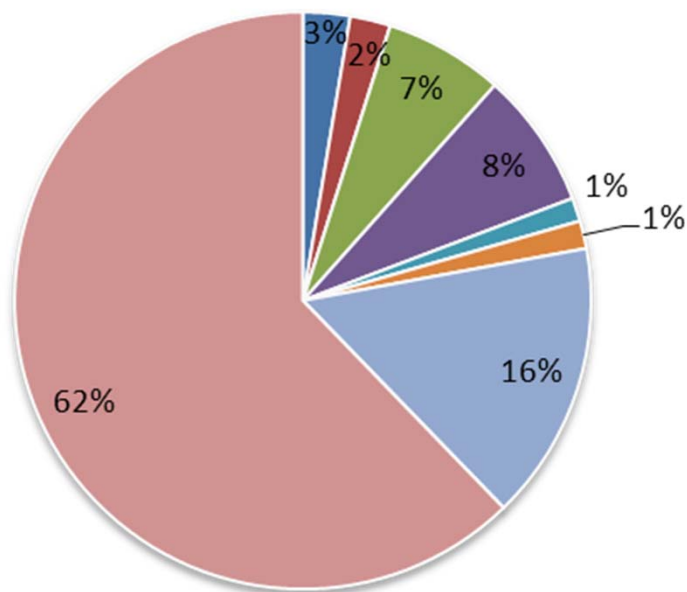
Member deaths (57%) is the leading reason for termination

Note: Exhausted Benefits was rounded up while Voluntary was rounded down to total 100%

# Non-Payment Terminations

Fiscal Year Ending June 30, 2012

## LTC1



- 1 Year w/Inflation
- 2 Year w/Inflation
- 3 Year w/BIO
- 3 Year w/Inflation
- 6 Year w/BIO
- 6 Year w/Inflation
- Unlimited w/BIO
- Unlimited w/Inflation

1,046 Non-Payment Terminations totaling \$2,024,827 in annual premium

LTC1\* plans represent 80% by number of members and 78% by premium

### Terminated members by plan type

LTC1	837 members \$1,577,531 annual premium
LTC2	109 members \$245,014 annual premium
LTC3	100 members \$202,282 annual premium

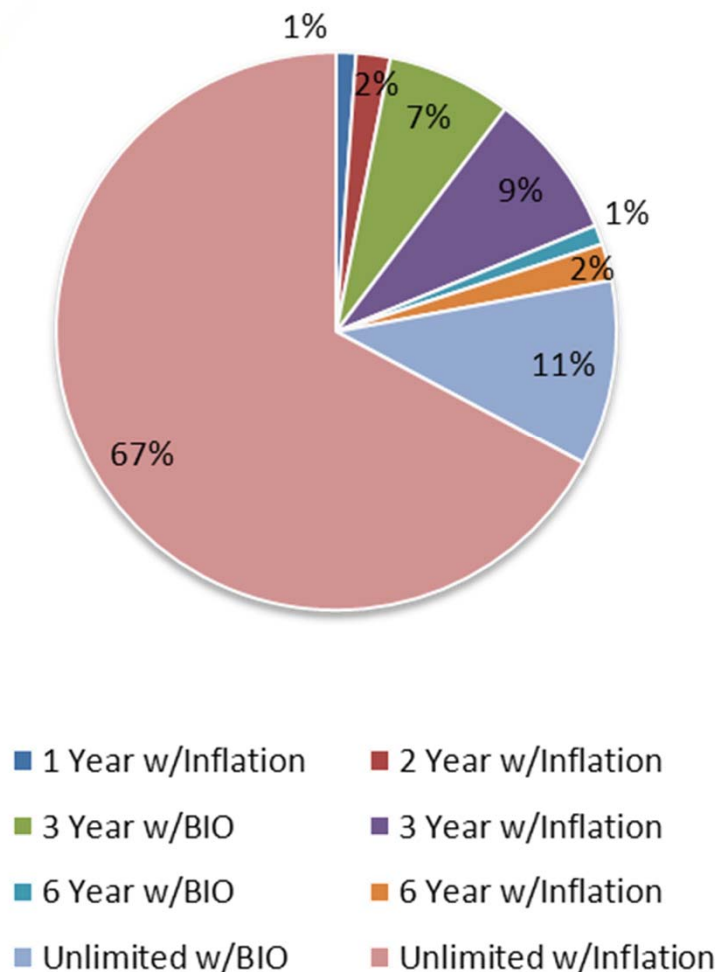
\* LTC1 is the original plan series offered from 1995 – 2002.

