

**2020 Virtual Summer National Meeting
Materials Package**

**Long-Term Care Actuarial (B) Working Group
and
Health Actuarial (B) Task Force**

Date: 6/30/20

2020 Summer National Meeting
Virtual Meeting

LONG-TERM CARE ACTUARIAL (B) WORKING GROUP

Tuesday, August 4, 2020

11:00 a.m. – 1:00 p.m. PT / 12:00 – 2:00 p.m. MT / 1:00 – 3:00 p.m. CT / 2:00 – 4:00 p.m. ET

ROLL CALL

Perry Kupferman, Chair	California
Steve Ostlund	Alabama
Paul Lombardo	Connecticut
Benjamin Ben	Florida
Weston Trexler	Idaho
Nicole Boyd	Kansas
Marti Hooper	Maine
Fred Andersen	Minnesota
Rhonda Ahrens	Nebraska
Anna Krylova	New Mexico
Bill Carmello	New York
Laura Miller	Ohio
Andrew Schallhorn	Oklahoma
Tracie Gray	Pennsylvania
Andrew Dvorine	South Carolina
Mike Boerner	Texas
Tomasz Serbinowski	Utah

NAIC Support Staff: Eric King

AGENDA

- 1:00 – 1:05 p.m. 1. Call to Order/Roll Call—*Perry Kupferman (CA)*
- 1:05 – 1:10 p.m. 2. Consider Adoption of its Jan. 23 and 2019 Fall National Meeting Minutes
—*Perry Kupferman (CA)*
- 1:10 – 1:30 p.m. 3. Hear an Update from the American Academy of Actuaries (Academy)
on Long-Term Care Insurance (LTCI) Working Group Activities
—*Warren Jones (Academy)*
- 1:30 – 1:50 p.m. 4. Hear an Update from the Society of Actuaries (SOA) on LTCI Research
—*Dale Hall (SOA)*
- 1:50 – 2:20 p.m. 5. Consider Adoption of the Long-Term Care Pricing (B) Subgroup Report
—*Paul Lombardo (CT)*
- 2:20 – 2:50 p.m. 6. Consider Adoption of the Long-Term Care Valuation (B) Subgroup Report
—*Fred Andersen (MN)*
- 2:50 – 3:00 p.m. 7. Discuss Any Other Matters Brought Before the Working Group
—*Perry Kupferman (CA)*
8. Adjournment

Draft: 3/23/20

Long-Term Care Actuarial (B) Working Group
Conference Call
January 23, 2020

The Long-Term Care Actuarial (B) Working Group of the Health Actuarial (B) Task Force met via conference call Jan. 23, 2020. The following Working Group members participated: Perry Kupferman, Chair (CA); Steve Ostlund (AL); Benjamin Ben (FL); Nicole Boyd (KS); Marti Hooper (ME); Fred Andersen (MN); Rhonda Ahrens (NE); Anna Krylova (NM); Laura Miller (OH); Andrew Schallhorn (OK); Andrew Dvorine (SC); Raja Malkani (TX); and Jaakob Sundberg (UT).

1. Adopted a Draft of Revisions to the Forms

Mr. Kupferman presented draft of revisions (Attachment Two-A) to the Long-Term Care Experience Reporting Forms (Forms) found in the annual financial statement and instructions (Attachment Two-B) for the revised Forms. He said the draft was produced as a response to a referral from the Financial Analysis (E) Working Group that requests assistance from the Long-Term Care Actuarial (B) Working Group with long-term care insurance (LTCI) total reserve reporting in the Forms and the annual financial statement. He said the draft revisions were exposed for public comment, and he presented a comment letter (Attachment Two-C) from the American Council of Life Insurers (ACLI) and America's Health Insurance Plans (AHIP).

Ms. Ahrens suggested that the Total Inception-to-Date rows be deleted for the Assumed and Ceded sections of Form 1. The Working Group agreed to these changes.

