

Premium Deficiency Reserves

Actuaries' Club of the Southwest

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Develop and Routinize Texas HMO Premium Deficiency Reserve (PDR) Process

- Review Requirements
- Capture Data
- Calculate PDR
- Annual Certification

Review Requirements

- Legislation and Regulatory Guidance
 - 28 TAC §11.706(a)
 - TDI Accounting Issues Committee Position Paper No. 8
 - HMO Premium Deficiency Reserve Seminar
- ASOPs

Capture Data

- Determine appropriate level of detail
- Retrieve data
- Validate, Reconcile, Complete
- Summarize at renewal cohort level

Calculate PDR

- Analyze at renewal cohort level
- Determine projected
 - Membership
 - Premiums
 - Medical expenses
 - General & administrative expenses
 - Premium deficiency reserve need
- Aggregate at contract grouping level

Annual Certification

- Certification of liability
- Recovery plan development and certification