BIO is the Benefit Increase Option offered as an alternative to inflation protection

# Voluntary Terminations

Fiscal Year Ending June 30, 2012

## LTC1



877 Voluntary Terminations totaling \$1,898,395 in annual premium

LTC1\* plans represent 81% by number of members and 78% by premium

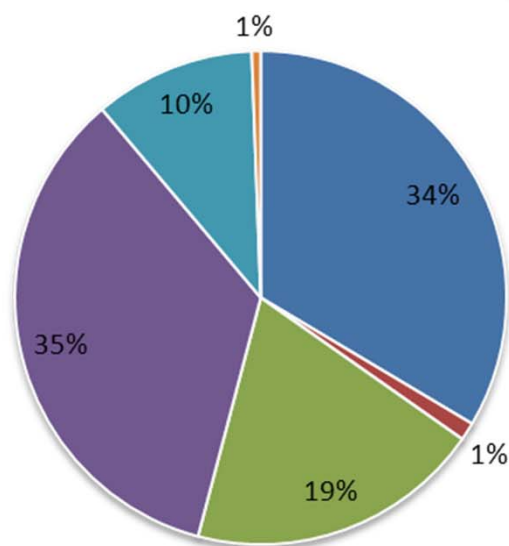
### Terminated members by plan type

LTC1	707 members \$1,485,935 annual premium
LTC2	71 members \$177,518 annual premium
LTC3	99 members \$234,942 annual premium

\* LTC1 is the original plan series offered from 1995 – 2002.

# Exhausted Benefits

Fiscal Year Ending June 30, 2012



- LTC1 / 1 Year w/Inflation
- LTC1 / 2 Year w/Inflation
- LTC1 / 3 Year w/Inflation
- LTC1 / 2 Year w/BIO
- LTC1 / 3 Year w/BIO
- LTC3 / 3 Year w/BIO

170 Exhausted Benefits Terminations totaling \$326,821 in annual premium

LTC1\* plans represent 99% by number of members and premium

## Terminated members by plan type

LTC1	169 members \$324,772 annual premium
LTC2	0 members \$0 annual premium
LTC3	1 member \$2,049 annual premium

\* LTC1 is the original plan series offered from 1995 – 2002.

## Claims Management Overview

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### **CalPERS Long-Term Care provides substantial value to its members**

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- Since program inception over 15,000 members have received long term care benefits

### **CalPERS Long-Term Care claimants disabling diagnosis**

- Top 5 diagnoses include dementia, cancer, stroke, fractures, Parkinson's
- 11% cognitive impairment;
- 67% 2+ Activities of Daily Living deficits;
- 22% combined cognitive impairment and 2+ Activities of Daily Living deficits

## Claims Management Overview

### **CalPERS Long-Term Care claimants live at home and in the community**

- 51% in homecare
- 32% in Assisted Living Facility
- Less than 17% in nursing home

