Health Equity: Not Just for Health Actuaries

Yi-Ling Lin, MAAA, FSA, FCA

Member, Health Equity Committee

Annette V. James, MAAA, FSA, FCA
Chairperson, Health Equity Committee

Southeastern Actuaries Conference November 16, 2023

About the Academy



- The American Academy of Actuaries is a 19,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues.
- The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

For more information, please visit:

www.actuary.org

Academy Antitrust Policy

It is the policy of the American Academy of Actuaries (the "Academy") to operate in compliance with the requirements of applicable law, including federal antitrust laws. Individuals participating in Academy activities are authorized to do so only in accordance with antitrust and other applicable laws and in furtherance of the Academy's lawful fulfillment of its mission and objectives. In particular, individuals participating in Academy activities must refrain from engaging in conduct that unreasonably restrains commerce or trade or that constitutes a concerted action significantly diminishing competition between actual or prospective competitors. Per se violations (i.e., practices that are presumed to violate antitrust laws regardless of intent) include: agreements to fix or stabilize prices, agreements to divide markets, agreements to restrict product production or distribution, or group boycott.

At public meetings and seminars sponsored by the Academy, the Academy will publish a statement on antitrust compliance in the meeting or seminar program and refer to the statement at the beginning of each meeting or seminar. Individuals participating in the meeting or seminar will be required to comply with the Academy's antitrust policy. However, individuals participating in Academy activities are permitted to discuss business activities for purposes of influencing legislation, regulation or court decisions, so long as such discussions are not conducted as a pretext for otherwise unlawful concerted action of the sort described above.

The Academy's full antitrust policy is available online at

https://www.actuary.org/content/academy-antitrust-policy.

Academy Conflict of Interest Policy

The fundamental purposes of the Academy require it to maintain a high level of professional objectivity and independence from any specific interests of the employers of its members. Therefore, members who work on the Academy's behalf must carefully consider and address any situation that may arise with respect to the members' activity, or the activity of any member working with them, which may call into question their professional objectivity.

The Academy's full Conflict of Interest Policy is available online at

https://www.actuary.org/content/conflict-interest-policy-1

Definitions Used by the Health Equity Committee

- **Health equity:** Everyone has a fair and just opportunity to be as healthy as possible. This requires removing obstacles to health such as poverty, discrimination, and their consequences, including powerlessness and lack of access to good jobs with fair pay, quality education and housing, safe environments, and health care.
- Health disparities: Differences in health or its key determinants that adversely affect marginalized or excluded groups. Disparities in health and in the key determinants of health are the metric for assessing progress toward health equity.
- Social determinants of health: Nonmedical factors such as employment, income, housing, transportation, childcare, education, discrimination, and the quality of the places where people live, work, learn, and play, which influence health.

Source: Braveman P. Arkin E. Orleans T. Proctor D. and Plough A. What Is Health Equity? And What Difference Does a Definition Make? Princeton, NJ: Robert Wood Johnson Foundation, 2017.

Health Equity Impacts Us All

- Higher incidence of chronic conditions
- Lower life expectancy
- Not everyone has access to the same quality of care
- Higher cost of health care
 - Inefficient allocation of health care dollars
 - U.S. has the highest cost of health care per capita in the world

Why Actuaries Care About Health Equity

- Key health decision-makers rely on actuaries for advice
- Unique skillset to quantify costs of health disparities to the health care system
- Commitment to identifying and addressing issues on behalf of the public interest
- Desire to explore and understand whether any actuarial practices inadvertently lead to or exacerbate health disparities and inefficient use of health care dollars
- Potential to use actuarial principles to reduce health disparities and improve health outcomes
- Equity lessons learned may be applied to other actuarial areas (life, casualty)

American Academy of Actuaries Health Equity Committee

Created to contribute actuarial perspective to health equity

• Focus:

- > Evaluate actuarial practices in the context of health equity
- Educate actuaries and other stakeholders on health equity issues
- ➤ Apply an equity lens when considering the impact of current or proposed health care policies

2020–2022 HEC Activities

- Five issue briefs
- Webinars
- Review comment letters with health equity lens
- Guest presenters at non-actuarial venues

