

GH 201-U – Valuation and Regulation, U.S.

Nov 2025/Mar 2026/Jul 2026

This Course Strategy Guide provides an overview of GH 201U – Valuation and Regulation (U.S.). It is intended to help the candidate understand the objectives of this course and to 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 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.

This course, GH 201, 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. Specifically, this is the United States version of the course, GH 201U.

The course immediately preceding this one, GH 101 – Benefits and Pricing, 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. Although material from GH 101 will not be tested on this assessment, familiarity with the concepts described in GH 101 will likely benefit the candidate here.

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 on-line 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” because it has applications to not

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only group and health actuaries, but to life, pension, and other actuaries. The course emphasizes unique techniques involved in pricing and valuation of these products.

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 to get an overview of what you are expected to learn as you work through the syllabus. Then watch the videos from the links in the syllabus under Topic 1. 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 items where candidates should spend more time after the initial read-through of the course material to ensure they master the key concepts and calculations presented in these items.

III. Exam Syllabus Learning Objectives and Learning Outcomes

This course builds on the material learned in GH 101; although the GH 101 material will not be directly assessed here, this course does assume familiarity with concepts and terms learned there. This course seeks to provide candidates with a solid understanding of the valuation and financial reporting standards that apply in the United States. It further reviews the framework of regulation of short duration group and health insurance contracts in the United States, government programs that interact with these insurance contracts, and the flow of funds in the US and Canadian healthcare systems. The flow of funds section includes a comparison to Canada to provide one example of how healthcare is structured and financed outside the US.

Five topics are covered in this course:

1. Reserving
2. Financial Statements
3. Regulation
4. Government Programs
5. Flow of Funds

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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 - Reserving: The candidate will understand how to apply valuation principles for short duration group and health insurance contracts.

Valuation of insurance liabilities is a key actuarial competency. This section of the syllabus reviews techniques that may be used to develop estimates of insurance liabilities for short-duration contracts. Given the uncertain nature of insurance liabilities (until significant time has passed since those liabilities are incurred), actuaries need to be mindful of the purpose of the work being conducted, changes that may impact how liabilities complete over time and need to be considered in developing actuarial estimates, appropriate levels of conservatism (implicit and explicit) to incorporate in assumptions, and how to communicate key assumptions and results.

First Read,

- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
 - Ch. 39: Claim Reserves for Short-Term Benefits

This chapter provides a good overview of the basics of short-term claim reserves. It is necessary to understand the considerations when establishing these reserves and when each reserving technique is preferred, which is the focus of this chapter.

Second Read,

- GH201-100-25: Health Reserves

There is some overlap between this study note and the *Group Insurance* chapter but the study note provides greater detail on reserving methods and non-IBNR reserves. The study note also provides detail on premium and non-claim reserves. There is some math in the note illustrating the reserve methods and you should be able to learn it as you read through the material.

Third read,

- Premium Deficiency Reserves Discussion Paper, AAA, Mar 2007

This note provides additional detail on premium deficiency reserves such as issues related to grouping and expense allocation.

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Fourth read,

- ASOP 5: Incurred Health and Disability Claims
- ASOP 7: Analysis of Life, Health or Property/Casualty Insurer Cash Flows
- ASOP 23: Data Quality
- ASOP 41: Actuarial Communications
- ASOP 42: Health and Disability Actuarial Assets and Liabilities Other than Liabilities for Incurred Claims

Topic 1 concludes with the applicable Actuarial Standards of Practice (ASOPs). The ASOPs are included primarily as guidance to candidates on items that need to be considered and evaluated in valuation work beyond performing routine mathematical calculations. 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 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. 5, 7, and 42 relate to topics presented here and may be examined in conjunction with the underlying material to which they apply.

Topic 2-Financial Statements – The candidate will understand how to prepare and interpret insurance company financial statements in accordance with Statutory Accounting Standards and GAAP.

Topic 2 on financial statements is closely tied to the reserving topic. The primary reason actuaries develop estimates of insurance liabilities (or reserve estimates) is for incorporation into the insurer's financial statements. There are varying considerations and guidance on how to develop these estimates depending on the purpose of the financial statements. In general, statutory statements are used by regulators to ensure insurer solvency and that policyholder claims will be paid as promised. Statements prepared under US GAAP or IFRS, by comparison, are typically used for disclosure to investors and creditors, and are intended to present a fair picture of the emergence of company earnings over time.

