

## Draft Pending Adoption

Draft: 4/1/25

Health Actuarial (B) Task Force  
Indianapolis, Indiana  
March 23, 2025

The Health Actuarial (B) Task Force met in Indianapolis, IN, March 23, 2025. The following Task Force members participated: Anita G. Fox, Chair, represented by Kevin Dyke (MI); Jon Pike, Vice Chair, represented by Ryan Jubber (UT); Mark Fowler represented by Sanjeev Chaudhuri (AL); Ricardo Lara represented by Ahmad Kamil (CA); Andrew N. Mais represented by Paul Lombardo (CT); Karima M. Woods represented by Stephen Flick (DC); Michael Yaworsky represented by Kyle Collins (FL); Jerry Bump represented by Arlene Ige (HI); Doug Ommen represented by Klete Geren (IA); Dean L. Cameron represented by Weston Trexler (ID); Holly W. Lambert represented by Scott Shover (IN); Vicki Schmidt represented by Nicole Boyd (KS); Robert L. Carey represented by Marti Hooper (ME); Angela L. Nelson represented by William Leung (MO); Jon Godfread represented by Colton Storseth (ND); Eric Dunning represented by Margaret Garrison (NE); Justin Zimmerman represented by Seong-min Eom (NJ); Judith L. French represented by Laura Miller (OH); Glen Mulready represented by Andy Schallhorn (OK); Michael Humphreys represented by Dave Yanick (PA); Cassie Brown represented by Rachel Hemphill (TX); Scott A. White represented by Tim Connell (VA); and Patty Kuderer represented by Lichiou Lee (WA).

### 1. Adopted its 2024 Fall National Meeting Minutes

Trexler made a motion, seconded by Lombardo, to adopt the Task Force's Nov. 16, 2024, minutes (*see NAIC Proceedings – Fall 2024, Health Actuarial (B) Task Force*). The motion passed unanimously.

### 2. Adopted the Report of the Long-Term Care Actuarial (B) Working Group

Lombardo said the Long-Term Care Actuarial (B) Working Group met March 14, 2025; Feb. 21, 2025; Jan. 13, 2025; and Nov. 16, 2024. During these meetings, the Working Group took the following action: 1) adopted its Feb. 21, 2025; Jan. 13, 2025; and 2024 Fall National Meeting minutes; 2) discussed comments received on alternate proposal modifications to the single long-term care insurance (LTCI) multistate rate review approach cost-sharing formula; and 3) discussed revisions to the single LTCI multistate actuarial (MSA) rate review approach cost-sharing formula.

Lombardo said the Working Group discussed exposing both the alternate proposal and the Missouri proposal for adjustments to the cost-sharing formula during its Feb. 21 meeting. He said the proposals will soon be exposed for a 45-day public comment period.

Lombardo made a motion, seconded by Boyd, to adopt the report of the Long-Term Care Actuarial (B) Working Group, including its March 14, 2025 (Attachment One); Feb. 21, 2025 (Attachment Two); Jan. 13, 2025 (Attachment Three); and Nov. 16, 2024 (*see NAIC Proceedings – Fall 2024, Health Insurance and Managed Care (B) Committee*) minutes. The motion passed unanimously.

### 3. Discussed Next Steps for the Knowledge Statements for the Appointed Actuary – Health Blank

Dyke said the American Academy of Actuaries (Academy) presented a set of knowledge statements to the Task Force for the health blank, which were exposed for public comment. He said the Task Force discussed the comments received at the 2024 Fall National Meeting. He said the Academy submitted responses to the comments on Dec. 4, 2024 (Attachment Four). He said the Task Force will meet to discuss the comments received and the Academy's response letter to determine if any amendments need to be made to the knowledge

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statements before finalizing them. Dyke said the Task Force needs to determine whether long-duration health liabilities are to be addressed in the health blank knowledge statements.

Dyke said the Society of Actuaries (SOA) redesign of its Fellow of the Society of Actuaries (FSA) educational syllabus is what prompted the development of the knowledge statements. He said the SOA has provided the Task Force with a draft of the FSA educational syllabus. The Task Force will review the materials to ensure they are sufficiently rigorous to meet the requirements established under the knowledge statements. He said volunteers from the Task Force will be needed to finalize the knowledge statements and to evaluate the proposed SOA syllabus agreement with the finalized knowledge statements.

