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Navigating New Horizons ... An Interview with Julia Philips

By Sarah J. Hamblin

In general an actuary's mission is simple: help your employer price accurately to remain profitable. It's difficult work, and, as a result, actuaries are paid very well to do it. In fact, it's the lucrative salary potential that has attracted many a math wizard to this profession. On the other side of the coin there are actuaries such as Julia Philips, who has chosen to dedicate her skills to serving the public even at the expense of the additional funds she could earn working in the private sector.

Philips has been employed as the only health actuary for the Minnesota Department of Commerce since 1995. Her responsibilities include reviewing annuity, health and life insurance policies and rates for compliance with state statutes, reviewing the financial soundness of life and health insurers, and providing technical advice on health care issues to the Minnesota state legislature.

"I'm certainly not giving my time away, but if I wanted to live a more lavish lifestyle I could definitely go to the private sector and be a consultant," Philips said. "But I'm staying where I am partly because I feel like I'm serving the public and partly because this is what I really, really enjoy doing and there are a lot of people around me who are the same way."

Philips said before taking her current position she had no idea how many dedicated and talented people were lending their professional expertise to state issues.

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Chairperson's Corner

By Judy Strachan

Over the past few months, the Health Section Council has continued the strategic focus it began last June. We expect to have a busy year, with more ideas for projects than the available resources and time will permit us to do. Our strategic work is designed to sharpen our focus as a section and help us identify the highest priority projects.

Vision and Mission Statement

During the council's face-to-face meeting in December, we reviewed and revised the section's vision and mission statements and identified our priority projects for 2011. We sought to revise the vision statement to incorporate potential untapped opportunities for health actuaries. Our new vision and mission statements are:

Vision Statement

Health actuaries are recognized as leaders in the health care and disability markets.

Mission Statement

Prepare health actuaries for positions of leadership and promote the relevance of health actuaries in the marketplace by:

- Providing relevant educational opportunities and member communications
- Facilitating practical research, and
- Continually expanding the marketplace relevance of the health actuary brand.

Research and Communication Projects Planned for 2011

As I mentioned above, this is looking to be a busy year! We have a number of exciting research and communication projects in process or planned for this year, including:

In process:

- A study of the relationship between health costs and some nontraditional variables for predicting health costs.
- A call for complexity models applied to a health care system.
- A go-to guide on credibility.

Projects in planning:

- A review of the literature on models estimating the return on wellness programs.
- A tool for reviewing the Health Care Cost Report Information Database (HCRIS).
- A go-to guide on statistical methods and their applications to our work.
- Contests for the best papers on pricing medical products in the new health care reform environment and the best papers on nontraditional applications of actuarial principles.
- Further research on risk analysis for health plans and other risk-bearing health organizations.
- An analysis of comparative effectiveness techniques and the results of comparative effectiveness studies.
- The possibility of joint research projects with a new university health policy and research institute is being explored. Some of the research projects we may decide to pursue jointly include:
 - Research on the effectiveness of wellness and disease management programs.
 - Research on the impact of up-coding.
 - Research projecting the impact of health reform on cost shifting.

Health Actuarial Research Initiative (HARI)

This is a new research initiative sponsored and funded by the Society of Actuaries (SOA). Although this is independent of our section's research activities, I like to believe that the section's strategic process inspired



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this research. HARI's mission is to develop actuarial research, in partnership with the SOA's research function, that uses the Affordable Care Act (ACA) as a launch point for studying change in the health care system in the United States and in other countries. The research is intended to inform the public and policymakers. See the article on page 7 for more details about HARI.

If you have ideas for or are interested in participating in Health Section Council research or communication activities, please reach out to Kristi Bohn, me or Sara Teppema. We welcome your ideas and your assistance! ■

Navigating New Horizons | FROM PAGE 1



Julia Phillips

"I really did not realize how much goes on in state government that is just very important and how many people are here just because they want to make a difference," she said. "They come in and they put their heads down and they work on making things better. I am just very impressed."

Early Career Path

Philips did not start out with a goal of eventually joining the public sector. As a child who was good at both language and math, her career could have easily gone in an entirely different direction. However, Philips said even from a young age she could recognize

that focusing on mathematics had more potential and would bring less competition from her fellow students.

Philips earned a bachelor's degree in mathematics from UCLA and it was during her time at this university that she learned of the actuarial profession. "I don't recall ever hearing of it until my sopho-

more year," she said. "A young man from Occidental Life Insurance Company came in and talked to math students about being an actuary. I had never heard of it and if I had heard of it, I probably would have said, 'That's way too boring for me.' But he made it sound interesting, so I started taking actuarial exams when I was in college."

Philips went on to earn a master's degree in mathematics, with a minor in statistics, from the University of Minnesota before taking her first job as an actuarial student with IDS Life Insurance Company of Minneapolis. In this position she was initially working in the area of group investment contracts and spent a lot of time writing to different investors. At the time, unemployment and inflation were both high, and these letters explained the benefits of sticking with their investment. She said she found this work interesting and quickly learned that she enjoyed this more personal aspect of actuarial work.

Finding a Niche

After almost two years with IDS, Philips was offered and accepted an assistant actuary position with Western Life Insurance Company of Woodbury, Minn. This was her first foray into the area of health insurance.

“It was at the point where HMOs were just beginning to take off,” Philips said. “I moved there in 1982 and the St. Paul companies had an employee benefit plan. They had, at the time, something in the neighborhood of 10,000 employees and Western Life did the actuarial work for their employee benefits. So I got involved with doing the experience analysis and the financial projections and so on for the employee benefit plan and I found that very interesting.”

