

TO: Commissioner Andrew N. Mais, Chair of the Health Actuarial (B) Task Force

FROM: Director Anita G. Fox, Chair of the Health Insurance and Managed Care (B) Committee

DATE: September 15, 2023

RE: Referrals to the Health Actuarial (B) Task Force Made at the 2023 Summer National Meeting

During the Health Insurance and Managed Care (B) Committee's Aug. 14 meeting at the recently concluded NAIC 2023 Summer National Meeting, the Committee adopted a motion to refer two issues to the Health Actuarial (B) Task Force for your review and discussion.

The first is a referral from the Financial Analysis (E) Working Group (attached) asking the Committee to engage in a discussion with the federal Centers for Medicare & Medicaid Services (CMS) about state insurance regulators' concerns with how the risk adjustment formula impacts the current or prospective financial solvency position of new health insurers entering the health insurance marketplaces. For this referral, the Committee is asking the Task Force to: 1) reach out to the CMS to discuss the issue, as well as any other issues related to the risk adjustment formula the Task Force members may identify; and 2) provide a report to the Committee on those discussions and a list of the changes in the formula, if any, the NAIC may recommend to CMS. If possible, the Committee would like this report and recommendations in time to provide comments on the 2025 Notice of Benefit and Payment Parameters.

The second referral to the Health Actuarial (B) Task Force concerns how possible changes to the cost-sharing reduction subsidy, like changes to silver loading, could impact plan options and costs to consumers. It is the Committee's understanding that the Task Force has already heard from the American Academy of Actuaries (Academy) and other actuarial groups that silver loading has created odd incentives in the market. Because of this, the Committee believes it would be beneficial for it to know more about how changes in state silver loading policies or other changes, like the elimination of the enhanced subsidies in 2026, could impact consumer choices and the affordability of coverage. With this referral, the Committee is asking the Task Force to review this issue and report its findings to the Committee by the 2024 Spring National Meeting.

If there are any questions regarding this response, please feel free to contact me or NAIC staff (Brian Webb bwebb@naic.org or Jolie Matthews at jmatthews@naic.org) for clarification. Thank you.