

Title of Exposure Draft: Statements of Actuarial Opinion Regarding Health Insurance Assets and Liabilities

Comment Deadline: November 13, 2020

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:

Name of Commentator / Company
Shannon Ramsey, FSA, MAAA / Cambia Health Solutions

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

Question No.	Commentator Response

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	If the actuary determines that the guidance in this ASOP conflicts with a cross-practice ASOP (applies to all practice areas), this ASOP governs <u>takes precedence.</u>	The word “govern” connotes regulatory authority.
3.3	In paragraph 1, the word “basis” should be defined.	
3.3	If unable to obtain this information, the actuary should document <u>identify</u> what the actuary assumed to be the intended basis...	For consistency with the first sentence of the paragraph, continue to use the term “identify.” The second paragraph of Section 3.3 implies that the basis (whether it’s known or assumed) should always be documented. The term “document” isn’t necessary in this paragraph, as it’s explicitly included in 4.1.c.
3.6	The actuary should evaluate and document <u>determine what the actuary believes to be the appropriateness of the appropriate</u> aggregate level of conservatism, including any provision for adverse deviation and conservatism implicit in the assumptions used to estimate the assets and liabilities within the scope of the actuarial opinion.	The requirement to “evaluate” suggests that the actuary should <i>calculate</i> the impact of implicit conservatism in assumptions, which is not always feasible. The requirement to “document” is unnecessary to include here, as it’s explicitly included in 4.1.i.

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3.11	Changing the nomenclature of unqualified, adverse, qualified, and inconclusive opinions is unnecessary and does not add value.	
3.13	For further guidance, the actuary should refer to ASOP Nos. 23 and 41, <u>Data Quality</u> and <u>Actuarial Communications</u> .	The titles of both ASOP should be provided.
4.1.e	The requirement to include in the actuarial opinion (when a supporting actuarial memorandum is issued separately) all the information described in section 3.4 is overly stringent.	Some of the information described in section 3.4 is better suited for the actuarial memorandum, such as the experience period for any data used (which may vary for each asset and liability in scope of the opinion); as well as major components of the individual assets and liabilities (e.g. unpaid claim liabilities may include amounts determined based on lag-based methodologies, capitation amounts, etc.).
4.1.g	The reasonable range for an asset or liability, <u>if evaluated</u> , as described in section 3.6	A requirement to evaluate and disclose a range of estimates for each asset and liability would be too prescriptive. Section 3.6 says "...the actuary may develop a point estimate, a range of estimates, or both." I'm assuming that this requirement does not necessarily apply to all assets and liabilities in scope of the actuarial opinion.
4.1.j	A description of the methods, assumptions, and procedures used...	This is redundant to 4.1.d. Merge the two?
4.1.o	Results of follow-up studies should not be a requirement of the actuarial opinion when the supporting actuarial memorandum is issued separately.	These are better suited for the actuarial memorandum.
4.1.p	This should be required in the actuarial opinion, whether or not a supporting actuarial memorandum is issued separately.	An opinion without the rationale would be incomplete.

IV. General Recommendations (If Any):

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

V. Signature:

Commentator Signature	Date
Shannon Ramsey	10/20/2020