

Health Section Update

Society of Actuaries SOA 10 Health Meeting
June 30, 2010

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Agenda

- Health Section Activities
- Member Value Project
- Untapped Opportunities for Actuaries in Health



Health Section Activities





Research Activities

Completed research projects:

- Cost of Medical Errors
- Report on Complexity Science for Actuaries
- Current state of ERM practices for health organizations
- Measurement of Healthcare Quality & Efficiency:
Resources for Healthcare Professionals
- Comparison of Incurred But Not Reported (IBNR)
Methods



Research Activities

Call for articles on Provider Payment Reform

New Requests-for-Proposal:

- Non traditional risk adjustment variables
- End-of-life issues
- Medical technology
- More to come!

Continuing Professional Development

Webcasts

- Untapped Opportunities in Health Care for Actuaries
- Health reform audiocast series with the CCA and AAA
- CMS Trend Projections
- Vision Benefits
- Dental Benefits
- Quality & Efficiency Research
- Group LTD Benefit Offset Research

Continuing Professional Development

Boot Camps

- Pricing – Medicare, Disability/LTC
- Valuation
- Professionalism

Meetings

- Sponsored 18 sessions at the 2009 Annual Meeting
- Sponsored 57 sessions at the 2010 Health Meeting
 - Including four Virtual sessions

Health Section Member Survey

Completed summer 2009

Over 400 responses (about 10% response rate)

Asked about areas of interest for:

- Research
- CPD
- Health Watch (Newsletter)
- And, of course, volunteer interest!



Health Section Member Survey

Top 10 Topic areas of interest

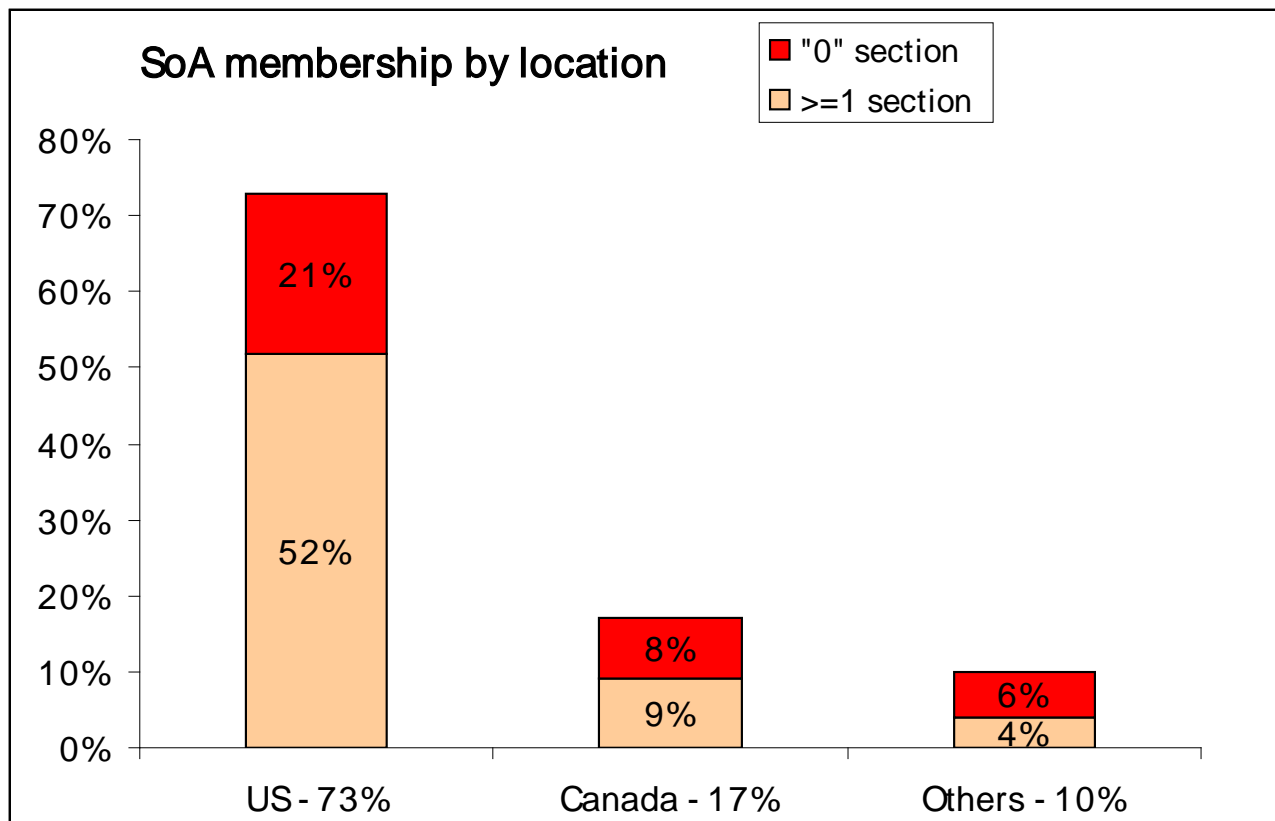
- 10) Evidence-based medicine
- 9) Consumer driven health care
- 8) Pricing methodologies
- 7) Disease management/wellness
- 6) Risk adjustment/risk assessment
- 5) Predictive Modeling
- 4) New health care product
- 3) Health Policy/economics
- 2) Trend analysis
- 1) Health Reform!



