



NATIONAL MEETING SPRING 2022

Date: 3/28/22

Virtual Meeting

(in lieu of meeting at the 2022 Spring National Meeting)

HEALTH ACTUARIAL (B) TASK FORCE

Tuesday, March 29, 2022

1:00 – 3:00 p.m. ET / 12:00 – 2:00 p.m. CT / 11:00 a.m. – 1:00 p.m. MT / 10:00 a.m. – 12:00 p.m. PT

ROLL CALL

Andrew N. Mais, Chair	Connecticut	Grace Arnold	Minnesota
Russell Toal, Vice Chair	New Mexico	Chlora Lindley-Myers	Missouri
Jim L. Ridling	Alabama	Edward M. Deleon Guerrero	N. Mariana Islands
Ricardo Lara	California	Eric Dunning	Nebraska
Michael Conway	Colorado	Marlene Caride	New Jersey
Trinidad Navarro	Delaware	Judith L. French	Ohio
Karima M. Woods	District of Columbia	Glen Mulready	Oklahoma
Dean L. Cameron	Idaho	Michael Humphreys	Pennsylvania
Amy L. Beard	Indiana	Raymond G. Farmer	South Carolina
Doug Ommen	Iowa	Cassie Brown	Texas
Vicki Schmidt	Kansas	Scott A. White	Virginia
Eric A. Cioppa	Maine	Mike Kreidler	Washington
Kathleen A. Birrane	Maryland	Allan L. McVey	West Virginia
Anita G. Fox	Michigan		

NAIC Support Staff: Eric King

AGENDA

1. Consider Adoption of its March 2 and Feb. 1 Minutes—*Paul Lombardo (CT)*
2. Consider Adoption of the Report of the Long-Term Care Actuarial (B) Working Group, Including its March 9 Minutes—*Paul Lombardo (CT)*
3. Hear an Update from the Federal Center for Consumer Information and Insurance Oversight (CCIIO)—*Megan Mason (CCIIO)*
4. Hear an Update on Society of Actuaries (SOA) Research—*Dale Hall (SOA)*
5. Hear an Update from the American Academy of Actuaries (Academy) Health Practice Council—*Academy*
6. Discuss a Referral Letter from the Health Risk-Based Capital (E) Working Group—*Paul Lombardo (CT)*



NATIONAL MEETING SPRING 2022

7. Discuss Any Other Matters Brought Before the Task Force—*Paul Lombardo (CT)*

8. Adjournment

 [HATF Agenda 032922.docx](#)

Draft: 3/10/22

Health Actuarial (B) Task Force
Virtual Meeting
March 2, 2022

The Health Actuarial (B) Task Force met March 2, 2022. The following Task Force members participated: Andrew N. Mais, Chair, represented by Paul Lombardo (CT); Russel Toal, Vice Chair, represented by Julie Weinberg (NM); Jim L. Ridling represented by Jennifer Li (AL); Ricardo Lara represented by Lan Brown (CA); Michael Conway represented by Eric Unger (CO); Doug Ommen represented by Klete Geren (IA); Amy L. Beard represented by Stephen Chamblee (IN); Vicki Schmidt represented by Nicole Boyd (KS); Kathleen A. Birrane represented by Jeff Ji (MD); Eric A. Cioppa represented by Marti Hooper (ME); Anita G. Fox represented by Kevin Dyke (MI); Grace Arnold represented by Julia Lyng (MN); Chlora Lindley-Myers represented by William Leung (MO); Eric Dunning represented by Michael Muldoon (NE); Marlene Caride represented by Seong-min Eom (NJ); Glen Mulready represented by Andrew Schallhorn (OK); Cassie Brown represented by Aaron Hodges (TX); Mike Kreidler represented by Lichiou Lee (WA); and Allan L. McVey represented by Joylynn Fix (WV).

1. Adopted its Proposal to Revise Instructions for the Health Annual Statement SAO

Mr. Lombardo presented the Task Force's proposal as exposed for public comment (Attachment) to revise the language in Section 4, Section 5, Section 7, and Section 9 of the instructions for the health Statement of Actuarial Opinion (SAO) and comments received from the New York State Department of Financial Services (Attachment), the Pennsylvania Insurance Department (Attachment), the Washington State Office of the Insurance Commissioner (Attachment), and UnitedHealth Group (UHG) (Attachment).

The Task Force agreed to not delete "under the terms of its contracts and agreements" from Section 7E as suggested by comments from the Washington State Office of the Insurance Commissioner.

Mr. Dyke made a motion, seconded by Mr. Leung, to adopt the proposal as revised during the meeting. The motion passed unanimously. Mr. Lombardo said the proposal will be forwarded to the Blanks (E) Working Group for its consideration.

