COURSE STRATEGY GUIDE

GH 101 – Benefits and Pricing

Nov 2026/Mar 2027/Jul 2027

This Course Strategy Guide provides an overview of GH 101 – Benefits and Pricing. It is intended to help candidates understand the objectives of this course and provide a guide for how to prepare for the course assessment. Please note that while this Guide can be a valuable aid in preparation, the material in this Guide will not be tested.

I. Purpose of this Course

The Group and Health (GH) practice area covers both group benefits and health-related benefits. The products include group and individual medical, dental, vision, prescription drug, retiree health, group life, group disability income, group LTD, LTC, and critical illness.

There can be significant overlap with other practice areas and candidates should be mindful of the variety of types of benefits that group and health actuaries may encounter in their careers.

GH 101 focuses on the design of common types of insurance contracts, the rating of those contracts, underwriting and funding risks, and the overall structure of employee benefit plans. The course focuses on short duration contracts since the majority of group and health actuaries focus primarily on short duration contracts.

This course fits into an overall series of courses, and it could be valuable to the candidate to know how GH 101 fits into the overall structure. The second course, GH 201: Valuation and Regulation, focuses on the valuation of insurance liabilities. This includes reserving for both claim and non-claim liabilities and understanding of financial reporting concepts. The course also covers nation-specific regulations and government programs that impact the design and management of group and health contracts.

A third course, GH 301: Health Analytics and Management, addresses topics that group and health actuaries frequently encounter in more depth. These topics include the development and management of provider networks and reimbursement structures, techniques for disease management, and the application of healthcare risk adjustment models. The course also introduces medical terminology, analytic use of medical data, and predictive analytics for healthcare actuaries. These last two topics are presented in a module format in which the student will be guided through the material in an online platform.

A fourth course, CP 321: Disability, Long-Term Care, and Long-Duration Health Contracts, covers long-duration contracts including long-term care, disability income, retiree medical, and certain supplemental medical coverages. It is labeled “CP”, or cross-practice, because it has applications not only to group and health actuaries, but to life, pension, and other actuaries. The course emphasizes unique techniques involved in pricing and valuation of these products.

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II. Recommended Approach in Preparing for the Course Assessment

The recommended study approach is to first read the complete Course Strategy Guide. Then read the descriptions of the Learning Objectives and the Learning Outcomes, found in the course syllabus, to get an overview of what you are expected to learn as you work through the syllabus materials. Then watch the videos from Topic 1 of the syllabus. Finally, read the syllabus study materials in the order described in this document.

The preferred study style will vary for each candidate; but it will be helpful to read through the whole syllabus (and perhaps take notes) prior to focusing on summarizations of the material and prior to working practice problems. The topics are related and observing the broader perspective will help you understand the material as a whole and help you spot connections between the syllabus items. Yellow highlighting in this Guide indicates more challenging items where candidates should spend additional time after the initial read-through of the course material to ensure they master the key concepts and calculations presented in these items.

III. Course Syllabus Learning Objectives and Learning Outcomes

This course provides an introduction to short duration group and health contracts. It is the first course in the Group and Health sequence. In addition to introducing the products and rating approaches, this course seeks to provide candidates an understanding of the risks of various types of coverage, management of those risks, and how plan sponsors approach their overall employee benefits programs.

Four topics are covered in this course:

1. Plan and Product Provisions
2. Manual Rates
3. Underwriting and Funding
4. Employee Benefits

Details of the learning objectives, learning outcomes, and study materials associated with the learning outcomes are provided in the course syllabus. The syllabus also notes the learning outcomes supported by each reading. You should focus on the learning outcomes as you review each topic. In addition, this Guide provides additional context on the purpose and interrelationships of the readings. The topic titles in the syllabus indicate the approximate portion of exam points selected from each topic.

Topic 1 - Plan and Product Provisions & Topic 2 – Manual Rates

Topics 1 and 2 should be read in an integrated fashion. Topic 1 describes the plan and product provisions while topic 2 covers the manual rating of them. This is core material for this course and the entire group and health sequence.

First read,

- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
    - Ch. 3: Product Development

The product development process is foundational to the group and health actuary's work. The frequency of the cycle and extent of change varies by product, but the general concepts apply across products.

Second read,

- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
    - Ch. 20: Pricing of Group Insurance

Similarly, this chapter provides a cross-benefit view on group and health pricing concepts. This provides a foundation for benefit-specific analyses and introduces the core concept of manual rate development. The chapter also elaborates on the components of a rate including claim costs, administrative expenses, and provisions for profit and/or risk.

Third read in order,

- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
    - Ch. 5: Medical Benefits in the United States
    - Ch. 21: Estimating Medical Claim Costs

These chapters describe medical benefits and their manual rate setting. Medical benefits are the largest driver of cost and will provide a basis for other benefits, which use similar rate setting processes. As you read the material, consider the four learning outcomes in topic 1. From a manual rate perspective, you should be able to identify the sources of data for pricing as well as be able to calculate a manual rate. You may be expected to mathematically calculate manual rates or rating factors on the course assessment.

