Draft date: 8/7/23

2023 Summer National Meeting
Seattle, Washington

HEALTH ACTUARIAL (B) TASK FORCE
Saturday, August 12, 2023
2:00 – 3:30 p.m.
Columbia Ballroom CD - Level 3 - Hyatt Regency Seattle

ROLL CALL

Andrew N. Mais, Chair	Connecticut	Pending	N. Mariana Islands
Anita G. Fox, Vice Chair	Michigan	Eric Dunning	Nebraska
Mark Fowler	Alabama	D.J. Bettencourt	New Hampshire
Ricardo Lara	California	Marlene Caride	New Jersey
Michael Conway	Colorado	Judith L. French	Ohio
Karima M. Woods	District of Columbia	Glen Mulready	Oklahoma
Gordon I. Ito	Hawaii	Michael Humphreys	Pennsylvania
Dean L. Cameron	Idaho	Alexander S. Adams Vega	Puerto Rico
Amy L. Beard	Indiana	Michael Wise	South Carolina
Doug Ommen	Iowa	Cassie Brown	Texas
Vicki Schmidt	Kansas	Jon Pike	Utah
Timothy N. Schott	Maine	Scott A. White	Virginia
Kathleen A. Birrane	Maryland	Mike Kreidler	Washington
Grace Arnold	Minnesota		

NAIC Support Staff: Eric King

AGENDA

1. Consider Adoption of its Spring National Meeting Minutes — Attachment One
   —*Paul Lombardo (CT)*

2. Consider Adoption of the Report of the Long-Term Care Actuarial (B) Working Group, Including its July 19, June 7, and May 1 Minutes — Attachment Two
   —*Fred Andersen (MN) and Paul Lombardo (CT)*

3. Hear an Update on Society of Actuaries (SOA) Research Institute Activities — Attachment Three
   —*Cindy MacDonald (SOA)*

4. Hear a Presentation on SOA Education Redesign—*Stuart Klugman (SOA)*

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5. 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) Health Practice Council—*(Academy)* Attachment Four

7. Hear an Academy Professionalism Update—*(Academy)*

8. Discuss Any Other Matters Brought Before the Task Force —*Paul Lombardo (CT)*

9. Adjournment

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Draft Pending Adoption

Draft: 3/31/23

Health Actuarial (B) Task Force
Louisville, Kentucky
March 21, 2023

The Health Actuarial (B) Task Force met in Louisville, KY, March 21, 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 Charles Hale (AL); Ricardo Lara represented by Ahmad Kamil (CA); Michael Conway represented by Eric Unger (CO); Karima M. Woods represented by Stephen F. Flick (DC); Gordon I. Ito represented by Kathleen Nakasone (HI); Doug Ommen represented by Klete Geren (IA); 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 and Julia Lyng (MN); Eric Dunning represented by Michael Muldoon (NE); Marlene Caride represented by Seong-min Eom (NJ); Jennifer Catechis represented by Anna Krylova (NM); 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).

1. Adopted its 2022 Fall National Meeting Minutes

Muldoon made a motion, seconded by Schallhorn, to adopt the Task Force's Dec. 5, 2022, minutes (*see NAIC Proceedings – Fall 2022, Health Actuarial (B) Task Force*). The motion passed unanimously.

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

Andersen said he and Lombardo are now the Working Group's co-chairs. He said the Working Group met Feb. 17 and took the following action: 1) discussed disbanding the Long-Term Care Pricing (B) Subgroup and the Long-Term Care Valuation (B) Subgroup; 2) exposed a request for comments on a proposal to revise the nationally coordinated long-term care insurance (LTCI) rate increase review checklist; 3) exposed a request for comments on the Minnesota and Texas LTCI rate increase review methodologies, as used in the Long-Term Care Insurance Multistate Rate Review Framework (LTCI MSA Framework); and 4) heard an update on LTCI valuation issues. He said both requests for comment exposures have a deadline of April 24, and the Working Group plans to meet in May to discuss comments received.

Andersen said any changes that are made to the checklist or either rate increase review methodology could affect the LTCI MSA Framework. He said he believes any changes to the checklist can be completed this year, and any changes to either rate increase review methodology will likely occur next year.

Andersen made a motion, seconded by Muldoon, to adopt the report of the Long-Term Care Actuarial (B) Working Group, including its Feb. 17 minutes (Attachment One Minutes_LTCAWG_02-17-23.docx). The motion passed unanimously.

3. Disbanded the Long-Term Care Pricing (B) Subgroup and the Long-Term Care Valuation (B) Subgroup

Andersen made a motion, seconded by Muldoon, to disband the Long-Term Care Pricing (B) Subgroup and the Long-Term Care Valuation (B) Subgroup and transfer the functions of the two subgroups to the Long-Term Care Actuarial (B) Working Group. The motion passed unanimously.

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4. Heard an Update from the CCIIO

Brent Plemons (federal Center for Consumer Information and Insurance Oversight—CCIIO) said the plan year 2024 Rate Review Timeline Bulletin for federal Affordable Care Act (ACA) rate filing submissions was posted to the federal Centers for Medicare & Medicaid Services (CMS) website on March 15. He said the initial filing submission deadline for states with effective rate review programs, which are all states other than Oklahoma and Wyoming, is the earlier of the date set by the state and July 19. He said the two states without effective rate review programs have a deadline of June 1. He said the CCIIO intends to post initial rate filing information received to its website, *ratereview.healthcare.gov*, on July 26. He said if rate filings contain a qualified health plan (QHP) serviced by the *healthcare.gov* exchange, the filings need to be finalized by Aug. 16; and for states with state-based exchanges or non-QHP off-exchange filings, the finalization deadline is Oct. 16. He said the CCIIO plans to post final rate information no later than Nov. 1.

