Draft date: 10/29/26

2026 Fall National Meeting
Dallas, Texas

HEALTH ACTUARIAL (B) TASK FORCE
Saturday, November 14, 2026
1:30 – 3:00 p.m.
Convention Center—Grapevine CD—Level 3

ROLL CALL

NAIC Member	Representative	State/Territory
Anita G. Fox, Chair	Kevin Dyke	Michigan
Jon Pike, Vice Chair	Ryan Jubber	Utah
Mark Fowler	Sanjeev Chaudhuri	Alabama
Peter M. Fuimaono	Edward S. Lotulelei	American Samoa
Ricardo Lara	Ahmad Kamil	California
Joshua Hershman	Tricia Davé	Connecticut
Trinidad Navarro	Charles Santana	Delaware
Karima M. Woods	Stephen Flick	District of Columbia
Michael Yaworsky	Kyle Collins	Florida
Scott Saiki	Kathleen Nakasone	Hawaii
Dean L. Cameron	Weston Trexler	Idaho
Ann Gillespie	Gary Gau	Illinois
Holly W. Lambert	Scott Shover	Indiana
Doug Ommen	Klete Geren	Iowa
Vicki Schmidt	Nicole Boyd	Kansas
Sandra Darby	Marti Hooper	Maine
Julia Dreier	David Nelson	Minnesota
Angela L. Nelson	William Leung	Missouri
Eric Dunning	Margaret Otto	Nebraska
Ned Gaines	Maile Campbell	Nevada
Susan Ochs	David Wolf	New Jersey
Jon Godfread	Colton Storseth	North Dakota
Remedio C. Mafnas	Maryann Borja-Arriola	Northern Mariana Islands
Judith L. French	Laura Miller	Ohio
Glen Mulready	Andy Schallhorn	Oklahoma
Michael Humphreys	Michael Hibbert	Pennsylvania
Suzette M. Del Valle	Carlos Vallés	Puerto Rico
Carter Lawrence	Eric Scott	Tennessee
Amanda Crawford	R. Michael Markham	Texas

Scott A. White	Tim Connell	Virginia
Patty Kuderer	Rocky Patterson	Washington
Erin K. Hunter	Joylynn Fix	West Virginia

NAIC Committee Support: Eric King

AGENDA

1.	Consider Adoption of its Oct. 7 and Summer National Meeting Minutes —*Kevin Dyke (MI)*	Attachment One Attachment Two
2.	Discuss its 2026 Work Plan—*Kevin Dyke (MI)*	
3.	Hear an Update from the Federal Center for Consumer Information and Insurance Oversight (CCIIO)—*CCIIO*	
4.	Hear an Update on Society of Actuaries (SOA) Research Institute Activities, Including Progress on the Long-Term Care Insurance (LTCI) Industry Experience Study—*Dale Hall (SOA)*	Attachment Three
5.	Hear an American Academy of Actuaries (Academy) Professionalism Update—*Laura Hanson (Academy), William Hines (Academy), and Linda Lankowski (Academy)*	Attachment Four
6.	Hear an Update from the Academy Health Practice Council, Including a Presentation on Key Factors Influencing 2027 Health Insurance Premiums—*Annette James (Academy) and Julia Lerche (Academy)*	Attachment Five
7.	Discuss Any Other Matters Brought Before the Task Force —Kevin Dyke *(MI)*	
8.	Adjournment	

