



SOA

**2020 VIRTUAL
ANNUAL MEETING
& EXHIBIT**

OCTOBER 26–29, 2020

You Weigh In: Medicare for All and the Latest Wave of Health Policy Proposals

Andrew Loewer & Chris Sloan

Moderator: Chiara Drago

October 29, 2020

SOCIETY OF ACTUARIES

Antitrust Compliance Guidelines

Active participation in the Society of Actuaries is an important aspect of membership. While the positive contributions of professional societies and associations are well-recognized and encouraged, association activities are vulnerable to close antitrust scrutiny. By their very nature, associations bring together industry competitors and other market participants.

The United States antitrust laws aim to protect consumers by preserving the free economy and prohibiting anti-competitive business practices; they promote competition. There are both state and federal antitrust laws, although state antitrust laws closely follow federal law. The Sherman Act, is the primary U.S. antitrust law pertaining to association activities. The Sherman Act prohibits every contract, combination or conspiracy that places an unreasonable restraint on trade. There are, however, some activities that are illegal under all circumstances, such as price fixing, market allocation and collusive bidding.

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- **Do not** discuss what you or other entities plan to do in a particular geographic or product markets or with particular customers.
- **Do not** speak on behalf of the SOA or any of its committees unless specifically authorized to do so.
- **Do** leave a meeting where any anticompetitive pricing or market allocation discussion occurs.
- **Do** alert SOA staff and/or legal counsel to any concerning discussions
- **Do** consult with legal counsel before raising any matter or making a statement that may involve competitively sensitive information.

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Biographies



Chiara Drago, Evolent Health

Chiara studied at the University of Waterloo in Canada. Following graduation, she moved to Chicago to work for the Milliman Health Practice where she focused on ACA rate filings, Medicare Part D bid development, and pharmaceutical analysis for drug manufacturers and large employer groups. Chiara recently joined the Risk and Quality Analytics team at Evolent Health where her responsibilities include quality reporting oversight and development of risk score forecasting models for Medicaid partners. Chiara continues to take actuarial exams in pursuit of her FSA.



Andrew Loewer, Evolent Health

Andrew Loewer, FSA works at the intersection of actuarial science, data analytics, and public policy in Washington, DC for clients looking to understand the financial impact of quickly evolving value-based care and risk-based relationships that are transforming our health system in Medicare, Medicaid, and the ACA marketplaces. In his current role at Evolent Health, he manages a team of actuaries and data scientists that produce analytics, models, and forecasts around risk adjustment and quality metrics in healthcare. In his spare time, he enjoys hiking, camping, traveling, and a nice glass of wine.



Chris Sloan, Avalere Health

Chris Sloan, Associate Principal, advises a number of clients, including pharmaceutical manufacturers, health plans, providers, and patient groups on key policy issues facing the healthcare industry. Chris's economic analyses of key policy proposals and issues, including drug pricing and the repeal and replace efforts around the Affordable Care Act, have been featured in a wide range of publications, including the Wall Street Journal, the New York Times, the Washington Post, Politico, Axios, and Vox. Chris's work has also been cited by policy makers on the Senate floor and by the Congressional Budget Office.

Starting Questions

What best represents your profession?

1. Traditional health actuary (pricing, reserving, forecasting)
2. Non-traditional health actuary (value-based care, risk arrangements, policy)
3. Non-health actuary (life, disability, pension)
4. Other healthcare professional
5. Other policy-focused professional

POLLING QUESTION

OPINION POLL

Rank the biggest challenges with the US healthcare system

POLLING QUESTION

OPINION POLL

1. Member churn / enrollment changes / inability to invest long-term
2. Data / EMR interoperability / coordination & continuity of care / claims payment / paperwork / overhead
3. Uninsured & underinsured members / uncompensated care
4. Narrow networks / inadequate benefit design
5. High costs / price transparency / hidden or inequitable subsidies

How would you rate the current US healthcare system?

POLLING QUESTION

OPINION POLL

1. The current system works pretty well for most people, a few slight modifications are enough
2. Modifications within the existing framework of payers would make significant improvements without major disruption.
3. One or more major payers need comprehensive reform but big parts of the system can remain essentially as-is.
4. We should start from scratch and eliminate all or most current payers (employer, Medicare, Medicaid, etc.)