Member Value Task Force Project



% SOA Members Belonging to at Least 1 Section





Benefits of Membership

1. Enhances personal brand/image.

- Concern with specific area(s) of the profession.
- Current with industry issues.
- Visibility.

2. Provides direct communications based on areas of interest.

- Blast e-mails.
- Newsletter notifications or copies.
- Surveys.





Benefits of Membership

3. Improves opportunities for networking.
 - Invited to events.
 - Growing social networking sites.
 - Member of a group.
4. Avenue for greater SOA participation.
 - Notified of opportunities to – write, present, serve on POG/team, run for office, vote.
 - Members only contests.
5. Makes everything possible (some altruism)
 - Contributing to their area(s) of interest.



What benefits can a nonmember get?

- Section newsletters online
- Section web page material
- Professional development
- Research results





Next Steps

- Review Section Value Proposition
- Survey SOA members who have not joined sections





BENDING THE COST CURVE: DO YOU AGREE?



For Immediate Release

Actuaries Believe More Transparency in the U.S. Healthcare System Would Help Bend the Cost Curve Downward

*Society of Actuaries' Survey Identifies Effective Ways to Reduce Cost Trends and Create
a Sustainable Healthcare System*

SCHAUMBURG, Ill., June 29, 2010 – With national healthcare spending expected to rise by hundreds of billions of dollars over the next 10 years, there needs to be a greater emphasis on finding ways to reduce healthcare cost trends. According to the findings from two recent surveys by the Society of Actuaries (SOA), actuaries and consumers both believe that more transparency within the U.S. healthcare system is the key to bending the cost curve downward: Actuaries believe there needs to be more transparency between doctors and patients, while consumers feel they could make more informed decisions if they had more information on medical procedures and options for care.



BENDING THE COST CURVE: DO YOU AGREE?

“... this projection [of deficit reduction from the PPACA] is built on a shaky foundation of omitted costs, premiums shifted from other entitlements, and politically dubious spending cuts and revenue increases.”

--- Douglas Holtz-Eakin and Michael Ramlet, *Health Affairs*, June 2010

“Even from a purely ‘green eyeshade’ viewpoint, the bill will significantly reduce costs.”