Having no further business, the Health Actuarial (B) Task Force adjourned.

Member Meetings\2022 NAIC Meetings\Spring National Meeting\Committee Meetings\HEALTH INS and MANAGED CARE (B) COMMITTEE\Health Actuarial (B) TF\Conference Calls\3-2 HATF\03-02-22 HATF.docx

Draft: 2/18/22

Health Actuarial (B) Task Force
Virtual Meeting
February 1, 2022

The Health Actuarial (B) Task Force met Feb. 1, 2022. The following Task Force members participated: Andrew N. Mais, Chair, represented by Paul Lombardo (CT); Russel Toal, Vice Chair, represented by Julie Weinberg (NM); Jim L. Ridling represented by Jennifer Li (AL); Ricardo Lara represented by Lan Brown (CA); Michael Conway represented by Eric Unger (CO); Doug Ommen represented by Klete Geren (IA); Dean L. Cameron represented by Weston Trexler (ID); Amy L. Beard represented by Stephen Chamblee (IN); Vicki Schmidt represented by Nicole Boyd (KS); Eric A. Cioppa represented by Marti Hooper (ME); Anita G. Fox represented by Kevin Dyke (MI); Chlora Lindley-Myers represented by William Leung (MO); Marlene Caride represented by Seong-min Eom (NJ); Judith L. French represented by Lilane Fox (OH); Glen Mulready represented by Andrew Schallhorn (OK); Jessica K. Altman represented by Jim Laverty (PA); Cassie Brown represented by R. Michael Markham (TX); Scott A. White represented by David Shea (VA); and Mike Kreidler represented by Lichiou Lee (WA).

1. Discussed its Proposal to Revise Instructions for the Health Annual Statement SAO

Mr. Lombardo said the Task Force needs to revisit its proposal (Attachment) to revise the language in Section 4, Section 5, Section 7, and Section 9 of the instructions for the health Statement of Actuarial Opinion (SAO) to ensure all items—actuarial assets and liabilities—within the scope of the SAO are treated consistently and provide a final recommendation to the Blanks (E) Working Group. He said the American Academy of Actuaries (Academy) provided comments on Section 7D that express concern that the proposed language may be too cumbersome, and there is the potential for a different interpretation of the language than expected. He said the Academy suggested the addition of the language, “Do not overstate actuarial assets,” to Section 7E. Mr. Dyke suggested the addition of the language, “Make a reasonable provision for all actuarial assets of the organization under the terms of its contracts and agreements.” Mr. Lombardo said the Task Force will work with the Academy to draft final language for Section 7E and other revisions. He said once a final version has been drafted, it will be exposed for a 15-day public comment period.

Having no further business, the Health Actuarial (B) Task Force adjourned.

<https://naiconline.sharepoint.com/:w:/r/sites/NAISupportStaffHub/Member%20Meetings/Spring%202022%20National%20Meeting/Tasks%20Forces/HealthActuarial/Conference%20Calls/2-1%20HATF/02-01-22%20HATF.docx?d=w9e0adbb90174fc9acd8654d8152aedb&csf=1&web=1&e=p3Vo5r>

Draft: 3/23/22

Long-Term Care Actuarial (B) Working Group
Virtual Meeting
March 9, 2022

The Long-Term Care Actuarial (B) Working Group of the Health Actuarial (B) Task Force met March 9, 2022. The following Working Group members participated: Tomasz Serbinowski, Chair (UT); Jennifer Li (AL); Lisa Luo (CA); Paul Lombardo (CT); Lilyan Zhang (FL); Nicole Boyd (KS); Marti Hooper (ME); Fred Andersen (MN); Michael Muldoon (NE); Russel Toal (NM); Bill Carmello (NY); Laura Miller (OH); Andrew Schallhorn (OK); Andrew Dvorine (SC); and Aaron Hodges (TX).

1. Discussed an LTCI Mortality and Lapse Study

Mr. Serbinowski said the American Academy of Actuaries (Academy) and Society of Actuaries (SOA) Research Institute's Final Long-Term Care Insurance (LTCI) Mortality and Lapse Study (Attachment) as provided in response to a request (Attachment) from the Long-Term Care Valuation (B) Subgroup will be reviewed and considered for adoption by the Working Group.

Warren Jones (Retired) and Bob Yee (PricewaterhouseCoopers) gave an overview of the study. Superintendent Toal asked if the study can be updated with an actual-to-expected analysis using more current experience data. The Working Group agreed to submit a request to the Academy and the SOA with parameters for the actual-to-expected analysis.

