

Title of Exposure Draft: Long-Term Care

Comment Deadline: September 1, 2021

Instructions: Please review the exposure draft, and give the ASB the benefit or your recommendations by completing this comment template. Please fill out the tables within the section below, adding rows as necessary. Sample for completing the template provided at the following link: <http://www.actuarialstandardsboard.org/email/2020/ASB-Comment-Template-Sample.docx>

Each completed comment template received by the comment deadline will receive consideration by the drafting committee and the ASB. The ASB accepts comments by email. Please send to comments@actuary.org and include the phrase 'ASB COMMENTS' in the subject line. Please note: Any email not containing this exact phrase in the subject line will be deleted by our system's spam filter.

The ASB posts all signed comments received to its website to encourage transparency and dialogue. Comments received after the deadline may not be considered. Anonymous comments will not be considered by the ASB nor posted to the website. Comments will be posted in the order that they are received. The ASB disclaims any responsibility for the content of the comments, which are solely the responsibility of those who submit them.

I. Identification:

J. Patrick Kinney, MAAA, FSA

(as individual)

II. ASB Questions (If Any). Responses to any transmittal memorandum questions should be entered below.

Question No.	Commentator Response
1.	"Long-range" is undefined in this document. An appropriate definition should be cited so that applicability of this ASOP is clear. (This may be a case of "if you have to ask, it doesn't apply to you" for an actuary already working in Medicaid, but not necessarily for others.)
2.	It seems appropriate, as the same actuarial principles would apply to public programs. It also seems to have required the addition of "LTSS" to the definition of Long-Term Care in Section 2.4. Perhaps this and any other terminology found in the context of public programs that is not commonly used in the LTC insurance industry could be defined through additions to the "Definitions of Selected Terms" in the Appendix.
2.	Including public programs also seems to have driven the addition of "Fees or Other Revenue-Generating Devices" to Section 3.3 Premium Rate Recommendations. This seems like a strained way of avoiding the term "Taxes". I recognize that it is difficult to graft public programs onto a standard developed decades ago for LTC insurance.
General comment	The transmittal memorandum should have stated that there has been a notable amount of rewording and reordering of material in this ASOP, including additions reflecting developments in LTC practice over the past twenty to thirty years. I felt that the changes went beyond "improv[ing] readability, clarity or consistency." (Examples briefly noted below in Section IV.)

III. Specific Recommendations:

Section # (e.g. 3.2.a)	Commentator Recommendation (Please provide recommended wording for any suggested changes)	Commentator Rationale (Support for the recommendation)
1.2	A reviewing actuary should "follow" or "consider" the guidance in section 3 (rather than "use").	This would be more consistent with usual standards language. Note that ASOP 8 includes a definition of a reviewing actuary for health filings (including long-term care); is a cross-reference appropriate here?

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3.2.5	Delete new reference to “rating agency rating”.	This is too specific, and will not even be applicable to many LTC Benefit Plans. It may be relevant for a particular insurance company but should not be a general required consideration.
3.3	“Fees, Taxes, Surcharges, Contributions ... or Other Revenue-Generating Devices”	If the intent is to capture public programs, use terminology that may apply. (The Washington program is specifically cited as payroll tax funded, in the Appendix.)
Appendix, Background par.2	Delete “The LTC insurance industry is relatively young, and”; add “for LTC” after “[E]stimating future results”.	The rest of the section has been reasonably well brought up to date, so this seems like an unnecessary (and arguable) vestige of the original standard’s educational content. “Relatively” young to me, perhaps, but not to the majority of actuaries! Also, Medicaid coverage for long-term care has been around since the 1960s.
Appendix, Background #3	Replace “traditional” with “older” in the last line.	Because the previous sentence was added, the reference no longer makes sense as written.
Appendix, Background	Delete “Reasons for This Actuarial Standard of Practice” and the final sentence.	There is no longer a need to justify the existence of this ASOP. The background stands on its own.
Appendix, Current Practices	Delete entire first line. Just start with “Many diverse methods ...”	It could actually be said of any area of practice that it is “still ... developing”. A lot has happened in Life, Health, Pensions and P&C over the last 20-30 years too!

IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)
Examples of new material supporting my comment in Section II above:	
3.2.2 Morbidity Assumptions	Added reference to utilization assumption
3.2.2(f) Morbidity Assumptions	Added reference to rate increase (anti)- selection
3.2.3 Mortality Assumptions	Added requirement to use separate active and disabled mortality.
3.2.5 Lapse Assumptions	Added “rating agency rating”

V. Signature:

Commentator Signature	Date
J. Patrick Kinney	8/26/2021