



SOCIETY OF ACTUARIES

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Where were the actuaries during the health care debate?

by Barton H. Clennon

During the past six months, the actuarial profession has had to address the implications and opportunities that health care reform presents. It also has had to question its responsibilities. Do actuaries, the experts in future cost analysis, have a public responsibility to independently study the adequacy and costs of health care proposals? A small group of actuaries at the request of the Clinton administration previously did a narrowly focused analysis of some cost estimates provided to them. They did not "sign off" on the administration's plan as implied in the press.

Very few actuaries have been invited to the table. The profession as a whole — known in the business world as analysts of future financial risks — has not officially been called on for help. If health reform legislation fails to provide a fair and affordable health care plan and turns into a bureaucratic, financial nightmare, won't the public ask, "Where were the actuaries when they formed this plan? Didn't they look at the numbers? Why didn't they speak up?"

Business groups speak out

Other business and insurance industry groups are not waiting to be asked their opinions. The Health Insurance Association of America (HIAA) aired television commercials with an average

couple, "Harry and Louise," worrying about mandatory government health alliances, an aspect of health care reform that HIAA opposes and a subject of intense dialogue between senior White House officials and HIAA. The first week in February, the Business Roundtable, an organization of chief executive officers of large corporations, made headlines by coming out against even using Clinton's Health Security Act as a starting point for legislation. Headed by Robert Winters, FSA, and CEO of Prudential Insurance Co. of America, the Roundtable instead supported legislation written by Rep. Jim Cooper (D., Tenn.). The Cooper Bill does not require employers to pay for a health plan for their employees, but only to offer one.

Actuarial leadership steps forward

As reported in the November 1993 *Actuary*, the American Academy of Actuaries (AAA) and the Society of Actuaries (SOA) have allocated resources to 17 AAA work groups and 6 SOA task forces to look at various aspects of health care reform. The AAA Cost Estimates Work Group will complete an independent analysis of the Clinton administration's whole package by March 31. Although focusing on the Clinton plan, this group's analysis will allow it to be in a position

to comment on the costs of other proposals as needed.

In addition, three work groups formed last spring under the AAA
(continued on page 3)

Featured this issue:

Health care reform	1
<i>by Bart Clennon</i>	
Editorial: At a crossroads	2
<i>by Bob Shapiro</i>	
Appointed Actuaries survey results	4
<i>by Donna Claire and Maria Thomson</i>	
Research corner	5
The complete actuary: Building teams	6
<i>by Joan Bartlett</i>	
Class of '69 reunion	8
<i>by Daphne Bartlett</i>	
Factuaries	8
Mortality improvements	10
<i>by Mike Virga</i>	
That's your opinion	12
<i>by Eric Klieber</i>	
Dear Editor	15
Actucrossword	16

At a position many of us want to be in, based on the limited analysis that has been done to date.

What can each of us, as individuals, do? First, we must stay sensitive to emerging major issues that will affect the public. We must use our actuarial skill of synthesis to quantify and address these issues. We should be able to make informed judgments even when substantial pieces of desired information are unavailable. We should help users of reports by clearly articulating underlying assumptions, models, and sources and developing alternative scenario analyses. We should not merely define (or accept) narrow analyses that can be fit to available data or resort to other reductionist copouts.

Second, we can't wait until we are asked to help. We must try to identify emerging issues early, jump on top of

them, give talks and publish articles suggesting needed analysis and solution paths. We must push our actuarial peers to aid this effort.

Professional organizations like the Society and the Academy can help. They can support and help you structure your defined efforts. If you wait for a professional organization, however, to take the lead on your issue, you and the profession are likely to be disappointed.

The ideal quantity of data or enough time to do a "perfect" actuarial job does not exist. If it did, we actuaries would not add the value that we do. It is our ability to synthesize imperfect information and provide early guidance in resolving critical issues that will form the foundation of our profession's future. If we choose to be narrow calculators, our future will be very limited.

To create exceptional value for our "clients" and for the public, we must be:

- Excellent businesspersons, not merely competent technicians
- Strong in synthesizing emerging information and in anticipating future changes
- Aggressive in applying our craft early in the game
- Clear in communicating what we expect to do and, when it is done, clear in what we recommend

This issue's front page article by Bart Clennon focuses on the actuary's public responsibility to the health care issue. We all owe much to the actuarial profession. Each of us should think about what we can do as individuals as we read this article and as we read the headlines every day.

Here were the actuaries (continued from page 1)

Health Practice Council have produced these monographs:

- "Health Risk Assessment and Health Risk Adjustment: Crucial Elements in Effective Health Care Reform" (group leader, Alice Rosenblatt)
- "Standard Benefits in Health Care Reform: The Impact and Cost" (group leader, Julia Philips)
- "An Analysis of Mandated Community Rating" (group leaders, Gregory Herrle and Harry Sutton)

The first two monographs have been sent to AAA Health Practice Council members, trade associations concerned with health care reform, and Congressional members and staff. The Academy staff also has responded to requests for this information from state governments and hospitals. The third monograph should be available March. Copies are available from the Academy or the SOA.

Communications plans

After the profession's extensive analyses

are done, it's important that policymakers and the public understand this work. It must be perceived as credible and valuable information to achieve the desired result: informed decisions that will create viable and accessible health care for the United States.

That's why a joint AAA/SOA Health Care Reform Communications Work Group has been assigned the task of getting this information out to interested groups. These groups include:

- Members of the actuarial profession
- Members of Congress, the Clinton administration and its staff, and other policymakers directly involved in health care reform
- Members of the public

To reach these audiences, this work group plans to:

- Send a special mailing to all SOA and AAA members about work groups' progress on health care issues.

- Send the first issues paper with a cover letter to members of Congress, administration, and staffers explaining what the work groups are doing. Then, send others as they are completed.
- Issue news releases to appropriate media about work groups goals and accomplishments.

The challenge, the expectation

The profession accepted the challenge of providing objective and meaningful input on health care issues, free from political and philosophical implications of the alternatives. Now it must perform these duties rapidly, yet thoroughly, and communicate its results as widely possible.

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