Draft: 10/24/26

Health Actuarial (B) Task Force
E-Vote
October 7, 2026

The Health Actuarial (B) Task Force conducted an e-vote that concluded Oct. 7, 2026. The following Task Force members participated: Anita G. Fox, Chair, represented by Kevin Dyke (MI); Jon Pike, Vice Chair, represented by Ryan Jubber (UT); Mark Fowler represented by Sanjeev Chaudhuri (AL); Peter M. Fuimaono represented by Edward S. Lotulelei (AS); Ricardo Lara represented by Ahmad Kamil (CA); Joshua Hershman represented by Tricia Davé (CT); Karima M. Woods represented by Stephen Flick (DC); Trinidad Navarro represented by Charles Santana (DE); Michael Yaworsky represented by Kyle Collins (FL); Scott Saiki represented by Kathleen Nakasone (HI); Doug Ommen represented by Klete Geren (IA); Dean L. Cameron represented by Weston Trexler (ID); Ann Gillespie represented by Gary Gau (IL); Holly W. Lambert represented by Scott Shover (IN): Vicki Schmidt represented by Nicole Boyd (KS); Sandra Darby represented by Marti Hooper (ME); Julia Dreier represented by David Nelson (MN); Angela L. Nelson represented by William Leung (MO); Remedio C. Mafnas represented by Maryann Borja-Arriola (MP); Jon Godfread represented by Colton Storseth (ND); Eric Dunning represented by Margaret Otto (NE); Susan Ochs represented by David Wolf (NJ); Ned Gaines represented by Maile Campbell (NV); Judith L. French represented by Laura Miller (OH); Glen Mulready represented by Andy Schallhorn (OK); Michael Humphreys represented by Michael Hibbert (PA); Suzette M. Del Valle represented by Carlos Vallés (PR); Carter Lawrence represented by Eric Scott (TN); Amanda Crawford represented by R. Michael Markham (TX); Scott A. White represented by Tim Connell (VA); Patty Kuderer represented by Rocky Patterson (WA); and Erin K. Hunter represented by Joylynn Fix (WV).

1. Adopted its 2027 Proposed Charges

The Task Force conducted an e-vote to consider adoption of its 2027 proposed charges.

A majority of the members voted in favor of adopting the Task Force's 2027 proposed charges (Attachment). The motion passed.

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

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Draft: 8/17/26

Health Actuarial (B) Task Force
Columbus, Ohio
August 11, 2026

The Health Actuarial (B) Task Force met in Columbus, OH, Aug. 11, 2026. The following Task Force members participated: Anita G. Fox, Chair, represented by Kevin Dyke (MI); Jon Pike, Vice Chair, represented by Ryan Jubber (UT); Mark Fowler represented by Sanjeev Chaudhuri (AL); Peter M. Fuimaono represented by Edward S. Lotulelei (AS); Ricardo Lara represented by Ahmad Kamil (CA); Joshua Hershman represented by Tricia Davé (CT); Karima M. Woods represented by Stephen Flick (DC); Scott Saiki represented by Kathleen Nakasone (HI); Dean L. Cameron represented by Weston Trexler (ID); Ann Gillespie represented by Shannon Whalen (IL); Holly W. Lambert represented by Scott Shover (IN): Vicki Schmidt represented by Nicole Boyd (KS); Timothy N. Schott represented by Marti Hooper (ME); Julia Dreier represented by David Nelson (MN); Angela L. Nelson represented by William Leung (MO); Jon Godfread represented by Colton Storseth (ND); Eric Dunning represented by Michael Muldoon (NE); Susan Ochs represented by David Wolf (NJ); Ned Gaines represented by Maile Campbell (NV); Judith L. French represented by Craig Kalman (OH); Carter Lawrence represented by Eric Scott (TN); Amanda Crawford represented by R. Michael Markham (TX); Scott A. White represented by Tim Connell (VA); Patty Kuderer represented by Rocky Patterson (WA); and Erin K. Hunter represented by Joylynn Fix (WV).

1. Adopted its April 20 and Spring National Meeting Minutes

Dyke said the Task Force met April 20. During this meeting, the Task Force took the following action: 1) adopted the incorporation of reference to the health knowledge statements into the Health Annual Statement Instructions as a requirement for actuaries signing the Statement of Actuarial Opinion (SAO) for the health annual statement blank.

Trexler made a motion, seconded by Leung, to adopt the Task Force's April 20 (Attachment One) and March 22 (*see NAIC Proceedings – Spring 2026, Health Actuarial (B) Task Force*) minutes. The motion passed unanimously.

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

Dyke said the Long-Term Care Actuarial (B) Working Group met Aug. 5, July 14, and May 27. During these meetings, the Working Group took the following action: 1) heard an industry presentation on hybrid life/long-term care insurance (LTCI) product features and pricing; and 2) exposed proposed LTCI lapse and mortality tables for a 45-day public comment period ending July 14. Dyke said the Working Group received one comment letter in response to the exposure and will meet soon to discuss and consider adoption of the proposed tables. He said the Working Group may need to determine whether any areas of the *Valuation Manual* require changes to accommodate hybrid product reserving features.

Leung made a motion, seconded by Trexler, to adopt the report of the Long-Term Care Actuarial (B) Working Group, including its Aug. 5 (Attachment Two), July 14 (Attachment Two-A), and May 27 (Attachment Two-B) minutes. The motion passed unanimously.

