

Draft Pending Adoption

Draft: 8/21/23

Health Actuarial (B) Task Force
Seattle, Washington
August 12, 2023

The Health Actuarial (B) Task Force met Aug. 12, 2023. The following Task Force members participated: Andrew N. Mais, Chair, represented by Paul Lombardo (CT); Anita G. Fox, Vice Chair, represented by Kevin Dyke (MI); Mark Fowler represented by Sanjeev Chaudhuri (AL); Gordon I. Ito represented by Kathleen Nakasone (HI); Dean L. Cameron represented by Weston Trexler (ID); Amy L. Beard represented by Scott Shover (IN); Vicki Schmidt represented by Nicole Boyd (KS); Timothy N. Schott represented by Marti Hooper (ME); Grace Arnold represented by Fred Andersen (MN); Eric Dunning represented by Michael Muldoon (NE); D.J. Bettencourt represented by Jennifer Li (NH); Justin Zimmerman represented by Seong-min Eom (NJ); Judith L. French represented by Craig Kalman (OH); Glen Mulready represented by Andrew Schallhorn (OK); Michael Humphreys represented by Jodi Frantz (PA); Cassie Brown represented by Aaron Hodges (TX); Jon Pike represented by Ryan Jubber (UT); and Mike Kreidler represented by Lichiou Lee (WA). Also participating was: Anna Krylova (NM).

1. Adopted its Spring National Meeting Minutes

Muldoon made a motion, seconded by Trexler, to adopt the Task Force's March 21 minutes (*see NAIC Proceedings – Spring 2023, Health Actuarial (B) Task Force*). The motion passed unanimously.

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

Andersen said the Working Group met Aug. 12 and took the following action: 1) adopted its July 19, June 7, and May 1 minutes; 2) discussed drafting changes to VM-25, Health Insurance Reserves Minimum Reserve Requirements, of the *Valuation Manual* to add tables from the American Academy of Actuaries (Academy) and Society of Actuaries (SOA) Research Institute's final *Long-Term Care Insurance Mortality and Lapse Study*; 3) discussed a referral from the Health Risk-Based Capital (E) Working Group regarding *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* (AG 51); 4) heard a presentation on public/private long-term care (LTC) funding solutions; and 5) heard an update on a single long-term care insurance (LTCl) multistate rate review approach.

Andersen made a motion, seconded by Trexler, to adopt the report of the Long-Term Care Actuarial (B) Working Group (Attachment [XX](#)), including its July 19, June 7, and May 1 minutes. The motion passed unanimously.

3. Heard an Update on SOA Research Institute Activities

Cindy MacDonald (SOA) gave an update (Attachment [XX](#)) on SOA Research Institute activities. Lombardo said he is concerned that the results of the SOA's state insurance regulator interest survey indicate that the studies regulators have given the highest priority to are the ones that are the most difficult to get industry support for participation and funding. He said he and Dyke would like to meet with the SOA and LTCl industry representatives to discuss industry difficulties with providing study data and to determine if there is anything regulators can do to assist them.

4. Heard a Presentation on SOA Education Redesign

Stuart Klugman (SOA) gave a presentation (Attachment [XX](#)) on changes to the educational pathway to attaining the Fellow, SOA designation.

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Lombardo asked if the SOA can give a more detailed presentation of changes to the educational pathway during a future Task Force meeting. Klugman said the SOA will do so.

5. Heard an Update from the Academy Health Practice Council

Matthew Williams (Academy) gave an update (Attachment [XX](#)) on Academy Health Practice Council activities.

6. Heard an Update on Academy Professionalism

Dyke said the Actuarial Standards Board (ASB) currently has 18 Actuarial Standards of Practice (ASOPs) open for revision. He said of the 18, there are two general, four casualty, two enterprise risk management, three health, two life, three pension, and two multipractice. He said the ASB has begun work on a diversity, equity, and inclusion (DE&I) initiative and has developed a statement of the importance of DE&I to the ASB. He said the statement is available on the ASB website. He said the ASB has an initiative underway to determine if current ASOPs are sufficient to cover the use of general and generative artificial intelligence (AI) in actuarial practice.

Dyke said the following ASOPs are currently or will soon be exposed for comment: ASOP No.7, Analysis of Life, Health, or Property/Casualty Insurer Cash Flows; ASOP No. 12, Risk Classification (for All Practice Areas); ASOP No. 28, Statements of Actuarial Opinion Regarding Health Insurance Assets and Liabilities; ASOP No. 41, Actuarial Communications; ASOP No. 45, The Use of Health Status Based Risk Adjustment Methodologies; and ASOP No. 49, Medicaid Managed Care Capitation Rate Development and Certification. He said a proposed ASOP for reinsurance pricing for life and health insurance is being developed, and work is being done to determine if health insurance should be included.

Shawna Ackerman (California Earthquake Authority—CEA) said the Actuarial Board for Counseling and Discipline (ABCD) has two primary functions. She said the first is to respond to member requests for guidance on professional or ethical issues they face at work. She said the second is to consider complaints of alleged violations of the Academy's Code of Professional Conduct. She said the ABCD receives about 100 requests for guidance each year, and approximately 30 of these each year are related to health practice issues. She said requests for guidance typically center on Precept 1: An actuary shall act honestly, with integrity and competence, and in a manner to fulfill the profession's responsibility to the public and to uphold the reputation of the actuarial profession. She said another issue requests for guidance are received for is qualification standards.

7. Discussed an Inadequate Risk Adjustment Issue

Jubber said the Utah Insurance Department was recently approached by two insurers that claim the risk adjustment formula used for federal Affordable Care Act (ACA) marketplace plans is inadequate, particularly in specialty drug prescriptions. He said the insurers stated that insureds taking these drugs do not receive a risk score that adequately reflects the high cost to the insurers for the drugs. He said he would like to discuss what other states have experienced with this issue. Lombardo said a meeting will be scheduled for Task Force members and interested state insurance regulators to discuss the issue.

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

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