

HEALTH ACTUARIAL (B) TASK FORCE

Health Actuarial (B) Task Force Aug. 1, 2022, Minutes

Health Actuarial (B) Task Force June 30, 2022, Minutes (Attachment One)

Society of Actuaries Research Institute (SOARI) 2022 *Individual Life Waiver of Premium (ILWOP) Experience Study* Presentation (Attachment One-A)

Health Actuarial (B) Task Force May 16, 2022, Minutes (Attachment Two)

American Academy of Actuaries (Academy) and SOARI Group Life Waiver of Premium Valuation Table (GLWPVT) Work Group Update (Attachment Two-A)

Long-Term Care Actuarial (B) Working Group June 24, 2022, Minutes (Attachment Three)

Long-Term Care Insurance Mortality and Lapse Study Update (Attachment Three-A)

SOA Research Institute/LIMRA Experience Studies Partnership Update (Attachment Four)

SOA Research Institute Activities Update (Attachment Five)

Academy Health Practice Council Update (Attachment Six)

https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member%20Meetings/B%20CMTE/HATF/2022_Summer/Contents.docx

Draft Pending Adoption

Draft: 8/9/22

Health Actuarial (B) Task Force
Virtual Meeting (*in lieu of meeting at the 2022 Summer National Meeting*)
August 1, 2022

The Health Actuarial (B) Task Force met Aug. 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); Mark Fowler represented by Jennifer Li (AL); Ricardo Lara represented by Ahmad Kamil (CA); Michael Conway represented by Eric Unger (CO); Vicki Schmidt represented by Nicole Boyd (KS); Kathleen A. Birrane represented by Brad Boban (MD); Timothy N. Schott 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); Judith L. French represented by Craig Kalman (OH); Glen Mulready represented by Andrew Schallhorn (OK); Michael Humphreys represented by Jim Laverty (PA); Cassie Brown represented by Aaron Hodges (TX); Mike Kreidler represented by Lichiou Lee (WA); and Allan L. McVey represented by Joylynn Fix (WV). Also participating was: Tomasz Serbinowski (UT).

1. Adopted its June 30 and May 16 Minutes

Mr. Lombardo said the Task Force met June 30 and May 16. During these meetings, the Task Force took the following action: 1) heard a Society of Actuaries (SOA) Research Institute 2022 Individual Life Waiver of Premium (ILWOP) Experience Study presentation; and 2) heard an update on the American Academy of Actuaries (Academy) and SOA Research Institute Group Life Waiver of Premium Valuation Table (GLWPVT) Work Group efforts towards developing valuation tables to replace the 2005 Group Term Life Waiver Mortality and Recovery Tables in *Actuarial Guideline XLIV—Group Term Life Waiver of Premium Disabled Life Reserves* (AG 44).

Mr. Dyke made a motion, seconded by Ms. Weinberg, to adopt the Task Force's June 30 (Attachment One) and May 16 (Attachment Two) minutes. The motion passed unanimously.

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

Mr. Serbinowski said the Working Group met June 24. During this meeting, the Working Group discussed the Academy and SOA Research Institute's final Long-Term Care Insurance Mortality and Lapse Study.

Mr. Hodges made a motion, seconded by Mr. Schallhorn, to adopt the report of the Long-Term Care Actuarial (B) Working Group (Attachment Three). The motion passed unanimously.

3. Heard an Update on the SOA Research Institute/LIMRA Experience Studies Partnership

Marianne Purushotham (Life Insurance Marketing and Research Association—LIMRA) and Dale Hall (SOA) gave an update on the SOA Research Institute/LIMRA Experience Studies Partnership (Attachment Four).

4. Heard an Update on the SOA Research Institute Activities

Mr. Hall gave an update on SOA Research Institute activities (Attachment Five).

Draft Pending Adoption

5. Heard an Update from the Academy Health Practice Council

Barbara Klever (Blue Cross Blue Shield Association—BCBSA) gave an update on Academy Health Practice Council activities (Attachment Six).

6. Heard an Academy Update on Professionalism

Lisa Slotznick (Academy) said the Academy Committee on Qualifications (COQ) issued a final amended U.S. Qualification Standards (USQS) late in 2021 after exposing two drafts. She said during the exposure period, the COQ presented several webinars explaining the changes. She said the USQS specifies that qualifications for statements of actuarial opinion (SAO) are not limited to regulatory required opinions. She said the COQ has also updated frequently asked questions (FAQ) to help actuaries understand the USQS, and many of the FAQ started as questions received through the website. She said the COQ has received nine questions this year, two of which were referred to the Actuarial Board for Counseling and Discipline (ABCD) as requests for guidance. She said most of the other questions were about continuing education (CE) requirements and basic education.

Ms. Slotznick said actuaries who were qualified before the amended version of the USQS took effect remain qualified, and the changes mostly apply to new actuaries. She said the USQS now includes a new requirement for one hour of bias CE, which applies to all actuaries. She said CE can be obtained through self-study.

Darrell Knapp (Actuarial Standards Board—ASB) said the ASB has been focusing on six themes currently running through the ASB's work: 1) addressing various tasks within scope, such as conducting reviews; 2) using a template to increase consistency in language across Actuarial Standards of Practice (ASOPs); 3) trying to avoid duplication with ASOP No. 1, Introductory Actuarial Standard of Practice, with "materiality" and "professional judgment" as examples; 4) adding guidance for reliance on other actuaries and experts; 5) focusing on the distinction between documentation and disclosures; and 6) focusing on gender, race, and employer type diversity on committees and task forces. He said because ASOP No. 1 calls on actuaries to always use professional judgment, the ASB is trying to avoid saying "the actuary should use professional judgment" in other ASOPs.

Mr. Knapp said the ASB approved an exposure draft of ASOP No. 41, Actuarial Communications in June, which will soon be released for exposure and go through the typical exposure process. He said the ASB will review the proposed exposure draft of ASOP No. 12, Risk Classification at its September meeting, and it should be exposed soon after that. He said the ASB is trying to find the right balance between the importance of risk classification systems to actuarial work and potential abuses in their application. He said a revision to ASOP No. 28, Statements of Actuarial Opinion Regarding Health Insurance Assets and Liabilities that was recently implemented took effect July 1. He said the ASB just released a technical correction to the scope of ASOP No. 28, along with that of ASOP No. 36, Statements of Actuarial Opinion Regarding Property/Casualty Loss, Loss Adjustment Expense, or Other Reserves. He said the current scope of each ASOP has a mutual exclusion where if one applies, the other does not. He said both ASOPs were originally written with the scope limited to NAIC SAOs. He said the scope of both ASOPs has been expanded to include broader SAOs, and as a result, the ASB must address those exclusions simultaneously and is therefore exposing just the scope of ASOP No. 28. He said the ASB is working on revisions to ASOP No. 49, Medicaid Managed Care Capitation Rate Development and Certification.

Shawna Ackerman (California Earthquake Authority—CEA) said the ABCD performs the two primary functions of addressing requests for guidance (RFGs) and investigations into complaints. She said the ABCD may recommend discipline, but it is up to the organization the subject actuary is a member of to decide whether to discipline an actuary. She said recent RFGs in the health area included questions about the obligation to report under Precept 13, Violations of the Code of Professional Conduct of the Academy's Code of Professional Conduct (CPC) and the procedures for doing that, as well as qualifications. She said the majority of RFGs are related to CPC Precept 1, Integrity and the actuary's responsibility to the public.