Jan Graeber (ACLI) asked if the current Form 3 will be retained in the set of Forms. Mr. Kupferman said Form 3 will be retained, and no changes to it have been proposed.

Mr. Ostlund made a motion, seconded by Ms. Ahrens, to adopt the draft Forms (Attachment Two-D) and instructions (Attachment Two-E) with changes agreed to during the discussion. The motion passed unanimously. Mr. Kupferman said the draft Forms and instructions will be forwarded to the Health Actuarial (B) Task Force for its consideration.

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

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Draft Pending Adoption

Attachment
Health Actuarial (B) Task Force
8/4/20

Draft: 12/10/19

Long-Term Care Actuarial (B) Working Group Austin, Texas December 6, 2019

The Long-Term Care Actuarial (B) Working Group of the Health Actuarial (B) Task Force met in Austin, TX, Dec. 6, 2019. The following Working Group members participated: Steve Ostlund, Deputy Chair (AL); Paul Lombardo (CT); John Reilly (FL); Weston Trexler (ID); Nicole Boyd (KS); Marti Hooper (ME); Fred Andersen (MN); Rhonda Ahrens (NE); Anna Krylova (NM); Laura Miller (OH); Tracie Gray (PA); Andrew Dvorine (SC); Mike Boerner and Raja Malkani (TX); and Tomasz Serbinowski (UT).

1. Adopted its Oct. 24, Sept. 24, Aug. 28, Aug. 20, and Summer National Meeting Minutes

Ms. Ahrens made a motion, seconded by Mr. Lombardo, to adopt the Working Group's Oct. 24 (Attachment Four-A), Sept. 24 (Attachment Four-B), Aug. 28 (Attachment Four-C), Aug. 20 (Attachment Four-D), and Aug. 2 (*see NAIC Proceedings – Summer 2019, Health Actuarial (B) Task Force, Attachment One*) minutes. The motion passed unanimously.

2. Heard an Update from the Academy on LTC Work Group Activities

Warren Jones (PricewaterhouseCoopers LLP) gave an update (Attachment Four-E) on the American Academy of Actuaries (Academy) Long-Term Care Valuation Work Group's development of mortality and lapse valuation tables. He said the Academy has published the "Long-Term Care (LTC) Combination Product Valuation Practice Note," as requested by the Working Group in July 2015.

3. Heard an Update on SOA LTCI Research

Dale Hall (Society of Actuaries—SOA) gave an update (Attachment Four-F) on recent work on the SOA's Long-Term Care Experience Study.

4. Adopted the Report of the Long-Term Care Pricing (B) Subgroup

Mr. Lombardo said the Long-Term Care Pricing (B) Subgroup met Sept. 12 and took the following action: 1) discussed group long-term care insurance (LTCI) pricing.

Mr. Lombardo made a motion, seconded by Ms. Ahrens, to adopt the report of the Long-Term Care Pricing (B) Subgroup, including its Sept. 12 minutes (Attachment Four-G). The motion passed unanimously.

5. Adopted the Report of the Long-Term Care Valuation (B) Subgroup

Mr. Andersen said an *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* (AG 51) guidance document (Guidance Document) (Attachment Four-H) was developed to be used for year-end 2019 AG 51 filings, and it is available on the Subgroup's webpage. He said a review group composed of Subgroup members has reviewed AG 51 year-end 2018 filings for the 50 largest, based on policyholder exposure, LTCI companies. He said the review group has conducted in-person meetings with 11 insurers to further discuss their AG 51 filings.

Mr. Andersen made a motion, seconded by Mr. Boerner, to adopt the report of the Long-Term Care Valuation (B) Subgroup, and the Guidance Document. The motion passed unanimously.

