



SOCIETY OF ACTUARIES

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Health actuaries organize for a more effective public policy role

by Howard J. Bolnick

Health financing issues — health care reform, Medigap standards, long-term care — have been highly visible in the public policy domain. As experts in many important aspects of these subjects, we have been asked, "Are health actuaries playing a role in these public policy debates?" The answer is "yes," but clearly we can do even more.

Overcoming barriers

Playing a larger role in this debate is not easy. In practice, two organizational barriers must be surmounted. First, we need to find ways to meld the education and research strengths of the Society of Actuaries (SOA) with the public outreach mandate of the American Academy of Actuaries (AAA). Without coordination, AAA's interface with our publics sometimes lacks thoughtful analysis that could be provided by SOA's research and policy development. Second, we need to find ways to focus combined SOA/AAA resources on carefully selected health care issues. Our professional organizations and health actuaries are developing organizational structures that will support a more constructive and visible role.

Evolution of practice areas

Formed in 1981, the Health Section Council (HSC) has become the focal point for health actuaries' activities in the SOA. The HSC has helped health actuaries have a strong voice in meeting our basic and continuing education and research needs. The value of a "practice-oriented" organization recently was reaffirmed by the restructure of SOA leadership and staff. In the future, an SOA Vice-President and supporting staff in the health practice area will work with the HSC.

As the AAA grew and explored new ways to fulfill its role, it also evolved into a practice-oriented organization. Four Practice Councils — Health, Life, Pension, Casualty — were formed in 1988, which have been given increasing responsibilities for organizing and conducting AAA work. A fifth Practice Council, Professionalism, recently was formed to

coordinate many internal responsibilities, such as qualifications and standards. The box on this page describes the scope of responsibilities assigned to the Practice Councils by the AAA Board. The HSC Chairperson and the new SOA Vice-President for Health will be members of the AAA Health Practice Council (HPC).

Work of the HPC

As in other Practice Councils, the HPC has had its share of successes, failures, and frustrations. Under the leadership of AAA Vice-Presidents Harper Garrett and Bob Dobson, the HPC has come a long way toward meeting its responsibilities. It has been visible in Washington, D.C., on a wide range of health care financing issues. As the third HPC chairperson, I believe, with careful planning and support from our colleagues, we can help health actuaries play an even more important role in furthering our professional interests and influencing public health care policy.

To progress further, the HPC must address two major issues:

- We need to develop a strategic plan that carefully defines an effective approach to influence health policy, laws, and regulations of interest to our members and society.
- We need to increase available resources to fulfill our strategic plans and to refine how we work to maximize the value of our limited resources.

We recognize that, as a small profession operating in a large arena, we always will have limited abilities. What special skills and perspectives do we bring to the table? Answering that basic question will help us choose specific issues to work on from among the many health care issues on the public agenda. It also will better shape our work product to increase our influence while reducing the resources needed to accomplish our goals.

Other questions arise related to our resources:

- Is the HPC volunteer structure organized as well as it could be?
- Can we increase our effectiveness

American Academy of Actuaries Governance and Administration

Practice And Professionalism Councils

(Area vice presidents, selected board members in subject areas, appropriate committee chairpersons and selected liaison representatives from the ABCD, ASB, Joint Committee on the Code of Professional Conduct; and the ASPA, CAS, CCA and SOA boards, sections or committees.)

- Develop strategic plans, set priorities, and establish committee assignments or task forces (as needed).
- Communicate and coordinate Academy activities relating to the area of practice or to professionalism within the Academy, particularly with the ASB and the ABCD, the Joint Committee on the Code of Professional Conduct, and with the other actuarial organizations.
- Provide advice to Academy and profession-wide (Forecast 2000) PR efforts regarding issues concerning the subject area.

by adding full-time dedicated staff or finding new ways to use our members? For example, should we develop an actuary-in-residence program to allow interested practitioners time to work on a specific project with Congress?

- Should we make funds available to contract with actuaries or other health care professionals to prepare well-researched positions?
- How can we better access and coordinate efforts with other actuarial organizations, especially the SOA?

SOA/AAA coordination and cooperation

The Joint Task Force on SOA/AAA Relationships is addressing this last

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and committee agendas from both a practice and corporate point of view, I believe that we will be able to more quickly understand, anticipate, and respond to our changing environment. This is a change which will enable us to have appropriate focus.