Draft Pending Adoption

Mr. Lombardo asked when bias CE webinars will be conducted. Ms. Slotznick said several webinars that qualify for bias CE were produced and are available to Academy members on its website.

7. Discussed an Academy and SOA Research Institute GLWPVT Work Group Valuation Tables Proposal

Mr. Lombardo said the Academy and SOA Research Institute GLWPVT Work Group has proposed valuation tables to replace the 2005 Group Term Life Waiver Mortality and Recovery Tables in AG 44. He said the proposed tables exhibit higher recovery rates and lower mortality factors than the current tables. He said the proposal is exposed for a public comment period ending Aug. 11.

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

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Draft: 7/18/22

Health Actuarial (B) Task Force
Virtual Meeting
June 30, 2022

The Health Actuarial (B) Task Force met June 30, 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); Mark Fowler represented by Jennifer Li (AL); Ricardo Lara represented by Rodney Haviland (CA); Michael Conway represented by Eric Unger (CO); Amy L. Beard represented by Stephen Chamblee (IN); Vicki Schmidt represented by Nicole Boyd (KS); Timothy N. Schott represented by Marti Hooper (ME); Anita G. Fox represented by Kevin Dyke (MI); 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); Michael Humphreys represented by Jim Laverty (PA); Cassie Brown represented by Aaron Hodges (TX); Mike Kreidler represented by Lichiou Lee (WA); and Allan L. McVey represented by Joylynn Fix (WV).

1. Heard an ILWOP Experience Study Presentation

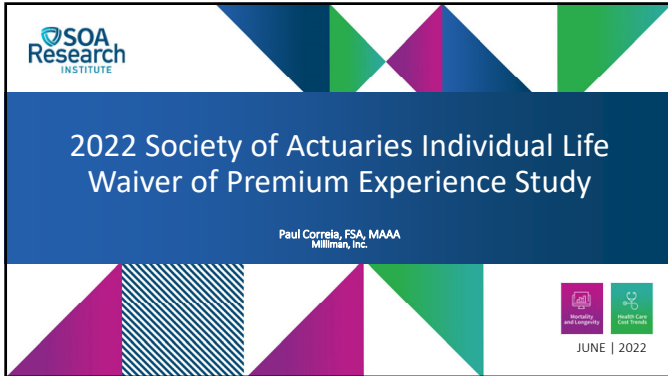
Paul Correia (Milliman) gave a presentation (Attachment One-A) on the Society of Actuaries (SOA) Research Institute 2022 *Individual Life Waiver of Premium (ILWOP) Experience Study*. He said the study's objectives are to: 1) compare recent industry experience for ILWOP insurance products to the expected incidence and claim termination rates from the 1952 SOA Disability Table; 2) analyze actual-to-expected (A/E) incidence and claim termination ratios across key segments such as gender and attained age; 3) develop an illustrative experience basis for calculating policy and claim reserves based on the results from the A/E studies; and 4) compare reserves calculated using experience assumptions to the reserves calculated using the 1952 SOA Disability Table for an illustrative cohort of ILWOP business.

The Task Force identified the following items that it will need to appropriately evaluate the experience study results: 1) the definition of disability that determines disability benefit eligibility as used in the 1952 SOA Disability Table; 2) whether the 1952 SOA Disability Table includes margins; and 3) a comparison of aggregate active life and disabled life reserves using industry data.

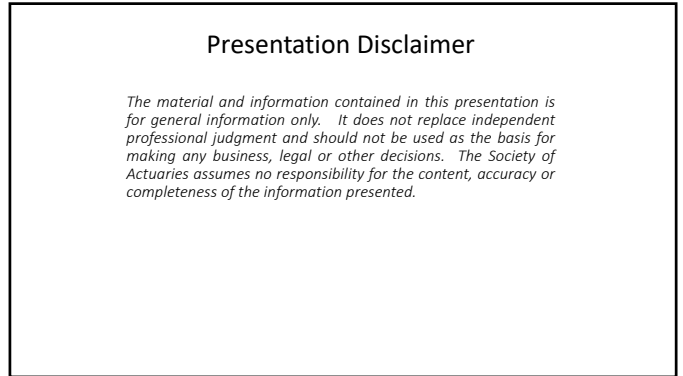
Mr. Lombardo said the Task Force will consider whether to proceed with the development of new valuation tables to replace the 1952 SOA Disability Table after it has reviewed needed additional information to be provided by the SOA Research Institute.

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

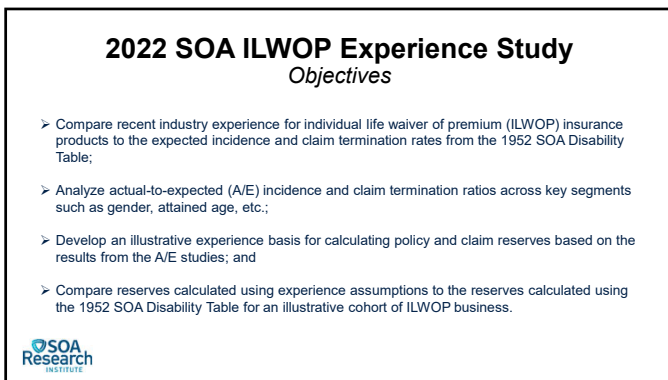
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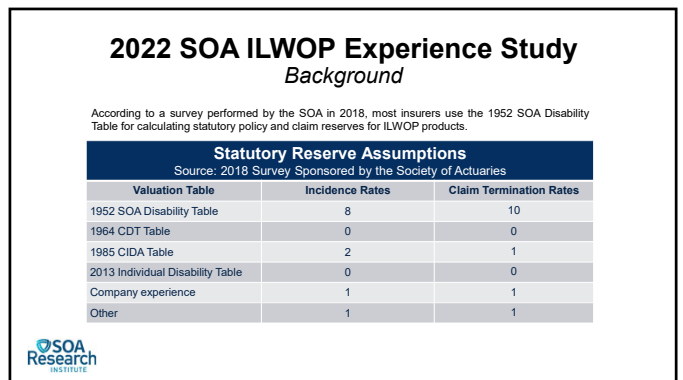
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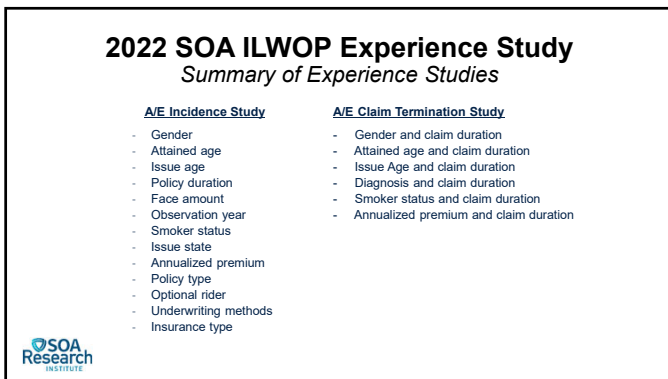
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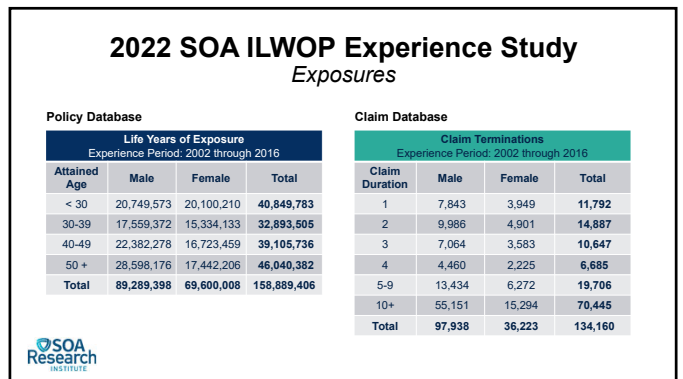
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6

2022 SOA ILWOP Experience Study *A/E Incidence Study*

A/E Incidence Ratios by Gender and Attained Age			
Attained Age	Male	Female	Total
< 30	19.3%	14.6%	17.0%
30-39	32.7%	34.1%	33.4%
40-49	41.4%	39.5%	40.6%
50 +	19.6%	14.3%	17.6%
Total	23.4%	20.0%	22.1%

- Actual ILWOP incidence rates during the 2003-2016 experience period were significantly lower than the expected incidence rates from the 1952 Table.
- The A/E ratios are higher in total for males than females, and are lower at the youngest and highest attained age bands.