3. Discussed its 2026 Work Plan

Dyke said the Task Force has completed work related to the incorporation of the health knowledge statements into the Health Annual Statement instructions. He said the proposed revisions to the instructions have been forwarded to the Blanks (E) Working Group for consideration. Dyke said relative to its charge to provide support for issues related to implementation of, and/or changes to, the federal Affordable Care Act (ACA), the Task Force

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actively monitors ACA-related developments and analyzes reports from the American Academy of Actuaries (Academy), the Society of Actuaries (SOA), and the federal Center for Consumer Information and Insurer Oversight (CCIIO).

Dyke said in addition to the items from the report earlier of the Long-Term Care Actuarial (B) Working Group, the Working Group and the Task Force continue to monitor the LTCI Multistate Rate Review process for submitted filings and to identify any changes to the LTCI Multistate Rate Review Framework (LTCI MSA Framework) that may be needed. He said the Working Group and the Task Force continue to monitor developments with the SOA Research Institute's LTCI experience study.

4. Heard an Update from the CCIIO

Peter Nelson (CCIIO) said the *City of Columbus v. Kennedy II* lawsuit stayed several provisions that had been put forward in the 2027 Notice of Benefit and Payment Parameters (NBPP). He said the two provisions of the stay that are most critical to address are those disallowing flexibility on maximum out-of-pocket (MOOP) amounts and the requirement that standardized plans be offered, along with limits on the number of nonstandardized plans that can be offered. He said the CCIIO published guidance on standardized and nonstandardized plan options on Aug. 4. He said the CCIIO expects that issuers will need to price those standardized plans and may want to reprice the remaining nonstandardized plans.

Nelson said the CCIIO recognizes that issuers and state insurance regulators will be working on a compressed timeline, and it has extended the deadline for issuers to finalize changes to their 2027 Qualified Health Plan (QHP) applications from Aug. 12 to Aug. 20. Nelson said the deadline for federally facilitated exchanges (FFEs) and state-based exchanges (SBEs) using the federal platform to finalize determinations for QHP rate filings has been extended from Aug. 12 to Aug. 28. He said SBE states continue to have until Oct. 15 to finalize QHP and non-QHP rate-filing determinations. He said that even with these extensions, regulators and issuers may face practical difficulties: They may lack the necessary time and resources to comply with the requirements of these deadlines, or they may have concerns about market destabilization. Nelson said states that believe they will be unable to meet these timelines should e-mail the federal Centers for Medicaid & Medicare Services (CMS) by Aug. 14 with concerns and include a description of good faith compliance efforts.

Nelson said the 2027 NBPP included requirements that actual amounts spent by issuers on cost-sharing reductions (CSRs) from plan year 2025 be entered into the Unified Rate Review Template (URRT). He said there is no stay on this policy. He said the requirement includes reporting any CSR load factor that will be applied for plan year 2027, recoveries from the plan year 2025 CSR load, and expected recoveries from the plan year 2027 CSR load. He said that the CCIIO expected issuers to be able to comply with the CSR requirements this year, but it has received feedback that about 75% of issuers are not prepared to provide actual CSR amounts. He said for this year, the CCIIO is exercising enforcement discretion on the regulation and is allowing estimates of actual spending to be provided. Nelson said next year, the CCIIO expects issuers to provide the actual dollar amount for CSRs. Nelson said when the CCIIO sets rates, it looks at actual spending across plans and then makes projections based on prior spending.

Nelson said the CMS issued a proposed rule on July 23 that implements Section 71115 of the Working Families Tax Cut Act, which amended the indirect hold-harmless threshold for health care-related taxes. He said currently, the threshold for a state's collection of tax revenues generally is no more than 6% of net patient revenue attributable to the assessed permissible class of health care items or services. He said this limits how much states and localities may collect in taxes without penalty. He said Section 71115 generally sets a threshold equal to the applicable percent of net patient revenue attributable to taxes enacted and imposed as of July 4, 2025, and includes a phase-down of those thresholds in most permissible classes for Medicaid expansion states. He said he recognizes that there may be questions about the proposed rule, particularly regarding the proposed new

permissible class for health insurers' services and the rule's downstream impacts. He said state departments of insurance (DOIs) have expertise on state-specific statutes, assessment structures, insurance products, and regulatory frameworks. He said that given this expertise, he encourages comments on this rule.