Plemons said the new Uniform Rate Review Template (URRT) Version 6.0 differs from the previous version (5.4) only in the removal of rounding limitations, the removal of the Actuarial Value (AV) de minimis range validation, and the state and market fields on Worksheet 1 having been moved to the left. He said updated URRT instructions for Version 6.0 will be available soon. He said the instructions do not specify where to enter factors for reinsurance waivers, but it is allowable to enter the factor on Worksheet 1, where a federal reinsurance factor would normally be entered. He said if a reinsurance waiver factor is used, insurers should be mindful of the single risk pool requirement and not apply all the reinsurance to any one plan.

Jeff Wu (CCIIO) said federal guidelines for cost-sharing reduction (CSR) loads are not particularly detailed. He said insurers can and should load for CSR amounts that the federal government will not reimburse. They can do this by spreading all of the load across all plans within the single risk pool or applying the load only to the plans that generate CSR deficiencies. Wu said whichever loading methodology is chosen, the total amount of the load should be actuarially justified, reasonable, and recover any deficiencies.

Lombardo said the transfer of filings from the System for Electronic Rates & Forms Filing (SERFF) into the federal Health Insurance and Oversight System (HIOS) in 2022 worked extremely well for Connecticut, and he has not heard of many instances to the contrary from other states. He asked if it is correct that the CCIIO is leaving the determination of actuarial justification and reasonableness of an insurer's CSR loading methodology to state insurance regulators. Wu said this is correct. Lombardo asked if there is a timeframe for the finalization of the Actuarial Value Calculator. Wu said it will likely be close to the time that the Notice of Benefit and Payment Parameters is finalized, and he believes this will occur soon. He said this will ideally be in early March 2024 for the plan year 2025 guidance. Dyke said it continues to be a challenge for state insurance regulators to determine whether an insurer's CSR loading methodology is actuarially sound and in keeping with the single-risk pool requirements.

Muldoon said regarding the July 26 posting of final rates, there have been instances in prior years where insurers, for various reasons, have not had their rates posted to *ratereview.healthcare.gov* by the federally prescribed date. He asked if there is a way to ensure that all insurers have their rates posted by the July 26 deadline. Plemons said the only recourse the CCIIO has is for its rate review team to contact the insurer and attempt to get its final rates submitted and posted. Wu asked Muldoon if he believes insurers who have not had their rates posted by the deadline are failing to do so deliberately as a strategy or if it is due to mistakes or errors on the insurers' part. He said if it is thought that the former reason is the explanation, the CCIIO needs to be very thoughtful about how to handle such a situation. Muldoon said he assumes the failure to have rates posted by the deadline was due to an error, and he has no indication that it was being used as a competitive strategy. Wu said the CCIIO will monitor the situation for the 2024 plan year and respond accordingly. Plemons said he will consult with CCIIO staff to

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determine if there is a way to get final rates posted for insurers that do not meet the deadline due to errors or mistakes.
Muldoon said some state insurance regulators have questions concerning the details of what should be considered appropriate for an insurer's CSR loading methodology. Lombardo said a meeting of interested state insurance regulators will be held soon to discuss these issues.

Lombardo said Connecticut has a state-based exchange, and there have been instances where insurers have missed the deadline for posting final rates. He said he does not believe these insurers were attempting to gain a competitive advantage, but other insurers that have met the deadline have concerns that these insurers are waiting to see rates posted by the deadline to modify their own rates in order to gain a competitive advantage. He said to ensure the integrity of the rate filing system, all rates for a given market should be posted and available at the same time. Wu said if an insurer displays a pattern of missing the posting deadline, the matter should be investigated. Lombardo said state insurance regulators are available to assist with the CCIIO's efforts in resolving these issues. Dyke said it is possible that the implementation of the transfer of filings from SERFF into the federal HIOS has created an issue with insurers verifying that their final rates are available for posting, and it may be beneficial for the CCIIO rate review team to encourage insurers to periodically check the HIOS to ensure that their rates are validated.

5. Heard a Presentation from the SOA Research Institute

Dale Hall (Society of Actuaries—SOA) gave a presentation (Attachment Two SOA_HATF_202303.pptx) on the Research Institute's findings related to social, physical, and cultural determinants of health and their incorporation into actuarial data and workstreams, as well as Research Institute experience studies and other health research activities.

6. Heard a Presentation from the Academy HPC

Barb Klever (Blue Cross Blue Shield Association—BCBSA) gave a presentation (Attachment Three Academy_HPC_Updates_to_NAIC_HATF_03.21.23.pdf) on American Academy of Actuaries (Academy) Health Practice Council (HPC) activities.

7. Heard an Academy Professionalism Update

Shawna Ackerman (California Earthquake Authority—CEA) said the Actuarial Board for Counseling and Discipline (ABCD) recently published its 2022 annual report, which is available on the ABCD website, *abcdboard.org*. She said the ABCD responded to 96 requests for guidance (RFGs) in 2022, and about one-third of the requests were from the health practice area. She said Precept 1, Professional Integrity, and Precept 2, Qualification Standards, of the Academy's Code of Professional Conduct continue to be popular RFG topics. She said an RFG concerning obtaining organized activity continuing education (CE) credits was received toward the end of 2022. She also encouraged actuaries to accumulate organized activity CE credits earlier rather than later during the year.

