



ASOP #8: Regulatory Filings for Health Plan Entities

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Learning Objectives

- What health regulators look at when reviewing rates
- Why a new ASOP?
- Overview of new ASOP
- Life after the new ASOP



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What Health Regulators Look at When Reviewing Rates

- Varies a lot by state and line of business
 - File and use
 - Deemer
 - Prior approval states



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What Health Regulators Look at When Reviewing Rates

- Is the filing complete?
- Does the filing conform to state law?
- Claim trends
 - Appropriateness of base year
 - Trends
- Other Assumptions
- Loss Ratios
 - Administrative costs



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Why a New ASOP?

- ACA was putting more pressure on actuaries to explain filings
- Recent pressure on reviewing actuaries to not approve filings



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Why a New ASOP?

- Some things were missing on ASOP 8
 - We will see some specifics as we go through the additions in ASOP 8
 - ASOP 8 (or any other ASOP) did not address the review process



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Overview of New ASOP

- Still a work in process so this is not final and is subject to revision
- Scope
 - Still some overlap with ASOP 8
 - Does not include all lines of business in ASOP 8



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Overview of New ASOP

- Filing Actuary needs to provide more detail on rate development
 - Use of models
 - Selection of base period data
 - Seasonality
 - Credibility
 - Large claims
 - Consistency with prior filings



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Overview of New ASOP

- Filing Actuary - continued
 - Trend assumptions
 - Historic versus future
 - Credibility
 - Deductible leveraging
 - Profit margins
 - Rating factors
 - Loss ratio documentation



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Overview of New ASOP

- Reviewing actuary
 - State law interpretation
 - Rate adequacy
 - Rates not excessive
 - Rates not unfairly discriminatory



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Overview of New ASOP

- Reviewing Actuary – continued
 - Responsibilities to review
 - Inconsistencies with previous filings
 - Assumptions
 - Consideration of surplus
 - Documentation of Results



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Overview of New ASOP

- New peer review requirement - or not*

* This may not survive review



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How will the New ASOP Change Rate Filing and Reviewing?

- A discussion of changes for:
 - Filing actuary
 - Reviewing actuary

