



Article from

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Letter From the Editor

By Marilyn McGaffin

Welcome to the November issue of *Health Watch*. Although much of this issue focuses on Affordable Care Act (ACA) topics, there are several other special interest articles that add insights into what else is going on within the health insurance industry. I would like to thank all of the authors for their willingness to share their insights with the actuarial community, and all of those who have reviewed and edited the articles in order to make this issue worthwhile.

This issue of *Health Watch* opens with Joe Slater's article on developing successful ACA rate increase filings. The article contains tips on how to make even the most difficult filing process go as smoothly as possible. In the next article, Greg Fann expresses his opinion regarding the ACA's affordability, the role of the Actuarial Standards of Practice (ASOPs), and alternatives to the ACA. It should cause quite a bit of discussion amongst actuaries, and serves as an important reminder of why professionalism matters.

The following two articles focus on behavioral economics and the choices individuals make when choosing health insurance policies. The first is a summary of the work of Saurabh Bhargava and George Lowenstein of Carnegie Mellon University and Justin Sydnor of the Wisconsin School of Business. The authors reviewing this study—Randy Herman, Alex Leung and Jonah Yearick—conclude that individuals need to be empowered with the appropriate knowledge to improve the decision-making process in purchasing health insurance. Christopher Coulter, Kathy Dobrzynski, Tyler Engel and Dorothy Andrews review an article from the *American Economic Review* from 2015. Their review takes a more theoretical approach, focusing on a review of how a group of 50,000 employees chose between a traditional PPO plan and high-deductible plan.

I also had the pleasure of contributing a special interest article discussing the Medicare Access and CHIP Reauthorization Act (MACRA) and its ramifications upon the Medicare Supplement line of business. MACRA is changing how providers will be reimbursed. The first-dollar coverage Medicare Supplement plans will be available only to those who will be Medicare-eligible prior to Jan. 1, 2020.

Diane Meier, Torrie Fields, Randy Krakauer and Bruce Smith co-authored an article on the role of palliative care for patients with serious illness. It is an area that is small but growing. For those of us who have ever had a loved one use hospice care, this article will have a special interest. It is also a growing area of research for the Society of Actuaries.

A reprint from *The Financial Reporter* focuses on the second year of ACA financial reporting. Aaron Wright reports on a survey regarding the overall methodology for the risk adjustment program, as the 2015 financial reporting statements were being completed. Although the valuation actuaries are still addressing the 2015 financial statements, the pricing actuaries are developing rates for 2017, for which the reinsurance and risk corridors are no longer applicable.

The last article introduces the uses of predictive analytics in health care, showing that its uses vary between payers and providers. Predictive modeling can be a powerful tool in business decision modeling.

We hope you enjoy the November issue, and from all of us at *Health Watch*, we wish you a very happy autumn! ■

5 Numbers

1. \$555,000 median annual compensation for orthopedic surgeons. They're No. 1!
2. Top five causes of death in the United States in order: heart disease, cancer, chronic respiratory disease, accidents and stroke.
3. Only half of payers and just 40 percent of providers say they're ready to implement bundled payment methods.
4. Nineteen percent was the average increase in total cancer treatment costs per patient from 2013 to 2014.
5. \$24.2 billion for *new* treatments for hepatitis C, cancer, diabetes and chronic disease in 2015.

¹ <http://www.modernhealthcare.com/article/20160716/DATA/500036406>

² <http://www.cbsnews.com/news/the-leading-causes-of-death-in-the-us/>

³ McKesson Corporation, "Journey to Value: The State of Value-Based Reimbursement in 2016" white paper.

⁴ <http://www.imshealth.com/en/thought-leadership/ims-institute/reports/medicines-use-and-spending-in-the-us-a-review-of-2015-and-outlook-to-2020#form>

⁵ *Ibid.*



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