

BENDING THE COST CURVE: WHAT DO ACTUARIES THINK?

CHARTPACK OF RESULTS OF A 2010 SOA SURVEY

PRESENTED BY THE WORK GROUP ON UNTAPPED OPPORTUNITIES FOR
ACTUARIES IN HEALTH

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In May 2010, the Society of Actuaries (SOA) fielded a survey of the 3,372 members of the SOA Health Section living in the United States, asking for their opinions on ways to bend the cost curve in light of the Patient Protection and Affordable Care Act (ACA), the new health reform law passed in March 2010.

We received 633 responses, with 516 complete responses, and the remainder partial responses.

Several of the questions asked for the level of agreement with certain statements or concepts. Other questions asked for open-ended responses, and these responses were compiled and grouped together into categories.

This report was prepared by Sara Teppema, FSA, MAAA, FCA, SOA Staff Fellow for Health. Special thanks to Jill Leprich, SOA Project Specialist, and to Valerie Nelson, FSA, MAAA, for their assistance in compiling these results.

IN JUNE 2010, THE SOA RELEASED THE RESULTS OF ITS SURVEY OF HEALTH ACTUARIES AND CONSUMERS



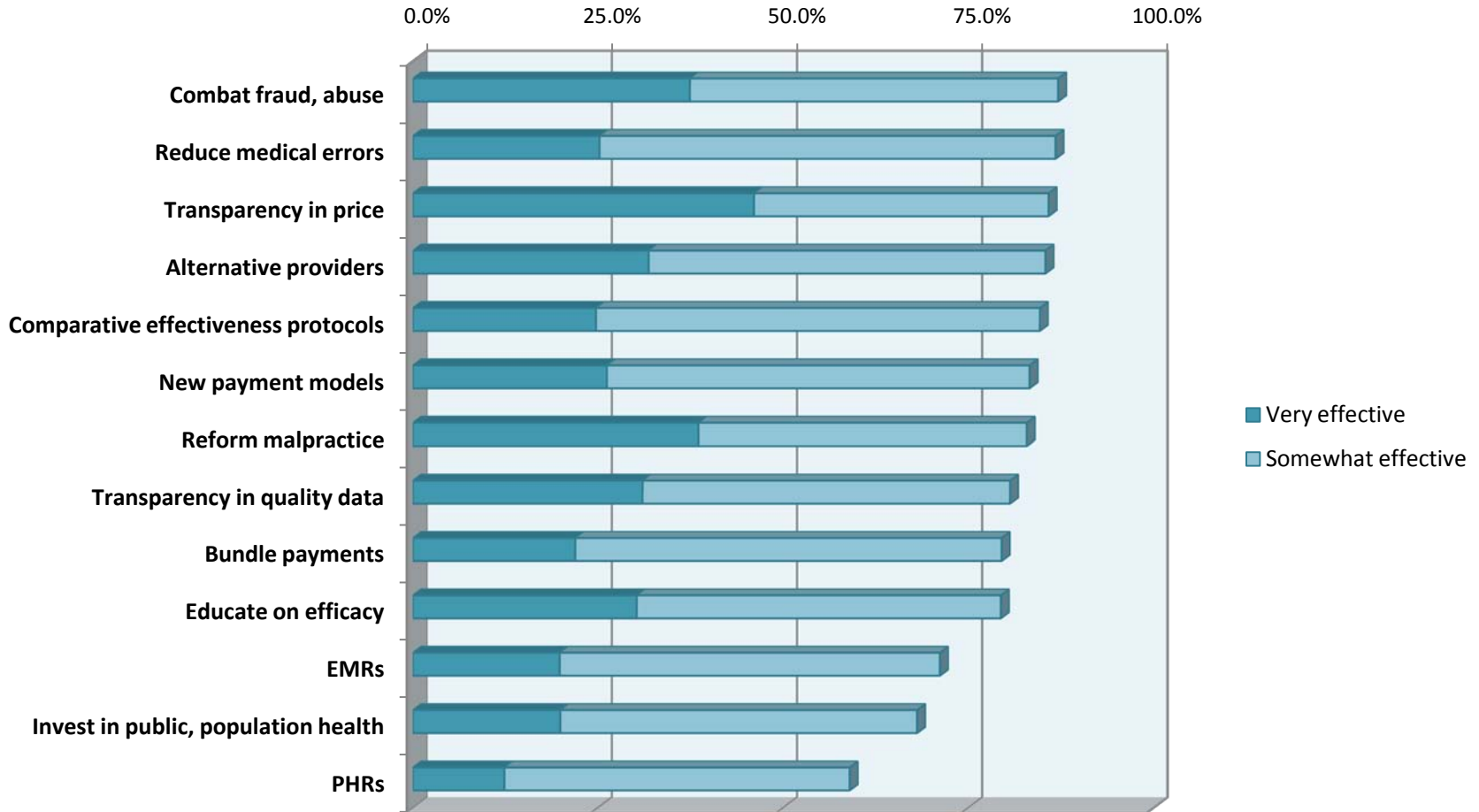
For Immediate Release

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*

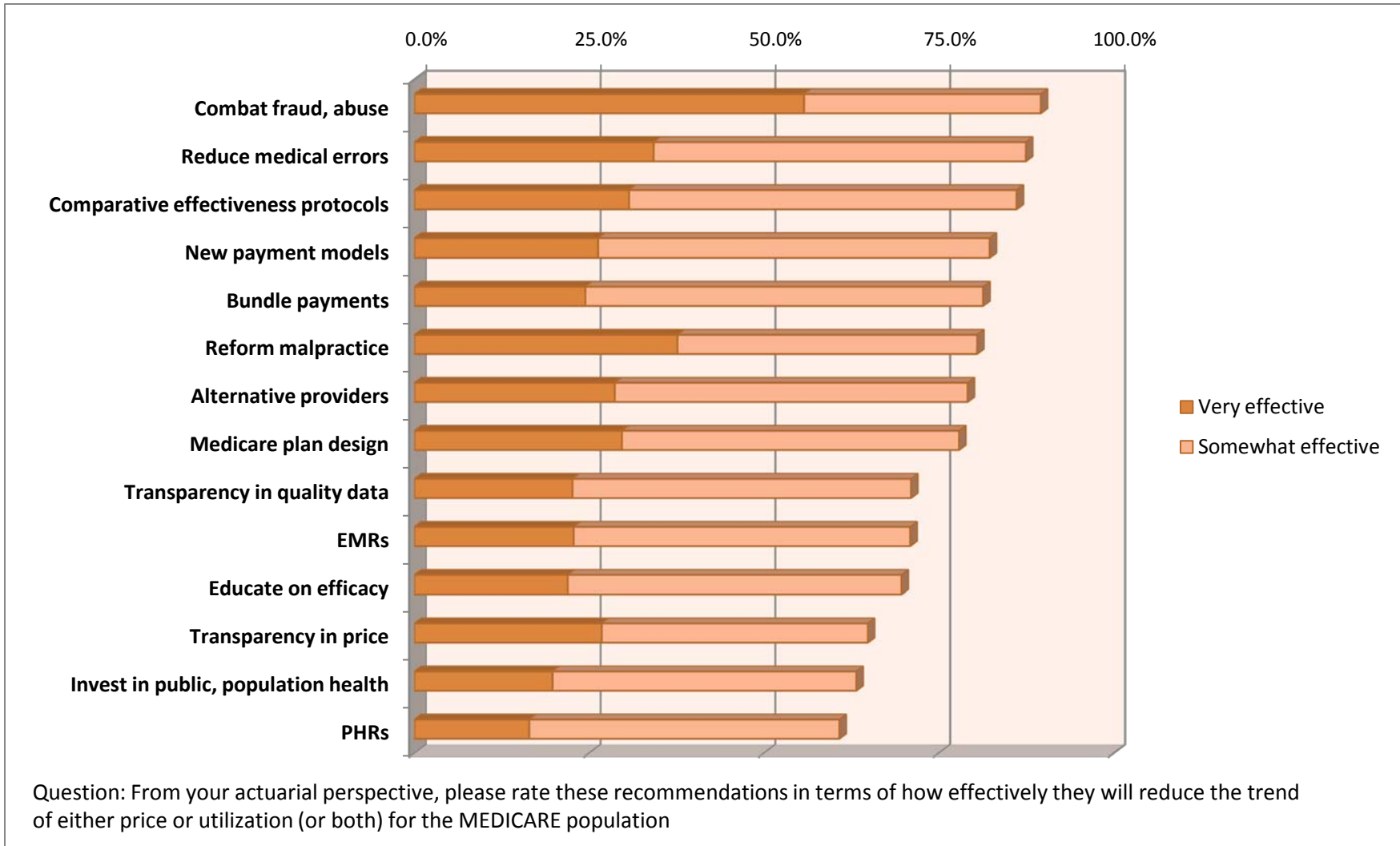
SCHAUMBURG, Ill., June 29, 2010 – With national healthcare spending expected to rise by hundreds of billions of dollars over the next 10 years, there needs to be a greater emphasis on finding ways to reduce healthcare cost trends. According to the findings from two recent surveys by the Society of Actuaries (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.

