



SOCIETY OF ACTUARIES

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Highlights from the 2014 Health Meeting

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KEYNOTES

The kickoff keynote speaker was Dr. Mark McClellan, the director for Health Care Innovation and Value Initiative at the Brookings Institution. McClellan is the former administrator of the Centers for Medicare & Medicaid Services and the former commissioner of the U.S. Food and Drug Administration. This particular keynote discussed nonstop information tailored to a savvy health actuarial audience. We heard about where McClellan sees the various U.S. health insurance markets and delivery systems are headed in the future, and much on the subjects of cost mitigation strategies and Washington politics. This session was like drinking from a fire hose—and an embarrassment of riches. The audience was left wondering whether the good doctor ever took a breath!

The lunchtime keynote featured Captain D. Michael Abrashoff—a fantastic speaker and a highlight of the conference for many. He reminded the audience of the importance of empowering staff, considering big and small ideas, and constant communication from leadership. Funny and relevant, the author of *It's Your Ship* and *It's Our Ship* shared many stories from his time as the captain of the USS Benfold. For example, he shared how an idea from a young enlisted sailor on his crew transformed the experience of nearly the entire fleet. The idea: to replace ships' iron bolts with stainless steel. This one idea greatly reduced the time that crew spent painting over rust, allowing more time for fulfilling training and academic opportunities. If you missed this speech, we encourage you to read one of his books.

The last keynote was much less formal and featured Geoff Sandler interviewing actuary John Bertko (now with Covered California) about his career and advice to the next generation, as well as insight on working at Consumer Information and Insurance Oversight (CCIIO) during the implementation of many key actuarial aspects of the Affordable Care Act. The informality was appreciated, as it shifted away from the oft-used podium-style lecture, allowing the attendees to feel more connected and part of the discussion. Participants felt comfortable sharing their unbiased opinions with the crowd, which worked to stimulate discussion. Most people did not catch this since we have been working so

hard lately—but the setup of the interview spoofed the recent “Between Two Ferns” interview between Zach Galifianakis and President Obama.

SESSION HIGHLIGHTS

The regret of the Health Meeting sessions is there are so many relevant health topics that it's very hard to choose which to attend, and which smaller set end up highlighted in *Health Watch*. For those who could not make the meeting in person, many of the sessions are available for purchase on the Society of Actuaries (SOA) website. Below we discuss a few great sessions that we attended.

SESSION 24: INTRODUCTION TO LONG-TERM CARE

Robert Eaton and Vincent Bodnar provided attendees with an overview of long-term care (LTC) insurance. This one session gave those who are unfamiliar with this product an idea of what kinds of benefits are provided, the impairment criteria used to determine whether someone is eligible for LTC payouts, who purchases these products, and the most important assumptions used for pricing and valuation. Those who work on employer retiree health valuations will find many similarities in the valuation approach. The presenters discussed the historical circumstances leading to the underpricing of these products, including subjects such as assuming higher lapse rates than have occurred, and the struggle LTC insurers face in a low-interest-rate environment. The presenters also discussed options that policyholders typically choose when faced with unexpected rate increases.

SESSION 70: TAKE CHARGE OF YOUR TALENT

This interactive session shared fresh insights and proven tools from Don Maruska's latest book, *Take Charge of Your Talent*. If you are a recent exam taker, you likely have read Maruska's other book, *How Great Decisions Get Made*, because it is a large part of the syllabus for the SOA's Decision Making and Communication (DMAC) module. Maruska taught attendees how to be good listeners, bosses, friends and coaches, and how we can help ourselves and others stop acting out of fear and rather build confidence from our past successes. If you live near San Francisco or California wine country, you

might want to contact Maruska for some personal coaching sessions. We encourage you to purchase Maruska's book; his group session was a real treat.

SESSION 97: DENTAL ACTUARIAL FORUM

In this session, Joanne Fontana, Ben Rayburn, Ruth Ann Woodley and Tom Leibowitz moderated an interactive discussion with attendees regarding topics of interest for actuaries working in the dental insurance industry. This was the first live event for the newly formed Dental Subgroup of the SOA's Health Section, and it was great to see so many dental actuaries turn out for the session. Unlike most other sessions at the Health Meeting, this session was designed as an open forum rather than a presentation, with the goal of having dental actuaries meet each other, learn from each other, and establish common ground for the Dental Subgroup's priorities. Audience participation was lively, with covered topics ranging from provider contracting, to dental cost trends, to the Affordable Care Act. Attendees came from a wide range of professional backgrounds, enabling robust conversations in which attendees could learn from each other. We appreciated the willingness of the attending actuaries to share knowledge, discuss best practices, voice concerns and answer each other's questions, and we hope this is the beginning of a strong presence for the Dental Subgroup.

