



NEWS RELEASE

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Academy's Uccello Testifies Before Congress on Affordable Care Act's Risk-Sharing Mechanisms

WASHINGTON—Cori Uccello, senior health fellow of the American Academy of Actuaries, provided members of the U.S. House Committee on Oversight and Government Reform's Subcommittee on Economic Growth, Job Creation and Regulatory Affairs with an objective actuarial assessment of the three Affordable Care Act (ACA) risk-sharing mechanisms in testimony before the subcommittee today.

"Millions of Americans have obtained health insurance under the Affordable Care Act. However, the law poses some financial risks for insurers, which could limit competition and plan choice for consumers. To address these risks, the ACA includes three risk-sharing programs — risk adjustment, reinsurance, and risk corridors," Uccello told members of Congress.

The ACA is expanding access to health insurance coverage, but it does not necessarily establish universal participation. The three mechanisms are designed to mitigate risks such as adverse selection, and insurers' uncertainty in pricing plans accurately during the early years of the exchanges.

In her testimony, Uccello explained how each of the three mechanisms mitigates risks. "The risk adjustment and reinsurance programs reduce the incentives for insurers to avoid high-cost enrollees," Uccello said. "And by limiting insurer losses due to pricing uncertainty, risk corridors encourage insurer participation in the market, which in turn increases competition and plan choice. And because the risk corridors are two-sided, the federal government will receive payments from insurers if their gains exceed the threshold."

(MORE)

Read Uccello's written [testimony](#) and learn more in the Academy fact sheet, "[ACA Risk-Sharing Mechanisms: The 3Rs \(Risk Adjustment, Risk Corridors, and Reinsurance\) Explained](#)," available online at www.actuary.org.

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The American Academy of Actuaries is an 18,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists 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.

Media Only: To set up an interview with Uccello, contact David Mendes, assistant director of communications, public affairs, at mendes@actuary.org or 202.384.2075.