

## Draft Pending Adoption

Draft: 12/13/23

Health Actuarial (B) Task Force  
Orlando, Florida  
November 30, 2023

The Health Actuarial (B) Task Force met in Orlando, FL, Nov. 30, 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); Ricardo Lara represented by Ahmad Kamil (CA); Michael Conway represented by Eric Unger (CO); 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); Kathleen A. Birrane represented by Brad Boban (MD); 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 Laura Miller (OH); Glen Mulready represented by Andrew Schallhorn (OK); Michael Humphreys represented by Jodi Frantz (PA); Michael Wise represented by Anamaria Burg (SC); Cassie Brown represented by R. Michael Markham (TX); Jon Pike represented by Ryan Jubber (UT); Scott A. White represented by David Shea (VA); and Mike Kreidler represented by Lichiou Lee (WA).

### 1. Adopted its Summer National Meeting Minutes

Muldoon made a motion, seconded by Trexler, to adopt the Task Force's Aug. 12 minutes (*see NAIC Proceedings – Summer 2023, Health Actuarial (B) Task Force*). The motion passed unanimously.

### 2. Adopted its Sept. 26 Minutes

Lombardo said the Task Force met Sept. 26 and took the following action: 1) adopted its 2024 proposed charges; 2) discussed a federal Affordable Care Act (ACA) referral from the Health Insurance and Managed Care (B) Committee; and 3) heard a presentation from the Blue Cross Blue Shield Association (BCBSA) on risk adjustment in the individual federal ACA market.

Muldoon made a motion, seconded by Trexler, to adopt the Task Force's Sept. 26 minutes (Attachment One). The motion passed unanimously.

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

Andersen said the Long-Term Care Actuarial (B) Working Group met Nov. 30 and took the following action: 1) adopted its Oct. 2 minutes; 2) adopted a proposal to add language to *Actuarial Guideline LI—The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves* (AG 51) that clarifies that regardless of which annual statement blank an insurer files, it must make an AG 51 filing if the AG 51 filing requirement criteria are met; and 3) heard an update on the development of a single Long-Term Care Insurance (LTCI) Multistate Rate Review Approach.

Trexler made a motion, seconded by Eom, to adopt the report of the Long-Term Care Actuarial (B) Working Group, including its Oct. 2 minutes. The motion passed unanimously.

### 4. Heard an Update on SOA Research Institute Activities

Dale Hall (Society of Actuaries—SOA) and Kate Eubank (SOA) gave an update (Attachment Two) on SOA Research Institute activities. Muldoon said he received a list of Nebraska LTCI companies from the SOA that either did not

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reply to the SOA's Long-Term Care (LTC) survey or replied they would not participate. He said the Nebraska Department of Insurance (DOI) will meet with these companies soon to determine why they are not willing to participate.

Lombardo asked if the SOA can provide a list of companies that participated in the prior LTCI study that will not participate in the current one and suggested that perhaps the Task Force can contact them to determine if there is anything that can be done to help them be able to participate.

### 5. Heard an Update from the Federal CCIIO

Jeff Wu (federal Center for Consumer Information and Insurer Oversight—CCIIO) and Kelly Drury (CCIIO) gave an update on CCIIO activities. Drury said the CCIIO is proposing maintenance items for the federal ACA risk adjustment (RA) program in the 2025 Notice of Benefit and Payment Parameters (NBPP). She said the CCIIO is proposing updating the RA formula coefficients with 2019, 2020, and 2021 External Data Gathering Environment (EDGE) data. She said the CCIIO thinks using the three-year average of the data creates stability in the RA model. Drury said it is proposed the model will also continue to use a Hepatitis C pricing adjustment to account for the future pricing of Hepatitis C treatments compared to the lag in Hepatitis C data seen in the EDGE data. She said the newest proposal is an update to the American Indian/Alaska Native plan variant factors to better reflect cost-sharing reduction (CSR) in these types of plans. Drury said no other changes to CSR factors are being proposed. She said the CCIIO plans to maintain its high-cost risk pool parameters of \$1 million and 60% coinsurance. Drury said the CCIIO has received comments on the incorporation of gene therapies into the high-cost risk pool parameters, and these are being considered. She said no updates to the risk adjustment data validation (RADV) process were proposed. She said the CCIIO is in the middle of 2023 EDGE data submissions and expects to issue the interim RA report in March 2024. Drury said the CCIIO anticipates being able to issue the 2022 RADV adjustments in advance of the July 2024 medical loss ratio (MLR) reporting deadline.

### 6. Heard an Update from the Academy Health Practice Council

Matthew Williams (American Academy of Actuaries—Academy) gave an update (Attachment Three) on Academy Health Practice Council activities.