### **Average claim duration is 3.2 years**

- 29% recover
- 67% expire
- 4% exhaust benefits

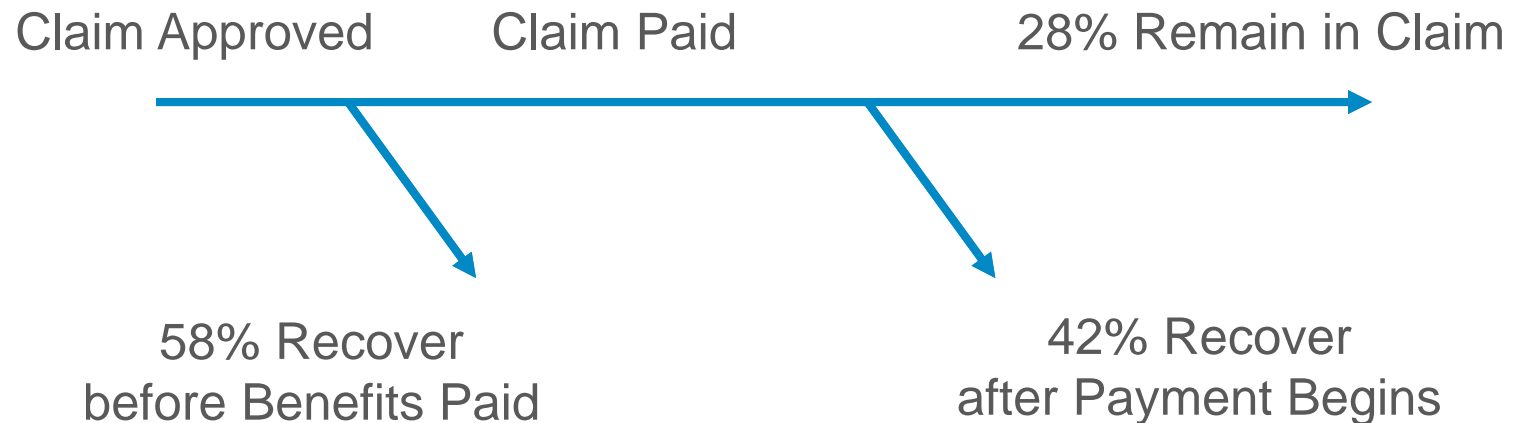


## Recovery from Claim

Recovery Continues Throughout the Life of a Claim

Almost 30% of closed claimants have recovered

- 58% before benefit payments are made
- 42% after benefit payments have begun





## Pure Dementia is the Leading Disabling Condition for Paid Claims

Disabling Condition	% of Total Approved Claims	% of Total Paid Claims	Total Paid Claims
Pure Dementia	31%	31%	\$297,241,961
Stroke	13%	13%	\$126,832,831
Fractures/Injuries	9%	6%	\$60,361,987
Parkinson's Disease	8%	6%	\$54,682,200
Arthritis, Rheumatic Disease	7%	5%	\$48,899,817
Cancer	18%	4%	\$34,126,791
Cardiomyopathy, CHF	4%	3%	\$26,342,978
Disorders of the Spine	3%	3%	\$26,194,681
Respiratory Diseases	5%	2%	\$23,447,023
Dementia - falls, fractures or injury	2%	2%	\$22,934,826

This does not represent all claims

## Profile of Those Who Recover

Women Claimants Lead in Recovery	
Total Recovered Claimants	4,208
Female	68%
Male	32%
Average Age	
At Claim	75.7
At Recovery	76.5
Age at Recovery	
Age 65 and under	12%
Age 66 and older	88%
Age 85+ years at recovery	19%

