

ASOP #8: Regulatory Filings for Health Plan Entities

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Learning Objectives

- Overview of ASOP #8
 - Application
 - Scope
 - Guidance
 - Detail
- Practical Application by Carrier

Application

Guides actuary in considerations related to filings

Each state/regulatory body is different as to:

- What is required to be filed – detail
- What lines of business require filing of rates
- When to file – rates or financial projections

Filing is related to future contingent events – not just experience reporting

Scope

Regulatory filings

- Rate filings
 - Individual
 - Small group
 - Large Group – if required (often rating methodology)
- Financial Projection Filings
 - Licensure
 - Projections of future capital and surplus
 - Other as required
- Not: reserves, small group cert, asset adequacy, etc.

Guidance

- Doesn't tell you how to calculate things
- Doesn't provide examples on how to present things
- Does provide elements you should consider while developing your filing material
- Does provide guidance on disclosures needed to be included in the filing
- May not include comments on all elements required by a particular regulatory entity

Proprietary & Confidential

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Includes Guidance on:

- Understanding purpose
- Familiarity with regulations
- Assumptions – lists
- Use of past experience/business plans to project future
- Changes from experience
- New benefits
- Consideration of capital and surplus
- Regulatory benchmarks

Proprietary & Confidential

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Includes Guidance on:

- Reasonableness of assumptions
 - Reasonable in the aggregate and individually
 - Support determined based on actuary's professional judgment
 - Using relevant information available to actuary
 - Actuary should become familiar with available industry and government studies

List of Assumptions

- Premium levels and future rate changes
- Enrollment projections
- Morbidity, mortality, and lapsation levels and trends
- Expenses, commissions, taxes
- Investment earnings and time value of money
- Health cost trends
- Expected financial results: profit margin, surplus contribution, surplus level
- Expected impact of contractual arrangements with healthcare providers and administrators
- Expected impact of reinsurance and other financial arrangements

Communications and Disclosures

- Refers to: ASOP #23 – Data Quality, and #41 – Actuarial Communications, and #31 – Documentation in Health Benefit Plan Ratemaking – which has been repealed
- Lists:
 - Sources of information
 - Info supplied by others and relied upon
 - Unresolved concerns of actuary regarding info that could affect results
 - Limitations on use of work product
 - Conflicts arising from applicable law
 - Any material assumptions/methods prescribed by law
 - Reliance on other sources disclaiming responsibility for assumption/method selected by other than the actuary
 - If the actuary believes s/he has deviated materially from the guidance of this ASOP

Practical Application by Carrier

- Know the regulations where I am filing
 - Meet all of those requirements
 - Know what is going to be made public/kept confidential
- Expect an actuary where I am filing will be reviewing
- ASOP #8 helps me make sure I've considered much of what the reviewer will consider

Carrier Application continued

- Expect/hope for conversation back and forth with reviewing actuary
 - Documentation key – especially if not filed due to:
 - Not required by regulation, and
 - Concern for making proprietary information public
- Top industry actuaries developed standard
 - Take advantage of their expertise
 - Professional expectation/requirement to follow standard
 - Roadmap I'd be a fool not to follow