HEALTH ACTUARIES BELIEVE PRICE TRANSPARENCY, REFORMING MALPRACTICE AND COMBATING FRAUD AND ABUSE WILL BE VERY EFFECTIVE IN BENDING THE COST CURVE FOR THE **COMMERCIAL** POPULATION.



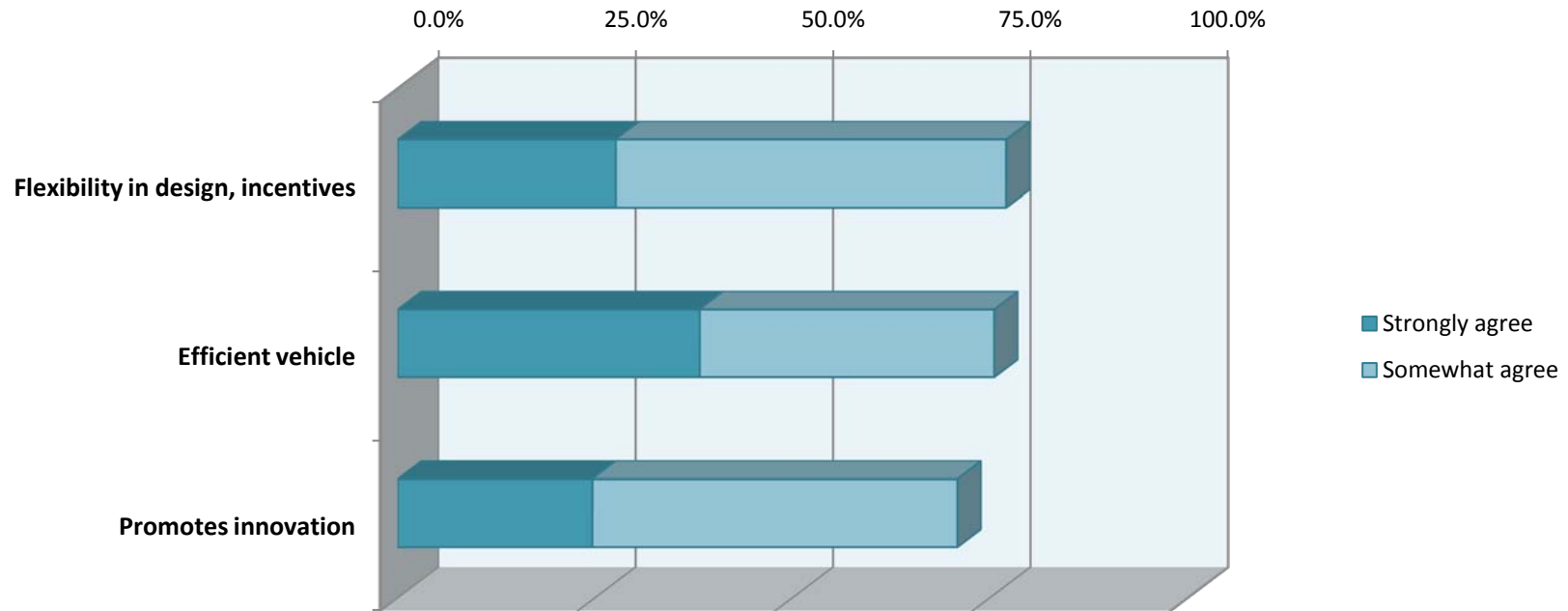
Question: From your actuarial perspective, please rate these recommendations in terms of how effectively they will reduce the trend of either price or utilization (or both) for the **COMMERCIAL** population

HEALTH ACTUARIES BELIEVE COMBATING FRAUD AND ABUSE WILL BE VERY EFFECTIVE IN BENDING THE COST CURVE FOR THE **MEDICARE** POPULATION.



OVER 70% OF HEALTH ACTUARIES AGREE THAT THE EMPLOYER-BASED SYSTEM OFFERS FLEXIBILITY IN PLAN DESIGN AND INCENTIVES, PROMOTES INNOVATION AND IS AN EFFICIENT VEHICLE FOR HEALTH INSURANCE