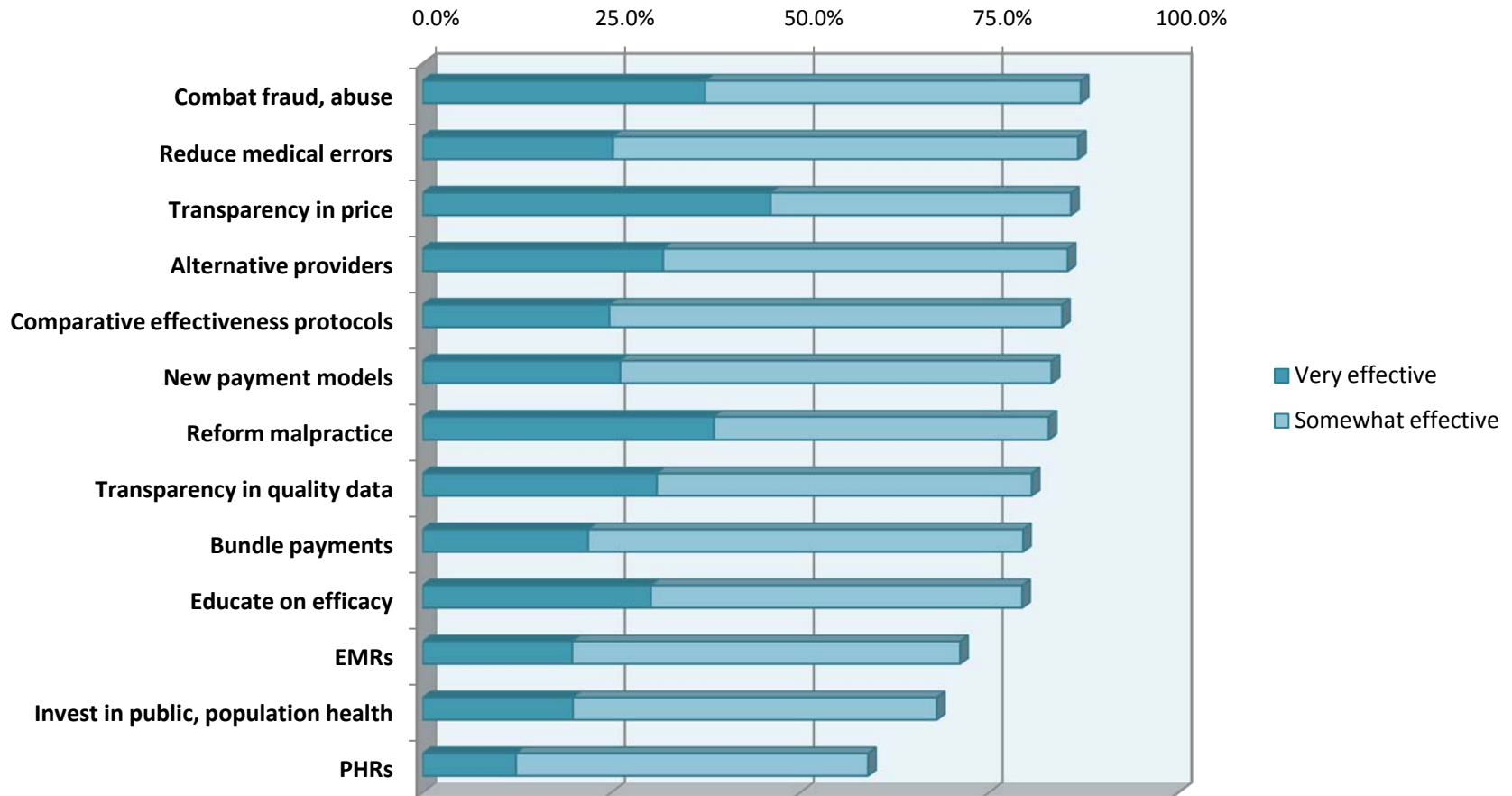
--- Peter Orszag and Ezekiel Emanuel, *New England Journal of Medicine*, June 23, 2010

“... true long term savings will come from modernizing the delivery of medical services to provide care more efficiently and at lower cost.”