Robert Damler (Actuarial Standards Board [ASB]–Retired) said two general Actuarial Standards of Practice (ASOPs) that apply to all practice areas are in the process of being revised. He said ASOP No. 12, Risk Classification (for All Practice Areas), is undergoing revision and review by a task force, and it is anticipated that the revised ASOP No. 12 will be presented to the ASB later this year and then exposed for comment. He said revisions to ASOP No. 41, Actuarial Communications, were exposed for comment in 2022, and these comments are being reviewed by a task force. He said he expects that a second exposure draft of ASOP No. 41 revisions will be published within the next six to 12 months. He said revisions to ASOP No. 10, U.S. GAAP for Long-Duration Life, Annuity, and Health Products, were approved by the ASB in the past few months, and the new version will be effective May 1. He said an old Actuarial Compliance Guideline No. 4, which was the last such guideline in existence, has been converted to ASOP

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No. 57, Statements of Actuarial Opinion Not Based on an Asset Adequacy Analysis for Life Insurance, Annuity, or Health Insurance Reserves and Related Actuarial Items. He said ASOP No. 57 will become effective June 15.

Damler said there are several ASOPs under development or revision. He said these include ASOP No. 7, Analysis of Life, Health, or Property/Casualty Insurer Cash Flows; ASOP No. 28, Statements of Actuarial Opinion Regarding Health Insurance Assets and Liabilities; ASOP No. 36, Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves; ASOP No. 45, The Use of Health Status Based Risk Adjustment Methodologies; and ASOP No. 49, Medicaid Managed Care Capitation Rate Development and Certification.

8. Discussed a Meeting of the Long-Term Care Actuarial (B) Working Group at the Summer National Meeting

Lombardo said he and Andersen intend for the Working Group to meet in person at the Summer National Meeting in Seattle, WA.

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

SharePoint/NAIC Support Staff Hub/B CMTE/HATF/2023_Spring/3-21-23 HATF/Minutes_HATF_03-21-23.docx

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Draft: 8/2/23

Long-Term Care Actuarial (B) Working Group
Virtual Meeting
July 19, 2023

The Long-Term Care Actuarial (B) Working Group of the Health Actuarial (B) Task Force met July 19, 2023. The following Working Group members participated: Paul Lombardo, Co-Chair (CT); Fred Andersen, Co-Chair (MN); Ahmad Kamil (CA); Lilyan Zhang (FL); Weston Trexler (ID); Nicole Boyd (KS); Marti Hooper (ME); Kevin Dyke (MI); William Leung (MO); Michael Muldoon (NE); Jennifer Li (NH); Anna Krylova (NM); Bill Carmello (NY); Craig Kalman (OH); Jim Laverty (PA); Andrew Dvorine (SC); Aaron Hodges and R. Michael Markham (TX); and Tomasz Serbinowski (UT).

1. Discussed Comments Received on a Request for Comments on Various LTCI Rate Increase Review Methodologies

Andersen said the Working Group exposed a request for comments on the Minnesota and Texas approaches, as described in the Long-Term Care Insurance Multistate Rate Review Framework (LTCI MSA Framework) and the Utah proposal (Attachment) for an alternative approach to LTCI rate increase reviews. He said the comments received will be discussed in the context of developing a single actuarial approach to multistate long-term care insurance (LTCI) rate increase reviews and that the Working Group will continue this discussion during its Aug. 12 meeting. He said the Utah proposal reflects adjustments to the Minnesota approach, with the primary adjustments being the absence of an explicit cost-sharing provision and a faster grading by duration of the lower if-knew premium from the higher make-up premium during the blending process. He said initial informal testing of the Utah proposal indicates higher rate increases early in a product's life and lower increases later when compared to the Minnesota and Texas approaches.

Andersen said comments were received from the Colorado Division of Insurance (Attachment), the Texas Department of Insurance (DOI) (Attachment), and the American Council of Life Insurers (ACLI) and America's Health Insurance Plans (AHIP) (Attachment). Markham gave an overview of the Texas DOI comments.

Jan Graeber (ACLI) gave an overview of the ACLI/AHIP comments. Lombardo said that if a single actuarial approach is ultimately adopted, there will still be flexibility to modify it in the future if state insurance regulators and interested parties determine it needs to be. Andersen said any proposed single approach will need to be adopted by the Working Group and the Long-Term Care Insurance (EX) Task Force before it will be implemented as part of the LTCI MSA Framework. Serbinowski said he is concerned that adequacy of premiums may be given too much weight in assessing an actuarial approach and that by using this as a criterion, rate increases may be denied due to the inadequacy of resulting premiums. He said that rate adequacy can be achieved by increasing active life reserves for the block of policies. Leung said that if what is considered an excessive premium cannot be objectively defined, applying whether a premium is excessive as an evaluation criterion will be difficult. Andersen said the Minnesota approach, and he assumes the Texas approach, verifies that the total of premiums paid over time do not exceed the expected benefits and expenses to be paid over time. Lombardo said there should never be a situation where potential benefits paid are less than potential premiums. He said there needs to be a mechanism in any approach used that lessens the increase for policyholders at later policy durations, as they have likely paid more in cumulative rate increases than policyholders at earlier durations. Andersen said it is possible to modify the Minnesota approach to account for this by increasing the cost sharing for insurers for policies at later durations and decreasing insurer cost sharing at earlier durations. He said the Working Group will discuss this further during its Aug. 12 meeting. Serbinowski said the Working Group should also discuss the impact of waiver of premium and the interest rate to be used in the approach.