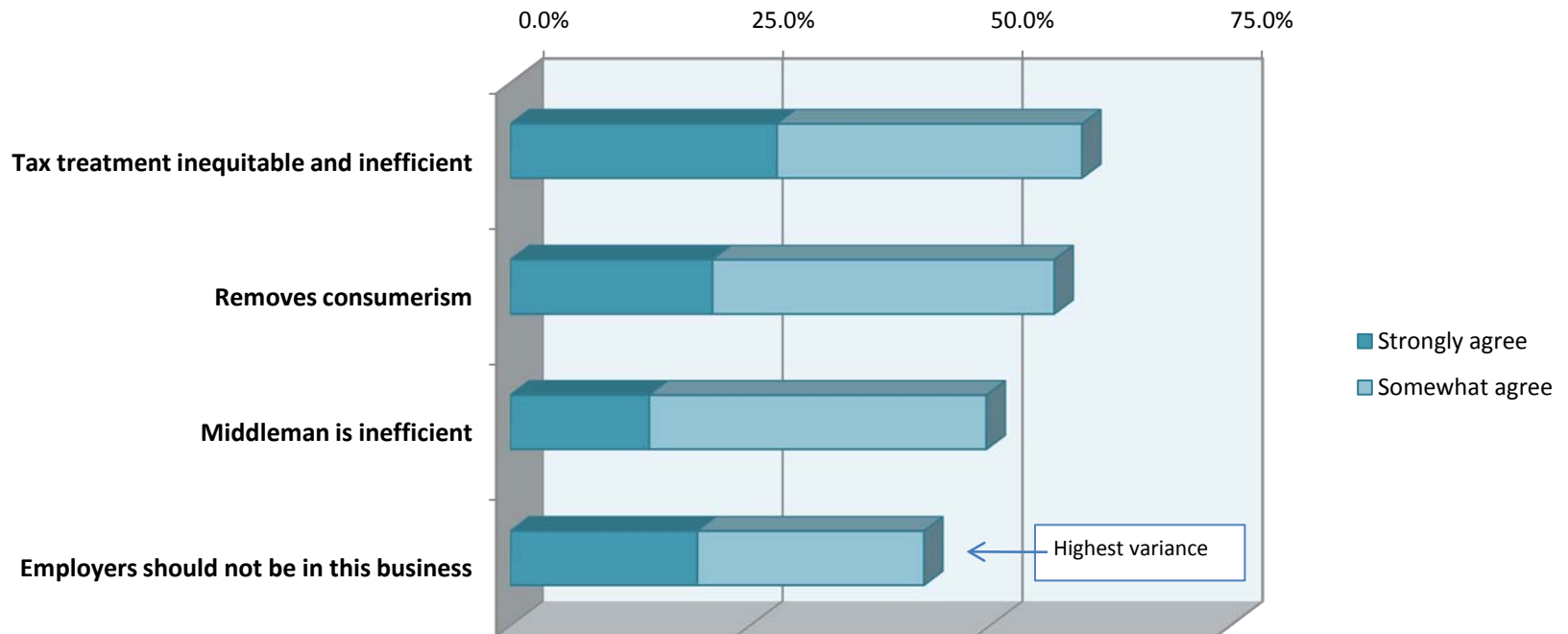
Responses In Favor of Employer-Sponsored Coverage



Question: Please rate your agreement with the following arguments for or against the effectiveness of Employer sponsored coverage to bend the cost curve downward.

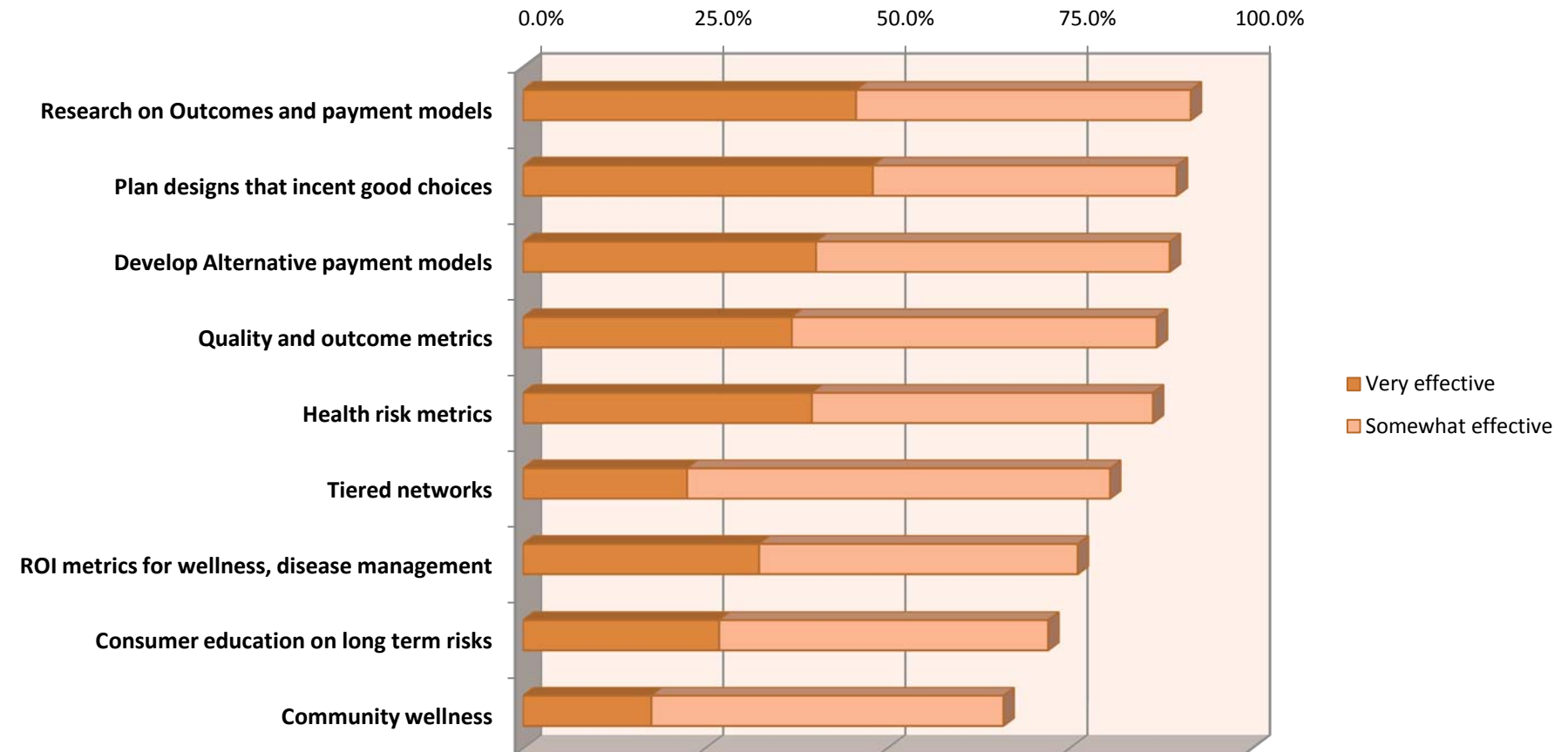
OVER 50% OF HEALTH ACTUARIES AGREE THAT THE EMPLOYER SYSTEM HAS INEQUITABLE AND INEFFICIENT TAX TREATMENT AND HINDERS CONSUMERISM. ACTUARIES DISAGREE WIDELY ON WHETHER OR NOT EMPLOYERS SHOULD BE IN THE BUSINESS OF PROVIDING HEALTH INSURANCE

