

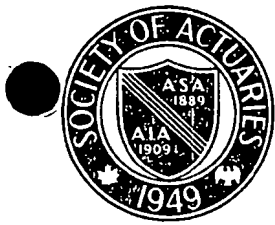


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1971 ADVISORY COUNCIL REPORT ON SOCIAL SECURITY

by Charles A. Siegfried

Attention is called to the Report of the most recent Advisory Council which was released by the Secretary of HEW on April 4, 1971. It deals with matters that should be of interest and concern to all citizens, and especially to actuaries and students of social insurance.

So far, the newspaper articles and press releases covering the Report have been general in nature and have, perhaps unintentionally, emphasized "newsworthy" rather than fundamental issues. For example, the *New York Times* headline relating to release of the Report was "Broader Medicare Urged by U.S. Advisory Council." As a member of this Council, I found it somewhat ironic that the word "urged" was used by the headline writer for a recommendation that the Council advanced with unusual caution and with much less than unanimous assent. As is often the case, it is desirable, perhaps even necessary, that one personally review the whole of any report of this kind in order to make a fair evaluation. Such is recommended here. The use of the word "broader" in the headline certainly conveys the expansive nature of numerous proposals recommended by a majority of the Council.

Although the cost of the recommendations proposed by the majority may be characterized in various ways, a fairly descriptive picture is given by saying that it represents an increase of about 30 per cent over the level of the program as it stood at the end of 1970. This seemed to several Council members to be a dangerously big upward jump.

Some Council members, while acknowledging the severity of this cost impact, sought to mitigate its effect by recommending that one-third of the cost of the

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NATIONAL HEALTH

Report of the 1970 National Health Forum Meeting the Crisis in Health Care Services in Our Communities, National Health Council Inc., New York, 210 pp.

by John C. Angle

Most of the *Report* of the 1970 National Health Forum is given over to the formal papers and prepared commentaries thereon that served to stimulate discussion at the Forum. The papers themselves amount to statements by proponents of what were perceived to be three alternatives in the financing of health care and three alternatives in the organization of health care.

A reader will find his time rewarded in reading Editor Harry Milt's 25-page summary of the conclusions reached in discussion groups and by panelists. For instance, the poor saw the "health care crisis" as existing in the difficulty they experienced in obtaining medical care of any sort. Another expression of the same theme was the statement "that to speak of health care as a 'right' is an empty promise because we are in no position to deliver to those who claim this right."

The discussions tended to proceed rapidly to the practical implications of each proposal. No proposal received a consensus: group practice plans and foundation plans, while fitting middle class needs, were said to be of limited usefulness in reaching other segments of society.

The diversity of viewpoints impressed this participant and led to my observations which appear on page D-11 of *TSA* Volume XXII.

It is instructive that both the National Health-Care Act proposed by Representative Burluson of Texas and President Nixon's health care program place major emphasis on increasing the supply of health services. □

GAAPosis

by A. C. Webster

The Exposure Draft of the American Institute of Certified Public Accountants on *Audits of Life Insurance Companies* has not apparently had among actuaries the wide circulation it deserves, judging by the relatively few responses to Robert Winters' letter in the February issue of *The Actuary*. This is a most important document because it affects not only the accounting practices of life insurance companies but also the status of the actuarial profession.

Most members of the Society are well aware that over the last few years there has been among financial analysts and investors a request for a form of annual statement which would give more information to the public as to the earnings of life insurance companies. The N.A.I.C. convention statement is designed quite properly to assure solvency, since the interests of the policyholders in any company, stock or mutual, should be the first concern of the supervisory authorities.

The C.P.A.'s have been concerned with the problem of finding a different form of statement and have been studying the matter for some time. The Life Insurance Association of America and the American Life Convention some time ago appointed a Joint Committee to work with the accountants. The Chairman of this Committee on Financial Reporting Principles is Jarvis Farley, Chairman of the Board of the Massachusetts Indemnity and Life Insurance Company. As one solution to the need for a different statement this Committee suggested the use of Natural Reserves. The Committee did not consider this the *only* solution but it was adopted as *the* solution by the A.I.C.P.A. Committee and is so designated in the Exposure Draft.

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