Having no further business, the Long-Term Care Actuarial (B) Working Group adjourned.

Member Meetings\2022 NAIC Meetings\Spring National Meeting\Committee Meetings\HEALTH INS and MANAGED CARE (B) COMMITTEE\Health Actuarial (B) TF\Conference Calls\3-9 LTCAWG\03-09-22 LTCAWG.docx

Agenda Item #3 Link:

[Industry Filing with the URRT Information](#)



SOCIETY OF ACTUARIES RESEARCH UPDATE TO HATF

March 29, 2022

R. DALE HALL, FSA, MAAA, CERA, CFA
Managing Director of Research

Health Research

Experience Studies

Project Name	Objective	Expected Completion Date
2000-2011 LTC Lapse and Mortality Valuation Assumptions	Develop a replacement mortality LTC valuation table and a proposal to replace the current LTC voluntary lapse parameters. Work done in conjunction with the AAA.	https://www.soa.org/resources/research-reports/2021/2021-ltc-mortality-lapse-study/
2006-2015 Individual Disability Income - Experience Modifications to the 2013 Individual Disability Income Valuation Table Claim Termination Rates	Complete a study of claim termination for individual disability and release a report of Experience Modifications to the 2013 Individual Disability Income Valuation Table Claim Termination Rates	https://www.soa.org/resources/experience-studies/2021/2006-14-idiet-report/
2006-2015 Individual Disability Income - Experience Modifications to the 2013 Individual Disability Income Valuation Table incidence Rates	Complete a study of claim incidence rates for individual disability and release a report of Experience Modifications to the 2013 Individual Disability Income Valuation Table base incidence factors.	5/17/2022
2000-2019 Long Term Care Experience Study - Data Request	Develop a database for Long-Term Care claim termination and incidence experience.	6/30/2023

Practice Research

Project Name	Objective	Expected Completion Date
2022 Health Care Cost Model v3.0	Release a model that will enable users to estimate health care cost levels in insured plans across a wide variety of Return Stage scenarios. (Robert Wood Johnson Foundation funded project).	https://www.soa.org/resources/research-reports/2021/covid-19-cost-model/
Getzen Model 2022 Update	Annual update of the long term Medical trend report created by Tom Getzen.	https://www.soa.org/resources/research-reports/2021/2021-getzen-model/
How Does Where You Live Impact Your Health	Quantitative SDOH research project.	https://www.soa.org/resources/research-reports/2022/live-impact-health/
Modeling the Individual Costs of Kidney Disease	Build a model to track the progression of kidney disease to help actuaries estimate future kidney costs.	https://www.soa.org/resources/research-reports/2021/2021-costs-of-chronic-kidney-disease/
Interaction Between Health Care Rating Factors with Race, Ethnicity and Socioeconomic Status	Study and further enhance methods to avoid or mitigate unintentional, adverse outcomes related to rating factors of tobacco use, industry, and geography in U.S. health insurance pricing.	4/30/2022
Medicaid Underwriting Gain	Build on a previous project designed to provide a theoretical methodology for Medicaid rate setting actuaries to determine the appropriate way to evaluate the risk associated with Managed Medicaid on the carriers underwriting this risk.	5/15/2022
Initiative 18/11 - 5/50 Project - Analyzing Characteristics of the top 5% members by cost who drive 50% of Medical Expenses	Validate the 5/50 Premise through % of total costs and average allowed annual costs by percentile grouping. Analyze ability to predict the 5% based on prior claims and risk factors. Calculate Transition probabilities between different groups.	5/15/2022
Social Physical and Cultural Determinants of Health	Qualitative SDOH research project.	5/15/2022
Emerging Impact of Long COVID on HealthCare Costs and Medical Conditions	A study that will examine the impact of a COVID 19 diagnosis on patient claims and medical conditions.	5/31/2022
Risk Adjustment White Paper	Interview Risk Adjustment SMEs and create a white paper that will address recent concerns brought up by political leaders about the use of Risk Adj through an actuarial user's guide to its past and future applications.	6/15/2022
Financial Wellness and Health Care	A research team of actuaries, data scientists and sociologists will examine the impact of disparities in healthcare access, cost and quality of care on financial wellness across various racial, ethnic, socioeconomic groups.	6/30/2022

Presentation Disclaimer

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American Academy of Actuaries Health Practice Council Spring 2022 Updates

Barbara Klever, MAAA, FSA
Vice Chairperson, Health Practice Council
American Academy Of Actuaries



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March 29, 2022—NAIC Health Actuarial (B) Task Force (HATF) Meeting

About the American Academy of Actuaries

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The Academy, through its public policy work, seeks to address pressing issues that require or would benefit from the application of sound actuarial principles. The Academy provides unbiased actuarial expertise and advice to public policy decision-makers and stakeholders at the state, federal, and international levels in all areas of actuarial practice.



