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Soundbites

from the American Academy of Actuaries Health Practice Council

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What's New

On July 11, John Bertko and Cori Uccello, the Academy's senior health fellow, presented at a Capitol Hill briefing sponsored by the Academy on actuarial equivalence, specifically how it relates to health benefit plans. Similarly, on May 20, the Academy sponsored a Hill briefing on risk pooling and the potential effects of health care reform on the individual and small-group markets. David Shea, chairperson of the Academy's Federal Health Committee, and Cori Uccello presented at the briefing, which drew 45 attendees from congressional offices, the media and other external health policy organizations. The slides from the risk pooling briefing can be found at: *http://www.actuary.org/briefings/pool08.asp*. These are the first two in a series of 101-type Hill briefings planned for 2008.

Also, on July 11 Geoff Sandler of the Health Practice Council testified at the National Conference of Insurance Legislators (NCOIL) meeting on a proposed resolution in support of legislation extending dependent health benefits for young adults age 19-25. His comments concerned subjects that should be addressed in legislation extending dependent benefits, including eligibility and enrollment periods, and the premium costs and savings that may be associated with such legislation.

On May 30, the National Association of Insurance Commissioners held a public hearing on the rising costs of health care. Testifying on behalf of the Academy, Shari Westerfield, chairperson of the State Health Committee, outlined a number of health care cost drivers and options to address them. Cost drivers identified included those that increase per-unit costs such as inflation, expanded provider networks and provider consolidation, and those that increase utilization including new technology and treatments, lifestyle factors and more generous benefit packages.

On March 6-7, the HPC and Federal Health Committee held their annual Capitol Hill visits. Sixteen members visited 23 Congressional offices, government agencies, and external organizations over the course of two days. During the course of the visits, Academy members responded to questions on a wide variety of issues: the effect on premiums of risk pools in the group and non-group markets, the pros and cons of mandates, the role and experience of the recently implemented Massachusetts health reform program, the effectiveness of disease management programs, the Bush administration's tax proposal, and mental health parity legislation.

In late March, the Academy's Medicare Steering Committee released an updated version of its issue brief, *Medicare's Financial Condition: Beyond Actuarial Balance*, to reflect information from the 2008 Medicare Trustees' Report. The paper highlights the committee's view that Medicare faces serious long-term financing problems that should be addressed as soon as possible. The brief can be found online at: *http://www.actuary.org/pdf/medicare/trustees_08.pdf*.

Also in March, the Health Practice Council, as part of its 2008 election strategy, released a series of brief summaries of some of the relevant issues being discussed as part of the national dialogue on health care reform. The purpose of these papers is three-fold: to provide basic information for policymakers and the media, address issues policymakers need to consider as they engage in discussions on any of these topics, and to remind policymakers that the actuarial profession is an objective resource that is aware of the issues and ready to help with solutions. The series includes information on the following: rising costs of health care, medical reinsurance, medical insurance pools, Medicare and consumer-driven health plans.

Ongoing Activities

The Academy's Health Practice Council has many ongoing activities. Below is a snapshot of some current projects.

Consumer Driven Health Plans Emerging Data Subgroup (David Tuomala, chairperson)—This work group is developing a paper analyzing emerging CDHP data, which is expected to be available in October 2008.

Health Practice Financial Reporting Committee (Darrell Knapp, chairperson)—The committee continues to work on updating several practice notes (Small Group Certification, Large Group Medical, and General Considerations). Also, having received a charge from the NAIC to create a health trend test, a joint work group of the Health Practice Financial Reporting Committee and the Committee on State Health Issues has been formed. The group developed a report on health trend tests, using data provided by the NAIC.

Individual Medical Market Task Force (Mike Abroe, chairperson)—This task force continues to work on a monograph related to how the current individual market operates. Issues examined in the paper relate to affordability and barriers in the individual medical insurance market. The paper is expected to be published in 2008.

Long-Term Care Principles-Based Work Group (Bob Yee, chairperson)—This work group is beginning the modeling phase of their work and will be providing an update to the NAIC in 2008.

Uninsured Work Group (Cathy Murphy-Barron, chairperson)—The work group released a paper on issues related to the fundamental principles of insurance and characteristics of health coverage in September 2008. The work group is also working on an issue brief that will address the drivers of health care costs, which is expected to be available in Fall 2008.

Health Care Quality Work Group (Michael Thompson, chairperson)—This work group is developing an issue brief that will examine health care quality today and the impact of comparative effectiveness research on the advancement of health care technologies and quality treatments.

State Mandated Coverage Task Force (Kevin Borchert, chairperson)—This task force is developing an issue brief that will discuss mandating the purchase of health insurance and the goals of such programs, funding considerations for implementing mandated coverage legislation, benefit design considerations, and modeling and data availability.

Stop-Loss Work Group (Shaun Peterson, chairperson)—This work group is continuing to update a 1994 report to the NAIC on stop-loss factors, and is currently checking data calculations prior to re-starting the modeling phase of their work.

Medicare Part D Risk-Based Capital Subgroup (Jim Braue, chairperson)—This subgroup is currently investigating data sources to be used for updating a 2005 report on Part D RBC risk factors.

Disease Management Work Group (Ian Duncan, chairperson)—This work group has begun development of an issue brief on evaluating wellness programs.

NAIC Projects

The Committee on State Health Issues and Health Practice Financial Reporting Committee continue to monitor issues, including LTC, health insurance issues, Medicare Part D, principles-based methodologies, Medigap modernization, etc.

If you want to participate in any of these activities or you want more information about the work of the Academy's Health Practice Council, contact Heather Jerbi at *Jerbi@actuary.org* or Dianna Pell at *Pell@actuary.org*. ■