

HEALTH ACTUARIAL (B) TASK FORCE

Health Actuarial (B) Task Force Nov. 29, 2021, Minutes

Health Actuarial (B) Task Force Sept. 14, 2021, Minutes (Attachment One)

Health Actuarial (B) Task Force April 23, 2021, Minutes (Attachment One-A)

Missouri Comments (Attachment One-A1)

Washington Comments (Attachment One-A2)

Blue Cross Blue Shield Association Comments (Attachment One-A3)

American Academy of Actuaries (Academy) Comments (Attachment One-A4)

UnitedHealth Group Comments (Attachment One-A5)

Instructions for Health Statement of Actuarial Opinion Revisions Proposal (Attachment One-A6)

Health Actuarial (B) Task Force April 6, 2021, Minutes (Attachment One-B)

Instructions for Health Statement of Actuarial Opinion Revisions Proposal (Attachment One-B1)

Long-Term Care Actuarial (B) Working Group May 17, 2021, Minutes (Attachment One-C)

Long-Term Care Actuarial (B) Working Group Mar. 29, 2021, Minutes (Attachment One-D)

Society of Actuaries (SOA) Presentation (Attachment One-D1)

2022 Charges (Attachment One-E)

Federal Center for Consumer Information and Insurance Oversight Update (Attachment Two)

Society of Actuaries Update (Attachment Three)

Academy Update (Attachment Four)

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

Short-Term Limited Duration Update (Attachment Six)

<https://naiconline.sharepoint.com/:w:/r/sites/NAICSupportStaffHub/Member%20Meetings/Fall%202021/TF/HealthActuarial/Contents.docx?d=w45d5f62e820f4440a435d433fa41f6c5&csf=1&web=1&e=ItCkGO>

Draft Pending Adoption

Draft: 12/10/21

Health Actuarial (B) Task Force
Virtual Meeting (*in lieu of meeting at the 2021 Fall National Meeting*)
November 29, 2021

The Health Actuarial (B) Task Force met Nov. 29, 2021. The following Task Force members participated: Eric A. Cioppa, Chair, represented by Marti Hooper (ME); Andrew N. Mais, Co-Vice Chair, represented by Paul Lombardo (CT); Jonathan T. Pike, Co-Vice Chair, represented by Jaakob Sundberg (UT); Jim L. Ridling represented by Jennifer Li (AL); Ricardo Lara represented by Lan Brown (CA); Michael Conway represented by Eric Unger (CO); Colin M. Hayashida represented by Kathleen Nakasone (HI); Dean L. Cameron represented by Weston Trexler (ID); Vicki Schmidt represented by Nicole Boyd (KS); 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); Russell Toal (NM); Judith L. French represented by Laura Miller (OH); Glen Mulready represented by Andrew Schallhorn (OK); Jessica K. Altman represented by Shannen Logue (PA); Carter Lawrence represented by Brian Hoffmeister (TN); Cassie Brown represented by R. Michael Markham (TX); Scott A. White represented by David Shea (VA); Mike Kreidler represented by Lichiou Lee (WA); Mark Afaible represented by Rebecca Rebholz (WI); and Allan L. McVey represented by Joylynn Fix (WV).

1. Adopted its Sept. 14 Minutes

The Task Force met Sept. 14 and took the following action: 1) adopted its April 23 and April 6 minutes and the May 17 and March 29 minutes of the Long-Term Care Actuarial (B) Working Group; 2) disbanded the Health Care Reform Actuarial (B) Working Group and the State Rate Review (B) Subgroup; 3) adopted its 2022 proposed charges; and 4) discussed its proposal to revise instructions for the Health Annual Statement of Actuarial Opinion (SAO).

Mr. Lombardo made a motion, seconded by Mr. Leung, to adopt the Task Force's Sept. 14 minutes (Attachment One). The motion passed unanimously.

2. Heard an Update from the Federal CCIIO

Megan Mason (Federal Center for Consumer Information and Insurance Oversight—CCIIO) presented an update (Attachment Two) on a system connection between the System for Electronic Rates & Forms Filing (SERFF) and the Health Insurance Oversight System (HIOS) Unified Rate Review (URR) module.

3. Heard an Update on SOA Health Care Trend Research

Dale Hall (Society of Actuaries—SOA) gave an update (Attachment Three) on SOA health care trend research.

4. Heard an Update from the Academy Health Practice Council

Barb Klever (American Academy of Actuaries—Academy) gave an update (Attachment Four) on Academy Health Practice Council activities.

5. Heard an Update from the Academy and the SOA Research Institute on an LTCI Mortality and Lapse Study

Warren Jones (Academy – Retired) and Bruce Stahl (Reinsurance Group of America—RGA) gave an update (Attachment Five) on a long-term care insurance (LTCI) mortality and lapse study.

6. Discussed a Proposal to Revise Instructions for the Health Annual Statement SAO

Ms. Hooper said the Task Force submitted a proposal for changes to instructions for the Health Annual SAO related to the definition of “actuarial assets” to the Blanks (E) Working Group in May. She said the Actuarial Standards Board (ASB) received comments while exposing Actuarial Standard of Practice (ASOP) No. 28 that indicated some actuaries believe the NAIC Health Annual Statement instructions regarding SAOs are not in concert with the proposed ASOP. She said the Annual Statement instructions specifically address the treatment of actuarial liabilities but not actuarial assets. She said to avoid future confusion on the matter, the Task Force intends to update the wording for the 2022 instructions to clarify that both actuarial liabilities and assets should be considered in the opinion. She said the proposal was submitted past the deadline for inclusion in the 2021 Annual Statement instructions, but the Task Force views this as a clarification and not a change in practice; actuaries

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should be considering actuarial assets when making SAOs. She said the Task Force sent a letter to the Working Group in June requesting that this clarification be included as guidance for completion of 2021 Health Annual Statement SAOs. She said the Task Force will schedule a meeting to discuss the proposal as it stands and any additional items that should be included in the 2022 Health Annual Statement instructions.

7. Discussed the Impact of Legislation Adding Dental, Hearing, and Vision Benefits to Medicare Part B on Medicare Supplement Plans

Ms. Hooper said the Task Force was asked by the Senior Issues (B) Task Force for input on the impact on Medicare supplement insurance plans by the addition of dental, hearing, and vision benefits to Medicare Part B. Brian R. Webb (NAIC) said at this time, only hearing benefits are being considered for coverage under Medicare Part B by federal legislators. Ms. Hooper said Maine recently added hearing aid coverage for adults as a mandated benefit in its federal Affordable Care Act (ACA) major medical insurance plans. She said this benefit was not added to Medicare supplement plans, as was erroneously reported by various sources. She said the possibility of the availability of non-prescription hearing aids could reduce the pricing impact of the addition of hearing benefits to Medicare Part B. She said the Task Force will be available to provide input in the event that hearing coverage is added.

Mr. Sundberg said the financial impact on Medicare supplement plans of the addition of hearing benefits does not concern him, but the addition of vision and dental benefits is of financial significance, and the Task Force should examine the potential impacts of these additions.

8. Heard an Update on STLD Insurance Plans in Idaho

Mr. Trexler gave a presentation (Attachment Six) on short-term limited-duration (STLD) insurance plan experience in the Idaho market.

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

<https://naiconline.sharepoint.com/:w:/r/sites/NAICSupportStaffHub/Member%20Meetings/Fall%202021/TF/HealthActuarial/Conference%20Calls/11-29%20HATE/11-29-21%20HATE.docx?d=w873e3a43fe664a3691b6a759848004b7&csf=1&web=1&e=0dg2Hv>

Draft: 9/28/21

Health Actuarial (B) Task Force
Virtual Meeting
September 14, 2021

The Health Actuarial (B) Task Force met Sept. 14, 2021. The following Task Force members participated: Eric A. Cioppa, Chair, represented by Marti Hooper (ME); Andrew N. Mais, Co-Vice Chair, represented by Paul Lombardo (CT); Jonathan T. Pike, Co-Vice Chair, represented by Jaak Sundberg (UT); Jim L. Ridling represented by Jennifer Li (AL); Ricardo Lara represented by Lan Brown (CA); Michael Conway represented by Eric Unger (CO); Colin M. Hayashida represented by Kathleen Nakasone (HI); Dean L. Cameron represented by Weston Trexler (ID); Dana Popish Severinghaus represented by Eric Anderson (IL); Amy L. Beard represented by Stephen Chamblee (IN); 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); Russell Toal (NM); Glen Mulready represented by Andrew Schallhorn (OK); Jessica K. Altman represented by Tracie Gray (PA); Carter Lawrence (TN); Doug Slape represented by Barbara Snyder (TX); Scott A. White represented by David Shea (VA); and Mike Kreidler represented by Lichiou Lee (WA).

1. Adopted its April 23 and April 6 Minutes, and the May 17 and March 29 Minutes of the Long-Term Care Actuarial (B) Working Group

Mr. Toal made a motion, seconded by Mr. Leung, to adopt the Task Force's April 23 (Attachment One-A) and April 6 (Attachment One-B) minutes, and the May 17 (Attachment One-C) and March 29 (Attachment One-D) minutes of the Long-Term Care Actuarial (B) Working Group. The motion passed unanimously.

2. Adopted a Motion to Disband the Health Care Reform Actuarial (B) Working Group and the State Rate Review (B) Subgroup

Mr. Shea said the functions of the Health Care Reform Actuarial (B) Working Group and the State Rate Review (B) Subgroup can be performed at the Task Force level. He made a motion, seconded by Mr. Dyke, to disband both the Working Group and the Subgroup. The motion passed unanimously.

3. Adopted its Proposed 2022 Charges

Ms. Eom made a motion, seconded by Mr. Shea, to adopt its proposed 2022 Charges (Attachment One-E). The motion passed unanimously.

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

Mr. Sundberg said the Task Force needs to revisit its proposal 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 that 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. Ms. Hooper said the Task Force will begin work on this.

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

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Draft: 5/17/21

Health Actuarial (B) Task Force
Virtual Meeting
April 23, 2021

The Health Actuarial (B) Task Force met April 23, 2021. The following Task Force members participated: Eric A. Cioppa, Chair, represented by Marti Hooper (ME); Andrew N. Mais, Co-Vice Chair, represented by Paul Lombardo (CT); Jonathan T. Pike, Co-Vice Chair, represented by Jaak Sundberg (UT); Lori K. Wing-Heier represented by Sarah Bailey (AK); Jim L. Ridling represented by Jennifer Li (AL); Ricardo Lara represented by Perry Kupferman (CA); Michael Conway represented by Eric Unger (CO); Colin M. Hayashida represented by Kathleen Nakasone (HI); Dean L. Cameron represented by Weston Trexler (ID); Dana Popish Severinghaus represented by Eric Anderson (IL); 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); Russell Toal (NM); Judith L. French represented by Laura Miller (OH); Glen Mulready represented by Andrew Schallhorn (OK); Jessica K. Altman represented by Tracie Gray (PA); Doug Slape represented by Barbara Snyder (TX); Scott A. White represented by David Shea (VA); Mike Kreidler represented by Lichiou Lee (WA); Mark Afable represented by Brian Brown (WI); and James A. Dodrill represented by Joylynn Fix (WV).

1. Exposed a Proposal to Revise the Instructions for the Health SAO

Ms. Hooper said the Task Force received several comment letters in response to an exposure of a proposal 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 that all items—actuarial assets and liabilities—within the scope of the SAO are treated consistently.

Mr. Leung gave a summary of comments from Missouri (Attachment One-A1).

Ms. Lee gave a summary of comments from Washington (Attachment One-A2). Annette James (NovaRest Actuarial Consulting) suggested that “actuarial asset” and “actuarial liability” be defined as:

“Actuarial asset” means an actuarial item presented as an asset in the annual statement and included in the scope of the Statement of Actuarial Opinion.

“Actuarial liability” means an actuarial item presented as a liability in the annual statement and included in the scope of the Statement of Actuarial Opinion.

The Task Force agreed to include these definitions in the revisions to the proposal.

Barbara Klever (Blue Cross Blue Shield Association—BCBSA) gave a summary of comments from the BCBSA (Attachment One-A3). The Task Force agreed to the suggested change to Section 7.C.

Marc Lambricht (Oliver Wyman) gave a summary of comments from the American Academy of Actuaries (Academy) (Attachment One-A4).

James Braue (UnitedHealth Group—UHG) gave a summary of comments from the UHG (Attachment One-A5).

The Task Force agreed to expose the proposal with the revisions discussed during the meeting (Attachment One-A6) for a public comment period ending May 7.

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

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From: [Leung, William](#)
To: [King, Eric](#)
Cc: [Rehagen, John](#)
Subject: Comments re: Health Statement of Actuarial Opinion Instructions Change Proposal
Date: Monday, April 12, 2021 12:11:06 PM
Attachments: [Health Actuarial Opinion Instructions Blanks Revision WL.pdf](#)

Mr King,

Missouri has the following comments regarding the Health Statement of Actuarial Opinion Instructions Change Proposal, together with suggested changes in the attached redlined proposal:

1. The original requirement in Section 7C that the amounts carried in the balance sheet on account of the items identified above ... are at least as great as the minimum aggregate amounts required by any state, refers to the reserve and liabilities identified. The inclusion of actuarial assets in Sections 4 and 5 makes the opinion expressed on minimum aggregated amounts confusing. If not clarifying, one may think that a minimum amount of actuarial asset is required. A simple way to address the issue is to continue the prescribed language in the opinion with the understanding that actuarial assets are simply actuarial liabilities of negative value and the opinion is about the reasonableness and adequacy of actuarial liabilities or reserves reported. This change will make the original proposed revisions to Section 7D and Section 9 unnecessary.
2. Another simplification in Section 9 is simply refer to “the reserves or assets included in the of the opinion for a certain item or items in question” as “the amounts for a certain item or items in question.”

<https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Summer%202021/TF/HealthActuarial/Conference%20Calls/4-23%20HATF/Exposure%20Comments/MO%20Comments.pdf?csf=1&web=1&e=Ytza3e>

NAIC Health Annual Statement Instructions

Possible Edits to Actuarial Opinion section to more consistently reflect actuarial assets

4/9/2021

Section 1C.

The Actuarial Memorandum and underlying actuarial work papers supporting the Actuarial Opinion will be available for regulatory examination for seven years.

The Actuarial Memorandum contains significant proprietary information. It is expected that the Memorandum will be held confidential and is not intended for public inspection. The Memorandum must be available by May 1 of the year following the year-end for which the opinion was rendered or within two weeks after a request from an individual state commissioner.

The Actuarial Memorandum should conform to the documentation and disclosure requirements of the Standards of Practice as promulgated from time to time by the Actuarial Standards Board. The Actuarial Memorandum should contain both narrative and technical components. The narrative component should provide sufficient detail to clearly explain to company management, the regulator, or other authority the findings, recommendations and conclusions, as well as their significance. The technical component should provide sufficient documentation and disclosure for another actuary practicing in the same field to evaluate the work. This technical component must show the analysis from the basic data, (e.g., claim lags) to the conclusions.