Current Environment

Healthcare Reform is Responding to Key Areas of Friction in the Healthcare Environment

30M

Uninsured individuals in 2019
and growing

67%

of consumers filing bankruptcy
cited healthcare as primary
reason

84%

of consumers believe
drug prices are
unreasonable

90%

of consumers support
Medicare price
negotiation

21%

of Americans are
underinsured

102M

Americans have a pre-
existing condition

31%

of employees are enrolled
in a health deductible
health plan

\$21K

Average annual employee
family health benefit cost

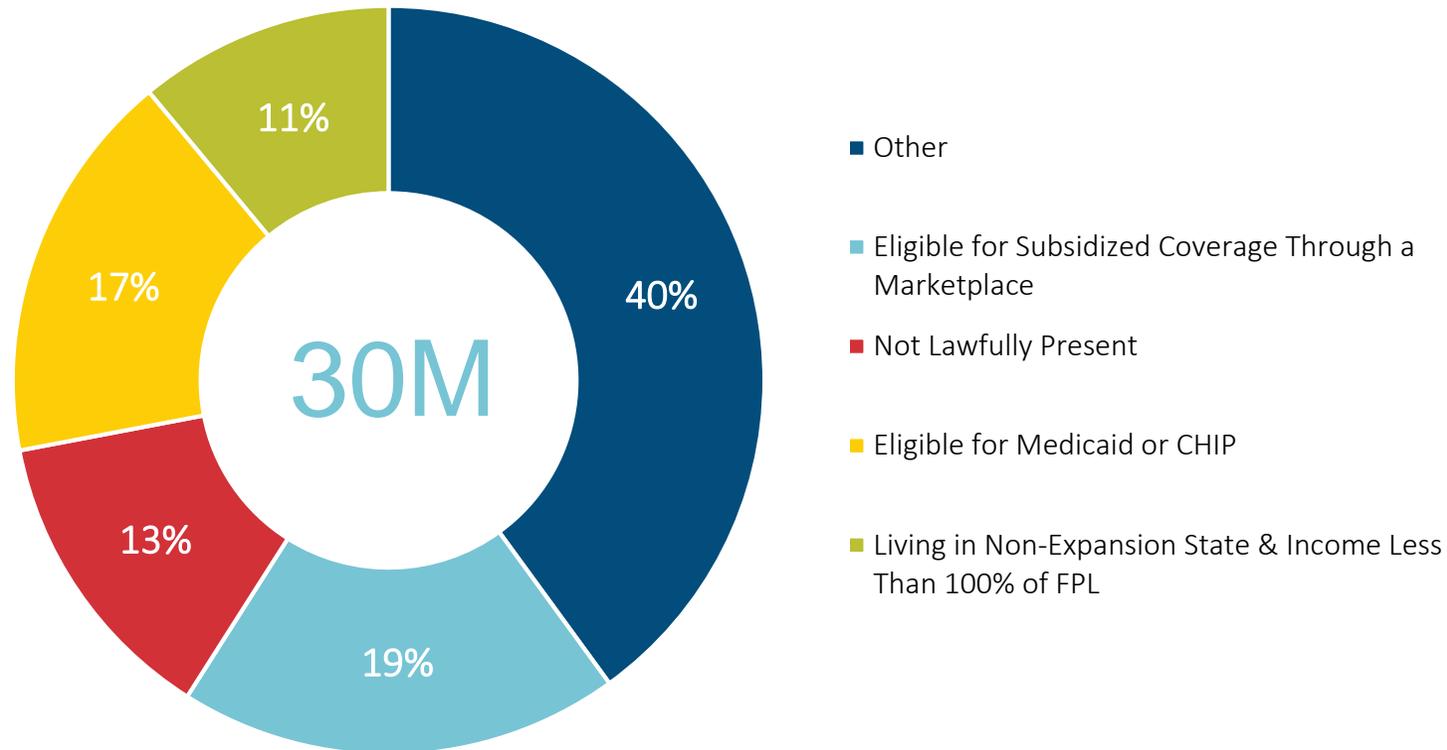
Public Payers are Growing as a Share of the US National Payer Mix

