



Big Data -- Big Problems Big Data -- Big Solutions

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Outline

Where we were

Where we are

Where we are going

Where We Were – Risk Pool



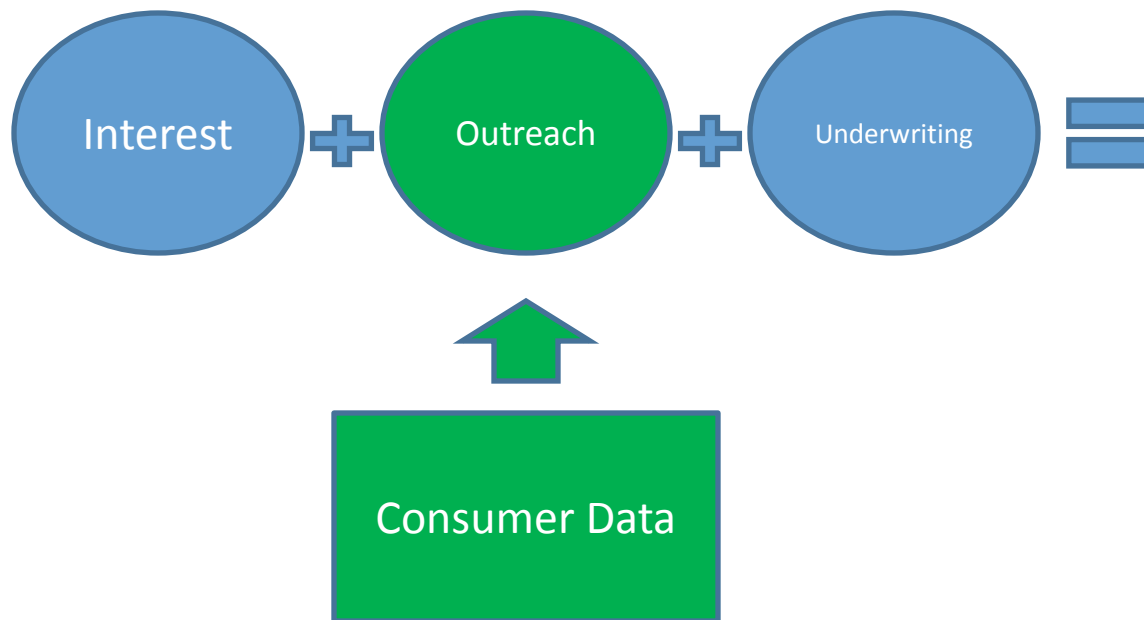
Underwriting

**Insurer
Experience**

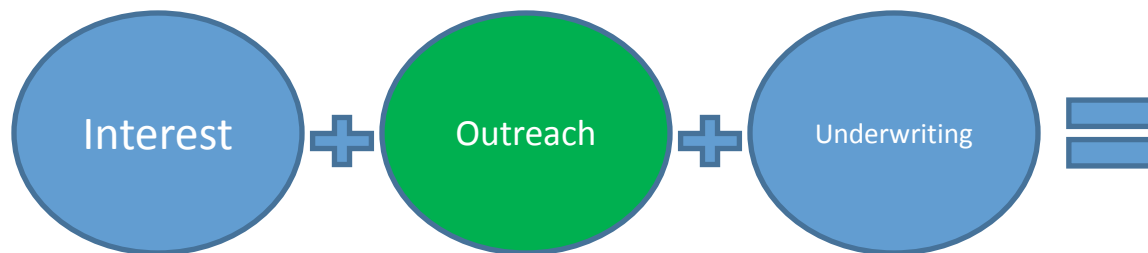


**Participation and
Contribution Requirements**

Where We Were - Marketing



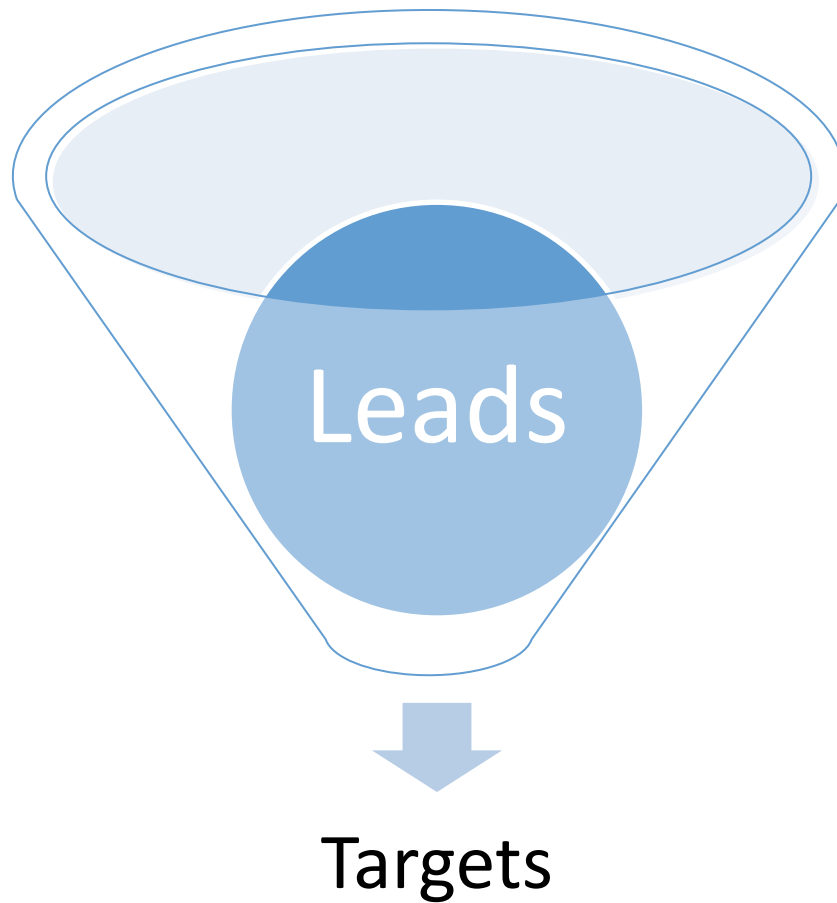
Where We Were - Marketing



Consumer Data

Risk Selection

Where We Were – Consumer Data





Insurer Experience

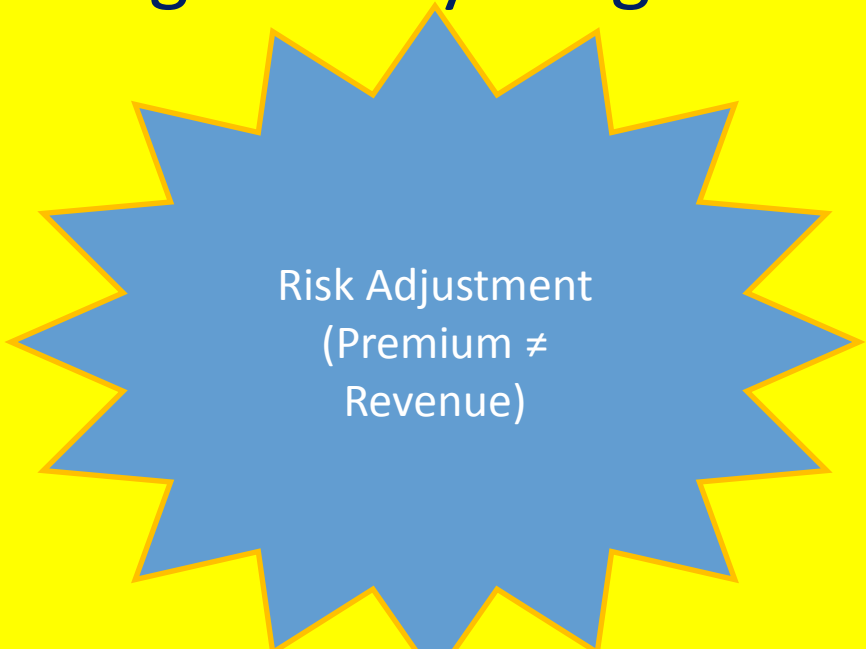
Consumer Data

The diagram consists of a large light blue circle in the center of the slide, containing the text 'Insurer Experience'. Below and to the right of this circle is a much smaller green circle containing the text 'Consumer Data'. A thin blue line curves from the bottom right of the green circle towards the right edge of the slide. The green circle is positioned on a light gray shadow that extends from the base of the large blue circle.