--- David Cutler, *Health Affairs*, June 2010

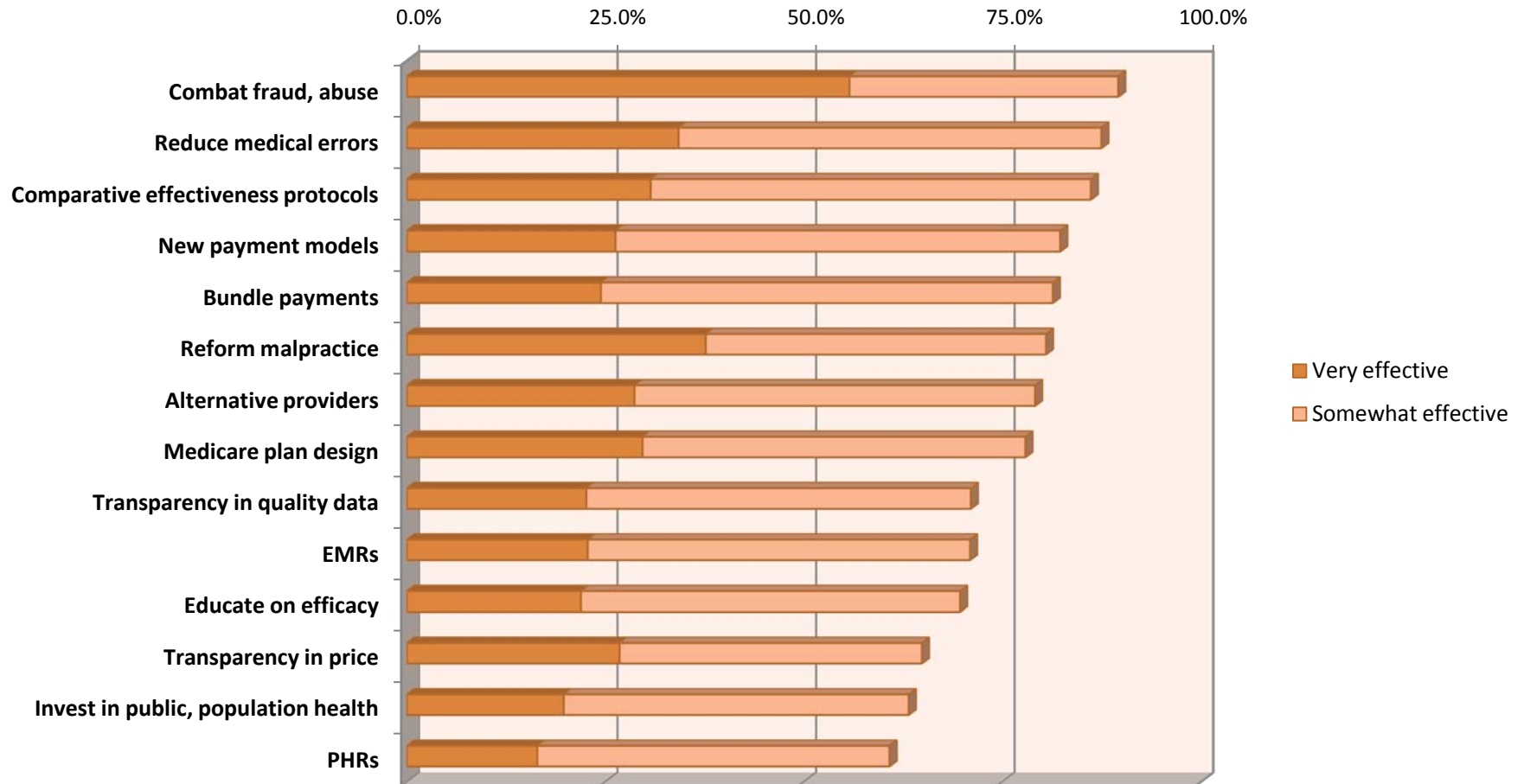
BENDING THE COST CURVE: SURVEY RESULTS

Effectiveness of initiatives for Commercial population