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

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Draft: 7/3/23

Long-Term Care Actuarial (B) Working Group
Virtual Meeting
June 7, 2023

The Long-Term Care Actuarial (B) Working Group of the Health Actuarial (B) Task Force met June 7, 2023. The following Working Group members participated: Paul Lombardo, Co-Chair (CT); Fred Andersen, Co-Chair (MN); Ahmad Kamil (CA); Weston Trexler (ID); Nicole Boyd (KS); Marti Hooper (ME); William Leung (MO); Michael Muldoon (NE); Anna Krylova (NM); Bill Carmello (NY); Craig Kalman and Laura Miller (OH); Andrew Schallhorn (OK); Jim Laverty (PA); Andrew Dvorine (SC); Aaron Hodges (TX); and Tomasz Serbinowski (UT).

1. Discussed Comments Received on Exposures of Ideas for a Single LTCI Rate Increase Review Methodology

Andersen said the Working Group exposed a request for comments on ideas (Attachment) for a single, improved long-term care insurance (LTCI) rate review methodology approach for use in multistate actuarial (MSA) filing reviews. He said a methodology that the Utah Insurance Department (Attachment) proposed was also exposed for comment. He said comments were received from the American Council of Life Insurers (ACLI) and America's Health Insurance Plans (AHIP) (Attachment), as well as from the Virginia Bureau of Insurance (Attachment).

Serbinowski gave an overview of the Utah proposal. Andersen said the Utah proposal will need to be tested to compare its results to the currently used Minnesota and Texas approaches.

Jan Graeber (ACLI) gave an overview of the ACLI/AHIP comments. Serbinowski said that a metric will need to be established to evaluate whether an approach satisfies ACLI/AHIP's proposed guiding principle 1 and that it is difficult to say what is intended. Graeber said the intent is not to have specific criteria for evaluating this, but rather to determine what a given approach uses to judge the reasonableness of premiums in relation to benefits and use this as the evaluation standard. Miller said that if these principles are to be used to evaluate an approach, the criteria for principle 2 will need to be elaborated upon.

Miller said that there will need to be more detail as to what is considered an appropriate balance for principle 3. Andersen said that any difference between the makeup premium and the approved increased premium is a cost-sharing element in the Minnesota approach.

Andersen said the ACLI/AHIP guiding principles will not be exposed for comment, but may be used by the Working Group in developing a set of principles if it is decided it is needed.

Serbinowski said defining "classes of insured" as used in principle 9 could be difficult.

Referring to principle 10, Trexler and Boyd said it needs to be determined if rate increases should continue to be allowed to include a margin for moderately adverse experience.

Andersen said comments from the Virginia Bureau of Insurance will be addressed at the Working Group's next meeting. Serbinowski said he can address in writing questions asked about the Utah approach in the comments.

Andersen said he is hesitant for the Working Group to adopt a set of principles for evaluating LTCI rate review methodology approaches. He asked if the Working Group should further examine the proposed Utah approach, including comparing its results to the Minnesota and Texas approaches, and if it is helpful and necessary to produce a set of principles before it produces a single approach. Lombardo said the Working Group should focus

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on evaluating whether the Utah approach is one that could be adopted for use in MSA reviews. He said he does not think the Working Group necessarily needs to adopt a set of principles, but that it should ask questions similar to those that the ACLI/AHIP proposed when an approach is evaluated.

2. Exposed Three MSA Actuarial Approaches

Andersen said the Working Group will expose the Minnesota, Texas, and Utah approaches for a 30-day public comment period ending July 10. He said one option for the form of comments being sought is a scorecard assessing the approaches' success in meeting key principles. He said these principles can be from the list provided in the ACLI/AHIP comment letter or as developed or thought of by the commenter. He said the other option is assessment of the rate increase amounts resulting from the three approaches, including for various types of situations, such as older and newer business, or blocks with short or lengthy rate increase histories.

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

Meetings/Member Meetings/B CMTE/HATF/2023_Summer/06-07-23 LTCAWG/Minutes_LTCAWG_06-07-23.docx

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Draft: 5/12/23

Long-Term Care Actuarial (B) Working Group
Virtual Meeting
May 1, 2023

The Long-Term Care Actuarial (B) Working Group of the Health Actuarial (B) Task Force met May 1, 2023. The following Working Group members participated: Paul Lombardo, Co-Chair (CT); Fred Andersen, Co-Chair (MN); Charles Hale (AL); Ahmad Kamil (CA); Lilyan Zhang (FL); Nicole Boyd (KS); Marti Hooper (ME); Kevin Dyke (MI); Michael Muldoon (NE); Anna Krylova (NM); Bill Carmello (NY); Craig Kalman and Laura Miller (OH); Andrew Schallhorn (OK); Jim Laverty (PA); Andrew Dvorine (SC); Aaron Hodges (TX); and Tomasz Serbinowski (UT). Also participating was: Eric Unger (CO).

