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Symposium on The Future of Retirement

by Peter W. Plumley

In 1986, the Society of Actuaries identified a number of external trends that could have a substantial impact on future retirement patterns. An analysis of demographic trends clearly indicated that more people would be reaching older ages and that they would live longer. At the same time, many people were retiring at younger ages. Several recent changes in the U.S. legal structure protect the right of older Americans to work longer. The combination of these and other forces led the Society to determine that there was a great deal of uncertainty with regard to the future of retirement.

Because retirement patterns are very important to the work of the actuary, a research project was structured that led to "The Future of Retirement" symposium in November 1988. A task force was formed to structure the process and symposium. This group determined that these issues should be looked at from a broad-based and interdisciplinary approach, considering the big picture. Also, the views represented should reflect the range of issues affecting older persons and retirement decisions.

The project consisted of a multi-step process:

1. Weiner, Edrich, and Brown, a consulting firm specializing in futures research and planning, was engaged to prepare a background paper covering the range of issues that will affect the future of retirement and to help structure the project. This paper was to cover the major societal forces affecting this issue.

Continued on page 3 column 1

Concerning the health actuary of the future

by Howard J. Bolnick

The Society is taking a hard look at its members' needs and our future as a profession. Two recent studies have focused attention on the building of our future: Report of the Task Force on the Future of the Actuary and Report of the Task Force on Strengthening the Profession. Both reports discuss the importance of our profession in healthcare matters. But, neither report is designed to address the practical issues involved with building toward our future in healthcare.

Because we see a need to begin to address these issues, the Committee on Planning would like to share some thoughts for discussion. This article, based upon a memo discussed at a recent committee meeting, does not represent the committee's views. It serves only as a catalyst for further exploring our needs.

The healthcare business in which health actuaries practice their profession is different from businesses in which other actuaries practice. This is no surprise. However, differences in

these businesses affect the needs of our members, sometimes in ways we have not adequately considered.

Health actuaries' historical interest and training is narrowly in healthcare financing. Financing is, quite importantly, the means by which citizens access healthcare. However, the delivery of medical care for the sick and injured is generally of more immediate importance to society than the means by which it is financed.

Our profession's financial security perspective does not fully prepare us to understand or to play a meaningful role in the healthcare industry.

Healthcare is a major national political issue. One-third of all Americans are covered by publicly financed programs, and medical care cost increases are widely viewed to be out of control in both the public and private sectors. The shape of our mixed public/private healthcare financing system is subject to constant scrutiny and increasing control by

Continued on page 2 column 2

In this issue:

Symposium on The Future of Retirement Peter W. Plumley	1
Concerning the health actuary of the future Howard J. Bolnick	1
A regulatory framework for long-term-care insurance Larry M. Gorski	4
Editorial: Managing the capital squeeze Richard K. Kischuk	5
Book review: <i>Our Yesterdays</i> C.F.B. Richardson	7
Factuaries	9

Concerned about ethics? Joseph E. Crowne	9
CAS President reacts to Report on Strengthening the Profession Kevin M. Ryan	10
Defensive techniques using employee benefits programs Larry S. Schumer	11
A rare technical slip by the Bureau of the Census Robert J. Myers	12
Letters to Editor	14
Actucrossword, Actucrostic	15,16

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Health actuary cont'd

state and national political forces unfamiliar to most actuaries.

The healthcare industry is a major economic force. Healthcare financing is only one of a number of often competing groups within an industry that controls 11% of GNP. Doctors, hospitals, other providers, and various financing systems — including insurers, HMOs and PPOs — often have contradictory stakes in the healthcare industry. Actuaries' narrow focus on financing healthcare does not give us an understanding of many of the other industry players' interests and needs. We are not well trained to understand the business.

Healthcare financing is becoming increasingly integrated with healthcare delivery. Examples are the emergence of HMOs, PPOs, and managed-care fee-for-service products. Blurred lines between financing and delivery make it increasingly important for actuaries to know about more than only healthcare financing.

Political and economic interests in healthcare have attracted a large number of "experts" with diverse backgrounds and abilities. M.D.s, Ph.D.s, hospital administrators, etc., all have relevant credentials. Actuaries have no particular special standing as experts in healthcare or even healthcare financing in the way they do in life, P/C, and pensions. At best, we can only compete with other professions for recognition of our expertise.

The health actuary is operating in a political, regulatory, economic, and business environment different from the one upon which most of our education and training is based. To play the role envisioned by "The Actuary of the Future" report requires us to correct deficiencies.

A short, probably incomplete, list of the deficiencies in our education and training includes:

- The organization and delivery of healthcare.
- Healthcare economics, including the economics of other providers and healthcare institutions, and
- Health policy issues.

The Society of Actuaries must meet a number of challenges if we are to continue to serve the broader needs of our health members.

Basic Education. We need to review the scope of our basic education requirements. Basic education should, as it already does, provide a strong emphasis on healthcare

financing and actuarial techniques. However, basic education needs to be broadened to give the student at least a rudimentary knowledge of the healthcare industry within which we work. An even stronger basic education in health economics, health policy, and healthcare delivery needs to be considered.

Continuing Education. The Health Section Council has taken great steps in the past few years to provide practicing health actuaries with programs covering the broader issues of healthcare financing and healthcare. This work should be continued. A more formal review of our members' continuing education needs and further exploration of how we can work with other organizations to fulfill our members needs may help improve these efforts.

Research. Healthcare research by actuaries is at an unacceptable low. Much of the problem is related to difficulties in developing meaningful private sector data bases. Public sector data bases do exist but are seldom accessed by practicing actuaries to do research (these data bases may not be relevant for researching private sector problems).

Research projects require an amount of time and effort greater than a volunteer structure can support. Despite these difficulties, expanded research is a key to improving our profession's standing in healthcare matters.

Public Outreach. A recent letter to Dave Trindle, Chairperson of the Health Section Council, from Dr. Carl Schramm, President of the HIAA, was published in the latest edition of *The Health Section Newsletter*. Schramm presents a convincing argument that actuaries face an uphill battle, which he strongly encourages us to undertake, to become recognized healthcare professionals.

As actuaries, we have a long way to go to be viewed as respected healthcare professionals. This is true even within the insurance industry, where actuarial credentials are less likely to command instant respect than in other areas of our practice, let alone in the public's eyes.

Your comments on this discussion would be appreciated. Direct them to Phyllis Doran, Dave Trindle, or me at our *Yearbook* addresses.

Howard J. Bolnick, a member of the SOA Committee on Planning, is President of Celtic Life Insurance Company.