Dyke asked for clarification of the deadline for URRT submission and the deadline for the final rate transfer. Rebecca Lund (CCIIO) said states have until Aug. 28 to finalize determinations for rate filings in the System for Electronic Rates and Forms Filing (SERFF). She said issuers will still need to submit a rates table template by the Aug. 20 deadline, but that does not require the URRT to be finalized. She said states will then have until Aug. 28 to finalize the rate filing determination. She said that if a state's review of the URRT necessitates changes to the rates table template submitted by Aug. 20, the issuer will need to submit a data change request to the CCIIO plan management team, and that correction will be made during the September modification window.

5. Heard an Academy Professionalism Update

Tricia Matson (Academy), Linda Lankowski (Academy), Laura Hanson (Academy), and April Choi (Academy) gave an update (Attachment Three) on the Academy's Committee on Qualifications (COQ) and Actuarial Standards Board (ASB) activity related to revisions to current Actuarial Standards of Practice (ASOPs) and the development of new ASOPs, as well as Actuarial Board for Counseling and Discipline (ABCD) activities and publications.

Lankowski said there have been many questions raised about the language that is currently in place in the U.S. Qualification Standards (USQS), and the COQ is considering the use of better language and what would help clarify intent. She said artificial intelligence (AI) has been used in reviews and has pointed out things that were thought to be clear but could be interpreted differently.

Hanson said there are three ASOPs currently under revision, and they apply to actuaries in all practice areas. She said ASOP No. 1, *Introductory Standard of Practice*, is being revised to further standardize the guidance for actuaries when performing actuarial services. She said the ASB plans to expose a draft of ASOP No.1 for public comment in early 2027. She said ASOP No. 12, *Risk Classification (for All Practice Areas),* is being revised to reflect appropriate actuarial practice.

Hanson said 57 comment letters were received after the first exposure, and an ASB task force is currently making revisions in response to those comments. She said the ASB reviewed progress on ASOP No. 12 during its June meeting and plans to review again during its December meeting. She said the ASB plans to expose the second draft of ASOP No. 12 for public comment in early 2027.

Hanson said ASOP No. 41, *Actuarial Communications*, is being revised to reflect appropriate actuarial practice with a focus on when an actuary should issue an actuarial report. She said a third exposure draft was exposed for public comment earlier this year, and an ASB task force is currently making revisions in response to those comments. She said the ASB plans to review ASOP No. 41 during its September meeting and will consider adopting a final version at that time. Hanson said that if adopted, the revisions to ASOP No. 41 would go into effect in early 2027.

Hanson said several health ASOPs are currently being revised or developed. She said ASOP No. 8, *Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits,* is being revised to provide guidance for a broader array of health benefit plans. She said the work on this ASOP is in its very early stages, so it should be a while before the first draft is exposed for public comment. She said ASOP No. 45, *The Use of Health Status Based Risk Adjustment Methodologies*, is being revised to reflect developments in risk practices, including the expanded use of nonlinear models and new data sources. She said ASOP No. 49, *Medicaid Managed Care Capitation Rate Development and Certification*, is being revised with a focus on incorporating both regulator and managed care organization perspectives. She said both ASOP No. 45 and ASOP No. 49 currently have drafts out for public comment, with comments due Sept. 1.

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Hanson said ASOP No. 50, *Determining Minimum Value and Actuarial Value under the Affordable Care Act*, is being revised to provide guidance on the minimum value determination and actuarial certification for nonstandard plan designs that are not currently in scope of the standard. She said a new ASOP on reinsurance pricing is being developed that applies to actuaries' pricing of risk transfer transactions involving long-duration health benefit plans. She said a second draft of this new ASOP on reinsurance pricing is currently exposed for public comment, with comments due Oct. 15. She said that revisions to ASOP No. 7, *Life or Health Cash Flow Analysis*, have been adopted, and the revised ASOP went into effect June 1.

Choi said the ABCD has two primary functions: 1) respond to actuaries' requests for guidance on professionalism; and 2) consider complaints about possible violations of the Code of Professional Conduct.

6. Heard an Update from the Academy Health Practice Council

Annette James (Academy) and Julia Lerche (Academy) gave a presentation (Attachment Four) on recent and upcoming Academy Health Practice Council (HPC) activities.