### 4. Heard an Update from the Federal CCIIO

Peter Nelson (federal Center for Consumer Information and Insurance Oversight—CCIIO) said that the federal Centers for Medicare & Medicaid Services (CMS) recently released the 2025 Marketplace Integrity and Affordability Proposed Rule (Proposed Rule). He said it is intended to address the recent increase in fraudulent and improper enrollments in the federal Affordable Care Act (ACA) Health Insurance Marketplace Exchanges (Exchanges). Nelson said the proposed rule is intended to bring greater stability and certainty to the market.

Jeff Wu (CCIIO) said there is great uncertainty over the next number of months with respect to what may be happening in our insurance markets, particularly the individual market and the Exchanges based on potential congressional action. He said the way that the CCIIO and state regulators have jointly managed this kind of uncertainty in the past has been by trying to create operational flexibility in how rates and rate changes are handled throughout the spring, summer, and as late as possible into early fall. Wu said that, relative to the possible expiration of enhanced premium subsidies, there have been times when it made sense for states to ask carriers to compile two or more sets of rates to handle different contingencies. He said the CCIIO will defer to state regulators as to what each state may ask of their carriers to handle the uncertainty of the continuation of enhanced premium subsidies.

Wu said the CCIIO will likely come forward with various data calls throughout this process to understand what kinds of data regulators are preparing and what assumptions from a particular state are part of rate submissions. He said this information will help the CCIIO plan for and understand the amount of change that it might need to manage if federal policy changes. Wu said the crux of the problem is that the CCIIO's systems can only accommodate one set of rates for a plan at both the proposed and final stages. He said if it becomes clear at some point that the set of rates that have been transferred to the CCIIO are based on assumptions that have changed, the state should notify the CCIIO that it would like to make a change and then direct the carrier to withdraw the filings from the System for Electronic Rates & Forms Filing (SERFF). Wu said CMS will then change its systems to permit a new rate filing. He said any change would have to be entered into the system by July 16 in order for CMS to meet the Aug. 1 date to display the proposed rates. Wu said this information will be formally communicated to stakeholders. He said the deadline for final rate submission is given the rate review timeline, but changes sometimes occur after this date. Wu said an error correction window can be opened in the filing systems, and the final date for this to be an option is likely Sept. 12 in order for final rates to be effective in time for open enrollment.

Wu said that in the states where CMS conducts rate reviews, CMS will communicate directly with the carriers about expectations concerning multiple rate submissions. He said only one official set of rates will be able to be transmitted through the system, but in the case of multiple filings, CMS will request the additional data through supplementary files. Wu said flexibility similar to that for multiple rate submissions may also be needed in states with ACA Section 1332 State Innovation Waivers due to possible changes relative to the expiration of enhanced premium subsidies.

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Rebecca Lund (CCIIO) said that the latest version of the Unified Rate Review Template (URRT) instructions is applicable for plan years 2024 and future years, and issuers can rely on these instructions for their plan year 2026 rate submissions. She said no substantive changes to these instructions or the URRT are anticipated for this year. Lund said the annual rate review timeline bulletin published last year sets the deadline for issuers in the three states that do not have an effective rate review program to submit their proposed rate filings to CMS as June 2. She said the deadline for issuers in states with an effective rate review program is July 16 or an earlier date established by the state. Lund said CMS intends to post proposed rate filings for consumer review and comment Aug. 1.

Lund said final rate determinations on rate filings that contain a qualified health plan (QHP) in states with exchanges served by the federal HealthCare.gov platform need to be finalized by the state or CMS by Aug. 13. She said CMS may consider opening a limited rate change window for issuers to submit corrected sets of rates but would not be able to accept those after Sept. 12 for those Federally-facilitated Exchange (FFE) QHPs. Lund said states have until Oct. 15 or an earlier date set by the state to have rates finalized for rate filings that contain only non-QHPs and rate filings that contain QHPs in states with a state-based exchange that does not use the federal platform. She said that CMS will post final rate changes Oct. 31 this year.

Dyke asked how states should approach changes to the de minimis ranges given in the Proposed Rule as they relate to the Actuarial Value Calculator (AV Calculator). He said states plan to use the AV Calculator published in October 2024 until told there is a different version to be used. Dyke asked if there is a possibility of a draft AV Calculator with the new de minimis ranges being published soon. Wu said part of the uncertainty comes from what ranges will be in the final rule and when carriers will know. He said that historically, CMS has finalized parameters that are very close to those originally proposed, and stakeholders should consider this as they plan in terms of a draft AV Calculator that incorporates the proposed rate changes. Wu said CMS is working on a modified AV Calculator and will release it once it is finalized.

Dyke asked if the Sept. 12 final error correction window date has been communicated to senior CMS leadership and U.S. Congress (Congress) so they understand timing considerations and whether the 2026 plan year process will be affected. Wu said it has and that the CCIIO will continue to consistently communicate these dates and, to the extent of the CCIIO's flexibility, will provide technical assistance and education on how this process works in all states.

