

# Health Benefit Design Innovations for Advancing Health Equity: Removing the Barriers to Successful Implementation

## Issue Brief Series—Summary

**Many factors contribute to health disparities, which are differences in health or its key determinants that adversely affect historically marginalized or excluded groups.** One of the levers that could improve health equity is health benefit plan design, which reflects in part what services health plans cover and what consumers are required to pay for these services out of pocket (as opposed to through premiums). In a series of issue briefs, the Health Equity Committee of the American Academy of Actuaries explore how employers are using health plan benefit design innovations to advance health equity—the challenges they face and the ways they overcome these challenges. Actuaries are one part of multi-disciplinary teams working to develop plan benefits.

The issue briefs were developed based on workshops and other conversations held with a variety of thought leaders and decision-makers. The work focused on benefits in the employer-sponsored insurance market, because it is the dominant source of coverage for Americans younger than 65 and because employers, especially large employers, may have more flexibility and tools available than in other insurance markets regarding their health benefit offerings.

The issue briefs were developed based on workshops and other conversations held with thought leaders and decision-makers.



AMERICAN ACADEMY  
of ACTUARIES

AMERICAN ACADEMY OF ACTUARIES  
1850 M STREET NW, SUITE 300  
WASHINGTON, D.C. 20036  
202-223-8196

ACTUARY.ORG

### Issue Brief 1: Overview



The first issue brief outlines decision-making processes as benefits are added and the challenges that come with incorporating more equity-improving elements into health insurance plan designs.

- Different employers have different legal and strategic levers to affect health disparities through benefit design.
- Health disparities can be experienced along many employee characteristics (e.g., age, gender, race/ethnicity, disability, economic status).
- There is pressure to identify cost savings to offset the cost of adding new or innovative benefits.
- To more comprehensively address health disparities, the goal needs to switch from cost savings to value, quality, and cost-effectiveness.
- Adoption of equity-enhancing benefit designs has been incremental.
- Focus has been primarily on cost-sharing elements rather than coverage of nontraditional benefits.
- The collection of data is crucial to measuring and reducing health disparities.
- Designing benefits to address disparities is not enough; employees need to be aware of and understand benefits, and navigate the system.

### Issue Brief 2: Overcoming Challenges to the Way Potential Benefit Changes Are Evaluated



The second issue brief examines in more detail what is known about what does and doesn't improve health equity and ways to overcome any challenges to the way that benefit design changes are evaluated.

- Both quantitative and qualitative data are needed to identify benefit needs and build solutions.
- There are opportunities to improve health equity by leveraging the employer-employee relationship.
- Employers with high employee retention rates have more incentive and flexibility to consider benefits with long-term impacts.
- Cost is a significant factor when determining whether to add equity-enhancing benefits.
- Shifting the focus from cost savings to cost-effectiveness can facilitate the incorporation of equity-enhancing benefits. However, there is no consensus on the best way(s) to make that shift.
- Reducing low-value benefits can also improve equity.
- Addressing inconsistencies in coverage for different conditions could create synergies that improve cost-effectiveness.
- Health care needs to be affordable—assessing affordability needs to consider factors beyond premiums and cost-sharing requirements.
- A marketing and communications strategy is needed for both employees and providers.
- Defining success in terms of cost-effectiveness and health equity can improve the use of health care dollars. There is not yet a consensus on how best to do this.

### Issue Brief 3: How to Better Understand the Needs of the People We’re Trying to Serve



The third issue brief examines in more detail how employers, insurers, and others incorporate the voices of the people they are trying to serve when making benefit design decisions.

- Information from claims data and enrollment data is useful to identify health care disparities and unmet needs, but doesn’t necessarily tell the whole story.
- Collecting qualitative data, through surveys and other means, could provide timely and important information to supplement quantitative data.
- Building trust is essential to outreach efforts.
- A sample of a population doesn’t explain the whole story.
- Bottom-up rather than top-down approaches better incorporate the priorities of those being served.
- Feedback on benefit changes is needed to assess outcomes and make any necessary changes.