James said HPC Vice Chair and incoming Vice President of Health Susan Pantely recently testified before the Texas House Select Committee as a member of a panel on health care affordability. James said since many of today's challenges cross traditional practice area boundaries, the HPC continues to collaborate with other actuarial practice areas. She said the glucagon-like peptide-1 (GLP-1) policy paper the HPC is developing focuses on GLP-1 medications and explores the cost considerations, potential for savings offsets, stakeholder dynamics, and health equity concerns associated with GLP-1 medication coverage.

Lerche said the HPC will begin its summer planning soon and is seeking input from state insurance regulators on items that the HPC should prioritize for next year.

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

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Attachment Three

Society of Actuaries Research Institute: Update to HATF

November 14, 2026

R. Dale Hall, FSA, MAAA, CERA, CFA

Managing Director of Research

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SOA Research INSTITUTE

Long-Term Care Study Update

Attachment Three

- Targeting release in March 2027
- 90% of the market by lives inforce are included in the study
- Majority of data has been received, validated, and processed
- Company sign-off process will begin in November
- Currently at 104 million exposure-years and 1 million claims, with a few smaller companies' data still to be incorporated

SOA Research INSTITUTE

Group Long-Term Disability Claim Termination Study

Attachment Three

- A/E ratio compared to 2008 table: 81% for mortality, 150% for recovery
- 2019 study yielded 86% A/E for mortality, 125% for recovery

Group Long-Term Disability Claim Termination Study

Attachment Three

- Released September 2026
- 18 companies participated, encompassing 82% of the market
- 43 million life-months exposed, 937,000 recoveries, 181,000 deaths

SOA Research INSTITUTE

Group Long-Term Disability Claim Termination Study

- Other highlights:
  - Social Security award was a strong predictor of both mortality and recovery
  - Cancer accounted for more than half of deaths observed; overall mortality improvement since 2019 study was largely due to decrease in cancer mortality
  - 2008 table appears to be underestimating effect of the ending of the Own Occupation period on recovery

Experience Studies & Practice Research

Project Name	Objective	Expected Completion Date
Behavior Health Article Series - Reports	A series of articles addressing various aspects of behavioral health from an actuarial health perspective	https://www.soa.org/resources/research-reports/2026/behavioral-health/
2015-2024 Group Long-Term Disability Termination		https://www.soa.org/resources/experience-studies/2026/2015-2024-group-long-term-disability-term/
2027 Getzen Model Update	Update the long-term medical cost trend projection model based on 30+ years of observations	11/16/2026
Medical Cost Curve by Age	Update to an older project using HCCI data and KFF information	11/30/2026
Considerations in Developing Combination LTC Products - Part 1	Combo LTC analysis	1/15/2027
Considerations in Developing Combination LTC Products - Part 2	Combo LTC analysis	1/15/2027
Impact of GLP-1's on the Medicare Program: An Actuarial Framework	Develops an actuarial framework to assess the impact of GLP-1's on the Medicare Program	1/15/2027
Advanced Techniques for Healthcare Reserving	Look at techniques for enhancing health valuation using AI or other machine learning algorithms.	1/15/2027
Healthcare Emerging Trends Survey	Survey practicing health actuaries to learn expecations for short term health care cost trends	3/15/2027
2000-2023 Long Term Care Experience Study - Report	Complete an experience study of Long-Term Care claim incidence, termination, and utilization.	3/31/2027

SOA Research INSTITUTE

Attachment Four

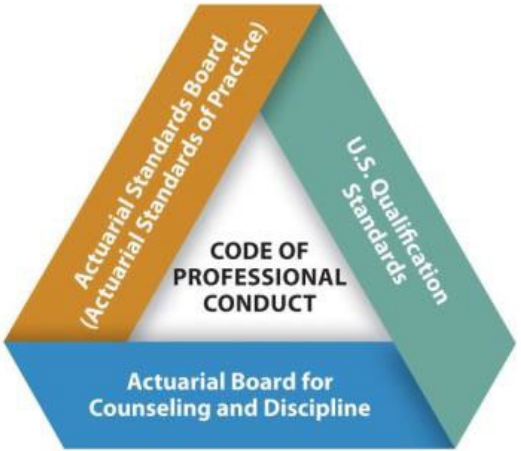
Academy Professionalism Update

NAIC Fall National Meeting

November 2026

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American Academy of Actuaries



