May 22, 2020

The Honorable Todd Kiser
Health Actuarial (B) Task Force
National Association of Insurance Commissioners
444 North Capitol St., NW Ste 700
Washington, D.C. 20001-1512

Submitted via email, Eric King, EKing@naic.org

RE: Health Actuarial Task Force COVID-19 Rate Review Guideline Exposure

Dear Commissioner Kiser:

The Blue Cross Blue Shield Association (BCBSA) appreciates the opportunity to provide comments on the Health Actuarial Task Force COVID-19 Rate Review Guideline Exposure posted on May 14, 2020.

BCBSA is a national federation of 36 independent, community-based and locally operated Blue Cross and Blue Shield companies (Plans) that collectively provide healthcare coverage for one in three Americans. For 90 years, Blue Cross and Blue Shield companies have offered quality healthcare coverage in all markets across America – serving those who purchase coverage on their own as well as those who obtain coverage through an employer, Medicare and Medicaid.

The Rate Review Guideline Exposure is an excel template that state DOIs may use to assist in assessing the impact of COVID-19 on 2021 ACA rates. The template includes a resource list and a list of assumptions to be considered in developing the impact of COVID-19 on rates.

BCBSA believes the template could be useful to promote a common understanding between issuers and regulators on the assumptions to be considered in rate development for the COVID-19 impact. However, BCBSA recommends that the template be used only as a guide for issuer and regulatory actuaries on the assumptions related to COVID-19 and not as a prescriptive data collection tool.

We are concerned that the tabs with the rate and factor impacts and projected 2021 claims experience are too detailed and prescriptive for the kinds of projections actuaries could reliably make right now. The template assumes a level of detail in projections that can’t be supported by claims data or scientific studies by the time issuers need to submit their 2021 ACA rate filings. For example, the tab on projected 2021 claims experience includes providing overall claims impact for sixteen assumptions related to COVID-19. This display makes it appear that these factors do not interact with one another and that issuers know the COVID-19 impact to that level of precision. We note that requiring issuers to provide assumptions at this granular level may result in inconsistent responses across carriers because of differing actuarial methods to pricing.
and not due to true actuarial impacts. This, in turn, would devalue one of the stated goals of assessing the impact of COVID-19.

We recommend that regulators provide flexibility in how issuers document and submit the factors related to COVID-19. Issuers have been working on rate filings and may have laid out their assumptions in a different manner than presented in the template. Requiring issuers to fill out the template in a prescriptive manner will add to the administrative burden and may not add value to the process. A more practical solution for the NAIC would be to require commentary in the actuarial memorandum regarding how COVID-19 was recognized in the rating. It would be reasonable to require issuers to provide an explanation within the rate filing of impact of COVID-19 on the overall rate change and the documentation of assumptions related to COVID-19.

In addition, BCBSA recommends that issuers only be required to file one set of rates and not be required to file dual sets of rates – with and without COVID-19. As mentioned above, we think it is reasonable for the rate filing to contain information on the overall impact of COVID-19 on the rates. However, we do not believe that requiring issuers to submit a full rate filing without COVID-19 is useful. We note that a separate rate filing creates administrative burden for rates that do not reflect the reality of the COVID-19 pandemic.

We commend the Task Force for compiling the resources list and the list of assumptions. We note that the resources available will likely continue to evolve over the summer, and both issuer and regulatory actuaries will need to keep up-to-date on the changing situation.

We appreciate your consideration of our comments. If you have any questions or want additional information, please contact Barb Klever at barbara.klever@bcbsa.com.

Sincerely,

Barbara Klever, FSA, MAAA
Senior Actuary, Policy