

Actuarial Challenge Announcement of Round One Results

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Welcome to the Round One results webinar for the Actuarial Challenge, sponsored by the Robert Wood Johnson Foundation

We intend to summarize some common themes and some of the unique proposals made in the Round One papers. This discussion is not to endorse or advocate for any of the suggested reforms, simply to present them for consideration.

Note that the views and proposed reforms expressed in the papers and during the webinar do not necessarily reflect the views of the Robert Wood Johnson Foundation or Milliman.

Actuarial Challenge Goal

- To elicit innovative ideas and proposals from informed actuaries to move the individual insurance market further toward
 - Broad access to quality health services and providers
 - Financially secure and stable market

And now a word from our sponsor: the Robert Wood Johnson Foundation

Katherine Hempstead, PhD
Senior Advisor

Today's Agenda

- Overview of the Round One process
- Judges and the Round Two selection process
- Summary of common themes
- Identification of some unique proposals
- Answer questions that you have regarding the Challenge

Actuarial Challenge Teams

- Required to be an actuary
- About 70 applicants and 20 teams
- Some teams were self-formed; other teams formed from unrelated interested individuals
- Most teams had four or five members; some were teams of one
- Teams were formed prior to the November election

Challenge Structure – Round One Process

The Challenge consists of two rounds.

- The first round involved each team preparing and submitting a paper presenting its ideas for changes to the individual health insurance market.
- The Challenge generated 14 submitted papers.
- These papers were provided to the Challenge judges on a blinded basis and reviewed with respect to several aspects
- Five teams were selected to move on to Round Two, which will involve some market level modeling to help evaluate the relative impact of the proposals on various aspects of the individual market.

Actuarial Challenge Judges

- Judges were also required to be actuaries
- The judges are:
 - Ms. Barbara Klever, Blue Cross Blue Shield Association
 - Ms. Rebecca Owen, Health Research Actuary, Society of Actuaries
 - Dr. Colin Ramsay, Professor at the University of Nebraska
 - Mr. David Shea, Health Actuary, Virginia Bureau of Insurance
 - Ms. Cori Uccello, Senior Health Fellow, American Academy of Actuaries

Judging Criteria

- In reviewing the Round One submissions, the judges considered the following areas:
 - **Access to health insurance**, such as incentives for insurers to participate in the market and offer multiple plans and the impact on the uninsured population
 - **Affordability to consumers**, including premium levels, cost sharing, subsidies, and penalties
 - **Overall taxpayer investment** through subsidies and other support contributions
 - **Impact on health care delivery**, such as provider supply and quality of care
 - **Overall feasibility** to implement the changes

Other Judging Criteria

- Some consideration was given to identifying papers that cover a broad range of suggested changes since selecting five papers with essentially the same solution would not produce the most robust Challenge result.
- Assessments of the papers should be based on actuarial soundness and operational feasibility. This includes identifying who would be responsible for any monetary obligations and how those obligations will be funded on an actuarially sound basis.
- The proposed reforms were able to be reasonably modeled.

Round One Papers – Common Themes

- ***Use of a broader age curve:*** Most of the papers included this reform and many proposed a 5-to-1 maximum differential.
- ***Premium Subsidies:*** Many of the papers included a proposal to assist lower income individuals/households with payment of the insurance premium in some way; however, approaches differ.
- ***Guarantee Issue:*** Many of the papers included the requirement that at least a basic policy be available regardless of health status.
- ***Individual Coverage Requirement:*** While the papers generally move away from an individual mandate, most still include some mechanism to address market enrollment, for example through auto-enrollment, continuous enrollment, or late enrollment penalties or requirements.

Round One Papers – Addressing the Cost Curve

Many papers discuss various aspects of addressing cost through the healthcare delivery system as well

- Use of pricing transparency
- Provide health information to consumers before/as needed to make healthcare decisions
- Increase use of clinical standards of practice and electronic health records
- Encourage shared risk provider contracting for both savings and costs

Round One Papers – Unique Proposals

- ***Proposals addressing enrollment/participation:***
 - Concurrent payment of enrollment penalties
 - Use of a medical ID card to facilitate enrollment, access electronic medical records, provide credit for premium or cost sharing

- ***Proposals addressing financing/insurance:***
 - Use of health savings accounts in place of cost sharing reduction subsidies
 - Vary subsidies to recognize cost-of-living variations by area
 - Use prospective risk scoring to set rating bands
 - Convert policies from annual term to longer term policies with investment component

Round One Papers – Unique Proposals (Cont'd)

- ***Social Insurance model to replace all health insurance (all markets):***
 - Focused on preventive and catastrophic costs in the public funded insurance
 - Routine care financed via individual policies with price transparency
- ***Proposals addressing consumer incentives:***
 - Provide wellness/healthy living premium subsidy or health improvement premium discounts
 - Enhance benefits to include gym memberships/fitness classes to attract younger/healthier members
 - Encourage healthy eating as preventive/treatment to reduce costs through provider reimbursement or recognition in premiums

Round Two

- During the second round, each of the five selected teams are working with Milliman to model the impact their proposed changes will have on the health insurance market
- Each of the selected teams will then prepare and submit a final paper discussing its proposed changes including the modeled impacts
- Work on modeling the proposed changes during February and March with Milliman
- Each team that submitted a Round One paper has the opportunity to refine its proposal for later publication
- Final papers are due on or about March 24, 2017

Challenge Conclusion

- The Robert Wood Johnson Foundation will decide the form of publicizing final presentations of the papers, possibly at a public event, through publication on the Challenge website, and / or through other media channels
- This is expected to occur sometime in April

Questions



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