



SOCIETY OF ACTUARIES

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Robertson, looked at the cost and implications of alternative standard benefits packages, according to Gary Hendricks, director of government information and chief economist at the AAA.

"If rating reform goes along with national reform and the goal is for consumers to select a health plan based on medical and administrative efficiency rather than risk selection, than we will need the risk adjustment mechanism," said Rosenblatt.

The AAA and SOA also are providing actuarial expertise and data to Congress. They conducted a survey of premiums charged to small groups for the Congressional Research Service (CRS) and had a series of meetings to discuss the reports mentioned previously. Edwin C. Husted, director of government consulting for Hay/Huggins, has assisted the CRS in analyzing national health care reform, the number and health care costs of the uninsured, and the effect of community rating on employer premiums.

Actuaries individually and as members of the AAA have provided testimony for various Senate and health subcommittees. They are working on such topics as state small group health reform initiatives and transition issues related to changing the structure of the health care delivery system.

Knocking on other doors

Wodarczyk said that states aren't waiting for the federal government to "make up its mind" on health care. "Actuaries can help in the political process by providing high quality information [for these state governments]," she said.

In addition, a new Canadian Institute of Actuaries Task Force on Canadian Health Care Financing is examining this issue on behalf of the profession and may provide a report of its findings to the Canadian government.

"There is no end to how the profession can get involved in government," Bolnick said. "But we need to carefully separate politics from professional issues. We need to spend more time cultivating health policy makers to turn to actuaries for answers. They need to recognize that many of the issues they face are actuarial in nature."

Work of the SFAS No. 106 Implementation Task Force

by Jean Wodarczyk and Ethan Kra

The public is relying on the actuarial profession to assess the liabilities associated with post-retirement benefits. The Society of Actuaries recognized that it could play an important role in bringing a variety of perspectives to the actuary practicing in this new discipline. Actuaries practicing in the SFAS No. 106 arena include those with experience in health care and pensions, large and small consulting practice, and insurance companies.

The Society's Statement of the Financial Accounting Standards Board (SFAS) No. 106 Implementation Task Force was formed to consider the needs of practicing actuaries, inform the appropriate standing committees of these needs, and prompt these committees toward quick resolution of any outstanding issues. This task force was designed to accomplish specific tasks in a short period.

Response to Academy Standards of Practice

The task force's first assignment was to respond to the Academy of Actuaries' proposed Standard of Practice for SFAS No. 106. The task force addressed the pragmatic aspects of the proposed standard and informed the Academy of implementation issues.

Seminars

Public demand is strong for high quality actuarial support of SFAS No. 106 practice compliance. This is a new practice area presenting special challenges to actuaries, and the task force identified the need for two seminars. The first seminar in February 1993 introduced the broad concepts of SFAS No. 106 compliance to actuaries new to the practice. The June seminar was for actuaries familiar with basic issues relating to SFAS No. 106 measurement and compliance. The June seminar devoted the first day to case studies for the practitioner who needed to expand his or her knowledge in specific areas. The second day addressed topics from a

consulting viewpoint. Based on feedback from actuaries attending these seminars, additional seminars will be developed. It is anticipated that at least one seminar will be given each year for the next few years.

Exam restructuring

The task force next reviewed the SOA exam syllabus. Topics relevant to the SFAS No. 106 practice are scattered throughout pension and group topics. To complete a survey of all the relevant topics, a student would have to attain Fellowship in one practice area and sit for additional topics in another discipline. The task force is working with the Examination and Basic Education Committee to review this situation.

Coordination between Academy and SOA committees

The task force has linked with Academy committees to monitor the development of the FASB Q & A document and assure the tools will be available to support the requirements of SFAS No. 106. Other developments from the Academy will be monitored. Similarly, the task force liaisons with the Retirement Systems and Health Benefits Systems practice area committees and their various task forces will assure that additional tools be developed as appropriate. Research efforts of the various committees currently are being investigated and coordinated.

Ongoing needs of practicing actuaries

This is a new, exciting, and challenging area for the actuary. You are encouraged to contact a task force member with questions, professional needs, or ideas you would like to share. Members are listed in the *Directory* and include us as co-chairs. Bill Farquhar, Judy Latta, David Trindle, and David Wells.

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