### 7. Heard an Update on Academy Professionalism

Lisa Slotznick (Academy) said the Academy has read the Task Force's concerns regarding the SOA's changes to the educational pathway to attaining the Fellow, SOA designation and its updated educational plan. She said the Academy also has an interest in ensuring that U.S. actuaries are qualified to do their work and are following the process with interest. She said the Academy Committee on Qualifications issued an updated final amended U.S. Qualification Standards (USQS) late in 2021 and updated the frequently asked questions (FAQ) on the USQS in 2022. Slotznick said the USQS specifies the qualifications for issuing a statement of actuarial opinion (SAO) expressed in the course of performing actuarial services, and the opinion is expected to be relied upon. Note that this is not limited to regulatory-required opinions. She said that in 2023, the Actuarial Board for Counseling and Discipline (ABCD) received 43 questions covering primarily continuing education (CE), specific qualifications requirements, and miscellaneous other questions. Slotznick said for each question the ABCD receives, it considers whether the question merits addition to the FAQ or if a direct response is sufficient. For the questions received this year, direct responses were sufficient. She said the amendments to the USQS included language that stated if an actuary was qualified under a prior USQS, the qualification remains, but for new actuaries, qualification is based on the completion of an actuarial credential rather than on current memberships and organizations. She said the amended USQS added an annual CE requirement of one hour on bias topics.

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Cande Olson (ABCD) said the ABCD performs two primary functions. First, it responds to actuaries for guidance on professionalism issues. Second, the ABCD considers complaints about possible violations of the Academy's Code of Professional Conduct (CPC). She said the ABCD spends quite a bit of its time responding to requests for guidance. She said that in 2022, the ABCD responded to 96 requests, and as of Nov. 15, 2023, it has already responded to 107 requests. She said 28% of those requests came from the health area, which is consistent with prior years. Olson said that most of these requests for guidance are not related to asking for guidance on submitting complaints about other actuaries, but are mostly related to actuaries wanting to be sure that they themselves are doing the right thing. She said the ABCD encourages all actuaries to use this request for guidance process. She said it is confidential, and the ABCD has a broad range of backgrounds by practice area. She said the ABCD publishes a column called "Up to Code" in the Academy's bimonthly magazine, *Contingencies*, which covers different ABCD issues in every issue.

Rob Damler (Actuarial Standards Board—ASB) said the ASB is responsible for oversight and promulgation of the Actuarial Standards of Practice (ASOPs). He said for the health-specific area, the ASB is currently reviewing 15 to 20 different ASOPs. He said for the health-specific ones, the ASB is only focused on one, ASOP No. 49, Medicaid Managed Care Capitation Rate Development and Certification. He said ASOP No. 28, Statements of Actuarial Opinion Regarding Health Insurance Assets and Liabilities, which was revised 12–18 months ago, is waiting for one minor adjustment. Damler said it conflicts with ASOP No. 36, Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves. He said once ASOP No. 36 is updated, ASOP No. 28 will have a minor adjustment in language to correct for the slight conflict.

Damler said he would like to point out to all health actuaries that there are several ASOPs currently under review that are multi-disciplinary but do apply to health actuaries as well. He said ASOP No. 7, Analysis of Life, Health, or Property/Casualty Insurer Cash Flows, is currently under review and exposure. He said ASOP No. 12, Risk Classification (for All Practice Areas), will be released as an exposure draft, and this is the first update to it in approximately 10 years. He said ASOP No. 46, Risk Evaluation in Enterprise Risk Management, and ASOP No. 47, Risk Treatment in Enterprise Risk Management, are being reviewed for a combination to create a single ASOP. He said ASOP No. 41, Actuarial Communications, which applies to all actuaries practicing in the U.S., had an exposure draft last year and is currently going through a second exposure draft process. He said there is a new proposed ASOP on reinsurance pricing. He said it was originally drafted and presented to the ASB to cover both life and health and property and casualty (P/C)\_insurance reinsurance pricing. He said it is being reconsidered whether a single ASOP should apply to all those reinsurance pricing areas. He said it is still under review and has not been approved yet for exposure to the actuarial community.

Damler said a topic the ASB is addressing outside the area of ASOPs but is trying to understand further and how it may impact current ASOPs is artificial intelligence (AI). He said the ASB does not anticipate a new AI ASOP being developed.

### 8. Discussed a Referral from the Health Insurance and Managed Care (B) Committee

Lombardo said the Task Force is working on a referral from the Health Insurance and Managed Care (B) Committee. He said the first part of the referral relates to the federal ACA RA mechanism and the potential impact that it is having on smaller companies and new carriers in marketplaces. Lombardo said there have been regulator-to-regulator discussions related to the issue. He said the second part of the referral relates to federal ACA CSR loads and how each state treats this issue.

### 9. Discussed Creating a Set of Knowledge Statements

Dyke said the Life Actuarial (A) Task Force has tasked the Academy with developing a set of knowledge statements for life insurance actuarial work, largely in response to the SOA's changes to the educational pathway to attaining

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the Fellow, SOA designation and its updated educational plan. He said the Casualty Actuarial and Statistical (C) Task Force has a set of (P/C) knowledge statements that were used to develop a qualified actuary definition to determine what meets the requirements for issuing SAOs. He said the Task Force must consider whether it needs to develop a similar set of knowledge statements for health actuarial work. Lombardo said this topic will be added to the agenda for a future Task Force meeting.

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

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