

ISSUE BRIEF #4:

Unveiling the Framework

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Introduction

Building on prior issue briefs ([Evaluating Health Care Programs](#), [Beyond Financial Return on Investment](#), and [Actuaries Respond](#)), the American Academy of Actuaries' Health Equity Committee has been exploring the current state of health care program evaluation and its influence on health care access, affordability, and program adoption. Through the "Broadening the Focus" project, we have engaged with both actuaries and nonactuaries to understand how health care programs are evaluated and how those evaluations impact program adoption. We discussed the role that financial return on investment (ROI) plays in program evaluation and the advantages and disadvantages of focusing on financial ROI.

Based on these discussions, we have created a holistic, principles-based framework that actuaries and other stakeholders can use when evaluating a health care program or benefit. The framework is intended to complement—rather than replace—traditional financial metrics and program evaluations. It is intended to support actuaries, clinicians, employers, regulators, and other stakeholders in evaluating health care programs, benefits, policies, and interventions.



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The framework:

- Serves as a guide rather than a prescriptive tool, highlighting possible indirect costs, indirect savings, and nonfinancial outcomes that may influence the value of a program.
- Is not intended to recommend specific statistical or other program-evaluation methods, nor to replace current methods. It supplements these methods and may inform the selection of methods, assumptions, and communication.
- Was created with input from multidisciplinary experts (actuaries and nonactuaries).
- Will continue to be vetted through discussions with decision-makers such as employers, providers, insurers, and government agencies.

The goal is to provide a resource and tool which supports robust assessment of and recommendations regarding—program changes leading to more efficient use of health care resources.

Important Reminder

The term “program” refers to any program, policy, benefit, or intervention that is intended to impact health care outcomes, cost, or utilization for participants. While the focus of the project has mainly been health care programs, the concepts can also be applied to benefit coverage decisions such as cost-shifting to consumers.

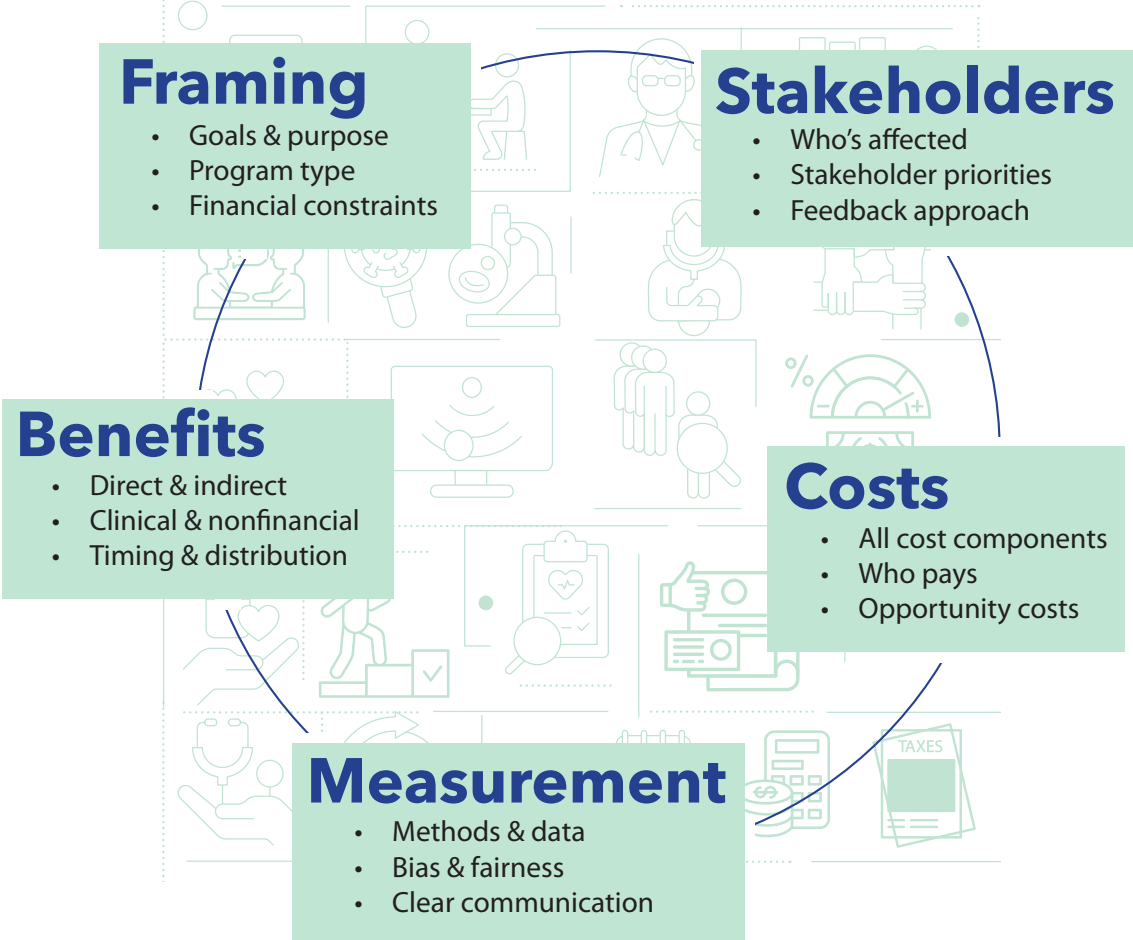
This issue brief was primarily authored by Becky Sheppard, Chairperson, and Sara Teppema, Vice Chairperson, of the Health Equity Committee.