7

2022 SOA ILWOP Experience Study *A/E Incidence Study*

A/E Incidence Ratios by Experience Year

- A/E incidence ratios are generally decreasing during the experience period.
- A flattening occurs in 2008-09 followed by a slight uptick in 2010, which may be linked to the economic recession in those years.

8

2022 SOA ILWOP Experience Study *A/E Incidence Study*

A/E Incidence Ratios by Coverage Type	
Coverage Type	A/E
Included with Base Policy	14.5%
Optional Rider	26.4%
Total	22.1%

- The A/E incidence ratios are higher when ILWOP benefits are offered as an optional rider than when benefits are included in the base policy.
- May indicate adverse selection risk, or that policyholders are not as aware of waiver of premium benefits when they are included in the base policy.

9

2022 SOA ILWOP Experience Study *A/E Claim Termination Study*

A/E Claim Termination Ratios by Gender and Claim Duration							
Gender	Claim Duration (Years)						Total
	1	2	3	4	5-9	10+	
Male	35.6%	45.1%	47.3%	42.2%	46.8%	82.2%	59.2%
Female	30.1%	36.0%	39.7%	35.5%	39.8%	69.6%	45.4%
Total	33.6%	41.6%	44.4%	39.7%	44.3%	79.1%	54.7%

- Actual ILWOP claim termination rates during the 2003-2016 experience period were lower than the expected claim termination rates from the 1952 Table.
- The overall A/E claim termination ratio is 54.7%, although the ratios are lower for claims in durations 1-9 years than in durations 10+ years.

10

2022 SOA ILWOP Experience Study *A/E Claim Termination Study*

Actual and Expected Claim Terminations for attained age group 50+

- Actual claim terminations in later durations are dominated by deaths.

11

2022 SOA ILWOP Experience Study *A/E Claim Termination Study*

A/E Claim Termination Ratios by Disability Diagnosis			
Disability Diagnosis	Actual Terminations	Expected Terminations	A/E Ratio
Cancer	8,358	8,638	96.8%
Circulatory	4,334	9,573	45.3%
Musculoskeletal	7,656	20,323	37.7%
Mental & Nervous	3,457	9,941	34.8%
Nervous System	2,563	7,541	34.0%
Other	18,164	49,530	36.7%
No Diagnosis	89,628	139,660	64.2%
Total	134,160	245,206	54.7%


- The A/E ratio for cancer claims is much higher than the overall A/E ratio of 54.7%.
- The A/E ratios for musculoskeletal, mental & nervous, and nervous system claims are lower than the overall result.

12

2022 SOA ILWOP Experience Study ALR Reserve Comparisons

Illustrative ILWOP Active Life Reserve Comparisons									
Reserves in \$ Millions									
Attained Age	1952 Table			Experience Basis			Ratio: Experience / 1952		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<30	\$0.29	\$0.24	\$0.53	\$0.21	\$0.21	\$0.42	72%	87%	79%
30-39	\$5.65	\$3.59	\$9.24	\$3.77	\$2.56	\$6.34	67%	71%	69%
40-49	\$17.01	\$8.97	\$25.98	\$9.95	\$5.27	\$15.22	58%	59%	59%
50+	\$14.43	\$6.39	\$20.82	\$7.20	\$3.12	\$10.31	50%	49%	50%
Total	\$37.38	\$19.19	\$56.57	\$21.13	\$11.16	\$32.29	57%	58%	57%

> Experience Basis reserves were calculated using adjustment factors to the 1952 Table that reflect the results from the A/E incidence and claim termination studies.
 > Illustrative reserves were calculated for an illustrative cohort of ILWOP business that includes 1,500,000 inforce policies and 10,000 open claims. The assumed inforce policy and open claim distributions were developed from the industry data provided for the 2022 SOA ILWOP Experience Study.




13

2022 SOA ILWOP Experience Study DLR Reserve Comparisons

Illustrative ILWOP Disabled Life Reserve Comparisons									
Reserves in \$ Millions									
Duration (Years)	1952 Table			Experience Basis			Ratio: Experience / 1952		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
1	\$1.15	\$0.51	\$1.65	\$2.03	\$1.01	\$3.04	177%	200%	184%
2	\$1.35	\$0.61	\$1.96	\$2.04	\$1.02	\$3.06	151%	167%	156%
3	\$1.38	\$0.65	\$2.03	\$1.96	\$0.99	\$2.95	142%	153%	145%
4	\$1.38	\$0.66	\$2.04	\$1.85	\$0.93	\$2.78	134%	142%	136%
5-9	\$5.27	\$2.73	\$8.00	\$6.74	\$3.55	\$10.29	128%	130%	129%
10+	\$5.26	\$2.59	\$7.86	\$6.56	\$3.21	\$9.77	125%	124%	124%
Total	\$15.80	\$7.75	\$23.54	\$21.19	\$10.71	\$31.90	134%	138%	136%

> Experience Basis reserves were calculated using adjustment factors to the 1952 Table that reflect the results from the A/E claim termination study.



14

2022 SOA ILWOP Experience Study Limitations


The results in this report are technical in nature and are dependent on certain assumptions and methods. No party should rely upon these results without a thorough understanding of those assumptions and methods. Such an understanding may require consultation with qualified professionals. This report should be distributed and reviewed only in its entirety.

In conducting the analysis, Milliman relied upon the policy and data provided by contributors to the ILWOP Experience Study. Milliman did not audit or independently verify any of the information furnished, except for reviewing the data for reasonableness and consistency. To the extent that any of the data or other information supplied to us was incorrect or inaccurate, the results of this analysis could be materially affected.

This report is intended for the benefit of the Society of Actuaries. Although the authors understand that this report will be made available to third parties, Milliman does not assume any duty or liability to such third parties with its work. This report should be distributed and reviewed in its entirety and is subject to the agreement between Milliman and the Society of Actuaries dated May 30, 2017.

This report includes illustrative reserve estimates that are based on a variety of assumptions about ILWOP incidence and claim termination experience. It is highly likely that actual experience on any given block of ILWOP business will vary from the assumptions, and that the illustrative reserves may be higher or lower than reserves calculated using a different set of assumptions. Also the illustrative reserves are presented on a best estimate basis without any added valuation margins.

I, Paul Cornia, FSA, MAAA am a consulting actuary for Milliman, Inc and a member of the American Academy of Actuaries. I meet the qualification standards of these organizations to render the actuarial opinion contained herein.



