

Diversity, Equity, and Inclusion in the Actuarial Profession

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Work Group**
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AMERICAN ACADEMY of ACTUARIES

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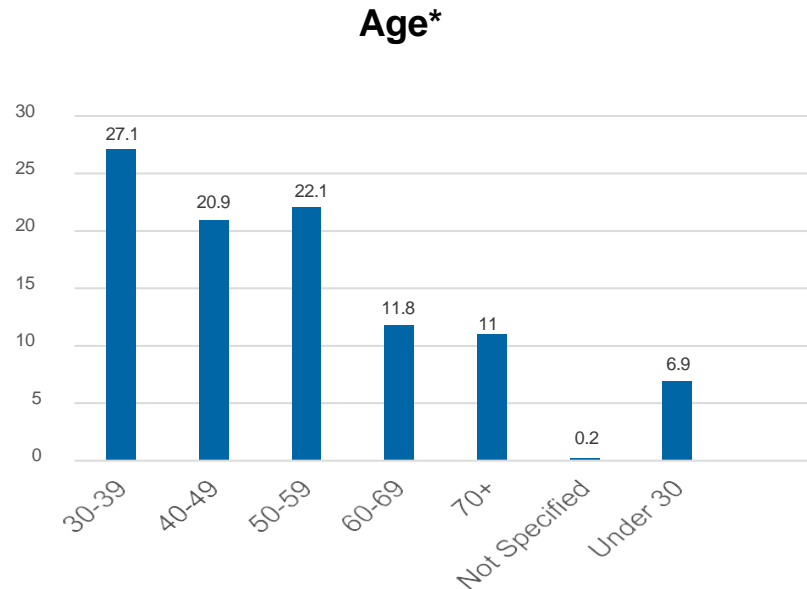
About the American Academy of Actuaries

- Founded in 1965 to:
 - Serve as the public policy voice for the U.S. actuarial profession; and
 - Provide the professionalism structure for the U.S. actuarial profession
 - U.S. Qualification Standards
 - Actuarial standards of practice
 - 19,500 members, 1,200 volunteers



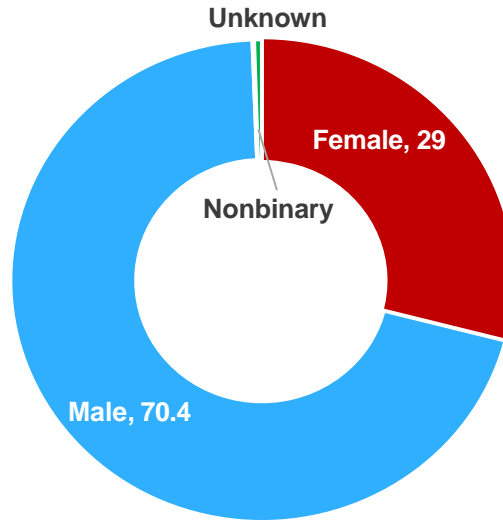
Breaking Down the Mission: Membership

The Academy serves and engages with over 19,500 members who practice in the U.S.