Health Care Reform Changes Everything




Underwriting
Prohibition



Risk Adjustment
(Premium \neq
Revenue)



Limits on Plan
Designs
(Metal restrictions,
limits on total plans)



New Insured
Populations
(No underwriting
info, no claims
experience)

Health Care Reform Changes Everything



Underwriting
Prohibition

Before

We knew something about every person we insured

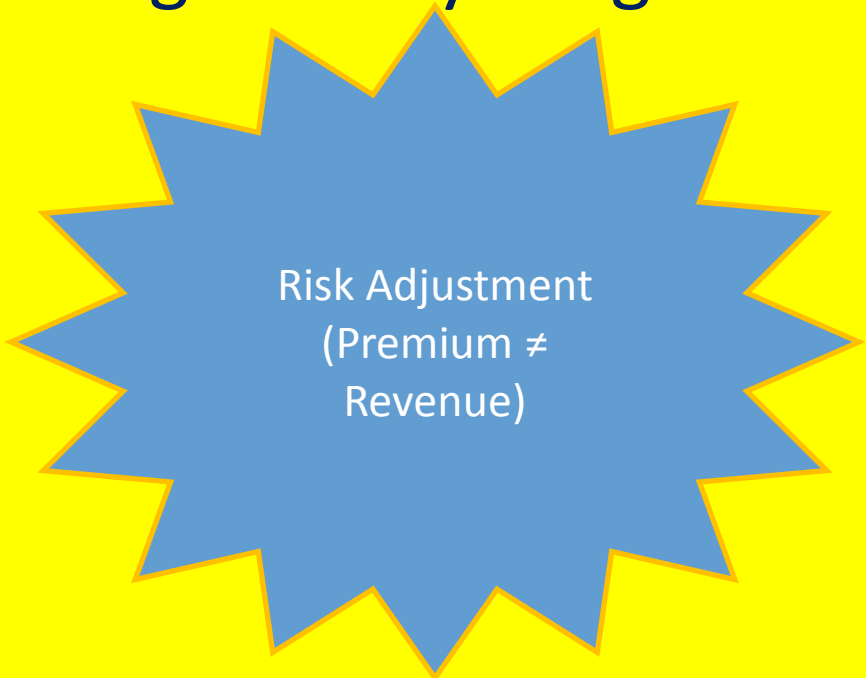
Now

We will have to find other ways to learn about our members

Health Care Reform Changes Everything

Before

The amount of money we collected from a member was the amount of money they “earned” for us



Risk Adjustment
(Premium \neq
Revenue)

Now

The amount of money we “earn” from someone will be more closely connected to their coded health status

Health Care Reform Changes Everything

Before

We could offer hundreds of plans
– to be all things to all people



Limits on Plan
Designs
(Metal restrictions,
limits on total plans)

Now

The number of plans is limited
Available plan offerings are limited
A higher level of benefits are
required


