



Article from

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Letter from the Editor

By Valerie Nelson

Hello again!

We've had a successful year of *Health Watch* publications, and I want to say THANK YOU to all the contributors and behind-the-scene staff at the Society of Actuaries (SOA) for helping make this publication happen.

This issue will feature some exciting topics. First up is an article on critical illness products and pricing from Rex Durlington.

Dale Cap, Chris Coulter and Kevin McCoy offer some suggestions on how to minimize bias when setting reserves.

In April 2015, the research arm of the SOA published a set of papers on predictive analytics; these techniques can be used



5 NUMBERS

1. Risk corridor program payout for 2014 benefit year: 12.6%
2. Utah hospital estimate of emergency room costs per minute: \$0.82
3. Annual incremental costs of morbid obesity in a group health plan: \$5,467 to \$5,530
4. Expected annual cost of new specialty cholesterol drugs (PCSK9 inhibitors): \$7,000 to \$12,000
5. Expected number of individuals with dementia worldwide in 2030: 65.7 million

¹ <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-10-1.html>.

² http://www.nytimes.com/2015/09/08/health/what-are-a-hospitals-costs-utah-system-is-trying-to-learn.html?_r=0.

³ <http://www.ncbi.nlm.nih.gov/pubmed/22361992>.

⁴ <http://healthaffairs.org/blog/2015/02/17/in-the-debate-about-cost-and-efficacy-pcsk9-inhibitors-may-be-the-biggest-challenge-yet/>.

⁵ <http://www.ncbi.nlm.nih.gov/pubmed/23305823>.

in practice. Reprinted in this publication is a paper written by Sheamus Kee Parkes titled “Producing Actionable Insights from Predictive Models Built Upon Condensed Electronic Medical Records.”

For the recurring series “Examining the Evidence,” Tia Goss Sawhney and Bruce Pyenson offer another great read titled “Blood, Guts, ASOPs and Delivery System Reform.” Hopefully the title alone has piqued your interest!

One last item of note—we will be having a new recurring section titled “5 Numbers.” These are five numbers, published in other material, that health actuaries may find fascinating, knowing the information is available, and worth talking about. Citations are included.

As always, there are many articles of interest to check out in the *North American Actuarial Journal*. Volume 19, Issues 2 and 3 are now available. ■



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