May 22, 2020

Mr. Jaakob Sundberg, Chair
Health Actuarial (B) Task Force
National Association of Insurance Commissioners
100 Walnut Street
Suite 1500
Kansas City, MO 64106-2197

Submitted via email: eking@naic.org

Re: AHIP’s Comments on the May 2020 Exposure of ACA 2021 COVID-19 Rate Review Guideline

Dear Mr. Sundberg:

On behalf of America’s Health Insurance Plans (AHIP),¹ we appreciate the opportunity to provide comments on behalf of our member companies regarding the draft ACA 2021 Coronavirus (“COVID-19”) Rate Review Guideline excel template.

There is significant uncertainty around the potential impacts COVID-19 may have on 2021 health care costs, creating a unique challenge for health insurance providers and regulators as they work to finalize 2021 premiums. We appreciate NAIC’s efforts to provide state regulators with an optional resource to assist in assessing the impact of COVID-19 on 2021 ACA premiums. This tool provides a listing of actuarial resources that can be helpful to carriers and regulators when considering the impact of COVID-19 on 2021 ACA rates, and provides a common format for measuring the impact of numerous factors on proposed rates.

We appreciate the importance of providing optional tools to help regulators and health insurance providers account for the various impacts COVID may have for 2021 rates. However, we recommend the template be used as an optional resource only and not be adopted as a required tool for finalizing rates. We are concerned a standard template is overly prescriptive and the fields are too granular. As a result, requiring such a template could limit the ability of actuaries to adopt an actuarially sound method of estimating COVID cost impacts based on their analyses. At this point in the rate filing and approval timeline, requiring use of the template could create additional challenges for issuers. We are specifically concerned about the following:

¹ AHIP is the national association whose members provide coverage for health care and related services to hundreds of millions of Americans every day. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access, and well-being for consumers. Visit www.ahip.org for more information.
A “one-size-fits-all” template limits the ability of carriers to appropriately assess and price for the potential impacts of COVID. Carriers must develop actuarially-sound rates but do so through different assessments of underlying assumptions and actuarial pricing methods, which in many cases do not fit into the structure of the Excel template.

The level of granularity suggested by the model does not reflect the various methods used by carriers when developing rates. Actual carrier projections are based on higher level aggregate claims analysis than what is contained in the template. Furthermore, plan actuaries and epidemiologists are unlikely to have the information at the level included in the template.

The template does not allow issuers to add, modify, or omit COVID-related cost factors to reflect their analyses of projected impacts.

The level of detail would be onerous for carriers if a state required completion of the template, especially at this point in the rate filing timeline with many initial filing deadlines past or quickly approaching.

Thus, we recommend the Task Force emphasize the template is intended as an optional resource for both carriers and regulatory actuaries and not a prescriptive data collection tool to be mandated by states. We suggest that the spreadsheet be marked as “For Voluntary Use By Carriers” and that the following language be added to the purpose of the template:

This template is not intended to be, and should not be used as, a checklist for rate filings. States should have the option to use this document as a guide only, and should rely in the first instance on the assumptions and underlying requests from issuers. Issuers should describe the basis for the COVID impact in their rate development in whatever level of detail is reasonable for the rate action being requested and should not be required to provide data for elements not material to that issuer.

We recognize that some states are already pursuing state-specific guidance on COVID cost assumptions. We recommend states considering such an approach seek input from their carriers before finalizing guidance.

In addition to the primary concerns discussed above, we have the following detailed comments and questions regarding the spreadsheet:

- The data provided in the spreadsheet—particularly in the “COVID-19 Rate & Factor Impacts” and “COVID Issuer Impact estimates” tabs—is proprietary carrier information that should remain confidential. The “Overview and Contents” tab of the spreadsheet should include a statement that this data is proprietary and will remain confidential and protected from open record disclosures.

- The Premium PMPM calculations in cells R25:R27 on tab “COVID-19 Rate & Factor Impact” appear to hard code an 80% loss ratio. If 80% is not the target loss ratio, are carriers to revise the formula to be consistent with their actual premium development or use the default 80%?
Cell B15 on the same tab notes additional scenarios than ‘Most-Likely’ can be added to the spreadsheet. We recommend the template allow for more updated scenarios to be added at a later date as the final pricing scenario will include more updated information and modeling that what was included in the initial filing.

- The factor support tabs for impacts (12), (13) and (14) appear to be mis-numbered in cell B2 on each tab’s sheet.

- The Milliman 2021 COVID Impact should be added to the Table of Actuarial resources since many issuers in the market engage Milliman for pricing work. Thus, the inclusion of this resource will assist in the credibility of the estimates for issuers who utilize Milliman: [https://www.milliman.com/en/insight/COVID19-Considerations-for-commercial-health-insurance-rates-in-2021-and-beyond](https://www.milliman.com/en/insight/COVID19-Considerations-for-commercial-health-insurance-rates-in-2021-and-beyond)

We appreciate the opportunity to respond to your request for comments. If you have any questions, or would like to discuss any of these comments, please contact me at (501) 333-2621 or contact AHIP consultant Ray Nelson at (rnelson@triplusservices.com).

Sincerely,

Bob Ridgeway
Senior Government Relations Counsel
America’s Health Insurance Plans