



SOCIETY OF ACTUARIES

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The Blues sing praises for actuaries

by Robert J. Myers

A perusal of the "List of Actuaries by Business Connection" in the 1995 *Directory of Actuarial Memberships* surprised me because of the large number of actuaries with Blue Cross/Blue Shield plans. Twenty-five years or more ago, I knew of relatively few actuaries in this sector. It had always seemed to me that these plans felt little need for actuaries on their staffs, because they were only selling one-year term health insurance contracts.

So, I decided to make a study of the matter from data in the 1970, 1980, and 1990 yearbooks of the Society of Actuaries and the American Academy of Actuaries. Some diligence was required, because not all BC/BS plans have these words in their legal names or trade names along with their geographical location. For example, the Illinois plan is legally the Health Care Service Corporation, and the Philadelphia plan is Independence Blue Cross.

I have classified actuaries as being SOA members or being non-SOA Academy members. A few in the latter category are members of the Casualty Actuarial Society (CAS) or what is now the Conference of Consulting Actuaries (except in 1970, when 6 of the 11 such actuaries were members of the CAS).

The 1995 *Directory* listed 245 actuaries associated with 50 BC/BS plans, and there were only 17 plans that had none (Table 1). Although most of the plans with actuaries had 5 or less employed, 12 plans had 6 or more, and 5 plans had 10 or more (the maximum being 22).

In contrast, in 1970, only 12 plans had actuaries on their staff, in most cases, only one (Table 2). The number of plans and actuaries grew significantly by 1980, but not to high levels. Then, by 1990, an explosive growth occurred, and it continued to 1995.

The number of SOA members among the BC/BS actuaries was about 80% of the total in 1980-95, and about one-third of these in 1990 and 1995 were Fellows.

In summary, this analysis is a vivid demonstration of how BC/BS plans have come over the last 25 years to rely on actuaries to assist in the sound growth and operation of their significant sector of the health care insurance field.

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Table 1
U.S. BC/BS PLANS, BY
NUMBER OF ACTUARIES
EMPLOYED, 1995

<u>Number of Actuaries Employed</u>	<u>Number of Plans</u>
0	17
1	5
2	12
3	8
4	6
5	5
6	2
7	3
8	2
9	2
10 or more	5 ^{a/}
Total	67

^{a/} One plan each with 11, 12, 15, 19, and 22 actuaries, respectively.

Note: *Blue Cross/Blue Shield Association (Chicago)* is considered as a "plan."

Table 2
U.S. BC/BS PLANS BY PRESENCE OF ACTUARIES, BY YEAR

<u>Year</u>	<u>Number of Plans with Actuaries</u>	<u>Number of Actuaries</u>		
		<u>Total</u>	<u>SOA Members^{a/}</u>	<u>Percent SOA Member</u>
1970	12	15	4 (3)	27%
1980	15	27	23 (5)	85
1990	49	164	122 (49)	74
1995	50	245	206 (70)	84

^{a/} Figures in parenthesis are the number of Fellows.

Note: *Blue Cross/Blue Shield Association (Chicago)* is considered as a "plan."