Actuaries also develop projections for company management. These estimates may deviate from public guidance and may be conducted more frequently to inform internal decisions.

The goals of this section are for the candidate to understand how to interpret financial statements, understand key differences depending on the audience, and apply this knowledge

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to business cases – which may include inferences around potential stakeholder actions and concerns.

First read,

- Read. Think. Write., Health Section News, Oct 2004

This is a short article that provides an overview of the considerations an actuary makes when signing a statement of actuarial opinion. Although it is dated 2004, all of the information is foundational to the profession and still valid. Additional details about the Statement of Actuarial Opinion for the NAIC annual statement¹ are provided in the optional Regulatory Certificate Course.

Second read,

- GH201-400-25: Health Insurance Accounting Basics for Actuaries (excluding Ch. 1, Section 2.2, Ch. 7)
- ASOP 21: Responding to or Assisting Auditors or Examiners in Connection with Financial Audits, Financial Reviews, and Financial Examinations

The study note serves as the basic text for this topic. It describes accounting for premiums, claims, and multiple types of liabilities. Financial concepts of date-of-service vs financial statement, and management reporting vs tax reporting are discussed. GAAP vs STAT accounting is then described. ASOP 21 is US based but the concept is appropriate for any country in terms of appropriate interaction with regulators. This concept is also part of the curriculum for the regulatory certificate course.

Third read,

- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
 - Ch. 43: Analysis of Financial and Operational Performance

The chapter discusses the evaluation of financial and operational performance of health plans through analysis of their annual financial statements, more particularly using ratios and performance metrics. The emphasis of this chapter is to understand the data provided in financial statements along with nuances that actuaries need to be aware of when filling them out.

¹ Section 3 of the “Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States” describes the standards that apply to actuaries issuing certain Statements of Actuarial Opinion, including those in the NAIC Annual Statements. https://www.actuary.org/sites/default/files/2021-11/USQS_2021.pdf

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Fourth read,

- GH201-101-25: Group and Health Reinsurance – A Primer for Actuaries
- GH201-401-25: Structured Reinsurance: Impact on Health Product Pricing

The next readings focus on group reinsurance. Reinsurance provides a safety net by covering a portion of high-severity claims, ensuring the insurer remains solvent over time. With reinsurance, an insurer can stabilize its financial results over time, leading to more predictable earnings and the ability to write more business without the need to hold disproportionately high levels of capital. Reinsurance can also be used to manage capital requirements under the risk-based capital (RBC) formulas discussed in Topic 3.

Topic 3- Regulation – The candidate will understand how to evaluate the impact of regulation on insurance companies and plan sponsors in the United States.

Insurance is a heavily regulated industry, in large part because of the timing and uncertainty of insurance liabilities. No regulator wants an insurer to offer aggressive prices to subsequently become insolvent and default on its insurance liabilities. There also are many social concerns and limitations imposed on health insurance.

First read the following chapters in order,

- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
 - Ch. 4: Health Policy and Group Insurance
 - Ch. 15: Principles of Health Insurance Regulation
 - Ch. 16: State Regulation in the United States
 - Ch. 17: Federal Regulation in the United States

These chapters provide an overview of group and health insurance regulation at the state and federal level. Combined, they provide a basis for understanding basic concepts of regulation and why it is necessary. Chapter 4 touches on the specific intent of regulation, including what is commonly referred to as the “triple aim”. Chapter 15 dives into the problems of an unregulated market and what regulation is intended to achieve, including solvency considerations. From there, Chapters 16 and 17 detail the responsibilities of both the state and federal government as it pertains to regulation in the health insurance market. It is important for the candidate to understand the responsibilities of each entity as delegation of power differs depending on the particular product being considered.

Second read,

- Pharmaceutical Patent Regulation in the United States, The Actuary, Feb 2021
- Potential Abuses Within U.S. Pharmaceutical Patent Regulation, The Actuary, Feb 2021

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- Federal Regulation of Prescription Drugs in the United States, The Actuary, Feb 2021
- State Regulation of Prescription Drugs in the United States, The Actuary, Feb 2021

These articles provide detail on prescription drug regulation in the US beyond what is provided in the *Group Insurance* chapters.