Breaking Down the Mission: Membership

Gender*

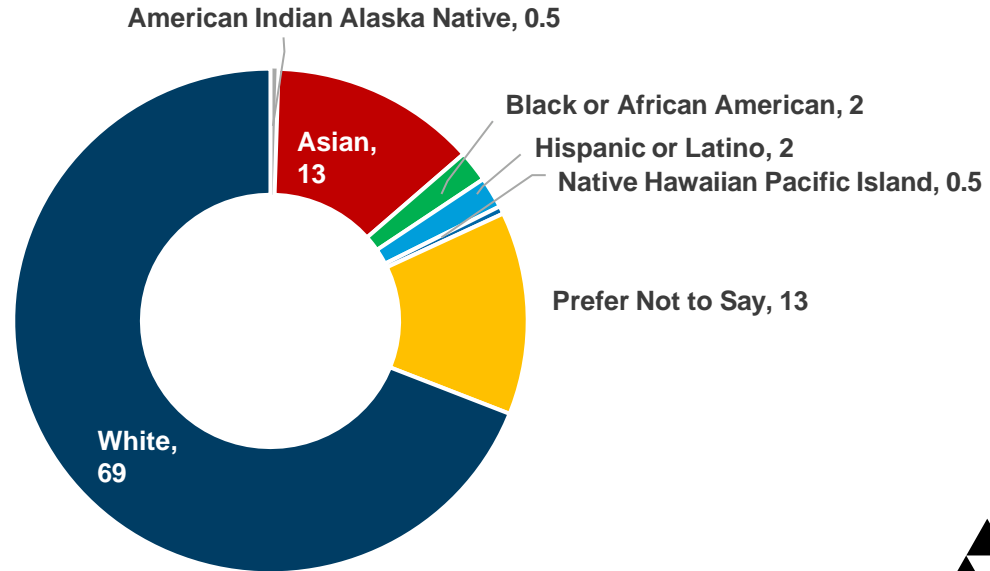


*Approximately 0.1% do not list gender or listed as nonbinary



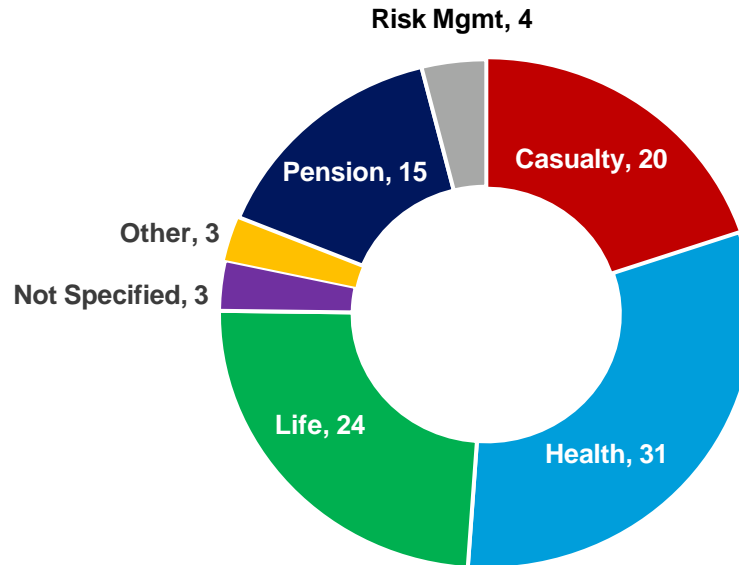
Breaking Down the Mission: Membership

Race/Ethnicity**



Breaking Down the Mission: Membership

Practice Council***



DEI: What Does It Mean?

- Diversity
 - Building a community that reflects different perspectives
- Equity
 - Eliminating disparities in outcomes for different groups
- Inclusion
 - Making sure team members feel valued



DEI and the Academy

Strategic focus—woven into everything we do:

- Employees
 - ▣ Employment policies
- Volunteers
 - ▣ Seek out diversity of thought and life experience
- Wider actuarial community
 - ▣ Education
 - ▣ Professionalism



DEI and the Academy

Strategic focus—woven into everything we do:

- Public policy
 - Enhance equity, reduce disparities in outcomes
 - Ensure actuarial practices support equity principles



Equality vs. Equity

- Equality: providing the same resources (access) to everyone. Treating everyone the same may not be fair.
- Equity—short term: allocating resources to achieve a fair and just outcome in an unbalanced system

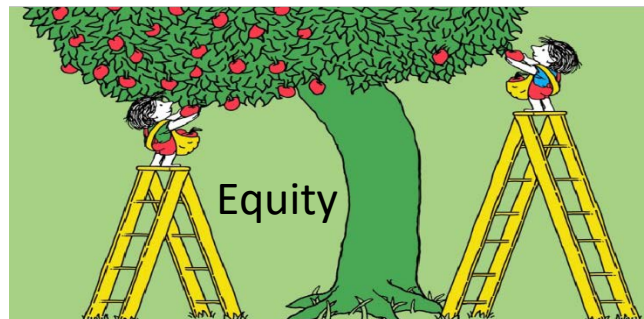
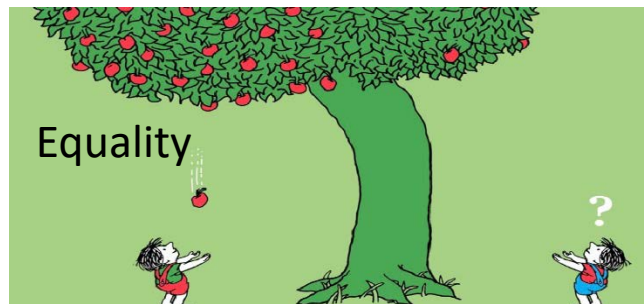
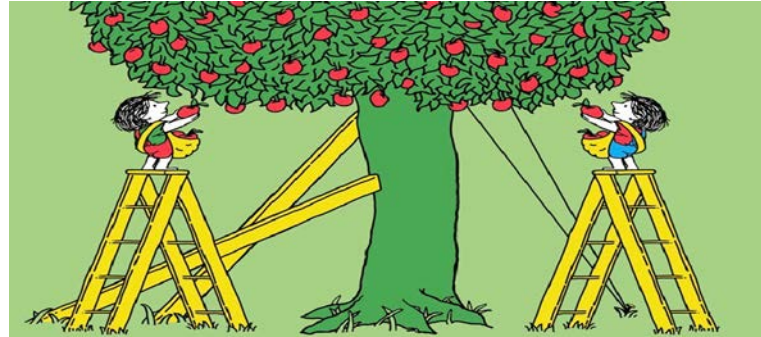


