

Comment #1 - 4/11/13 - 3:41 p.m.

I just reviewed the proposed second revised draft ASOP 6. I did not have time to read the initial proposal. I have read 3.7.8 and the comments/responses from the first draft. With respect to 3.7.8, I disagree that this is useful for community rated plans. As I noted in my letter to editor of the Health Section News Issue No. 46, this is because the information needed is not available and I can think of no other standard where an actuary is called upon to make such crude assessments.

In addition, as noted in the aforementioned letter this standard does not consider the nature of the subsidy. The resulting accounting liability from adopting such a standard could be well in excess of the future cash flows and result in mis-leading investors and other financial statement users.

It would be helpful for the committee to address both of these issues in detail and provide guidance for the actuary in communicating the issue of misleading accounting entries as a result of compliance with such a standard.

Wes Edwards