1. Discussed Comments Received on Proposals to Revise the Nationally Coordinated LTCI Rate Increase Review Checklist and Comments Received on an Exposure of the Minnesota and Texas LTCI Rate Increase Review Methodologies

Andersen said the Working Group exposed a request for comments on the Nationally Coordinated Long-Term Care Insurance (LTCI) Rate Increase Review Checklist and the Minnesota and Texas approaches as used in the Long-Term Care Insurance Multistate Rate Review Framework (LTCI MSA Framework). He said comments were received from the Colorado Division of Insurance (Attachment XX), the American Academy of Actuaries (Academy) (Attachment XX), and the American Council of Life Insurers (ACLI) and America's Health Insurance Plans (AHIP) (Attachment XX).

Unger gave an overview of Colorado's comments on the Checklist and the Minnesota and Texas approaches. He said a large discrepancy between the results of the Minnesota and Texas approaches has been observed in some multistate actuarial (MSA) filings, and he suggested considering using a single approach in the LTCI MSA Framework reviews. Lombardo asked Unger to elaborate on the suggestion for producing a less technical version or an additional section of the MSA Advisory Report. Unger said non-actuarial audiences within an insurance department may find it difficult to understand the MSA Advisory Report as it is currently structured. Andersen said the use of a single approach for LTCI MSA Framework reviews will be discussed later in the meeting.

Jamala Arland (Academy) gave an overview of the Academy's comments. Andersen said the Academy issue brief, *Long-Term Care Insurance: Considerations for Treatment of Past Losses in Rate Increase Requests*, mentions past persistency in excess of what was expected and past claims in excess of what was expected as potential sources of past losses. He said the Minnesota and Texas approaches treat past losses associated with excess persistency in significantly different ways. He said the Minnesota and Texas methods treat past losses associated with excess claims in a similar manner. He asked if past persistency in excess of what was expected should be considered to be a past loss for the purpose of LTCI MSA Framework reviews. Serbinowski said part of the problem with addressing past losses comes from framing them in terms of loss ratios. He said excess claims contribute to loss ratio calculations, but the calculation does not accurately reflect variances in persistency. He said the Texas approach provides no relief for higher-than-expected persistency. He said if variances from expected investment returns are to be included, the loss ratio formula needs to be adjusted to account for this. Lombardo said he believes it is very difficult to define past losses in a way that all actuaries will agree on.

Jan Graeber (ACLI) and Ray Nelson (AHIP) gave an overview of their organizations' comments. Miller referenced the ACLI/AHIP's comment on the Checklist, "… we recognize that an individual state might be interested in information specific to their state, we suggest that the checklist clarify that state-specific information is not needed or used for purposes of an MSA review," and she said Ohio has an interest in seeing its state-specific

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cumulative increase and would also want to be able to compare it with that of other states. She said she agrees with that, and she would like to see a deeper analysis of the Minnesota and Texas approaches. Lombardo said Connecticut has seen insurers report implemented cumulative rate increases that are less than the rate increases approved in Connecticut. He said the MSA Advisory Reports attempt to identify such situations for each state, and he believes improvements in how the MSA Advisory Reports show and detail cumulative rate increases should be considered.

2. Exposed Ideas for a Single Improved MSA Actuarial Approach

Andersen said given the comments received on the Minnesota and Texas approaches, combining features of both to develop a single rate increase review approach for use in the LTCI MSA Framework may be warranted. He gave an overview of a draft principles document (Attachment XX) that outlines potential considerations and principles for evaluating proposals for a single approach. He said the prior evaluation performed on the Minnesota and Texas approaches can also be used in the consideration of a single approach.

Andersen said the Working Group will expose the draft principles document for a public comment period ending June 2.

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

Meetings/Member Meetings/B CMTE/HATF/2023_Summer/05-01-23 LTCAWG/Minutes_LTCAWG_05-01-23.docx

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Attachment Three

SOCIETY OF ACTUARIES RESEARCH UPDATE TO HATF

August 12, 2023

Cindy MacDonald, FSA, MAAA
Senior Director, Experience Studies

Presentation Disclaimer

The material and information contained in this presentation is for general information only. It does not replace independent professional judgment and should not be used as the basis for making any business, legal or other decisions. The Society of Actuaries assumes no responsibility for the content, accuracy or completeness of the information presented.

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SOA Experience Studies
Regulator Input on Prioritization

Experience Studies Pro

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Value

Together we provide unparalleled value while delivering cost-effective insights

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Benefits to the Industry

Credible, robust, benchmarking, and strong industry representation: 70% market participation is typical

