

Draft Pending Adoption

Draft: 4/1/24

Special (EX) Committee on Race and Insurance
Phoenix, Arizona
March 16, 2024

The Special (EX) Committee on Race and Insurance met in Phoenix, AZ, March 16, 2024. The following Special Committee members participated: Andrew N. Mais, Co-Chair (CT); Jon Godfread, Co-Chair (ND); Elizabeth Kelleher Dwyer, Co-Vice Chair (RI); Scott A. White, Co-Vice Chair (VA); Lori K. Wing-Heier (AK); Mark Fowler (AL); Alan McClain (AR); Peni Itula Sapini Teo (AS); Barbara D. Richardson (AZ); Ricardo Lara (CA); Michael Conway (CO); Karima M. Woods (DC); Doug Ommen (IA); Dana Popish Severinghaus (IL); Amy L. Beard (IN); Timothy J. Temple (LA); Gary D. Anderson (MA); Kathleen A. Birrane (MD); Robert L. Carey (ME); Anita G. Fox (MI); Grace Arnold (MN); Chlora Lindley-Myers (MO); Mike Causey (NC); Eric Dunning (NE); Justin Zimmerman (NJ); Scott Kipper (NV); Judith L. French (OH); Glen Mulready (OK); Andrew R. Stolfi (OR); Michael Humphreys (PA); Michael Wise (SC); Cassie Brown (TX); Kevin Gaffney (VT); Mike Kreidler (WA); Nathan Houdek (WI); and Jeff Rude (WY). Also participating were: Chandara Phanachone (CA) and Gary Jones (PA).

1. Adopted its 2023 Fall National Meeting Minutes

Commissioner Godfread made a motion, seconded by Commissioner Humphreys, to adopt the Special Committee's Dec. 2, 2023, minutes (*see NAIC Proceedings – Fall 2023, Special (EX) Committee on Race and Insurance*). The motion passed unanimously.

2. Received a Status Report on the Health Workstream

Commissioner Arnold provided an update on the Health Workstream's work from 2023. The Health Workstream: 1) continued its education on benefit design, specifically preventative care and mental health coverage; 2) explored the practical considerations for adjusting one's benchmark plan under the relatively new Centers for Medicare & Medicaid Services (CMS) process and guidance; 3) discussed the evolution of Section 1332 waivers focusing on different attachment points and different levels of reimbursement used to advance coverage in areas of disparities; and 4) also heard from various states on activities they are doing designed to promote health equity.

Commissioner Arnold reported that the Health Workstream will meet in regulator-to-regulator session to consider its activities and initiatives for 2024, which may include: 1) developing a referral document that would refer certain issues the Workstream has identified during its meetings to other NAIC groups for additional action; and 2) continue to build out and drive engagement on the Workstream's NAIC Connect site.

Commissioner Birrane reported that the Workstream continues to: 1) support the work of the Big Data and Artificial Intelligence (H) Working Group and the development and analysis of the health artificial intelligence (AI)/machine learning (ML) survey; 2) review Section 1557 of the federal Affordable Care Act (ACA) regarding discriminatory benefit design; and 3) reinvigorate the data collection discussion through learning sessions focusing on what insurers need as part of their efforts to promote health equity.

Draft Pending Adoption

3. Received a Status Report on the Life Workstream

Commissioner Humphreys reported that the Workstream met Feb. 28. During this meeting, the Workstream distributed the *Financial Wellness Resource Guide*, which is a project from the 2023 Workstream and serves as a resource for insurance departments highlighting financial literacy initiatives in Washington, DC; Maryland; and Oregon. The Workstream plans to expand the guide to include other state initiatives and programs from outside the organization. The meeting also focused on financial education, receiving a presentation from John Pelletier (Champlain College—Burlington, VT) about its *2023 National Report Card on State Efforts to Improve Financial Literacy in High Schools*. The Workstream exposed a draft endorsement supporting state legislation requiring a financial literacy course as a prerequisite to high school graduation for a 30-day public comment period ending April 1.

The Workstream also discussed barriers to accessing life insurance and will explore criminal history as a barrier to access, starting with a panel on March 28. The Workstream intends to invite the U.S. Department of the Treasury (Treasury Department) and the Consumer Financial Protection Bureau (CFPB) to present at a future meeting, as they are both exploring this issue as well.

4. Received a Status Report on the Property/Casualty (P/C) Workstream

Commissioner Gaffney reported that the Property/Casualty (P/C) Workstream met March 7 in regulator-to-regulator session to review the 2024 charges and work plan, and to engage with other workstreams and committees on issues such as bias, coverage gaps, financial literacy, etc.

Commissioner Gaffney reported that the Property/Casualty Market Intelligence (PCMI) data call will be held this year, and the Workstream will focus later in the year on the results and any impact on underserved communities.