Fourth read in order,

- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
    - Ch. 6: Dental Benefits in the United States
    - Ch. 22: Estimating Dental Claim Costs

After medical, you should move to dental which follows most of the same principles but with a smaller cost impact and less complexity.

Fifth read in order,

- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
    - Ch. 7: Pharmacy Benefits in the United States
    - Ch. 23: Estimating Pharmacy Claim Costs

The third type of contract is pharmacy benefits. Pharmacy benefits have similar concepts to medical in terms of unit cost and utilization. However, there are many unique terminology and pricing nuances for Rx.

Sixth read,

- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
    - Ch. 35: Medical Claim Cost Trend Analysis

The next chapter focuses on medical cost trend analysis. This material explains analytical techniques and considerations for assumption setting for projecting future claim cost.

Seventh read,

- GH101-100-26: Ch. 5 (Setting Premium Rates) of *Individual Health Insurance*, Leida, Hans, 3rd Edition, 2026

The individual health insurance book provides an overview of the unique concepts for individual vs group medical insurance.

Eighth read in order,

- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
    - Ch. 11: Group Life Insurance Benefits
    - Ch. 24: Estimating Life Claim Costs

The last type of group contract covered on the syllabus is group life, which is life insurance that is generally provided through employers. The short-duration nature of the risk and the ability to annually rerate this product has resulted in this insurance generally being handled by group actuaries as opposed to life insurance actuaries. Due to the binomial nature of the risk, the pricing techniques are the simplest discussed here and employ concepts previously covered for the other benefits.

Ninth read,

- Closing the Analytical Loop: Technology Assessments and Actuarial Methods

This SOA Research paper describes an actuarial evaluation of the Peterson Health Technology Institute (PHTI) model to evaluate the financial value of new care programs or technology solutions. The actual PHTI reports, although referenced in this paper, are not part of the syllabus. The programs (referred to as technology) are quantified in Sections 4 and 6 using traditional actuarial techniques, and those results are compared to the PHTI quantification. Section 4.7 refers to Total Risk Analysis which is explained in more depth in the “Calculated Risk: Driving Decisions Using the 5/50 Research” covered under Topic 3. You should skip those pages and return after studying LO3. You should dedicate time on your second pass through the material to understand the math and be able to explain and replicate the calculations in an assessment environment.

Tenth read,

- ASOP No. 12: Risk Classification
- ASOP No. 23: Data Quality
- ASOP No. 25: Credibility Procedures

- ASOP No. 41: Actuarial Communications

Topic 2 concludes with the applicable Actuarial Standards of Practice (ASOPs). These are included to highlight the considerations and critical analyses that are binding on the actuarial profession. While the ASOPs may be specific to actuarial practice in the United States, actuaries world-wide are expected to bring similar levels of professionalism, rigor, and critical thinking to the work they undertake. Similar standards of practice exist in other countries and would emphasize similar practices and considerations as the ASOPs.

ASOP Nos. 23 and 41 are included here and may be used for questions on any part of the assessment in relation to any syllabus material. Group and health actuaries need to always consider data quality and communications in their work. ASOP Nos. 12 and 25 relate to topics presented here and may be examined in conjunction with the underlying material to which they apply.

Topic 3 – Underwriting and Funding

Now that you understand the group products and how to develop manual rates, this topic takes the next step to actually underwrite specific groups including determining a funding method, experience rating, and risk analysis related to those items. The highlighted items include considerable math for which you will want to dedicate time in your second or third pass in order to be able to interpret and replicate the calculations.

First read in order,

- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
    - Ch. 26: Experience Rating and Funding Methods
- GH101-102-25: Types of COB and Impact on Medical Claim Data
- GH101-101-25: Illustrative Examples on Experience Rating and Funding Methods

Chapter 26 introduces approaches to funding and experience rating group medical benefits. The Types of COB study note is short and provides supplemental information and calculation examples on the impact of COB on claim data. The Illustrative Examples note provides more detail on the experience rating process and mathematical examples. For both, you should dedicate time on your second pass through the material to understand the math and be able to explain and replicate in an assessment environment.

Second read in order,

- The Role of the Actuary in Self-Insurance sections 4, 5 & Appendices (excluding 4.1.1-4.1.5, 4.4, 4.6.1-4.6.3, Appendix D)
- Level Funding: An Alternative to ACA for Small Groups

Section 4 of "The Role of the Actuary in Self-Insurance" provides a brief overview of why employers self-insure, the role of Third Party Administrators (TPAs), and cash flow implications.

Section 5 then covers Stop Loss insurance benefit design, risks, and pricing. Once again, you should skim the detailed math in the appendices on your first pass through the syllabus. Plan to come back and work through the math and examples as you study for the assessment. The level funding article is older (2016) but is still an excellent description of the level funding product and its advantages and risks as compared to insured non-grandfathered plans in the small group market.