15



16

[https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Members%20Meetings/B%20CMTE/HATF/2022_Summer/06-30-22/2022%20SOA%20Individual%20Life%20Waiver%20of%20Premium%20Experience%20Study%2006-30-22%20\(reduced\).pdf](https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Members%20Meetings/B%20CMTE/HATF/2022_Summer/06-30-22/2022%20SOA%20Individual%20Life%20Waiver%20of%20Premium%20Experience%20Study%2006-30-22%20(reduced).pdf)

Draft: 5/31/22

Health Actuarial (B) Task Force
Virtual Meeting
May 16, 2022

The Health Actuarial (B) Task Force met May 16, 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 Rodney Haviland (CA); Michael Conway represented by Eric Unger (CO); Amy L. Beard represented by Stephen Chamblee (IN); Vicki Schmidt represented by Nicole Boyd (KS); Timothy N. Schott represented by Marti Hooper (ME); Anita G. Fox represented by Kevin Dyke (MI); 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); Michael Humphreys represented by Jim Laverty (PA); Cassie Brown represented by Aaron Hodges (TX); Mike Kreidler represented by Lichiou Lee (WA); and Allan L. McVey represented by Joylynn Fix (WV).


1. Heard an Update on GLWPVT Development

Sue Sames (Willis Towers Watson) gave an update (Attachment Two-A) on the American Academy of Actuaries (Academy) and Society of Actuaries Research Institute (SOARI) Group Life Waiver of Premium Valuation Table (GLWPVT) Work Group (Work Group) efforts towards developing valuation tables to replace the 2005 Group Term Life Waiver Mortality and Recovery Tables in *Actuarial Guideline XLIV—Group Term Life Waiver of Premium Disabled Life Reserves* (AG 44).

Ms. Sames said the Work Group will submit an executive summary of the table development process and a paper detailing the predictive analytics approach to table development to the Task Force. Mr. Lombardo said the Task Force will schedule a future meeting to hear an overview of the predictive analytics approach and executive summary, and hold a question-and-answer (Q & A) session with the Work Group.

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

Member Meetings\2022 NAIC Meetings\Summer National Meeting\Committee Meetings\HEALTH INS and MANAGED CARE (B) COMMITTEE\Health Actuarial (B) TF\Conference Calls\5-16 HATF\05-16-22 HATF.docx



Group Life Waiver Premium Valuation Table Work Group Updates Presentation

Sue Sames, MAAA, FSA
Chairperson, Group Life Waiver Valuation Table Work Group

May 16, 2022—NAIC Health Actuarial (B) Task Force (HATF) Meeting

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1

Agenda

- Background, Scope and Approach
- Recommendation
- Proposed table
- Predictive Analytics
- Comparison of 2005 and 2022 Tables
- Considerations for AG 44
 - Credibility
 - Retroactive
 - Margins
- How can we best support HATF in its approval process?

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2

Background: Description of Benefits and Reserves

- Waiver of Premium is a disability benefit on group term life coverage
- If the insured is disabled under the terms of the contract, premiums are waived and benefits are payable upon death
 - Unless the insured recovers or benefits expire, e.g., upon attainment of age 65
 - Possible company variations include: definition of disability, elimination period, benefit period, benefit reduction schedules based on age
- Reserves are the actuarial present value of future benefits
 - Calculated using a double decrement of mortality and recovery, as described in Actuarial Guideline 44 (AG 44)

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3

Background: Evolution of Waiver Tables

- Historically insurers used 75% of the face amount as the reserve
- Krieger Table published in 1971, based on 1955-65 data
 - 135,000 life-years of experience
 - Table dimensions:
 - recovery/death decrements separated
 - disability duration (quarters 4-8 and years 3-10 select, then ultimate by attained age)
 - age at disability
 - A de facto standard
- SOA 2005 Table published in 2006, based on 1993 through 2002 data
 - 750,000 life-years (~6x more than Krieger study)
 - 17 companies
 - Added gender to table dimensions
 - AG 44 introduced 2005 Table as a valuation standard
- New table (SOA 2022) is based on 2006 to 2015 data
 - Over 2 million life-years (~3x more than 2005 study)
 - 20 companies
 - Adding "diagnosis group" dimension to SOA 2005 table structure
 - Developed using predictive analytics

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4

Background, Scope, and Approach

<p>Who we are:</p> <ul style="list-style-type: none"> □ A group of volunteers representing a good cross-section of companies, reinsurers and consultants working in group life □ The group commenced in 2019 □ Volunteers represent members of the SOA and the Academy, and we are ably supported by their staff □ We had an external consultant conducting the data analytics under our direction 	<p>Our purpose in meeting with HATF:</p> <ul style="list-style-type: none"> □ Provide an overview of our process □ Present our recommended Group Life Waiver of Premium Valuation Table and Actuarial Guideline 44, as well as supporting information □ Develop a better understanding of how we can support HATF in your review process
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5

Recommendation

<p>Supporting Documents:</p> <ul style="list-style-type: none"> □ Table □ Revised AG 44 □ Paper supporting predictive analytics by external consultant, Jerry Holman 	<p>Improvements over 2005 Table:</p> <ul style="list-style-type: none"> □ Significantly more (and better) data □ Using predictive analytics better reflects interaction of variables □ Including diagnosis as a new variable improves fit
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6


Proposed Table

Structure Consistent with 2005:

- Select period based on:
 - gender
 - age at disability
 - duration of disability
- Durations 11+ are on an attained age basis

Enhancements:

- Factors reflecting diagnosis
 - Unisex basis
 - Used same 15 diagnosis variables Group Long-Term Disability ("LTD")
 - Grouped low/medium/high separately for deaths and recoveries
 - Protocol established for unknown diagnosis
- Developed using predictive analytics



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7

Predictive Analytics


From ASOP Exposure Draft on Assumptions:

If Predictive Analytics was utilized for any actuarial assumptions in the analysis:

- Describe how each model was selected and explain why it was appropriate for the purpose
- Describe each algorithm in use, its parameterization, and changes in the parameter values from last year if applicable
- Describe how common data issues, (e.g., cleaning, partitioning, and overfitting) were addressed
- Provide an attribution analysis for each resultant assumption.

Enhancements:

- Using predictive analytics has greatly improved the quality of the result as these techniques are designed to appropriately attribute interactions between variables
- Work was done by Jerry Holman, the SOA's external consultant, with oversight by the work group
- A paper outlining Holman's methodology is submitted with this recommendation—it addresses in detail the issues outlined in the ASOP




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8

Comparison of 2005 and 2022 Tables

Total – All Benefit Periods	SOA 2005	SOA 2022	Compare %
Reserve: Experience Table	\$4,319 B	\$4,260 B	99%
Reserve: Valuation Table (Full margins)	\$5,228 B	\$4,784 B	92%
Margin: (Valuation Rev/Experience Rev) - 1	21.0%	12.3%	59%
NA&R: 1- (Valuation Rev/Face)	71.2%	73.7%	104%
Exposed Claims	239,381	239,381	100%

- To assess the impact of the new table, we calculated reserves for the 239,381 claims open at the end of 2014
- Reserves are calculated using the experience tables and then adding in the margins
 - Results are quite close 99% and 92%
- Margins are quite high for the 2005 Table. We feel that the lower margin is appropriate given that the 2022 Table has more data, more variables and a much stronger technique



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9


Comparison of 2005 and 2022 Tables (cont.)

