

# Long-Term Care Insurance: Market Research and Future Opportunities

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# Background

- CalPERS has operated a self-insured Long-Term Care Program since 1995. In June 2020, we temporarily stopped accepting new applications.
- In January, CalPERS initiated a market research project to explore fully insured long-term care options for our members.

# Market Research Focus Areas

- Evaluating insurer's experience partnering with employers and associations to make standalone long-term care insurance products available to employees, members and their families.
- Assessing available product offerings, pricing structures, and potential discounts.
- Understanding insurers' strategies for marketing and distributing their products

We received responses from two insurers and held follow-up discussions with both.

## How a Program Could Work for CalPERS

- CalPERS would make members aware of the LTC insurance offering through existing communication channels such as websites, newsletters, meetings, and articles.
- Members would receive a discounted rate.
- Interested members would complete an online form hosted by the carrier.
- The carrier assigns specific agents to work with CalPERS members.
- There is no obligation to purchase.
- Due to underwriting requirements, not all applicants will be approved for coverage.

# Regulatory and Product Insights

- Both insurers confirmed that products, rates, discounts, and marketing materials must be approved with the Department of Insurance where the member resides.
- Carriers can create CalPERS-specific marketing materials, but Department of Insurance approvals will take time.
- The products presented by both carriers have not had a rate increase since their last filing, though future increases cannot be ruled out.

# Benefits to CalPERS and its Members

- Members gain access to optional long-term care insurance policy at a discounted rate.
- CalPERS bears no financial risk.
- Policies and any changes made to them are subject to Department of Insurance review and approval, supporting product stability.

## Next Steps

- Continue discussions with the two insurers to evaluate their offerings and capabilities.
- Present a formal recommendation to PHBC, targeting May, though timing may be adjusted based on the progress of ongoing discussions.

# Questions & Discussion