Responses Against Employer-sponsored coverage



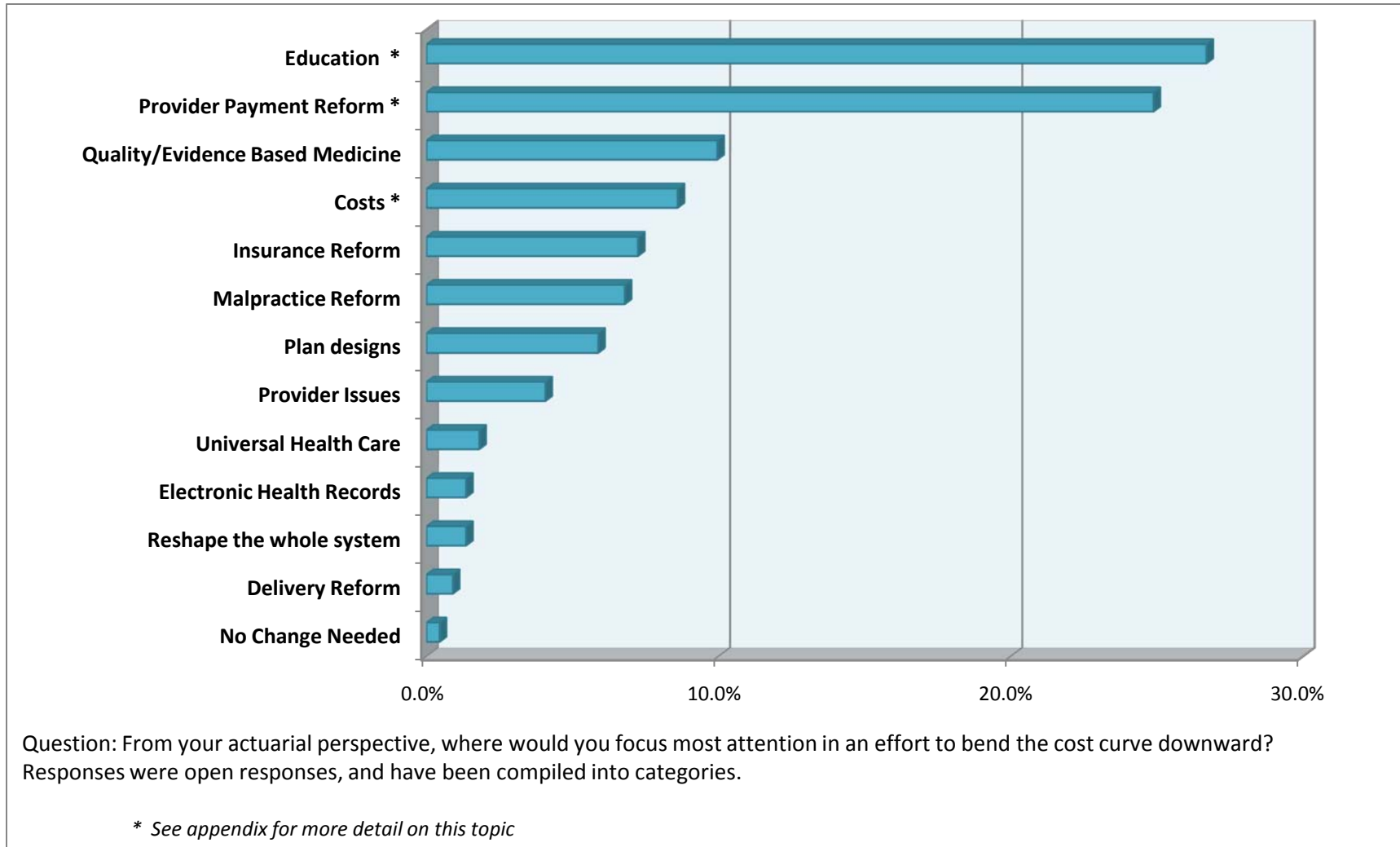
Question: Please rate your agreement with the following arguments for or against the effectiveness of Employer sponsored coverage to bend the cost curve downward.

HEALTH ACTUARIES CAN HELP INDIVIDUALS MAKE BETTER CHOICES BY PROVIDING RESEARCH ON OUTCOMES AND PAYMENT MODELS

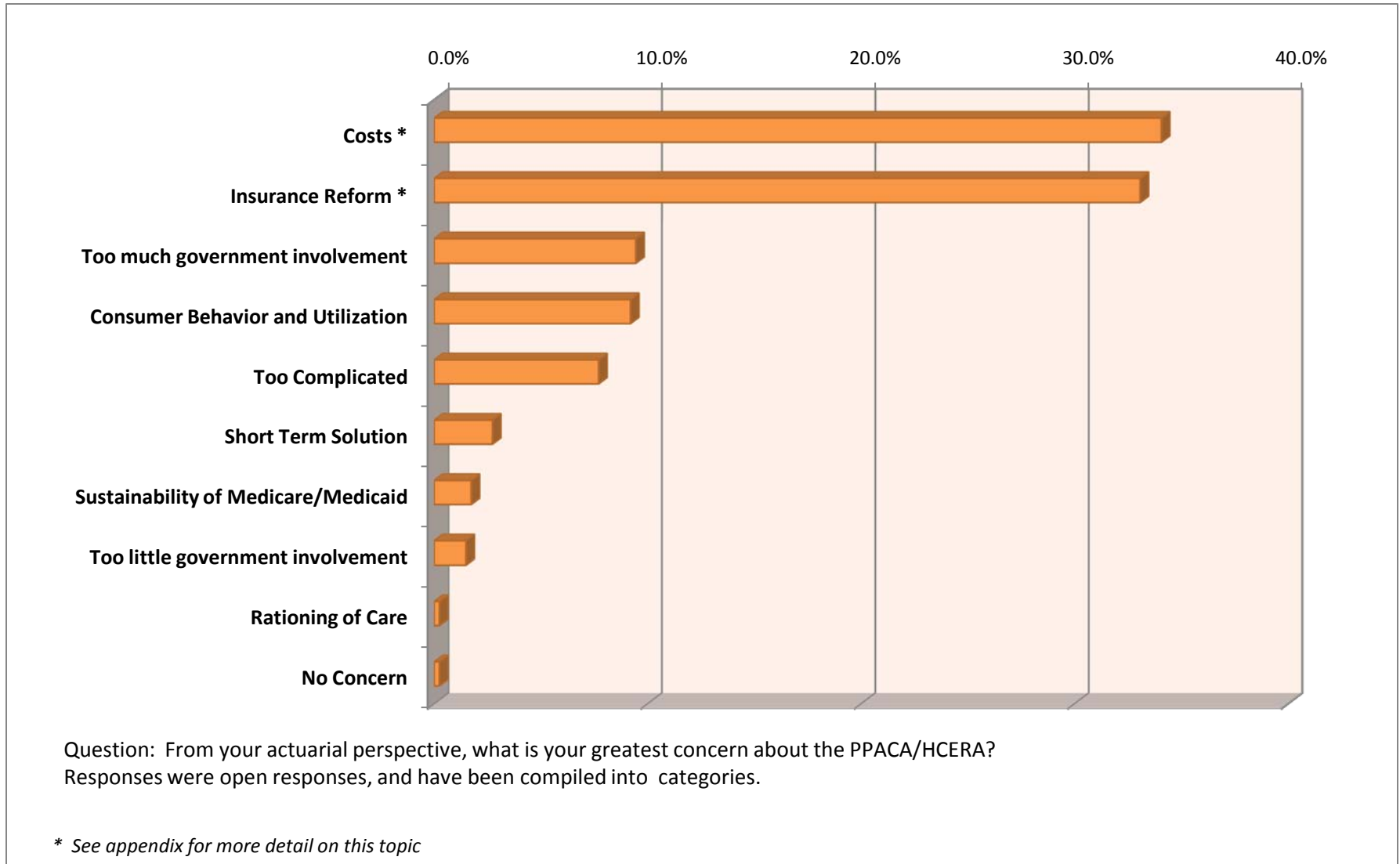


Question: Thinking of the roles in which actuaries may help individuals make better choices as patients and consumers, how effective are each of the following.