BENDING THE COST CURVE: SURVEY RESULTS

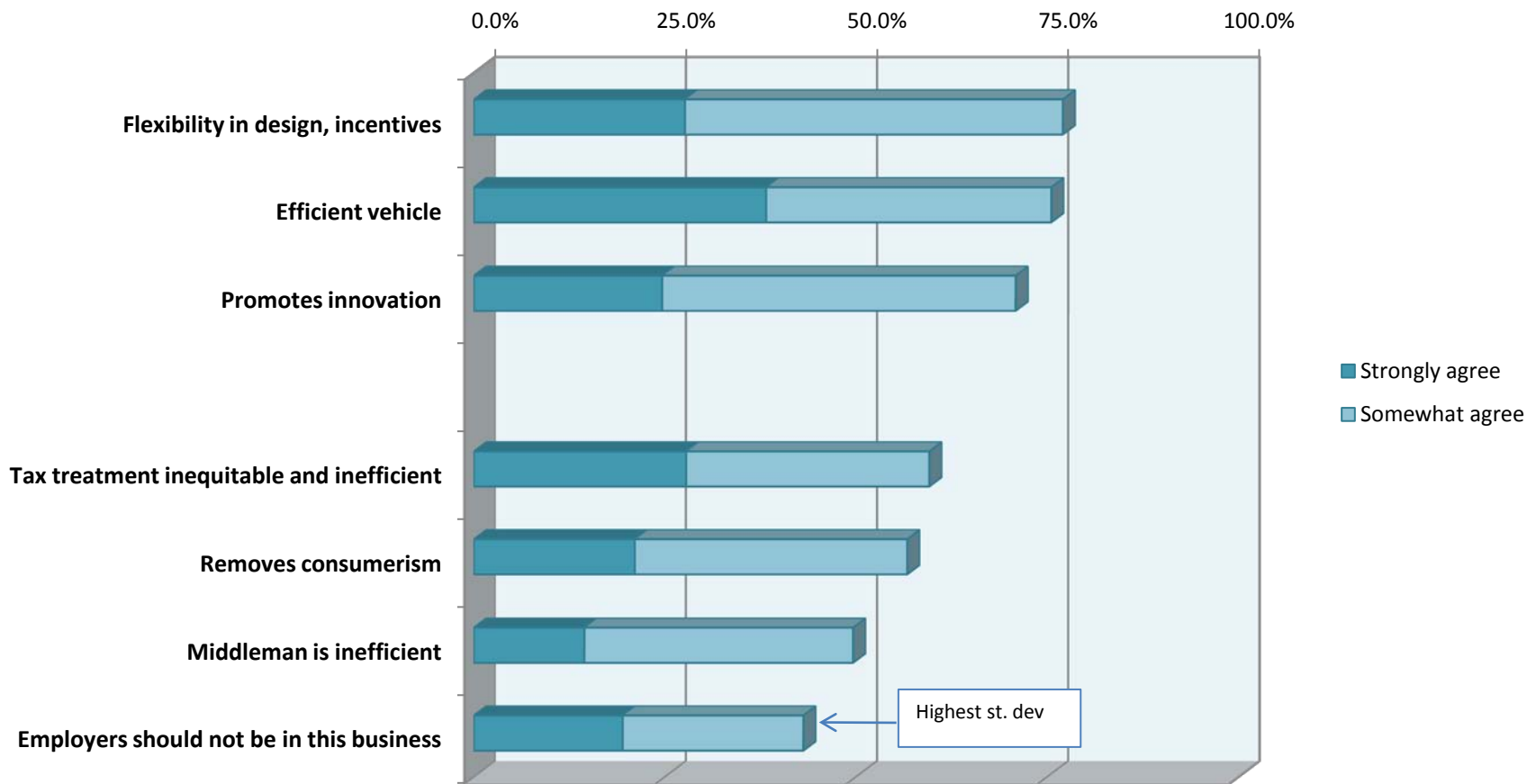
Effectiveness of initiatives for Medicare population





