What RBC Pages Should Be Submitted?

For year-end 2014 Health RBC, submit hard-copies of pages XR001 through XR027 to any state that requests a hard copy in addition to the electronic filing. Starting with year-end 2007 RBC, a hard copy is not required to be submitted to the NAIC.

Other pages, such as the capitations worksheet, do not need to be submitted. Those pages would need to be retained by the company as documentation.

Federal Home Loan Bank

As a result of the adoption of agenda item 2013-23BWG by the Blanks (E) Working Group on its Oct. 15, 2013 conference call, the Capital Adequacy (E) Task Force adopted the Federal Home Loan Bank proposal during its March 30, 2014, meeting. New Lines (9), (11), (12) and (13) were added and revisions to Lines (7), (8), (14), (15) and (21) were made to page XR005 – Off-Balance Sheet and Other Items. The instructions for page XR005 were updated to include the new lines. Page XR023 – Calculation of Total Risk-Based Capital after Covariance, Line (1) was updated to reflect the new line number in the reference column.

Low Income Housing Tax Credits

New lines were added to page XR011 – Asset Concentration for Low Income Housing Tax Credits. Lines (17) through (21) were added to reflect the additional risk of high concentrations in single exposures for Low Income Housing Tax Credits.

Working Capital Finance Investments

As a result of the adoption of agenda item 2013-13BWG by the Blanks (E) Working Group during its Dec. 15, 2013, meeting, the annual financial statement sources for the Working Capital Finance Investments on page XR007 – Fixed Income Assets, Lines (24) and (25) were updated to reference the Notes to Financial Statement, Note 5I(01a)C3 and Note 5I(01b)C3, respectively.


Receivables for Securities

The factor of the Receivable for Securities, Line (21) on page XR007 – Fixed Income Assets was updated as a result of the 2014-15-CA proposal, which was adopted on the June 30, 2014, conference call of the Capital Adequacy (E) Task Force. The factor was changed from .0500 to .0240.

Operational Risk

The Operational Risk proposal, 2014-11-O, was adopted on the April 30 and June 30, 2014 conference calls of the Capital Adequacy (E) Task Force. Page XR022 – Operational Risk, is for informational purposes only for 2014 reporting and will have no impact on the company’s actual RBC calculation. The schedule will capture premiums, claim liability, and reserve information from the annual financial statement.
Federal Affordable Care Act (ACA)

The Health Risk-Based Capital (E) Working Group was charged with evaluating the impact of the federal Affordable Care Act (ACA) on the Health RBC formula. The Working Group adopted several changes to the Health RBC formula for 2014, including:

- Page XR012 – A Underwriting Risk-Experience Fluctuation Risk (For Informational Purposes Only)
- ACA Fee Sensitivity Test
- ACA Reinsurance – Credit Risk
- Risk Adjustment and Risk Corridor Sensitivity Test

XR012-A – Underwriting Risk – Experience Fluctuation Risk (For Informational Purposes Only) and XR013-A – Annual Statement Source

A new page was added to the Health RBC formula for informational purposes only, beginning with reporting year 2014. The purpose of the change is to break out premiums, claims and loss ratio to provide a more granular view of the health entity’s overall writings. This will allow for the analysis of the potential impact that the ACA has had on the health entity’s underwriting results. The Capital Adequacy (E) Task Force adopted the 2014-01-H proposal during its March 30, 2014, meeting.

ACA Reinsurance – Credit Risk

New lines were added to Page XR019 – Credit Risk as a result of the 2014-05-H proposal, for the Credit Risk for ACA Reinsurance, which was adopted on the April 30, 2014, conference call of the Capital Adequacy (E) Task Force.

Lines (4), (5), (10) and (11) were added to reflect the break-out of the ACA reinsurance recoverables from non-affiliated recoverables on paid and unpaid losses. Instructions were also added for lines (3), (4), (9) and (10).

ACA Fee Sensitivity Test

The Capital Adequacy (E) Task Force adopted proposal 2014-02-H for the ACA Fee Sensitivity Test during its March 30, 2014, meeting. A sensitivity test was added to provide a “what if” scenario to eliminate the ACA fee from the Calculation of Total Adjusted Capital. The ACA fee included on Line (16) is the estimated data year amount that is to be paid in the fee year. The ACA fee sensitivity test would have no effect on the RBC amounts reported in the annual financial statement.

ACA Risk Adjustment and Risk Corridor Sensitivity Test


The sensitivity test will apply a sensitivity percentage of 25% to the risk adjustment and risk corridor receivables and payables to identify the impact of the risk of overestimation and underestimation of the risk adjustment and risk corridor on Total Adjusted Capital.