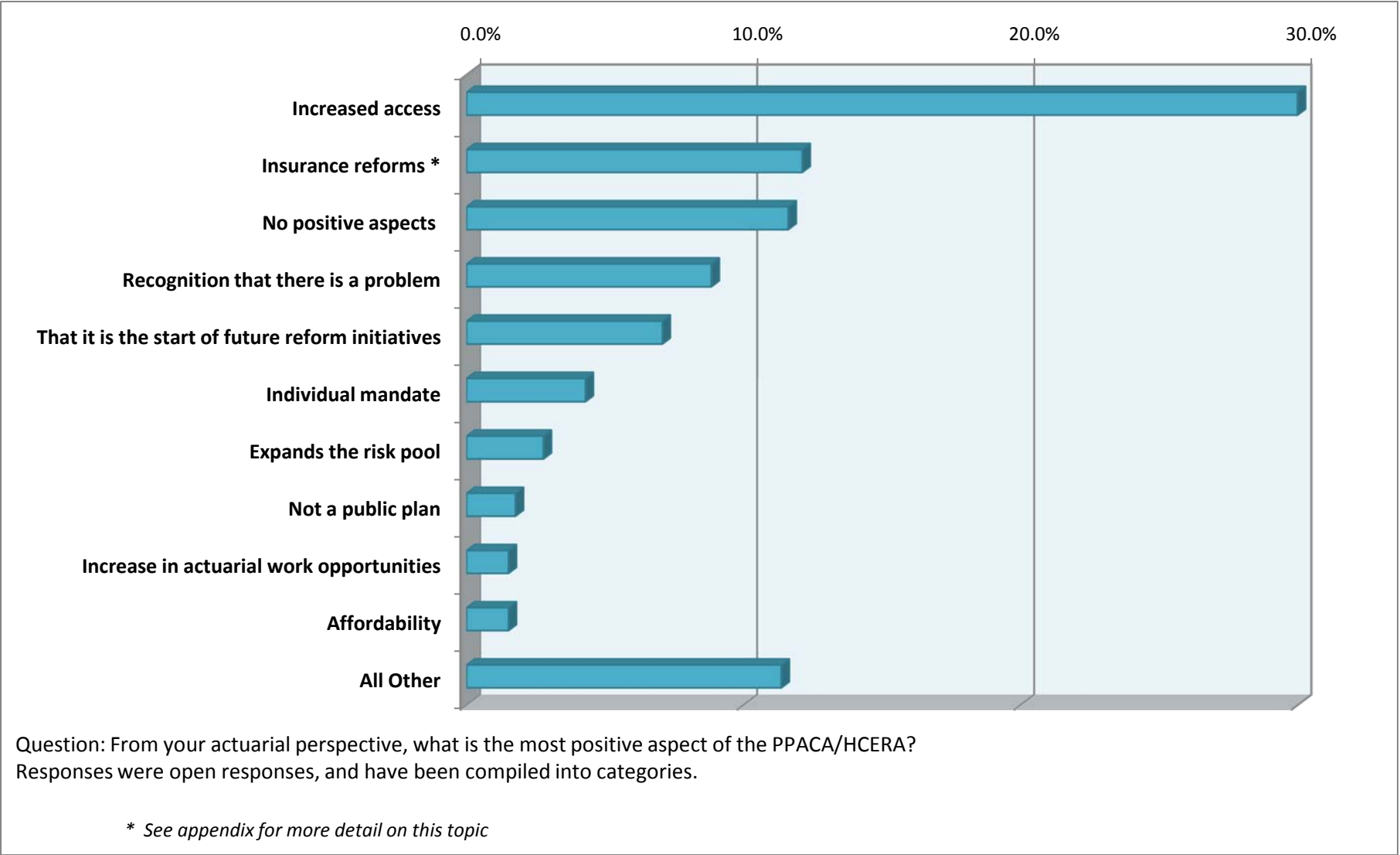
ACTUARIES SHOULD FOCUS ATTENTION ON CONSUMER EDUCATION AND PROVIDER PAYMENT REFORM TO BEND THE COST CURVE DOWNWARD



ACTUARIES' GREATEST CONCERNS WITH THE ACA ARE IN THE AREAS OF COST AND INSURANCE REFORM



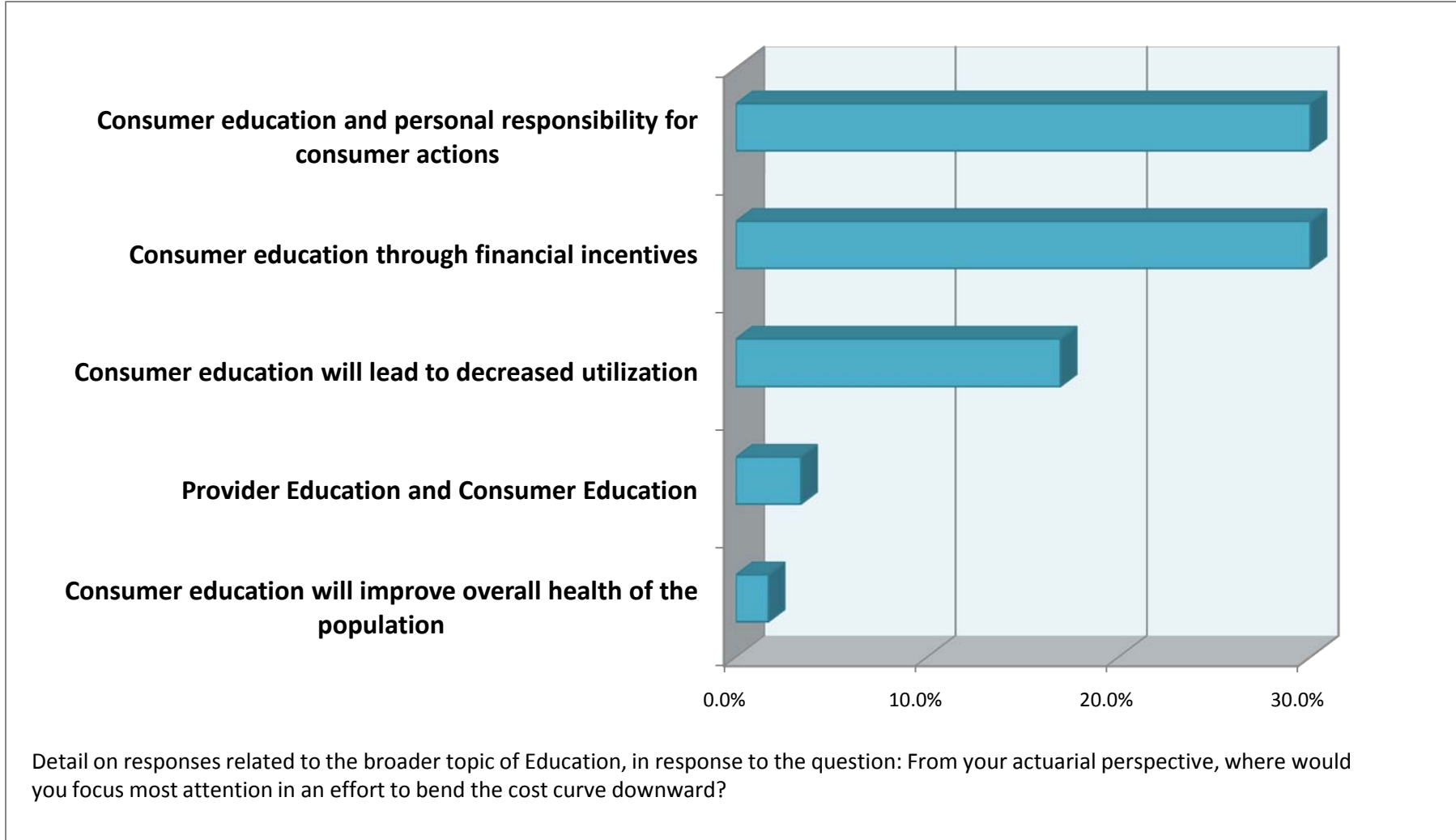
ACTUARIES BELIEVE THE MOST POSITIVE ASPECT OF THE ACA IS INCREASED ACCESS TO INSURANCE