	Employer	Medicare	Medicaid	ACA
% of Enrollment (Pre-COVID)	46%	19%	21%	4%
Average Premium	\$104 / month ¹	\$145 / month (Part B, most beneficiaries with income <\$87,000 / year)	~\$0	\$143 / month (after subsidies) ⁸
Average Spending	\$599 / month ¹	\$1,058 / month ⁴	\$685 / month ⁷ (varies significantly between entitlement groups)	\$612 / month ⁸
Average Payment Rate (% of Medicare FFS)	199% ⁵	100%	72% ⁶	-
Average AV	85% ²	80% (Original Medicare without Medigap) ³	~100%	68%

1. Kaiser Family Foundation - 2019 Employer Health Benefits Survey
2. Peterson-KFF Health System Tracker
3. Kaiser Family Foundation - How Does the Benefit Value of Medicare Compare to the Benefit Value of Typical Large Employer Plans?
4. 2020 Medicare Trustees Report
5. Kaiser Family Foundation - How Much More Than Medicare Do Private Insurers Pay? A Review of the Literature
6. Kaiser Family Foundation - Medicaid-to-Medicare Fee Index
7. Medicaid.gov
8. Kaiser Family Foundation

While the Uninsured Face Gaps in Access, Many Qualify for Financial Assistance to Purchase Coverage

Makeup of Uninsured Population, 2019



Source: CBO. September 2020. Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2019 to 2029. [Link](#).
CHIP: Children's Health Insurance Program; FPL: Federal Poverty Limit

Medicare-for-All and Public Program Expansions

“Medicare-for-All” Has Gone Mainstream as Americans are Increasingly Dissatisfied with their Coverage

“Not since the Great Society era has so ambitious a social program been so actively promoted by influential Democrats.” – NY Times Magazine

- HR 1384 – Medicare for All Act of 2019 – 118 cosponsors (of 435 members)
- S 1129 – Medicare for All Act of 2019 – 14 cosponsors (of 100 members)



Sanders won 1,119 delegates (1,991 needed to win Democratic nomination) including majority from New Hampshire, Nevada, California, Colorado, Utah, Vermont, and North Dakota

Medicare-for-All Can Be Used to Mean a Variety of Coverage Expansion Policies and Proposals