The Academy is grateful to the volunteers who made this issue brief possible. To learn more about becoming an Academy volunteer, please [visit our website](#).

Guiding Principles

Consider the broader impact, not just financial return: Incorporate clinical, equity, operational, economic, and societal dimensions; consider both direct and indirect costs and benefits.

Preserve analytic rigor, transparency, and objectivity: Acknowledge uncertainty, avoid false precision, and clearly communicate methodological limitations.



The Broadening the Focus Framework: Questions & Considerations

Actuaries and other professionals can use the following questions to evolve decision-making from a financial-focused to a more holistic evaluation. The considerations are illustrative; numerous alternatives exist to address the underlying questions.

Framing	
Questions	Common Considerations and Examples
What outcomes are we seeking to improve?	Clinical outcomes, wellbeing, equity, access, satisfaction, productivity, long-term sustainability, or combinations of these and other factors.
What type of program is being evaluated?	Required benefit or supplemental program. A new or existing program, such as care management intervention.
What are the goals of the program?	Consider how goals drive the measurement of impact. Goals will likely be tied to the outcomes the program tries to improve.
Are there specific financial requirements for implementation?	Cost neutral, cost saving, incremental cost cap, or other requirements.
What time horizon is relevant for evaluating success?	Short-term versus long-term impacts may differ. Consider whether the evaluation period aligns with when meaningful clinical, financial, or other outcomes are expected to emerge.
What risks are associated with the program?	Consider the types of risk involved, such as financial risk, operational risk, clinical risk, reputational risk, or sustainability risk.
Stakeholders	
Questions	Common Considerations and Examples
What is the population affected by the program?	Medicare, Medicaid, commercial populations, condition-based population, geographic-based populations, other subpopulations, or combinations of these.
What other types of stakeholders are engaged?	Payers, providers, individuals/patients, families, employers, and the community.
What are the objectives of the stakeholders?	Financial sustainability, mission fulfillment, employee retention or attraction, improved productivity, membership growth, improved clinical outcomes, improved quality of life, etc.
How is stakeholder feedback collected?	Collected directly, inferred or derived, either one-time or throughout the process.
How similar is the target population to populations used in published evidence or prior evaluations?	Published ROI estimates are often based on broad or heterogeneous populations; consider whether differences in demographics, health status, utilization patterns, or benefit design may materially affect expected results.
Benefits	
Questions	Common Considerations and Examples
What are the benefits of the program?	Direct and indirect, financial and nonfinancial, local and societal.
What is the magnitude of the benefits?	Insignificant for the overall population but significant for certain individuals or subpopulations, or significant for the overall population.
What nonfinancial outcomes are relevant to the program?	Member satisfaction, health outcomes, engagement, retention and recruitment, productivity and absenteeism, patient experience, satisfaction, provider burden, workflow impacts, care-team feasibility, caregiver impacts, community or societal benefits, brand value and community trust.
Are clinical and financial outcomes aligned?	Recognize that there can be tension between clinical and financial outcomes. Consider whether perspectives from both clinical and financial stakeholders are reflected in the selected outcomes and metrics.
When are the benefits expected to accrue?	At the same time the costs are incurred, months later, years later. If the timing of the benefits doesn't align with the costs, consider actuarial methodologies for accumulating or discounting future values.
To whom are the benefits expected to accrue?	The organization implementing the program, another payer, the provider, the community, or the patient's family.
How do uncertainty and variability affect expected outcomes?	Expected benefits may vary due to participation rates, implementation effectiveness, population characteristics, interaction with other programs or external factors; consider how this uncertainty affects expectations of value.

