

*2020 Summer National Meeting
Virtual Meeting*

HEALTH RISK-BASED CAPITAL (E) WORKING GROUP

Thursday, July 30, 2020

4:00 p.m. ET / 3:00 p.m. CT / 2:00 p.m. MT / 1:00 p.m. PT / 12:00 p.m. AT / 10:00 a.m. HT

Meeting Summary Report

The Health Risk-Based Capital (E) Working Group met July 30, 2020. During this meeting, the Working Group:

1. Adopted its Dec. 17, 2019, minutes, which included the following action:
 - a. Adopted its 2019 Fall National Meeting minutes.
 - b. Discussed the Draft Health Bond Structure, specifically the bond portfolio adjustment; investment grade bond factors; investment income; and the time horizon.
2. Approved the 2019 Health Risk-Based Capital (RBC) Statistics to be posted on the Working Group's webpage.
3. Discussed and referred the federal Affordable Care Act (ACA) Fee Sensitivity Test proposal to the Capital Adequacy (E) Task Force for exposure for all formulas.
4. Adopted proposal 2020-04-H to add the MAX Function to the formula included in the RBC forecasting file for Line 17 of the excessive growth charge on page XR021 of the health RBC formula.
5. Heard comments on the Health Bond Factors from the American Academy of Actuaries (Academy) to address questions raised regarding investment income and the time horizon used in the development of the factors. The Working Group agreed to ask the Academy to review the inclusion of investment income in the underwriting risk component of the health RBC formula. The Working Group also exposed the letter including the two- and five-year time horizon factors for the purposes of impact analysis for a 32-day public comment period.
6. Adopted updates to the 2020 health RBC working agenda that included:
 - a. Added proposal 2020-02-CA to the item "Evaluation of the impact of the Federal Health Care Law."
 - b. Added the "Review and consideration of the formula for the inclusion of the MAX function on Line 17 of the excessive growth charge as proposal 2020-04-H" and "Consideration of the impact of COVID-19 and pandemic risk on the Health RBC formula" as new items to the working agenda.
7. Discussed the impact of COVID-19 and pandemic risk in the health RBC formula. The Working Group agreed to continue discussing this on a future call.
8. Heard comments on the Health Care Receivable Guidance. The Working Group will continue to look at the guidance and work with the Academy to draft revised guidance and a proposal to clarify the instructions in the Annual Statement filing and send the final proposal to the Blanks (E) Working Group. The Health Risk-Based Capital (E) Working Group will discuss the guidance in more detail on their next call.
9. Heard an update on the Health Test Ad Hoc Group. The Ad Hoc Group will continue to move forward in evaluating the health test language and annual statement blanks. The Ad Hoc Group will meet Sept. 1.

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