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

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Draft: 2/13/20

Long-Term Care Pricing (B) Subgroup
Conference Call
February 6, 2020

The Long-Term Care Pricing (B) Subgroup of the Long-Term Care Actuarial (B) Working Group of the Health Actuarial (B) Task Force met via conference call Feb. 6, 2020. The following Subgroup members participated: Paul Lombardo, Chair (CT); Steve Ostlund (AL); Perry Kupferman (CA); Benjamin Ben (FL); Weston Trexler (ID); Nicole Boyd (KS); Marti Hooper (ME); Fred Andersen (MN); David Yetter (NC); Rhonda Ahrens (NE); David Sky (NH); Anna Krylova (NM); Laura Miller (OH); Tomasz Serbinowski (UT); and Joylynn Fix (WV). Also participating was: Sarah Neil (RI).

1. Discussed LTCI Cash Value Buyouts

Mr. Lombardo said the Subgroup will continue its discussion of pricing considerations for long-term care insurance (LTCI) cash value buyouts (CVBs) to policyholders in lieu of rate increases from its Jan. 6 conference call. He said CVBs offer policyholders an additional option that is beyond the scope of their existing LTCI contracts. He said most LTCI policies were not initially priced assuming CVBs would be offered. He said the amount of the CVB will likely be calculated as a percentage of the statutory reserve held for the given policy and that the percentage used is an important aspect of CVB considerations. He said the percentage needs to be high enough to appeal to policyholders, but not so high that it affects policyholders that continue their LTCI coverage.

Mr. Lombardo said possible factors influencing the CVB take-up rate by policyholders are: 1) the policyholder's financial situation; 2) the policyholder's attained age; and 3) the policyholder's perception of needing long-term care (LTC) in the future. He said state insurance regulators have a responsibility to ensure that the election of CVBs does not result in harm to remaining policyholders or financial harm to insurers due to potential unpriced for increases in claims costs to the remaining block of policyholders. He said he thinks the balance of the statutory reserve that remains after the percentage of it is paid to policyholders electing CVBs should be earmarked for supporting the block of remaining policyholders. Mr. Andersen agreed that these reserve balances should be earmarked.

Mr. Andersen said insurers that pay out CVBs should consider the effect of morbidity on the remaining block of policyholders for subsequent valuations of liabilities. Mr. Lombardo agreed and said he understands "morbidity" to include claim incidence, claim continuance and percent of maximum allowable benefit utilization. Mr. Andersen agreed with the components of morbidity.

Mr. Lombardo said the Subgroup should discuss whether CVBs should be one-time offers and how long after the offer of a CVB will policyholders be given to decide whether to elect it. He said the number and frequency of CVB offers have the potential to influence the degree of antiselection.

Jan Graeber (American Council of Life Insurers—ACLI) said the ACLI will meet with some of its member companies to discuss the issues above, as well as potential legal issues associated with the offering of CVBs. She said there are concerns that a policyholder or representative could sue an insurer if a CVB were elected, and the CVB recipient later required LTC, or that remaining policyholders could sue the insurer in response to rate increases or financial instability resulting from antiselection against the remaining block. She said ACLI members will also discuss potential tax ramifications to policyholders with tax-qualified LTCI policies upon election of a CVB. She said she will report the results of the ACLI member meeting to the Subgroup during a future conference call.

Ray Nelson (America's Health Insurance Plans—AHIP) said discussions he has had with AHIP member companies indicate companies are interested in possibly offering CVBs and do not want this option to be prohibited. He said AHIP member companies have expressed the same concerns as those identified by the Subgroup.

Mr. Lombardo said he has discussed the possibility of offering CVBs to policyholders with three insurers. He said one insurer has analyzed the issues associated with CVBs and is interested in further consideration, and two insurers have not analyzed CVBs but are interested in considering offering them.

Ms. Neil asked Ms. Graeber and Mr. Nelson if either are aware of insurers currently offering CVBs. Ms. Graeber and Mr. Nelson said they are not aware if any insurers are or are not. Mr. Lombardo asked Ms. Graeber to ask ACLI members at

the upcoming ACLI meeting if any are currently offering CVBs. Ms. Graeber said she will consult with ACLI legal staff to determine if this is information she can share with the Subgroup.