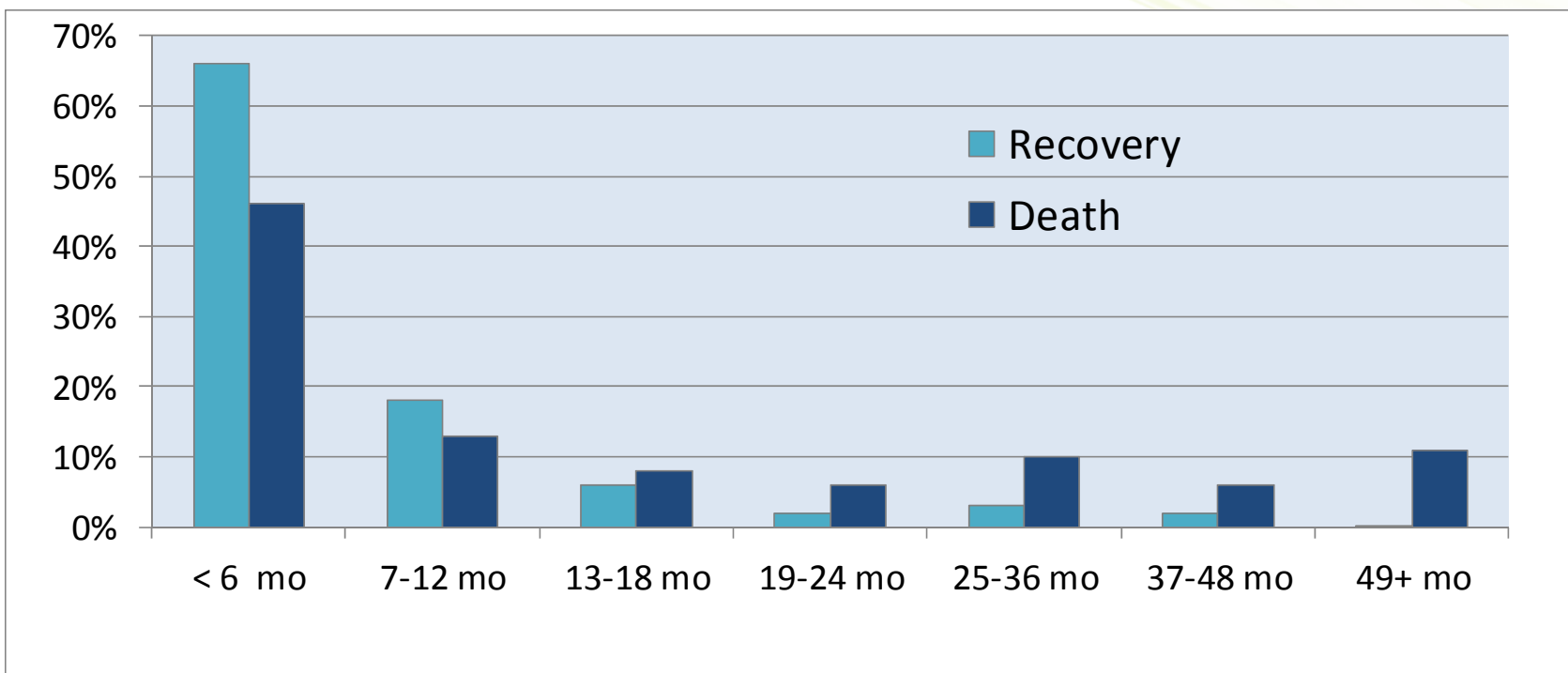
# Clinical Profile of Those Who Recover

## Claimants with Fractures and Injuries have the Highest Recovery Rate

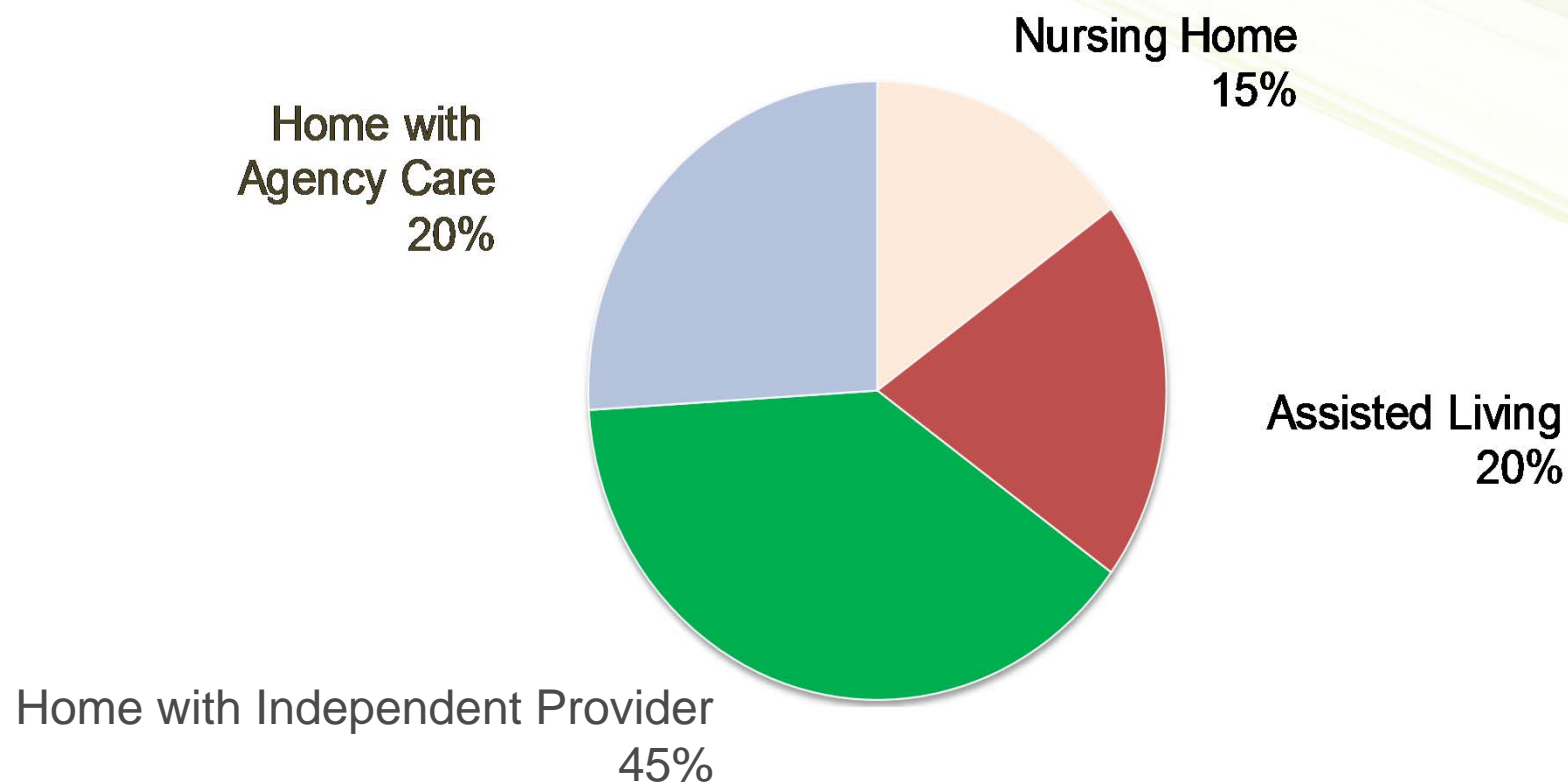
Disabling Condition	% of all Recoveries
Fractures and Injuries	17%
Stroke	11%
Cancer	10%
Pure Dementia	9%
Arthritis, Rheumatic Disease	6%
Disorders of the Spine	5%
Respiratory Disease	4%
Cardiomyopathy, CHF	3%
Parkinson's Disease	3%
Orthopedic Complications	2%

