Article from

The ACA@5

August 2015
Issue 1

The Affordable Care Act's Five-Year Anniversary—Wall of Comments

A Compilation of Feedback from Members of the Health Section Describing what the Passing of the Affordable Care Act Meant for Them as Actuaries

On a personal level, working more and seeing my children less.

■

A lot more work! It's not a finished project, but more of a work in progress. The ACA is a good start toward comprehensive health coverage in the United States, but will require some adjustments over the years to get it right.

■

New people to work with, new challenges to meet, new puzzles to solve ... and a lot more people covered!

■

More work. More interesting work. Job security. Excitement.

■

The ACA is a blessing on so many levels. As an actuary, the ACA has allowed me to do some fun work that I otherwise wouldn't have done. As a health policy wonk, the ACA has applied some new and innovative methods toward the aim of managing costs and providing universal coverage whilst retaining the private insurance structure. As an American citizen, I am proud our country took a step in the right direction to improve our health financing system. As a father, I feel good that when it comes time for my daughter to purchase insurance on her own, the ACA will ensure that it is available.

■

I categorize the last five years as "actuarial nirvana!" Actuaries were at the center of creating a whole new health insurance system in the United States. For those of us who went into this field because we: want to make a difference in people's lives; like creating new products and systems; and enjoy building models to make business decisions from skimpy data and unknowable assumptions, then preparing one's company for the new exchanges gave us all the challenges we could ever want. The ACA also produced its share of challenges for those working in Medicare, Medicaid, or employer group as new markets were created, federal capitation was reduced, and new product and underwriting rules were dictated. All traditional and nontraditional actuarial fields were affected: network contracting, product development, trend forecasting, predictive modeling, financial reporting and reserving, regulatory analysis and guidance. I am particularly proud of the role actuaries played in helping regulators craft regulations in a way that made the ACA law more practical and fair in its implementation. One example is the way we worked with the NAIC to draft the MLR rules with our notable contribution in creating the credibility adjustment. Another example is working with HHS to clarify the treatment of payments to clinical risk-bearing entities.

■

I am a consultant to many large employers with self-funded health plans. Naturally, when the ACA passed, our clients were interested in knowing what they would be required to do, and more importantly, what it would cost them. I spent a lot of time analyzing the law's requirements, combing through regulations, and working with others in my organization to develop communications and calculators designed to help answer our clients' questions. I have also done numerous custom analyses for clients. In most cases, the answers have been: 1) There is very little you have to change; and 2) The resulting increase in cost is manageable. However, a lot of them have used "Obamacare" as an opportunity to make changes to their plans that would have been much more difficult under other circumstances. There are many employers who have had to make big changes to their plans and/or eligibility rules, and have or will incur significant additional cost. For some, the administrative effort is even more daunting than the potential increase in cost. Think about employers with seasonal fluctuations in their business or with very high turnover among full-time workers. The effort to determine who is in what measurement period, and who is a new hire vs. ongoing employee can really make a person's head spin! The next big issue will be the "Cadillac tax." Many employers have already made changes to their plans in order to avoid this tax that doesn't take effect until 2018. Expect a lot of controversy about this aspect of the ACA in the next couple of years.

■

[The] ACA was the momentous once-in-a-career opportunity to observe/participate in all the

political drama and disruption in your industry. The opportunity has accelerated my career and added lots of learning opportunities in what I feared could become a dreary career requiring a career change at some point. Seven years into my career I'm still learning things I know nothing about—I just can't learn them fast enough. [The] ACA has also increased the demand for actuaries that the supply can't keep up with, which produces opportunities and financial rewards. The only downside of the land grab of opportunities has been losing my 20s to working 60- to 70-hour weeks. That's going to be my biggest regret unless I can save my 30s from the same fate and find the balance.

■

I've been an actuary working with provider-owned health plans for many years. Back in the '90s my breed of actuary was the life of the party. Providers everywhere wanted to know if they were loosely or well-managed and how far they could reduce costs. Specialist referrals and segmented networks were the norm, but then the president started calling us "bean counters" and the source of a national problem. Suddenly, we were not even welcome at the party. Health Care Reform 1.0 came and went and what remained left little doubt that "choice" ruled the day.

Flash forward to 2010 and the ACA passage—glory days are here again! At least for a short while. Soon, the acronyms start flying—ACO, PCMH, DoHM, HCC, MSSP, PCORI, 3Rs—everything to get a health actuary excited again! Migration models are all the rage. Where would people go? What would they choose? How would subsidies incent people to various options? Providers, never one to be left out, had their own world of questions. Would providers be able to manage risk this time around? Haven't I seen this movie before? What exactly are population health and accountable care? It sounds a lot like capitation to me. Quality measures were touted as the differentiating factor—this time it's not just about cost, it's the Triple Aim!

> The ACA has made me value my education, my judgment and abilities as an actuary much more than ever before.

Now I ask you, just what is the Triple Aim? Cost and quality, for sure, but what's that last leg of the stool? If you're of my vintage, the last leg was choice (see above) and you couldn't have all three, but now it's service or satisfaction. But doesn't choice mean you change providers if you're not satisfied? Measuring quality takes on a life of its own. But where are the safeguards for the other half of care delivered that isn't measured in HEDIS, CAHPS or STARS?

ACOs were touted as the answer to just about everything—cost, quality, and how to assign risk. Shared savings rules proliferated as did legal protections for network collaboration. What used to be called PHOs now are ACOs with PCMH and MSSP. And then came venture capitalists—with shiny new money to burn on the hottest tool for "pop health." A company I worked for got $100 million in funding—Google here we come! With smart financial minds (and their money) come stringent targets for growth and profit. That episode is still running now, with perhaps a surprise ending to come, but the party is getting fun again.