Philips said she liked the fact that she would get more immediate feedback on her work with health insurance as opposed to life insurance. “I definitely decided that health insurance was more my cup of tea than life insurance,” she said. “On life insurance you can set your claim assumptions and then, by golly, 30 years later you can find out if you were right or not. In health insurance you find out maybe a year later, give or take.”

Philips spent 10 years with Western Life before deciding to give consulting a try. In 1992 she joined Milliman Inc. and began a three-year stint as a consulting health insurance actuary. Philips said she was attracted to the position because she saw it as an opportunity to learn new things, but ultimately decided consulting was not for her. As a wife and mother of three, she said the balancing act just got to be too much.

“The variety of the work and the things that I learned and the opportunity to work with really, really sharp people was tremendous, but I would say I found the life of a consultant to be very difficult,” Philips said. “I was very torn during that time.”

A New Opportunity

When Philips got word that the State of Minnesota would soon be looking for a new health actuary, she looked forward to applying. “My dream job opened up and I knew for sure that it was a move I would definitely want to make at this point in time,” she said. “I thought if I could get that job it would be the perfect fit for me.”

In 1995 she was offered the job and started in the position she has held for more than 15 years now.

Philips said the fact that she is able to have a hand in a lot of different projects keeps things interesting for her.

“The variety of things you can learn about is similar to consulting,” she said. “If you are the only health actuary, people are going to come to you for anything that the state does that involves health insurance. You’re not going to run everything, but you’re going to be at least involved in everything. So the variety of different things that I can be involved in at the state is very great and a lot of it is groundbreaking stuff.”

Philips said one example of a project she assisted with was when the state of Minnesota designed a new health plan for their employees that involved tiering, a fairly new concept at the time which uses “efficient” doctors who can provide the same care for less to a certain network. As a result, the clients in that network have a lower office visit copay and deductible.

“I was not in charge of that effort, but the human resources division of the state invited me to come to the meetings and talk about it because they knew that I had similar expertise and they were interested in my input,” she said. “So I find it wonderful to be sort of a consultant to a wide variety of different projects that relate to things I have experience with.”

Ultimately, Philips said the aspect of her work she feels most passionate about is consumer protection and helping people understand the nature of their insurance contracts. “I’m now in a position to actually make some impact in that area,” she said. “I find that to be something that’s pretty unique is the ability to use my technical skills and to feel like I’m really helping the ordinary Minnesotans get what they need from the health system and from the insurance system.”

Legislative Work

One of Philips’ major focuses in the early days of working this job was the implementation of Minnesota’s health care reform. The state needed an expert to enforce the new laws, and Philips was tasked with making sure companies were follow-

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We tend to be willing and able to focus on the details longer than other people.

ing the rating restrictions on individual medical and small group policies. She also made sure new underwriting restrictions were met and that companies were following the rates for all kinds of health insurance. This ensured they were returning what was considered an adequate value to the consumers who were buying those products.

Philips said her actuarial expertise is often called upon by the legislature during hearings, particularly now that health care reform is once again in the spotlight. “When you get down into the details, it can get very complicated and I think that’s where actuaries can be of help,” she said. “We tend to be willing and able to focus on the details longer than other people.”

Philips spends a good portion of time sifting through government and actuarial studies. “I’ll look at the nuances and I’ll read the bills very, very carefully and I’ll compare it to other things,” she said. “Attorneys do that kind of thing—reading the fine print and looking at the consequences—and I’m doing the same thing, only on a technical side.”

A Voluntary Spirit

Despite the long hours put into her full-time work, Philips has found the time to take part in a number of voluntary activities. She has been very active in the National Association of Insurance Commissioners, representing Minnesota’s commissioner on a variety of committees, task forces and working groups. She chaired the Accident & Health Working Group and the Health Risk-Based Capital Working Group for several years.

Philips also chairs the Editorial Advisory Board for *Contingencies*, the magazine of the actuarial profession. She is a former member of the Board of Governors of the Society of Actuaries (SOA) and also served as a member of the Actuarial Board for Counseling and Discipline (ABCD).

During her five years as a member of the ABCD, an independent entity that investigates possible violations of the Code of Professional Conduct and also provides advice and counseling, Philips said her major role was to assist people with questions.

“People would call me directly or they would call the staff attorney in Washington and be referred to me and they would ask questions about professional standards and complying with the code and complying with the standards of practice,” she said. “I would give them my best shot at a useful answer, and I would always say this is just my opinion and so on, but that was a big part of the ABCD.”

Philips was also part of the process when a formal complaint was filed with the board. After determining if the complaint is legitimate, it is the ABCD’s job to investigate and sometimes recommend that discipline be applied by an actuarial membership organization.

Philips said the volunteer opportunities have not only given her a chance to contribute and have fun, but also to learn new things and keep up-to-date with the latest in the actuarial field. “I find that it’s a lot more fun to get my continuing education by serving on a committee, maybe helping write a paper, than to go to a seminar or classroom,” she said. “Rather than sitting in a classroom and just hearing what other people do, I find I learn better by doing.”

Looking to the Future

According to Philips, her learn-by-doing attitude has played a large part in helping her build a successful career at a job she truly enjoys.

“If you can figure out what you really want to do and if you can be patient and work at things that come up, eventually I think that we can all find a niche that really suits us,” she said. “For me I think I always had a sense that I wanted to do interesting things. I wanted to find out how things work, then I wanted to be of service.”

Philips said she thinks there will be plenty of opportunities in the near future for those who would seek a similar career path, particularly now that the government is focusing on trying to create more affordable health care.

“I think there is going to be a severe shortage of health care actuaries in the next five years,” she said. “I don’t know if I could predict after that, but my sense is that health actuarial work is going to be a booming field for awhile.” ■