

Memo

To: Eric King, NAIC and Todd E. Kiser, HATF Chair, Commissioner Utah Insurance Department

From: Tricia Matson, Partner and Becky Sheppard, Senior Associate & Actuary

Date: May 22, 2020

Subject: RRC comments regarding the draft template that state DOIs may use to assist in assessing the impact of COVID-19 on 2021 ACA rates

Background

The April 23rd, 2020 Health Actuarial (B) Task Force (HATF) meeting included multiple presentations regarding the potential impact of the ongoing COVID-19 pandemic on the health insurance marketplace. The meeting provided an opportunity for members of HATF, interested regulators, and Interested Parties to gain perspective on considerations that may impact the 2021 Patient Protection and Affordable Care Act (ACA) rate review, and ask questions. Following that meeting, HATF sent out an Excel template titled “ACA 2021 Coronavirus Rate Review Guideline – May 15th.xlsx” (the Guideline) which contained an overview of considerations regarding COVID-19 that may impact the review of 2021 rates. The Guideline is not prescriptive but rather provides potential considerations and possible resources. The Guideline does NOT include estimate values or impacts.

RRC appreciates the opportunity to offer our comments. Should you have any questions, we would be glad to discuss our comments with you and the HATF members.

RRC Comments

- Overall comments:
 - We appreciate that HATF quickly compiled these comprehensive guidelines and feel that they will be a useful tool in preparation for ACA 2021 rate review. The pace and magnitude with which the COVID-19 pandemic is evolving can make it difficult to have timely resources and we appreciate that HATF made the necessary resources available.
 - We agree with the approach of not including actual values or ranges in the guidelines since there is a great deal of uncertainty and the results may have wide variation across issuers.
- Regarding the “Table of Actuarial Resources” tab
 - Given that these resources will likely be evolving during the rate review cycle, we believe it may be beneficial to use this tab as a standalone document that could be updated more frequently.
 - It is unclear whether the intent is for the “Information Contained in Resource” column to be fully populated. It may be helpful and time-saving to know what type of information is in the resource, so we would recommend that if possible.

- Regarding the “COVID-19 Rate & Factor Impact” tab
 - It may be helpful to add a cell for the Issuer to describe the “Most-Likely” scenario assumption. For example, they may say “Assumes second wave occurs in 2Q2021 and no vaccine in 2021.”
 - It may be helpful to add formulas to calculate the “COVID-19 impact” in the detailed rate components sections so that reviewers can quickly identify which components had the biggest change.
- Regarding the “COVID Issuer Impact Estimates” tab
 - We believe that it may be beneficial to state on this spreadsheet the inherent assumption that the impact for each potential COVID-19 item would be the same at the market level (or that variations by metal level/plan design will be consolidated on this tab).
 - This tab could be quite time consuming for an issuer and reviewer since the results may not align with the Unified Rate Review Template (URRT) or pricing process so we strongly agree with not making these Guidelines prescriptive.
 - We believe that it may be helpful to ask each Issuer to explain how they are defining COVID-19 claims and claimants. For example, is the Issuer using the CPT code 87635 (which was available beginning March 13, 2020) or some other methodology to identify COVID-19 claims? Testing claims should not be used to identify a COVID-19 claimant unless the corresponding lab data confirms the diagnosis. This could be collected in a cell on this tab.
- Regarding the detailed COVID-19 Factors Support tabs:
 - On the “(1) COVID Treatment Assumptions” tab, it may be helpful to add a calculation of the percentage in each category based on the counts entered in column C so that reviewers can easily compare the percentages across issuers who may have different counts.
 - On the “(4) Conditions Caused by COVID” tab, an additional item that may be helpful to include is the impact from COVID-19 on existing underlying conditions (for example diabetes, obesity, and heart disease). These co-morbidities can have a long term health impact.
 - We observed minor typographical errors on tab “(6) Pop Movements & Morbidity” (the cell B4 title is incorrect and cell B7 should say “who” rather than “eho”).
 - We observed minor typographical errors on tabs (7) through (11) (cell B4 title is missing).
 - Regarding the “(16) Risk Adjustment” tab, some additional items that may be helpful to include are:
 - How COVID-19 claims will be valued in the ACA risk adjustment model (if assumed 2021 cases actually occur). Will there be a separate COVID-19 HCC or will existing HCCs be utilized.
 - Whether business/provider interruptions impact the 2019 risk adjustment data collections (CMS has allowed an additional 2 weeks), and therefore require different projection assumptions than prior years.
 - Whether changes in the risk pool in 2020 remain in 2021 and, if so, whether that impacts the 2021 Risk Adjustment.
- Other comments:
 - The Task Force may want to consider structuring requests for very granular claim impact analyses such that each item provided by the issuer is mutually exclusive. For example, an

- issuer may have permanent network changes because a provider goes out of business which would be a “Provider Network Disruption” and that could also cause an impact to the “Area Factor Mix” if the removal of that provider impacts the relative cost. We recommend adding a note in the Guidelines that states some of the COVID-19 considerations may overlap.
- The Task Force may want to consider including in the guidance that some assumptions will be more or less difficult to be measured in the future. For example, an assumption about when a vaccine is available, when a second wave occurs, or the distribution of COVID-19 cases by highest level of treatment can be validated, at least in part, by the future data. However, other items like how much pent-up demand returns, the long term impacts of COVID-19/complications, and general morbidity assumptions will be harder to attribute to COVID-19 and measure.
 - Provider risk sharing arrangements have led to some anomalies in 2020 (payers making early payments to providers, etc.). We recommend adding a note on the “(9) Provider NW Disruption” tab to state that risk sharing arrangements impacted by COVID-19 should be considered to the extent they are expected or not expected to occur in 2021 and may have an impact on total claim payment (i.e. if it’s not just timing).