

# Group and Health Specialty Exam

Fall 2018/Spring 2019

## Important Exam Information:

<a href="#">Exam Registration</a>	Candidates may register online or with an application.
<a href="#">Order Study Notes</a>	Study notes are part of the required syllabus and are not available electronically but may be purchased through the online store.
<a href="#">Introductory Study Note</a>	The Introductory Study Note has a complete listing of all study notes as well as errata and other important information.
Case Study	A case study will not be used for this exam.
<a href="#">Past Exams</a>	Past Exams from 2000-present are available on SOA website.
<a href="#">Updates</a>	Candidates should be sure to check the Updates page on the exam home page periodically for additional corrections or notices.

*Recognized by the Canadian Institute of Actuaries*

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**1. Topic: Long Duration Contracts**

**Learning Objectives**

The candidate will understand pricing, risk management, and reserving for individual long duration health contracts such as Disability Income, Long Term Care, Critical Illness, and Medicare Supplement.

**Learning Outcomes**

The Candidate will be able to:

- a) Identify differences between short-duration contracts and long-duration contracts, from the standpoints of pricing and reserving
- b) Understand and utilize experience studies in setting assumptions for long-duration contracts
- c) Apply applicable Actuarial Standards of Practice

**Resources**

- *Individual Health Insurance*, Leida, Hans, 2<sup>nd</sup> Edition, 2015
  - Ch. 8: Forecasting and Modeling
- GHS-101-14: Pricing Medicare Supplement Benefits, Sections IV & V
- GHS-102-14: Pricing Critical Illness Insurance in Canada
- GHS-103-14: Product Design of Critical Illness Insurance in Canada
- GHS-114-18: Chapters 16 and 19 of Disability Income Insurance: the Unique Risk, Fifth Edition, Soule
- [Report on the Proposed 2016 Cancer Claim Cost Valuation Tables](#)
- [ASOP 7: Analysis of Life, Health or Property/Casualty Insurer Cash Flows](#) (excluding Appendix)
- [ASOP 18: Long-Term Care Insurance](#) (excluding Appendix)
- [ASOP 22: Statement of Opinion Based on Asset Adequacy Analysis by Actuaries for Life or Health Insurers](#) (excluding Appendix)
- [ASOP 23: Data Quality](#) (excluding Appendix)
- [ASOP 41: Actuarial Communications](#) (excluding Appendix)

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**2. Topic: ERM**

**Learning Objectives**

The candidate will understand how to evaluate health insurance organization risk and mitigation strategies.

**Learning Outcomes**

The Candidate will be able to:

- a) Evaluate an enterprise risk management (ERM) system
- b) Complete a capital needs assessment
- c) Integrate reinsurance arrangements within an overall risk management strategy
- d) Understand how Own Risk Solvency Assessment (ORSA) compares to traditional risk assessment
- e) Apply applicable Actuarial Standards of Practice

**Resources**

- *Group Insurance*, Skwire, Daniel D., 7<sup>th</sup> Edition, 2016
  - Ch. 39: Risk-Based Capital Formulas
- *Financial Enterprise Risk Management*, Sweeting, Paul, 2<sup>nd</sup> Edition, 2017
  - Ch. 7: Definitions of Risk
  - Ch. 8: Risk Identification
  - Ch. 18: Economic Capital
- GHS-116-15: NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual, NAIC, July 2014 (excluding Appendix)
- GHS-117-16: Life & Health and Annuity Reinsurance, 4<sup>th</sup> Edition, Ch. 18
- GHS-121-18: Enterprise Risk Management, Ratings Direct
- GHS-122-18: Why are Many Co-Ops Failing?
- GHS-123-18: Enterprise Risk Management: Parts One, Two and Three
- [Understanding ORSA Before Implementing It](#), Risk Management, Aug 2012
- [ASOP 46: Risk Evaluation in Enterprise Risk Management](#), (pp. 1-14, excluding Appendix)
- [ASOP 47: Risk Treatment in Enterprise Risk Management](#)

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**3. Topic: Actuarial Appraisal**

**Learning Objectives**

The candidate will understand an actuarial appraisal.

**Learning Outcomes**

The Candidate will be able to:

- a) Differentiate the components of an actuarial appraisal versus an embedded value
- b) Describe an approach for preparing an actuarial appraisal
- c) Describe risks associated with interpreting an actuarial appraisal and an embedded value
- d) Differentiate traditional, European, and market-consistent embedded value
- e) Apply applicable Actuarial Standards of Practice

**Resources**

- GHS-110-14: Ch. 4 of Mergers and Acquisitions, Toole and Herget (sections 4.1-4.8)
- GHS-124-18: 2015 Embedded Value Report for Manulife's Insurance and Other Wealth Business
- [Embedded Value: Practice and Theory](#)
- [ASOP 19: Appraisals of Casualty, Health and Life Insurance Businesses](#) (excluding Appendices)

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**4. Topic: Risk Adjustment**

**Learning Objectives**

The candidate will understand how to apply risk adjustment in actuarial work.

**Learning Outcomes**

The Candidate will be able to:

- a) Describe and compare risk adjustments based on commonly used clinical data and grouping methods
- b) Apply risk adjustment to underwriting, pricing, claims and care management situations
- c) Apply applicable Actuarial Standards of Practice

**Resources**

- *Healthcare Risk Adjustment and Predictive Modeling*, Duncan, 2<sup>nd</sup> Edition, 201
  - Ch. 4: Clinical Identification Algorithms
  - Ch. 5: Grouper Models
  - Ch. 6: Development and Construction of DRGs, DCGs, and ETGs
  - Ch. 13: Medicaid Risk Adjustment
  - Ch. 14: Risk Adjustment in Medicare
  - Ch. 21: Risk Adjustment on the ACA Exchanges
  - Ch. 22: Intro to Risk Adj: Accountable Care Organization (sections 22.1-22.5)
- GHS-119-17: The HHS-HCC Risk Adjustment Model for Individual and Small Group Markets under the Affordable Care Act (pp. E1-E26, excluding Exhibits 1, 2, 5, 6, 8, 9 and text describing those exhibits)
- GHS-120-17: HHS-Operated Risk Adjustment Methodology Meeting Discussion Paper – Ch. 4 Risk Adjustment Model Improvements (pp. 35-69 excluding section 4.2.4)
- [ASOP 12: Risk Classification](#) (excluding Appendices)