Health Care Reform Changes Everything

Before

Most insured were insured before

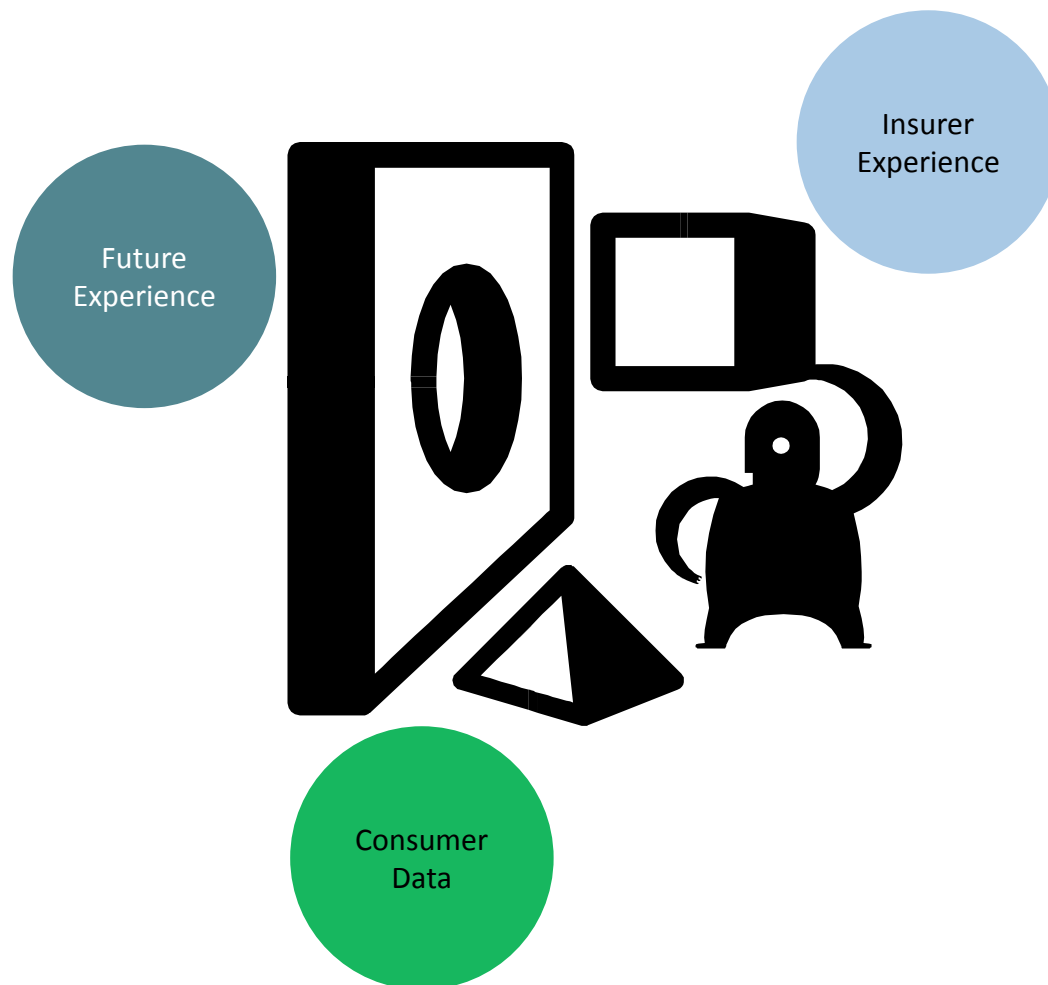
Now

40-60% of our enrollment will be totally new to us

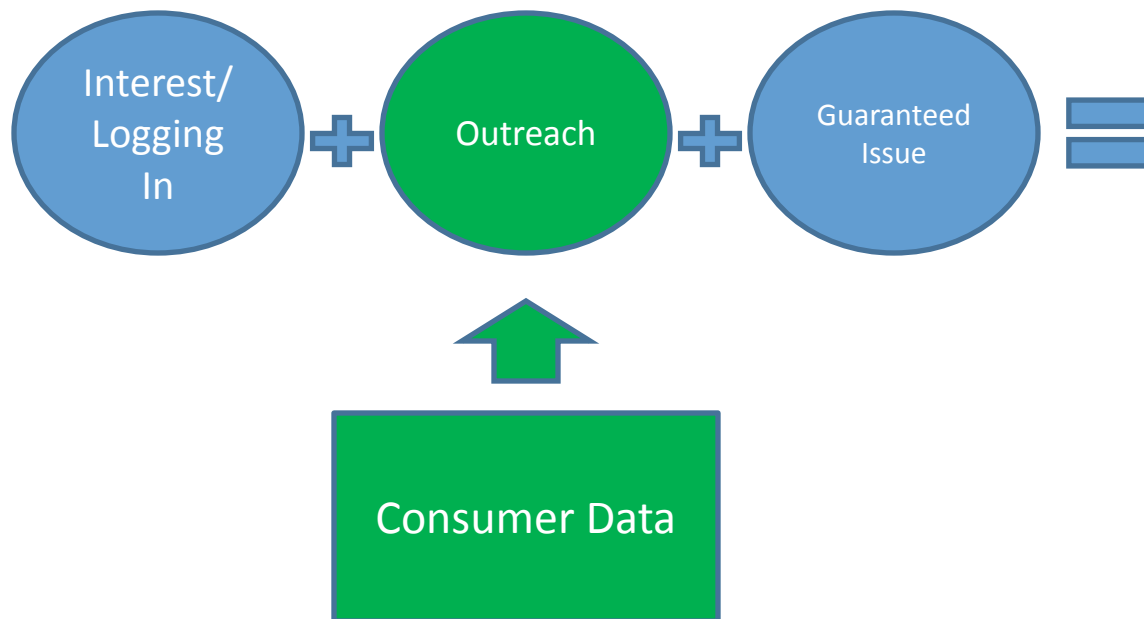


New Insured
Populations
(No underwriting
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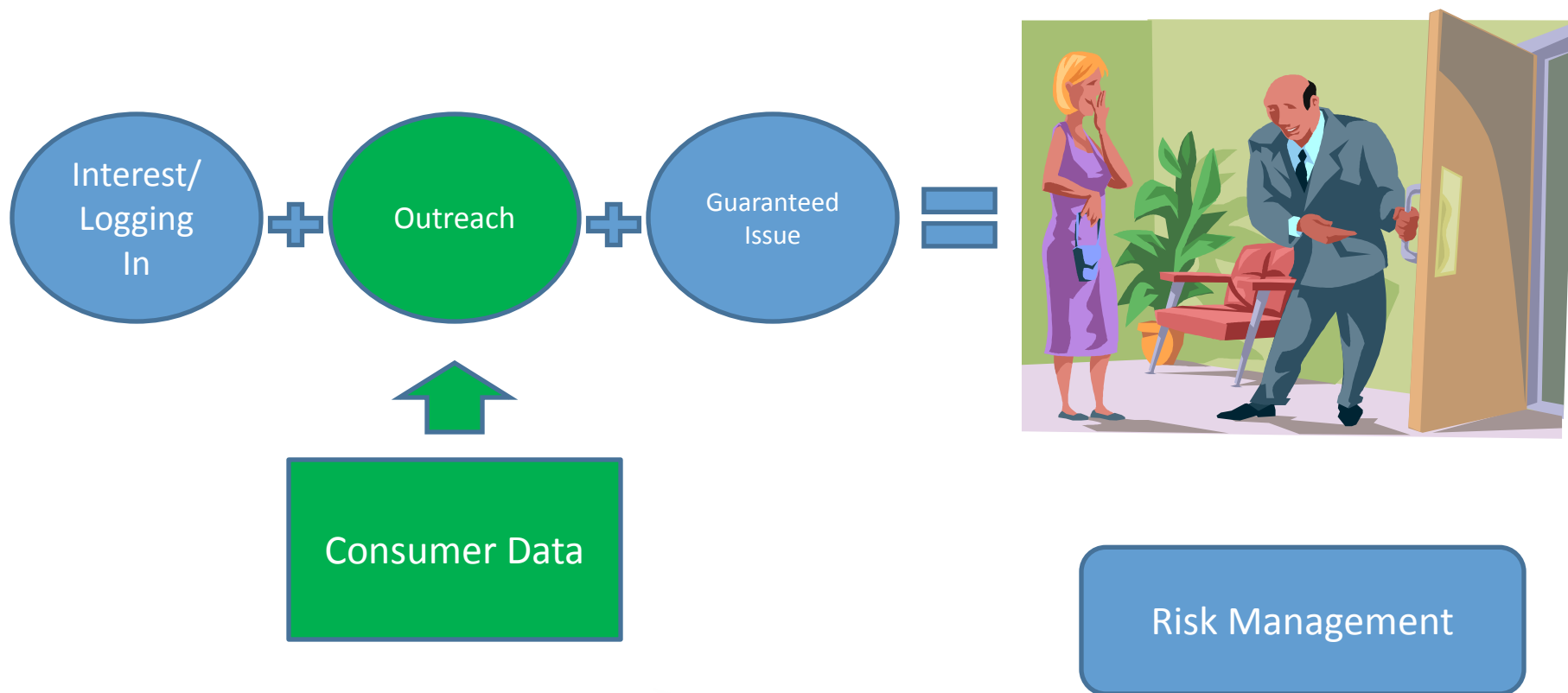
Where We Are