Mr. Lombardo said the concept of CVBs is also being discussed in one of the workstreams of the Long-Term Care Insurance (EX) Task Force and that Subgroup members might assist the Task Force in this effort.

2. Discussed LTCI Hybrid Products

Mr. Lombardo said there have been recent discussions in the Connecticut Legislature concerning the ability of stand-alone LTCI policyholders to convert their policies to some form of hybrid LTCI policy, using some of the accumulated value of the stand-alone policy to offset the cost of the hybrid policy. He asked if others think this proposal is feasible.

Birny Birnbaum (Center for Economic Justice—CEJ) said there may be issues with calculating what value will be assigned to cancelling the stand-alone coverage that will be transferred to the hybrid coverage that are similar to calculating a CVB value.

Having no further business, the Long-Term Care Pricing (B) Subgroup adjourned.

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Draft: 1/9/20

Long-Term Care Pricing (B) Subgroup
Conference Call
January 6, 2020

The Long-Term Care Pricing (B) Subgroup of the Long-Term Care Actuarial (B) Working Group of the Health Actuarial (B) Task Force met via conference call Jan. 6, 2020. The following Subgroup members participated: Paul Lombardo, Chair (CT); Steve Ostlund (AL); Perry Kupferman (CA); Marti Hooper (ME); Fred Andersen (MN); William Leung (MO); Rhonda Ahrens (NE); Anna Krylova (NM); David Yetter (NC); Laura Miller (OH); Raja Malkani (TX); Tomasz Serbinowski (UT); and Joylynn Fix (WV).

1. Discussed LTCI Cash Value Buyouts

Mr. Lombardo said the Subgroup will discuss pricing considerations for long-term care insurance (LTCI) cash value buyouts (CVBs) to policyholders in lieu of rate increases. He said he does not believe most LTCI carriers account for the option of CVBs to policyholders in their initial pricing. He said this may subject carriers to antiselection, and they may become financially disadvantaged in the event policyholders elect CVBs.

Mr. Andersen said he and other state insurance regulators have begun a study of the mathematical aspects of the impacts on policyholders who elect a CVB and the effect on the remaining block of policyholders. He said state insurance regulators' main concern is that the remaining policyholders may be in a worse position after others have opted for CVBs. He said preliminary findings indicate three factors may influence whether CVB election will harm remaining policyholders. He said the first factor is the amount of the CVB, such as if it is calculated as a percentage of held statutory reserves within a given rating cell, where the risk of harm to remaining policyholders increases as the percentage applied increases. He said the second factor is the percentage of policyholders opting for CVBs, with increasing percentages increasing the risk to remaining policyholders. He said the third factor is the degree of antiselection that may occur if healthier policyholders opt for CVBs, resulting in higher-than-anticipated claims costs among the pool of remaining policyholders.

Mr. Andersen said three factors were identified that may contribute to antiselection in the presence of CVBs. He said it is possible that policyholders that elect CVBs tend to be more likely to lapse in general, whether or not a CVB is offered. He said there may be a tendency for policyholders that are aware that they are likely to die soon to elect CVBs, and when such individuals are no longer in the pool of remaining policyholders, the reduction in remaining pool mortality may result in claims costs in excess of those initially priced for. He said there may be a tendency for policyholders that have expectations that they will have lower-than-average long-term care (LTC) claims costs to elect CVBs, and when such individuals are no longer in the pool of remaining policyholders, the reduction in remaining pool morbidity may result in claims costs in excess of those initially priced for.

Ms. Ahrens said the Nebraska Department of Insurance (DOI) is generally not in favor of CVBs, as it is difficult to determine the effect that policyholder election of CVBs will have on the remaining policyholder block's experience. She said there are other options for policyholders, and the DOI questions what purpose offering CVBs serves. She said CVBs are extra-contractual benefits and do not preserve insurance benefits.

