

NAIC Health Risk-Based Capital Newsletter

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What RBC Pages Should Be Submitted?

For the year-end 2016 health RBC filing, submit hard copies of pages **XR001 through XR027** to any state that requests a hard copy in addition to the electronic filing. Beginning with year-end 2007, a hard copy of the RBC filings was not required to be submitted to the NAIC.

Other pages, such as the capitations worksheet, do not need to be submitted. Those pages would need to be retained by the company as documentation.

Underwriting Risk—Other Non-Health Column

As a result of the adoption of agenda item 2015-14-H by the Capital Adequacy (E) Task Force adopted at the Spring National Meeting, a new column for Other Non-Health business such as life and P/C was added to pages XR012 and XR012-A that are written by a health entity.

Underwriting Risk—XR012-A

As a result of the adoption of agenda item 2016-01-H by the Capital Adequacy (E) Task Force on its April 29 conference call, a footnote will be added to page XR012-A to identify the percentage of individual premiums and claims that are inside and outside of the exchanges.

Health Entity Definition

As a result of the adoption of agenda item 2016-04-H by the Capital Adequacy (E) Task Force on its June 30 conference call, a definition of “health entity” will be added to Appendix 1.

Health Care Receivable Factors

As a result of the adoption of agenda item 2016-06-H by the Capital Adequacy (E) Task Force on its June 30 conference call, the factor for claim overpayment receivables; loan and advances to providers; capitation arrangement receivables; risk-sharing receivables; and other health care receivables increased from 5% to 19%.

Asset Concentration

As a result of the adoption of agenda item 2015-18-CA by the Capital Adequacy (E) Task Force at the Spring National Meeting, the factors in the Grand Total issuer were removed.

Operational Risk

As a result of the adoption of agenda item 2016-05-O by the Capital Adequacy (E) Task Force on its June 30 conference call, the factor for Line (1) Net Written Premium was changed to 0.2% and Line (2) Net Claim Liability Reserves was changed to 2.5%. The Operational Risk (E) Subgroup will continue to analyze and calculate a potential RBC requirement for the operational risk. Additional analysis will be performed before final factors and methodologies are considered.

Miscellaneous Assets

1. As a result of the adoption of agenda item 2016-08-CA by the Capital Adequacy (E) Task Force on its June 30 conference call, the factor of Line (21) Receivable for Securities of Miscellaneous Fixed Income Assets (XR007) was updated to 0.0240.
2. As a result of the adoption of agenda item 2016-18BWG MOD by the Blanks (E) Working Group on its June 16 conference call, the description of Line (17) of Miscellaneous Assets (XR007) was updated to All Other Money Market Mutual Funds.

Medicaid Pass-Through Payments

The Working Group agreed to the use of the Medicaid Pass-Through Payment Guidance adopted under agenda item 2015-27-H for 2016 reporting. The guidance will be posted on the Working Group’s website at www.naic.org/committees_e_capad_hrbc.htm.

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Editorial Changes

1. On page XR005, a reference to Column 2 was added to the Annual Statement Source column for Lines (16) and (17), and a reference to Column 3 was added to the Annual Statement Source column for Lines (19) and (20).
2. On page XR012, Line (13), Column (7) and XR012-A, Line (28), Column (7), the “XXX” were removed from these lines as the formula sums Columns (1) through (5). An additional reference was added to the line description for Line (9) and (24) on page XR012 and XR012-A for “For Column (1) though (5).”
3. The following paragraph was deleted from the Affiliated Risk Instructions as a correction to the instructions: “The full amount of the RBC after covariance should be entered in Column (4) except where the holding company owns only a portion of the indirectly owned insurers. When that happens, the RBC for the indirectly owned insurers should be prorated for the *holding company’s percentage of ownership*. If the holding company owns 50 percent of the indirectly held insurer or health entity, then enter half of the indirectly owned insurer’s RBC in Column (4). If the holding company owns all of the insurer or health entity, enter the entire amount of RBC after covariance.”
4. On page XR012, Line (15) and XR012-A, Line (30) instructions were edited from “There is no maximum for Column (6).” to “Column (6) is excluded from the calculation.” for consistency with Lines (16) and (17) and Lines (31) and (32), respectively.
5. As a result of the adoption of Agenda Item 2016-18BWG—Modified by the Blanks (E) Working Group on its June 16 conference call the Annual Statement Source reference of Schedule D, Part 1A, Section 1, Column 6 in XR007 and XR009 were updated to Column 7 and Line 9 in XR007 was updated to Line 10. The RBC instructions were also updated to reflect these changes.
6. The column references in the Annual Statement Source column on page XR021 were updated to Column (7) for Lines (14), (16) and (20) as a result of proposal 2015-14-H.

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