Third read in order,

- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
    - Ch. 29: Group Insurance Underwriting
    - Ch. 30: Managing Selection in a Multiple-Choice Environment
- Modeling Effects of Enrollee Choice
- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
    - Ch. 34: Health Risk Adjustment (pp. 579-585)

These readings introduce additional ways to evaluate and manage risk. These include underwriting plan sponsors and accounting for individual selection when multiple levels of benefits are offered. While Ch. 30 is focused on selection at an employer level, 'Modeling Effects of Enrollee Choice' examines the impact at a health-plan level when selling in the ACA market based on a simulation model. Ch. 34 provides a brief overview of using risk scores in underwriting. The calculation of risk scores is covered in GH 301.

Fourth read:

- Calculated Risk: Driving Decisions Using the 5/50 Research, Sections 1 (background only), 2 & 3
    - Excel Model: Calculated Risk

This paper describes a methodology, Total Risk Analysis (TRA), to use in the decision-making process for health care projections. It recognizes both projection risk and random risk. Section 1 is background only (not directly tested) but it is recommended you read before the other sections to better understand the paper. Section 2 provides historical claim data sets and describes how to calculate a claim probability distribution. Section 3 then uses the data for a case study applying TRA to the budget for a large, self-insured employer group. This is one of the most complex study notes on the course. You will not want to get bogged down on your first pass through the material, but you will need to come back and study this thoroughly. You will want to use the excel file and pdf concurrently to follow the calculations. All tables shown in the pdf are also in the excel file with formulas. You should be able to respond to these and similar scenarios in an assessment setting.

Topic 4 – Employee Benefits

The final topic is employee benefits from the perspective of the plan sponsor or the actuarial consultant supporting them. In order to advise plan sponsors on the most cost-effective way to achieve the sponsor's objectives, the actuary must be familiar with local regulations and tax

rules for both the plan sponsor and for employees. The readings in this section provide an overview of typical considerations and plan sponsor objectives and present a logical framework to evaluate and assess the plan sponsor's objectives (both qualitative and quantitative). The readings further describe strategies for how employers may choose to share benefit costs with employees, illustrate how such analyses may be performed, and describe types of employee benefits. Also, there are overviews of the behavioral impacts of certain types of benefit changes and ways to facilitate employees' understanding and selection of their employment-related benefits.

First read,

- GH101-103-25: Health Plan Payroll Contribution Strategies and Development for Employers

This 6-page study note provides an overview of the topic and the decisions an employer makes when setting a benefit strategy. The study note has some simple math that you should understand as you read through the material and recall for your assessment.

Second read,

- GH101-106-25: Ch. 2 and Ch. 24 of *The Handbook of Employee Benefits*
- GH101-104-25: Recommend an Employee Benefits Strategy

These two study notes should be read concurrently. "Recommend an Employee Benefits Strategy" is a custom-developed study note for the syllabus that provides a case study for the concepts presented in the Handbook. On the first pass, you shouldn't get too bogged down in the math, but you should come back and study this material in detail to understand the calculations, decisions based on them, and to be able to replicate this and similar math problems in an assessment setting.

Third read in any order,

- Consumers to the Rescue? A Primer on HDHPs and HSAs
- A Practical Guide to Private Exchanges
- GH101-105-25: Ch. 7 (sections 7.1-7.3, 7.5-7.7) of *Canadian Handbook of Flexible Benefits*

These readings provide supplemental detail on high deductible health plans (HDHP), Private Exchanges, and health savings accounts (HSAs).

IV. Guidance for Assessment

In general, questions on the course assessment will consider a scenario or project that health actuaries may encounter. The questions will have multiple parts; it is common for early parts to be relatively straight-forward and help develop the context for latter parts. Latter parts of questions frequently require the candidate to perform an analysis or make a recommendation given a particular business context. Note that a solution to a problem presented within the study materials is appropriate for the context used within those study materials but may not be

appropriate for the context of the assessment. Since the assessment is focused on the demonstration of critical thinking, the candidate must learn how to take the learnings from one situation and apply them to a different situation. Candidates are expected to apply the techniques and insights that they learn from the syllabus study materials to new real-world problems. The candidate uses the study material as a tool to gain insights about the learning objectives and learning outcomes. These insights as expressed in a solution to tasks that require the demonstration of critical thinking.

The supplemental materials for this course include guided examples and past exam problems that have examined similar topics. The candidate is wise to review these questions and treat them as examples of the types of questions that will appear on the course assessment.

It also is important to note that in practice, actuarial problems typically have a level of uncertainty. As such, there may not be a single correct answer to the questions posed by the assessment. In these cases, the work and assumptions that candidates provide to illustrate their reasoning is at least as important as the final answer or recommendation provided to the question.

V. Syllabus Updates

New Readings:

- Closing the Analytical Loop: Technology Assessments and Actuarial Methods has been added to provide candidates with additional context on how new medical services and technology can impact benefit costs
- Modeling Effects of Enrollee Choice has been added to illustrate the cost dynamics when enrollees can choose among various benefit plans or insurance carriers – and how market pricing should change as a result of enrollee choice

Updated Readings:

- GH101-100-26: Chapter 5 of *Individual Health Insurance* has been updated to reflect changes incorporated in the 3rd edition of *Individual Health Insurance*

No materials have been removed.