Costs	
Questions	Common Considerations and Examples
What are the costs of the program?	Impact of population churn/turnover, impact of participation rates, startup costs, administrative costs, provider costs.
How do costs align with stakeholders?	Who pays for the program, whether multiple stakeholders share the costs, if pooled investment strategies across stakeholders are viable, how the cost of the program impacts overall affordability.
Are there opportunity costs if this program is not implemented?	Increased medical costs, poor clinical outcomes, lost productivity, long-term unsustainability, etc. Consider how the timing of costs and benefits affects interpretation of overall value.
Measurement	
Questions	Common Considerations and Examples
What methods are used to measure the benefits and costs?	While there are various measurement approaches and methodologies (outside the scope of this framework), they must be rigorous and objective. Scenario analyses can be used to test results.
Do the data support a rigorous and statistically valid analysis?	Consider whether available data are sufficient to support statistically valid analysis and, if not, how limitations affect the confidence in and interpretation of results. Consider the trade-off between population specificity and statistical credibility when evaluating results for smaller or targeted populations.
How can bias in measurement <i>data</i> be addressed?	Measurements and methodologies used to evaluate a program may have bias (i.e., they may not perfectly estimate the impact). Consider how these biases can be mitigated in the evaluation. The experience data used to evaluate a program may not reflect the needs of underserved populations. Consider how this limitation may affect interpretation of results and conclusions. Claims data reflect utilization, not need.
Are measurement <i>methods</i> fair and unbiased?	Consider whether key measurement decisions (e.g., inclusion criteria, baselines, risk adjustment) reflect the perspectives of affected stakeholders.
Is there evidence to support the benefits?	Consider how limited or missing historical data for a new program may increase uncertainty in the evaluation. Specialty programs may not impact enough individuals to produce credible results. Overlapping programs may make it difficult to attribute results to a particular program to determine its benefits. Consider whether observed results reflect underlying performance or normal variation.
Is there qualitative data that can be used objectively?	Nonfinancial outcomes can be difficult to measure objectively. Some outcomes may not be readily quantifiable; consider whether qualitative information can provide important context alongside numerical results.
How does this program interact with other programs, services, or care pathways?	Consider how coordination, sequencing, and referral pathways across programs may influence their combined effectiveness rather than their individual performance. Consider how to attribute impact to the program studied versus other programs.
How are results communicated?	Consider how clearly data and methodological limitations are articulated and whether decision-makers have adequate context to interpret the results. Consider the audience and any risks associated with different audiences using results in unintended ways.

The Committee will continue to refine this draft framework based on feedback from actuaries and nonactuaries, as well as in response to changes in the health care landscape.

The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 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.