

Title of Exposure Draft: Proposed Revision of Actuarial Standard of Practice No. 18

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](mailto: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:

Name of Commentator / Company
Stacey Lampkin, FSA, MAAA, Partner on behalf of Mercer Government Human Services Consulting

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

Question No.	Commentator Response
1	Yes, the expansion is appropriate, though we have feedback on the definition and application of long-range financial projections under Medicaid (see additional feedback in table below).

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 Scope	The standard does not apply to actuaries providing actuarial services related to LTC benefits for Medicaid-eligible recipients, unless the actuarial services are for a long-range financial projection of LTC benefit expenditures and eligible recipients under the Medicaid program. <b>Long-range financial projections exclude Medicaid capitation rate development and associated analyses which are outlined as part of ASOP 49. Additionally, unpaid claims liability analyses for Medicaid programs are similarly excluded from ASOP 18. These types of analyses are short-term projections of reserves where the incurred date is the date when the service became a liability of the Medicaid program, which requires current Medicaid eligibility when the LTC service was provided. These claims reserving analyses do not align</b>	Medicaid capitation rate development is generally for a period of 12 months, although shorter and slightly longer periods may be used. The incurred date for Medicaid LTC is the date of each service because Medicaid eligibility on the date of service is required. A person in a nursing home could have Medicaid coverage for several months but then lose Medicaid eligibility because they no longer meet the income or asset requirements. The present value of amounts not yet due on a nursing home admission is not the responsibility of a Medicaid managed care organization.  The scope contained in the Exposure Draft carves out Medicaid work except for long-range financial projections. For clarity, we recommend more formally defining what does/ does not meet this definition and thus fall under the purview of this ASOP. As an alternative, the ASB may consider

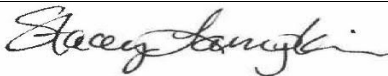
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	<p>with the definition of long-term financial projections.</p>	<p>formally defining “long-range financial projections” within Section 2.</p> <p>In addition to capitation rate development and the estimation of claims incurred but not paid, Medicaid work may include projections of incurred claims for budgeting purposes. Some states have biennial budgets, so the budget projection could be the projection of two years’ worth of expenditures. Such projections may, for planning reasons, be made a year in advance of the beginning of the biennium. Accordingly, we recommend that long-range financial projections exclude periods within three years of the date the projection is made. Also, Medicaid work includes projections of expenditures related to Federal waiver applications, which may involve periods up to five years in the future. We recommend that long-range financial projections exclude these Medicaid waiver projections.</p>

IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)

V. Signature:

Commentator Signature	Date
	August 31, 2021