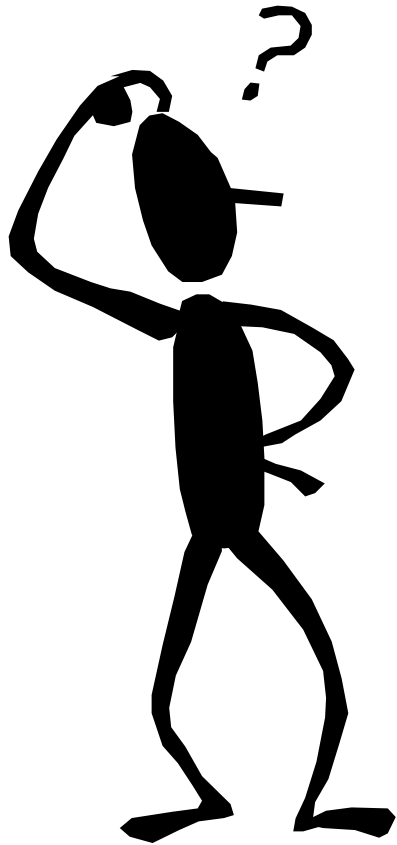
Where We Are - Marketing

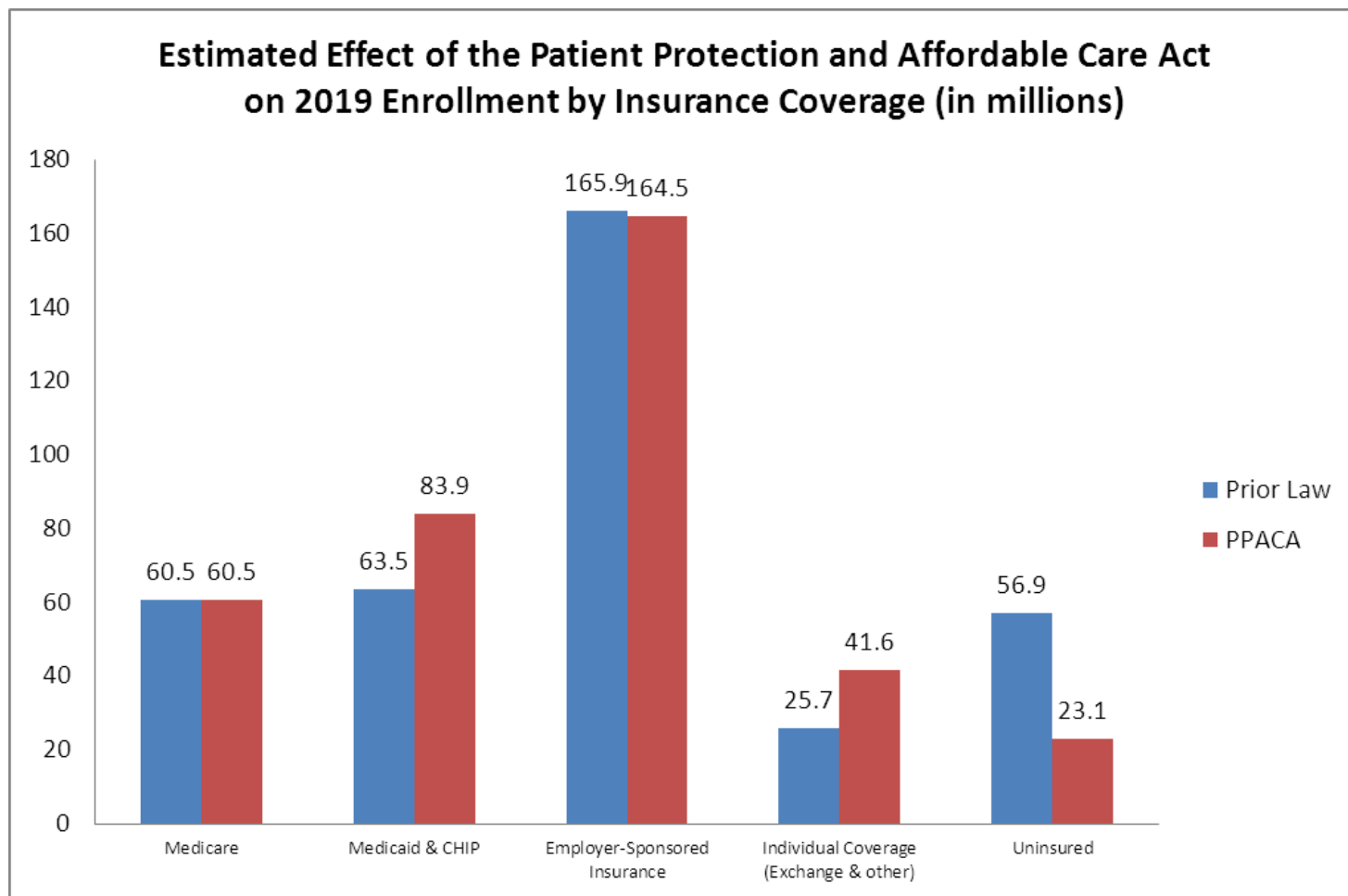


Where We Are - Marketing



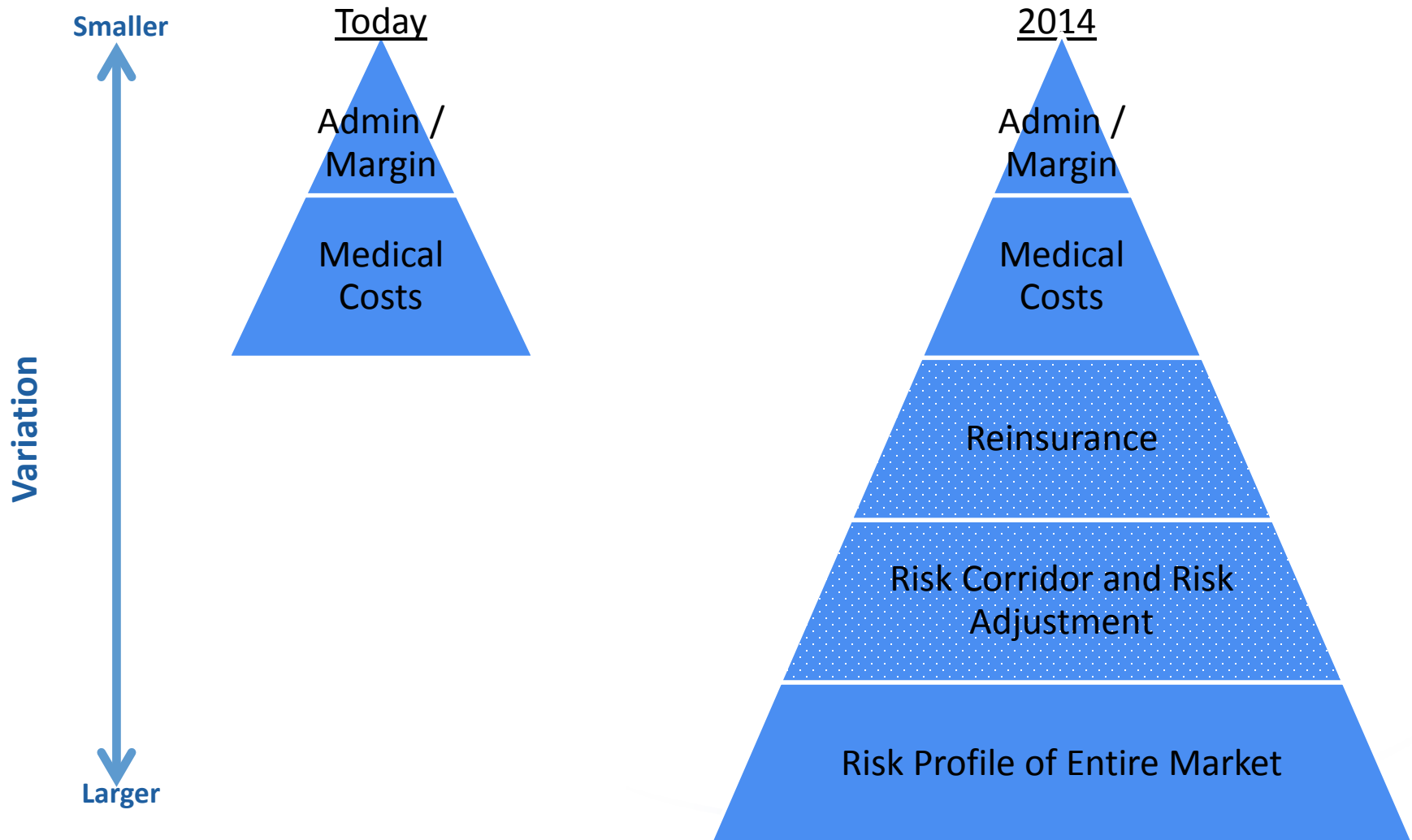
