

**EXHIBIT I**

**Brown, Nicole (HHS/ASL)**

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**From:** Marton, William (HHS/ASPE)  
**Sent:** Friday, September 25, 2009 6:35 PM  
**To:** 'Mike Sandler'  
**Cc:** John Wilkin  
**Subject:** RE: CLASS Estimates

Mike (and John),

Thanks for getting these to us today. We had an internal meeting with Office of Health Reform (OHR) staff and reviewed the estimates. I think that everyone was very impressed with your work, especially under such a short deadline. We are going to meet with OHR staff again on Tuesday afternoon and I wanted to review what we have ongoing, possible next steps, and of course (reasonable) deadlines. The latter is particularly important because staff in the administration have not only an insatiable desire for information, but many times unrealistic expectations for when tasks can be completed.

Ongoing:

I talked with John earlier this week and he was going to get back to us some time mid-week, next week with estimates/thoughts on (1) how the CLASS Act could/would potentially interact with Medicaid, and (2) how much protection against long-term care risk we are actually buying. The focus of issue #1 is of course Medicaid savings, both in the short and long run. The second issue is concerned with how much insurance coverage the CLASS Act really provides compared to average/median long-term care costs.

Near Future:

We definitely want to continue to explore the impact of different program features on the baseline model (both at the \$50/day and \$75/day benefit level). For example, we want to understand the impact of different earnings thresholds for participation; the extent to which a blended vesting period by age would impact premiums (e.g., a seven year vesting period for workers less than age 60 combined with a five year vesting period for workers age 60+); and finally, how the introduction of a premium indexed to a specific growth rate (e.g., half the growth rate of the benefit) would affect the estimates. There is also an interest in exploring how much a \$65/day benefit would cost.

There certainly is no shortage of ideas on this end, and I'll give you a call on Monday to discuss what is reasonable to pursue. Unlike some folks around here, I know that these spreadsheets just don't appear out of thin air; they are the product of considerable time and work. Thanks again for your dedication and hard work...

Bill

**From:** Mike Sandler [mailto:████████████████████]  
**Sent:** Friday, September 25, 2009 2:32 PM  
**To:** Marton, William (HHS/ASPE)  
**Cc:** John Wilkin  
**Subject:** Re: CLASS Estimates

Bill,

The premium estimates for \$75 daily benefit are attached.

Mike

Marton, William (HHS/ASPE) wrote:

John and Mike,

I want to double-check one of the assumptions in your spreadsheet. Did you assume that a person had to be simply employed in your estimates, i.e., have earned income over the vesting period, or did you use the earned income threshold of \$1,000? The footnotes in the table refer to an income requirement, but no specific threshold is mentioned.

Bill

**From:** John Wilkin [mailto: [REDACTED]]  
**Sent:** Thursday, September 24, 2009 10:05 AM  
**To:** Marton, William (HHS/ASPE); 'Mike Sandler'  
**Subject:** RE: CLASS Estimates

Mike and are free at 11am (we have a call at noon). You can call us at:

[REDACTED]

We are very happy that our work proved useful. We would like to continue our work with you. We do have another project that is pushing us now, so we should talk about our time commitment.

Thanks

John Wilkin

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**From:** Marton, William (HHS/ASPE) [mailto: [REDACTED]]  
**Sent:** Thursday, September 24, 2009 9:54 AM  
**To:** Mike Sandler; John Wilkin  
**Subject:** RE: CLASS Estimates

John and Mike,

Richard attended a meeting at CBO yesterday afternoon where the structure and cost of the CLASS Act was discussed at length. Your estimates were *extremely* useful and really helped frame the discussion...thanks again for all of your hard work. Not surprisingly when interesting points are raised, folks want to explore the impact of changing additional program features. Building off your original model, I think that we want to look more closely at the impact of different income thresholds and a bit more complicated vesting period (e.g., a seven year vesting period for people under age 60 and a five year period for people age 60+). I also have a couple of questions about the level premium. Is it a nominal or real level premium? Another area that might be worth exploring is to index the premium so that it is level in real terms but not nominal. Is it possible to talk later this morning or early afternoon about next steps?

Bill

**From:** Mike Sandler [mailto: [REDACTED]]  
**Sent:** Wednesday, September 23, 2009 1:14 PM  
**To:** John Wilkin  
**Cc:** Marton, William (HHS/ASPE); Frank, Richard (HHS/ASPE); Katz, Ruth (HHS/ASPE)  
**Subject:** Re: CLASS Estimates

Attached are the premium estimates including estimates for 10% participation.

John Wilkin wrote:

Bill

Attached are our premium estimates for the Class Act under the stated assumptions. Call me with questions.

John Wilkin  
[REDACTED]

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**From:** John Wilkin [mailto:[REDACTED]]  
**Sent:** Tuesday, September 22, 2009 4:33 PM  
**To:** 'Marton, William (HHS/ASPE)'  
**Cc:** 'Frank, Richard (HHS/ASPE)'; 'Katz, Ruth (HHS/ASPE)'  
**Subject:** RE: CLASS Estimates

Mike and I are working to finish tonight, but it will be late tonight. You should look for the email tomorrow morning.

John

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**From:** Marton, William (HHS/ASPE) [mailto:[REDACTED]]  
**Sent:** Tuesday, September 22, 2009 3:55 PM  
**To:** John Wilkin  
**Cc:** Frank, Richard (HHS/ASPE); Katz, Ruth (HHS/ASPE)  
**Subject:** CLASS Estimates

John,

As soon as you have results from your model, could you send them to Richard, Ruth, and me ASAP? We'll distribute them to the rest of the folks here at ASPE. Thanks again for putting in the time under such a short deadline.

Bill

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Michael Sandler  
Actuarial Research Corporation  
[REDACTED]

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Michael Sandler  
Actuarial Research Corporation  
[REDACTED]