Image source: "Addressing Imbalance," by Tony Ruth for the 2019 Design in Tech Report.
<https://onlinepublichealth.gwu.edu/wp-content/uploads/sites/47/2021/03/equity.png>



Equality vs. Equity

- Equity—long term: Fixing the system for long-term equitable access



Important Definitions

- **Health equity** means that 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** 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, 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.

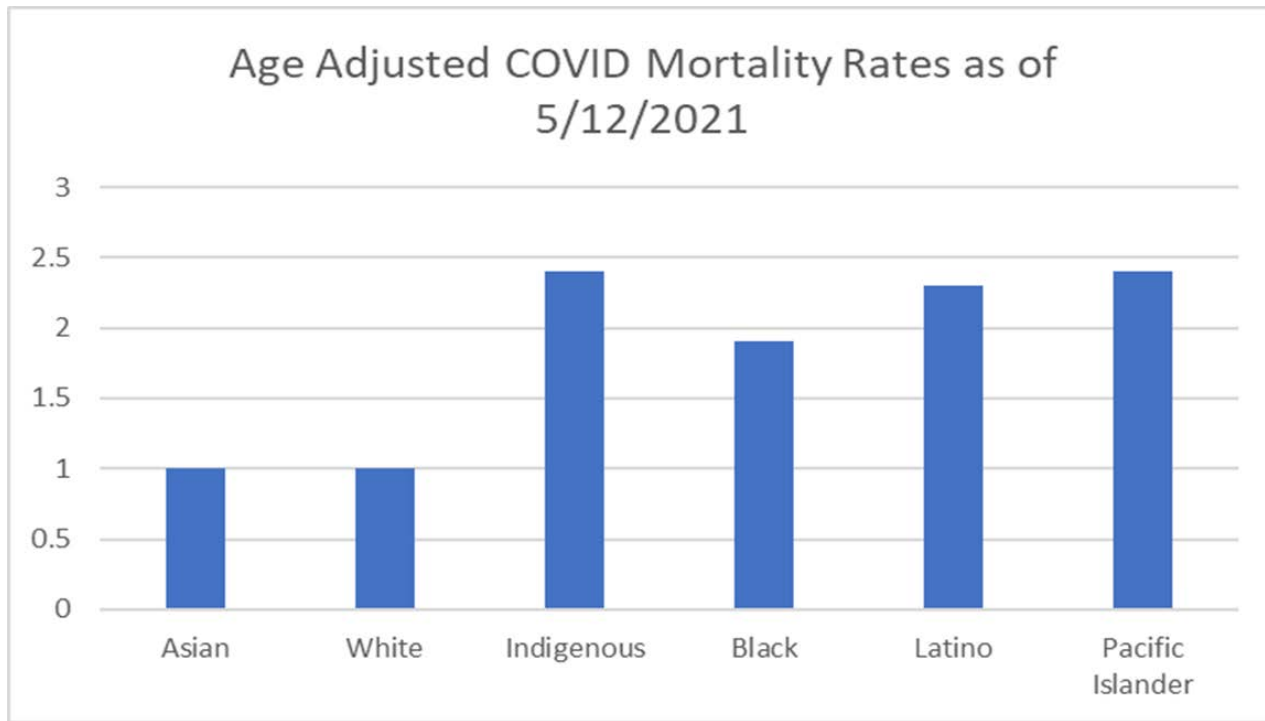


Dimensions of Disparities

- ❑ Race and ethnicity
- ❑ Age
- ❑ Socioeconomic status
- ❑ Geographic location
- ❑ Disability
- ❑ Language
- ❑ Gender
- ❑ Citizenship status
- ❑ Sexual orientation and gender identity