Mr. Kupferman said he thinks the percentage of policyholders that opt for CVBs is very small. Mr. Serbinowski said since the percentage of policyholders that will elect CVBs is likely small, the Utah Insurance Department likely would not prohibit an insurer from offering CVBs.

Mr. Lombardo said that some policyholders that are eligible for CVBs may also be eligible for nonforfeiture benefits (NFBs), and the CVB will likely be much greater than the NFB amount. He asked if the CVB is in lieu of, and not in addition to, the NFB. Mr. Andersen said he believes the CVB is in lieu of the NFB.

Mr. Andersen said he and other state insurance regulators discussed a scenario where the offered CVB is a low percentage of the held statutory reserve, and the insurer expects to experience a financial gain when the CVB is elected. He asked if state insurance regulators should require the insurer to hold this gain as a reserve for the block of remaining policyholders. He said if this is required, state insurance regulators will need to determine how to measure the amount of the gain.

Jan Graeber (American Council of Life Insurers—ACLI) said she will survey ACLI member companies for their input related to offering CVBs to policyholders, and policyholder take-up rates on the various reduced benefit and nonforfeiture options offered. She said she estimates, in general, that 92% of policyholders presented with a rate increase choose to continue coverage at the unmodified increased premium level. Ray Nelson (America’s Health Insurance Plans—AHIP) said he will survey AHIP member companies for the same information.

Mr. Lombardo said the Subgroup will continue to discuss and analyze CVB options.

Having no further business, the Long-Term Care Pricing (B) Subgroup adjourned.

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Date: 7/8/20

2020 Summer National Meeting
Virtual Meeting

HEALTH ACTUARIAL (B) TASK FORCE

Tuesday, August 4, 2020

1:00 – 3:00 p.m. PT / 2:00 – 4:00 p.m. MT / 3:00 – 5:00 p.m. CT / 4:00 – 6:00 p.m. ET

ROLL CALL

Member	Representative	State
Todd E. Kiser, Chair	Jaakob Sundberg	Utah
Eric A. Cioppa, Vice Chair	Marti Hooper	Maine
Jim L. Ridling	Steve Ostlund	Alabama
Lori K. Wing-Heier	Jacob Lauten	Alaska
Elizabeth Perri	Elizabeth Perri	American Samoa
Ricardo Lara	Perry Kupferman	California
Michael Conway	Eric Unger	Colorado
Andrew N. Mais	Paul Lombardo	Connecticut
Karima M. Woods	Efren Tanhehco	District of Columbia
Dean L. Cameron	Weston Trexler	Idaho
Robert H. Muriel	Eric Anderson	Illinois
Stephen W. Robertson	Karl Knable	Indiana
Vicki Schmidt	Nicole Boyd	Kansas
Chlora Lindley-Myers	William Leung	Missouri
Bruce R. Ramage	Rhonda Ahrens	Nebraska
Marlene Caride	Seong-min Eom	New Jersey
Mike Causey	David Yetter	North Carolina
Jillian Froment	Laura Miller	Ohio
Glen Mulready	Andrew Schallhorn	Oklahoma
Jessica K. Altman	Katie Dzurec	Pennsylvania
Kent Sullivan	Mike Boerner	Texas
Scott A. White	David Shea	Virginia
Mike Kreidler	Lichiou Lee	Washington
James A. Dodrill	Joylynn Fix	West Virginia

NAIC Support Staff: Eric King

AGENDA

1. Call to Order/Roll Call—*Jaakob Sundberg (UT)*
2. Consider Adoption of its May 27, April 23, and Feb. 14 Minutes—*Jaakob Sundberg (UT)*
3. Hear an Update from the Society of Actuaries (SOA) on Health Research—*Dale Hall (SOA)*
4. Consider Adoption of the Report of the Long-Term Care Actuarial (B) Working Group
—*Perry Kupferman (CA)*
5. Consider Adoption of the Report of the Health Care Reform Actuarial (B) Working Group
—*David Shea (VA)*
 - a. Hear an Update from the Federal Center for Consumer Information and Insurance Oversight (CCIIO)
—*(CCIIO)*

