

Long-Term Care Program Rates

Don Moulds, Chief Health Director
Jared Shinabery, Chief, Health Policy and Data Division

September 17, 2024

Long-Term Care Program Background

- Program established in 1995.
- Approximately 80,000 policyholders.
- Average age is 78.
- Suspended open enrollment in 2020 due to plan premium volatility and uncertainty in the long-term care market.

Challenges Facing the Long-Term Care Program

- Deviations in assumptions
 - Living longer, but with higher rates of disability
 - Policy retention
 - Increasing cost of care
- Aging policyholder population
- Investment market volatility

Actuarial Considerations

Estimated Updated Funding Status as of June 30, 2024:

- Estimated Margin: -27%
- Estimated Funded Ratio: 88%

Probability of Need for Premium Increase Within 5 Years	
Without two 10% rate increases	63%
With two 10% rate increases	44%

Estimated Margin in 5 Years	
Without two 10% rate increases	-48%
With two 10% rate increases	-10%

Recommendation

- Implementation of two annual 10% rate increases for the CalPERS Long-Term Care, excluding Partnership plans. The first rate increase would be effective in January 2025 and the second would be effective approximately one year later in 2026.
- Implementation of three annual 6.7% rate increases for LTC Program Partnership plans beginning in 2025.