COVID-19 Has Disproportionately Affected People of Color



Health Disparities Have Economic Consequences

\$135
BILLION

total economic gain
per year if health
disparities removed

\$42
BILLION

untapped productivity
due to health
disparities

\$93
BILLION

excess health care
costs due to health
disparities

Source: W.K. Kellogg Foundation and Altarum, 2018, https://altarum.org/sites/default/files/uploaded-publication-files/WKKellogg_Business-Case-Racial-Equity_National-Report_2018.pdf



Why Actuaries Care About Health Equity

- Key health care 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 by health actuaries may be applicable to other actuarial areas



Health Policy / Actuarial Collaboration

- Health policy experts and researchers have been studying health equity for decades
- Actuaries benefit from the perspectives of health policy makers and regulators to understand the big picture
- Actuarial perspective may be missing link to operationalize desired health equity outcomes for health plans



Academy Health Equity Work Group (HEWG)

- Created to contribute actuarial perspective to health equity
- Focus:
 - Evaluate actuarial practices in the context of health equity
 - Identify and monitor actuarial data sources and methodologies that may affect 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



HEWG—Specific Areas of Exploration

- Sample list of questions for exploration
 - Premium pricing
 - Could health actuarial methods of pricing benefits foster inequity? How are offsetting cost reductions considered when rating additional benefits? Does using a one-year time frame limit the ability to consider longer-term cost reductions?
 - Benefit design
 - How is benefit design used to attract and maintain health plan members? Are there barriers to individuals in choosing the plan that best fits their needs, and if so, do they contribute to health inequities?



HEWG—Specific Areas of Exploration

- Sample list of questions for exploration
 - Provider contracting and network development
 - Are quality provisions and outcome measures in Alternative Payment Model (APM) contracts aligned with achieving equitable health outcomes?
 - Managing population health
 - How do algorithms that are designed to identify enrollees for disease management, care management, or wellness programs—and the proxy data underlying the algorithms—affect disparities?
 - Data
 - What are appropriate sources of data for measuring health disparities?

