

September 16, 2010 – By Anthony Pignataro

## CalPERS' Ailing Long-Term Care Plan



For a long-term care benefit plan, the news has mostly been bad. Last year saw a huge budget deficit of more than \$800 million, the biggest since 2007. Eight of the last 10 years have been in the red. The plan's investment portfolio lost 16.2 percent of its value last year; over the previous five years, it's grown an anemic 1.9 percent. It's been more than two years since people could join.

**Though there have been three big rate hikes since 2003 – the most recent, in 2009, was 22 percent – operating revenues have either stagnated or dropped.**

Beyond that, not much is known. That's because the benefit plan in question is run by the California Public Employees' Retirement System (CalPERS), and it's not subject to any substantial public oversight. In fact – and unlike private insurance plans operated in other states by companies like John Hancock or Met Life – the CalPERS long-term care benefit program is not regulated by the state Department of Insurance. **“We're self-insured, so there's no oversight, just as if you were self-insured,”** said Bill Madison, a CalPERS spokesman. Madison compared CalPERS' long-term care benefit to a driver who posts a bond to satisfy the state's auto-insurance requirement. “He's self-insured, and there's no oversight of him.”

### Comments December 1, 2011

When evaluating long term care protection, verify the company is controlled by your State Department of Insurance. **The California Department of Insurance will only allow a rate increase with “with proper notification and approval from the Department of Insurance”.**

California Department of Insurance Commissioner Dave Jones has sponsored Assembly Bill 999. Created by Mariko Yamada (Assemblymember and Chair of the Assembly Committee on Aging and Long-Term Care), Assembly Bill 999 is designed to further restrict long term care insurance rate increases.

Long term care insurance policies certified under the California Partnership for Long-Term Care allow you to protect assets equal to what your Partnership policy paid for long term care services in addition to the amount Medi-Cal would normally allow. These protected assets will be disregarded if you apply for the Medi-Cal program.

**Importantly, policies certified under the California Partnership for Long-Term Care have stricter limits on any future rate increase than policies not certified under the Partnership.**

See: <http://www.skloff.com/Articles/CAPartnershipProgram-LTCU-071510.pdf>

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<http://www.skloff.com/services-ltci.htm>

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