The Memorandum must also include:

- An exhibit which ties to the Annual Statement and compares the actuary's conclusions to the carried amounts;
- Documentation of the required reconciliation from the data used for analysis to the Underwriting and Investment Exhibit, Part 2B;
- Any other follow-up studies documenting the prior year's claim liability and claim reserve run-off as considered necessary by the actuary; and
- Documentation of the assumptions used for contract reserves, other actuarial liabilities, actuarial assets, and related items and any material changes to those assumptions from the assumptions used in the previous memorandum. Such documentation should address any studies which support the adequacy of any margin in such reserves.

Section 4.

The IDENTIFICATION section should specifically indicate the appointed actuary's relationship to the company, qualifications for acting as appointed actuary, date of appointment, and should specify that the appointment was made by the Board of Directors, or its equivalent or by a committee of the Board.

A person who is not a Member of the American Academy of Actuaries but is recognized by the Academy as qualified must attach, each year, a copy of the approval letter from the Academy.

This section should contain only one of the following:

For a Member of the American Academy of Actuaries who is an employee of the organization, the opening paragraph of the opinion should contain all the following sentences if the appointed actuary is using the prescribed wording:

"I, (name and title of actuary), am an employee of (named organization) and a member of the American Academy of Actuaries. I was appointed by (named organization) and its (name of Board of Directors, or its equivalent, or

Commented [PA(1): Note that comments and edits shown in this document reflect combined input from the health regulatory actuaries who work for the Washington State Office of the Insurance Commissioner.

We understand that some of these recommendations might be out of scope for the current round of edits that focus on actuarial assets, but we recommend considering them for future updates.

Note that we also intend to offer suggestions to those who have oversight of the Financial Analysis Handbook "Statement of Actuarial Opinion Worksheet – Health Annual."

Commented [PA(2): It's possible that the "named organization" in the first and second sentence will be different if the actuary is signing an SAO for an affiliated company. It is worth considering clarification in the instructions for this case, particularly because the affiliate companies might have different boards.

committee of the Board) to render an opinion with regard to loss reserves, actuarial liabilities, actuarial assets, and related items on [date of appointment] in accordance with the requirements of the annual statement instructions. I meet the Academy qualification standards for rendering the opinion.”

For a consultant who is a Member of the American Academy of Actuaries, the opening paragraph of the opinion should contain all the following sentences if the appointed actuary is using the prescribed wording:

“I, (name and title of consultant), am associated with the firm of (name of firm). I am a member of the American Academy of Actuaries and have been retained by the (name of organization) to render an opinion with regard to loss reserves, actuarial liabilities, actuarial assets, and related items. I was appointed on [date of appointment] in accordance with the requirements of the annual statement instructions. I meet the Academy qualification standards for rendering the opinion.”

Commented [PA(3)]: This was already recommended by Annette James

For an employee other than a member of the American Academy of Actuaries, the opening paragraph of the opinion should contain both the following sentences if the appointed actuary is using the prescribed wording:

“I, (name and title), am an employee of (name of organization) and am recognized by the American Academy of Actuaries as qualified to perform actuarial valuations for organizations of this kind. I was appointed by (named organization) with regard to such valuations on loss reserves, actuarial liabilities, actuarial assets, and related items. I was appointed on [date of appointment] in accordance with the requirements of the annual statement instructions.”

For a consultant other than a member of the American Academy of Actuaries, the opening paragraph of the opinion should contain all the following sentences if the appointed actuary is using the prescribed wording:

“I, (name and title of consultant), am associated with the firm of (name of firm). I am recognized by the American Academy of Actuaries as qualified to perform actuarial valuations for organizations of this kind and have been retained by the (name of organization) with regard to such valuations on loss reserves, actuarial liabilities, actuarial assets, and related items. I was appointed on [date of appointment] in accordance with the requirements of the annual statement instructions.”

Section 5.

The SCOPE section should contain only the following statement (including all specified lines even if the value is zero) if the appointed actuary is using the prescribed wording:

“I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities, actuarial assets, and related items listed below, as shown in the annual statement of the organization as prepared for filing with state regulatory officials, as of December 31, 20__.

Commented [PA(4)]: This was already recommended by Annette James

- A. Claims unpaid (Page 3, Line 1);
- B. Accrued medical incentive pool and bonus payments (Page 3, Line 2);
- C. Unpaid claims adjustment expenses (Page 3, Line 3);
- D. Aggregate health policy reserves (Page 3, Line 4) including unearned premium reserves, premium deficiency reserves and additional policy reserves from the Underwriting and Investment Exhibit, Part 2D;
- E. Aggregate life policy reserves (Page 3, Line 5);
- F. Property/casualty unearned premium reserves (Page 3, Line 6);
- G. Aggregate health claim reserves (Page 3, Line 7);
- H. Any other loss reserves, actuarial liabilities, or related items presented as liabilities in the annual statement; and

Commented [PA(5)]: What about the possibility of including an additional liability item before this one that specifically addresses what is covered by ASOP No. 42 section 3.6, Reserve for Insufficient Administrative Fee for Self-Insured Contracts?

I. Specified actuarial items presented as assets in the annual statement.”

Items H and I are not intended to include the liabilities and assets associated with benefits provided to employees of the organization, or the organization’s directors or trustees, except to the extent that such benefits are provided through insurance or annuity contracts of a type that the organization is authorized to issue in the ordinary course of its business. For example, liabilities for employee pensions generally would not be within the scope of the Actuarial Opinion. However, if the organization is licensed to issue life insurance, then liabilities arising from life insurance policies or certificates issued by the organization to its employees would be within the scope of the Actuarial Opinion just as would the comparable liabilities arising from policies or contracts issued to unrelated parties.

If there are any items included in items H or I, they should be listed using appropriate annual statement captions and line references. The phrase “Not Applicable” should be placed under the item description for either item H or I if there is nothing to be listed. Any listings under items H and I do not constitute either “additional wording” or “revised wording” for purposes of the Table of Key Indicators.

If for either item H or item I there is more than one line item to be listed, the line items under the general H or I heading should be numbered sequentially.

The amounts of any assets listed under item I should be the gross amount of the asset (Page 2, Column 1 of the Annual Statement), not the net admitted amount (Page 2, Column 3).

For items A through G listed in the SCOPE section and each sub-line for items H and I, the item label should be followed by the amount of that item as reported in the annual statement. These stated amounts do not constitute either “additional wording” or “revised wording” for purposes of the Table of Key Indicators. Where the phrase “Not Applicable” is used in item H or item I, it means that there are no such items to be included in the Opinion, so there should be no value shown as a stated amount.

For example:

I. Specified actuarial items presented as assets in the annual statement, as follows:

1. Accrued retrospective premiums (Page 2, line 15.3, column 1)

Section 6.

The RELIANCE section should contain only one of the following if the appointed actuary is using the prescribed wording:

If the appointed actuary has examined the asset and liability records, the reliance section should include only the following statement:

“My examination included such review of the actuarial assumptions and actuarial methods and of the underlying basic asset and liability records and such tests of the actuarial calculations as I considered necessary. I also reconciled the underlying basic liability records to the Underwriting and Investment Exhibit, Part 2B of the company’s current annual statement.”

If the appointed actuary has not examined the underlying records, but has relied upon data (e.g., asset or liability records) prepared by the company, the reliance section should include only the following statement:

“In forming my opinion on [specify types of reserves] I relied upon data prepared by [name and title of company officer certifying liability records or other data] as certified in the attached statements. I evaluated that data for reasonableness and consistency. I also reconciled that data to the Underwriting and Investment Exhibit, Part 2B of the company’s current annual statement. In other respects, my examination included review of the actuarial assumptions and actuarial methods used and tests of the calculations I considered necessary.”

Attached to the appointed actuary’s opinion should be a statement by each person relied upon and a precise identification of the items subject to reliance. In addition, the persons on whom the appointed actuary relies shall

each provide a certification that precisely identifies the items on which the person is providing information and a statement as to the accuracy, completeness or reasonableness, as applicable, of the items. This certification shall include the signature, title, company, address and telephone number of the person rendering the certification, as well as the date on which it is signed.

Section 7.

The OPINION section should include only the following statement if the appointed actuary is using the prescribed wording:

“In my opinion, the amounts carried in the balance sheet on account of the items identified above:

- A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles;
- B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared;
- C. Meet the requirements of the Insurance Laws and regulations of the state of [state of domicile] and:

(Use of one the following phrases, as appropriate, is considered prescribed wording. Replacing “[list states]” with an actual list of states in parentheses is also considered prescribed wording.)

are at least as great as the minimum aggregate amounts required by any state in which the statement is filed,

or

are at least as great as the minimum aggregate amounts required by any state with the exception of the following states [list states]. For each listed state a separate statement of actuarial opinion was submitted to that state that complies with the requirements of that state;

- D. Make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements, when such liabilities are considered in combination with any actuarial assets included in the scope of this opinion;
- E. Are computed on the basis of assumptions and methods consistent with those used in computing the corresponding items in the annual statement of the preceding year-end; and
- F. Include appropriate provision for all actuarial items that ought to be established.

The Underwriting and Investment Exhibit, Part 2B was reviewed for reasonableness and consistency with the applicable Actuarial Standards of Practice.

Actuarial methods, considerations, and analyses used in forming my opinion conform to the relevant Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis of this statement of opinion.”

Section 9.

If the appointed actuary is able form an opinion that is not qualified, adverse or inconclusive as those terms are defined below, he or she should issue a statement of unqualified opinion. If the opinion is adverse, qualified or inconclusive, the appointed actuary should issue an adverse, qualified or inconclusive opinion explicitly stating the reason(s) for such opinion. In all circumstances the category of opinion should be explicitly identified in the TABLE of KEY INDICATORS section of the Actuarial Opinion.

Commented [PA(6)]: Many carriers make this edit, so we recommend that the NAIC consider making this edit.

Commented [PA(7)]: This was already recommended by Annette James

An adverse opinion is an actuarial opinion in which the appointed actuary determines that the reserves and liabilities, when considered in combination with any assets included in the scope of the opinion, are not good and sufficient. (An adverse opinion does not meet item D of Section 7.)

Commented [PA(8)]: This was already recommended by Annette James

When, in the actuary's opinion, the reserves amount of a certain item (or items) are-is in question because they-it cannot be reasonably estimated or the actuary is otherwise unable to render an opinion on those items-it, the actuary should issue a qualified opinion. Such a qualified opinion should state whether the stated reserve amount_s makes a good and sufficient provision for the liabilities associated with the specified reserves, when considered in combination with any assets included in the scope of the opinion, aside from except for the item (or items) to which the qualification relates. The actuary is not required to issue a qualified opinion if the actuary reasonably believes that the item or items in question are not likely to be material. (A qualified opinion does not meet one or more of the items A, B, C or F of Section 7.)

Commented [PA(9)]: Here instead Annette James recommended this: "...the reserves or assets included in the scope of the opinion for a certain item or items are in question..." and didn't include the other edits we show here.

We like the term "amount" instead of "reserves or assets" simply because not every item is clearly associated with a reserve or asset.

The actuary's ability to give an opinion is dependent upon data, analyses, assumptions and related information that are sufficient to support a conclusion. If the actuary cannot reach a conclusion due to deficiencies or limitations in the data, analyses, assumptions or related information, then the actuary should issue an inconclusive opinion. An inconclusive opinion shall include a description of the reasons a conclusion could not be reached.

Commented [PA(10)]: This was already recommended by Annette James

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**BlueCross BlueShield
Association**

An Association of Independent
Blue Cross and Blue Shield Plans

April 16, 2021

Eric A. Cioppa
Health Actuarial (B) Task Force
National Association of Insurance Commissioners
444 North Capitol St., NW Ste 700
Washington, D.C. 20001-1512

Submitted via email to Eric King at eking@naic.org

RE: Health Statement of Actuarial Opinion Instructions Exposure Draft

Dear Superintendent Cioppa:

The Blue Cross Blue Shield Association (BCBSA) appreciates the opportunity to provide comments on the proposed revisions to the Health Statement of Actuarial Opinion Instructions.

BCBSA is a national federation of 35 independent, community-based and locally operated Blue Cross and Blue Shield companies (Plans) that collectively provide health care coverage for one in three Americans. For more than 90 years, Blue Cross and Blue Shield companies have offered quality health care coverage in all markets across America – serving those who purchase coverage on their own as well as those who obtain coverage through an employer, Medicare and Medicaid.

BCBSA agrees that revisions should be made to align the instructions with Actuarial Standard of Practice (ASOP) 28 by including actuarial assets in the scope. We have the following comments to clarify some of the revisions.

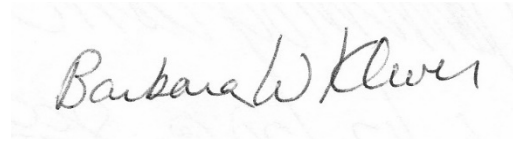
Under Section 5, we suggest that the insertion “actuarial assets” should be replaced with “actuarial assets included and identified in the scope of the actuarial opinion” to clarify that the opinion only covers assets specifically identified in the scope.

Under Section 7.C., insert at the beginning of 7.C the words “The loss reserves and actuarial liabilities” and then continue with “meet the requirements.....” to clarify that minimum aggregate amounts required by states are typically specific to loss reserves and actuarial liabilities rather than the combination of loss reserves, actuarial liabilities and actuarial assets.

Under Section 9, we suggest that the word “actuarial” be inserted before the word “assets” in the revisions shown in the second and third paragraphs.

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

Sincerely,

A handwritten signature in black ink that reads "Barbara W. Klever". The signature is written in a cursive style and is centered within a light gray rectangular box.

Barbara Klever, FSA, MAAA
Senior Actuary, Policy

https://naiconline.sharepoint.com/:b:/r/sites/NAISupportStaffHub/Member%20Meetings/Summer%202021/TF/HealthActuarial/Conference%20Calls/4-23%20HATF/Exposure%20Comments/BCBSA_Comment%20%20Letter%20Actuarial%20Opinion%20HATF%20041621%20final.pdf?csf=1&web=1&e=4GH6nW



AMERICAN ACADEMY of ACTUARIES

Objective. Independent. Effective.™

April 19, 2021

Eric King
Health Actuary
Health Actuarial (B) Task Force
National Association of Insurance Commissioners (NAIC)

Re: Request for comments on proposal to modify the definition of “actuarial assets” as used in the instructions for the Health Statement of Actuarial Opinion

Dear Mr. King:

I write on behalf of the American Academy of Actuaries (Academy)¹ Financial Reporting and Solvency Committee of the Health Practice Council regarding the blanks [proposal](#) to modify the instructions for the Health Statement of Actuarial Opinion to address “actuarial assets,” which we have reviewed. We appreciate the opportunity to provide the following comments.

