



SOCIETY OF ACTUARIES

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Health Watch

Navigating New Horizons

An Interview with John Bertko

by Sarah Lawrence

For most people retirement is an opportunity for relaxation and the pursuit of hobbies once pushed into the background during the hustle and bustle of full time working life. But for actuary John Bertko, years of hard work as a consultant and as a chief actuary have naturally spilled over into his retirement in the form of public service.

As a member of the Medicare Payment Advisory Commission (MedPAC), the National Advisory Committee for the California Health Benefits Review Program (CHBRP) and the Congressional Budget Office Panel of Health Advisors (CBO), Bertko spends much of his retirement conducting research and advising lawmakers on possible outcomes of different types of health care policy—and he wouldn't have it any other way.

"I have a joke with several friends about my 'quasi retirement,'" Bertko said. "I'm actually on five separate nonprofit project teams and the goal is not to exceed 40 hours a week."

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John Bertko, FSA, MAAA, can be reached
at john.bertko@gmail.com.

Bertko said being nominated to participate in these groups was an honor he simply couldn't pass up. "It's acknowledgement that you have skills and experience to bring, but there's also this huge need," he said. "The healthcare system in the U.S. has deteriorated in the 30 years that I've been an actuary and it's time for our generation to fix it."

Getting His Start

As a boy growing up in a small steel worker's town just outside of Cleveland, Ohio, Bertko describes himself as the "typical math geek." So it was no surprise to anyone when he chose to pursue a Bachelor's degree in mathematics at Case Western Reserve University of Cleveland. His path would have been straight ahead from there if it hadn't been for one major detour—the Vietnam War.

"I had one interview in college with a big insurance company and then life changed when the ping pong balls came up with low numbers," he said. "In 1970 they had the first draft lottery and it changed the life of many of us. I chose to go into the Navy."

For four years Bertko served as a mathematics and physics instructor for officers and enlisted students at the U.S. Naval Nuclear Power School in California. It also gave him the opportunity to meet people in the area with similar interests and talents, including a fellow instructor who became an actuary after leaving the Navy. In 1976, fresh out of the Navy himself and looking toward the future, taking a job with Metropolitan Life Insurance Company seemed a good fit.

"It is math oriented, involves problem solving and the people I worked with at Metropolitan in health insurance had interesting jobs," he said. "I found taking the exams the usual—I'm trying to think what the most popular term would be—*ordeal* that it is for everybody, but I got through it in the average amount of time. Five years and I was a fellow."

Moving Up

Bertko worked his way up to senior actuarial associate with Metropolitan in San Francisco before

transferring to Metropolitan in New York. It was then back to San Francisco in 1980 to take a job with Coopers & Lybrand, where he was tasked with serving as managing consultant to state agencies for health reform projects, among other duties.

"I actually rotated through different things," Bertko said. "In the late '80s I was an employee benefits person, including one of the leaders on a big project for post retirement medical benefits. Then as managed care and insurance consulting got more important, Coopers & Lybrand had a number of big clients, notably what was Blue Cross of California, which became Wellpoint, and so I migrated to becoming an insurance company consultant."

In 1996, Bertko accepted a position as chief operating officer and principal for PM Squared/Reden & Anders in San Francisco, where he managed a small health data consulting firm and participated in the development of risk adjustment models, as well as managed client relationships with 15 large health insurers. Finally in 1999 he became vice president and chief actuary at Humana Inc., where he coordinated actuarial practices for the company, oversaw Medicare Advantage pricing and strategy, and served as liaison to Capitol Hill before retiring in 2007.

Projects and Committees

Since 1989, Bertko has contributed his time to a variety of projects and committees. He started with serving as a consultant to the Oregon Medicaid Prioritization Project and moved on to take part in projects such as the State of Hawaii initiative for the Uninsured and State of Colorado modeling of ColoradoCare. He has also served as vice president for the American Academy of Actuaries Health Practice and was a member of committees such as the Actuarial Board for Counseling and Discipline for the American Academy of Actuaries, the Competitive Pricing Advisory Committee for Medicare, and the Medicare Trustees Technical Advisory Panel.

Bertko said a combination of factors has motivated him to devote so much time and energy in so many places. "First of all, it continues to be a place where

you are handed puzzles of various kinds and you're challenged to solve them," he said. "And the second part is along the lines of becoming a consultant to the insurance industry. There was a need for consulting to state insurance departments such as Medicaid agencies and similar kinds of organizations as they began to work on areas of public policy and what should be done to make the system work better."

