Academy/SOA Long-Term Care Valuation Work Group Update to the NAIC LTC Actuarial Working Group

Bob Yee, Chairperson
Academy/SOA Long-Term Care Valuation Work Group

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AMERICAN ACADEMY *of* **ACTUARIES**

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What has been accomplished

- Reviewed 18 companies' data from the SOA Intercompany Studies

- Selected 13 companies

- Criteria:
  - Appropriate Data needed for table construction
  - Data that are deemed reasonable

What has been accomplished (cont.)

- ## Specified data elements and file layout
  - ➤ Not all desirable data is available (e.g., inflation protection details)
  - ➤ Assessed data quality for rudimentary studies of incidence and claim termination rates
  - ➤ Policy and claim exposures already calculated to facilitate quick tabulation

- ## Received two files from MIB
  - ➤ Separate policy exposure and claim files
  - ➤ No company identification

Current Tasks

- Determine if data is as expected
  - Dealing with imperfect data
  - Credibility at higher ages (90+)
  - Unexpected issues with one large company's data

- Calculate overall incidence rates and average length of stays (ALOS)

Current Tasks (cont.)

- Compare calculated results with that from other sources for reasonableness

- Calculate rates and ALOS by company and look for outliers (SOA staff to assist with this)

- Develop a database for policy exposures (5MM+ records)

What remains to be done

- Decide whether to move forward with a final list of companies' data to be included

- Develop a basic set of incidence and continuance tables

- Smoothing and graduation

- Develop other tables for specific studies

What remains to be done (cont.)

- Interim report and documentation

- Consider recommending a set of valuation tables from the basic set

- Participate in data specification for the next intercompany experience study

What results can be expected

- Incidence rates by gender, policy duration, coverage (nursing home, assisted living, home care)

- Claim termination rates by claim duration, benefit period, coverage

- No claim utilization information

- Other potential split:
  - Underwriting class
  - Individual vs. group
  - Geographic region

Academy Staff Contact Information

Tim Mahony

Health Policy Analyst (State)

mahony@actuary.org