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MORE VERSATILE ACTUARIES

IF we reflect on the growth of our profession over the past half century and consider how it has been affected by the form and content of actuarial education, we might well ask whether our current educational objectives and methods will suffice to produce actuaries able to function effectively in the years to come. For we are now under conflicting pressures to provide a broader grounding in fundamentals on the one hand and more intensive specialization on the other, as well as greater exposure to other disciplines and at least a minimum of experience in one's own area of specialization. The increasing complexity of our environment and the interdependence of technical skills make it necessary for actuaries to keep up with the rapid expansion of knowledge not only in insurance, pensions and related fields but also in many other disciplines, such as the theory and practice of investing.

The institutional setting in which most actuaries work and the information they rely on are undergoing radical change so that past experience is becoming less and less trustworthy as a guide to new developments. But actuaries are expected to design and price a variety of new financial arrangements; they must address themselves to new situations involving contingencies ranging from disability to catastrophe risks and demonstrate expertise with computers and advanced statistical techniques in solving new problems.

Such diverse actuarial services are currently in demand by institutions other than insurance companies as well as by governmental agencies, but most importantly by a more sophisticated public. Furthermore, actuaries are frequently called upon to perform on multidisciplinary teams that include other professions.

The training of actuaries should be adapted both to new knowledge and new roles. The postulates of some of the disciplines we have drawn on—for instance, economics and finance—are being questioned. To identify the most reliable resources on which a forward looking actuarial education can be built, we must periodically reexamine the facts and hypotheses that are blended and transformed into actuarial science.

The scope of these reviews will differ from one area to another, as we develop programs to fit the needs of actuaries engaged in different tasks. This will require gauging the extent to which individuals can be trained for more than one role, and how much time may reasonably be devoted to such educational bypaths. A more promising approach towards greater versatility would appear to lie in having several learning periols throughout an actuary's working life.

Our profession attracts men and women who seek a broadly conceived career. They can be influenced farther in that direction by reward and feedback systems that promote versatility. One obvious path to versatility is in continuing education. Its effectiveness depends, of course, on ready access to new information and new ideas, but even more on the attitudes and practices of one's colleagues. Continuing education will not thrive where new information and new ideas are regarded as impractical or theoretical, or where the admonition cited below is not taken to heart.

Cease not to learn until thou ceas't to live.
Think that day lost, whenever thou draw'st no letter,
Nor gain'st no lesson that new grace may give
To make thyself more learned, wiser, better.

E. A. Lew

TO BE CONTINUED

Editor's Note: This is another in the series of articles from the Committee on Continuing Education and Research. Comments will be welcomed by the Committee and by the Editor.

This review has been prepared by the Committee on Health Insurance.

Geographical Indices for Health Insurance

Members of the Society interested in health insurance will be well advised to obtain a copy of *Medicare: Health Insurance for the Aged,* 1969: *Geographic Indices of Reimbursement by State and County* recently published by the Office of Research and Statistics and by the Office of the Actuary, Social Security Administration, Washington, D.C. This document can be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402.

This document may well contain the best information available anywhere as to the variation in health insurance claim costs by geographical areas within the United States. It displays two indices for each state and for each county, one representative of claim costs per enrollee under Hospital Insurance (Part A of Medicare), the second under Supplementary Medical Insurance (Part B of Medicare), for calendar year 1969. These indices are standardized for age-sex distributions within the 65 and over population to which the Medicare program applies.

The geographical variation shown by the county indices is large. For HI the indices for the highest cost counties are as much as 5 times that for the lowest cost counties; for SMI the variation is even wider. The indices reflect differences in utilization as well as differences in price, and give no information on either of these phenomena separately.

For purposes of determining geographical factors for group health insurance rate structures, the indices published have the obvious drawback that they are based entirely on 65 and above data. This is not as serious as it might otherwise be, because the indices measure relative costs (one geographical area to another) rather than absolutes. Many actuaries will be willing to assume, at least until evidence to the contrary turns up, that areas with higher than average claim costs for the Medicare population would turn out to have similar character-

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