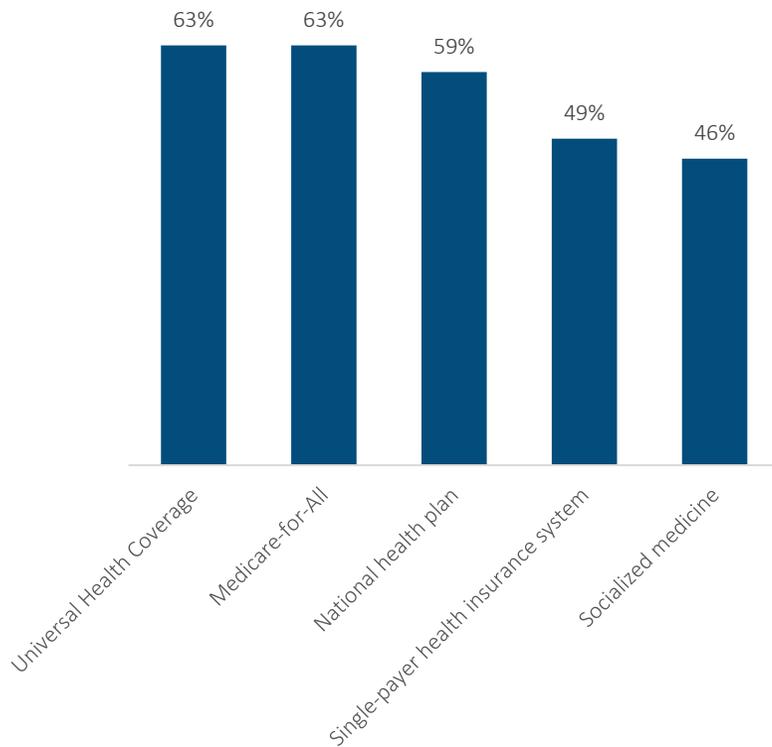
“Medicare-for-All” is Not Medicare

	Original Medicare	Medicare Advantage	Medicare-for-All*
Eligibility	Seniors & people with disabilities		“Everyone in America” – eliminates Medicare, Medicaid, and private insurance
Premium	\$144.60/month or higher based on income	Varies, can be as low as \$0	None
Medical Cost Sharing (2020)	Hospital: \$1,408 deductible + \$352 or \$704 coinsurance after 60 days Professional: \$198 deductible + 20% coinsurance No cap on out of pocket costs. 81% of beneficiaries buy Medigap policies or use other supplemental coverage to cover these costs ¹	Varies but typically includes deductibles and coinsurance. All plans must have an out-of-pocket max no higher than \$6,700 in 2020	None
Network	None	Most plans have in-network providers	None
Rx Drugs	70% buy a Part D plan for ~\$40 / month ¹	Most plans include Part D Rx drug coverage	Yes, with some cost sharing
Dental, Vision	None	Many plans include	Yes
Long-Term Care	None	None	Yes
Managed Care / Risk Sharing	33% of beneficiaries part of MSSP or NG ACOs ²	Yes	No

*Based off Senator Sander’s Medicare for All proposal from the 2020 campaign.

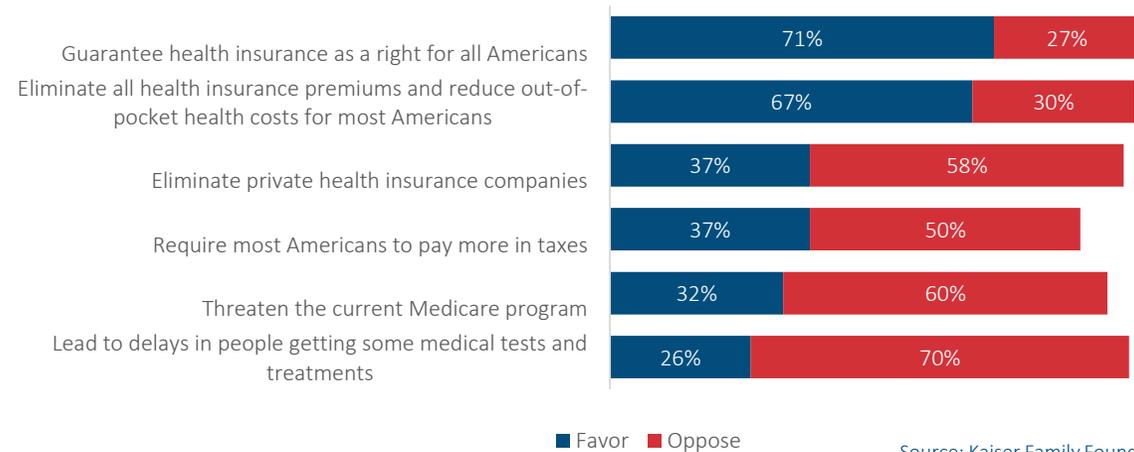
Support of a National Health Plan is Mixed, But Higher When Called “Medicare-for-All”

Positive Reaction to Following Terms



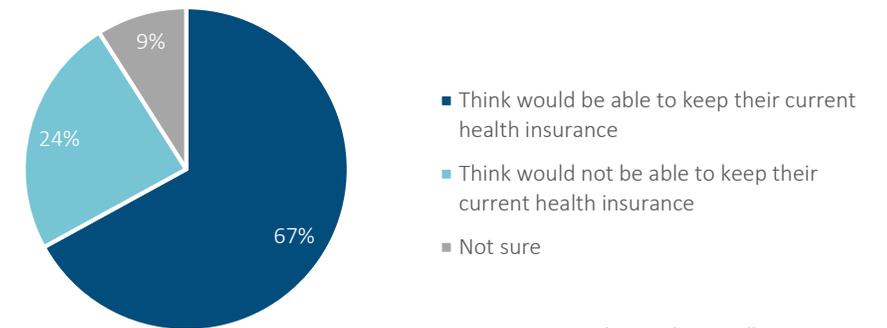
Source: Kaiser Family Foundation poll, April 2019

Do you support a national health plan if it would...