APPENDIX I: DETAIL ON GROUPING OF RESPONSES

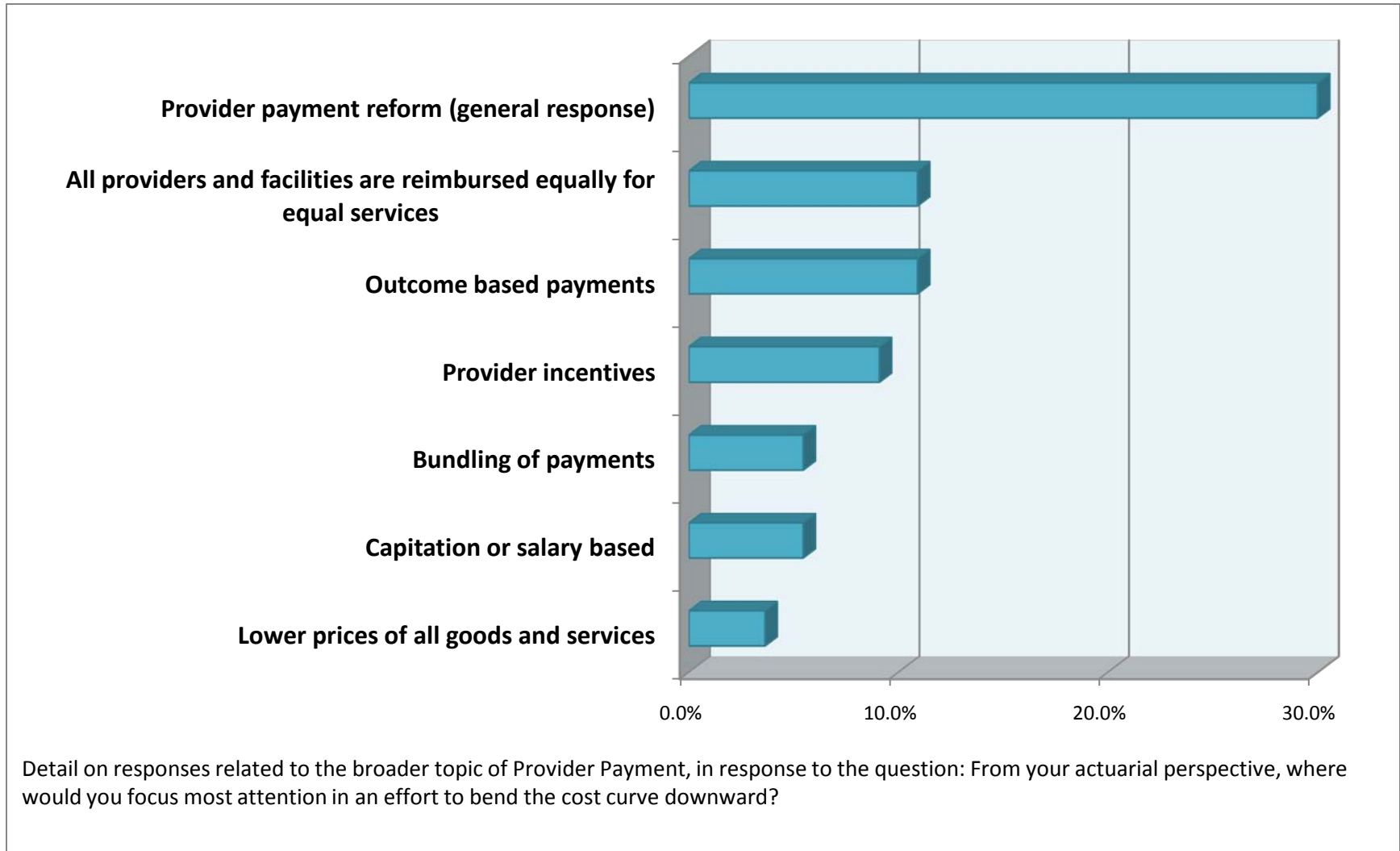


WHERE SHOULD THE MOST ATTENTION BE PAID TO BEND THE CURVE DOWNWARD? *DETAIL ON THE BROAD RESPONSE OF EDUCATION*

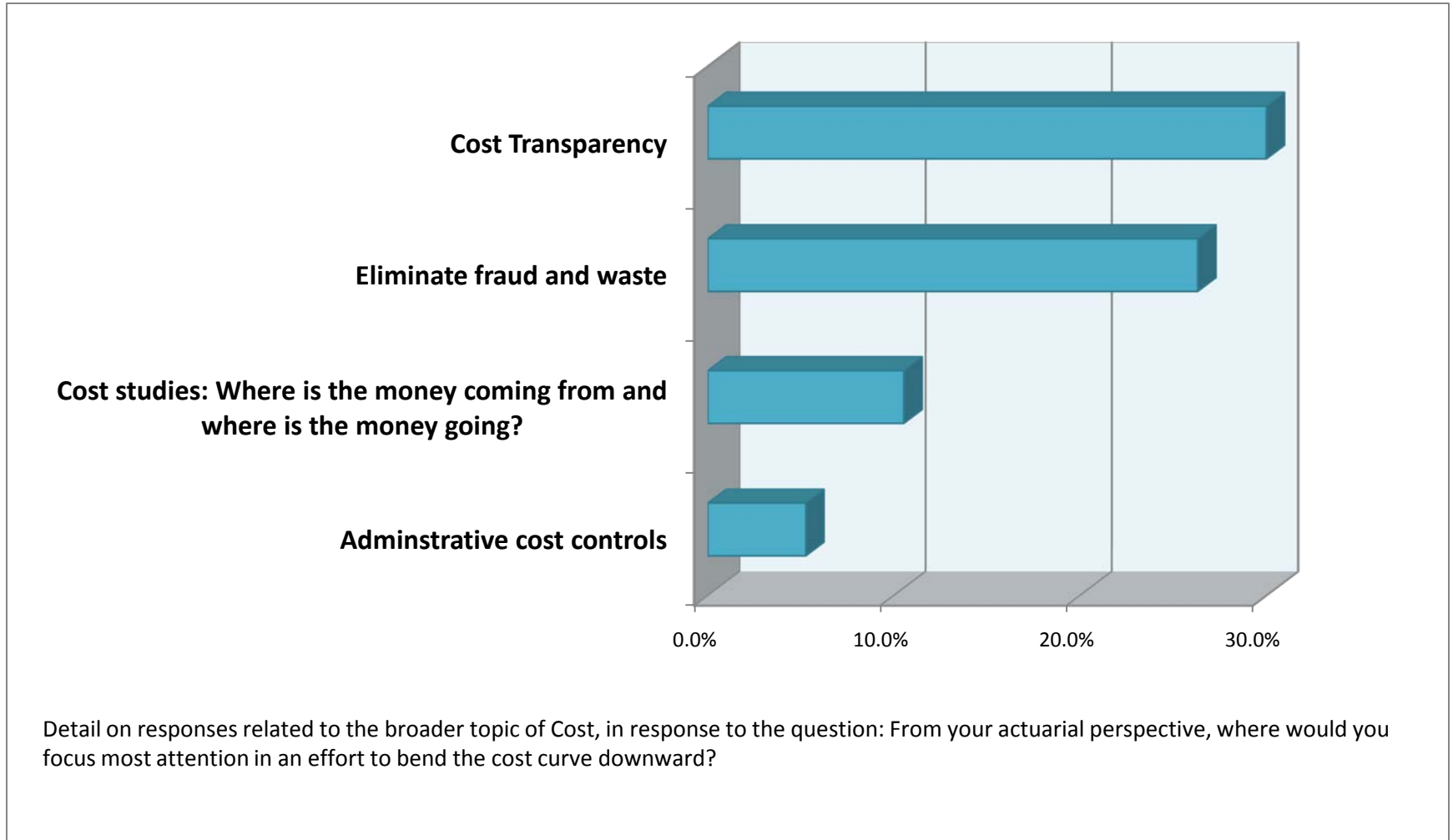


WHERE SHOULD THE MOST ATTENTION BE PAID TO BEND THE CURVE DOWNWARD?