### 5. Heard an Update on SOA Research Institute Activities and SOA Education Redesign

Dale Hall (SOA) presented on recent SOA Research Institute activities (Attachment Five). He said work on the Long-Term Care Experience Studies is nearing its start, and contingencies such as claim incidence, claim continuance, benefit utilization, mortality, and lapsation are being studied. Hall said the study is being done in partnership with the NAIC. He said the SOA is thankful that the NAIC is including some partnership funding in its 2025 budget to go along with the resources that SOA staff and volunteers on its Long-Term Care Experience Committee will be putting towards the study. He said he is especially thankful to companies for contributing data to the study.

Hall said that over the last few months, the SOA has conducted listening sessions with interested parties, regulators, companies, and consulting firms active in the long-term care (LTC) space. He said all parties have a strong interest in receiving data from this study that will be more current than previously conducted studies.

Hall said the SOA is also interested in understanding the variability of results that can occur due to differences in underwriting, claim adjudication, and markets served. He said he knows there is an intent and desire to get more information, specifically for contingencies at age 90 and above. Hall said that since more policyholders have reached those higher ages, companies would like to make specific assumptions rather than just aggregating the results at age 90 and above.

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Hall said strong industry participation is important to the success of the study. He said that the SOA currently has around 11 participating companies, which comprise around 62% of the industry, that have expressed a strong willingness to participate. He said the SOA continues to reach out to other companies, with a target of six or seven more agreeing to contribute experience data. He said if the SOA successfully recruits these six or seven companies, close to 75%–80% of the industry will be represented in the study. He said the SOA continues to go back and have conversations with companies to maximize overall participation in the study. He said the SOA has reached a time when it would like to get some final participation ready for the study and would welcome encouragement to participate from regulators.

Hall said the SOA is on pace to finalize a data request and currently has a target release of that data call toward the end of April. He said the SOA will keep regulators apprised of how that is going and make sure that it is publicly announced so companies can give their intent to respond to that data call. Leung asked if the study will cover all morbidity assumption experience and lapse mortality. Hall said the goal is to cover as many contingencies as possible. He said that in the past, studies have centered on the incidence of claim, the continuance of claim, the utilization of benefit amounts, lapsation, and mortality, both of active lives and claim lives. Leung asked if morbidity improvement will be studied. Hall said that is not on the list of primary areas, but he can take that back to the experience committee and ask if there is an assessment that can be done by calendar year.

Ann Weber (SOA) said the SOA is following a parallel path in the review of the knowledge statements for health and life blanks. She said the SOA continues to work with Life Actuarial (A) Task Force and Health Actuarial (B) Task Force leadership on the review of the material to be included in the SOA's updated FSA curriculum program. She said that under the new curriculum, certain U.S.-centric material that an actuary would need to know to satisfy the U.S. qualification standards for signing health annual statements or reserves will be moved from coursework to a regulatory certificate and that those actuaries who wish to be qualified to sign U.S. Statements of Actuarial Opinion (SAOs) related to health insurance reserves will need to take the certificate exam and pass the assessment. She said to be qualified, the actuary would also need to meet the basic education requirements of the Academy's U.S. Qualification Standards (USQS).

Weber said the SOA is using the Academy's health knowledge statements as a road map to ensure that all the material the Task Force thinks is essential is covered in the syllabus. She said that once the knowledge statements are finalized, the SOA can be flexible in revising the material. She said that if they are revised, the SOA intends for the certificate to be ready for candidates in early 2026.

### 6. Heard an Update from the Academy Health Practice Council

Matthew Williams (Academy) presented on recent and upcoming Health Practice Council activities, publications, and webinars (Attachment Six).

### 7. Heard an Academy Professionalism Update

Darrell Knapp (Academy) said the Academy's Committee on Qualifications (COQ) issued the most recent update to the USQS in late 2021. He said the USQS specifies the qualifications for issuing an SAO, which is defined as an opinion expressed in the course of performing actuarial services and an opinion that is expected to be relied upon. Knapp said that the USQS is not limited to regulatory opinions and applies to a broader definition of actuarial opinion or SAO. He said that in 2024, the COQ gathered feedback on ways to improve the clarity and readability of the USQS, some of which they will try to incorporate the next time the USQS is open for updates. He said this might be some time in the near future, given changes to the SOA and Casualty Actuarial Society (CAS) exam systems.

