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HEALTH SECTION MEETING

Moderator: DAVID B. TRINDLE
Panelists: PHYLLIS A. DORAN
ROLAND E. KING
STEPHEN A. MESKIN
DONALD M. PETERSON
Recorder: JOHN M. BRADLEY

- o Review of 1988 activities
- o Plans for 1989

MR. DAVID B. TRINDLE: The purpose of our short meeting is to bring members up-to-date on recent activities and to outline our plans for the future. I will first give an overview of what has been going on in the Council and in our committees. Then, we will hear from our panelists on the areas we have identified as top priorities for the Health Section this year. After that, we will have a few minutes for comments and questions.

Nineteen eighty-eight was a very productive year for us. We revised the committee structure to bring the section committees into line with the Society of Actuaries. This was necessary to prevent duplication of effort and increase our focus on the important issues facing health actuaries. More importantly, this restructuring will increase our ability to bring the health actuary's perspective into all areas of activity within the Society.

We also reformulated committees and established a system that will provide continuity from year-to-year so that momentum is not lost on the long-term activities of the section. For those of you who are not aware of the changes, our operating committees are now set up as follows:

Research Chairperson:	Steve Meskin
Continuing Education Chairperson:	Leonard Koloms
Education Chairperson:	Bill Bluhm
Communications Chairperson:	John Bertko

In addition, Ted Dunn is our direct liaison on the Society Research Policy Committee, and Guy King is our liaison with the American Academy of Actuaries.

We also restructured and enhanced the newsletter. This was done by incorporating news and special features sections.

Nineteen eighty-nine promises to be equally productive. We will be taking further steps to bring our activities into line with the Society by ensuring that our committees have the proper representation on the appropriate Society committees. In addition, we identified four top priorities that will be the focus for the Health Section Council this year:

1. Providing health actuaries with better tools for surplus planning and management;
2. Encouraging the development of health care data bases;
3. Promoting the role of actuaries in health care policy-making; and
4. Providing more seminars directed toward actuaries in management.

Our panelists will give us a brief introduction and overview of the first three priorities. First, Don Peterson, President of Benefit Trust Life, will tell us why surplus management is important to health actuaries and, hopefully, about his plans for the panel discussion "Surplus Management for Health Insurers." This has become an area of increased interest on the part of health actuaries trying to develop survival strategies in today's health insurance market.

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MR. DONALD M. PETERSON: This is a very volatile and unpredictable time for the individual and group health insurance industry. On one hand, we have some consultants suggesting that this is a growth industry compared to such other areas as life insurance, and on the other hand, we are advised to seek market niches. We see many companies exiting from various lines of business, and this creates many opportunities and questions. As my company, Benefit Trust Life, has been acquiring various types of new health business, we also have been addressing questions such as how much surplus is needed in relation to growth rates and risk.

MR. TRINDLE: Our next speaker is Steve Meskin, Vice President of Martin E. Segal Company and current chairperson of our Research Committee.

MR. STEPHEN A. MESKIN: The Research Committee is currently involved with four major areas: (a) the development of a health care data base, (b) actuarial aspects of continuing care retirement communities, (c) the development of adverse selection models (which expands the work of the Claim Deterioration Task Force), and (d) development of experience on long-term-care products. With regard to the long-term care project, data are being requested for a fall 1989 report intended for publication in 1990. Future projects include an analysis of trends. In addition, current developments and the status of the various research activities will be communicated to Health Section members through a new section in the *Health Section News* called "Research Project Scorecard."

MR. TRINDLE: The Society Research Committees have taken on several extremely ambitious health insurance research projects. It is our role to help keep these efforts focused on results that are achievable, useful, and timely.

There has been a great deal of discussion lately about the role of actuaries in health care policy-making. While most health actuaries feel they have much to contribute to the public debate, not everyone agrees. For example, Carl Schramm, President of the Health Insurance Association of America, made a statement that health actuaries really played no role in health care policy-making. He felt this area was strictly the domain of what he calls "health policy analysts."

In a letter clarifying his position, he identified four areas where health actuaries could take action to promote their role in the public debate:

1. Increase the awareness of the profession;
2. Broaden our educational process to better teach actuaries the overall political context of policy-making issues, not just the technical aspects;
3. Look for opportunities to use our reputation for objectivity to enhance our position;
4. Find ways of influencing the curriculum of health policy schools around the country. Seek to increase the emphasis on the private insurance perspective generally and on the actuarial profession specifically.

Our next speaker is Guy King, Chief Actuary of the Health Care Financing Administration. He has been very active in the area of health policy-making and will give us his perspective on this important issue.

MR. ROLAND E. KING: It had been my impression that the initial quotes attributed to Carl Schramm by the *National Underwriter* have been incomplete and out of context, and that he felt actuaries were important to the development of health policy proposals. I believe that the recent debate over the Medicare Catastrophic Coverage Act provides an example of actuarial influence over health policy. Although some may feel that the final version of this bill leaves much to be desired, it was improved considerably in several areas through actuarial input. For example, the separate limits for Part A and B and Prescription Drugs and the indexing limits for the various sections were included as a result of actuarial recommendations.

MR. TRINDLE: The question of our role in health policy-making is part of the broader issue of strengthening the profession by creating a positive public image. Phyllis Doran has been active in the area of promoting the profession and will update us on some of the activities now underway.

MS. PHYLLIS A. DORAN: In an effort to promote public awareness of health actuaries in the centennial year of the profession; a special public relations campaign will be undertaken. One example of this is the long-term care survey which was recently distributed by the Health Section.

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The results of this survey will form the basis of a number of press releases. In addition, a special forum for the press will be held on the subject of long-term care later this month. The forum will include two actuaries (Gordon Trapnell and Bartley Munson), members of the press and industry leaders. Future activities will depend on the success of these efforts.