Where We Are





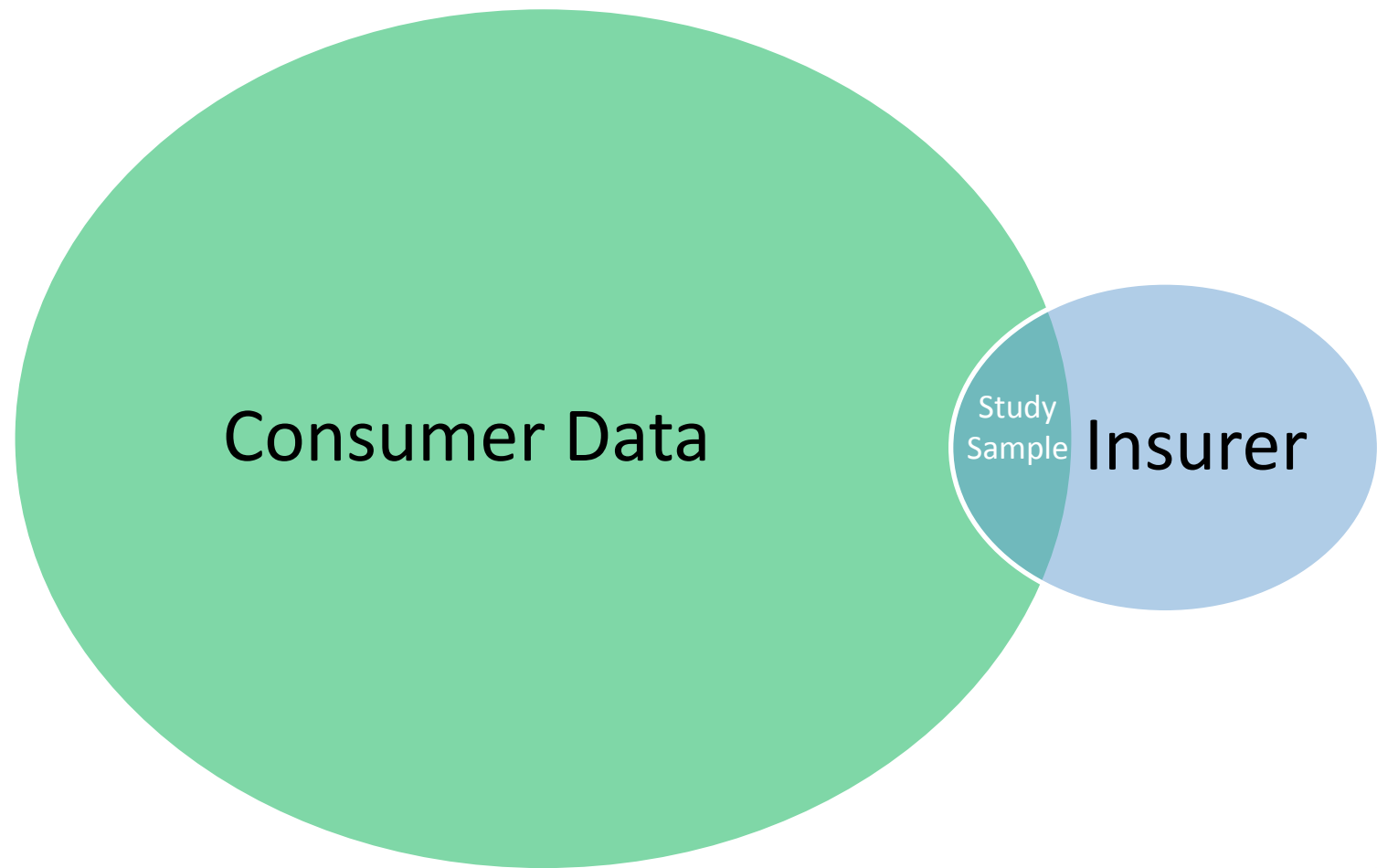
Source: Centers for Medicare & Medicaid Services, Office of the Actuary