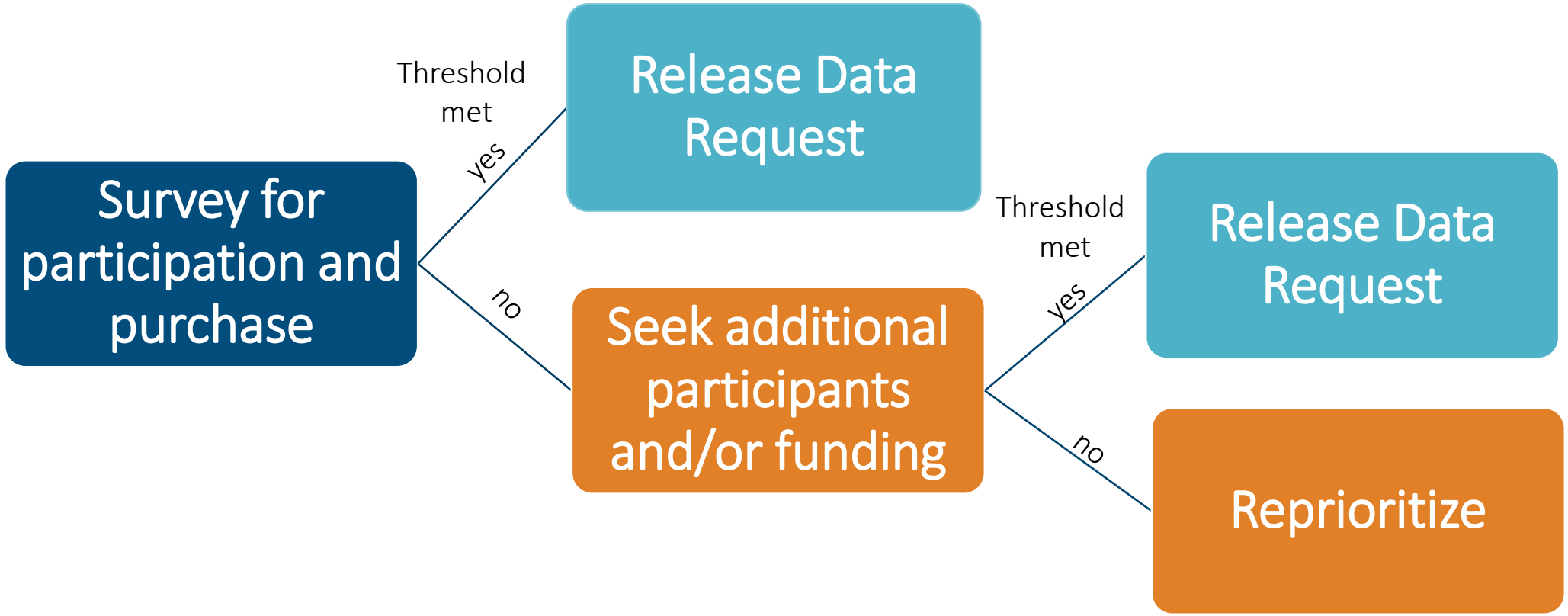
Comprehensive and timely: updates of industry data on a regularly published schedule

Detailed and deeper analytics: to support product development, inforce management, reserving, and growth strategies

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Feasibility Survey … before a study starts



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Studies at Risk for Participation and Funding

Product	Contingency Studied	Funding Concerns
Long-term care	claim incidence, claim termination, claim utilization, active life lapse and mortality	Blocks in run-off; complicated study/higher cost
Individual disability	claim incidence, claim termination	Few carriers; complicated study/higher cost
Group annuity	mortality	Few carriers; niche line of business
Structured settlements	mortality	Few carriers; niche line of business

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HATF Interest Survey Results



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Results Regulator Interest Survey - HATF

Experience Study	
Long-Term Care – claim incidence, termination, and utilization	★
Group Long-Term Disability – claim incidence	
Long-Term Care – lapse, mortality	★
Group Life Waiver of Premium – recovery, mortality	
Group Long-Term Disability – claim termination	
Individual Disability – claim incidence and termination	
Individual Life Waiver of Premium – claim incidence and termination	

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Results Regulator Interest Survey - HATF

Tables/Projects
Long-Term Care – claim incidence, termination, and utilization
Group Long-Term Disability – claim termination
Individual Disability – claim incidence and termination
Long-Term Care – lapse, mortality
Group Long-Term Disability – claim incidence
Group Life Waiver of Premium – recovery, mortality ★
Individual Life Waiver of Premium – claim incidence and termination

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Comments

- HATF
  - Hospital indemnity, other indemnity, critical illness/specified disease

Individual Disability Income Experience

- Current valuation standard based on 1990 to 2007 data

- 2019 – SOA 2006-2014 claim incidence report
  - Incidence rates > 60% of the valuation standard table
  - ALR's may be 25-50% too high

- 2021 -- SOA 2006-2014 claim termination report
  - Termination rates > 50-65% of the valuation standard table
  - DLR's may be 25-50% too high

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What can regulators do to help?

For studies, tables, project desired by regulators

- Help us clarify the prioritization
- Support/encourage voluntary participation in Experience Study Pro studies
- Support/encourage potential funding through NAIC, where funding through direct sales is not feasible