DETAIL ON THE BROAD RESPONSE OF PROVIDER PAYMENT



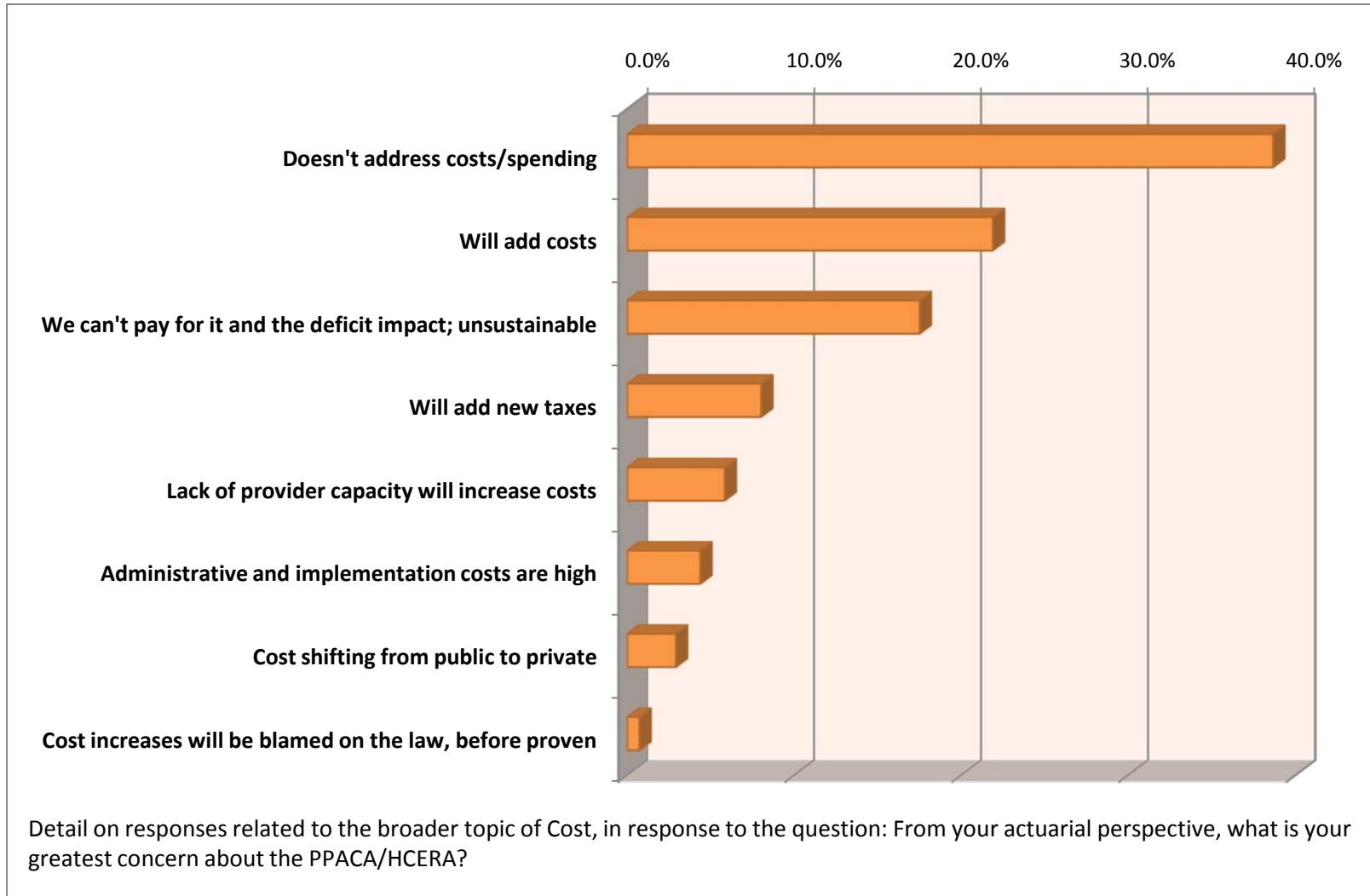
WHERE SHOULD THE MOST ATTENTION BE PAID TO BEND THE CURVE DOWNWARD? *DETAIL ON THE BROAD RESPONSE OF COSTS*



WHAT ARE THE GREATEST CONCERNS WITH THE ACA?

