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# Letter from the Editor

By Greg Fann

Like most boys, I grew up with a love of sports. When the weather was right, I enjoyed competitive games outside with my brother and like-minded friends in the neighborhood. When it was raining or after the sun had set, my passion was relegated to viewing the three local channels that were captured by the antenna attached to a heavy, wooden television that my parents owned. Growing up in South Carolina, there were no local professional teams and our allegiances were formed around the two large universities in the state. We dreamed of athletic heroism and legendary accomplishments on the gridiron, court and ball fields.

Like most actuaries, my notable athletic accomplishments were fleeting and ultimately surpassed by academic pursuits. As my mental abilities and intellectual curiosity grew naturally, my ability to compete athletically in team sports waned. However, my sports interest always remained high and the recent resurgence of “my team” has led to a deeper interest in future performance and attention to the various recruiting profiles and rankings of incoming college athletes.

As I think about my college journey, it occurs to me that there were no recruiting services tracking either my academic or athletic abilities or speculating where I might attend college. I imagine an academic profile, if it existed, would have read something like “quick with computation, strong memory, poor sentence construction, weak vocabulary.” I share all of this with you to submit that becoming editor of a professional newsletter was a bit of an unexpected outcome, and perhaps it offers some encouragement. It would certainly raise the eyebrows of those who knew the youthful me that I became editor of anything. Nonetheless, here I am, humbled and honored to be on this voyage with each of you. I want to thank Marilyn McGaffin for her dedication as *Health Watch* editor over the past year and for assisting me through the transition.

While this may sound counterintuitive from an outsider’s perspective, the actuarial profession has significantly improved my writing skills. As we grow in our careers, we recognize that it is a professional necessity to communicate clearly, fully and accurately with appropriate documentation, while at the same time highlighting key points for busy executives. I would like to suggest that developing articles for *Health Watch* publication is

an edifying and rewarding process that sharpens those necessary skills. Realizing that your words will be read by millions (OK, that’s an exaggeration) and on the internet forever (that might not be) creates a little more pressure to express thoughts just right and be sure that nuanced formula is technically correct; but it’s a great endeavor, with the added benefit of constructive editorial and content review. Consider this an invitation to propose an article if you have an idea stirring that would be of interest to section members, even if it would be your first submission. On that note, this is a rookie issue in several respects. In addition to my new role, many articles in this issue are written by first-time *Health Watch* authors.

I know it is an overused phrase, but I’m going to say it anyway: The health insurance industry is in the midst of transformational change. As we analyze the impact of the first major federal overhaul of the individual and small group commercial markets, our nation recognizes a need to pivot but we lack agreement on the appropriate direction and necessary solutions. An assortment of policy and technical viewpoints to maintain viability in these challenging markets will dominate public discussion for the foreseeable future. In my view, actuarial input is crucial and will likely be more highly regarded than in the past but still will remain underutilized.

Writing *Health Watch* articles is a great endeavor, with the added benefit of constructive editorial and content review.

On a broader scale across all markets, modeling capabilities, technology and changes in provider reimbursement methodology are occurring at a rapid pace. It’s a fascinating time to be a health actuary. It’s also a fascinating time for *Health Watch*.

In this issue, William Bednar leads off with an exploratory discussion about nontraditional uses of actuarial cost models. He describes the value of the enormous amount of data that actuaries have at their disposal and highlights strategic uses that should not be overlooked.

The valuable and important work arising from the Health Section’s strategic initiatives are highlighted in the next three articles. Joan Barrett writes a condensed version of the final report of the Evolution of the Health Actuary initiative, which is followed by introductory pieces from leaders of two new initiatives. Sara Teppema provides a framework of how actuaries can get involved in the public health arena. David Dillon explores the actuarial purview around what possibilities we might see

## 5 NUMBERS

1. 13 percent worldwide obesity in 2014; 35.7 percent in the United States in 2010
2. \$56 billion on sepsis care in U.S. hospitals *every day* in 2011
3. 30 percent projected PMPM trend for anti-inflammatory drugs through 2019
4. 52,404 drug overdose deaths in the United States in 2015
5. 9.6 percent babies born pre-term in the United States in 2014

- 1 <http://www.who.int/mediacentre/factsheets/fs311/en/>; <https://www.niddk.nih.gov/health-information/health-statistics/Pages/overweight-obesity-statistics.aspx#b>
- 2 <https://blogs.cdc.gov/safehealthcare/the-cost-of-sepsis/>
- 3 <http://lab.express-scripts.com/lab/drug-trend-report/commercial-drug-trend-report>
- 4 <https://www.cdc.gov/mmwr/volumes/65/wr/mm655051e1.htm>
- 5 <https://www.cdc.gov/nchs/fastats/births.htm>

with Affordable Care Act (ACA) related legislative and regulatory changes in the commercial markets.

This leads into two articles that explore reactions to the ACA, one from a legislative perspective and the other based on market response. First, Lawrence Mitchell discusses the implications of allowing the sale of health insurance across state lines. Second, Dustin Tindall and I collaborate to discuss the market

advantages of developing gap insurance products to supplement major medical coverage in the commercial market.

Shifting to activities from Health Section subgroups, Joanne Fontana previews the ongoing development of dental diagnosis codes and discusses similarities to the medical world. Next, the team of Evan Morgan, Robert Lang and Michael Gillespie discuss the actuarial considerations of utilizing technology and the often-disregarded need to begin with a transparency focus.

Building on technology gains, Jackie Lee and Traci Hughes focus the medical delivery transformation discussion with insights on how telemedicine is becoming a cost-effective way to provide quality care with added patient convenience. Rebecca Owen's article on the Center for Health Care Strategies profiles a nonprofit organization focused on providing access and coordinated care for individuals with complex needs.

In addition to quality articles, the Health Section continues to provide live opportunities to be engaged on the latest developments in the health industry. To close this issue, Karen Shelton provides an overview of available continuing education opportunities for the remainder of the year. I hope you find this issue both interesting and informative, whether you read it in your office, at home or from the comfort of a lounge chair on a South Florida beach. Happy reading! ■



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