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Discussion



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Additional Health Research

Experience Studies, Practice Research & Data Driven In-house Research

Project Name	Objective	Expected Completion Date
Digital Health	A study focusing on telehealth and other digital communications.	https://www.soa.org/49eeb8/globalassets/assets/files/resources/research-report/2023/digital-health-covid-boom.pdf
Emerging Impact of Long COVID on HealthCare Costs and Medical Conditions	Examine the impact of a COVID 19 diagnosis on patient claims and medical conditions.	https://www.soa.org/resources/research-reports/2023/hcc-covid-effects-longterm/
Group Life Waiver of Premium Valuation Tables	Develop valuation tables for claim mortality and recovery on Group Term Life policies with Waiver of Premium benefits.	https://www.soa.org/resources/experience-studies/2023/group-life-waiver/
Health and Health Care Inequalities: Research Challenges and Considerations	A summary of the challenges involved in conducting research that requires health or health care data and protected personal information. Includes considerations for furture research.	https://www.soa.org/resources/research-reports/2023/health-and-healthcare-inequalities/
Risk Adjustment White Paper	Interview Risk Adjustment SMEs and create a white paper that will address recent concerns brought up by political leaders about the use of Risk Adj through an actuarial user's guide to its past and future applications.	https://www.soa.org/resources/research-reports/2023/risk-adjustment-ma/
Social Physical and Cultural Determinants of Health	Qualitative SDOH research project.	https://www.soa.org/resources/research-reports/2023/soc-phy-cultural-doh/
State Based Public LTC Catastrophic Research	Studies the feasibility, possibilities and potential options for a state specific public product for Catastrophic LTC protection.	https://www.soa.org/resources/research-reports/2023/ltc-catastrophic-insurance/ https://www.soa.org/4936e5/globalassets/assets/files/resources/research-report/2023/ltc-catastrophic-report.pdf https://www.soa.org/497a69/globalassets/assets/files/resources/research-report/2023/2023-covid-impact-on-state-based-cat-program.pdf
Wall Street Journal Health Forum Summary 2023	This project is a brief that summarizes the March 2023 Wall Street Journal Health Forum.	https://www.soa.org/resources/research-reports/2023/wall-street-journal-health/
Modeling the Impact of the COVID-19 Public Health Emergency (PHE) on State Medicaid Programs	Develop a model to help estimate the impact of the anticipated unwinding of the PHE on State Medicaid Programs. This includes an excel model, a users guide to the model, and a paper that illustrates how the model works and what it is trying to measure.	8/23/2023
2024 Getzen Model	This research examines is a model that does long term medical trend projects. In addition, there is a write-up which describes how each of the assumptions were chosen.	9/15/2023
HCCI Quick Hit - Specialty Pharmacy Trends	This research will examine some key specialty drugs to look at how increases in uptake in drugs worth between 10K and 200K are driving current pharmacy trend.	9/15/2023
Calculated Risk: Driving Decisions Using the 5/50 Research	Validate the 5/50 Premise through % of total costs and average allowed annual costs by percentile grouping. Analyze ability to predict the 5% based on prior claims and risk factors. Calculate Transition probabilities between different groups. Introduce the concept of Total Risk Analysis which looks at the likelihood of large financial losses in health insurance as well as what types of risk and variance contribute to the possibility of those losses.	9/30/2023

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American Academy of Actuaries Health Practice Council—Summer 2023 Updates

August 12, 2023—National Association of Insurance Commissioners (NAIC) Health Actuarial (B) Task Force (HATF) Meeting

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The American Academy of Actuaries is a 19,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues.

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The Academy, through its public policy work, seeks to address pressing issues that require or would benefit from the application of sound actuarial principles. The Academy provides unbiased actuarial expertise and advice to public policy decision-makers and stakeholders at the state, federal, and international levels in all areas of actuarial practice.

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Health Practice Council Updates & Priorities

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Health Practice Council: Key Policy Priorities for 2023

- Health equity
- COVID-19 and other public health challenges
- Insurance coverage and benefit design
- Health care costs and quality
- Medicare sustainability
- Long-term services and supports (LTSS)
- Financial reporting and solvency
- Professionalism

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Health Equity

- Presentations:
  - Presentation to SEAC on Health Equity and the Upcoming Health Equity Symposium/Workshops (June 2023)
  - Academy Presents on Health Equity at SOA Meeting (June 2023)

- Events:
  - Series of health equity workshops throughout summer/fall 2023, focused on the intersection of benefit design and health equity
  - Health Equity Symposium (scheduled for Nov. 15, 2023, in Washington, DC)

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COVID-19 and Other Public Health Challenges

- Webinar: "The Great Unwinding: What's Next for the Medicaid Population?" (March 14, 2023)
  - Topic is included in our *Drivers of 2024 Health Insurance Premium Changes* issue brief

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COVID-19 and Other Public Health Challenges: Climate Change and Health

Climate Change Joint Committee

- November 2021, the Climate Change Joint Committee was launched
- Members reflect the health, casualty, life, and pension practice areas and reports to the Risk Management and Financial Reporting Council (RMFRC)
- Activities to date
  - Comment letters to federal agencies and other stakeholders on climate-related disclosures and financial risks
  - *Climate Risks Pose Broad Impacts on Financial Security Systems* (June 2023) report
  - Glossary on climate-related terms (May 2023)

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Health Insurance Coverage and Benefit Design

Issue Briefs:

- *Drivers of 2024 Health Insurance Premium Changes* (July 2023)
- *Considering Employee Benefits for Health Policy Development* (April 2023)

Comment Letter:

- Comments to CMS on Medicaid Managed Care NPRM (June 2023)

Presentation:

- Senior Health Fellow Cori Uccello, "Considerations for Calculating Cost-Sharing Reduction Load Factors" at the Society of Actuaries (SOA) Virtual Health Meeting (July 2023)

Webinars:

- "Drivers of 2024 Health Insurance Premium Changes"(July 2023)
- "2024 Final Rules for Exchanges" (May 2023)

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Health Care Costs and Quality

Issue Briefs:

- *Addressing High Insulin Spending: Moving Beyond Co-pay Caps* (forthcoming Q4 2023)

- *Gene Therapy Drug Costs* (forthcoming Q4 2023)

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Medicare Sustainability

Issue Brief:

- *Medicare's Financial Condition: Beyond Actuarial Balance* (April 2023)

Capitol Forum Webinar:

- *Medicare's Financing Challenges and Options to Address Them* (May 2023)

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Long-Term Services and Supports (LTSS)

Issue Briefs:

- Refresh of *Impact of COVID-19 on Long-Term Care Insurance* issue brief (originally published January 2021—forthcoming)

- Refresh of *Essential Criteria for Long-Term Care Financing Reform Proposals* issue brief (originally published November 2016—forthcoming)

- *State of Long-term Care and How It Is Evolving* (forthcoming)

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Financial Reporting and Solvency