6. Hear an Update from the American Academy of Actuaries (Academy) Council on Professionalism—*(Academy)*
7. Hear an Update from the Academy Health Practice Council—*(Academy)*
8. Discuss Any Other Matters Brought Before the Task Force—*Jaakob Sundberg (UT)*
9. Adjournment

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Draft: 6/4/20

Health Actuarial (B) Task Force
Conference Call
May 27, 2020

The Health Actuarial (B) Task Force met via conference call May 27, 2020. The following Task Force members participated: Todd E. Kiser, Chair, represented by Jaakob Sundberg (UT); Eric A. Cioppa, Vice Chair, represented by Marti Hooper (ME); Lori K. Wing-Heier represented by Jacob Lauten (AK); Jim L. Ridling represented by Steve Ostlund (AL); Ricardo Lara represented by Perry Kupferman (CA); Michael Conway represented by Eric Unger (CO); Andrew N. Mais represented by Paul Lombardo (CT); Dean L. Cameron represented by Weston Trexler (ID); Robert H. Muriel represented by Eric Anderson (IL); Stephen W. Robertson represented by Karl Knable (IN); Chlora Lindley-Myers (MO); Mike Causey represented by Ted Hamby (NC); Bruce R. Ramge represented by Rhonda Ahrens (NE); Marlene Caride represented by Seong-min Eom (NJ); Jillian Froment represented by Laura Miller (OH); Jessica K. Altman represented by Tracie Gray (PA); Scott A. White represented by David Shea (VA); Mike Kreidler represented by Lichiou Lee (WA); and James A. Dodrill represented by Joylynn Fix (WV).

1. Adopted a 2021 ACA Rates COVID-19 Guideline

Mr. Sundberg presented comment letters from America's Health Insurance Plans (AHIP) (Attachment XX), the Blue Cross Blue Shield Association (BCBSA) (Attachment XX), and Risk & Regulatory Consulting LLC (RRC) (Attachment XX) that were submitted in response to the Task Force's public exposure of a draft guideline that state insurance regulators may use to assist the states in assessing the impact of COVID-19 on 2021 federal Affordable Care Act (ACA) health insurance rates. He said the guideline is not intended to be prescriptive and is not proposed as a requirement, but is offered by the Task Force only as a guidance document.

Ray Nelson (AHIP) gave an overview of AHIP's comment letter. He said AHIP member companies agree that the guideline may be helpful, but its use should not be mandatory. He suggested that wording be added to the guideline to stress that it may be used as a guide, but it is not required as a checklist for required information. Mr. Trexler said individual states should be given the discretion and flexibility to use the guideline as they see fit, including making it a requirement. The Task Force decided that the language included on the Overview & Contents tab, which indicates that the guideline is not prescriptive, but a state may require its use, is sufficient. The Task Force agreed to make changes related to mislabeled items and add Milliman's 2021 COVID Impact document to the Table of Actuarial Resources tab as noted in the comment letter.

Barb Klever (BCSA) gave an overview of the BCBSA's comment letter.

Becky Sheppard (RRC) gave an overview of RRC's comment letter. The Task Force agreed to make changes related to making the Table of Actuarial Resources tab a standalone document, additions to the Impact to Risk Adjustment 2021 tab, and fixing various typographical errors as noted in the comment letter.

Mr. Kupferman made a motion, seconded by Mr. Ostlund, to adopt the guideline with the changes described above. Mr. Sundberg said the guideline will be forwarded to the Health Insurance and Managed Care (B) Committee for its consideration.