Generally, we believe the changes are appropriate as they address the inclusion of wording reflecting that actuarial assets need to be covered by the actuarial opinion. We have the following specific comments:

1. The wording modifications in Sections 4. and 5. are fairly minor (addition of words: “actuarial assets”) and sensible considering actuaries are required to opine on both actuarial assets and liabilities.
2. The wording added in Section 7.D: “Make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements, when such liabilities are considered in combination with any actuarial assets included in the scope of this opinion...” while a bit cumbersome, would essentially result in the actuary signing off on actuarial assets and liabilities held on the balance sheet considering good and sufficient concepts, so is not objectionable.
3. The revisions in Section 9. incorporate actuarial assets wording into instructions related to considerations when issuing adverse, qualified or inconclusive opinions, which is appropriate.
4. One item that is not addressed in the Instructions to the Annual Health Statement Blank, Actuarial Opinion is the definition of an “actuarial asset.” While actuaries generally can point to other guidance to determine what could reasonably be

¹ The American Academy of Actuaries is a 19,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

considered an “actuarial asset,” it does not appear to be well defined within the NAIC instructions. The NAIC may want to consider adding some certainty to what is a reasonable approach to determining what constitutes an “actuarial asset” to be included in the Actuarial Opinion.

If you have any questions or would like to discuss further, please contact Matthew Williams, the Academy’s senior health policy analyst, at williams@actuary.org.

Sincerely,

Marc Lambright, MAAA, FSA
Chairperson, Financial Reporting and Solvency Committee
American Academy of Actuaries

https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Summer%202021/TF/HealthActuarial/Conference%20Calls/4-23%20HATF/Exposure%20Comments/Academy_Health_Statement_of_Actuarial_Opinion_Comments_to_NAIC_4.19.21.pdf?csf=1&web=1&e=WT04XH

UNITEDHEALTH GROUP

Corporate Finance – Actuarial Services Division
185 Asylum Street, CityPlace I • Hartford, CT 06103

April 15, 2021

Ms. Marti Hooper, Chair
Health Actuarial (B) Task Force
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Via electronic mail to Eric King.

Re: Proposed changes to the Health Annual Statement instructions for the Actuarial Opinion.

Dear Ms. Hooper:

I am writing on behalf of UnitedHealth Group with regard to the proposed changes to the Health Annual Statement instructions for the Actuarial Opinion, as exposed for comment by your Task Force on April 6, 2021. Overall, we are supportive of the proposed changes. However, there are two aspects of the proposal that we feel deserve further comment.

First, we would like to emphasize that we believe that the proposal does not represent a change from what is currently required by the existing instructions. In particular:

- Sections 4 and 5 of the instructions refer to “loss reserves, actuarial liabilities, and related items.” We consider the term “related items” to include the actuarial assets that are within the scope of the Actuarial Opinion. Generally speaking, the assets are either claim-related, and therefore can be viewed as supplementing the actuarial liabilities for claims; or they are premium-related, and can be viewed as supplementing the actuarial liabilities for policy reserves. Accordingly, we do not feel that the existing language of Sections 4 and 5 is inconsistent with the inclusion of actuarial assets.
- In Section 7, the prescribed wording begins, “In my opinion, the amounts carried in the balance sheet on account of the items identified above: ...” The “items identified above” are all of the items listed in the Scope section of the Actuarial Opinion, including the actuarial assets. Therefore, all of the subsequent statements in Section 7 must be deemed to apply to the actuarial assets, unless clearly inapplicable.

- In Section 9, the language regarding qualified Actuarial Opinions certainly could be construed to apply only to actuarial liabilities. However, we believe that as a practical matter, both the Appointed Actuary and any regulatory reviewer of the Actuarial Opinion would recognize that an Actuarial Opinion might be qualified with regard to an actuarial asset, as well.

Therefore, we view the proposed changes to be a clarification of the existing requirements, rather than a change to those requirements. That said, we welcome such a clarification, especially with regard to Section 9, where the existing language is somewhat misleading.

Second, we wish to point out that the statements in the Opinion section of the Actuarial Opinion (Section 7 of the instructions) cannot readily be applied to the net of the actuarial liabilities and assets, as there was some discussion of that issue during your April 6 conference call. Perhaps the clearest case is statement C, which requires the Appointed Actuary to affirm that the amounts identified in the Scope section “are at least as great as the minimum aggregate amounts required by any state.” An amount that has been reduced by netting the actuarial assets against it is unlikely to meet a state’s minimum liability standards. With regard to how each of the statements applies to the combination of liabilities and assets, we note the following.

- Statements A and F could conceivably be applied to the net of the actuarial liabilities and actuarial assets.
- Statements B and E can be considered to apply to the liabilities and assets collectively; they relate to assumptions and methodology rather than the numerical amounts of the actuarial items.
- Statement C typically will apply only to the liabilities. That does not necessarily need to be spelled out explicitly, because there probably are no state minimum requirements applicable to actuarial assets, in which case the requirement is effectively zero. That being the case, the amount of any asset will automatically be at least as great as what’s required (i.e., will be greater than or equal to zero).
- Statement D is the “good and sufficient” statement. In order to meet the “good and sufficient” standard, the assets and liabilities must incorporate a certain degree of conservatism or “margin,” whether implicit, explicit, or both. We believe that in practice, that standard means that the liabilities within the scope of the Actuarial Opinion, in aggregate, must include an adequate provision for a reasonable degree of adverse deviation from the anticipated experience, and that such provision must not be materially impaired by any overstatement of the aggregate assets that are within the scope of the Actuarial Opinion.

Accordingly, it does not seem that there is a uniform way that actuarial assets can be addressed by the statements in the Opinion section. If your Task Force believes that more clarity is needed, we suggest that rather than trying to revise the Opinion statements, you could include guidance in the instructions (just as guidance about the type of Actuarial Opinion is provided in Section 9 of the instructions).

In conclusion, we support the proposed changes, and we suggest that any additional clarification of Section 7 be made through additional instructions rather than through changes to the prescribed wording of the Statement of Actuarial Opinion. The bullet points above concerning statements A through F might serve as a starting point for such instructions, if desired.

We would be happy to discuss these comments with you and the Task Force.



James R. Braue
Director, Actuarial Services
UnitedHealth Group

cc: Eric King, NAIC
Randi Reichel, UnitedHealth Group

<https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Summer%202021/TF/HealthActuarial/Conference%20Calls/4-23%20HATF/Exposure%20Comments/UHG%20comments%20on%20Health%20AO%20instructions%2020210415.pdf?csf=1&web=1&e=NLud6U>

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

CONTACT PERSON: <u>Eric King</u> TELEPHONE: <u>816-708-7982</u> EMAIL ADDRESS: <u>eking@naic.org</u> ON BEHALF OF: <u>ASOP 28 Task Force, ASB</u> NAME: <u>Annette James, Chair, ASOP 28 Task Force</u> TITLE: _____ AFFILIATION: _____ ADDRESS: _____	DATE: April <u>236</u> , 2021_____	FOR NAIC USE ONLY Agenda Item # _____ Year _____ Changes to Existing Reporting [] New Reporting Requirement []
	REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT No Impact [] Modifies Required Disclosure []	
	DISPOSITION [] Rejected For Public Comment [] Referred To Another NAIC Group [] Received For Public Comment [] Adopted Date _____ [] Rejected Date _____ [] Deferred Date _____ [] Other (Specify) _____	
	_____ _____ _____	

BLANK(S) TO WHICH PROPOSAL APPLIES

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| <input checked="" type="checkbox"/> ANNUAL STATEMENT | <input checked="" type="checkbox"/> INSTRUCTIONS | <input type="checkbox"/> CROSSCHECKS |
| <input type="checkbox"/> QUARTERLY STATEMENT | <input type="checkbox"/> BLANK | |
| <input type="checkbox"/> Life, Accident & Health/Fraternal | <input type="checkbox"/> Separate Accounts | <input type="checkbox"/> Title |
| <input type="checkbox"/> Property/Casualty | <input type="checkbox"/> Protected Cell | <input type="checkbox"/> Other _____ |
| <input checked="" type="checkbox"/> Health | <input type="checkbox"/> Health (Life Supplement) | |

Anticipated Effective Date: Annual 2021

IDENTIFICATION OF ITEM(S) TO CHANGE

See the following page for details of proposed changes.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

The purpose of this proposal is to revise the language in sections 4, 5, 7 and 9 of the orange blank annual statement instructions related to the actuarial opinion to ensure that all items (actuarial assets and liabilities) within the scope of the statement of actuarial opinion are treated consistently. Currently, reserves and liabilities are referenced in sections 4, 5, 7 and 9 of the orange blank annual statement instructions. Since actuarial assets are included in the scope of the actuarial opinion, it is important that these instructions provide guidance to appointed actuaries that apply to all actuarial items, assets as well as liabilities, included in the scope of the actuarial opinion.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

Revised 7/18/2018

IDENTIFICATION OF ITEM(S) TO CHANGE

Instructions to Annual Health Statement Blank, Actuarial Opinion (Actuarial Opinion Instructions):

Modify section 1A. (Definitions), of the actuarial opinion instructions to add definitions of “actuarial asset” and “actuarial liability”.

Modify section 4 (Identification section), section 5 (Scope section), and section 7 (Opinion section) of the actuarial opinion instructions to ensure that the opinion’s prescribed wording clearly indicates that the actuary’s opinion covers actuarial assets as well as actuarial liabilities.

Modify section 9 of the actuarial opinion instructions to ensure that guidance related to the type of opinion rendered by an appointed actuary covers both actuarial assets and actuarial liabilities.

Section 1

1A. Definitions

“Insurer” means an entity authorized to write accident and health contracts under the laws of any state and which files on the Health Blank.

“Actuarial Memorandum” means a document or other presentation prepared as a formal means of conveying the appointed actuary’s professional conclusions and recommendations, of recording and communicating the methods and procedures, of assuring that the parties addressed are aware of the significance of the appointed actuary’s opinion or findings and that documents memorandum is further described in Section 1C.

“Actuarial asset” means an actuarial item presented as an asset in the annual statement and included in the scope of the Statement of Actuarial Opinion.

“Actuarial liability” means an actuarial item presented as a liability in the annual statement and included in the scope of the Statement of Actuarial Opinion.

Section 4

4. The IDENTIFICATION section should specifically indicate the appointed actuary’s relationship to the company, qualifications for acting as appointed actuary, date of appointment, and should specify that the appointment was made by the Board of Directors, or its equivalent or by a committee of the Board. A person who is not a Member of the American Academy of Actuaries but is recognized by the Academy as qualified must attach, each year, a copy of the approval letter from the Academy.

This section should contain only one of the following:

For a Member of the American Academy of Actuaries who is an employee of the organization, the opening paragraph of the opinion should contain all the following sentences if the appointed actuary is using the prescribed wording:

“I, (name and title of actuary), am an employee of (named organization) and a member of the American Academy of Actuaries. I was appointed on [date of appointment] in accordance with the requirements of the annual statement instructions. I meet the Academy qualification standards for rendering the opinion.”

For a consultant who is a Member of the American Academy of Actuaries, the opening paragraph of the opinion should contain all the following sentences if the appointed actuary is using the prescribed wording:

“I, (name and title of consultant), am associated with the firm of (name of firm). I am a member of the American Academy of Actuaries and have been retained by the (name of organization) to render an opinion with regard to loss reserves, actuarial liabilities, actuarial assets, and related items. I was appointed on [date of appointment] in accordance with the requirements of the annual statement instructions. I meet the Academy qualification standards for rendering the opinion.”

Section 5:

© 2021 National Association of Insurance Commissioners2Health Actuarial Opinion Instructions_Blanks
Revision_042321.docx

5. The SCOPE section should contain only the following statement (including all specified lines even if the value is zero) if the appointed actuary is using the prescribed wording:

"I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities, actuarial assets, and related items listed below, as shown in the annual statement of the organization as prepared for filing with state regulatory officials, as of December 31, 20__.

Section 7:

7. The OPINION section should include only the following statement if the appointed actuary is using the prescribed wording:

"In my opinion, the amounts carried in the balance sheet on account of the items identified above:

- A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles;
- B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared;
- C. Meet the requirements of the Insurance Laws and regulations of the state of [state of domicile] and: (Use of one the following phrases, as appropriate, is considered prescribed wording. Replacing "[list states]" with an actual list of states in parentheses is also considered prescribed wording.)
the loss reserves and actuarial liabilities are at least as great as the minimum aggregate amounts required by any state,
or
the loss reserves and actuarial liabilities are at least as great as the minimum aggregate amounts required by any state with the exception of the following states [list states]. For each listed state a separate statement of actuarial opinion was submitted to that state that complies with the requirements of that state;
- D. Make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements, when such liabilities are considered in combination with any actuarial assets included in the scope of this opinion..."

Section 9:

9. If the appointed actuary is able form an opinion that is not qualified, adverse or inconclusive as those terms are defined below, he or she should issue a statement of unqualified opinion. If the opinion is adverse, qualified or inconclusive, the appointed actuary should issue an adverse, qualified or inconclusive opinion explicitly stating the reason(s) for such opinion. In all circumstances the category of opinion should be explicitly identified in the TABLE of KEY INDICATORS section of the Actuarial Opinion.

An adverse opinion is an actuarial opinion in which the appointed actuary determines that the reserves and liabilities, when considered in combination with any actuarial assets included in the scope of the opinion, are not good and sufficient. (An adverse opinion does not meet item D of Section 7.)

When, in the actuary's opinion, the reserves or actuarial assets included in the scope of the opinion for a certain item or items are in question because they cannot be reasonably estimated or the actuary is unable to render an opinion on those items, the actuary should issue a qualified opinion. Such a qualified opinion should state whether the stated reserve amount makes a good and sufficient provision for the liabilities associated with the specified reserves, when considered in combination with any actuarial assets included in the scope of the opinion, except for the item or items to which the qualification relates. The actuary is not required to issue a qualified opinion if the actuary reasonably believes that the item or items in question are not likely to be material. (A qualified opinion does not meet one or more of the items A, B, C or F of Section 7.)

The actuary's ability to give an opinion is dependent upon data, analyses, assumptions and related information that are sufficient to support a conclusion. If the actuary cannot reach a conclusion due to deficiencies or limitations in the data, analyses, assumptions or related information, then the actuary should issue an inconclusive opinion. An inconclusive opinion shall include a description of the reasons a conclusion could not be reached.

