



SOCIETY OF ACTUARIES

Article from:

# The Actuary Magazine

June/July – Volume 12, Issue 3

# AN INDIVIDUAL HEALTH EXCHANGE AND PENT-UP DEMAND

BY R. DALE HALL



**W**e're now more than a full year into the launch of health exchanges created to increase access to health care in the United States. Actuaries are examining the available experience data to understand the types and timing of services used by the newly insured. An important area of study is the "pent-up demand" for health care services. The theory is that after a period of lack of access to health insurance, individuals immediately seek care at a rate that exceeds the use of care by people who have continuous access to health insurance.

The SOA developed a preliminary examination of the extent and nature of pent-up demand within an individual health exchange to help actuaries and others discuss this pent-up demand. Co-authored by SOA health research actuary, Rebecca Owen, FSA, MAAA, the SOA study analyzes the different ways individual insureds used health services in the first quarter of 2014 in Kansas. This SOA research project harnesses data from the Kansas All Payer Claims Database, through a partnership with the Kansas Department of Insurance and the SOA.

This initial study focuses on two core populations: the existing insured and the newly insured under the Affordable Care Act (ACA). This research identifies health services that are likely to be deferred or even avoided due to financial constraints.

In the first quarter of 2014, the newly enrolled in Kansas used "preference sensitive" treatments, a list of certain surgeries or scans, at a level that exceeded the expectation of differences due to demographics alone. The newly insured in 2014 had overall higher costs than people with continuous coverage. The study also compared the relative use between existing and new insured populations in 2013. The ACA new enrollees appear to have a higher proportion of individuals with chronic conditions, such as diabetes or asthma.

The SOA plans to examine overall costs and adjustments for known differences in a future paper, once a full year of data is available. This future paper will use more mature data and examine the behavior across the entire first year for patterns of wear-off.

Visit [SOA.org](http://SOA.org)'s research page for the latest on the possibility for pent-up demand with health exchanges. **A**

---

**R. Dale Hall, FSA, CERA, MAAA**, is managing director of Research at the Society of Actuaries. He can be reached at [dhall@soa.org](mailto:dhall@soa.org).