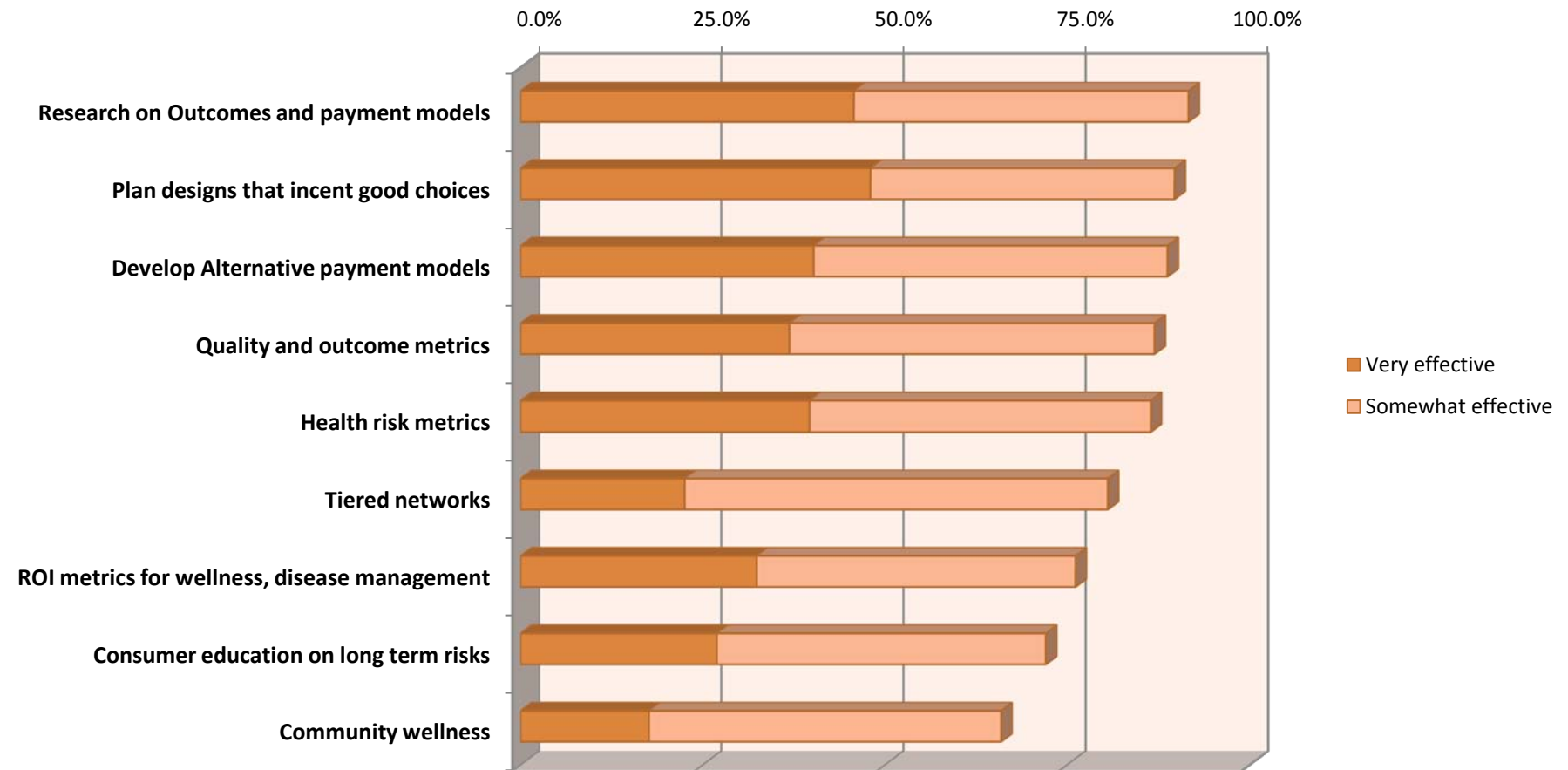
BENDING THE COST CURVE: SURVEY RESULTS

Employer-sponsored coverage



BENDING THE COST CURVE: SURVEY RESULTS

Actuaries can help individuals make better choices





PROJECT SCOPE

- **Multiple phases of research utilizing both qualitative and quantitative methodologies**
 - Initial phases of research assisted in the study design for subsequent phases

PHASE	TYPE OF RESEARCH	RESPONDENT TYPES	SAMPLE SIZE
Phase 1	Qualitative	Actuarial Thought Leaders	n= 14
Phase 1b	Qualitative	Healthcare Recruiters	n=3
Phase 2	Qualitative	Hiring Managers	n=30
Phase 3	Quantitative	Practicing Actuaries Healthcare Recruiters Hiring Managers	n=224



WORK GROUP

The work group meets bi-weekly

Jim Toole

CHAIR

Alice Rosenblatt

COT CHAIR

Bob Cosway

Jennifer Gillespie

Francois Joseph Poirier

Judy Strachan

Meg Weber

Mayur Shah

HEALTH ECONOMIST

Kate Fitch

CLINICIAN

Sara Teppema



MARKET RESEARCH RESULTS

- **Opportunities exist for actuaries in many industry segments**

- **Analytics and data experts needed:**
 - Wellness/disease management companies
 - Clinical outcomes and studies
 - Health plans (analytics departments) and pharmacy benefit managers
 - Health care management consulting



MARKET RESEARCH RESULTS

- **The need for business skills was consistently mentioned:**
 - Strategic/big picture thinking
 - Communication (written, oral)
 - Adaptability to change

- **Technical barriers to these opportunities**
 - Clinical knowledge
 - Study design
 - Policy/regulatory knowledge (not always missing)