- **U.S. Code of Professional Conduct**
  - Joint Committee on the Code of Professional Conduct
- **U.S. Qualification Standards (USQS)**
  - Committee on Qualifications
- **Actuarial Standards of Practice (ASOPs)**
  - Actuarial Standards Board (ASB)
- **Counseling and Discipline**
  - Actuarial Board for Counseling and Discipline (ABCD)

actuary.org/professionalism

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American Academy of Actuaries

Committee on Qualifications

The Committee on Qualifications (COQ)

- Recommends to the Academy's Board of Directors the minimum qualification standards, including continuing education requirements, necessary to qualify credentialed actuaries to issue statements of actuarial opinion in the United States.
- Answers questions relating to qualifications.
  - As of early October, the COQ received 20 questions in 2026, covering qualifications for non-US actuaries to issue SAOs, specific qualifications, CE, and documentation requirements.

The most recent U.S. Qualification Standards took effect Jan. 1, 2022.

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Actuarial Standards Board (ASB)

General ASOPs—Recently Approved

- ASOP No. 41, *Actuarial Communications*

General ASOPs—Under Revision

- ASOP No. 1, *Introductory Standard of Practice*
- ASOP No. 12, *Risk Classification (for All Practice Areas)*

Learn more at: www.actuarialstandardsboard.org

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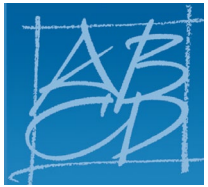
Actuarial Standards Board (ASB)

Health ASOPs under revision or development

- ASOP No. 8, *Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits*
- ASOP No. 45, *The Use of Health Status Based Risk Adjustment Methodologies*
- ASOP No. 49, *Medicaid Managed Care Capitation Rate Development and Certification*
- ASOP No. 50, *Determining Minimum Value and Actuarial Value under the Affordable Care Act*
- *Pricing Reinsurance or Similar Risk Transfer Transactions Involving Life Insurance, Annuities, or Long-Duration Health Benefit Plans* (new)
- *Outcomes Measurements for Health Intervention Programs* (new)

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Actuarial Board for Counseling and Discipline (ABCD)



Recent ABCD activities

- During the first three quarters of 2026, the ABCD handled a total of 116 cases, consisting of 85 requests for guidance (RFGs) and 31 inquiry cases.
- In addition, the ABCD conducted ten outreach presentations, both virtually and in person, for actuarial organizations, regulators, and actuarial clubs and firms across all major regions of the United States.

Up to Code in *Contingencies* magazine

- Perspectives from the ABCD—Moral Turpitude (September/October 2026)
- Don't Be 'That Actuary' (July/August 2026)
- Are You Offside? (May/June 2026)

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Upcoming Professionalism Webinar

Tales from the Dark Side

Presented by members of the ABCD

Dec. 18, 2026

Noon-1:30 pm EST

Register here

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American Academy of Actuaries

Health Practice Council Update

Health Actuarial (B) Task Force (HATF)
Nov. 14, 2026

Annette James, MAAA, FSA, FCA
Vice President, Health

Julia Lerche, MAAA, FSA, MSPH
Director and Actuary, Public Policy, Health

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About the Academy



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Impact:
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American Academy of Actuaries

Agenda

- Market Stability
- Potential Drivers of 2027 Premium Changes
- The Interconnectedness of Health Coverage Sources
- Academy Updates
- Q&A

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Market Stability—Core Concepts
Key Components of a Stable Market

Attachment Five

Adequate enrollment to produce stable, predictable claims

A balanced risk pool, that includes not only those with high-expected claims

A reliable and predictable regulatory framework to support fair competition among financially viable insurers

Market stability can help support access to affordable insurance, consumer choice, and insurer competition

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Market Stability—Individual Market Policy Changes that Could Improve Stability

- **Expanded use of Individual Coverage Health Reimbursement Arrangements (ICHRAs/CHOICE)**
  - If offered to employees broadly across healthy and unhealthy groups, could improve risk pooling and reduce premiums in the individual market.
  - Employers are more likely to offer ICHRAs when the individual market is affordable and stable.
- **Reinsurance or invisible high-risk pools**
  - Offsetting high-cost claims could lower premiums and increase enrollment, especially among those ineligible for premium tax credits, depending on how such programs are structured and funded.