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Knapp said that in 2024, the COQ received 34 questions primarily about continuing education (CE). He said about half of the questions were related to CE requirements and specific qualification requirements regarding qualifications to be an appointed actuary. Knapp said about one-quarter of the questions concerned whether a particular actuary is qualified for a particular assignment. He said some of these might be referred to the Actuarial Board for Counseling and Discipline (ABCD) and become requests for guidance. Knapp said that in 2024, the COQ received five questions regarding returning to work as an actuary after some time away from the profession. He said that due to the number of questions on this topic, an entry was added to the frequently asked questions (FAQ) on the USQS in early 2025 to try to address this frequently occurring topic.

Knapp said that in 2025, the COQ has received seven questions, four of which concerned CE requirements. He said the remainder concerned the USQS general experience requirement and returning to work as an actuary after time away from the profession.

Dyke said this is his second year as chair of the Actuarial Standards Board (ASB). He said the ASB sets standards for appropriate actuarial practice in the U.S. through the development and promulgation of Actuarial Standards of Practice (ASOPs). Dyke said he wants to highlight the ASOPs that impact the health practice areas, as well as those that impact all practice areas. He said he encourages reading the ASB's Boxscore, which is the ASB's periodic publication that provides updates on all ASOPs open for revision.

Dyke said there was an exposure draft of a proposed new ASOP titled "Pricing Reinsurance or Similar Risk Transfer Transactions Involving Life Insurance, Annuities, or Long-Duration Health Benefit Plans." He said the exposure period ended Nov. 1, 2024, and 12 comment letters were received. Dyke said the ASB is reviewing those comments and plans to present them to the ASB later this year. He said two other ASOPs in development are ASOP No. 49, Medicaid Managed Care Capitation Rate Development and Certification, and ASOP No. 45, The Use of Health Status Based Risk Adjustment Methodologies. Dyke said both ASOPs are under review by their respective task forces and are expected to come before the board in June.

Dyke said ASOP No. 7, Analysis of Life, Health, or Property/Casualty Insurer Cash Flows, has been reviewed by the ASB as of March. As a result of comments received from property/casualty (P/C) practitioners, the ASB has moved toward removing P/C cash flow guidance from ASOP No. 7. He said it will be an ASOP on life or health cash flow risk when it is finalized. Dyke said the ASB may create a new ASOP focused on P/C cash flows to avoid a gap in guidance for P/C actuaries. He said ASOP No. 20, Discounting of Property/Casualty Claim Estimates, is being revised to include the guidance for P/C cash flows being moved from ASOP No. 7.

Dyke said the ASB recently created ASOP No. 58, Enterprise Risk Management, which is intended to replace ASOP No. 46, Risk Evaluation in Enterprise Risk Management & Risk Treatment in Enterprise Risk Management, and ASOP No. 47, Risk Treatment in Enterprise Risk Management. Dyke said ASOP No. 58 is intended to provide guidance that is more consistent with current practice and terminology and to align with ASOP No. 55, Capital Adequacy Assessment. He said ASOP No. 58 will become effective May 1, and ASOPs No. 46 and 47 will be repealed. Dyke said a second exposure draft for ASOP No. 41, Actuarial Communications was released with a comment deadline of March 15. He said it is expected that the comments will be reviewed in December. Dyke said the initial exposure of ASOP No. 12, Risk Classification (for All Practice Areas), is still in review, and the ASB expects to review it again later this year. Dyke said ASOP No. 1, Introductory Actuarial Standard of Practice is being reviewed to reflect some of the structural changes that have been made in other ASOPs, and to bring those changes together into a single standard.

Knapp said the ABCD performs two primary functions: responding to actuaries' requests for guidance on professionalism and considering complaints about possible violations of the Academy's Code of Professional Conduct (CPC). He said the ABCD encourages actuaries to use the confidential request for guidance process. Knapp said there is a broad range of experience in the ABCD and is pleased to have specialized experience in the health

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practice area from members John Schubert (Deloitte Consulting LLC) and April Choi (Retired). He added that Choi is the vice chair of the ABCD.

Knapp said that since its last report to the Task Force, the ABCD held its annual webinar, Tales from the Dark Side, in December 2024. He said the webinar provided information about the request for guidance and investigation processes and included examples of both. He said the ABCD will host a webinar that takes a deep dive into the CPC, which will feature current and past Academy presidents as presenters, and that it will host a webinar on the new ASOP No. 58 on April 25. He said the annual Life and Health Qualification Seminar will be held in November. Knapp said the seminar is an option to fulfill the basic education requirements listed in the specific qualifications section of the USQS as applicable for an appointed actuary.

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

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