GFK'S CONCLUSIONS

- **Actuaries must step “out of the box” for nontraditional roles**
 - Enhance competitiveness through communication skills and strategic thinking

- **Actuarial credentials are not recognized outside of traditional roles**
 - The actuarial brand needs to be strengthened in other areas of the healthcare industry
 - Focus should be on showcasing transferable skills, and not on credentials



GFK'S CONCLUSIONS

- **Strategic thinking and decision making skills are desirable and in short supply**
 - True for all health analytics and forecasting roles
- **Graduate degrees are highly valued, but experience trumps an MBA**
 - Look for opportunities to place new graduates in entry-level healthcare positions as part of “healthcare” credentialing



KEY FINDINGS

SEGMENT	OPPORTUNITIES	BARRIERS
Biotech Manufacturer	<ul style="list-style-type: none"> Financial risk analysis (i.e., profit/loss, new product development risk analysis, etc.) 	<ul style="list-style-type: none"> Smaller companies with limited budgets New employees will have to hit the ground running/ little to no training
Healthcare Consulting	<ul style="list-style-type: none"> More flexible projects– many skills needed Likes “logical thinkers” with strong business skills Analysis functions from other companies (especially pharma and biotech) are being outsourced to consulting companies 	<ul style="list-style-type: none"> Many require previous consulting experience Need to bring in a book of business in most cases Prefer to hire health professionals
Wellness Company	<ul style="list-style-type: none"> Growth industry Looking for individuals with strong analytical skills 	<ul style="list-style-type: none"> Requires clinical knowledge Headed by medical professionals



KEY FINDINGS

SEGMENT	OPPORTUNITIES	BARRIERS
Large Hospital System	<ul style="list-style-type: none"> • Analysis and modeling of large healthcare databases 	<ul style="list-style-type: none"> • Requires clinical knowledge • Staffed by MDs licensed in foreign countries
Health Plans	<ul style="list-style-type: none"> • Have knowledge of and high respect for actuaries • Less healthcare experience required 	<ul style="list-style-type: none"> • MBA+ desired • Use consultants to monitor government policies
Health Economics Organizations	<ul style="list-style-type: none"> • Outcomes research 	<ul style="list-style-type: none"> • Need more knowledge of clinical trial design



KEY FINDINGS

SEGMENT	OPPORTUNITIES	BARRIERS
Pharmaceutical Manufacturer	<ul style="list-style-type: none"> • Clinical studies • Financial risk analysis (i.e., profit/loss, new product development risk analysis, etc.) 	<ul style="list-style-type: none"> • Clinical staff looking for PhD in Statistics • Knowledge of study design needed
Health IT	<ul style="list-style-type: none"> • Less healthcare experience required • Familiarity with actuaries • Growth industry 	<ul style="list-style-type: none"> • May not be willing to pay high salary • SQL database language needed
Pharmacy Benefit Managers	<ul style="list-style-type: none"> • Familiarity with actuaries • Growth industry • Training usually offered 	<ul style="list-style-type: none"> • Must be SQL trained • Clinical (i.e., nursing, medical, pharmacy, etc.) background preferred



ACTUARIAL VALUE PROPOSITION

- **Neutral and objective voice**

- **Modeling and data**
 - Not just the technical, but the sophistication, rigor, discipline and transparency

- **Actuarial brand**
 - Needs to be strengthened in health care industry



OUR CHALLENGE TO YOU

10. Pay attention

- to the news, health care journals
- to Health Reform opportunities and shifts

9. Exploit the niches

- Unique projects that can be lifted and shifted
- Take risks

8. Embrace sales and marketing

7. Talk to your alma mater



OUR CHALLENGE TO YOU

6. Ask the next question
 - Demonstrate your strategic viewpoint
5. New channels – when looking for a new role
 - New types of organizations
 - Non-actuarial recruiters and searches
4. Network network network
 - With other professionals at your company
 - Outside your company

OUR CHALLENGE TO YOU

3. Demonstrate the value of your credential

- Your skills are important
- Check your arrogance

2. Share your ideas

- Research and education
- Actuarial profession and especially outside

1. Communicate effectively

- Less concern with the “what”, more concern with the “how”

QUESTIONS?