[https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Summer%202021/TF/HealthActuarial/Conference%20Calls/4-23%20HATF/Health%20Actuarial%20Opinion%20Instructions_Blanks%20Revision_042321%20\(reduced\).pdf?csf=1&web=1&e=8oTK6y](https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Summer%202021/TF/HealthActuarial/Conference%20Calls/4-23%20HATF/Health%20Actuarial%20Opinion%20Instructions_Blanks%20Revision_042321%20(reduced).pdf?csf=1&web=1&e=8oTK6y)

Draft: 4/22/21

Health Actuarial (B) Task Force
Virtual Meeting
April 6, 2021

The Health Actuarial (B) Task Force met April 6, 2021. The following Task Force members participated: Eric A. Cioppa, Chair, represented by Marti Hooper (ME); Andrew N. Mais, Co-Vice Chair, represented by Paul Lombardo (CT); Jonathan T. Pike, Co-Vice Chair, represented by Jaakob Sundberg (UT); Lori K. Wing-Heier represented by Sarah Bailey (AK); Jim L. Ridling represented by Jennifer Li (AL); Ricardo Lara represented by Perry Kupferman (CA); Michael Conway represented by Eric Unger (CO); Dean L. Cameron represented by Weston Trexler (ID); Dana Popish Severinghaus represented by Eric Anderson (IL); Anita G. Fox represented by Kevin Dyke (MI); Grace Arnold represented by Julia Lyng (MN); Chlora Lindley-Myers represented by William Leung (MO); Mike Causey represented by David Yetter (NC); Bruce R. Ramage represented by Michael Muldoon (NE); Marlene Caride represented by Seong-min Eom (NJ); Judith L. French represented by Laura Miller (OH); Glen Mulready represented by Andrew Schallhorn (OK); Jessica K. Altman represented by Jim Laverty (PA); Doug Slape represented by Barbara Snyder (TX); Scott A. White represented by David Shea (VA); Mike Kreidler represented by Amy Peach (WA); Mark Afable represented by Brian Brown (WI); and James A. Dodrill represented by Joylynn Fix (WV).

1. Exposed a Proposal to Revise the Instructions for the Health SAO

Annette James (NovaRest Actuarial Consulting) presented a proposal (Attachment One-B1) 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 that all items (actuarial assets and liabilities) within the scope of the SAO are treated consistently

Ms. Hooper said the Task Force will expose the proposal for a 10-day public comment period ending April 16.

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

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NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

CONTACT PERSON: <u>Eric King</u> TELEPHONE: <u>816-708-7982</u> EMAIL ADDRESS: <u>eking@naic.org</u> ON BEHALF OF: <u>ASOP 28 Task Force, ASB</u> NAME: <u>Annette James, Chair, ASOP 28 Task Force</u> TITLE: _____ AFFILIATION: _____ ADDRESS: _____	DATE: April 6, 2021 _____
	FOR NAIC USE ONLY Agenda Item # _____ Year _____ Changes to Existing Reporting [] New Reporting Requirement []
	REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT No Impact [] Modifies Required Disclosure []
	DISPOSITION [] Rejected For Public Comment [] Referred To Another NAIC Group [] Received For Public Comment [] Adopted Date _____ [] Rejected Date _____ [] Deferred Date _____ [] Other (Specify) _____

BLANK(S) TO WHICH PROPOSAL APPLIES

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| <input type="checkbox"/> QUARTERLY STATEMENT | <input type="checkbox"/> BLANK | |
| <input type="checkbox"/> Life, Accident & Health/Fraternal | <input type="checkbox"/> Separate Accounts | <input type="checkbox"/> Title |
| <input type="checkbox"/> Property/Casualty | <input type="checkbox"/> Protected Cell | <input type="checkbox"/> Other _____ |
| <input checked="" type="checkbox"/> Health | <input type="checkbox"/> Health (Life Supplement) | |

Anticipated Effective Date: Annual 2021

IDENTIFICATION OF ITEM(S) TO CHANGE

See the following page for details of proposed changes.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

The purpose of this proposal is to revise the language in sections 4, 5, 7 and 9 of the orange blank annual statement instructions related to the actuarial opinion to ensure that all items (actuarial assets and liabilities) within the scope of the statement of actuarial opinion are treated consistently. Currently, reserves and liabilities are referenced in sections 4, 5, 7 and 9 of the orange blank annual statement instructions. Since actuarial assets are included in the scope of the actuarial opinion, it is important that these instructions provide guidance to appointed actuaries that apply to all actuarial items, assets as well as liabilities, included in the scope of the actuarial opinion.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

Revised 7/18/2018

IDENTIFICATION OF ITEM(S) TO CHANGE

Instructions to Annual Health Statement Blank, Actuarial Opinion (Actuarial Opinion Instructions):

Modify sections 4 (Identification section), section 5 (Scope section), and section 7 (Opinion section) of the actuarial opinion instructions to ensure that the opinion's prescribed wording clearly indicates that the actuary's opinion covers actuarial assets as well as actuarial liabilities.

Modify section 9 of the actuarial opinion instructions to ensure that guidance related to the type of opinion rendered by an appointed actuary covers both actuarial assets and actuarial liabilities.

Section 4

4. The IDENTIFICATION section should specifically indicate the appointed actuary's relationship to the company, qualifications for acting as appointed actuary, date of appointment, and should specify that the appointment was made by the Board of Directors, or its equivalent or by a committee of the Board. A person who is not a Member of the American Academy of Actuaries but is recognized by the Academy as qualified must attach, each year, a copy of the approval letter from the Academy.

This section should contain only one of the following:

For a Member of the American Academy of Actuaries who is an employee of the organization, the opening paragraph of the opinion should contain all the following sentences if the appointed actuary is using the prescribed wording:

"I, (name and title of actuary), am an employee of (named organization) and a member of the American Academy of Actuaries. I was appointed on [date of appointment] in accordance with the requirements of the annual statement instructions. I meet the Academy qualification standards for rendering the opinion."

For a consultant who is a Member of the American Academy of Actuaries, the opening paragraph of the opinion should contain all the following sentences if the appointed actuary is using the prescribed wording:

"I, (name and title of consultant), am associated with the firm of (name of firm). I am a member of the American Academy of Actuaries and have been retained by the (name of organization) to render an opinion with regard to loss reserves, actuarial liabilities, actuarial assets, and related items. I was appointed on [date of appointment] in accordance with the requirements of the annual statement instructions. I meet the Academy qualification standards for rendering the opinion."

Section 5:

5. The SCOPE section should contain only the following statement (including all specified lines even if the value is zero) if the appointed actuary is using the prescribed wording:

"I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities, actuarial assets, and related items listed below, as shown in the annual statement of the organization as prepared for filing with state regulatory officials, as of December 31, 20__.

Section 7:

7. The OPINION section should include only the following statement if the appointed actuary is using the prescribed wording:

"In my opinion, the amounts carried in the balance sheet on account of the items identified above:

- A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles;
- B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared;

- C. Meet the requirements of the Insurance Laws and regulations of the state of [state of domicile] and:
(Use of one the following phrases, as appropriate, is considered prescribed wording. Replacing “[list states]” with an actual list of states in parentheses is also considered prescribed wording.)
- are at least as great as the minimum aggregate amounts required by any state,
- or
- are at least as great as the minimum aggregate amounts required by any state with the exception of the following states [list states]. For each listed state a separate statement of actuarial opinion was submitted to that state that complies with the requirements of that state;
- D. Make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements, when such liabilities are considered in combination with any actuarial assets included in the scope of this opinion...”

Section 9:

9. If the appointed actuary is able form an opinion that is not qualified, adverse or inconclusive as those terms are defined below, he or she should issue a statement of unqualified opinion. If the opinion is adverse, qualified or inconclusive, the appointed actuary should issue an adverse, qualified or inconclusive opinion explicitly stating the reason(s) for such opinion. In all circumstances the category of opinion should be explicitly identified in the TABLE of KEY INDICATORS section of the Actuarial Opinion.

An adverse opinion is an actuarial opinion in which the appointed actuary determines that the reserves and liabilities, when considered in combination with any assets included in the scope of the opinion, are not good and sufficient. (An adverse opinion does not meet item D of Section 7.)

When, in the actuary’s opinion, the reserves or assets included in the scope of the opinion for a certain item or items are in question because they cannot be reasonably estimated or the actuary is unable to render an opinion on those items, the actuary should issue a qualified opinion. Such a qualified opinion should state whether the stated reserve amount makes a good and sufficient provision for the liabilities associated with the specified reserves, when considered in combination with any assets included in the scope of the opinion, except for the item or items to which the qualification relates. The actuary is not required to issue a qualified opinion if the actuary reasonably believes that the item or items in question are not likely to be material. (A qualified opinion does not meet one or more of the items A, B, C or F of Section 7.)

The actuary’s ability to give an opinion is dependent upon data, analyses, assumptions and related information that are sufficient to support a conclusion. If the actuary cannot reach a conclusion due to deficiencies or limitations in the data, analyses, assumptions or related information, then the actuary should issue an inconclusive opinion. An inconclusive opinion shall include a description of the reasons a conclusion could not be reached.

[https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Spring%202021/TF/HealthActuarial/Health%20Actuarial%20Opinion%20Instructions_Blanks%20Revision_040621%20\(reduced\).pdf?csf=1&web=1&e=cK2Wgn](https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Spring%202021/TF/HealthActuarial/Health%20Actuarial%20Opinion%20Instructions_Blanks%20Revision_040621%20(reduced).pdf?csf=1&web=1&e=cK2Wgn)

Draft: 8/23/21

Long-Term Care Actuarial (B) Working Group
Virtual Meeting
May 17, 2021

The Long-Term Care Actuarial (B) Working Group of the Health Actuarial (B) Task Force met May 17, 2021. The following Working Group members participated: Perry Kupferman, Chair (CA); Jennifer Li (AL); Paul Lombardo (CT); Benjamin Ben (FL); Nicole Boyd (KS); Marti Hooper (ME); Fred Andersen (MN); Rhonda Ahrens (NE); Anna Krylova (NM); Bill Carmello (NY); Andrew Schallhorn (OK); Jim Laverty (PA); Andrew Dvorine (SC); Barbara Snyder and Mike Boerner (TX); and Tomasz Serbinowski (UT).

1. Discussed an LTCI Data Call

Mr. Kupferman said the purpose of the meeting is to gauge state insurance regulator and industry interest in conducting a mandatory long-term care insurance (LTCI) morbidity data call. He said he is concerned that federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) restrictions will preclude collection of needed data for individuals older than age 90, and this is a block of data that is crucial for the success of the project. Pete Miller (Society of Actuaries—SOA) said he is confident this data can be collected at a level that will not violate HIPAA and be of sufficient granularity to be useful.

Mr. Kupferman said LTCI companies rely on company experience or consultant experience studies for reserving, and he would like the NAIC to sponsor a mandatory LTCI data call to be used for this purpose.

Mr. Andersen said approximately five years ago, the Life Actuarial (A) Task Force's Experience Reporting (A) Subgroup evaluated whether mandatory company data reporting is warranted for various lines of business, and one of the lines evaluated was LTCI. He said LTCI was ranked as very high for morbidity data usefulness and low to moderate for the usefulness of industry-wide averages. He said there is not currently a tested format for collecting LTCI morbidity data, but recent SOA experience study formats may be convertible to a Valuation Manual (VM)-51, Experience Reporting Formats, structure.

Mr. Andersen gave an overview of a life insurance mortality data call by New York. He said New York and Kansas led the effort, MIB acted as the statistical agent, and the SOA aggregated the data. He said the data call was highly successful, but it took two to three years to complete and required new state laws to be written. He said the data call was conducted annually, and there has never been an annual experience study conducted for LTCI. Ms. Ahrens said an annual LTCI experience study would be too burdensome.

Mr. Carmello asked if authority like that for life insurance principle-based reserving (PBR) is needed for a similar LTCI project. Ms. Ahrens said the scope of the current VM-51 includes health insurance, so authority for LTCI is not an issue. Mr. Boerner noted that the current Health Actuarial (B) Task Force charge to “[d]evelop LTCI experience reporting requirements in VM-50, Experience Reporting Requirements, and VM-51, Experience Reporting Formats, of the *Valuation Manual*” allows for conducting an LTCI data call.

Ms. Boyd said an LTCI data call overseen by Kansas went smoothly, but it was expensive. She said the data was collected by MIB and then forwarded to the SOA for analysis. She said there was not much pushback from subject companies concerning providing data.

Mr. Lombardo said Connecticut supports a mandatory LTCI data call, and it is very important for state insurance regulators and industry. He said he believes companies will comply with the request.

Dan Schelp (NAIC) said the NAIC is concerned the study may violate aspects of HIPAA and with the availability of needed financial and staff resources for the project.

Pat Allison (NAIC) said the NAIC's current life insurance PBR data collection goes through a two-step validation process. She said the data is first checked for missing or disallowed values, then a more detailed analysis of the data's appropriateness is conducted.

Ray Nelson (America's Health Insurance Plans—AHIP) said he is concerned that requiring companies to submit data to the data call while also voluntarily contributing data to current SOA studies may be overly burdensome. He asked if the SOA

studies can be expanded to meet the needs of an NAIC data call. Ms. Ahrens said she believes expansion of its studies is the direction the SOA is heading in. She said a feasible way forward is for the SOA to modify the design of its studies to fit into a form that fits the VM-51 statistical plan. She said the SOA has indicated it has the appetite for such an approach.

Mr. Andersen proposed providing the proposal below to be used to survey Working Group members for their opinions on the usefulness of an NAIC mandatory data call. He said he believes taking the time to explore all of these issues and then weighing the pros and cons before making a commitment will lead to a better chance of having a helpful, useful project.

The recommendation is to start laying the groundwork, without 100% commitment at this time, toward collecting the LTCI morbidity data starting in 2024.

The regulatory actuaries can reach out to industry to determine how helpful mandatory data collection resulting in tables of industry averages will be. The question is whether it adds much value when the SOA and Milliman already have voluntary studies and the Valuation Analysis (E) Working Group has access to timely information direct from the companies.

NAIC staff can investigate issues such as resources, technology, operations, legal issues, and money availability. The ultimate decision would be made by NAIC leadership.

Mr. Kupferman agreed to surveying Working Group members on the proposal's merit.

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

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Draft: 4/9/21

Long-Term Care Actuarial (B) Working Group
Virtual Meeting
March 29, 2021

The Long-Term Care Actuarial (B) Working Group of the Health Actuarial (B) Task Force met March 29, 2021. The following Working Group members participated: Perry Kupferman, Chair (CA); Jennifer Li (AL); Paul Lombardo (CT); Benjamin Ben (FL); Nicole Boyd (KS); Marti Hooper (ME); Fred Andersen (MN); Rhonda Ahrens (NE); Anna Krylova (NM); Bill Carmello (NY); Laura Miller (OH); Andrew Schallhorn (OK); Jim Lavery (PA); Andrew Dvorine (SC); Barbara Snyder (TX); and Tomasz Serbinowski (UT).

1. Heard a Presentation from the SOA on COVID-19 Impacts on LTCI

Mike Bergerson (Milliman) and Robert Eaton (Milliman) gave a presentation (Attachment One-D1) on the Society of Actuaries' (SOA's) survey of long-term care insurance (LTCI) companies' reaction to the impact of COVID-19 on LTCI mortality, voluntary lapse and morbidity experience.

Mr. Kupferman suggested that it may be interesting to analyze the experience data separated by policyholders who were in long-term care (LTC) facilities during the exposure period and those who were not. He also suggested analyzing the data separated by individual versus group LTCI and attained age brackets. He said the effects of the vaccination rate should also be considered.

Mr. Andersen said recent state insurance regulator analyses of reserves held by LTCI companies shows COVID-19 impacts that are similar to those shown in the SOA survey.