**Average Time on Claim Until Recovery: 9 Months**

**Average Time on Claim Until Death: 17.7 Months**



## Care Setting at Time of Recovery



- 67,005 notification letters mailed in May 2012 to applicable LTC1 members with comprehensive, lifetime with inflation protection
- Members provided 3 options:
  - Decrease total coverage amount and reduce current premium
  - Decrease benefits and keep current premium
  - Accept premium increase with no change to benefits

## 2012 Rate Increase Summary

- 2,327 of members receiving the 2012 rate increase notification opted to decrease their coverage:
  - 1,442 decreased from lifetime to 6-year with inflation
  - 438 decreased from lifetime to 3-year with inflation
  - 447 decreased daily benefit amount
- 885 members elected to terminate their coverage
- 63,793 members accepted the ongoing 5 percent increase



### Study Design

The CalPERS Outcomes Study was undertaken by Univita in an effort to determine if the availability of paid long-term care services at the end of life has a positive impact on healthcare utilization and cost of care as compared to those without long-term care services paid for by a long-term care insurance program

### Analytic Work to Date

- Study participants were drawn from CalPERS Healthcare Claims Data Warehouse from 2005 through 2011 and LTCP claims data was drawn from Univita's claims data for the same CalPERS LTCP members.
- High frequency diagnoses were selected by Univita's clinical staff to be the focus of this study.
- The last year of life was selected as the incident event and the focus of the utilization study.
- The first analytic step was to identify CalPERS LTCP members using LTC benefits during their last year of life.
- Then to identify those individuals' healthcare claims experience in the CalPERS Data Warehouse data set.

### Analytic Work to Date (cont.)

- These individuals were assigned to the treatment group and their LTCP claims data were then successfully merged with their healthcare claims experience.
- Preliminary comparative analyses of the treatment, those who purchased and used CalPERS LTCP during their last year of life, and the comparison group, those who did not purchase CalPERS LTCP insurance, were developed.
- A preliminary analysis was undertaken to determine whether patterns of utilization and costs differ between the two groups.
- Starting with medical costs, pharmacy costs, and the count of inpatient hospital admissions in the 12 months prior to death, we found that without adjusting for any factors, the cost outcomes were higher in the treatment group than the comparison.
- The treatment group members *incurred less healthcare expenditures* than the comparison group after adjusting for their age, sex, frailty, and other clinical characteristics.

### Next Steps

Analytic work continues to refine both the comparison group and outcome measures. Once the final comparison group has been selected and differences in disease burden and frailty better matched between the treatment and comparison groups, a number of additional comparisons will be made.



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