Total – All Benefit Periods	SOA 2005	SOA 2022	Compare %
Reserve: Experience Table	\$4,319 B	\$4,260 B	99%
Reserve: Valuation Table (Full margins)	\$5,228 B	\$4,784 B	92%
Margin: (Valuation Rev/Experience Rev) - 1	21.0%	12.3%	59%
NA&R: 1- (Valuation Rev/Face)	71.2%	73.7%	104%
Exposed Claims	239,381	239,381	100%

Lifetime Benefit Periods	SOA 2005	SOA 2022	Compare %
Reserve: Experience Table	\$1,255 B	\$1,212 B	97%
Reserve: Valuation Table (Full margins)	\$1,383 B	\$1,291 B	93%
Margin: (Valuation Rev/Experience Rev) - 1	10.2%	6.5%	64%
NA&R: 1- (Valuation Rev/Face)	43.8%	47.8%	109%
Exposed Claims	48,080	48,080	100%

To Age 65 Benefit Periods	SOA 2005	SOA 2022	Compare %
Reserve: Experience Table	\$3,044 B	\$3,047 B	99%
Reserve: Valuation Table (Full margins)	\$3,845 B	\$3,492 B	91%
Margin: (Valuation Rev/Experience Rev) - 1	25.5%	14.8%	57%
NA&R: 1- (Valuation Rev/Face)	75.5%	77.7%	103%
Exposed Claims	191,301	191,301	100%

- Results are shown Lifetime versus “To Age 65”
- Lifetime margins are lower than “To Age 65,” which seems reasonable given the lower Net Amount at Risk
- “To Age 65” margins are over 25% for the 2005 Table, which we felt were quite high




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10

AG 44—Margins

- The current AG 44 assesses margin on each decrement separately
 - 25% for mortality, i.e., mortality rates are multiplied by 125%
 - 35% for recovery, i.e., recovery rates are multiplied by (1-35% or 65%)
 - These margins were based on Krieger's work in 1970 and result in a very high overall reserve margin of 21.0%, as well as even higher margins for “To Age 65”
- Under our proposal, the base reserve is first calculated on an experience basis, with the margin applied after
 - Margins start at 15% and grade down to 5% for companies with fully credible experience
 - The formula, which is based on that for group long-term disability, is provided in the proposed revision to AG 44




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11

AG 44—Credibility

- We feel strongly that the proposed table is a very good representation of industry experience. We also want to enable companies to reflect their own experience.
- We continue the practice of assessing credibility separately for mortality and recovery. We assess credibility separately by duration group, as follows:
 - Group 1: durations up to 24 months
 - Group 2: durations 24 to 60 months
 - Group 3: duration over 60 months
- For full credibility, each mortality group requires 800 claims; recovery requires 1,700 claims.



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AG 44—Retroactivity

- Our proposed revised AG 44 is provided.
- Because this table is an enhancement to the prior version, our proposal would allow companies to apply it, along with the AG 44 revisions, retroactively to all claims at their election.
 - Note that the current AG 44 allows an insurer to apply the 2005 Table retroactively to pre-AG 44 claims subject to the approval of the commissioner in the state of domicile.

13



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13

Appendix

The following slides illustrate the impact of the diagnosis groupings

- Death decrement – select period
- Death rates – select period table compare
- Death rates – ultimate period
- Recovery decrement – select period
- Recovery rates – select period table compare
- Recovery rates – ultimate period

Note these slides were prepared for an SOA presentation November 9, 2021.

14

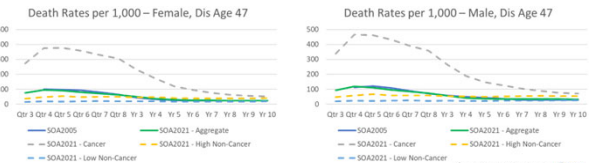


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14

Death Decrement – Select Period

- A key enhancement in the SOA 2022 table is the addition of diagnosis groups to differentiate termination rates.
- Mortality rates in the 2022 table are generally lower than the 2005 table for durations <7 years, but higher in duration years 7 to 10.
 - The Male-to-female mortality ratio has not changed materially in the 2021 table.



15



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15

Death Rates – Select Period Table Compare

- Death rates are generally lower in the early ages and durations in the 2022 table, but higher in the later durations and older ages, when compared to the 2005 experience table.

- Similar relationships exist for females

Disability Duration	Disability age							
	27	32	37	42	47	52	57	62
Qtr 3	66%	66%	63%	72%	82%	88%	98%	81%
Qtr 4	85%	84%	80%	92%	100%	112%	125%	103%
Qtr 5	66%	62%	69%	80%	91%	105%	120%	119%
Qtr 6	57%	53%	65%	74%	89%	102%	116%	115%
Qtr 7	44%	51%	75%	86%	94%	108%	119%	117%
Qtr 8	35%	46%	77%	88%	101%	116%	141%	119%
Yr 1	58%	65%	74%	84%	94%	107%	133%	123%
Yr 4	49%	56%	63%	73%	82%	94%	98%	104%
Yr 5	63%	62%	69%	77%	87%	100%	107%	113%
Yr 6	66%	69%	77%	86%	97%	108%	109%	118%
Yr 7	88%	89%	99%	109%	121%	135%	114%	118%
Yr 8	96%	96%	101%	112%	124%	133%	100%	106%
Yr 9	105%	115%	109%	115%	123%	119%	97%	101%
Yr 10	126%	128%	133%	130%	122%	112%	96%	96%

16

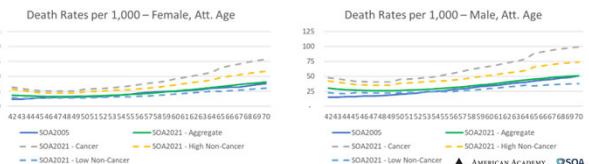


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16

Death Rates – Ultimate Period

- Diagnosis will differentiate ultimate death rates in the 2022 table.
- Notably, the 2022 table ultimate mortality for males is higher than the 2005 table for ages 42 to 70.
 - Female ultimate mortality is also generally higher, but to a lesser degree.



17

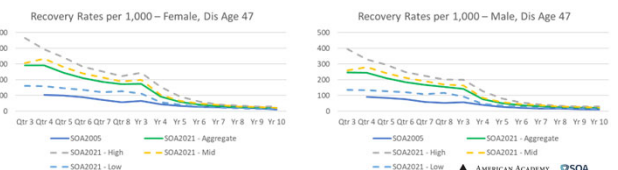


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17

Recovery Rates – Select Period

- Like death rates, diagnosis group will be utilized to differentiate recovery rates in the 2022 table.
- The 2022 table has recovery rates 2-3x higher than the 2005 table for the first 4 years of disability for all disability ages.
 - Female recovery rates remain 10-20% higher than male rates, based on the underlying experience data.