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


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COVID-19 Impact on Long-Term Care Insurance

MIKE BERGERSON, FSA, MAAA
 Principal and Consulting Actuary

ROBERT EATON, FSA, MAAA
 Principal and Consulting Actuary

March 29, 2021



This presentation is based on a report published by the Society of Actuaries (SOA). The report may contain information from a variety of sources and may or may not reflect the experience of any individual company. This presentation and the report are for informational purposes only and should not be considered as professional or financial advice. The SOA does not recommend or endorse any particular use of the information provided in this presentation or the report. The SOA makes no warranty, express or implied, or representation whatsoever and assumes no liability in connection with the use or misuse of this presentation or the report. The opinions expressed by the authors are their own and do not represent any official position or opinion of the SOA or its members. The SOA makes no representation or warranty to the accuracy of the information.

Background

- The Society of Actuaries (SOA) retained Milliman, Inc. (Milliman) to conduct a survey on the impact of COVID-19 on Long-Term Care (LTC) insurance mortality, voluntary lapse, and morbidity experience.
- The survey studied the emerging impact of COVID-19 for the period from April 1, 2020 through September 30, 2020.
- The survey did not reflect the surge of COVID-19 morbidity and mortality that took place after September 2020; further survey work is necessary to assess the impact of those cases.
- The survey was sent to companies with LTC blocks of insurance. 15 companies participated in the survey, which represented approximately 50% of the insured lives inforce at year-end 2019.

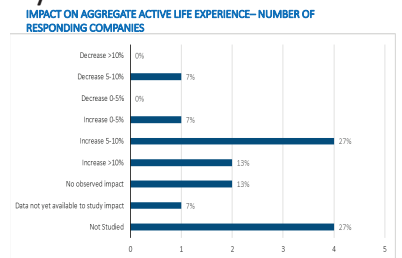


Persistency



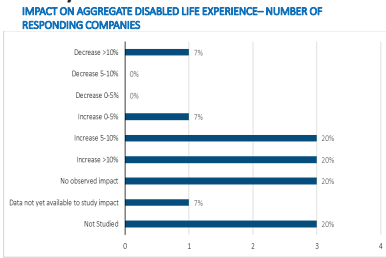
Active Life Mortality

- About half of the respondents reported observing an increase in active life mortality.




Disabled Life Mortality

- About half of the respondents reported observing an increase in disabled life mortality.



Additional Comments on Mortality

- Three companies observed a higher mortality impact on disabled life mortality than on active life mortality. Two companies observed a smaller impact on disabled life mortality compared to active life mortality.
- A number of companies indicated that mortality levels increased initially but started to regress towards pre-COVID levels by the end of the survey reporting period.



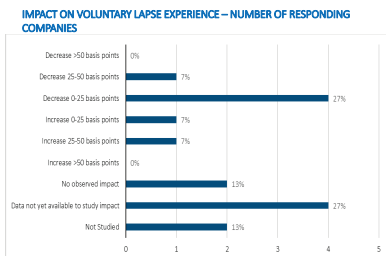
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6

Voluntary Lapse

- Results on voluntary lapse rates were mixed.
- A number of companies indicated that they have not adjusted lapse rates for premium grace period extensions due to COVID-19.



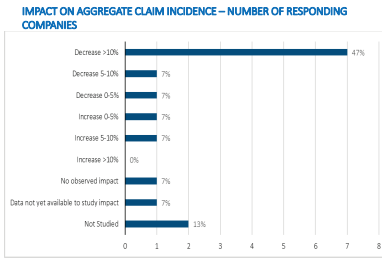
7

Morbidity



Claim Incidence

- The biggest impact on morbidity observed by companies thus far has been related to claim incidence.
- Seven companies (58%) reported seeing a shift in claim situs toward a home health care setting. This was true for both existing claims and new claims but especially so for new claims.
- Some companies indicated that claim incidence levels decreased initially but started to regress toward pre-COVID levels by September 2020.



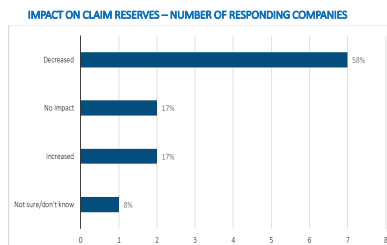
9

Reserves



Claim Reserves

- A majority of the respondents reported observing a decrease in claim reserves.
- This is consistent with the increase in disabled mortality and decrease in claim incidence experience observed by many companies.



11

Other Reserves

- Half of respondents indicated there was no impact on gross premium reserves (GPR), premium deficiency reserves (PDR), or additional actuarial reserves (AAR). Of the companies that indicated there was an impact, most said one or more of these reserves increased as a result of a decrease in new money interest rates.
- For companies that reported no impact on GPR, PDR, or AAR reserves, we believe that companies are indicating they have not changed valuation assumptions due to COVID-19. However, some companies may be indicating there is no net change (i.e., no impact) due to updates in valuation assumptions from COVID-19.



12

Looking Forward



What's next?

- Continued research as data emerges on shorter-term impacts
- Watching data closely to see if short-term habits become long-term
 - Shift towards home health care instead of facility
 - Hygiene/social changes – impact on regular flu in the future
- Following medical research to understand any longer lasting health impacts from COVID-19 and considering potential impact on LTC assumptions



14

Questions



[https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Spring%202021/TF/HealthActuarial/Health%20Actuarial%20Opinion%20Instructions_Blanks%20Revision_040621%20\(reduced\).pdf?csf=1&web=1&e=F7gOJf](https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Spring%202021/TF/HealthActuarial/Health%20Actuarial%20Opinion%20Instructions_Blanks%20Revision_040621%20(reduced).pdf?csf=1&web=1&e=F7gOJf)

Draft: 10/12/21

Adopted by the Executive (EX) Committee and Plenary, mm/dd/2021

Adopted by the Health Insurance and Managed Care (B) Committee, mm/dd/2021

Adopted by the Health Actuarial (B) Task Force, Sept. 14, 2021

2022 PROPOSED CHARGES

HEALTH ACTUARIAL (B) TASK FORCE

The mission of the Health Actuarial (B) Task Force is to identify, investigate, and develop solutions to actuarial problems in the health insurance industry.

Ongoing Support of NAIC Programs, Products or Services

1. The **Health Actuarial (B) Task Force** will:
 - A. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary with respect to model requirements for appropriate long-term care insurance (LTCI) rates, rating practices, and rate changes.
 - B. Provide support for issues related to implementation of, and/or changes to, the federal Affordable Care Act (ACA).
 - C. Continue to develop health insurance reserving requirements (VM-25, Health Insurance Reserves Minimum Reserve Requirements) using a principle-based reserving (PBR) framework.
 - D. Develop LTCI experience reporting requirements in VM-50, Experience Reporting Requirements, and VM-51, Experience Reporting Formats, of the *Valuation Manual*.
 - E. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary to other NAIC groups relative to their work on health actuarial matters.
2. The **Long-Term Care Actuarial (B) Working Group** will:
 - A. Assist the Health Actuarial (B) Task Force in completing the following charges:
 1. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary with respect to model requirements for appropriate LTCI rates, rating practices, and rate changes.
 2. Continue to develop health insurance reserving requirements (VM-25, Health Insurance Reserves Minimum Reserve Requirements) using a PBR framework.
 3. Develop LTCI experience reporting requirements in VM-50, Experience Reporting Requirements, and VM-51, Experience Reporting Formats, of the *Valuation Manual*.
3. The **Long-Term Care Pricing (B) Subgroup** will:
 - A. Assist the Long-Term Care Actuarial (B) Working Group in completing the following charge:
 1. Provide recommendations, as appropriate, to address issues and provide actuarial assistance and commentary with respect to model requirements for appropriate LTCI rates, rating practices, and rate changes.
4. The **Long-Term Care Valuation (B) Subgroup** will:
 - A. Assist the Long-Term Care Actuarial (B) Working Group in completing the following charges:
 1. Continue to develop health insurance reserving requirements (VM-25, Health Insurance Reserves Minimum Reserve Requirements) using a PBR framework.
 2. Develop LTCI experience reporting requirements in VM-50, Experience Reporting Requirements, and VM-51, Experience Reporting Formats, of the *Valuation Manual*.

NAIC Support Staff: Eric King

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SERFF to URR Module Transfer

Presentation for the Health Actuarial Task Force of the National Association of Insurance Commissioners

November 29, 2021

Megan Mason

Dir. Rate Review, CCIIO, CMS

SERFF to URR Module Transfer Announcement

The CMS and NAIC development teams have been working on a system connection between the System for Electronic Rates & Forms Filing (SERFF) and the Health Insurance Oversight System Unified Rate Review (HIOS URR) module tentatively scheduled for release in Spring 2022. This connection allows automatic data and file transfers between the two systems to reduce duplicative manual entry work for both Issuers and State reviewers. The new system connection is Not Applicable to States without an Effective Rate Review process, or states that do not utilize the SERFF system. The issuers in these states should continue to submit filings in the HIOS URR module directly.

2

STEP 1 – New Tab in SERFF

All rate filing information for the individual and small group markets will be entered directly into SERFF where there will be a new tab added titled URRT. This includes:

- Part I – URRT
- Part II – Written Description Justifying the Rate Increase
- Part III – Rate Filing Documentation (both the Actuarial Memorandum and the Redacted Actuarial Memorandum)

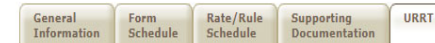
Once validated by the system, the information will be automatically transferred to the URR module of HIOS.



3

STEP 2 – Is the URRT Required?

Once the user navigates to the URRT view, they will be asked if URRT is applicable to this rate filing:



The Unified Rate Review Template is required to be submitted by Issuers (for both QHPs and non-QHPs) offering a single risk pool plan in the individual or small group market. Issuers can submit quarterly rate changes for the small group market if allowed by the State regulatory authority. Quarterly rate changes must be submitted at least 105 days prior to the effective date of the rate change (or earlier State deadline)

Note: These filings do not include Student Health or Excepted Benefit products, such as Stand-alone Dental products.

Is the URRT required for this Filing? * Yes No

4

STEP 3 – Adding the URRT

The second field is the template itself; additional items cannot be uploaded until the template has been added:

Unified Rate Review Template *

To download the latest version of the Unified Rate Review Template, please visit the CMS website at <https://www.ohcertification.cms.gov/s/Application%20Materials>. Please upload the XML version of the template created by the 'Finalize' action and not the Excel file itself.

Select .xml File

Actuarial Memorandum * Can only be added after the Unified Rate Review Template is added.

Actuarial Memorandum - Redacted * Can only be added after the Unified Rate Review Template is added.

Consumer Justification Narrative Only needed if URRT is above the threshold. Can only be added after the Unified Rate Review Template is added.

Other Supporting Docs Can only be added after the Unified Rate Review Template is added.

5

STEP 4 – Validation of the URRT

Once the template has been uploaded, it will be sent to CMS for validation and a message appears to the issuer:

Unified Rate Review Template *

To download the latest version of the Unified Rate Review Template, please visit the CMS website at <https://www.ohcertification.cms.gov/s/Application%20Materials>. Please upload the XML version of the template created by the 'Finalize' action and not the Excel file itself.

In Progress: URRT validation with CMS is in progress. Check back later for validation success or failure.

[lurrttemplatevalidationsuccess.xml](#)

Replace File

6

STEP 5 – Regenerated URRT

Once the validation request has been processed, the message will update accordingly. If the validation is successful, SERFF also displays the regenerated Excel file:

Unified Rate Review Template *

To download the latest version of the Unified Rate Review Template, please visit the CMS website at <https://www.ohcertification.cms.gov/s/Application%20Materials>. Please upload the XML version of the template created by the 'Finalize' action and not the Excel file itself.

Success: CMS URRT validation was successful.

[lurrttemplatevalidationsuccess.xml](#)

Replace File

[validated.xls](#)

7

STEP 6 – Actuarial Memorandum

Issuers will be required to upload the Actuarial Memorandum and Redacted Actuarial Memorandum:

Actuarial Memorandum *

The Actuarial Memorandum, including a corresponding actuarial certification, must be submitted with each Unified Rate Review Template. The document should contain actuarial reasoning and assumptions, justifications and methodologies that support the entries in the URRT. This document must be a PDF.

Select .pdf File

Actuarial Memorandum - Redacted *

Upload a redacted version of the Actuarial Memorandum. This redacted document will be made available to the public on the CMS website. It should not contain any information that is a trade secret or confidential commercial or financial information. This document must be a PDF.

Select .pdf File

8

STEP 7 – Consumer Justification Narrative

Issuers can upload the Consumer Justification Narrative (CJN) if not above threshold, but if the CJN is required, they will also be required to upload the CJN and the user interface indicates this new requirement:

Consumer Justification Narrative
 You must have at least one plan that meets or exceeds the threshold to require a Consumer Justification Narrative. This document must be a PDF.

Threshold criteria, One or more plans that meet all three criteria:

- Has 'Metal' level of Platinum, Gold, Silver, Bronze, or Catastrophic
- Has a 'Plan Category' of Renewing
- Has a 'Cumulative Rate Change %' (over 12 months prior) equal or greater than 15%

Select .pdf File

Consumer Justification Narrative is required for the URRT uploaded.

9

STEP 8 – Supporting Documentation

Finally, there is the Additional Supporting Documentation section where up to 30 files can be uploaded.

Other Supporting Documents

Additional documentation relevant to the URRT submission. These documents must be PDFs.

Select .pdf Files

10

STEP 9 – Other SERFF Functions

Upon Submission of the filing, the information from the URRT tab will be submitted to the state but also sent to CMS.

The template and supporting URR items can also have the following SERFF functions applied, but these functions will not be transferred to the URR module of HIOS:

- Request Confidentiality
- Objections/Objections Letters
- Change Schedule Items
- Response Letters
- Amendment Letters
- State Public Access

11

STEP 10 – State Determinations

Finally, once the state review is complete, the state will mark the URRT as complete as their determination. If the filing contains only plans below the threshold:

General Information | Form Schedule | Rate/Rule Schedule | **URRT** | Supporting Documentation | State Specific | Companies and Contact

Acknowledge Review * **URRT Reviewed**

HIOS ID
12345

URRT Documents

12

STEP 10 – State Determinations (cont.)

If the filing contains at least one plan above the threshold:

The screenshot shows a web interface with a navigation bar at the top containing tabs: General Information, Form Schedule, Rate/Rule Schedule, URRRT, Supporting Documentation, State Specific, Companies and Contact, and Filing Fees. Below the navigation bar, there is a dropdown menu labeled "Select URRRT determination *" with a selection of "-- Please Select --". Below the dropdown is a text area labeled "Comments *". At the bottom left of the form is a button labeled "Send" followed by ". to CMS".

13

STEP 11 – Determination Display

Once a state regulator enters a final determination, the following information will be displayed. The URRRT determination and the comments will be sent to the URR Module of HIOS and displayed on ratereview.healthcare.gov. Once a determination has been sent to CMS, there can be no further action on the URRRT tab from the issuer or the state.