Comment letters:

- Comment letter to NAIC Long-Term Care Actuarial (B) Working Group (LTCAWG) on LTC Past Losses (April 2023)

- Comment Letter to NAIC Blanks (E) Working Group on the exposure of the 2023 Blanks Proposal 2023-04BWG (with (April 2023)
  - Joint letter with the Academy's Committee on Property and Liability Financial Reporting (COPLFR) of the Casualty Practice Council (CPC)

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NAIC Workstream Updates

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Health Actuarial (B) Task Force (HATF)

Group Life Waiver Valuation Table Work Group

- Joint project of the Academy's HPC and the Society of Actuaries Research Institute (SOARI).
- Status: The revised AG 44 and associated tables have been adopted by the Executive & Plenary at the NAIC 2022 Fall National Meeting.
- Final Materials (June 2023):
  - 2023 Group Term Life Waiver Experience Table Report
  - 2023 Group Term Life Waiver Experience Tables and Reserve Factor Calculator
  - The 2023 Waiver Reserve Table Webcast

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Health Risk-Based Capital (E) Working Group (HRBC)

Health Care Receivables Factors Work Group

- The Work Group is completing a review of the current health care receivables factors for the NAIC
- Update to the NAIC HRBC Working Group on July 25, 2023
- Task 1: Update the chart of health care (HC) receivables
  - HC Receivables now being reported on the Blue Blank as well as the Orange Blank
- Task 2: Evaluate 2018-2021 NAIC data

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Long-Term Care Actuarial (B) Working Group (LTCAWG)

NAIC Long-Term Care Insurance Mortality and Lapse Study

- Report released November 2021 by the Academy's LTC Valuation Work Group and the Society of Actuaries Research Institute (SOARI)
- Exposed by the NAIC LTCAWG until Sept. 5, 2022

Status: LTCAWG to discuss drafting changes to VM-25, with the intention of adopting the tables within the 2021 report will adopt tables (Aug. 2023)

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Other Updates

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Academy 2023 Annual Meeting

Envision Tomorrow—2023 Annual Meeting

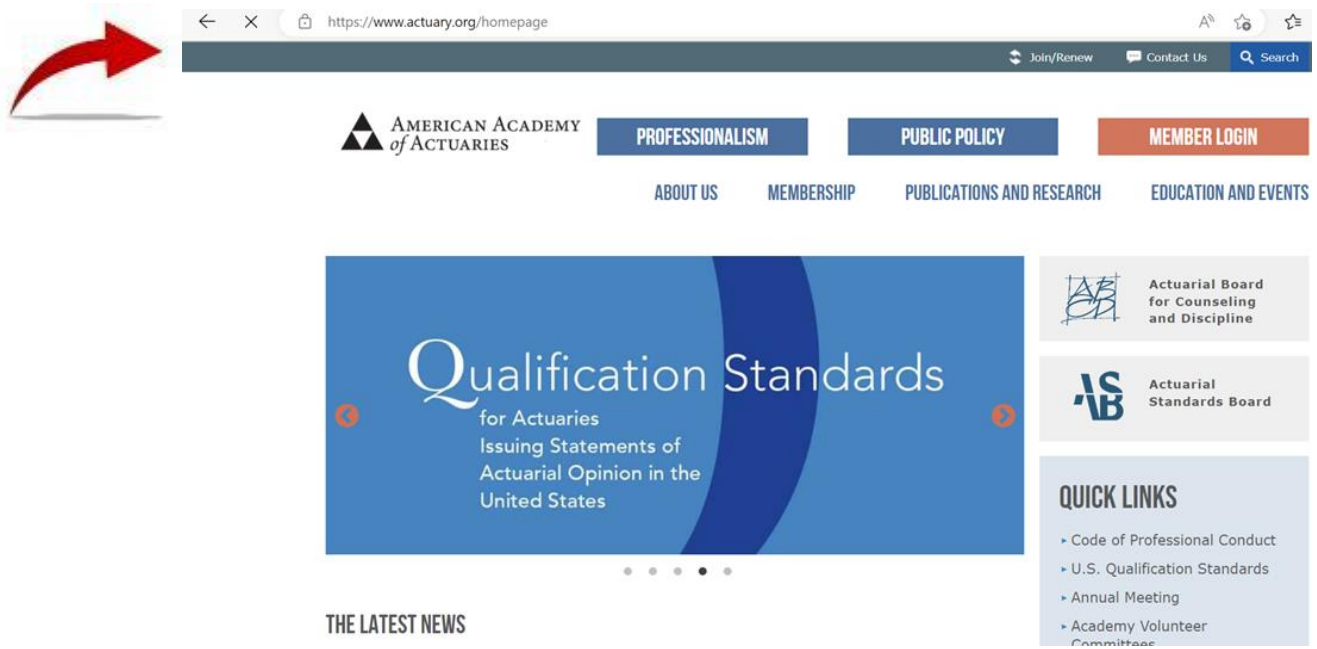
- November 13 and 14, 2023, in Washington, D.C.
- Health-specific breakout sessions:
  - Behavioral Health
  - Prescription Drugs
  - Regulating the Affordable Care Act: What's New for 2024?
    - Featuring Center for Consumer Information and Insurance Oversight (CCIIO) of CMS representatives

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Stay Up-to-Date

Under the Public Policy tab, access Academy:

- Comments and letters
- Issue briefs
- Policy papers
- Presentations
- Reports to the NAIC
- Testimony



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Questions?

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