Where We Are Today-- Unknowns

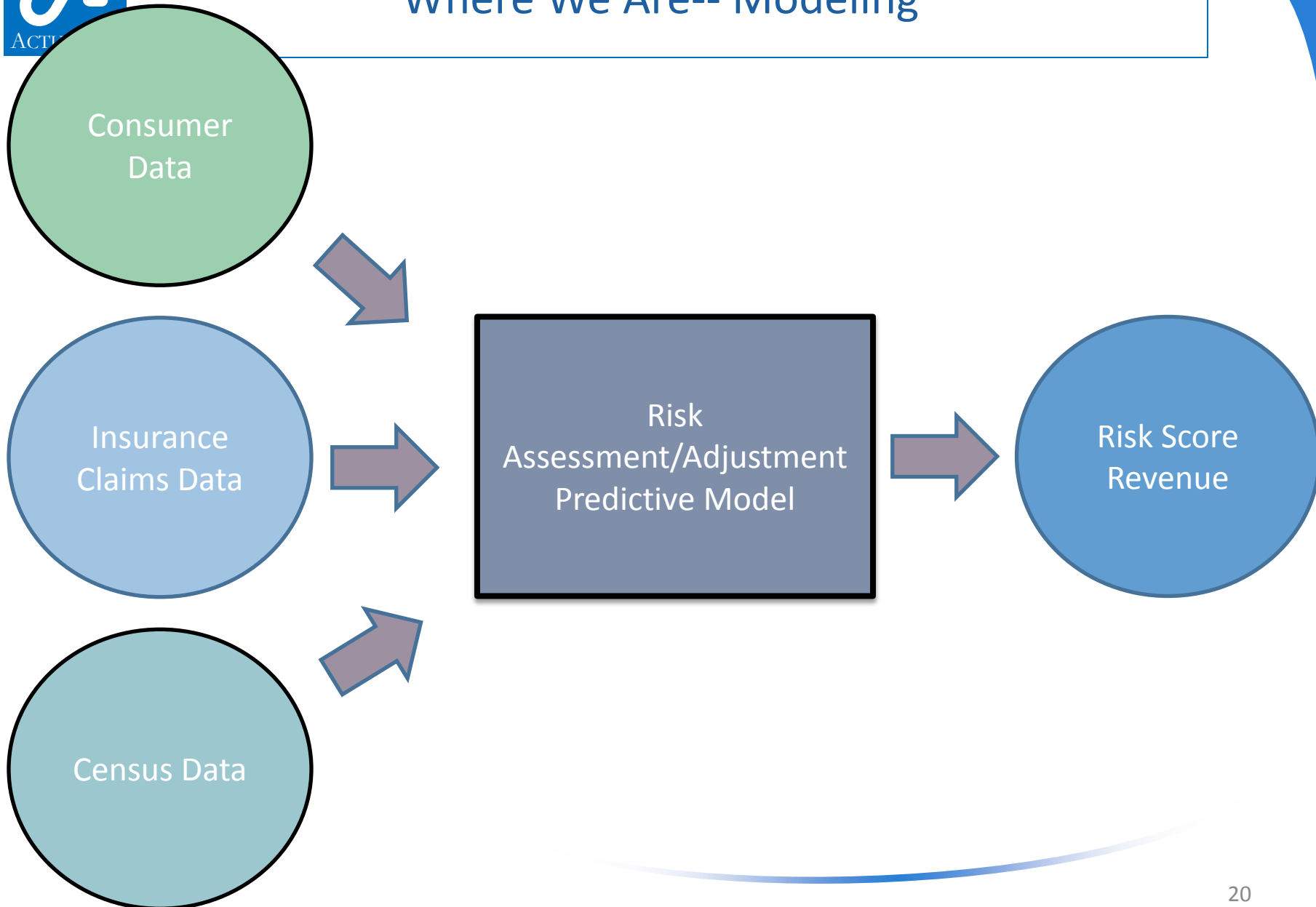


See Appendix C for a detailed list of changes to the individual market's pricing equation