18



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18

Recovery Rates – Select Period Table Compare

- Recovery rates are roughly ~250%+ in the early durations in the 2022 table, but about ~150% higher in duration years 4+, when compared to the 2005 experience table.
- Similar relationships exist for males

Disability	2022 Table Recovery Rates, % of (2005)2005, Female							
	27	32	37	42	47	52	57	62
Gr 1	260%	266%	239%	231%	200%	243%	253%	339%
Gr 2	196%	200%	239%	230%	280%	243%	253%	339%
Gr 3	214%	216%	215%	216%	244%	222%	236%	284%
Gr 4	226%	233%	199%	210%	238%	208%	243%	288%
Gr 5	219%	225%	193%	216%	259%	229%	270%	314%
Gr 6	233%	232%	199%	223%	305%	275%	330%	431%
Gr 7	215%	222%	255%	225%	368%	275%	364%	495%
v. 4	148%	172%	178%	173%	209%	201%	258%	235%
v. 5	122%	143%	149%	143%	182%	194%	182%	159%
v. 6	142%	128%	133%	135%	157%	160%	151%	169%
v. 7	152%	125%	121%	127%	128%	171%	144%	100%
v. 8	155%	127%	118%	127%	112%	148%	126%	139%
v. 9	160%	118%	116%	127%	116%	147%	120%	129%
v. 10	182%	142%	125%	151%	180%	178%	126%	158%

19

Recovery Rates – Ultimate Period

- Diagnosis will differentiate ultimate recovery rates in the 2022 as well.
 - The Mid diagnosis group does in fact exhibit higher recovery rates than the high diagnosis group.
- The 2022 table will have recovery rates 150-200% higher than the 2005 table in the ultimate period.

20

19

20

Group Life Waiver Premium Valuation Table

- Developed by the Group Life Waiver Valuation Table Work Group of the American Academy of Actuaries and the Society of Actuaries Research Institute
- Chairperson: Sue Sames, MAAA, FSA
- Vice Chairperson: John Murphy, MAAA, FSA
- Contributors:
 - Jeremy Fleischer, MAAA, FSA
 - Michael Krohn, MAAA, FSA
 - Matthew Piccolo, MAAA, ASA
 - Steve Rulis, MAAA, FSA
 - Patrick Wallner, MAAA, FSA

21

21

Thank You

Questions?

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22

22

[https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member%20Meetings/B%20CMTE/HATF/2022_Summer/05-16-22/Academy_SOARI_GLWP_Presentation_to_HATF_5.16.22_\(FINAL\)%20\(reduced\).pdf](https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member%20Meetings/B%20CMTE/HATF/2022_Summer/05-16-22/Academy_SOARI_GLWP_Presentation_to_HATF_5.16.22_(FINAL)%20(reduced).pdf)

Draft: 7/5/22

Long-Term Care Actuarial (B) Working Group
Virtual Meeting
June 24, 2022

The Long-Term Care Actuarial (B) Working Group of the Health Actuarial (B) Task Force met June 24, 2022. The following Working Group members participated: Tomasz Serbinowski, Chair (UT); Jennifer Li (AL); Lisa Luo (CA); Paul Lombardo (CT); Hannah Howard (FL); Marti Hooper (ME); Michael Muldoon (NE); Bill Carmello (NY); Craig Kalman (OH); Andrew Schallhorn (OK); Steve Boston (PA); Andrew Dvorine (SC); and Aaron Hodges (TX).

1. Discussed an LTCI Mortality and Lapse Study

Warren Jones (Retired) gave an update (Attachment Three-A) to the American Academy of Actuaries (Academy) and Society of Actuaries (SOA) Research Institute's Final Long-Term Care Insurance (LTCI) Mortality and Lapse Study (Mortality and Lapse Study) as requested by the Working Group during its March 9 meeting. He said the Academy Long-Term Care Valuation Work Group used more recent SOA Long-Term Care Intercompany Experience Study data in a comparison to the Mortality and Lapse Study's earlier experience data. He said the more recent experience data has significant limitations that affect its use and that the original earlier data set is a much better data source than the newer source for the purpose of creating a valuation mortality table.

Mr. Serbinowski said the Working Group will draft a set of questions concerning the use of marital status and risk class adjustments, as well as the use of static versus generational tables to be included with an exposure of the Mortality and Lapse Study recommended tables. He said the questions and recommended tables will be exposed in early July for a public comment period of 60 days.

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



Meetings/Member Meetings/B CMTE/HATF/2022_Summer/LTCAWG/06-24-22/Minutes_LTCAWG_06-24-22docx

Long-Term Care Insurance Mortality and Lapse Study

Warren Jones, MAAA, FSA, FCA
Chairperson, Valuation Work Group

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 Long-Term Care Actuarial (B) Working Group—June 24, 2022

1

Long-Term Care Insurance (LTCI) Mortality and Lapse Study



- [Study 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



Long-Term Care Insurance Mortality and Lapse Study
November 2021

Developed by the Long-Term Care Valuation Work Group
of the American Academy of Actuaries
and the Society of Actuaries Research Institute



Presented to the NAIC Long-Term Care Actuarial (B) Working Group
June 24, 2022

2

Requests of the LTC Valuation Work Group



- Develop a replacement mortality table for LTCI active life reserves
 - Based on the 2012 Individual Annuity Mortality Table
 - Recommend a margin for conservatism
- Develop a replacement lapse table
 - Recommend a margin for conservatism
- Consider developing tables for valuation on total lives basis as well as active lives basis

3

Mortality Valuation Tables



- Developed valuation mortality table
 - Mortality is select and ultimate; all previous valuation mortality tables have been aggregate
 - Optional factors are provided for marital status and risk class
 - Mortality tables are provided for both total lives and active lives (off-claim) exposures
 - Margin for valuation mortality tables is included
- Tables are included in the report as an Excel file

4

Data Source



- SOA/LIMRA LTC Voluntary Lapse and Mortality Experience Study
 - Comprised of experience data from 2000 through 2011 for 22 companies
- Selected the observation period 2008–2011 to reflect more recent trends
- Identified certain participating companies with relatively more accurate data submitted

5

Data Source



- Data from 10 companies (DEFN 2 in Report) satisfied the following conditions:
 - Deaths are separately identified from lapses
 - Unknown terminations are less than 25% of total terminations
 - Performed matching with Social Security death records within the previous three years from the date of submission.
 - DEFN 2 companies represent approximately 70% of the industry experience for the exposure period used

6

More Recent Experience Study



- Long-Term Care Intercompany Experience Study—Aggregate Database 2000–2016 Report published August 12, 2020
- Limitations:
 - Credible data for ages over attained age 80 by individual age from few companies that submitted directly to LIMRA
 - Data via MIB is aggregated for attained ages over 90 and LIMRA has grouped the data for ages 80-90

7

More Recent Experience Study



- Limitations Continued:
 - Not able to apply DEFN 2 filter used by the 2016 study. DEFN 2 filter provided a better determination of mortality v. lapse
 - Not able to do the same level of validation due to limitations of the data provided and length of time between the data submissions to MIB and when received at LIMRA (over 1 year)
 - Not able to calculate active life exposures; only total life mortality can be calculated
 - Only 6 of the original 10 DEFN companies participated in both studies

8

Conclusions



- 2016 study has more exposures (2012–2016)
- 2016 experience includes data for more recent period (2016 v. 2011)
- 2016 study has significant limitations that impact its use
- By including the DEFN 2 filter, the 2011 study is a much better data source than the 2016 source for purpose of creating a valuation mortality table
- Limitations of the 2016 study should be considered when designing future LTCI mortality experience studies that could be used to develop valuation mortality tables