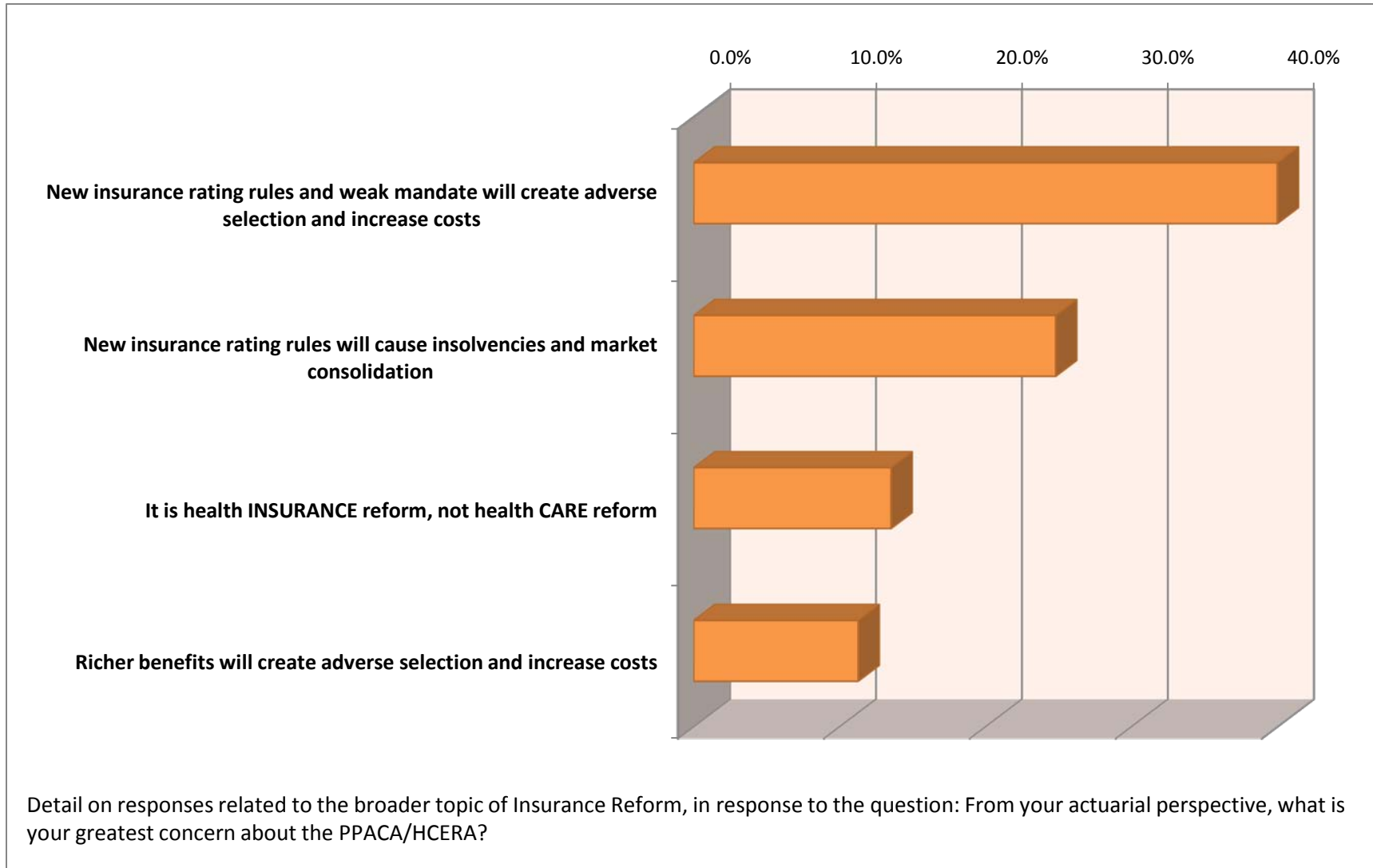


DETAIL ON THE BROAD RESPONSE OF COST

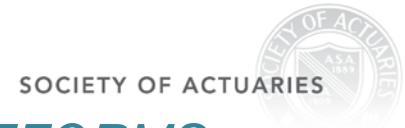


WHAT ARE THE GREATEST CONCERNS WITH THE ACA?

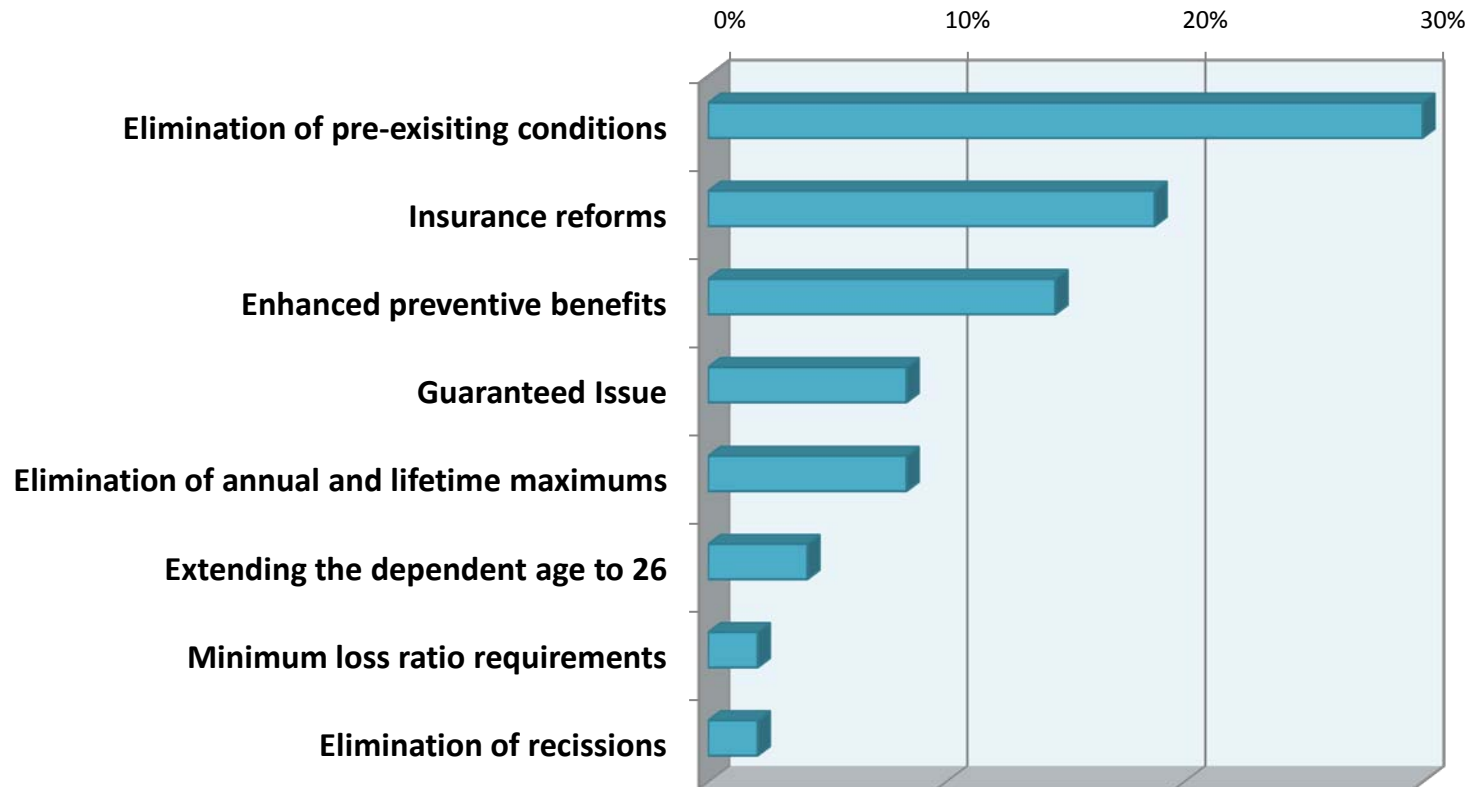
DETAIL ON THE BROAD RESPONSE OF INSURANCE REFORM



WHAT IS THE MOST POSITIVE ASPECT OF THE ACA?



DETAIL ON THE BROAD RESPONSE OF INSURANCE REFORMS



Detail on responses related to the broader topic of Insurance Reforms, in response to the question: From your actuarial perspective, what is the most positive aspect of the PPACA/HCERA?