Now I want to disclose a motivator in my seeking this presidency. The Society of Actuaries' current motto is "The work of science is to substitute facts for appearances and demonstrations for impressions." This statement, chosen in Victorian times, comes from Ruskin in the "Roman Renaissance" chapter in *The Stones of Venice* and is taken entirely out of context. I have to question in this day of fuzzy sets, chaos theory, and model building whether it is relevant to our profession. It perpetuates a thought process that doesn't fit; it doesn't project us into the future. In fact, it limits our opportunities. I believe the time has come to consider a new motto for the 21st century, and I have asked the staff to structure a contest to find a new one. So get your entries ready.

As I've said, I'm very proud to be an actuary, but that pride is not without its frustrations. As I move about our constituent clientele and look at the research on our profession's image, one characteristic is much too prevalent, and it hurts us. It causes our clients and employers to question our value.

We come across as being "above the fray" — too good to wrestle with the real issue; quick to criticize; too busy to help. Our best friends tell us we are cynical. Yet they respect us. They really want us to get into the solution and help.

Present company may be individually excluded; but this is a corporate, historical image. We all share the fallout, and I, for one, have never liked it.

We in the Society need to work together to break out of this adverse image and to convince people to look beyond the stereotypes and consider our skills and the value we can contribute.

We must let our employers and clients know that we are scientists, managers, and/or consultants with a strong quantitative base of knowledge and problem solving skills, ready to be used in many ways; that we as actuaries can provide expert, relevant

solutions to financial and business issues, especially those requiring analysis of uncertain future events. An actuary is uniquely qualified to measure, model, and communicate the implications of future contingent events. We've changed our mission statement to articulate this, and I like it.

Enhancing our image is not a job that your leaders can do alone. It's a mindset issue. We, the entire membership, must do it together. It won't be easy, and it won't be quick. But it is a movement we can start now. We all have to believe two things: one, that our profession will be of more value to people tomorrow than it is today, and two, that every one of us has a personal responsibility to make it so in how we work and how we act.

Tonight, there will be students bent over books and study notes, giving up time with family and friends to become actuaries. Let it be our cause to give them a chance to join a strong, meaningful, and secure profession. It is our common duty to initiate change now to ensure their future in this profession and allow it to also continue to reward us.

This means first we must become a part of solutions that allow us to apply our skills, and then we must see universality in the application of our expertise.

I want to share my vision. I see the day in the 21st century that whenever a business or government decision maker has a question about risk, her or his first thought will be, "Ask an actuary."

"Ask an actuary!" Share that vision by joining me in wearing this button, "Ask an actuary." Take a few, wear them home, on the street, and to your work meetings. Get your family and friends to wear them. These buttons are guaranteed to give you the opportunity to explain that you can be part of a solution process.

To wear this badge of office of the President of the Society of Actuaries is a distinct privilege. I take it with great honor. As we move into the new program year, I thank you in advance for your confidence, your enthusiasm, and your support.

Now, get set for a great ride.



Buttons available

If you would like to participate in President Rugland's program to increase awareness of actuaries as business people capable of participating in solutions to any financial problem involving risk, you may request a supply of "Ask an Actuary" buttons. Just contact Connie Tegeler, Communications, Society of Actuaries, 475 N. Martingale Road, Suite 800, Schaumburg, IL 60173-2226; phone, 708-706-3500; fax, 708-706-3599. Please specify quantity needed and intended use.

Health actuaries cont'd

issue. I believe that for actuaries to be effective, the AAA needs to be able to tap into the SOA's education and research resources in ways that appear to the outside as if we were a "seamless" organization. In return, the AAA helps enhance our profession's image and, indirectly, helps increase actuarial job opportunities.

What we are capable of doing and how we get it done are the fundamental issues to focus on to enable us to do more as a profession in influencing health care policy. If we can solve these organizational problems, health actuaries will be more visible. "Yes, we are involved" will become the answer to a question that won't even need to be asked.

If you have any ideas or comments or would like to volunteer to work on policy issues, please write me at my address listed in the *Directory of Actuarial Memberships*. Your input is always important.

Howard J. Bolnick is president of Celtic Life Insurance Company, a former member of SOA's Board of Governors and an AAA Director, and currently is an AAA vice president and chairperson of the AAA Health Practice Council.