

GH – Design & Pricing Exam

Segments C and A

Spring 2020/Fall 2020

Important Exam Information:

Exam Registration	Candidates may register online or with an application.
Order Study Notes	Study notes are part of the required syllabus and are not available electronically but may be purchased through the online store.
Syllabus Readings	Readings listed in this syllabus may include study notes, online readings and textbooks. Candidates are responsible for all readings in their entirety, including sections such as Appendices, unless it is stated otherwise in the syllabus.
Introductory Study Note	The Introductory Study Note has a complete listing of all study notes as well as errata and other important information.
Case Study	A copy of the case study will be provided with the examination. Candidates will not be allowed to bring their copy of the case study into the examination room.
Past Exams	Past Exams from 2000-present are available on SOA website.
Updates	Candidates should be sure to check the Updates page on the exam home page periodically for additional corrections or notices.

1. Topic: Plan Provisions

Learning Objectives

The candidate will understand how to describe plan provisions typically offered under:

- Group and Individual medical, dental and pharmacy plans.
- Group and Individual long-term disability plans.
- Group and Individual short-term disability plans.
- Supplementary plans, like Medicare Supplement.
- Group and Individual long-term care insurance.

Learning Outcomes

The Candidate will be able to:

- a) Describe typical organizations offering these coverages
- b) Describe each of the coverages listed above
- c) Evaluate the potential moral hazard and financial and legal risks associated with each coverage

Resources

- *Group Insurance*, Skwire, Daniel D., 7th Edition, 2016
 - Ch. 5: Medical Benefits in the United States
 - Ch. 6: Dental Benefits in the United States
 - Ch. 7: Pharmacy Benefits in the United States
 - Ch. 10: Health Benefits in Canada
 - Ch. 11: Group Life Insurance Benefits
 - Ch. 12: Group Disability Income Benefits
 - Ch. 13: Group Long-Term Care Insurance
- *Essentials of Managed Health Care*, Kongstvedt, Peter R., 6th Edition, 2013
 - Ch. 2: Types of Health Insurers, Managed Health Care Organizations and Integrated Health Care Delivery Systems
- *Individual Health Insurance*, Bluhm, William and Leida, Hans, 2nd Edition, 2015
 - Ch. 2: The Products, pp. 39-83
- GHDP-126-19: Product Design of Critical Illness Insurance in Canada
- [Combination Products: An Accelerated Education](#), Product Matters, Jul 2019

2. Topic: Manual Rates

Learning Objectives

The candidate will understand how to calculate and recommend a manual rate for each of the coverages described in Learning Objective 1.

Learning Outcomes

The Candidate will be able to:

- a) Identify and evaluate sources of data needed for pricing, including the quality, appropriateness and limitations of each data source
- b) Develop a medical cost trend experience analysis
- c) Calculate and recommend assumptions
- d) Calculate and recommend a manual rate
- e) Identify critical metrics to evaluate actual vs. expected results
- f) Describe the product development process including risks and opportunities to be considered during the process
- g) Apply actuarial standard of practice in evaluating and projecting claim data

Resources

- *Group Insurance*, Skwire, Daniel D., 7th Edition, 2016
 - Ch. 3: Product Development
 - Ch. 20: Pricing of Group Insurance
 - Ch. 21: Estimating Medical Claim Costs (pp. 337-355)
 - Ch. 22: Estimating Dental Claim Costs
 - Ch. 23: Estimating Pharmacy Claim Costs
 - Ch. 24: Estimating Life Claim Costs
 - Ch. 25: Estimating Disability Claim Costs
 - Ch. 26: Pricing Group Long-Term Care Insurance
 - Ch. 34: Medical Claim Cost Trend Analysis
- *Essentials of Managed Health Care*, Kongstvedt, Peter R., 6th Edition, 2013
 - Ch. 22: Underwriting and Rating
- *Individual Health Insurance*, Bluhm, William and Leida, Hans, 2nd Edition, 2015
 - Ch. 5: Setting Premium Rates
- GHDP-101-13: Group Disability Insurance (sections 4 & 7)
- GHDP-105-17: Pricing Considerations for Drugs Covered under Pharmacy Benefit programs

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- GHDP-107-17: CIA Study on Canadian Group LTD Termination Experience (1988-1997), pp.6-17
- GHDP-127-19: Chapters 16 and 19 of *Disability Income Insurance: The Unique Risk*, 5th Edition, Soule
- GHDP-128-19: Pricing Medicare Supplement Benefits, sections IV & V
- GHDP-129-19: Pricing Critical Illness Insurance in Canada
- GHDP-133-20: Health Insurance Fee (HIF) Paper
- [ASOP 18: Long-Term Care Insurance](#) (excluding Appendices)
- [ASOP 23: Data Quality](#) (excluding Appendices)
- [ASOP 25: Credibility Procedures](#) (excluding Appendices)
- [ASOP 41: Actuarial Communications](#) (excluding Appendices)
- [Mechanics and Basics of Long-Term Care Rate Increases](#), Long-Term Care News, Aug 2014
- [Timing's Everything: The Impact of Benefit Rush](#), Health Watch, May 2008
- [Report on the Proposed 2016 Cancer Claim Cost Valuation Tables](#)

3. Topic: Employee Benefit Strategy

Learning Objectives

The candidate will understand how to evaluate and recommend an employee benefit strategy.