Current Projects

Trying to make the system work better is what Bertko is currently spending most of his time on at both state and national levels. "What I'm trying to do these days for all the places I'm working is to offer technical advice and not opinions," he said. "Everybody deserves and has opinions, but it's the people we elect who have to make the really tough calls."

As a member of CHBRP, he is one of 18 council members organized to give advice to the California legislature on the implications of anything that changes health care law in the state. "For example, about a year ago there was a law proposed about how to change the effective mandates and so CHBRP staff, who are drawn from various University of California campuses and a couple of other schools, put a report together and then the advisory council took a look at it, reviewed it and basically made sure that what it said made sense."

As a member of MedPAC, Bertko serves as one of 17 commissioners who debate and recommend updates in payment for approximately \$450 billion of Medicare spending. "The updates are based on a whole variety of factors and need to satisfy three criteria: access, cost and quality," he said. "So we keep all of those things in mind when we are given a report with recommendations prepared by a staff of around 25 researchers and policy people."

In 2007 Bertko was nominated to serve on the CBO Panel of Health Advisors, a group consisting of acknowledged experts in health care who examine research in health policy and economics to advise the agency on its analyses of health care issues—an important task in a time when major health care reform is just on the horizon.

"When you line it up with international comparisons there is no way other than to say that we have a mediocre but expensive health care system," he said. "There are parts where the U.S. is the best in the world and there are parts where—and this is a comparison only to the developed nations—we are average or worse."

Bertko said there are two reform projects he is particularly excited to be a part of. The first is working with Brookings and Dartmouth on Accountable Care Organizations, an attempt to create what Bertko calls a "bigger tent" under which medical homes, primary care, case management fees and other reforms might be placed and would be set up to create budgets for health care at a local level. For the second project he is teaming up with RAND for the COMPARE microsimulation model, which seeks to take a very large sample, such as the Medical Expenditure Panel Survey (MEPS), and then set the data up to price out the cost and effects of various kinds of reform. "COMPARE is a very broad model put together by a team of RAND health care economists and is set up to tell people in a very public and transparent fashion what the different effects of reform might be," he said.

Reform and the Actuarial Profession

Of course health care reform means change and Bertko said these changes are going to present a big challenge to the actuarial profession as a whole if those changes extend to the health insurance industry business models. "Among other things most reform proposals require changes in rating mechanisms, changes in coverage and implementation of risk adjustments on a wide scale and actuaries are among those in the best position for all three of those jobs," he said. "But on an individual company basis there are going to be different levels of challenges."

Bertko said the best way actuaries can prepare for these challenges is to keep themselves informed. "My best advice is to read the paper every day," he said. "Almost every day something is being

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announced. Another thing is to read the summaries of bills in Congress and be alert to how they differ. The third place to go is to read, again, from a variety of what I would call non-actuarial sources. For example, MedPAC puts out two very good volumes in March and June that each have about 250 pages. One doesn't need to read all of them, but there are sections in each chapter that should probably be read by every health actuary in the United States." *(Please see the list below for more online resources for health actuaries interested in the reform process.)*

The Volunteer Spirit

Bertko said he is grateful for the career he has had and the fascinating projects he has been able to take part in, but it has been a long process. Actuaries who are interested in seeking a similar path must be willing to put in the extra effort and hours. "Really

it's been 25 years of starting literally at the bottom and moving up in terms of helping with committees and being a chair or vice chair on committees all along the way," he said. "So start small and keep volunteering."

Online Resources:


Health Affairs: The Policy Journal of the Health Sphere—www.healthaffairs.org/

RAND: Health Compare—www.randcompare.org/

The New York Times—www.nytimes.com/

Congressional Budget Office—www.cbo.gov/

Budget Options: Volume I—www.cbo.gov/doc.cfm?index=9925 ■



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Do you have questions about the SOA's CPD Requirement? Want to make sure you are meeting the Basic Requirement or one of the Alternative Compliance provisions?

Visit www.soa.org/cpd to read about how to meet the Requirement's provisions, attest compliance and review the Frequently Asked Questions (FAQs).

Some highlights...

- The SOA CPD Requirement became effective on Jan. 1, 2009.
- Member input has helped to create a Frequently Asked Questions (FAQs).
- Now is the time to start earning and tracking your credits.
- Most SOA members will easily meet the Requirement with Alternative Compliance provisions.
- Members must report compliance with the SOA CPD Requirement as of Dec. 31, 2010.