9

Additional Information

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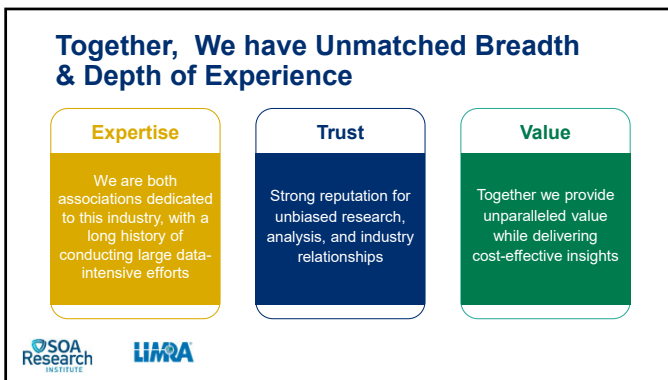
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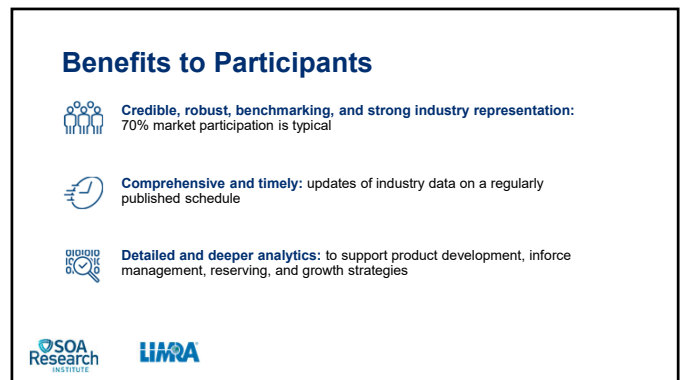
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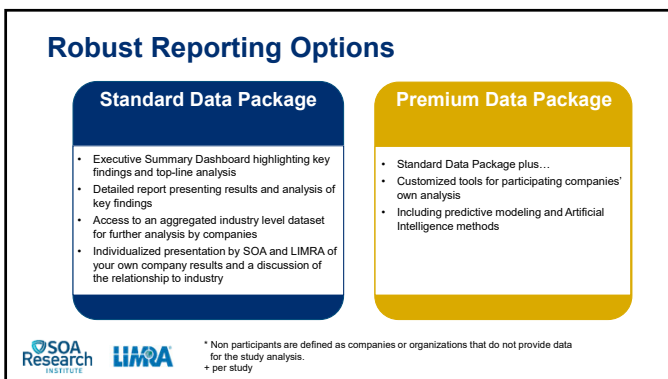
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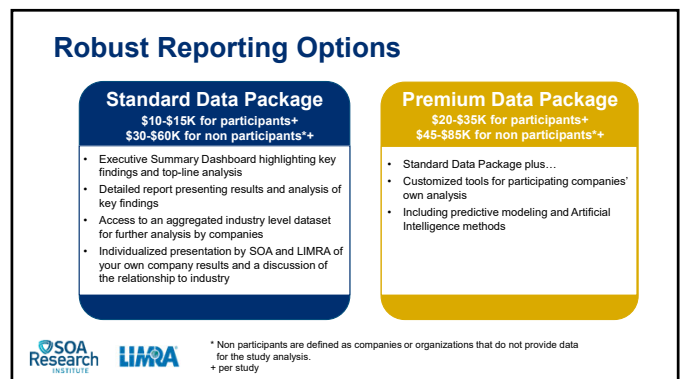
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5



6

Wide Breadth of Studies

Product Line	2022	2023	2024 (preliminary)	2025 (preliminary)
Retail Annuity	FIA Contract Behavior VA Contract Behavior Income Annuity (Payout) Study	FIA Contract Behavior VA Contract Behavior Fixed Rate Annuity (saps/surrender)	FIA Contract Behavior VA Contract Behavior Fixed Rate Annuity Mortality	FIA Contract Behavior VA Contract Behavior Income Annuity (Payout) Study Structured Settlement Annuity Study
Retail Life Insurance	UL and VUL Flexible Premium - Premium Persistency	UL and VUL Flexible Premium - Premium Persistency Term Conversion Study	UL and VUL Flexible Premium - Premium Persistency Individual Life (saps/surrender) Individual Life Post Level Term	UL and VUL Flexible Premium - Premium Persistency Individual Life (saps/surrender)
Disability Insurance		Disability Income Claims, Mortality, Lapse LTC Claims, Mortality, Lapse	Critical Illness and LTC on Life	LTC Claims, Mortality, Lapse
Pension	Private Pension Mortality Public Pension Mortality			
Workplace		Group Annuity Mortality Group Life Mortality Study Group Long-term Disability		



7

Studies to Be Completed in 2022




Payout Annuities

- Data call sent in Sept 2021
- Study to be completed November 2022



Fixed Indexed Annuities

- Data call sent in February 2022
- Study to be completed December 2022




8



9

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**SOCIETY OF ACTUARIES
RESEARCH UPDATE TO
HATF**


August 1, 2022

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


1

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2



Medicaid Underwriting Margin




3

3

Background

- This research follows upon previous work, including:
 - SOA study released in March 2017: **Medicaid Managed Care Organizations: Considerations in Calculating Margin in Rate Setting**
 - <https://www.soa.org/Files/Research/medicaid-managed-report.pdf>
 - MHPA study and model published in June 2019: **Underwriting Gain Development for Managed Medicaid Capitation Rates**
- Worked with industry to create current project and Project Oversight Group
- Highlighted at SOA Health Meeting in June




4

Historical Underwriting Margins and Ratios Realized

- On average, the actual performance of Medicaid insurers, measured as the insurer's underwriting ratio before taxes, is less than assumed in the state's rate development. Further, approximately one-third of Medicaid managed care plans can expect to have a net operating loss
- In general, the margins for Medicaid managed care organizations are significantly less than those earned by either commercial insurers or Medicare Advantage plans
- However, even a MMC insurer operating with a low profit margin may still offer the potential for significant returns on equity and/or capital

	Underwriting Margin ¹ Included in Rate Development	Actual Underwriting Ratio ² from NAAC filings	% of MCOs operating at a Loss ² from NAAC filings
2016	1.30%	1.36%	32.5%
2017	1.29%	0.27%	37.6%
2018	1.29%	0.66%	36.8%
2019	1.18%	(0.25%)	48.1%
2020	1.15%	2.89%	23.1%
Overall Average	1.24%	0.99%	35.6%

Note 1. Underwriting Margins extracted from research group's review of 256 individual Medicaid Data Books spanning the five years. Excludes chiropractic and dental plans.
Note 2. Underwriting Ratio reflects data taken from P7, Row 34, Col 8 of NAAC filings, i.e., Net Underwriting Gain or (Loss).



5

Purpose of the Underwriting Margin Model


To calculate the cost of capital and determine the risk margin necessary to achieve a user defined target of

- net income before taxes, or
- the probability of ruin

while considering:

- cost of capital,
- transfer payments,
- cash flow considerations, and
- unachieved withholds.

Note: All components are dependent on each other.




6

Target Selection

The Underwriting Margin Model solves for minimum risk margin needed to achieve the selected target.

Three potential targets are included to address different needs of actuaries.


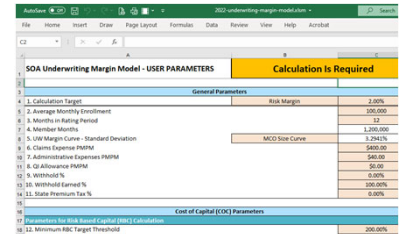

- Net Income
 - Net Income is program revenues less expenses.
 - The target amount is defined as a percent of premium.
- Probability of Ruin
 - The likelihood that there is a net income loss that exceeds the targeted amount of reserve equity.
- Risk Margin
 - Expressed as a Percent of Premium
 - This target type allows user to define the risk margin while using the model to calculate other items, such as the cost of capital, transfer payments, and the cost of cash flows.