Consolidation is the key now. Hospitals, health insurers, physician groups (now called "clinics" for reasons I'm not following), all buying or creatively joining with each other. I'm sorry, DaVita owns who now? I thought Aetna was an insurance company.

Actuaries change chairs as the job market heats up. New employers emerge—health systems, device manufacturers, startups in everything from reference pricing and price transparency (think negotiating eBay-style with your orthopedic surgeon) to software for physician offices that interface with medical records on your cell phone. The recruiter calls start—and seem to never end. LinkedIn—what a nice, mild-mannered contacts program that used to be—explodes with offers and "who do you know?" If you're a consultant, here's your chance to run a department. If you're in operations, here's a data strategy opportunity. Revenue optimization becomes a new specialty. The list seems endless. Personally, I launched from Texas, to Washington, D.C., to Iowa (yes, Iowa) from consulting, to a technology startup, to health plan CFO. Change is definitely to be embraced.

What a long, strange trip it's been….

■

I began working with a state department of insurance as an actuary in the spring of 2012, to perform health rate reviews for many types of plans. I constantly tried to keep up with the barrage of federal regulations, instructions, Q&As, and letters to issuers, many of which came out on Fridays or days such as late on a Wednesday before Thanksgiving. Our state did not apply for any federal grant money to assist with rate review or to explore creating an exchange….

In the first quarter 2013, many plans and rates were filed for ACA-compliant plans for January 2014 effective dates. We had no way to anticipate the volume of companies or plans that would be filed in our state in advance. Previously, filings were spread out during the year due to rolling renewal dates. We did not anticipate the volume of time needed to fulfill the many open records requests that we received at that time. Our SERFF open records computer didn't allow for most federally created templates, URRT, new actuarial memo format, and actuarial calcula-

CONTINUED ON PAGE 36

tors to be seen, so we downloaded and created other digital files to share for open records requests. Due to revisions and additional filings, those digital files needed to be updated at the time of each request. The Part III actuarial memos and URRT did not provide us with what I needed for effective rate review. ACA filings were much larger but required many more questions than in the past. The federal HIOS system didn't connect at all with our SERFF filing system, for FFM states, requiring duplicate rate filings. The HIOS rate review system, including where we were supposed to enter our findings, was not user friendly…. The HIOS system limited the rates otherwise allowed by law, as it could not handle monthly small group trend factors (only quarterly or fewer), nor a rate slope limit of more than 3x even though smoker was supposed to allow up to 5x. Additionally the quarterly trends required an entire resubmission because [the] HIOS rate template didn't accommodate a trend.

CCIIO expected us to perform many administrative functions for review in HIOS. After issuers began plan preview, especially in the first year, they found numerous administrative corrections needed, which led to numerous new template uploads, such as for a URL link correction in only one field because such fields were frozen. Normally in our SERFF system we can reopen filings, but I was told, as late as early 2015, that we could not undo our rate approval to allow a company [to] upload an administrative correction because no IT testing had been performed to know what might happen in HIOS if that were allowed.

Guidance about certain plan features that may be considered to be discriminatory by CCIIO was given to us without clear actuarial or statistical backing. On one phone call with CCIIO we were told to examine and address outlier rates, and if not, we might lose our federal effective rate review status, yet our working relationship was characterized to be "cooperative." New requirements and expectations for state rate reviewers were set by CCIIO, such that we must re-run the actuarial value calculator and reproduce the AV reported for every silver plan filed by all companies. Random spot checking within a carrier and/or accepting screen shots as evidence was apparently not enough, according to CCIIO. Solutions to major problems with the AV calculator in 2014 were proposed but not implemented before 2015…. Plans that had AV gold prices were categorized silver, due to out-of-network benefits, without consumers understanding why the prices were higher and why the term actuarial value may not relate to benefits. We received many consumer complaints in our state about rate increases and network narrowing. We questioned sufficient network adequacy certifications given by firms because blanket network certification extensions seemed given during the first few years of the ACA. ACA networks were being formed and evolving and changing rapidly.

We could not get good numbers on enrollment in our state, thus we had data calls to the carriers to find out the enrollment. Those numbers were lower than what was being reported to us by CCIIO. Until very close to the first open enrollment date, CCIIO couldn't tell us who the multistate carrier was in our state. Multistate agreement was made without us except that we received only one form filing that related to other plans we had already approved by that company in our state….

■

The ACA has made me value my education, my judgment and abilities as an actuary much more than ever before. I treasure all that I have learned from other wise actuaries in the past and today. The education and experience that I had helped me tremendously. The ACA involves not only health insurance but taxes, medical fees, reinsurance, DOL rules, and more. After some pieces of the ACA were postponed, the ramifications have not yet played out. So much was expected to be changed and the pieces were integral to each other, so that the ACA would not work without all the parts, for good or for bad. Having the support of many other state actuaries and outside examining actuaries to handle the massive number of changes has provided me with much more actuarial knowledge than I could have imagined gaining over three years. The fact that I could apply so much of my work experience to date to handle the work involved with this massive ACA regulation and related rules has been rewarding. What a great profession this is. Not only from a mathematical perspective but from watching other aspects of the ACA unfold, such as the "Keep your Plan" response to allow "Grandmothering," the expansion of the IRS hardship rules, the DOL small group employer definitions, and the waiver of employer penalties and analyzing the potential implications of so many interacting parts of the ACA continues to fascinate me. Never a dull moment! ■