



AMERICAN ACADEMY *of* ACTUARIES

Objective. Independent. Effective.™

Individual Disability Tables Work Group (IDTWG) Update to Health Actuarial Task Force

Bob Beal, MAAA, FSA
Doug Taylor, MAAA, FSA

November 18, 2015



American Academy of Actuaries

- The American Academy of Actuaries is an 18,500+ member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.



Progress Since November 2014

- Report on individual disability table re-exposed (April 2015)
- Three comment letters received
- IDTWG proposed responses to HATF – two changes
 - Key person and disability buy-out modifiers
 - ICD-10 diagnosis code mapping
- HATF call with commenters (Sept 2015)
 - Two recommended changes approved
 - Discussion on market indicator led to factor revision (3rd change)
- Update to HATF (Nov 2015)
 - New recommendation on market indicator (details to follow)
 - Revised report reflecting all of the above



Market Indicator

■ Original Proposal

- All employer-sponsored (ES) business - 79.9% modifier
- Individual underwriting - 105.3% modifier
- No distinction within ES between voluntary and mandatory guaranteed standard issue (GSI) – data not available

■ HATF discussion led to initial recommendation to split ES-GSI

- ES with mandatory GSI - 79.9%
- ES with voluntary GSI - 105.3%



Market Indicator (cont.)

- Subsequently, IDTWG and ACLI members expressed concern over lack of data to support initial recommendation
- IDTWG performed new study of market indicator using 2007-12 data gathered from industry participants
- Based on the study, IDTWG recommends going with the following modifiers for ES (reflected in report)
 - ES with individual underwriting – 81.8%
 - ES with mandatory GSI – 57.5%
 - ES with voluntary GSI – 92.6%



Summary of Changes Since April 2015 Exposure

- Added modifiers for key person and disability buy-out contracts – same as overhead expense
- Added ICD-10 diagnosis code mapping to workbook
- Added new GSI modifiers
- Various wordsmithing and formatting changes from peer and internal Academy review



Staff Contact

David Linn

Health Policy Analyst

American Academy of Actuaries

1850 M St., NW (Suite 300)

Washington, DC 20036

202-223-8196

linn@actuary.org