Source: Kaiser Family Foundation poll, January 2019

Of Medicare-for-All Supporters Under Medicare-for-All...



Source: Kaiser Family Foundation poll, January 2019

What is the single most important thing that healthcare reform should do?

POLLING QUESTION

OPINION POLL

1. Universal coverage / fewer uninsured
2. Improve premium subsidies / mandate more comprehensive benefits / less cost sharing
3. Control costs / manage utilization / standardize rates paid to providers
4. Better coordination between entities
5. Enhanced flexibility in product design / VBID

2020 Election Implications for “Medicare-for-All”

Proposals to Reform the Healthcare System Represent a Wide Spectrum of Changes



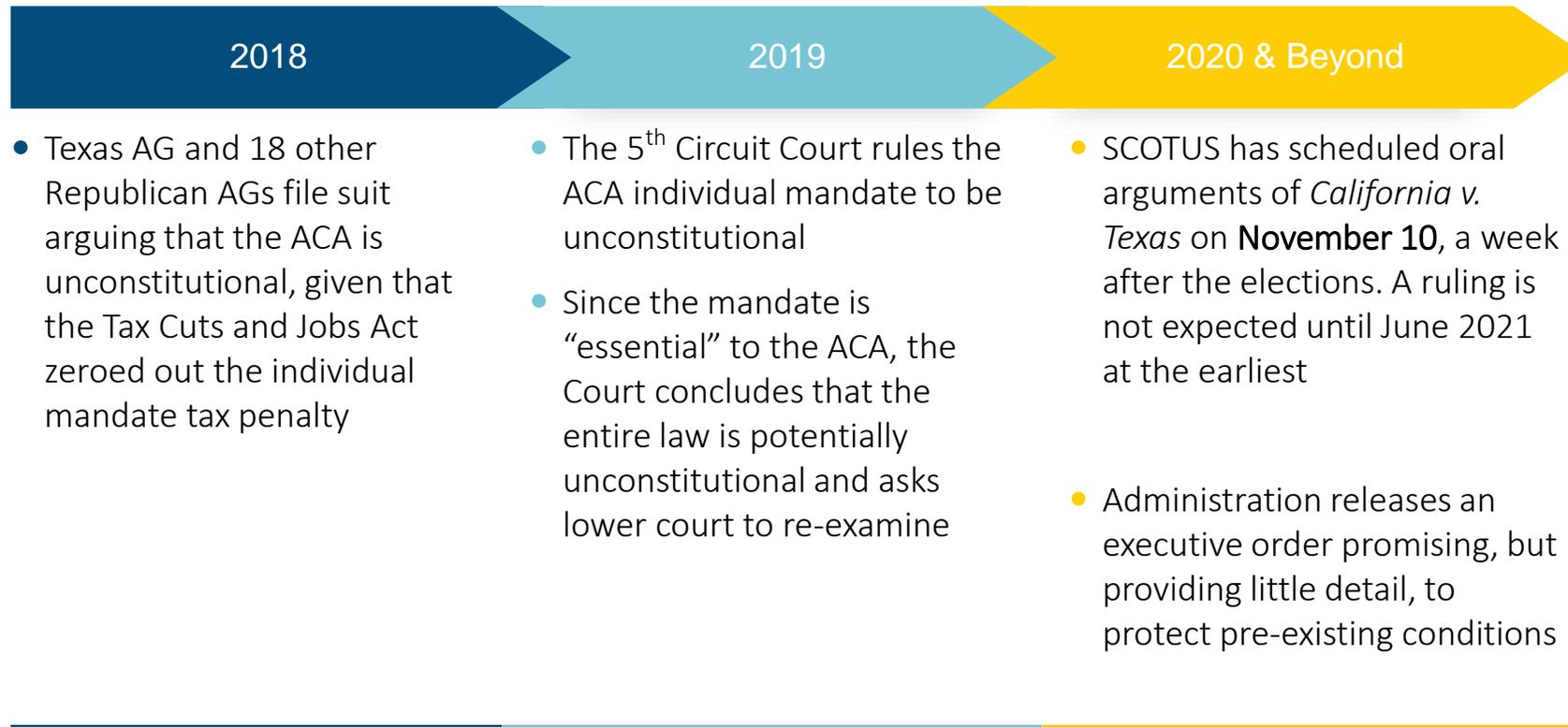
Key Policies	Retains Public Payers	Creates a New Public Program	Expands Existing Programs	Erodes Commercial Coverage	Likelihood
Single Payer		✓		✓	Low
1 Public Program + ESI	✓	✓		✓	Low
“Medicare” for All Who Want It	✓		✓	✓	Low
National Public Option	✓	✓		✓	Medium
Medicare Buy-In	✓		✓	✓	Medium
State Public Option	✓	✓			Medium
Strengthen the ACA	✓		✓		High