The screenshot shows a web interface with a navigation bar at the top containing tabs: General Information, Form Schedule, Rate/Rule Schedule, URRRT, Supporting Documentation, State Specific, and Companies and Contact. Below the navigation bar, there is a section titled "State URRRT Review". This section contains a table with the following data:

URRT Determination	Determination Date	Determined By
Not Unreasonable	05/25/2021	Hubert Franck

Below the table, there is a section labeled "Comments" with the text: "This is the reviewers comments about the URRRT."

14



QUESTIONS???

12/14/2021

CMS footer

15

<https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Fall%202021/TF/HealthActuarial/Conference%20Calls/11-29%20HATF/CCHIO%20SERFF%20to%20URR%20Presentation.pdf?csf=1&web=1&e=NDLe6W>



SOA HEALTH EXPERIENCE STUDIES RESEARCH IN PROGRESS - December 2021

Project Name	Objective	Expected Completion Date
2006-2014 Individual Disability Income - Termination Report Update	Complete a study of claim termination for individual disability and release an updated report with the findings and an aggregated database of the experience data.	Complete. On SOA web site. ¹
LTC COVID19 Survey - 2021 Update	Perform a survey of the LTC industry on the impact of COVID-19 on U.S. Long-Term Care Insurance Mortality and Morbidity.	Complete. On SOA web site. ²
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.	11/18/2021
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.	11/30/2021

¹ <https://www.soa.org/resources/experience-studies/2021/analysis-claim-termination/>

² <https://www.soa.org/resources/research-reports/2021/covid-19-impact-ltc/>

Experience Studies



SOA HEALTH PRACTICE RESEARCH IN PROGRESS - DECEMBER 2021

Project Name	Objective	Expected Completion Date
Clarification of Health Uninsured Rates	Analyze different measurements of the uninsured rate and will attempt to provide explanations for these different measures.	Complete. On SOA web site. ¹
Oral Health in US Children and Its Impact on Disparities of Overall Health and Health Expenditures	Using machine learning methods, assess the oral health of US children, by subgroup, and its impact on disparities of overall health and health expenditures over time.	Complete. On SOA web site. ²
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.)	11/18/2021
Modeling the Individual Costs of Kidney Disease	Build a model to track the progression of kidney disease to help actuaries estimate future kidney costs.	12/2/2021
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.	1/31/2022
Initiative 18/11 - 5/50 Project - Analyzing Characteristics or 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.	1/31/2022
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.	2/28/2022
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.	3/31/2022

¹ <https://www.soa.org/resources/research-reports/2021/uninsured-rate-measurements/>


² <https://www.soa.org/resources/research-reports/2021/2021-oral-health-children/>

Practice Research and In-House Research

[https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Fall%202021/TF/HealthActuarial/Conference%20Calls/11-29%20HATF/HATF%20SOA%2011-29-21%20\(reduced\).pdf?csf=1&web=1&e=87FSbb](https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Fall%202021/TF/HealthActuarial/Conference%20Calls/11-29%20HATF/HATF%20SOA%2011-29-21%20(reduced).pdf?csf=1&web=1&e=87FSbb)

**American Academy of Actuaries
Health Practice Council
2021 Updates**

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



actuary.org
November 29, 2021—NAIC Health Actuarial (B) Task Force (HATF) Meeting

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The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy and its boards also set qualification, practice, and other professionalism and ethical standards for actuaries credentialed by one or more of the five U.S.-based actuarial organizations in the United States.

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Public Policy and the Academy

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.

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Key Health Policy Priorities for 2021

- COVID-19: Implications for Health Care Utilization and Spending
- Health Insurance Coverage and the Affordable Care Act
- Health Equity
- Long-Term Care
- Medicare Sustainability

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COVID-19: Implications for Health Care Utilization and Spending

- Issue Briefs / Papers:
 - [COVID-19's Impacts on Long-Term Care Insurance](#)
 - [Telehealth After COVID-19](#)
 - [Medicaid Managed Care Plan Rate Setting as Impacted by COVID-19](#)
- Comment Letters:
 - [Comments to Treasury, DOL, and HHS on Insurance and Health Plan Coverage of COVID-19 Testing](#)

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Health Insurance Coverage and the Affordable Care Act

- Issue Briefs:
 - [Drivers of 2022 Health Insurance Premium Changes](#)
- Comment Letters:
 - [Health Practice Council \(HPC\) Comments on Review of Agency Actions Related to the Affordable Care Act and Medicaid](#)
 - [Comments to HHS, DOL, and the Treasury on the No Surprises Act](#)
 - [Comments to CMS on Updating Payment Parameters Proposed Rule](#)

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Health Equity

- Discussion Briefs:
 - [Health Equity From an Actuarial Perspective](#)
 - [Health Equity and Premium Pricing](#)
 - [Health Equity and Health Plan Benefit Design](#)
 - [Health Equity and Provider Contracting/Network Development](#)
 - [Health Equity and Managing Population Health](#)
- Comment Letters:
 - Comment Letters on Colorado Senate Bill 21-169 ([March](#) and [April](#) 2021), a bill to protect consumers from unfair discrimination in insurance practices.
- [Request for Information \(RFI\) on Assessing Whether or How Actuarial Practices Affect Health Disparities](#)—information due to the Academy by Jan. 14, 2022

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Long-Term Care

- Issue Briefs
 - [Regulatory Options for Long-Term Care \(LTC\) Insurance Innovation](#)
 - [Long-Term Care Financing Reform Proposals Involving Public Programs](#)
- Reports
 - [Long-Term Care Insurance Mortality and Lapse Study](#)
 - Request from NAIC Long-Term Care Actuarial Working Group (LTCAWG)
- Practice Notes
 - [Long-Term Care Insurance](#)

8 actuary.org



Medicare Sustainability

- Issue Briefs:
 - [Medicare’s Financial Condition: Beyond Actuarial Balance](#)

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Additional Academy HPC Updates

- [Practice Note: Actuarial Standard of Practice \(ASOP\) No. 6—Development of Age-Specific Retiree Health Cost Assumptions, Including Applications to Pooled and Non-Pooled Health Plans](#)
 - Oct. 2021 Presentation at the CCA Annual Meeting
- The Academy formed the Climate Change Joint Task Force in Oct. 2021, and membership is comprised of the HPC, the Casualty Practice Council (CPC), and the Risk Management and Financial Reporting Council (RMFRC).

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HPC NAIC Workstreams—HATF

- Health Actuarial (B) Task Force
 - Request for comments on proposal to modify the definition of “actuarial assets” as used in the instructions for the Health Statement of Actuarial Opinion
 - [April](#) and [May](#) 2021 Academy comment letters

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HPC NAIC Workstreams—HRBC

- Health Risk-Based Capital (E) Working Group
 - Request for Analysis to Incorporate Investment Income into the Underwriting Risk Component of the Health Risk-Based Capital Formula
 - [Jan. 2021](#), [Feb. 2021](#), and [April 2021](#) Academy comment letters
 - 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

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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*

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HPC NAIC Workstreams—Special (EX) R&I Workstream #5

- NAIC Special (EX) Committee on Race and Insurance—Workstream 5 (Health)
 - [Comments on Exposure Draft of White Paper on Provider Network Outline](#)
 - [Comments on the Revised Exposure Draft of Principles for Data Collection](#)

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2021 HPC Virtual Hill Visits

- April 15 and 16, 2021, via Zoom
- More than 20 Academy volunteers took part in 24 meetings with Hill and agency staffers
- Issues discussed included: Medicaid and Medicare, health equity, telehealth, COVID-19, surprise billing, prescription drug prices, long-term care (LTC), and the Affordable Care Act (ACA)

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Academy Presentations

- Feb. 2021 Senior Health Fellow [presentation](#) on “Medicare Solvency Projections and Potential Policy Solutions” webinar sponsored by the Alliance for Health Policy.
- April 2021 [presentation](#) to Columbus Actuarial Club on “Long-Term Care Insurance: Public Policy Update”
- May 2021 Academy [webinar](#) on “Health Equity: An Actuarial Perspective”
- June 2021 presentation to the SOA on “Health Equity: How Actuaries Are Contributing to Efforts to Reduce Health Disparities”
- Oct. 2021 presentations to the CCA on “Social Determinants of Health & Health Equity” and “ASOP No. 6 Practice Note”

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Academy 2021 Annual Meeting and Public Policy Forum

- Nov. 4 and 5, 2021, annual conference
- Three health-specific [breakout sessions](#)
 - “Addressing the Risk of Medicare Insolvency”
 - “Regulating the Affordable Care Act: What’s New for 2022”—Presentation from CMS/CCIO
 - “Expanding Access to Health Insurance Coverage”
- Plenaries covering cross-practice equity and COVID-19 issues

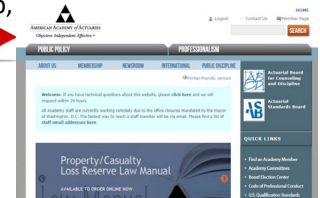
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Thank You

Questions?

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[https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Fall%202021/TF/HealthActuarial/Conference%20Calls/11-29%20HATF/Academy_HPC_Updates_to_NAIC_HATF_11.29.21_\(FINAL\)%20\(reduced\).pdf?csf=1&web=1&e=vY13ga](https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Fall%202021/TF/HealthActuarial/Conference%20Calls/11-29%20HATF/Academy_HPC_Updates_to_NAIC_HATF_11.29.21_(FINAL)%20(reduced).pdf?csf=1&web=1&e=vY13ga)

Long-Term Care Insurance Mortality and Lapse Study


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

Warren Jones, MAAA, FSA, FCA
 Chairperson, Long-Term Care Valuation Work Group

Bob Yee, MAAA, FSA
 Lapse Subgroup Leader

Bruce Stahl, MAAA, ASA
 Mortality Subgroup Leader



Presentation to NAIC Health Actuarial (B) Task Force (HATF) —
 November 29, 2021



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Long-Term Care Insurance (LTC) 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

Warren Jones, MAAA, FSA, FCA
 Chairperson

Jeffrey Blevins, MAAA, FSA Chairperson, Mortality Subgroup Robert Blythe, MAAA, FSA Chairperson, Lapse Subgroup Robert Blythe, MAAA, FSA Chairperson, Mortality Subgroup Robert Blythe, MAAA, FSA Chairperson, Lapse Subgroup Robert Blythe, MAAA, FSA Chairperson, Mortality Subgroup Robert Blythe, MAAA, FSA Chairperson, Lapse Subgroup	Robert Blythe, MAAA, FSA Chairperson, Mortality Subgroup Robert Blythe, MAAA, FSA Chairperson, Lapse Subgroup Robert Blythe, MAAA, FSA Chairperson, Mortality Subgroup Robert Blythe, MAAA, FSA Chairperson, Lapse Subgroup Robert Blythe, MAAA, FSA Chairperson, Mortality Subgroup Robert Blythe, MAAA, FSA Chairperson, Lapse Subgroup
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2

Requests of the LTC Valuation Work Group

- Develop a replacement mortality table for LTC 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



Executive Summary

- 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



Executive Summary

- Developed valuation lapse table
 - Valuation lapse tables are developed separately for individual and group coverages; current valuation lapse tables vary for group coverage only for durations 5+ (3% v 2%)
 - Optional factors are provided for marital status and risk class for individual coverages only
 - Lapse tables are provided for both total lives and active lives (off-claim) exposures
 - Margin for valuation lapse tables is included



5

Recommended Mortality Tables (Total Lives)



6

Death Counts (Total Lives) By Sex, Risk Class, Attained Age, and Marital Status

Attained Age	Female-Preferred Risk			Female-Standard Risk			Male-Preferred Risk			Male-Standard Risk		
	Married	Single	Total	Married	Single	Total	Married	Single	Total	Married	Single	Total
Under 60	217	133	330	373	184	557	180	69	249	384	113	497
60-64	391	194	587	708	357	1,065	407	156	563	887	192	1,079
65-69	670	346	1,016	1,239	639	1,878	795	277	1,072	1,703	425	2,128
70-74	1,022	516	1,538	2,002	1,070	3,072	1,375	470	1,845	2,511	634	3,145
75	270	252	522	650	520	1,170	454	115	569	938	293	1,231
76	266	288	554	717	562	1,279	454	148	602	1,117	312	1,429
77	272	296	568	786	675	1,461	515	132	647	1,167	342	1,509
78	243	304	547	868	779	1,647	480	190	670	1,263	460	1,723
79	330	455	785	937	904	1,841	527	163	690	1,436	520	1,956
80	304	463	767	951	999	1,950	527	188	715	1,426	534	1,960
81	311	459	772	984	1,129	2,113	542	169	711	1,541	632	2,173
82	338	509	847	999	1,224	2,223	527	218	745	1,524	666	2,200
83	337	501	838	1,008	1,200	2,208	546	221	767	1,557	748	2,305
84	307	602	909	925	1,345	2,270	526	208	734	1,549	762	2,311
85	344	694	1,038	954	1,395	2,349	515	241	756	1,451	735	2,186
86	316	757	1,073	868	1,506	2,374	487	276	763	1,460	756	2,216
87	308	727	1,035	791	1,520	2,311	434	264	698	1,303	709	2,012
88	254	803	1,057	725	1,452	2,177	397	208	605	1,184	733	1,917
89	248	765	913	624	1,362	1,986	356	188	544	964	589	1,553
90-94	500	2,005	3,195	1,543	4,483	6,026	943	625	1,568	2,467	1,911	4,378
95 and over	112	954	1,026	266	1,542	1,808	199	171	370	360	463	823
Total	7,458	12,772	20,230	19,408	25,737	45,145	13,151	4,452	15,603	29,031	13,019	42,050



7

Recommended Mortality Table (Total Lives)

Representative Rates Shown																			
LIC - Male - 1000s										LIC - Female - 1000s									
Age	1	2	3	4	5	6	7	8	9	Age	1	2	3	4	5	6	7	8	9
40	0.58	0.50	0.43	0.36	0.30	0.24	0.19	0.14	0.10	40	0.31	0.22	0.16	0.12	0.09	0.07	0.05	0.04	0.03
45	0.52	0.44	0.37	0.30	0.24	0.18	0.13	0.09	0.06	45	0.24	0.17	0.12	0.09	0.07	0.05	0.04	0.03	0.02
50	0.46	0.38	0.31	0.24	0.18	0.13	0.09	0.06	0.04	50	0.18	0.13	0.09	0.07	0.05	0.04	0.03	0.02	0.01
55	0.40	0.32	0.25	0.18	0.13	0.09	0.06	0.04	0.03	55	0.13	0.09	0.07	0.05	0.04	0.03	0.02	0.01	0.01
60	0.34	0.26	0.19	0.13	0.09	0.06	0.04	0.03	0.02	60	0.09	0.06	0.04	0.03	0.02	0.01	0.01	0.01	0.01
65	0.28	0.20	0.13	0.09	0.06	0.04	0.03	0.02	0.01	65	0.06	0.04	0.03	0.02	0.01	0.01	0.01	0.01	0.01
70	0.22	0.14	0.09	0.06	0.04	0.03	0.02	0.01	0.01	70	0.04	0.03	0.02	0.01	0.01	0.01	0.01	0.01	0.01
75	0.16	0.09	0.06	0.04	0.03	0.02	0.01	0.01	0.01	75	0.03	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01
80	0.10	0.05	0.03	0.02	0.01	0.01	0.01	0.01	0.01	80	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
85	0.06	0.03	0.02	0.01	0.01	0.01	0.01	0.01	0.01	85	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
90	0.04	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	90	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
95	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	95	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
100	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	100	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01



