

American Academy of Actuaries Health Equity Work Group

Presentation to the NAIC
Special (EX) Committee on
Race and Insurance, Workstream Five

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AMERICAN ACADEMY *of* ACTUARIES

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Academy Health Equity Work Group Charge

- Evaluate actuarial practices in the context of health equity
 - ▣ Identify and monitor actuarial data sources and methodologies that may contribute to health disparities
 - ▣ Assess the extent to which actuarial practices contribute to health disparities
 - ▣ Explore options for addressing identified actuarial drivers of health disparities
 - ▣ Identify areas in which actuarial methods can contribute to improving 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



Initial Phase—Identify and monitor actuarial data sources and methods that may affect health disparities

- Are there actuarial methodologies or modeling techniques that perpetuate disparities?
- Are there actuarial methodologies that reduce disparities?
- If the data needed to measure a specific variable are not available, is a proxy appropriate? What should an actuary consider when using such a proxy? Does the data used measure the intended items?
- Does the use of historical data embed disparities in projections?
- Are assumptions appropriately determined and applied?
- What sorts of analyses should be performed to explicitly identify inequities?



Initial phase—Specific areas of exploration

- Benefit design
- Provider contracting/network development
- Pricing
- Population health
- Likely areas of overlap
 - Use of historical data
 - Risk adjustment / risk stratification



Initial phase—Develop list of questions and topics to explore further

- Publish list in first quarter of 2021
- Comprehensive list will be starting point for further analysis
 - ▣ Inclusion on list will not imply pre-determination that item leads to increased disparities
 - ▣ After further analysis, we may conclude that particular practices contribute to inequities, others improve health equity, and others have no impact
- We will explore options to address:
 - ▣ Identified actuarial drivers of disparities
 - ▣ Nonactuarial drivers that might be addressed through actuarial methods



Shared goals and opportunities to coordinate

- The goals of the NAIC and the Academy's Health Equity Work Group are aligned
- The Health Equity Work Group can provide frequent updates regarding our process and findings
- Potential to coordinate with NAIC on specific solutions to ensure that regulation of insurance industry is consistent with goals of health equity



Questions?