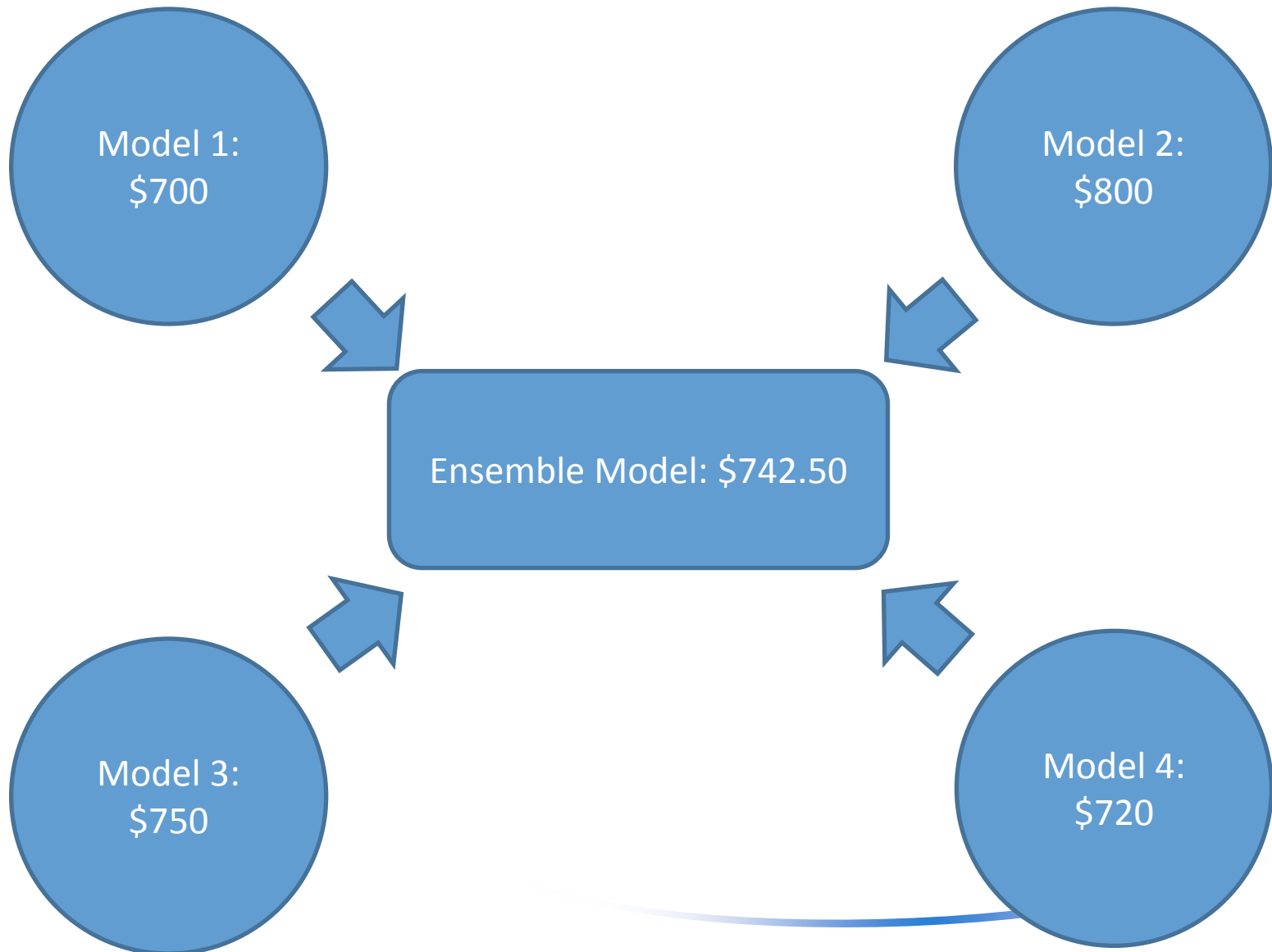
Where We Are-- Modeling



Where We Are-- Modeling



Where We Are-- Modeling



Where We Are-- Modeling

Cardiovascular Disease

Prevalence: 0.0749

Severity: \$491.54

Estimate: **\$36.82**



Diabetes

Prevalence: 0.167

Severity: \$335.13

Estimate: **\$55.97**



Gastric Disease

Prevalence: 0.1023

Severity: \$272.19

Estimate: **\$27.84**



Hypertension

Prevalence: 0.2060

Severity: \$211.06

Estimate: **\$43.48**



Musculoskeletal Diseases

Prevalence: 0.1723

Severity: \$335.16

Estimate: **\$57.75**



Other Diseases

Prevalence: 0.7731

