



SOCIETY OF ACTUARIES

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UNTAPPED OPPORTUNITIES FOR HEALTH ACTUARIES

BY SUDHA SHENOY

I HAD MY OWN IDEAS as to what “untapped opportunities for health actuaries” might involve, but wished to learn what research had found. In May 2010, I listened to a webcast, supported by the SOA Board, about a market research study on the topic. The research study focused on understanding current actuarial roles, matching potential roles with actuarial skills, looking at future needs and exploring new roles. The study included a survey that gathered input from health industry executives, health plans, health management consultants, hospitals, health systems, and pharmaceutical and disease management companies.

The study found that there are many untapped opportunities in several segments of the industry for those it deemed “ridiculously intelligent” actuaries. There is a strong need for analytical and data expertise in clinical research settings as well as in wellness/disease management companies, health plans (analytics departments), health care management consultancies and pharmacy benefit management organizations. Highly valued business skills for these opportunities include strategic/“big picture” thinking,

communication (both written and oral), adaptability, in-depth clinical knowledge, familiarity with study design and knowledge of policy and regulations.

I delved further into the last three of these valuable skills, as I believe them to be technical barriers that actuaries must overcome in order to gain access to untapped opportunities. I discussed my thoughts with friends in the industry and would now like to share them with you. If I needed to gain technical knowledge, I would prefer to begin the learning process sooner than later, with the curriculum modified as necessary along the way. I would be extremely receptive to pilot projects conducted at local actuarial clubs, where members would have easy access to knowledge without incurring a lot of expense—perhaps through a partnership with local universities or through tailoring a seminar in order to receive continuing credit on these topics. This would be a good bridge-building technique with local medical schools and industry experts and would help to strengthen the actuarial brand in the health care arena. Such enterprises would also open the door to collab-

orative studies with academia, think tanks and other industry experts. There is great, untapped value for health actuaries in initiating dialogue with other health industry experts. Grappling jointly with tough issues would foster respect and mutual learning between academics, medical and health care professionals, industry experts and actuaries. Best practices would be shared and different approaches tested and modified as needed. I believe that this approach would be very energizing to all parties involved, serve as a catalyst for new learning, and prove more expedient than constructing a formal curriculum at the SOA level. Perhaps the SOA could provide guidelines around which these opportunities could be constructed.

Another way in which we actuaries could explore untapped opportunities would be to seek these opportunities ourselves by raising awareness about what we, as actuaries, bring to the table. I would like to share with you a personal experience from the last Super Bowl party at my house. When I entered the room where my guests were seated, I quickly realized that their ongoing debate centered on the recent



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individual health premium increase that was making headlines. In my own home, amongst my own friends, I felt as if I were being cornered. My friends expressed much concern over the so-called “irrational increase.” I took that opportunity to explain to my friends how rates are set and reviewed as well as approved by the Department of Insurance (for certain health products). None of them realized that there was a logical process for rate filing, review and approval. I answered many questions on how we go about collecting the data from our prior experience and applying trend, etc. Following that discussion, many of my friends have come back to me with questions on other health care, as well as general risk management, issues that they face in their professions.

This made me aware of an opportunity for us to influence others and raise awareness about our profession. I think we miss out on opportunities because employers remain unaware of our analytical training and our unique ability to solve problems in many different and new contexts. Efforts are currently underway to understand the ramifications of health care reform and bending the cost curve. During the current health care debate, we ought to use every opportunity to educate the public. Volunteering at the SOA, the Academy or other organizations or work groups to learn more about these issues and then sharing our knowledge and expertise with the public is another way in which we can showcase our talents and abilities. The context is there; the dialogue is ongoing—

we just need to participate in and channel the discussions. I have no doubt that we “ridiculously intelligent” actuaries will find a way to gain the technical and business knowledge we need to help shape our futures and capture both current and untapped opportunities in the health care industry. **A**

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