Commissioner Gaffney reported that the Workstream will examine the growth of residual markets and other trends that may reflect market availability and affordability pressures, particularly on underserved communities and communities of color.

Commissioner Gaffney reported that the Workstream heard from jurisdictions on their work to assess bias and unfair discrimination in their markets. He noted the Workstream will seek an update from the California's Low-Cost Auto Insurance Program at the Summer or Fall National Meeting.

Commissioner Gaffney reported that the Workstream will look at access to other financial structures, such as premium financing and structured settlements, and their impact on underserved communities.

5. Received an Update on the Member Diversity Leadership Forum

Evelyn Boswell (NAIC) provided an update on the New Avenues to Insurance Careers (N.A.I.C.) Foundation. The N.A.I.C. Foundation was incorporated in 2022 and provides scholarship and internship opportunities to college students in underserved communities. The N.A.I.C. Foundation is a Missouri not-for-profit 501(c)3 corporation seeking tax-exempt status with the IRS. The three foundation directors are NAIC Past Presidents George Nichols III, Therese Vaughan, and Raymond G. Farmer. The bylaws, plan of operation, scholarship, and internship program have been adopted.

Draft Pending Adoption

Ms. Boswell reported that the N.A.I.C. Foundation is identifying prospective college and university partners, as well as exploring internship programs with state insurance departments. In December 2023, a \$2,500 scholarship was awarded to a student for the spring 2024 semester. The student will be eligible to participate in the internship program at the Alabama Department of Insurance (DOI). For the 2024–2025 academic year, the foundation aims to have scholarship and internship programs established with up to five colleges/universities along with departments of insurance.

Ms. Boswell reported that NAIC staff attended Southern University in Baton Rouge, LA, on Feb. 14 to meet with Southern University faculty to talk with students about careers in insurance. Louisiana Commissioner Temple also joined the program and spoke with students about his education and career in insurance.

Ms. Boswell shared a video of what Fisk University in Nashville, TN, is proposing to its students regarding acquiring producer licenses. Two students talked about their experiences in their insurance course, where, in place of the final exam, they are given the option to sit for the insurance license exam. This innovative approach facilitated by their professor included comprehensive preparation with both licensed instructors and textbooks. The students successfully obtained their licenses to produce life, P/C, and health, marking what they defined as the beginning of their careers in the insurance industry.

June LeBlanc (NAIC) noted that diversity, equity, and inclusion (DE&I) is now on NAIC Connect and provides a place for members to share DE&I best practices, recordings of cultural programs, and opportunities for state insurance regulators to self-identify as subject matter experts (SMEs) or as representatives of the Member Diversity Leader Forum.

Gary Jones, who is the co-chair of the Member Diversity Leader Forum, provided an update on the DE&I regulator HR 124 course work. He noted the course includes three primary goals: 1) understanding DE&I to develop a basic understanding of DE&I concepts; 2) demonstrating cultural proficiency by understanding, awareness, and competency to identify the different types of bias; and 3) understanding how DE&I applies to the workplace.

Mr. Jones said since the DE&I coursework launched in February 2023, there have been more than 1,200 regulators registered to take the course. Mr. Jones also reported that the NAIC DE&I course resets each Jan. 1, and as of March 2024, there have been 170 registrations. The Member Diversity Leader Forum is tracking regulator participation by state, and Mr. Jones said the group is looking forward to additional states joining the leaderboard along with current leaders Connecticut (28), Indiana (four), Oregon (five), Texas (nine), and those states tied for fifth, including Illinois, Missouri, New Hampshire, and Washington.

Chandara Phanachone, who is also co-chair of the Member Diversity Leader Forum, reported that the DE&I Leadership Forum continues to collaborate with the Life Workstream and industry leaders on projects that highlight best practices in DE&I for insurance industry, partner with the NAIC on community engagement projects that build the pipeline for inclusive opportunities, and provide thought leadership on the development of phase two of the DE&I Regulator Coursework, which increases and deepens education and awareness of diversity in the insurance industry.

6. Heard an Update from Champlain College

John Pelletier provided a presentation on the *2023 National Report Card on State Efforts to Improve Financial Literacy in High Schools*. The presentation was on state efforts to improve financial literacy in high schools and

Draft Pending Adoption

share results from the Champlain College *2023 National High School Report Card*. Mr. Pelletier reported that the 2023 Report Card focuses appropriately on high school since high school is the threshold to adult life and its many complex financial decisions. The report details why high school personal finance education is so crucial to every young person's future success. Currently, 23 states have laws and regulations that will guarantee now or by 2028 that every high school student graduates having taken a standalone, full semester personal finance course or its equivalent. The Center for Financial Literacy believes this is the gold standard and will continue to be a key influencer in this national movement to reach this standard in all 50 states and Washington, DC. Mr. Pelletier noted that financial literacy plays an important role in decreasing poverty and inequality in our country and that by equipping students with the skills to make sound financial choices, financial literacy serves as a vital tool in promoting economic mobility and narrowing the wealth gap, ultimately fostering a more equitable and prosperous society.