Health Practice Council—Key Policy Priorities for 2022

- ❑ Health Equity
- ❑ COVID-19: Implications for Health Care Utilization and Spending
- ❑ Insurance Coverage
- ❑ Long-Term Care
- ❑ Medicare Sustainability
- ❑ Payment and Delivery Reform
- ❑ Climate Change and Health



Health Equity

- Discussion Briefs:
 - ▣ [Health Equity From an Actuarial Perspective](#) (2021)
 - ▣ [Health Equity and Premium Pricing](#) (2021)
 - ▣ [Health Equity and Health Plan Benefit Design](#) (2021)
 - ▣ [Health Equity and Provider Contracting/Network Development](#) (2021)
 - ▣ [Health Equity and Managing Population Health](#) (2021)
 - ▣ Data Collection for Measurement of Health Disparities (forthcoming)
- Comment Letters:
 - ▣ [Comment letter](#) to the Colorado Division of Insurance on the implementation of Colorado Revised Statute (C.R.S.)§ 10-3-1104.9. The law prohibits unfair discrimination based on certain personal characteristics—race, color, national or ethnic origin, religion, sex, sexual orientation, disability, gender identity, or gender expression—in any insurer practice. It also prohibits the use of external data, algorithms, or predictive models that unfairly discriminate against individuals with these characteristics. (2022)
- [Request for Information \(RFI\) on Assessing Whether or How Actuarial Practices Affect Health Disparities](#) (2022)



COVID-19: Implications for Health Care Utilization and Spending

□ Issue Briefs / Papers:

- *Considerations for Reflecting the Impact of COVID-19 in Medicaid Managed Care Plan Rate Setting* (2021)



Health Insurance Coverage

- Issue Briefs:
 - ▣ Drivers of 2023 Health Insurance Premium Changes ([forthcoming](#))
- Comment Letters:
 - ▣ [Comments on Draft 2023 Actuarial Value \(AV\) Calculator Methodology \(2022\)](#)
 - ▣ [Comments on 2023 Notice of Benefit and Payment Parameters \(NBPP\) \(2022\)](#)
 - ▣ [Comment Letter to CMS/CCIIO on Exposure Draft of Risk Adjustment Technical Paper \(2021\)](#)
 - ▣ [Comments to HHS, DOL, and the Treasury on the No Surprises Act \(2021\)](#)



Long-Term Care

- Comment Letters
 - [Comment letter](#) to CMS on the Proposed Rule for the 2023 Policy and Technical Changes to the Medicare Advantage and Medicare Prescription Drug Benefit Programs (comments involved D-SNPs and MLRs) (2022)
- Reports
 - [Long-Term Care Insurance Mortality and Lapse Study](#) (2021)
 - Request from NAIC Long-Term Care Actuarial Working Group (LTCAWG)
 - [Presentation](#) to NAIC HATF in November 2021; discussion with NAIC LTCAWG in March 2023



Medicare Sustainability

- Statements/Testimony
 - ▣ Statement for the Record to the U.S. Senate Committee on Finance Subcommittee on fiscal responsibility and economic growth on the Hospital Insurance Trust Fund and the future of Medicare financing (2022)



Payment and Delivery Reform

- Issue Briefs / Paper
 - Issue Brief on Hospital Price Variation (2022)
- Comment Letters
 - Comments on 2023 Notice of Benefit and Payment Parameters (NBPP) (2022)
 - Comments to CMS on Payment Parameters Proposed Rule (2021)



Climate Change and Health

- In November of 2021, the Academy launched the Climate Change Joint Task Force
 - Membership is comprised of the Health Practice Council (HPC), the Casualty Practice Council (CPC), and the Risk Management and Financial Reporting Council (RMFRC)
- Comment Letters
 - [Comment letter](#) to the RFI from the U.S. Department of the Treasury and FIO on Climate-Related Financial Risk and the Insurance Sector (2021)—and forthcoming to the Department of Labor on Environmental, Social, and Governance (ESG)



HPC NAIC Workstreams—HATF

- Health Actuarial (B) Task Force (HATF)
 - Request for comments on proposal to modify the definition of “actuarial assets” as used in the instructions for the Health Statement of Actuarial Opinion (SAO)
 - April and May 2021 Academy comment letters
 - March 2, 2022, NAIC HATF meeting to finalize language within the Health SAO



HPC NAIC Workstreams—HRBC

- Health Risk-Based Capital (E) Working Group (HRBC)
 - Request for Comprehensive Review of the H2—
Underwriting Risk Component and Managed Care Credit
Calculation in the Health
Risk-Based Capital Formula
 - [July 2021](#) Academy comment letter
 - [January 2022](#) Academy report
 - Exposed for comments by NAIC HRBC until March 16, 2022; comments discussed on March 18 HRBC call. HRBC has asked whether an educational presentation by the rating agency would be possible to the Working Group.