Third read,

- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
 - Ch. 41: Risk-Based Capital Formulas
- GH201-402-25: RBC Calculation Examples

The *Group Insurance* chapter covers the basics of risk-based capital, including information necessary to complete the health RBC formula. Candidates should pay attention to the formula used to calculate total RBC, as well as understand the nuances of what each component represents. The RBC Calculation Examples study note provides back of the envelope estimation techniques using several examples. There are a number of examples and we recommend the first time through the syllabus you skip the reading. You will need to return to it later and work through the mathematical examples and you may be asked to replicate

Topic 4- Government Programs – The candidate will understand how to describe government programs providing health benefits in the United States.

Government programs have a profound impact on the group and health benefits markets in the US. Essentially all health insurance actuaries in the US are impacted directly or indirectly by these government programs and the related regulations – so it is critical for the candidate to have a high-level understanding of these programs and how they may interact with each other and actuarial work.

First read,

- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
 - Ch. 9: Government Health Plans in the United States (pp. 133-149)

This chapter provides an overview of government programs in the US including Medicare, Medicaid, and ACA. The benefits, financing, and provider reimbursement are covered. The additional readings provide additional detail on those programs. The Old-Age, Survivors, and Disability Income (OASDI) section at the end of the chapter is covered in the CP321 course which covers disability benefits.

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Second read in order,

- Medicare Advantage Expanded Supplemental Benefits Over the Years, Health Watch, Special Edition, Mar 2021
- Medicare Advantage Experience Data: Pitfalls and Concerns Beyond ASOP #23, Health Watch, Feb 2019
- GH201-404-25: Medicare Advantage: Eight Critical Considerations for Every Organization as ESRD Eligibility Expands in 2021

These articles supplement the information in the *Group Insurance* chapter and provide details on recent changes in Medicare Advantage benefits.

Third read,

- GH201-403-25: Medicare Part D Prescription Drug Benefits

This study note was custom written for the exam syllabus. It describes creditable coverage, employer group plans, original and current Part D plan designs, and how the plans are administered. You will want to read through on the first pass but plan to return to work through the calculations in detail which may need to be replicated on the assessment.

Fourth read,

- GH201-406-25: Attempting to Boil the Ocean: A High-Level Overview of Medicaid and its Risk-Based Managed Care Programs
- Companion Excel: Medicaid Tables
- ASOP 49: Medicaid Managed Care Capitation Rate Development and Certification, p. 1-12

The Medicaid study note was custom written for the exam syllabus. It provides details on structure and financing in more detail than *Group Insurance*. The note then explains capitation, risk transfer, and reinsurance calculations. The pdf and excel file should be reviewed concurrently. You will want to skim through the math on your first pass, then plan to return and study the calculations in detail which you may be asked to interpret or replicate in an assessment setting.

Fifth read in order,

- *Group Insurance*, Skwire, Daniel D., 8th Edition, 2021
 - Ch. 19: The Affordable Care Act
- GH201-405-25: A Hard Pill to Swallow: Appreciating the Mathematical Dynamics of the Affordable Care Act

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The *Group Insurance* chapter describes the ACA in more detail. The study note then examines the financial dynamics of the premium rating rules, subsidies, and how affordability of coverage in the individual market differs for the subsidized and unsubsidized populations. You may want to return to the study note on your second pass as you may be asked to interpret or replicate the calculations and financial implications in an assessment setting.

Topic 5- Flow of Funds – The candidate will understand how to describe the flow of funds in the health care system and the role of providers in the system.

This topic focuses on health economics and the flow of funds through the healthcare system including the roles of medical care providers and hospitals. The study note GH201-102-25: “Flow of Funds in Healthcare System and the Role of Providers” begins by focusing on health economics in the United States followed by the Canadian healthcare system. The material in the study note is supplemented by selected material from GH201-103-25: Health Economics and Financing, sixth edition by Thomas Getzen and CIA/SOA joint report on the Sustainability of the Canadian Health Care System and Impact of the 2014 Revision to the Canada Health Transfer. It is intended that the material be studied in an integrated manner rather than as three independent sources. The “Flow of Funds” study note will direct you when to read specific sections of the supplemental sources.

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.

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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.