Election Outcomes Will Dictate Both the Policies and Avenues for Reform

Scenario 1	White House-R Senate-R House-D
Scenario 2	White House-D Senate-R House-D
Scenario 3	White House-D Senate- D House-D

The Trump Administration Supports Overturning the ACA, Which Could Significantly Decrease Coverage

President Trump is supportive of the case against the ACA, *California v. Texas*, saying on May 7 that his Administration will urge the Supreme Court to overturn the ACA.



President Trump's Coverage Reform Centers on Increased Flexibility Across Markets

Medicaid

- Through CMS's HAO block grants, states can implement capped financing models and increased flexibility for coverage requirements.
- CMS 1115 waivers allow states to seek limits to Medicaid coverage through work requirements.

Medicare

- The Trump Administration has sought to incentivize growth of MA and increase program flexibilities.
- President Trump has not expressed support for expanding Medicare coverage beyond the currently eligible population.

Commercial and Exchange Markets

- Through CMS 1332 waivers, the Trump Administration has supported increased flexibility for state marketplaces (e.g., flexibility for non-QHPs).
- The Trump Administration has also supported reinsurance efforts to help states subsidize medical costs of high-risk individuals to reduce premiums.

These policies are also reflected in a 2019 healthcare plan from the Republican Study Committee highlighting Republican healthcare priorities in advance of the 2020 elections and are likely to remain priorities under a second term.

Vice President Biden’s Platform Combines “Moderate” Democratic Coverage Reforms

While there have been discussions on more sweeping changes to coverage reform, Biden’s platform is more moderate, focusing on creating a public option and strengthening the ACA.



VP Biden Proposes to Create a Public Insurance Option, Build on the ACA, and Improve Coverage Affordability

Public Option

- As proposed, Vice President Biden's public option proposal would create a publicly-administered, "Medicare-like" plan that is available on the exchanges as an alternative to private insurance coverage
- Individuals below 138% FPL in states without Medicaid expansion and not already eligible for public coverage would be eligible for premium-free access to the plan

