



May 1, 2015

Actuarial Standards Board
1850 M Street, NW, Suite 300
Washington, DC 20036

Re: ASB Comments

Dear Actuarial Standards Board:

The Centers for Medicare and Medicaid Services (CMS) appreciates the Actuarial Standards Board's efforts to develop an actuarial Standard of Practice (SOP) for determining actuarial value (AV) and minimum value (MV) under the Affordable Care Act (ACA). As you know, members of the American Academy of Actuaries (Academy) that are required to comply with the Actuarial Standards Board's SOPs play a unique role under the ACA AV and MV regulations. Academy members are the only individuals who may certify the AV calculations for plan designs that are incompatible with the AV or MV Calculators. As a result, we appreciate the profession's efforts to develop an SOP in this area.

As noted in the exposure draft, a regulatory framework has been developed to implement the AV and MV sections of the ACA. However in addition to the regulatory framework, guidance has also been released for stakeholders on these topics. For instance, both the AV and MV calculators include a user guide and a methodology document. These documents explain the function and operation of the calculators and are intended to assist actuaries and others in understanding the calculators and their assumptions. Furthermore, for AV, CMS has provided additional guidance through Appendix C of the 2014 Letter to Issuers on Federally-facilitated and State Partnership Exchanges¹ and a May 16, 2014 Frequently Asked Questions (FAQ) on Health Insurance Market Reforms and Marketplace Standards.² In particular, we highlight the May 16, 2014 FAQs, where CMS clarifies that a plan design is incompatible with the AV Calculator when the use of the AV Calculator yields a materially different AV result from using alternate methodologies for calculating AV specified under 45 CFR 156.135(b), and issuers must always use an actuarially justifiable process when inputting their plan designs into the AV

¹ See section on Calculating Actuarial Value of Health Plans That Are Not Compatible (Page 56-58):
http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/2014_letter_to_issuers_04052013.pdf.

² See FAQ #2-4:<http://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/Downloads/Final-Master-FAQs-5-16-14.pdf>.

Calculator. Thus, issuers should use an alternative method under 45 CFR 156.135(b) that requires certification by an actuary only in cases where the health plan's design is not compatible with the AV Calculator. In developing the final SOP, we encourage the Actuarial Standards Board to consider this and other guidance CMS has issued in this area and to reference all such guidance and instructions in the final SOP.

CMS appreciates your efforts in developing the SOP and we hope to continue to collaborate with the actuarial profession as the AV and MV policies evolve to meet the changing demands of the market. Please do not hesitate to contact me if you have questions regarding these comments.

Sincerely,



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Oversight