8

Recommended Marital Status Adjustment Factors for Mortality Table (Total Lives)

Representative rates shown

Marital Status Adjustment Factors												
Age	1	2	3	4	5	6	7	8	9	10	11	12
65	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
70	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
75	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
85	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
95	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
100	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90

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9

Recommended Underwriting Class Adjustment Factors for Mortality Table (Total Lives)

Representative rates shown

Underwriting Class Adjustment Factors												
Age	1	2	3	4	5	6	7	8	9	10	11	12
65	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
70	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
100	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

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Recommended Lapse Tables (Total Lives and Active Lives)

11



Recommended Individual Lapse Table—Total Lives (With Margins)

Policy Year	Issue Age Group					Mortality Status Adjustment Factor			Underwriting Class Adjustment Factor		
	Under 30	30-34	35-39	40-44	45-49	Standard	Single	Preferred	Standard	Sub-standard	
1	1.25%	2.25%	2.75%	2.75%	2.45%	4.05	1.00	1.00	1.00	1.00	
2	4.05%	2.65%	2.95%	2.45%	2.45%	4.05	1.00	1.00	1.00	1.00	
3	1.05%	2.25%	2.05%	2.45%	2.45%	4.05	1.00	1.00	1.00	1.00	
4	1.45%	2.05%	1.85%	2.45%	2.45%	4.05	1.00	1.00	1.00	1.00	
5	2.05%	1.75%	1.65%	2.15%	2.15%	3.25	1.00	1.00	1.00	1.00	
6	3.05%	1.55%	1.55%	2.05%	2.05%	3.05	1.00	1.00	1.00	1.00	
7	2.25%	1.25%	1.45%	1.45%	2.05%	3.05	1.00	1.00	1.00	1.00	
8	1.55%	1.25%	1.45%	1.75%	2.05%	3.05	1.00	1.00	1.00	1.00	
9	1.05%	1.05%	1.25%	1.45%	2.05%	3.05	1.00	1.00	1.00	1.00	
10	1.45%	0.95%	1.25%	1.55%	2.05%	3.05	1.00	1.00	1.00	1.00	
11	1.25%	0.95%	1.25%	1.45%	2.05%	3.05	1.00	1.00	1.00	1.00	
12	1.15%	0.75%	0.95%	1.25%	2.05%	3.05	1.00	1.00	1.00	1.00	
13	0.95%	0.65%	0.85%	1.15%	2.05%	3.05	1.00	1.00	1.00	1.00	
14	0.85%	0.55%	0.85%	1.05%	2.05%	3.05	1.00	1.00	1.00	1.00	
15	0.75%	0.45%	0.85%	1.05%	2.05%	3.05	1.00	1.00	1.00	1.00	
16	0.65%	0.35%	0.85%	1.05%	2.05%	3.05	1.00	1.00	1.00	1.00	
17	0.55%	0.25%	0.85%	1.05%	2.05%	3.05	1.00	1.00	1.00	1.00	
18	0.45%	0.15%	0.85%	1.05%	2.05%	3.05	1.00	1.00	1.00	1.00	
19	0.35%	0.05%	0.85%	1.05%	2.05%	3.05	1.00	1.00	1.00	1.00	
20	0.25%	0.00%	0.85%	1.05%	2.05%	3.05	1.00	1.00	1.00	1.00	

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Recommended Group Lapse Table—Total Lives (With Margins)

Policy Year	Issue Age Group						
	Under 35	35-39	40-44	45-49	50-54	55-59	60 & Over
1	19.4%	13.8%	11.2%	9.0%	7.8%	8.0%	6.9%
2	16.7%	11.4%	9.4%	7.6%	6.5%	6.5%	5.6%
3	14.2%	9.5%	7.8%	6.4%	5.4%	5.2%	4.5%
4	12.0%	7.9%	6.5%	5.4%	4.5%	4.2%	3.6%
5	9.9%	6.5%	5.5%	4.5%	3.8%	3.4%	2.9%
6	8.1%	5.4%	4.6%	3.8%	3.1%	2.8%	2.3%
7	6.5%	4.5%	3.8%	3.2%	2.6%	2.2%	1.9%
8	5.2%	3.7%	3.2%	2.7%	2.2%	1.8%	1.5%
9	4.0%	3.1%	2.7%	2.3%	1.8%	1.5%	1.2%
10	3.1%	2.5%	2.2%	1.9%	1.5%	1.2%	1.0%
11	2.4%	2.1%	1.9%	1.6%	1.3%	1.0%	0.8%
12	2.4%	2.1%	1.9%	1.6%	1.3%	1.0%	0.8%
13	2.4%	2.1%	1.9%	1.6%	1.3%	1.0%	0.8%
14	2.4%	2.1%	1.9%	1.6%	1.3%	1.0%	0.8%
15	2.4%	2.1%	1.9%	1.6%	1.3%	1.0%	0.8%
16 & Over	1.9%	1.7%	1.5%	1.4%	1.1%	0.8%	0.6%

13



Recommended Individual Lapse Table— Active Lives (No Margins)

Policy Year	Issue Age Group					Married	Marital Status		Underwriting Class			
	Under 55	55-59	60-64	65-69	70-74		75 & Over	Single	Unknown	Preferred	Standard	Sub-standard
1	6.1%	2.4%	4.0%	4.4%	2.4%	7.2%	0.60	1.47	1.00	1.04	0.85	1.15
2	5.3%	3.0%	2.9%	3.1%	3.8%	5.7%	0.68	1.49	1.00	1.07	0.84	1.14
3	4.6%	2.6%	2.3%	2.5%	3.1%	4.8%	0.67	1.52	1.00	1.08	0.82	1.12
4	4.0%	2.3%	1.9%	2.2%	2.7%	4.2%	0.66	1.53	1.00	1.09	0.82	1.11
5	3.4%	2.0%	1.7%	2.0%	2.5%	3.8%	0.65	1.54	1.00	1.09	0.82	1.09
6	3.0%	1.8%	1.5%	1.8%	2.3%	3.5%	0.64	1.55	1.00	1.09	0.84	1.07
7	2.6%	1.6%	1.4%	1.7%	2.1%	3.3%	0.63	1.55	1.00	1.07	0.88	1.05
8	2.2%	1.4%	1.3%	1.6%	2.0%	3.1%	0.62	1.54	1.00	1.05	0.92	1.03
9	1.9%	1.2%	1.2%	1.5%	1.9%	3.0%	0.62	1.53	1.00	1.03	0.98	1.02
10	1.7%	1.1%	1.1%	1.4%	1.8%	2.8%	0.61	1.52	1.00	1.00	1.00	1.00
11	1.5%	0.9%	1.0%	1.4%	1.7%	2.7%	0.61	1.50	1.00	0.95	1.14	0.98
12	1.3%	0.8%	1.0%	1.3%	1.6%	2.6%	0.60	1.48	1.00	0.95	1.14	0.98
13	1.1%	0.7%	0.9%	1.3%	1.6%	2.5%	0.60	1.45	1.00	0.95	1.14	0.98
14	0.9%	0.6%	0.9%	1.2%	1.5%	2.4%	0.70	1.41	1.00	0.95	1.14	0.98
15	0.8%	0.6%	0.9%	1.2%	1.5%	2.4%	0.70	1.37	1.00	0.95	1.14	0.98
16 & Over	0.7%	0.5%	0.8%	1.1%	1.4%	2.3%	0.70	1.33	1.00	0.95	1.14	0.98

14



Recommended Group Lapse Table—Active Lives (With Margins)

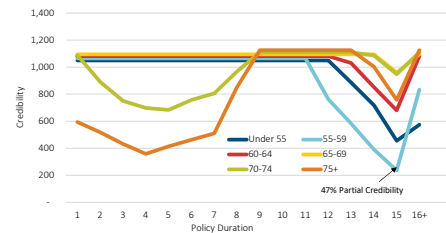
Policy Year	Issue Age Group						
	Under 35	35-39	40-44	45-49	50-54	55-59	60 & Over
1	19.4%	13.8%	11.2%	9.0%	7.8%	8.0%	6.9%
2	16.7%	11.5%	9.4%	7.6%	6.5%	6.5%	5.6%
3	14.2%	9.5%	7.8%	6.4%	5.4%	5.2%	4.5%
4	12.0%	7.9%	6.5%	5.4%	4.5%	4.3%	3.7%
5	9.9%	6.5%	5.5%	4.5%	3.8%	3.5%	3.0%
6	8.1%	5.4%	4.6%	3.8%	3.2%	2.8%	2.5%
7	6.5%	4.5%	3.8%	3.2%	2.6%	2.3%	2.0%
8	5.2%	3.7%	3.2%	2.7%	2.2%	1.9%	1.7%
9	4.0%	3.1%	2.7%	2.3%	1.8%	1.5%	1.4%
10	3.1%	2.6%	2.2%	1.9%	1.5%	1.3%	1.1%
11	2.4%	2.1%	1.9%	1.6%	1.3%	1.0%	0.9%
12	2.4%	2.1%	1.9%	1.6%	1.3%	1.0%	0.9%
13	2.4%	2.1%	1.9%	1.6%	1.3%	1.0%	0.9%
14	2.4%	2.1%	1.9%	1.6%	1.3%	1.0%	0.9%
15	2.4%	2.1%	1.9%	1.6%	1.3%	1.0%	0.9%
16 & Over	1.9%	1.8%	1.5%	1.4%	1.1%	0.8%	0.7%

15



Data Credibility for Individual Lapses

Minimum of Number of Individual Lapses and 1,082 (Full Credibility) by Issue Age Group and Policy Duration

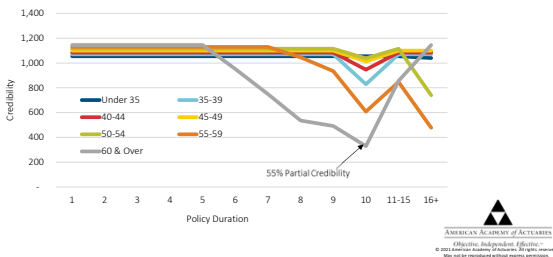


16



Data Credibility for Group Lapses

Minimum of Number of Group Lapses and 1,082 (Full Credibility) by Issue Age Group and Policy Duration



17

Mortality Improvement to 2020

18

Recommended Mortality Improvement

- The study period is 2008 through 2011
- Recommend to apply improvement trend using the 2012 Individual Annuity Mortality Basic tables (2012 IAM) G2 scale from 2010 to 2020 (11 years)
- Recommended tables represent industry experience as of 2020
- G2 scale applies to both total lives and active lives

19

Alternatives for Mortality Improvement

- The mortality tables can be made dynamic by continuing to apply the G2 scale to future valuation dates
- For first principle valuation approach, G2 scale can be applied to both active lives and disabled lives

20

Recommended Margins

21



Recommended Margins

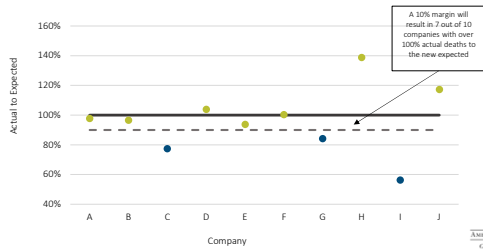
- 10% for mortality
- 15% for lapse
- Same for total lives and active lives

22



Actual Total Lives Mortality to Expected (Based on Recommended Tables) By Company

Actual-to-Expected Mortality, Total Lives by Company, Without Margins, Policy Years 11 & Over

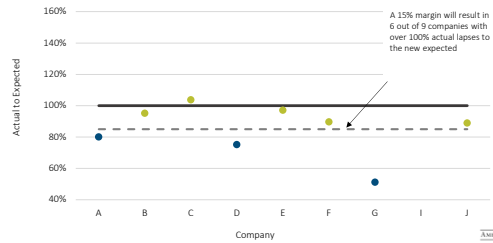


23



Actual Individual Total Lives Lapses to Expected (Based on Recommended Tables) By Company

Actual-to-Expected Lapses, Individual Total Lives, by Company, Without Margins, Policy Years 11 & Over



24



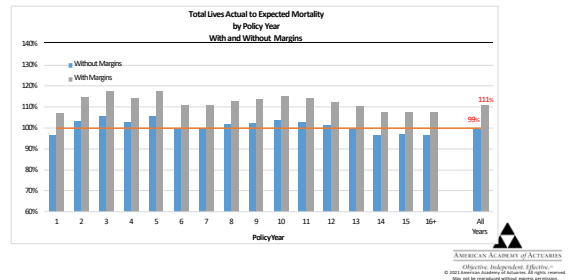
Actual to Expected Mortality Rates
 (Expected Based on Recommended Tables)

25



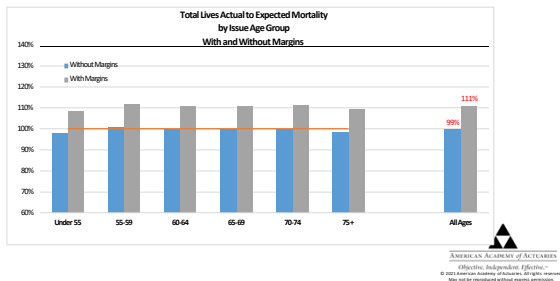
**Actual Total Lives Mortality to Expected
 by Policy Year**

26



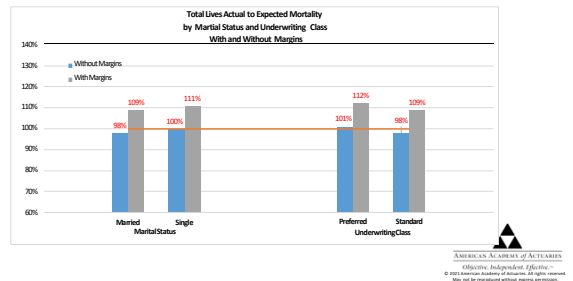
**Actual Total Lives Mortality to Expected
 by Issue Age Group**

27



**Actual Total Lives Mortality to Expected
 by Marital Status and Underwriting Class**

28



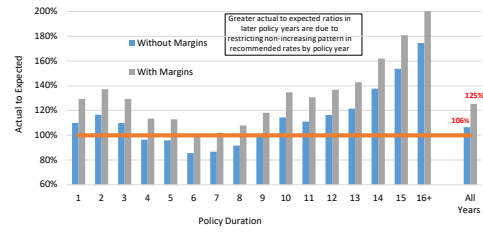
Actual to Expected Lapse Rates (Expected Based on Recommended)