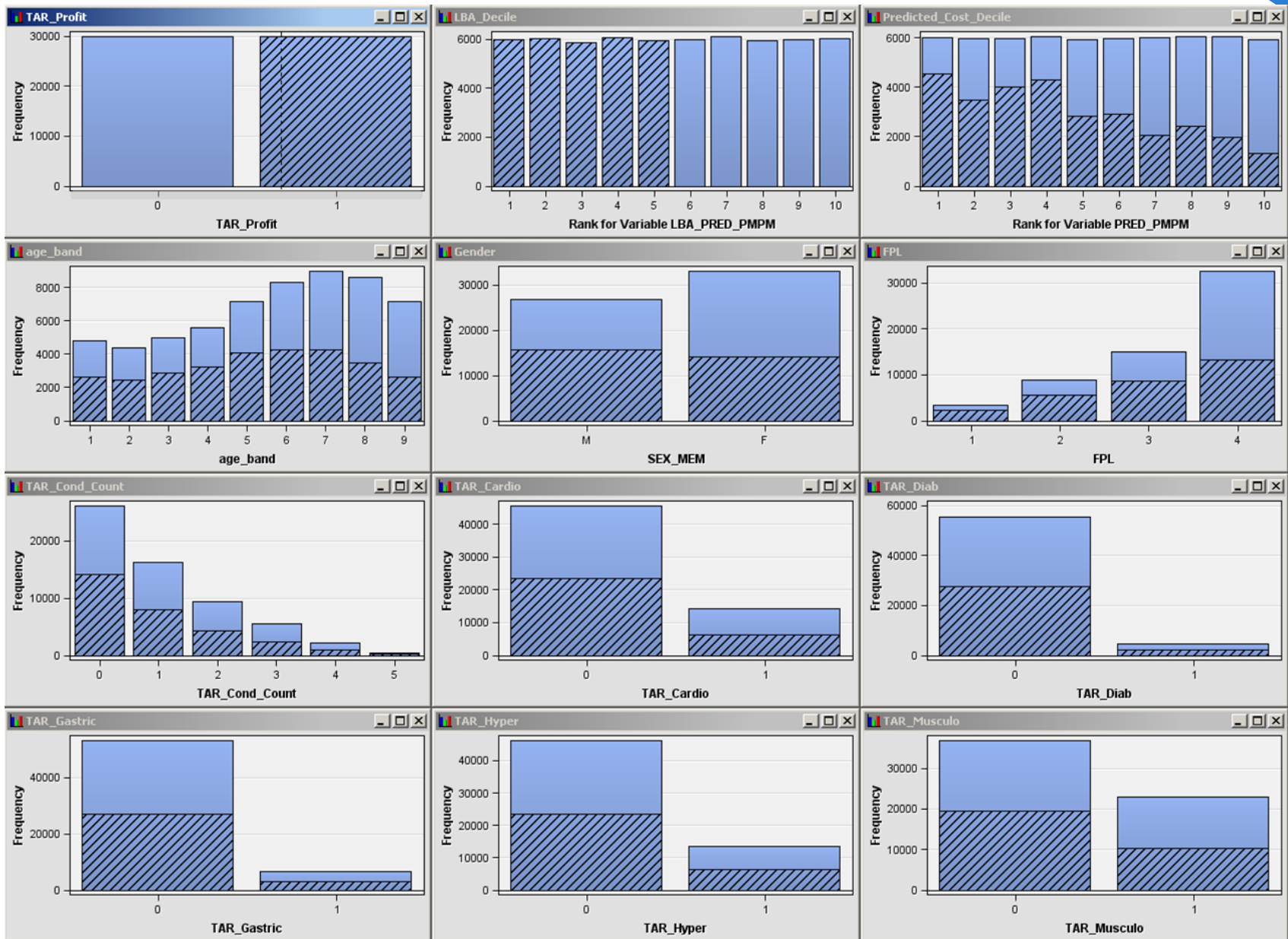
Severity: \$248.69

Estimate: **\$192.26**



Predicted PMPM

\$414.12

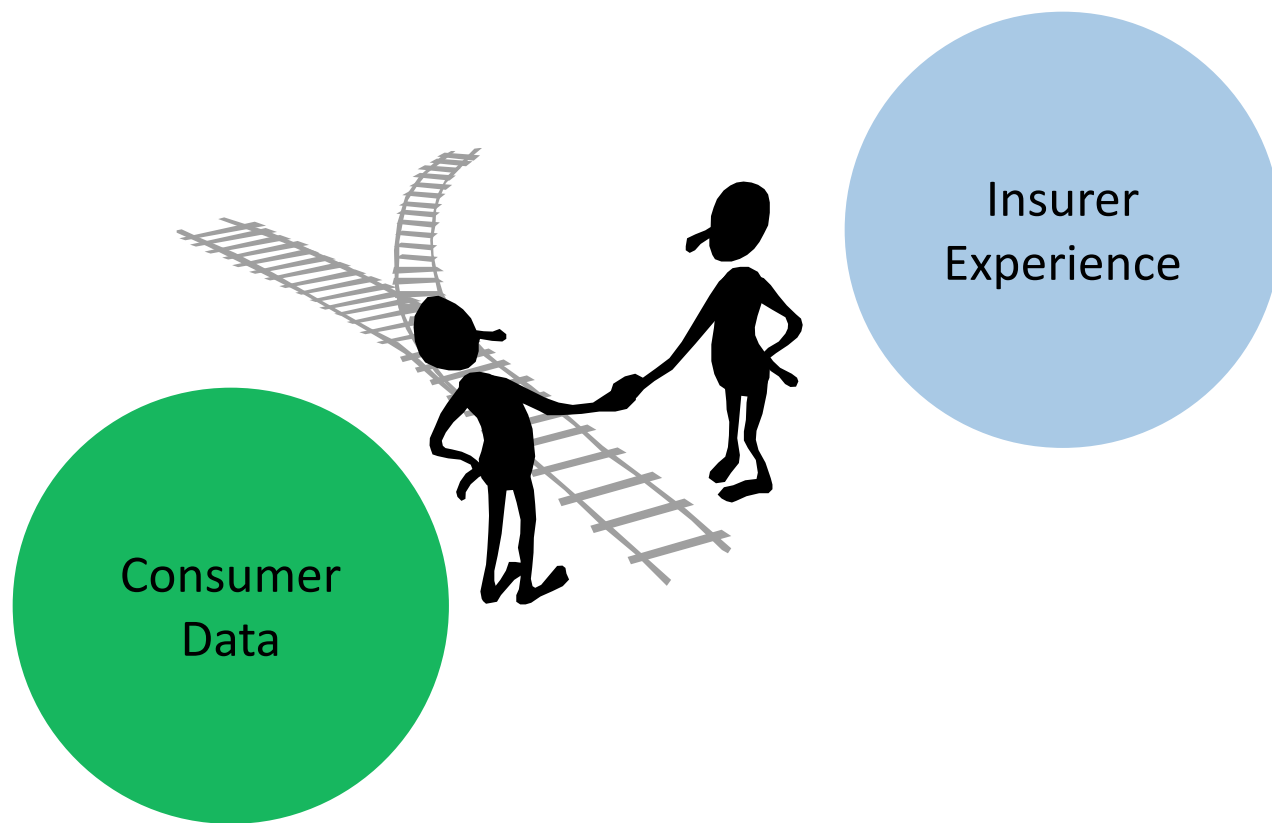


For Illustrative Purpose Only

Where We Are-- Modeling

Loss Ratio	<u>No Conditions</u>	<u>With Low HCC Condition</u>	<u>With Expensive HCC Condition</u>	<u>Grand Total</u>
Good Lifestyle Score	79%	74%	73%	74%
Moderate Lifestyle Score	81%	79%	75%	77%
Poor Lifestyle Score	95%	93%	83%	87%

Where We Are Going



Applications

- Product Design
- Pricing
- Targeted Marketing
- Care Management
- Provider Education
- Distribution Channels
- Risk Adjustment

