



SOCIETY OF ACTUARIES

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# Letter from the Editor

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**A**s I think about the change in the health care industry, I can't help but think of the old saying: "May you live in interesting times." With all the changes, we are seeing in real time the evolution of the most far-reaching domestic legislation in our lifetimes. By almost any measure, the Affordable Care Act (ACA) has created a very interesting time for actuaries as we try to account for the changes and unforeseen impact of this legislation.

This edition of *Health Watch* highlights this change and implications associated with the ACA. As outlined in many of the articles, the changes have the potential to produce unintended results that could have an impact on all stakeholders—including insurers and consumers.

Greg Fann begins this edition with a very detailed description of the subsidy provisions in the ACA. This detailed description of the ACA provisions is important to fully understand the implications associated with the subsidy program and highlights a topic where actuaries can add expertise to the public discussion. As Fann notes with specific examples, the subsidy provisions produce surprising results that seem contrary to the goals of the program—particularly provisions that could make the program relatively unattractive to younger enrollees.

Daniel Pribé, Richard Tash and David Tuomala continue the discussion of the ACA implications by highlighting the impact of enrollment and financial risk on an insurer's risk-based capital (RBC). As they note, the RBC requirements become more difficult to meet when considering the ACA changes and their associated risk protection measures (the so-called 3R's).

As we all know, the risk scores inherent in many of the programs and predictive modeling will become more important in determining the financial success of insurers and estimating future financial results. In her article, Christine Hofbeck highlights the nuts-and-bolts operation issues that should be considered when deploying a predictive model program.

While the preceding articles focus on the ACA and its implications, Andie Christopherson and Jed Linfield discuss a comprehensive framework for determining the true value of medical technology. This article also highlights how the SOA can partner with academics to produce applied research to help in our everyday work. ■