Having no further business, the Special (EX) Committee on Race and Insurance adjourned.

American Academy of Actuaries Health Equity Committee Updates—Summer 2024

August 13, 2024
National Association of Insurance Commissioners (NAIC)
Special (EX) Executive Committee on Race and Insurance

Annette V. James, MAAA, FSA, FCA
Co-Chairperson, Health Equity Committee
American Academy of Actuaries



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1

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The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues.

The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

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2

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2

Agenda

- Overview of the American Academy of Actuaries Health Equity Committee (HEC)
- Key Takeaways from 2023
 - The importance and limitations of data
 - Evaluating benefits: Is there a better way other than focusing on cost?
 - Regulatory issues
- 2024 Focus: Behavioral Health

3

Academy Health Equity Committee

- Created in 2020 to contribute actuarial perspective to health equity
- Focus:
 - Evaluate actuarial practices in the context of health equity
 - Educate actuaries and other stakeholders on health equity issues
 - Apply an equity lens when considering the impact of current or proposed health care policies
- Publishes issue briefs exploring health equity topics in actuarial practice
- November 2023 symposium on equity-enhancing benefits in the employer coverage space

4

2023 Health Equity Focus: Exploring strategies to incorporate equity-enhancing features in health plans



Goal: Host discussion groups with broad range of participants/perspectives on the successes and challenges of incorporating equity-enhancing benefit design features

Areas of focus:

- Process and challenges to incorporating equity-enhancing features
- How benefit changes are evaluated
- How to incorporate the voices of the people being served
- Addressing implementation challenges

Four workshops held, with subsequent release of related issue briefs, culminating in the November 15 Symposium

5

2023 Workshop Series/Symposium—Insights

- High levels of interest in these topics!
- Convening people to share experience is valuable
 - Break down silos
 - Opportunity for actuaries to gain broader perspective
 - Opportunity for non-actuaries to understand actuarial perspective
- Opportunity to continue the conversation and make real progress
- Key themes:
 - Data, data, data
 - Rethinking how we measure the impact of benefit changes—beyond ROI
 - Current regulatory framework may hinder implementation of equity-enhancing benefit design

6

The Importance of Data

- Drives decisions that impact health coverage
- Pricing benefits, forecasting, reserving, risk adjustment accruals, population management programs, provider contracting, etc.
- Determining the efficacy of those benefits
- Measure and monitor disparities
 - Lack of consistent data format with key dimensions of equity
 - Collection and use of key data may be limited or prohibited
- Imperfect but still usable
 - Need to understand the limitations, bias and make appropriate adjustments

7

Limitations of Claims Data

- Only reflects claims of those using the health care system
- For historically marginalized groups, claims understate risk and unmet needs
- Does not include key information needed to measure disparities
- Combination of data from other sources could be helpful; e.g., enrollment data, clinical data, and social risk indices
 - Need to understand the limitations, risks of data from different sources

8

Evaluating Benefits: Moving from Cost to Cost-Effectiveness

Advantages of using cost-effectiveness:

- Reflects not only health costs, but also desired health outcomes, and the impact on total benefits;
- Supports using a longer time horizon to see the value of the benefit; and
- Helps reframe the evaluation of benefit options to prioritize high-value care that improves health

9

Challenges of Implementing a Cost-Effective Approach to Evaluating Benefits

- Difficult to attribute results to specific benefits / initiatives
- Lack of uniform metrics to measure health and health outcomes
- Risk of misinterpreting clinical information
- Cost is much more easily understood and accepted; decision-makers may not prioritize cost-effectiveness
- Lack of data to support a cost-effective approach
 - Data on health plan costs are readily available and easily assessed, which encourages the emphasis on costs

10

Regulatory Issues

- Laws are often not designed with an equity lens
- State and federal limitations on the collection and use of data
- Federal and state laws may limit the ability to enhance benefits

11

2024 HEC Focus—Behavioral Health

- Focus on using cost-effectiveness to evaluate enhanced behavioral health benefits, as opposed to using only cost
- Requires evidence to “connect the dots” and incorporate other factors, such as non-financial outcomes, and impact on other medical spending into actuarial analysis
- The HEC is focusing on using behavioral health to develop a framework that could be generalized for other health benefits

12

Envision Tomorrow—2024 Academy Annual Meeting

Oct. 15–16 at the Grand Hyatt in Washington, D.C.

Health-specific breakout sessions:

- Broadening the Focus: Incorporating Indirect Costs/Savings and Non-Financial Outcomes (**virtual and in-person**)
- Integration of Care for Dual-Eligible Beneficiaries Across Medicare and Medicaid
- Regulating the Affordable Care Act: What's New for 2025?



13

Thank You—Questions?

For more information, please contact

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14