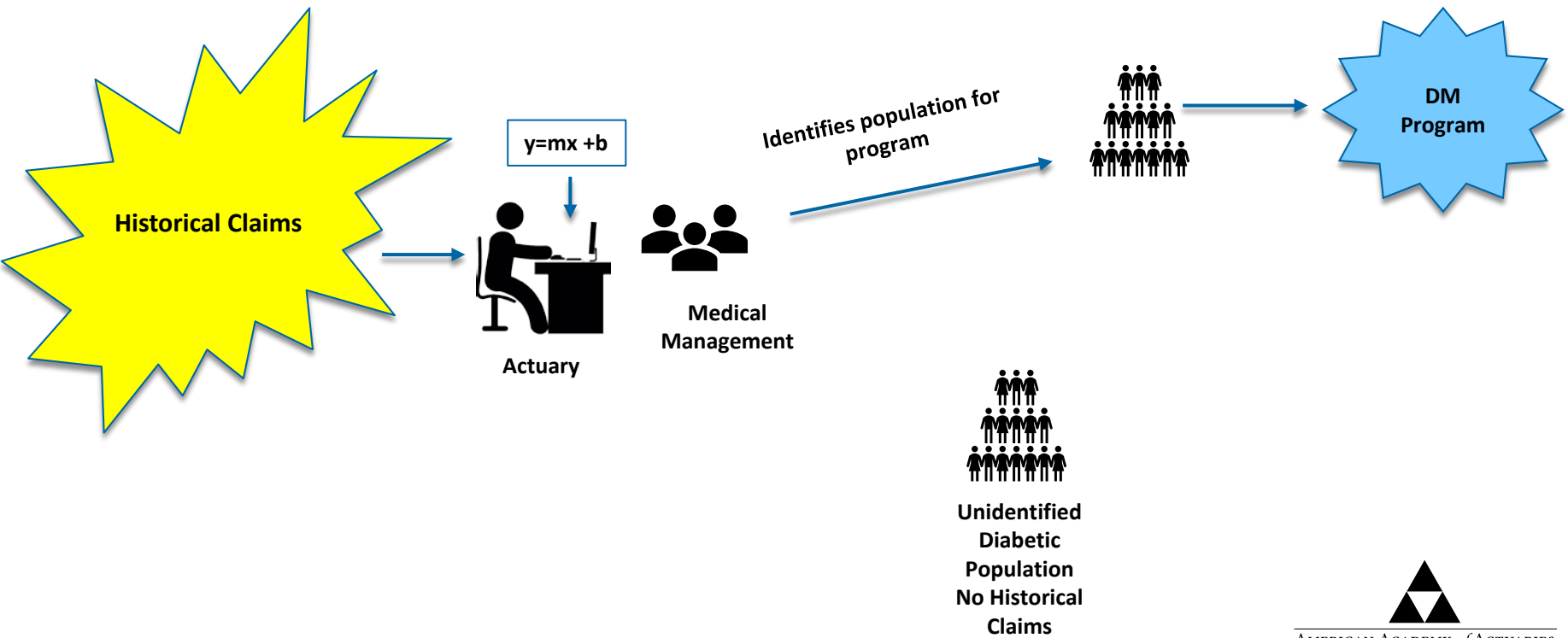


HEWG—Specific Areas of Exploration

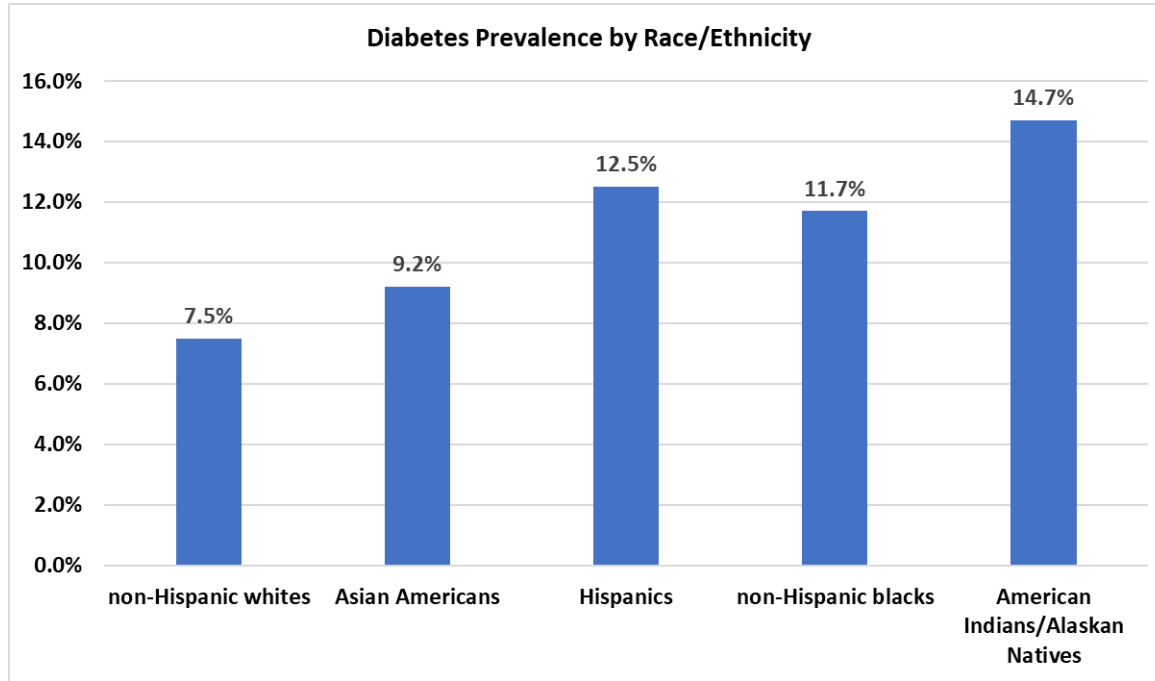
- Areas of overlap
 - ▣ Use of historical data
 - ▣ Risk adjustment / risk stratification
 - ▣ Use of algorithms



Population Health Example: Diabetes Management Program



Population Health Example: Diabetes Management Program (cont.)



Source: <https://www.diabetes.org/resources/statistics/statistics-about-diabetes>



HEWG: Early Indications/Areas for Deeper Exploration

- Cost not indicative of risk/need for groups experiencing health disparities
 - Underutilization of health care by marginalized groups
- Projecting historical data may embed bias
- Predictive models based on cost can exacerbate health disparities and lead to misallocation of resources



Challenges for the Actuarial Profession

- How to incorporate health equity into health work and avoid unintended consequences
 - ▣ Better understand the health ecosystem, policy, and real-world implications
- Availability and reliability of data needed to evaluate and monitor health disparities
- May need to develop new ways to collect, analyze, and use data
 - ▣ Use of averages vs. distribution



Final Thoughts

- The Academy's work on health equity is one example of how actuarial work can impact public policy and make a real difference in people's lives.



Thank You

Questions?

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