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

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Draft: 4/28/20

Health Actuarial (B) Task Force
Conference Call
April 23, 2020

The Health Actuarial (B) Task Force met via conference call April 23, 2020. The following Task Force members participated: Todd E. Kiser, Chair, represented by Jaakob Sundberg (UT); Eric A. Cioppa, Vice Chair, represented by Marti Hooper (ME); Lori K. Wing-Heier represented by Jacob Lauten (AK); Jim L. Ridling represented by Steve Ostlund (AL); Ricardo Lara represented by Perry Kupferman (CA); Michael Conway (CO); Andrew N. Mais represented by Paul Lombardo (CT); Dean L. Cameron represented by Weston Trexler (ID); Robert H. Muriel represented by Eric Anderson (IL); Vicki Schmidt represented by Nicole Boyd (KS); Chlora Lindley-Myers (MO); Mike Causey represented by David Yetter (NC); Bruce R. Ramage represented by Michael Muldoon (NE); Marlene Caride represented by Seong-min Eom (NJ); Jillian Froment represented by Laura Miller (OH); Glen Mulready represented by Andrew Schallhorn (OK); Jessica K. Altman represented by Tracie Gray (PA); Kent Sullivan represented by Raja Malkani (TX); Scott A. White represented by David Shea (VA); Mike Kreidler represented by Lichiou Lee (WA); and James A. Dodrill represented by Joylynn Fix (WV).

1. Discussed the Impact of COVID-19 on 2021 ACA Rates

Mr. Sundberg said the Task Force will hear presentations on factors arising from COVID-19 testing and treatment that may affect the pricing of 2021 federal Affordable Care Act (ACA) health insurance policies.

Cori Uccello (American Academy of Actuaries—Academy) gave a presentation (Attachment XX) on the effects that COVID-19 may have on 2020 claims experience, changes in enrollment in various health insurance markets, 2021 premium development, and 2021 rate filing deadlines. Mr. Sundberg asked if the economic downturn and its impact on small businesses may create anti-selection in the small group market or have effects on the individual market if small employers direct employees to obtain individual or Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) coverage. Ms. Uccello said she is not sure, but Small Business Administration loans that are part of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act provide funds for small businesses to continue payment of small group insurance premiums. Mr. Shea said employees who lose small group coverage may experience financial hardship when presented with the cost of individual market or COBRA coverage.

Kurt Giesa (Oliver Wyman) gave a presentation (Attachment XX) on behalf of the Blue Cross Blue Shield Association (BCBSA) related to health plans' pricing for COVID-19. Commissioner Conway said he assumes that the Medicare and Medicaid markets will experience greater COVID-19 impacts than commercial markets, and he asked Mr. Giesa if the modelling of this using state-level data has begun. Mr. Giesa confirmed that work has begun on this, and he agreed with Commissioner Conway's assumption. Mr. Sundberg asked if insurers with knowledge of each other's COVID-19-related pricing assumptions before filing rates will enhance pricing accuracy. Mr. Giesa said there are advantages and disadvantages to this approach, but he is unable to answer the question.

Justin Giovannelli (Georgetown University) gave a presentation (Attachment XX) on behalf of the NAIC Consumer Representatives regarding their concerns related to the impact of COVID-19 on state insurance markets. Mr. Sundberg said if a multiple-scenario, multiple-filing system is used, there will still be uncertainties associated with whichever scenario is chosen. Mr. Giovannelli said the later that the decision is made, the less that uncertainty will be present. Mr. Muldoon said the Nebraska Department of Insurance (DOI) supports insurers making a single rate filing that reflects scenarios with no, low, medium and high COVID-19 incidence. He said he does not understand why separate rate filings with each scenario being approved and implemented at an insurer's discretion will be necessary, and he thinks this may be burdensome. He stated that the date for final rate approval would need to be later than the Aug. 19 date currently prescribed by the federal Centers for Medicare & Medicaid Services (CMS) in order for this plan to be feasible. Director Lindley-Meyers and Mr. Shea agreed that the date of Aug. 19 will need to be extended for a multiple-scenario system to work.