### Issue Brief 4: How to Overcome Constraints to Implementation



The fourth issue brief examines in more detail how to address challenges when trying to implement new benefit designs in health insurance to reduce health disparities.

- In the absence of “perfect” data, employers and insurers can start with the information they have and build from there.
- Organizations need a health equity champion(s) to overcome reluctance acknowledging health disparities and to help lead efforts to address them.
- Culturally competent providers are central to improving health equity.
- Provider shortages must be addressed to improve access.
- Tailoring communications to the population being served can improve the effectiveness of outreach.
- Provider engagement can help optimize communications outreach and benefit access.
- Employers may need to turn to external expertise to help identify clinically appropriate care.
- Affordable Care Act requirements can affect equity-enhancing plan flexibility.

## Bottom Line

Although there are numerous challenges to implementing equity-based health plans, these challenges do not need to stall efforts to reduce health disparities. Working together, employers, insurers, medical directors, employee benefit consultants, actuaries, community leaders, health services researchers, policymakers, state and federal regulators, and others can develop and test equity-based benefit innovations.

Members of the Health Equity Committee include: Annette James, MAAA, FSA, FCA—*Chairperson*; Bela Gorman, MAAA, FSA—*Vice Chairperson*; Stacey Lampkin, MAAA, FSA—*Vice Chairperson*; Corryn Brown, MAAA, FSA; Timothy Bulat, MAAA, FSA; April Choi, MAAA, FSA; Andrea Christopherson, MAAA, FSA, FCA; Chanelle Desir, MAAA, ASA; James Dolstad, MAAA, ASA; Jennifer Elwood, MAAA, FSA, FCA; Catherine Jo Erwin, MAAA, FSA; Marshall Forest, MAAA, FSA; Jennifer Gerstorff, MAAA, FSA; Andrew Hiles, MAAA, FSA; Olga Jacobs, MAAA, FSA; Barbara Klever, MAAA, FSA; Jennifer Lazio, MAAA, FSA; Johann Leida, MAAA, FSA; Julia Lerche, MAAA, FSA; Yi-Ling Lin, MAAA, FSA; Timothy Martin, MAAA, FSA; Ian McCulla, MAAA, FSA; Mitchell Momanyi, MAAA, FSA; Timothy Murray, MAAA, FSA; Donna Novak, MAAA, ASA, FCA; Ugo Okpewho, MAAA, FSA; William Olaprath, MAAA, ASA; George Omondi, MAAA, ASA, FCA; Rebecca Owen, MAAA, FSA, FCA; Susan Pantely, MAAA, FSA; Anthony Pistilli, MAAA, FSA; Daniel Pribe, MAAA, FSA; Joshua Rekula, MAAA, ASA; Lee Resnick, MAAA, ASA; Erica Rode, MAAA, FSA; Marcella Ruzicka, MAAA, ASA; Jessica Ann Saulo, MAAA, ASA; Christopher Schmidt, MAAA, FSA; Estellene Schweickert, MAAA, FSA; Rebecca Sheppard, MAAA, FSA; Derek Skoog, MAAA, FSA; Yixuan Song, MAAA, FSA; Engy Sutherland, MAAA, FSA; Sheree Swanson, MAAA, ASA; Tiffany Tazmin-Ewing, MAAA, FSA; Sara Teppema, MAAA, FSA; Michael Thompson, MAAA, FSA; Tammy Tomczyk, MAAA, FSA, FCA; Cori Uccello, MAAA, FSA, FCA; Elisa Wildy, MAAA, ASA; Gokce Yilmaz, MAAA, FSA; and Coleen Young, MAAA, FSA.

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.



AMERICAN ACADEMY OF ACTUARIES | 1850 M STREET NW, SUITE 300, WASHINGTON, D.C. 20036 | 202-223-8196 | [ACTUARY.ORG](https://www.actuary.org)