29



Actual Individual Total Lives Lapses to Expected by Policy Year

Actual-to-Expected Lapses, Individual Total Lives, by Policy Duration, With and Without Margins



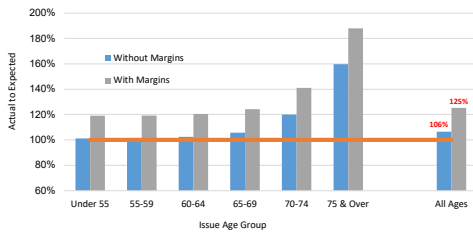
30



Actual Individual Total Lives Lapses to Expected by Issue Age Group

31

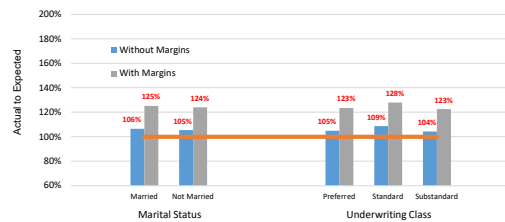
Actual-to-Expected Lapses, Individual Total Lives, by Issue Age Group, With and Without Margins



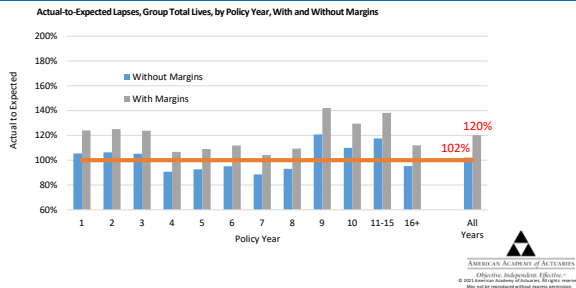
Actual Individual Total Lives Lapses to Expected by Marital Status and Underwriting Class

32

Actual-to-Expected Lapses, Individual Total Lives, by Marital Status and Underwriting Class, With and Without Margins

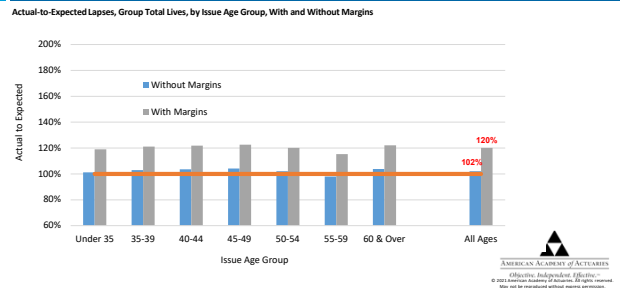


Actual Group Total Lives Lapses to Expected by Policy Year



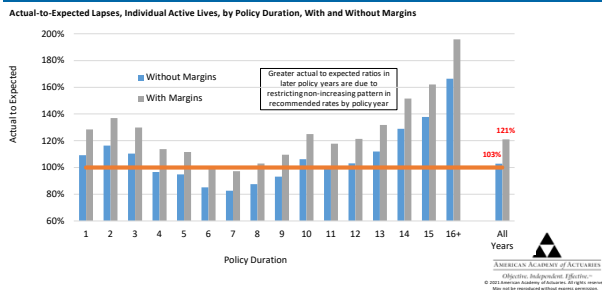
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Actual Group Total Lives Lapses to Expected by Issue Age Group



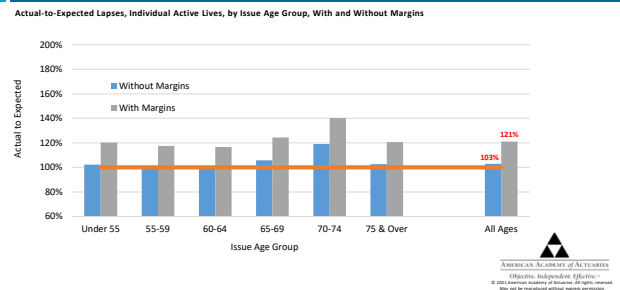
34

Actual Individual Active Lives Lapses to Lapses by Policy Year



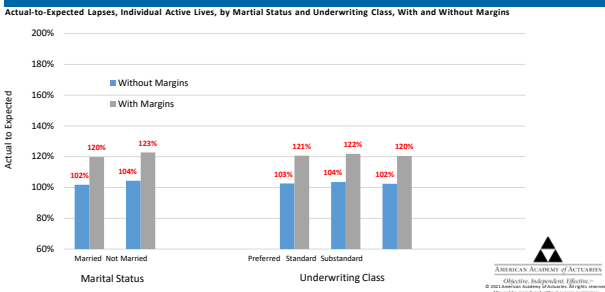
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Actual Individual Active Lives Lapses to Expected by Issue Age Group



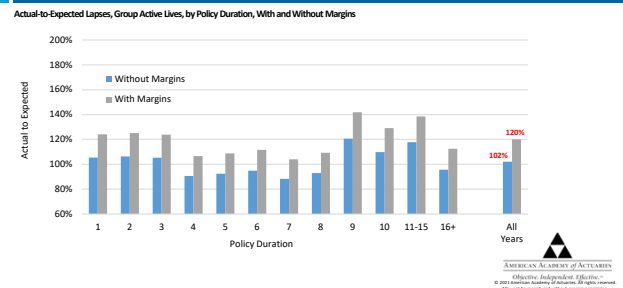
36

Actual Individual Active Lives Lapses to Expected by Marital Status and Underwriting Class



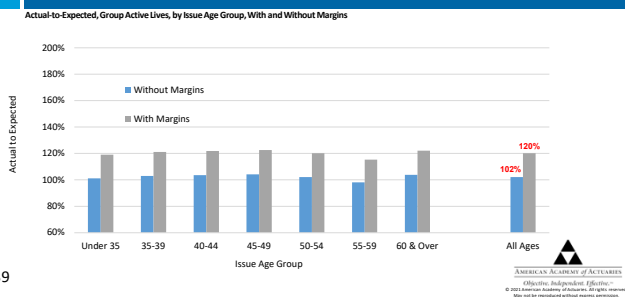
37

Actual Group Active Lives Lapses to Expected by Policy Year



38

Actual Group Active Lives Lapses to Expected by Issue Age Group



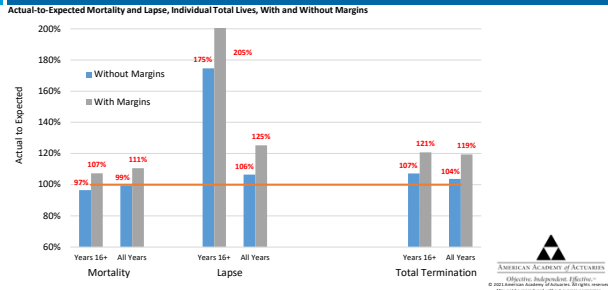
39

Actual to Expected Total Policy Termination Rates (Mortality and Lapse Combined—Total Lives Only)



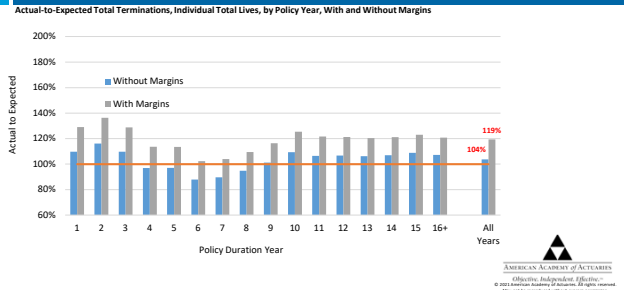
40

Actual Individual Total Lives to Expected by Mortality and Lapse



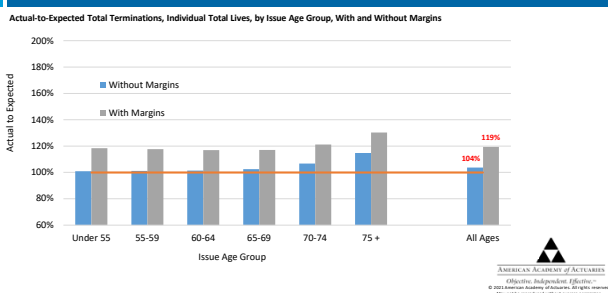
41

Actual Individual Total Lives Total Terminations to Expected by Policy Year



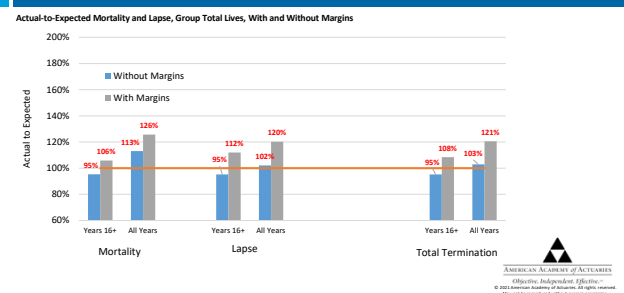
42

Actual Individual Total Lives Total Terminations to Expected by Issue Age Group



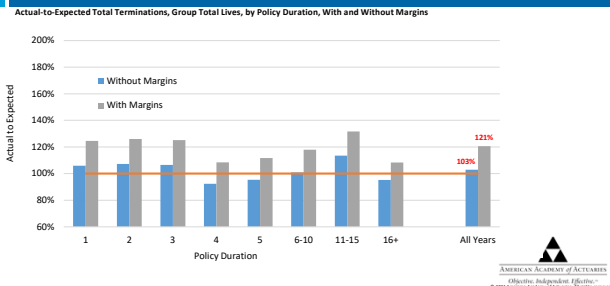
43

Actual Group Total Lives to Expected by Mortality and Lapse



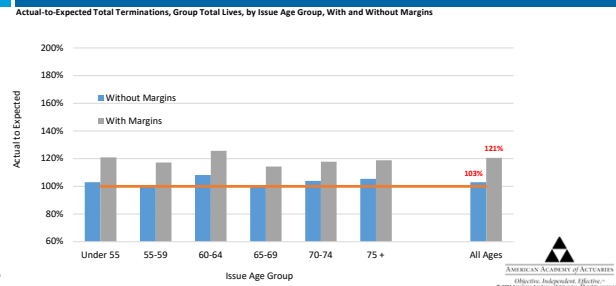
44

Actual Group Total Lives Total Terminations to Expected by Policy Year



45

Actual Group Total Lives Total Terminations to Expected by Issue Age Group



46

Additional Information

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47



[https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Fall%202021/TF/HealthActuarial/Conference%20Calls/11-29%20HATF/LTC_Valuation_Work_Group_Presentation_to_NAIC_HATF_11.29.21\(FINAL\)%20\(reduced\).pdf?csf=1&web=1&e=cZhLrI](https://naiconline.sharepoint.com/:b:/r/sites/NAICSupportStaffHub/Member%20Meetings/Fall%202021/TF/HealthActuarial/Conference%20Calls/11-29%20HATF/LTC_Valuation_Work_Group_Presentation_to_NAIC_HATF_11.29.21(FINAL)%20(reduced).pdf?csf=1&web=1&e=cZhLrI)

Idaho's Enhanced Short Term Health Plans

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Deputy Director
Idaho Department of Insurance
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Issues and Objectives

APTC has limitations and gaps

- Variable income – risky to lose APTC
- "Family glitch" – employer offers unaffordable spouse or dependent coverage
- Even with APTC, can still be unaffordable or higher cost than considered reasonable

Consumers seeking non-major medical or non-insurance health options due to lower cost

- Stacked limited benefits
- Back-to-back short-term
- Associations
- Health sharing
- Direct primary care

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11/29/2021 2

Traditional Short-term Plans

- Not guaranteed issue
- Not renewable
- Total duration less than 12 months (per Idaho statute)
- Preexisting conditions excluded
- Any licensed carrier can offer, without major medical presence

- Fewer benefits offered
- Internal limitations on covered benefits
- Fewer applicable consumer protections
- Consumers misunderstand their risks with limitations
- Being utilized for more than short-term needs

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11/29/2021 3

Legal Path for Enhanced STPs

2019 Idaho House Bill 275

- Modified individual major medical insurance chapter
- Defined ESTP
- Added ESTP to "Health Benefit Plan" definition
- Rules shall include federally-compliant STLDP renewability
- Rules may require Essential Health Benefits

2019 Idaho Rule 18.04.15

- Issued as temporary then final
- Applies to both Traditional STLDPs and ESTPs
- Delineates Trad from ESTPs
- Sets out enrollment, eligibility, renewal, reissuance, rating, coverage, and disclosure provisions for both

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11/29/2021 4

Enhanced vs Nonrenewable

Guaranteed issue	Not guaranteed issue
Guaranteed renewable & convertible to ACA plan	Nonrenewable; cannot be reissued (even by diff carrier) within 63 days of termination
Total duration (with renewals) may not exceed federally-defined max months	Total duration may not exceed six months
Carrier must also offer Exchange plans	No requirement for carrier to offer renewable health benefit plans
Protection against preexisting condition exclusions when coverage is continuous	Preexisting conditions excluded
More robust coverage and consumer protections	Limited benefits and consumer protection requirements
Mental Health Parity applies	MHPAEA not applicable
Offered year-round	Offered year-round



Enhanced vs Nonrenewable (Cont.)

Rated by age, tobacco use, same geography as QHPs, underwriting	Rated by age, tobacco use, geography, duration of coverage
Underwriting factor limited by statute	Underwriting only for coverage decision
Index rate tied to QHP single risk pool	Rates not tied other products
Meets Idaho Benchmark Medical Plan, including formulary	Rules provide minimum benefit standards
Preventive and wellness at no cost share	No requirement for preventive and wellness coverage at no cost share
Provide metal-level actuarial value	Often not comparable



Enrollees by Plan Type

	Exch	Non-Exch	GF/GM	ESTP	Total	Sharing	STLDP
Sep-2021	65,720	11,186	7,334	5,440	89,680	N/A	N/A
2020	67,739	11,936	8,105	2,834	90,614	28,167	3,706
2019	84,596	14,017	9,223	0	107,836	26,635	4,470
2018	84,679	16,235	10,695	0	111,609	24,282	2,671



ACA and EST Plans and Premiums

	Exch Carriers	QHPs	Avg ACA Premium	QHP Prem Change	ESTP Carriers	ESTPs	Avg ESTP Premium	ESTP Prem Change
2022	6	164	N/A	-2%	2	6	N/A	-9%
2021	5	136	\$517	1%	2	6	\$272	-8%
2020	4	116	\$521	6%	2	5	\$313	N/A
2019	4	113	\$522	9%	0	0		
2018	4	121	\$505	9%				



Are we achieving objectives?

Thousands of Idahoans finding value

Up from 4 Exchange carriers to 6 in 2022

- Interest expressed in ESTPs

Agents appreciate another comprehensive option for tentative purchasers

Revised nonrenewable short-term products

- Fewer internal benefit caps
- Clearer application and disclosures

Reduced issuance of multiple short-term policies

Continued federal regulatory uncertainty



Thank you!

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