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Health care reform to revive next year

by Cecilia Green

The postmortem on federal health care reform began even before the legislative effort expired. Congress was still in session when the last glimmer of hope faded for any proposed legislation to be passed by the 103rd Congress. Immediately, members of Congress, government staffers, media, and John and Jane Public pointed out those alleged to have killed it: partisan politicians, small business lobbies, the health care community, insurance companies, and a confused public.

Actuaries assess situation

More than 110 actuaries volunteered for the 17 American Academy of Actuaries work groups analyzing reform components. Fifteen groups have produced monographs. Six Society of Actuaries task forces have involved many more actuaries in longer term research of the issues. Their views of what happened to health care reform come after countless hours of meetings, analysis, and writing reports.

Julia Philips, chairperson of the American Academy of Actuaries Guaranteed Standard Benefits Package Work Group, believes the public is the main reason the legislation died. "The American public has consistently supported the stated goals of health care reform: universal access to low cost, high quality medical care. However, when the Clinton task force developed the first comprehensive and detailed plan designed to achieve those goals, we [the American public] got cold feet. We just couldn't go for such major changes without enough time to really understand the implications."

Bart Clennon, who has handed over his duties as chairperson of the Joint AAA/SOA Health Care Reform Communications Work Group to Philips, believes Clinton's plan was in trouble from the outset, because it didn't have enough input from the professionals affected. "The administration worked behind closed doors," he said. "We [the actuarial work groups] had trouble getting access [to information]." Clennon also believes the timeline for legislation was too fast and didn't allow for consensus building.

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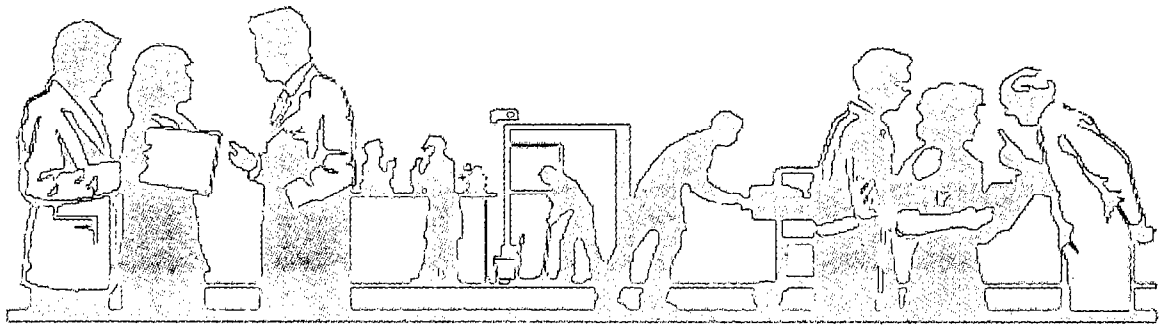

Health care reform to revive (continued from page 1)

Sam Gutterman, the 1993-94 vice president supervising the SOA's health practice area and now SOA president-elect, agreed. "It's almost impossible to do anything that comprehensive so quickly," he said. "It is such a complex issue. There was no agreement on key issues, which made it hard to do anything revolutionary. Then it got politicized, with everyone having their own solution. When you try to satisfy everybody's key demands, you can't satisfy anyone. We should refocus on the fundamental issues, such as costs."

Roland (Guy) King thinks it might have all turned out for the best for the American public. King was chief actuary of the Health Care Financing Administration and recently became the national director of government insurance programs for Ernst and Young. "Ultimately, both Congress and the public came to recognize that none of the plans solved the problem," he said. "Clinton's plan was massive intervention without solving the problem — rapidly rising health care costs."

King said the incentives for costs to grow — favored tax treatment through the third-party payer — are still here. "Health costs may have moderated in the past four or five years," he said, "but it's in the down part of the cycle right now. Cost increases may remain moderate in 1995, but after that, they'll accelerate again."

Howard Bolnick, last year's chairperson of the Academy's Health Practice Council and this year's SOA vice president supervising health practice committees, has a basic concern that what is "doable" in health care reform may not be effective in dealing with costs, the uninsured, and the quality of care. "The employer mandate is dead, and subsidies may be," he said. "What the states have accomplished is less comprehensive, and the feds may come back to what the states have been doing."

Renewed actuarial efforts needed

All agree, however, that discussion on possible health care legislation will be revived in 1995. The push for reform on the state level probably has not lost any momentum.

Mike Anzick, the Academy's health policy analyst who worked closely with the Academy work groups, said the State Health Initiatives Subcommittee will work on a list of objectives, which includes targeting states working on reform.

John Bertko, the Academy's new Health Practice Council chairperson, said the subcommittee will then communicate with state health policy makers. The reach of the Academy monographs will be extended by sending key ones to states addressing the issues, along with a summary of others, with a checkoff list to order more.

Anzick believes the monographs are well respected on the Hill for their objectivity. He is always gratified to see one sitting on a staffer's desk or bookcase. "They tell us, 'We get glossy cover publications from associations that are promoting a position, but your publications are always unbiased.'"

Next year's plans include trying to present actuaries' viewpoints to public policy organizations. At the press breakfast in September, at which the latest monograph on health risk adjustment was released, the Academy invited representatives from policy groups. Attendees included representatives from the Heritage Foundation, the American Hospital Association, the U.S. Chamber of Commerce, and the American Academy of Ophthalmology.

Health risk-based capital formula back on the drawing board

The American Academy of Actuaries task force charged with developing a risk-based capital formula for health insurers submitted its preliminary report to the NAIC Health Organizations Risk-Based Capital Working Group. The Society of Actuaries Health Financial Issues Task Force assisted the Academy by furnishing several sets of claims frequency tables.

Academy task force chairperson Bill Bluhm detailed the process the task force followed in developing its model. He stressed that the report was a work-in-progress and that substantial revisions were yet to be incorporated into its preliminary findings. Bluhm also noted that a significant amount of information needed to compute risk-based capital under this formula was not available from current annual statement filings.

Several industry and trade association representatives expressed concern about basic factors in the report. Utah Commissioner Robert Wilcox, chair of the NAIC working group, joined Bluhm in requesting additional input from all groups as the task force continues to refine the proposed model. The task force has expanded to include representatives from dental plans, the Group Health Association of America, the Health Insurance Association of America, and the Blue Cross/Blue Shield Association. Wilcox has set a December target date for producing a final formula.