7

Medicaid Underwriting Gain

Link to the report and model: <https://www.soa.org/resources/research-reports/2022/medicaid-underwriting-margin-model/>

8


Additional Health Research



9

Experience Studies


Project Name	Objective	Expected Completion Date
IDI COVID19 Survey	Perform a survey of the impact of COVID-19 on Individual Disability Income experience.	https://www.soa.org/resources/experience-studies/2022/2022-covid-impact-idi-survey-results/
Group Life Waiver of Premium Valuation Tables	Develop valuation tables for claim mortality and recovery on Group Term Life policies with Waiver of Premium benefits.	10/31/2022



10

Practice Research & Data Driven In-house Research

Project Name	Objective	Expected Completion Date
Medicaid Underwriting Margin	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.	https://www.soa.org/resources/research-reports/2022/medicaid-underwriting-margin-model/
Wall Street Journal Health Forum Summary	Summarize the March 2022 Wall Street Journal Health Forum.	https://www.soa.org/resources/research-reports/2022-2023-wall-street-journal/
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.	7/22/2022
Risk Adjustment White Paper	Address recent concerns brought up by political leaders about the use of Risk Adjustment through an actuarial user's guide to its past and future applications.	9/15/2022
Health and Health Care Inequalities: Research Challenges and Considerations	Summarizes the challenges involved in conducting research that requires health or health care data and protected personal information. Includes considerations for future research.	8/26/2022
Initiative 1811 - 5/50 Project - Analyzing Characteristics of the Top 5% Members by Cost who Drive 50% of Medical Expenses	Validate the 5/50 Premise by studying the amount 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.	8/31/2022
Emerging Impact of Long COVID on Health Care Costs and Medical Conditions	Examine the impact of a COVID 19 diagnosis on patient claims and medical conditions.	9/15/2022
Social Physical and Cultural Determinants of Health	Qualitative overview of Social Determinants of Health research project	9/15/2022



11



12

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American Academy of Actuaries Health Practice Council Summer 2022 Updates

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


Aug. 1, 2022—National Association of Insurance Commissioners (NAIC) Health Actuarial (B) Task Force (HATF) Meeting in Lieu of Summer National Meeting



1

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3

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



4

Health Equity


- Issue Briefs:
 - [Data Collection for Measurement of Health Disparities](#) (forthcoming)
 - [Health Risk Assessment and Risk Adjustment in the Context of Health Equity](#) (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)



5

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 \(2021\)](#)
- Webinars:
 - May 24 - “Health Spending Projections in the Wake of COVID-19” ([Webinar](#))



6

Health Insurance Coverage

- Issue Briefs:
 - [Drivers of 2023 Health Insurance Premium Changes](#) (and infographic) (2022)
- Comment Letters:
 - [Comments on Family Glitch Proposed Rules](#) (2022)
 - [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)
- Virtual Briefing:
 - July 5 – “[Drivers of 2023 Health Insurance Premium Changes](#)”




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7

Long-Term Care Insurance (LTCI)

- Issue Briefs:
 - [Value of Reduced Benefit Options in Long-Term Care Insurance Rate Increases](#) (LTC Actuarial Equivalence) (2022)
- Comment Letters:
 - [Comment letter](#) to the Centers for Medicare & Medicaid Services (CMS) on the Proposed Rule for the 2023 Policy and Technical Changes to the Medicare Advantage and Medicare Prescription Drug Benefit Programs (comments involved Dual Eligible Special Needs Plans (D-SNPs) and medical loss ratios (MLRs)) (2022)
- Reports:
 - [Long-Term Care Insurance Mortality and Lease Study](#) (joint project between Academy and Society of Actuaries Research Institute (SOARI)) (2021)
 - Request from NAIC Long-Term Care Actuarial Working Group (LTCAWG)
 - Presentation to NAIC HATF in November 2021; discussion with NAIC LTCAWG in March 2022. Follow-up presentation in June 2022.
 - Group Life Waiver Valuation Table Work Group – submitted report on updating AG-44 for the NAIC (joint project between Academy and SOARI) ([Report/Tables](#)) (2022)
 - Presentation to NAIC HATF in May 2022.
- Webinars:
 - June 10 – “[Value of Reduced Benefit Options in Long-Term Care Insurance Rate Increases](#)” (LTC Actuarial Equivalence)



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8

Medicare Sustainability

- Issue Brief:
 - [Medicare’s Financial Condition: Beyond Actuarial Balance](#) (2022)
- Essential Elements:
 - [Medicare’s Long-Term Sustainability Challenge](#) (2022)
- 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)
- Capitol Forum Webinar:
 - June 17 – “[Social Security and Medicare Trustees Reports: A Deep-Dive Discussion With the Programs’ Chief Actuaries](#)”




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9

Payment and Delivery Reform

- Issue Briefs:
 - [Implications of Hospital Price Transparency on Hospital Prices and 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)
- Webinars:
 - April 14 - “[Hospital Prices: Can Greater Price Transparency Drive Lower Prices and Reduce Price Variation?](#)”
 - May 24 - “[Health Spending Projections in the Wake of COVID-19](#)”




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10

Climate Change and Health

- In November of 2021, the Academy launched the Climate Change Joint Task Force
 - Membership is comprised of members from the Health, Casualty, Life, and Pension practice areas and is organized under the Risk Management and Financial Reporting Council (RMFRC)
- Comment Letters:
 - Comment letter to the International Sustainability Standards Board (ISSB) on the exposure draft of Climate-related Disclosures (due on July 29, 2022)
 - [Comment letter](#) to the Securities and Exchange Commission’s (SEC) request for public input on the enhancement and standardization of climate-related disclosures. (2022)
 - [Comment letter](#) on the RFI from the U.S. Department of Labor (DOL) Employee Benefits Security Administration (EBSA) on possible Agency Actions to Protect Life Savings and Pensions from Threats of Climate-Related Financial Risks (2022)
 - [Comment letter](#) on 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)




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11

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
 - [July 2022](#) Timeline Letter




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12

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 Academy and SOARI
 - [Exposed](#) by the NAIC LTCAWG until Sept. 5, 2022
 - [Presentation](#) to NAIC HATF in November 2021
 - [Update presentation](#) to NAIC LTCAWG in June 2022

13




13

Academy 2022 Annual Meeting and Public Policy Forum

- [“Envision Tomorrow: American Academy of Actuaries 2022 Annual Meeting and Public Policy Forum”](#) in Washington, D.C.
- November 2 and 3, 2022
- Health-specific [breakout sessions](#):
 - Health Care Workforce Shortages
 - Climate Change and Health
 - Regulating the Affordable Care Act: What’s New for 2023?
 - Will feature representatives from the Center for Consumer Information and Insurance Oversight (CCIIO) of the Centers for Medicare & Medicaid Services (CMS)

14




14


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15



15

Thank You

Questions?

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16



16

[https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member%20Meetings/B%20CMTE/HATF/2022_Summer/08-01-22/Academy_HPC_Updates_to_NAIC_HATF_8.1.22%20\(reduced\).pdf](https://naiconline.sharepoint.com/sites/NAICSupportStaffHub/Member%20Meetings/B%20CMTE/HATF/2022_Summer/08-01-22/Academy_HPC_Updates_to_NAIC_HATF_8.1.22%20(reduced).pdf)