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Market Stability—Individual Market Policy Changes that Could Threaten Stability

Attachment Five

- **Expiration of enhanced premium tax credits**
  - Raised net premiums, lowered enrollment, increased adverse selection
- **Stricter eligibility requirements**
  - Would lower enrollment and likely increase morbidity
- **Increased availability of non-compliant plans**
  - Could expand consumer choice in the short term, but would draw healthy people out of the regulated market, worsening adverse selection
- **Incentivizing cross-state insurance sales**
  - Weakening state oversight could undermine stability in states with stronger rule

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Potential Drivers of 2027 Premium Changes

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Potential Drivers of 2027 Premium Changes

The premium drivers issue brief is intended to describe the drivers of premiums changes in the upcoming plan year. It is not intended to be used or relied on by actuaries, insurers, or regulators or to be representative for any specific rate filings.

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Summary of Major Factors

Attachment Five

- **Medical trend factors**
  - Major factors: prescription drug and cell/gene therapy spending, hospital costs and state cost-containment efforts, behavioral health utilization
  - Mixed impact of AI in coding and utilization management
- **Risk pool composition factors**
  - Risk pools are likely to increase in morbidity, increasing premiums
  - Major factors in the individual market: market integrity rules, emerging data on impact of expiration of enhanced premium tax credits
  - Major factors in the small group market: continued shifts to level-funded and self-funded coverage
- **Additional factors**
  - Local market dynamics and state-based policies
  - Greater uncertainty
  - Federal No Surprises Act arbitration process

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Medical Trend Factors

Prescription drug	Hospital	Behavioral health
• Spending continues to grow	• Spending remains a major consideration	• Spending continues rapid growth

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AI Considerations in Medical Trend

Artificial intelligence (AI) in provider and insurer interactions

- Providers are using AI to improve clinical documentation and coding completeness and to contest payment determinations, which generally increases claims costs
- Insurers are applying automated claims review and coding edits at greater volume to manage costs, though state restrictions on algorithms in utilization management programs may limit savings
- Net effect on 2027 premiums is mixed and varies by local payer and provider capabilities

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Other Factors

State and local factors

- Local market conditions
- State-specific legislative and regulatory requirements

Additional uncertainty

- Uncertainty regarding the impacts of recent policy changes on enrollment, morbidity, utilization, and prices could lead to increased risk margins

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Other Factors (contd.)

Balance billing protections and the No Surprises Act (NSA)

Federal Independent Dispute Resolution (IDR) volume has grown far beyond original projections

- Certifying additional IDR entities accelerated processing, but providers still prevail in most determinations (~85%), with awards often reaching multiples of the qualifying payment amount (QPA)
- Legal challenges to QPA methodology create uncertainty and upward pressure on out-of-network and premium trends (state-specific processes govern in some states

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Risk Composition Factors—Individual Market

Marketplace integrity rule

- Tightened enrollment and verification procedures raised adverse selection concerns → higher premiums

Expiration of enhanced premium tax credits

- Reduced enrollment → increased adverse selection → higher premiums

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Risk Composition Factors—Small Group Market

The small group market in most states has experienced a slow but steady decline

Continued shift to alternative coverage sources could continue this decline

Self-funding and level-funding among small employers

Shifts among small employers from ACA-compliant coverage to other funding arrangements could increase morbidity in the small group risk pool

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Impact of Account-Based Plans (e.g., ICHRAs/CHOICE)

An increase in take-up of ICHRA/CHOICE, could impact the individual and small group risk pools:

- Shifts workers/dependents from group coverage to the individual market
- Reported take-up of 500,000[1]
- Additional take-up will depend on the stability of the individual market and individual market premiums relative to other group options
- Significant take-up could impact the individual and/or small group risk pools, with impact depending on the relative health status of enrollees

1 https://www.insurancebusinessmag.com/us/news/benefits/the-case-for-ichra-straight-from-a-ceo-in-the-room-with-dr--oz-594808.aspx

