

# ROSS HEALTH ACTUARIAL

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February 29, 2016

Actuarial Standards Board  
1850 M Street, NW, Suite 300  
Washington, DC 20036-4601

Re: ASOP 23 – Exposure Draft Comments – Data Quality

Dear Board Members:

I would suggest that the title of the ASOP be revised to “Data and Data Quality.” Is there an urgent need to revise the standard? If not, I would suggest the current scope seems inadequate. This letter will first provide comments regarding the standard and scope as it stands, followed by considerations for expanding the scope and standard.

Item 2.4 – A minor point, but the exclusion of “qualitative” information as data might be overstated or unclear. For example, self-reported health status information, which may provide inherently qualitative information, could nonetheless provide data to be used in an actuarial project. Again, this is a very minor point.

Item 3.2.a – I would suggest that “desired” be revised to “necessary for the scope of the assignment.” “Desired” seems too vague, and implies subjective preference rather than professional judgment.

Item 3.2.b.6 – What about the cost and availability of proprietary databases which might be useful for the assignment?

Item 3.3 – With respect to detailed database data, should the standard make some reference to external control totals, specifically record counts and check sums on key financial fields? This might be somewhat prescriptive, but is not inconsistent with (3.3.a) and the definition of data elements.

## **Expanded Scope Issues and the Proprietary Nature of Data**

The proprietary nature of data is obvious, but less obvious is that there may be multiple owners of a data set:

- The risk bearing entity, which views data as a valuable asset.
- The insured individual or entity, which views data as a matter of privacy. This privacy may stem from a general expectation, a contractual promise, or an explicit legal requirement, e.g. HIPAA for health care information.

This suggests a few additions or considerations for the standard:

Life Cycle of the data request - Specifically, how is the data protected when the projected is completed? This should be considered as part of item 3.2 Selection of data.

Proprietary Data – Consider a situation where two sources of proprietary data are available, source A at low cost, and source B at high cost. The higher cost data may provide more information, and possibly give a better result. Questions include:

- If the actuary intends to use source A, is the actuary required to be aware that source B even exists?
- Is the actuary required to consider using source B, as opposed to stating that an analysis of source A is part of the scope of the project?
- Is the actuary required to disclose that source B might give a different or better result?
- Conversely, suppose a consulting actuary has rights to both A and B, and is providing an actuarial work product using source A at a lower fee than with source B. Is there a professional obligation to disclose, particularly if there are differences which are known only because the actuary has undertaken the prior expense and effort of working with the higher cost data source?
- A similar situation may arise in requesting data. Is it acceptable to request additional data or data elements which are not specifically necessary to the assignment? This is partial motivation for the item (3.2.a) “desired” comment above, where data might be requested to build up the database of the actuary, as opposed to that of the principal. This could also apply to intrusive requests by a regulator.

Some of these questions seem consistent with the ASOP, rather than as ethical questions.

If you have any questions, please contact me at (715) 381-1345.

Respectfully submitted,



Timothy M. Ross, FSA, MAAA