2023 Health Equity Focus: Exploration of strategies to incorporate equity-enhancing features in health plans

ISSUE BRIEF 1-OVERVIEW | AUGUST 2023 Health Benefit Design Innovations for Advancing Health Equity: Removing the Barriers to Successful Implementation Many factors contribute to heath disparities, which are differences in health or its key determinants that adversely affect marginalized or excluded groups. Health disparities can exist among age, gender, race/ethnicity, disability, economic status, and other personal and community-level characteristics. It will take comprehensive efforts from all parts of the health care ecosystem to improve health equity and close these gaps. One of the levers that could improve health equity is health insurance benefit design, which reflects in part what services health plans cover and what consumers are required to pay for these services out of pocket. In this series of issue briefs, the Health Equity Committee of the American Academy of Actuaries (committee) explores potential strategies for incorporating more equity-enhancing features into health insurance benefit designs. Actuaries have insights on benefit design, as many are involved in decisions regarding the development and implementation of benefit design features and often take the lead with projecting the costs of benefits and calculating the resulting premiums. However, actuaries are only one part of the multidisciplinary teams working to develop plan benefits. To obtain broader insights on why more equity-enhancing features aren't currently included in health plans and options for facilitating increased adoption of these features, the committee is holding small workshops and other conversations with a variety of stakeholders and decisionmakers. Workshop participants include human resources benefit directors, medical directors, benefit consultants, health equity officers, actuaries, and others. In terms of equity-enhancing features, the conversations are focusing on changing cost-sharing features, such as through value-based insurance design (VBID), as well as adding benefits to terms will be used as address health-related social needs. Other benefit design components, such as provider networks and utilization management featureswould like to define here for hetter although important to health equity considerations—were nderstanding as we delve deeper into this outside of the scope of this project. Health equity means that everyone has a fair and removing obstacles to health such as poverty, discrimination and their consequences, including powerlessness and lack of access to good jobs with fair pay, quality education and housing, safe environments, and health care.* Health disparities are differences in health or its key determinants that adversely affect marginalized or excluded groups. Disparities in health and in the key determinants of health are the metric for assessing progress toward health equity.* Social determinants of health are nonmedical factors such as employment, income housing, transportation, child care, education, discrimination, and the quality of the places where people live, work, learn, and play that influence health.* Value-Based Insurance Design (VBID), which varies patient cost-sharing to align with the value of health care services. High-value services would require no or low-cost sharing, whereas low-value services would have high-cost sharing. AMERICAN ACADEMY
of ACTUARIES

> 1850 M STREET NW, SUITE 300 WASHINGTON, D.C. 20036 202-223-8196

- Goal: Have discussions among participants with different perspectives to discuss the successes and challenges of incorporating equity-enhancing benefit design features
- Areas of focus:
 - Process and challenges to incorporating equity-enhancing features
 - How benefit changes are evaluated
 - How to incorporate the voices of the people being served
 - Addressing implementation challenges
- Topics explored during four workshops, with subsequent release of related issue briefs, and continued at symposium on November 15, 2023.

Workshop Series/Symposium High-Level Insights

- High levels of interest in these topics!
- Convening people to share experience is valuable
 - Break down silos
 - Opportunity for actuaries to gain broader perspective
 - Opportunity for non-actuaries to understand actuarial perspective
- Opportunity to continue the conversation and make real progress
- Key themes:
 - Data, data, data
 - Rethinking how we measure the impact of benefit changes beyond ROI
 - Current regulatory framework may hinder implementation of equity-enhancing benefit design

Importance of Data

- Measuring disparities and reducing them
 - Lack of consistent data format with key dimensions of equity
 - Collection and use of key data may be limited or prohibited
- Determining which benefits to offer
- Pricing benefits
- Determining the efficacy of those benefits

Limitations of Claims Data

- Only reflects claims of those using the health care system
- For historically marginalized groups, claims understates risk, unmet needs
- Does not include key information needed to measure disparities
- Combination of data from other sources could be helpful;
 e.g., enrollment data and social risk indices
 - Need to understand the limitations, risks of other data sources

Data – Other Considerations

- Need to understand the data beyond statistical measures
 - Think critically about what the data is showing
 - The use of averages may mask the underlying distributions of different populations
 - Clinical expertise may be needed to understand data
- Data empathy
 - Data elements represent people and their experiences
 - Include the perspectives of people impacted by plan changes

Data Sampling Issues

- Sampling of populations may leave holes in our understanding and lead to wrong conclusions
- A sample may not be sufficient to understand the entire population

Data – Bias Considerations

- All data has bias
 - Important to understand the embedded bias and determine whether it impacts results
 - Make adjustments if needed to mitigate bias
- Important to incorporate qualitative data to better understand quantitative data

Measuring the Impact – Beyond ROI

- Current methods of evaluating programs may hinder implementation
 - One-year performance measures for programs with multiyear runway
 - Cost-only focus ignores downstream savings
 - Cost-effectiveness may be a better metric
 - Must include outcomes
 - No consensus on what that means

Regulatory Issues

- State and federal limitations on the collection and use of data
- Federal and state laws may limit the addition of new benefits
- Laws are not designed with an equity lens

Final Word

- The successful implementation of health equity initiatives depends on:
 - The effective collection and understanding of data
 - Understanding the larger health ecosystem
 - Breaking down the silos and learning from others
 - Consideration of the legal environment

Thank You – Questions?

For more information contact:

Matthew Williams, JD, MA
Senior Policy Analyst, Health
American Academy of Actuaries

Email: williams@actuary.org