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HPC NAIC Workstreams—LTC (EX)

- NAIC Long-Term Care Insurance (EX) Task Force Long-term Care Insurance MSA Framework. Academy comments on:
 - ▣ [Long-Term Care Insurance \(LTCI\) Multistate Rate Review Framework](#)
 - ▣ [Actuarial Sections](#)
 - ▣ [Operational and Actuarial Sections, Sept. 2021 Exposures](#)
- Long-Term Care Insurance Reduced Benefit Options (EX) Subgroup
 - ▣ [Academy comments](#) on exposure draft, *Issues Related to LTC Wellness Benefits*

HPC NAIC Workstreams—LTCAWG

- NAIC Long-Term Care Actuarial (B) Working Group
- Long-Term Care Insurance Mortality and Lapse Study
 - ▣ Original request from the NAIC LTCAWG
 - ▣ Report released November 2021
 - Developed by the Long-Term Care Valuation Work Group of the American Academy of Actuaries and the Society of Actuaries Research Institute
 - ▣ Presentation to NAIC HATF in November 2021
 - ▣ Discussion during March 9, 2022, NAIC LTCAWG meeting. NAIC will contact Academy on next steps on the potential use of more recent data for an updated report



2022 HPC Hill Visits (virtual)

- Thursday, March 10, and Friday, March 11, 2022
- 19 meetings via zoom; over 20 Academy volunteers
- Issues discussed included Medicaid and the unwinding of the public health emergency, Medicare program sustainability, health equity, telehealth, COVID-19, price transparency, prescription drug prices, LTC, and the Affordable Care Act (ACA)



Academy 2022 Annual Meeting and Public Policy Forum

- American Academy of Actuaries 2022 “Annual Meeting and Public Policy Forum” in Washington, DC
- TBA - October or early November 2022



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Thank You

Questions?

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MEMORANDUM

TO: Commissioner Andrew N. Mais (CT), Chair of the Health Actuarial (B) Task Force and
Fred Andersen (MN), Chair of the Long-Term Care Valuation (B) Subgroup

FROM: Steve Drutz (WA), Chair of the Health Risk-Based Capital (E) Working Group

DATE: Feb. 25, 2022

RE: AG 51 – Asset Adequacy Testing

The Health Risk-Based Capital (E) Working Group established the Health Test Ad Hoc Group in 2018 to review the health test language within the *Annual Statement Instructions* due to inconsistencies in reporting of health business across the different blanks, as well as a significant amount of health business reported on the life and fraternal blank. Currently, a company passes the health test if the following requirements are met:

- The values for the premium and reserve ratios in the Health Statement Test equal or exceed 95% for both the reporting and prior year.

AND

- The entity passing the Health Statement Test is licensed and actively issuing and/or renewing business in five states or less.

AND

- At least 75% of the entity's current year premiums are written in its domiciliary state.

OR

- The values for the premium and reserve ratios in the Health Statement Test equal 100% for both the reporting and prior year, regardless of the number of states in which the entity is licensed.

The intent of the Ad Hoc Group was to evaluate if changes were warranted to the health test because of industry changes since its original development. The Ad Hoc Group has drafted a phase 1 proposal that will delete the requirements for an entity being licensed and actively issuing and/or renewing business in five states or less and at least 75% of the entity's current year premiums being written in their domicile state. The Ad Hoc Group is continuing to evaluate the current 95% premium and reserve ratios.

Through the evaluation and discussion of the 95% reserve ratio, there was a question brought up as to whether an entity would still be required to perform asset adequacy testing of long-term care (LTC)

business if the entity moved from the life blank to the health blank. It is the Ad Hoc Group's understanding that asset adequacy testing is required, regardless of the blank if the criteria for asset adequacy testing are met. The Working Group is asking the Health Actuarial (B) Task Force to consider adding a sentence to *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* (AG 51) that would indicate that regardless of the blank the entity files, asset adequacy testing is required by the entity if the criteria are met.

This clarification would help to make it abundantly clear that all companies with LTC exposure that are subject to asset adequacy testing would still be required to meet these requirements, regardless of the blank they are filing on.

If you have any questions regarding the suggested clarification, please contact Crystal Brown (cbrown@naic.org).

cc: Eric King, Crystal Brown