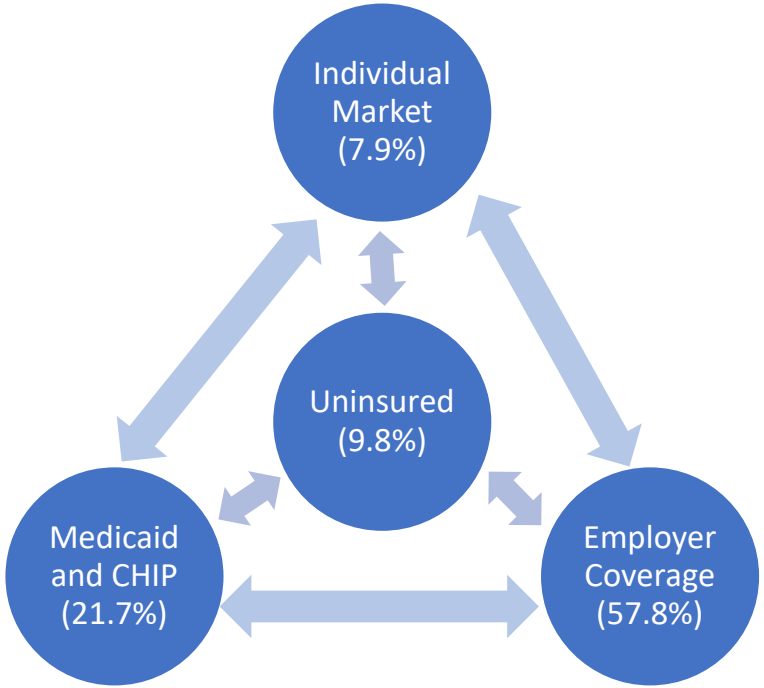
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Looking Ahead to 2028

- 2028 premiums will reflect emerging experience, including a more complete view of the impact of the expiration of enhanced premium tax credits
- Emerging alternative coverage and state waiver regulations may have greater or lesser scope than issuers currently expect, which could further complicate projection of risk pool composition.
- Changes to Exchange eligibility verification requirements included in the 2025 budget reconciliation bill could lead to further enrollment contraction, particularly for subsidy-eligible enrollees.
- Continued shifts of lower income individuals to Exchange plans with higher cost sharing, stricter Medicaid and Exchange subsidy eligibility requirements, and Medicaid provider reimbursement reductions, may affect provider contracting (especially in Medicaid expansion states).

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Interconnectedness of health coverage sources



Note: Percentages reflect the share of the under-65 population by coverage source in 2024. In addition, 1.6% of the under-65 population gets coverage through the military, and 1.2% through Medicare. Data include the civilian noninstitutionalized population.
Source: KFF estimates based on the 2024 American Community Survey.

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Relevant Resources

Publications

- Health Insurance Market Dynamics Resource Guide
- The Interconnectedness of Health Coverage

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Upcoming Events

Attachment Five

- **Leadership Summit & Governance Transition,** Dec. 10, 2026
- **Professionalism Webinar: Tales from the Dark Side,** Dec. 18, 2026
- **Policy Summit & Hill Visits,** March 8-9, 2027

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Recent Publications

Attachment Five

- **GLP-1 Medications: Cost and Coverage Considerations**
- **Medicare's Financial Condition: Beyond Actuarial Balance**
- **HPC Comments on ASOP No. 49**—Medicaid Managed Care Capitation Rate Development
- **HPC Comments on ASOP No. 45**—The Use of Health Status Based Risk Adjustment Methodologies

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Attachment Five

GLP-1 Issue Brief Key Takeaways

- GLP-1s offer significant health benefits, but treatment continuation largely determines their ultimate value and impact.
- Coverage is most likely to generate positive returns for higher-risk populations; cost neutrality remains unlikely for lower-risk groups.
- Policymakers face ongoing trade-offs between expanding access, managing costs, and addressing health equity concerns.

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Attachment Five

Medicare Issue Brief Key Takeaways

Medicare faces three distinct financing challenges:

- The Federal Hospital Insurance trust fund expenditures will exceed income starting 2027. The 2026 Trustees Report projects trust fund depletion in Q2 2033—one quarter earlier than last year's estimate. At that time, only 89% of scheduled benefits could be covered.
- The Supplementary Medical Insurance trust fund has no depletion date since premiums/federal contributions adjust annually, but rising costs still strain beneficiary and federal budgets.
- Total Medicare spending is projected to grow from 3.9% of GDP (2025) to 7.5% (2100), raising long-term fiscal concerns. action remains necessary—delay risks larger future burdens on beneficiaries, providers, and taxpayers. Any reforms should weigh impacts on care access and affordability alongside financing goals.

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You're invited!



YOU'RE INVITED

Academy Reception & Dinner

DATE

Saturday, Nov. 14

RECEPTION

6 p.m. – 7 p.m.
Grapevine Terrace

DINNER

7 p.m. – 9 p.m.
Escondido Room 1/2/3

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Questions?

For more information, please contact

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Questions?

For more information, or to send suggestions/comments on the U.S. Qualification Standards, please contact

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