Jeanette Thornton (America's Health Insurance Plans—AHIP) gave a presentation (Attachment XX) on cost estimates of COVID-19 treatment for U.S. private insurers in 2020 and 2021. Commissioner Conway asked if it will enhance pricing accuracy if insurers can know each other's COVID-19-related pricing assumptions before filing rates. Ms. Thornton said she will present this question to AHIP member companies, and she has concerns about competitive issues that may arise if this is allowed.

R. Dale Hall (Society of Actuaries—SOA), Dave Dillon (Lewis & Ellis Inc.) and Greg Fann (Axene Health Partners) gave a presentation (Attachment XX) on the SOA's COVID-19 research and its impact on 2021 pricing.

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

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Draft: 2/24/20

Health Actuarial (B) Task Force
Conference Call
February 14, 2020

The Health Actuarial (B) Task Force met via conference call Feb.14, 2020. The following Task Force members participated: Todd E. Kiser, Chair, represented by Jaakob Sundberg (UT); Eric A. Cioppa, Vice Chair, represented by Marti Hooper (ME); Lori K. Wing-Heier represented by Jacob Lauten (AK); Ricardo Lara represented by Perry Kupferman (CA); Vicki Schmidt represented by Nicole Boyd (KS); Chlora Lindley-Myers represented by William Leung (MO); Mike Causey represented by David Yetter (NC); Bruce R. Ramge represented by Michael Muldoon (NE); Marlene Caride represented by Seong-min Eom (NJ); Jillian Froment represented by Laura Miller (OH); Glen Mulready represented by Andrew Schallhorn (OK); Jessica K. Altman represented by Tracie Gray (PA); Kent Sullivan represented by Mike Boerner (TX); Mike Kreidler represented by Lichiou Lee (WA); and James A. Dodrill represented by Joylynn Fix (WV).

1. Adopted its 2019 Fall National Meeting Minutes

Mr. Lauten made a motion, seconded by Ms. Eom, to adopt the Task Force's Dec. 6, 2019, minutes (*see NAIC Proceedings—Fall 2019, Health Actuarial (B) Task Force*). The motion passed unanimously.

2. Adopted a Draft of Revisions to the Forms

Mr. Kupferman presented a draft of revisions (Attachment One-A) to the Long-Term Care Experience Reporting Forms (Forms) found in the annual financial statement and instructions (Attachment One-B) for the revised forms as forwarded to the Task Force by the Long-Term Care Actuarial (B) Working Group. He also presented comments (Attachment One-C) on the revisions submitted by Utah.

Mr. Kupferman gave an overview of the revisions and said the changes suggested in the Utah comment letter will be incorporated into the draft.

Bob Yee (PricewaterhouseCoopers LLP—PwC) suggested that the reserves reported on Form 3 should be recast using current assumptions. Ray Nelson (America's Health Insurance Plans—AHIP) said AHIP member companies think Form 3 should reflect the actual history of reserves held. He said requiring reserves to be recast would make completion of the forms more difficult and may create systems programming issues. Mr. Sundberg said he agrees with Mr. Nelson. Mr. Yee suggested companies be given the option of recasting reserves, with a checkbox to indicate this has been done on Form 3. The Task Force agreed to this change.

Mr. Nelson suggested that policies that have received contingent nonforfeiture benefits be considered as in-force policies for Forms reporting purposes, as they are still eligible to receive benefits and require a reserve to be held. The Task Force agreed to this classification.

Mr. Nelson suggested that the Form 2 instructions not prescribe the classification of comprehensive policies that later drop rider coverage. The Task Force agreed to this change.

Mr. Sundberg suggested the Forms include a way for companies to indicate whether waiver of premium amounts are included in claims and premium reporting. The Task Force agreed to this change.

Mr. Kupferman made a motion, seconded by Mr. Muldoon, to adopt the revised draft Forms and instructions with the changes discussed. The motion passed unanimously.

Mr. Sundberg said the revised draft forms (Attachment One-D) and instructions (Attachment One-E) will be forwarded to the Senior Issues (B) Task Force and the Health Insurance and Managed Care (B) Committee for their consideration.

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

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