SESSION 100: PROFESSIONALISM FOR PRICING ACTUARIES

In this session, regulator panelists Annette James from Nevada and Steve Ostlund from Alabama, as well as regulator consultant Jackie Lee, provided their thoughts on actuaries rising to professionalism standards. Their comments were based on the rate filings they have seen, though in general terms. The thoughts they shared apply to all types of health insurance products. The panelists started out discussing small transgressions that make an actuary's work product look unprofessional and unchecked, such as typos in the actuarial memorandum, addressing letters to the wrong state, or addressing letters to a former commissioner. They then moved to bigger items, such as tables with historic values that have inexplicably changed since the prior memorandum; experience data pulled from time frames that are not recent or are unusual

and might seem to suggest misdirection; and attesting that one has read state law when it was clear from the actuarial memorandum that the actuary did not know the law. The panelists then moved toward big problems, such as a situation that recently led a retiree welfare actuary to disciplinary action from the Actuarial Board for Counseling and Discipline (ABCD). The regulators responded to excellent, current questions from the audience as well. This was a great session for actuaries looking for professionalism continuing education credits, or for actuaries wanting insight to some regulators' viewpoints on professionalism issues relating to the pricing of health insurance products.

MEDICAID SESSIONS

The Health Meeting had several sessions that discussed facets of Medicaid and how it interacted with companion funding such as Medicare, LTC insurance and exchanges.

Session 44 covered dual-eligible beneficiaries, and in particular the demonstration programs that knit together Medicare and Medicaid funding to provide seamless, coordinated care for this complex population. The demonstration programs have not been easy to make operational because of the complications of quality measures, dual funding, the need to create coordination between disparate care delivery vehicles, and the requirement for savings. The second part of this session focused on one of the toughest challenges in the care delivery package for dual enrollees—long-term services and supports (LTSS). This is not familiar ground for most Medicaid actuaries, as these services have tended to be carved out of managed Medicaid, so the presentation was very valuable.

Session 83 covered the pieces of Medicaid expansion, starting with a look at those states that chose to expand using an alternate method rather than just expanding their existing Medicaid criteria. These alternatives are closely aligned with the exchanges, and have some characteristics that make us ask if the program is or is not Medicaid. This discussion was followed up by a case study on Oregon Medicaid's move to managed care and expanded membership,

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which is both more comprehensive and farther along than many states. The session closed with a presentation on the rating methodologies and the question of actuarial soundness.

The last Medicaid session covered LTC, and in particular publicly funded LTC. Session 93 dealt with the specifics of rate setting for LTSS services and the particular challenges with funding and with risk mitigation/risk sharing for these services. Presenters knit other payers into the presentation, with a discussion of how private LTC is rated and looked at, the way private and public funding of LTC has existed in the past, and how these benefits may develop in the future. The session closed with some sobering truths about the sustainability of the current state of affairs with LTSS, especially as it is currently funded.

A HEALTH MEETING RIDER: MED SCHOOL FOR ACTUARIES

I know many of you think, “Med School for Actuaries sounds interesting, but I never have the time.” Well, Med School for Actuaries is fantastic and there is a different mix of topics and speakers each time. The topics this year included much time

on the evolution, current state and future hope of quality metrics, and insights from a primary care doctor who has gone “conciierge.” The audience would probably concur though that the most fascinating parts were learning about brain and spine surgeries, and also the “cutting” edge of plastic surgery (which is much broader than cosmetic—we talked about transplants (even face) and tumor removals). The photos shared were moving. At one point the audience all applauded for the good work these talented doctors have done.

WE APPRECIATE ALL WHO MADE THIS MEETING GREAT

Many thanks for the planning of the 2014 Health Meeting go to Valerie Nelson, Olga Jacobs and Nikia Robinson. Also, there were hundreds of session coordinators, speakers and moderators that made this meeting great. Many thanks to all of you who volunteered your time to support the advancement of the profession. In the end, attendance at this meeting broke a record as not only the largest Health Meeting the SOA has ever had, but also the largest conference outside of the annual meeting. We look forward to seeing you at next year’s meeting, which will be held on June 15-17 in Atlanta. ■