Learning Outcomes

The Candidate will be able to:

- a) Describe structure of employee benefit plans and products offered and the rationale for offering these structures
- b) Describe elements of flexible benefit design and management
- c) Recommend an employee benefit strategy in light of an employer's objectives

Resources

- *Group Insurance*, Skwire, Daniel D., 7th Edition, 2016
 - Ch. 19: Health Benefit Exchanges (pp.319-321)
- *The Handbook of Employee Benefits*, Rosenbloom, Jerry, 7th Edition, 2011
 - Ch. 1: The Environment of Employee Benefit Plans
 - Ch. 2: Functional Approach to Designing and Evaluating Employee Benefits
 - Ch. 18: Selected Additional Benefits (pp. 491-496)
 - Ch. 24: Strategic Benefit Plan Management
 - Ch. 25: Cafeteria Plan Design and Administration (pp. 671-680, 686-699)
 - Ch. 32: Employee Benefit Plans for Small Companies (pp. 869-874)
- GHDP-106-16: Health Plan Payroll Contribution Strategies and Development for Employers
- GHDP-108-17: Post-Affordable Care Act Trends in Health Coverage for Small Business: Views from the Market
- GHDP-130-19: Recommend an Employee Benefits Strategy
- GHDP-132-19: Ch. 7 (sections 7.1-7.3, 7.5-7.7) & Ch. 16 of *Canadian Handbook of Flexible Benefits*, McKay, 3rd Edition, 2007
- GHDP-134-20: Top 10 Technology Trends in Health Insurance: 2018
- [Consumers to the Rescue? A Primer on HDHPs and HSAs](#), Health Watch, Feb 2019
- [A Practical Guide to Private Exchanges](#), Health Watch, May 2015

4. Topic: Provider Reimbursement

Learning Objectives

The candidate will understand how to evaluate the effectiveness of different provider reimbursement methods from both a cost and quality point of view.

Learning Outcomes

The Candidate will be able to:

- a) Calculate provider payments under various reimbursement methods
- b) Evaluate standard contracting methods from a cost-effective & quality perspective
- c) Understand contracts between providers and insurers
- d) Understand accountable care organizations and medical patient home models and their impact on quality, utilization and costs

Resources

- *Essentials of Managed Health Care*, Kongstvedt, Peter R., 6th Edition, 2013
 - Ch. 4: The Provider Network
- GHDP-102-13: Evaluating Bundled Payment Contracting
- GHDP-119-18: Physician Remuneration Options (pp. 3-11)
- GHDP-120-18: Avoiding Unintended Consequences in ACO Payment Model
- GHDP-122-19: Episode-Based Physician Profiling: A Guide to the Perplexing
- GHDP-123-19: Physician Cost Profiling – Reliability and Risk of Misclassification
- GHDP-124- 19: Medicare Shared Savings Program in the Quality Payment Program
- GHDP-125-20: Ch. 22.1-22.3 and 22.6-22.7 of *Healthcare Risk Adjustment and Predictive Modeling*, Duncan, 2nd Edition
- GHDP-135-20: Value Based Pharmacy: A Canadian Example
- [Design and Pricing of Tiered Network Health Plans](#), Health Watch, May 2009
- [Provider Payment Arrangements, Provider Risk, and Their Relationship with Cost of Healthcare](#) (excluding Appendices)

5. Topic: Underwriting

Learning Objectives

The candidate will understand how to apply principles of pricing, risk assessment and funding to an underwriting situation.

Learning Outcomes

The Candidate will be able to:

- a) Understand the risks and opportunities associated with a given coverage, eligibility requirement or funding mechanism
- b) Understand, evaluate and apply various risk adjustment mechanisms
- c) Recommend strategies for minimizing or properly pricing for risks
- d) Describe and apply approaches to claim credibility and pooling
- e) Recommend retention (administrative expenses, claims expenses, profit margin, etc.) when underwriting a group

Resources

- *Group Insurance*, Skwire, Daniel D., 7th Edition, 2016
 - Ch. 21: Estimating Medical Claim Costs (pp. 356-361)
 - Ch. 27: Experience Rating and Funding Methods
 - Ch. 30: Group Insurance Underwriting
 - Ch. 31: Managing Selection in a Multiple-Choice Environment
 - Ch. 33: Health Risk Adjustment (pp. 571-577)
- *Individual Health Insurance*, Bluhm, William and Leida, Hans, 2nd Edition, 2015
 - Ch. 4: Managing Antiselection (pp. 109-148)
- GHDP-118-17: Issues to Consider in Self-Funding Long-Term Disability Insurance
- GHDP-136-20: Illustrative Examples on Experience Rating and Funding Methods
- GHDP-137-20: Short Term Disability Example
- [Level Funding: An Alternative to ACA for Small Groups, Health Watch](#), May 2016
- [Issues In Applying Credibility to Group Long-Term Disability Insurance](#), pp. 5-15
- [A Practical Approach to Assigning Credibility for Group Medical Insurance Pricing](#)
- [The Role of the Actuary in Self-Insurance](#), May 2018, sections 4, 5 & Appendices (excluding 4.4, 4.6.1, 4.6.2 & 4.6.3)
- [Best Estimate Assumption for Expenses](#), CIA Educational Note, Nov 2006, pp. 19-39