



SOCIETY OF ACTUARIES

Article from:

International News

January 2013 – Issue 58



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A Global Perspective of the Health Insurance Market

By Michael L. Frank



GENESIS OF THE JOURNEY

While serving as president of the Actuarial Society of Greater New York, a student at Bard College contacted me requesting an information session at her school on the actuarial profession. This request expanded to visits to five college campuses, including Bard, Columbia, St. John's, SUNY-Albany and Vassar with a significant number of attendees being graduating math and business students in the actuarial profession.

Columbia University, with one of the largest actuarial programs, offered my business partner at Aquarius Capital, Don Rusconi, and me the opportunity to teach a course as adjunct professors, and to develop a course that would give students a perspective of what it would be like to work as a health actuary or a health insurance professional—e.g., chief financial officer, insurance broker, venture capitalist—as well as providing experiences applicable to their careers, and equally important, to their resumes.

COURSE "BLUEPRINT"

In January 2012, we developed a course called "A Global Perspective of the Health Insurance

Market." The objective of the course was to provide an overview of the health care insurance industry, including different products available, various delivery systems (U.S. vs. international), health care reform, reinsurance and capital markets. We expanded the course to position students for C-positions (e.g., CEO, CFO, COO), covering material such as how publicly traded HMOs manage business; how rating agencies evaluate companies; the role of insurance/reinsurance brokers; consulting on international health care systems; and politics and its tie to local health insurance. Health care reform was addressed, but was not limited to the United States—we covered reform in 12 other countries. Actuarial standards of practice (ASOPs), traditional health actuarial projects and professionalism issues were incorporated into the course.

Material was developed as the classes progressed, as we observed what students could absorb (or not) over a short period of time (2.5 hours per week for 14 weeks). The course included a 700-plus-slide PowerPoint presentation and 200-plus articles on the industry rather than a traditional textbook to tailor material on current health industry issues at hand, both in the United States and internationally. The majority of the 200-plus articles were less than a few years old, so the course was very relevant and current. The course objective was for students to hit the ground running on their first job if they chose the health care profession, or any job in the insurance profession (the course covers other actuarial disciplines, although the primary focus is on health care). Students also benefited by expanding their resume through research and experience, which is critical in a difficult job market.

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STUDENTS CONTRIBUTED TO THE COURSE

Columbia provided a unique opportunity with the class having 39 international students from a variety of countries and backgrounds. Many students contributed significantly to the course, including providing questions that were focal points of future lesson plans and completing research projects that benefitted the class as well as the insurance industry. For example, students coordinated a poll survey on health care reform, which was used for teaching the course as well as a resource document to several insurance industry task forces in health care. See <http://www.aquariuscapital.com/downloads/HealthInsurancePollSurvey-052912.pdf> for details.

Many students published more than one piece of research in the industry. Students worked in teams, contributing and presenting research material, often taking them out of their comfort zones with experiences in public speaking, project management and team building. As part of the course, students were given homework assignments and readings to critique, and asked to provide opinions of items they liked/disliked. This effort ultimately became the framework of future research projects and class assignments. Students were also given traditional actuarial projects in pricing, reserving and underwriting as part of the course.

INTERNATIONAL HEALTH CARE SYSTEMS

For the final exam, students researched the health care system of a specific country, wrote a paper (many were later published), and presented a lecture to the students and professors on their research using a PowerPoint 20- to 30-minute presentation.

Students were assigned to 11 teams with three to four students per team, with each team representing a different country. The 11

countries selected by students were Australia, Brazil, Canada, France, Germany, India, Japan, Singapore, South Korea, Sweden and the United Kingdom. As part of the project, students reached out to other students outside their team to peer review their final paper/research. Based on their own critiquing and likes/dislikes of other articles that they reviewed, the students developed the guidelines and framework on what they wanted their presentations to cover. Students used videos, humor, graphics, foreign language and social media as part of their presentation to teach the class.

Students contacted actuaries in their assigned country to obtain insights and research (e.g., the Brazil team contacted Ronald Poon Affat, a practicing actuary in Brazil). This was highly encouraged in the course, both to expand students' knowledge in a local market plus provide valuable networking opportunities, an important tool for future actuaries.

Overall, the international research project was a success. Although the research done by the students has its limitations (they are NOT practitioners with prior experience), their enthusiasm and interest to contribute to the profession at the beginning of their actuarial careers was very positive, and students learned a lot about 12 health care systems in addition to the U.S. market. To access students' work, visit <http://ce.columbia.edu/Actuarial-Science/Student-Work>.

CONCLUSION

At the end of the course, students learned the day-to-day role of a health care actuary (technical aspects of the job) as well as a health care executive (e.g., CFO). The overall experience was very positive for students and the instructors. Several students volunteered

CONTINUED ON PAGE 20

A Global Perspective of the Health Insurance ... | from Page 19

to be a teacher's assistant for the next course, and many students were looking for internship programs to gain relevant actuarial experience. Some obtained opportunities through the networking that took place throughout the course and were gainfully employed upon completing the course.

Through course work, students learned firsthand how *local* health insurance is, which is an important lesson usually learned through many of years of experience. They also studied and observed how government and health care systems interact. Some students observed that although other countries are ranked higher than the U.S. system in controlling costs, many residents of those countries choose to come to the United States when they are sick.

THE FUTURE

This course will continue in 2013, expanding the study to additional countries chosen by the future students, and hopefully include more actuarial practitioners as student mentors. The course instructors will also be doing a similar course internationally, including this fall in the Dominican Republic, and China in 2013.

Following this course, Columbia University piloted an internship program this past summer with practicing actuaries creating projects for students to provide them relevant work experience and research. The overall impact was very positive based on student evaluations, practitioner feedback and successful student transition into the workforce.

THANK YOU

Special thanks to Noor Rajah, program director and actuary at Columbia University, for his assistance in getting this course off the ground, including trusting us to test pilot on his students, and to Donald Rusconi, vice president and CFO at Aquarius Capital for his work in

this joint effort. We also want to thank Ronald Poon Affat, vice president and CRO of Tempo Assist, Sao Paulo, Brazil, for his efforts in assisting students on the international project (his contribution for Brazil) and his encouragement/peer review of this article. His participation was valuable for the course, and we hope other actuaries will participate in the future.

Most importantly, a special thanks to the 42 Columbia University graduate students who went on this unchartered course called a "Global Perspective of the Health Insurance Market" since they made the program go. Visit <http://ce.columbia.edu/Actuarial-Science/Student-Work> for a full list of student names. Lastly, thank you to Weiying Liu, a college student at Bard College, for her LinkedIn email that set this ride in motion. □