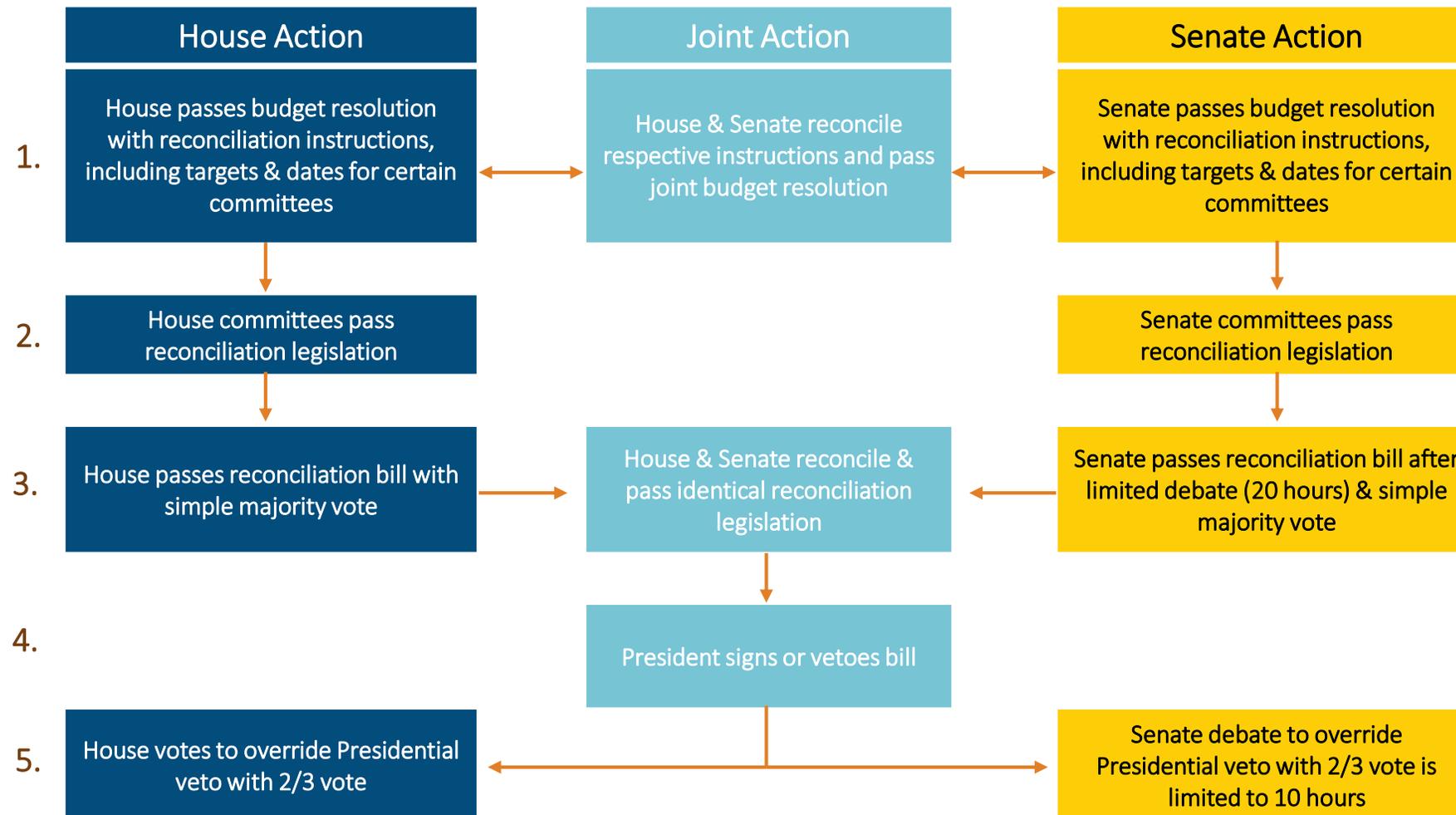
ACA Subsidies

- Expansion of ACA advanced premium tax credits (APTC) to families above 400% FPL
- Recalculation of premium tax credit amounts to help patients in all eligible income brackets to better afford more generous plans

Affordability Provisions

- Lower threshold of affordability for households with employer coverage (i.e., limit total premium amount to 8.5% of household income, down from above 9.86%)
- Limit "surprise billing"

Budget Reconciliation Can Make It Easier to Pass Legislation by Only Requiring a Simple Majority



Note: The reconciliation instructions are issued by the House and Senate Budget Committees

Would any of the proposals outlined be a significant improvement over the status quo?

POLLING QUESTION

OPINION POLL

1. Yes, they would alter things for the better
2. Maybe, its unclear whether these changes would be better than the status quo
3. No, they are largely political talking points, part of the election, and ignore the realities about healthcare in America

Would disrupting health insurance in the US be a good thing?

POLLING QUESTION

OPINION POLL

1. Disruption and elimination of private insurance isn't needed, smaller tweaks can solve many of the current issues
2. Insurance and risk sharing entities should continue to play a role in determining how healthcare is financed and delivered but with major changes
3. I'm ready to go work in life or pension

Final Thoughts

“Medicare-for-All” will continue to be at the forefront of policy conversations about the future of the US healthcare system. The 2022 midterms and 2024 Presidential race are likely to feature continued calls to move towards some form of single payer system.

In the meantime, any changes are likely to be incremental adjustments to current public programs. If Vice President Biden wins, and democrats take the Senate, a combination of his policy proposals will likely lead to higher enrollment in public programs and a decrease in the number of uninsured patients.

If President Trump wins, health insurance coverage in the United States will remain relatively stable, subject to the Supreme Court’s ACA decision, and we are unlikely to see any large-scale expansions of public coverage for the next four years.

Q&A



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