



**SOCIETY OF
ACTUARIES**

Article from

Health Watch

June 2019

Issue 89

Leader Interview

With Paul Spitalnic

Paul Spitalnic, ASA, MAAA, has been the chief actuary for the Centers for Medicare & Medicaid Services since 2013. In this position, he is responsible for evaluating the financial status of the Medicare trust funds, projecting program costs for the president's budget, estimating national health expenditures, calculating program rates, and other actuarial functions related to the Medicare and Medicaid programs. Paul joined CMS in 2003 and led the actuarial efforts to implement the new Part D program. From 2006 through 2013, Paul held the position of director of the Parts C & D Actuarial Group, where he was responsible for the actuarial work related to Medicare Advantage and Part D programs. Prior to joining CMS, he worked as a consulting actuary focusing on retiree health insurance issues. He is an associate of the Society of Actuaries, is a member of the American Academy of Actuaries and has a B.A. in mathematics from Binghamton University in New York.

ON BEING AN ACTUARY

Health Watch (HW): How and when did you decide to become an actuary?

Paul Spitalnic (PS): Freshman year of college. I went to college expecting to use my math background and interest to go into one of the only two professions that I was familiar with at the time: business or teaching. Binghamton offered a class that prepared students for the first actuarial exam and provided background into the actuarial field. I could use my math skills to solve real problems in a business setting *and* make a decent living? Yes, becoming an actuary was for me.

HW: What other careers did you consider? Or if you have had other careers, can you describe them?

PS: Teaching has always interested me. After becoming a teacher's assistant in college for a couple of math classes (does anyone still learn Pascal?), I knew that I had my Plan B in case this actuary thing didn't work out (still too early to tell).

HW: What was your favorite job before you became an actuary?



PS: It isn't quite a prior job, but my favorite pastime for trying to generate additional income is, and almost always has been, playing poker. I have been modestly successful since the days before poker was a televised attraction. I've played a lot less since having my three children, but I still manage to get to the tables a few times a year.

HW: What has been most crucial in your development as an actuary?

PS: Most crucial isn't sufficient, so I will give you the top three: (1) great mentors and role models, (2) the ability to learn from my mistakes, and (3) the recognition that I don't have all of the answers.

Although there is much to learn with respect to technical skills to become an actuary, personal skills and traits are equally important. From those I looked up, to I learned dedication, diligence, excellence, integrity and humility. Thank you, Marsha, Robin and Rick for being great mentors!

We each have the opportunity to learn so much more from our failures than from our successes. Whether it's making an error in a spreadsheet, making a commitment that we can't entirely keep, or not treating others with the proper respect, it's our failures that teach us not to repeat prior problems but to learn from our weaknesses and grow as professionals and human beings.

Finally, I am so fortunate to work with 90 professionals in the Office of the Actuary (OACT) and countless others across CMS. It is a rare day when I'm the one providing the solution to a complex problem. The best opportunity for success is to surround yourself with bright, committed people and empower them to be successful. Thank you, OACT!

HW: Looking at your career as an actuary, do you see any important learning milestones or turning points in your career?

PS: I started working at CMS in November 2003. In December 2003, the Medicare Modernization Act was passed, creating a new Medicare prescription drug program. Since it was a completely new program, there weren't many in the office who were available to work on it. I started doing what I could to support the Office of the Actuary and others in the agency who were working on implementing Part D. About two years later, seniors began to receive their drug benefits. It was a whirlwind, but I will always feel fortunate to have been part of the team at CMS that helped bring meaningful benefits to millions of people. It is always helpful to be in the right place at the right time, but it is also important to make the most of small opportunities, as they can lead to larger ones.

HW: As an actuary, what keeps you awake at night?

PS: Did I mention I have three young kids? It is easy to be concerned with any of the issues involving health care, such as cost, transparency, efficiency, quality or accountability. While I am focused on trying to have the answers to respective questions regarding these topics, my role is somewhat unique relative to

other actuarial leadership positions. The role of the Office of the Actuary is to provide timely, impartial and authoritative estimates and analyses of health care financing and expenditures to policymakers and the public at large. Making sure that our analyses can continue to be relied upon to meet this high standard is of the utmost importance in my current position. Any appearance of bias or poorly produced work could destroy our ability to function overnight, so this is an area that I may lose sleep over. Or it could be one of my kids.

ON BEING A LEADER

HW: How much did your actuarial training prepare you for this role? What additional training—formal, informal or otherwise—did you need to be successful?

PS: My original training was as an actuarial consultant, which taught me how to manage multiple conflicting priorities. More importantly, it allowed me to appreciate that the true significance of my work is in the value that I add for my clients. At CMS, there are so many stakeholders for any particular body of work. Beneficiaries, providers, insurers, the Administration, Congress, taxpayers—these are the different lenses through which our work will be evaluated. It is important to recognize that we are serving both direct and indirect clients, usually simultaneously.



The key to providing successful leadership in any position ... is to identify what your organization is trying to achieve.

HW: What are the most important lessons you've learned in your role?

PS: There is a big difference between helping your clients and telling them what they want to hear. Most policymakers want their proposals to lower costs and improve care, but this is rarely the case. Helping policymakers understand the actuarial implications of a proposal and the ways in which different features affect the estimates makes the policy development process much more effective.

HW: Let's say you're hiring your successor. If you're presented with two actuaries with equivalent experience and training, what characteristics will help you choose one over the other?

PS: Some characteristics that I believe are important in my role are integrity, commitment to mission, the ability to communicate complex topics to varied audiences, the capacity to transform general goals into specific actions, the ability to manage expectations and direct priorities, and the desire to see those around you achieve success.

HW: Describe the biggest one or two challenges that you have faced in your role.

PS: The two that come to mind are the challenges pertaining to the complexity of the work itself and the challenges involved in accurately and thoroughly communicating the results of the analysis.

Having to develop estimates for large-scale changes for which experience is only cursorily related is always quite challenging. Two examples of this are in OACT's modeling of the Medicare Modernization Act, which introduced the new Medicare prescription drug benefit, and the Affordable Care Act, which created individual marketplaces and subsidies. In both cases, limited data was available that could be relied upon to understand how many individuals would join these voluntary programs and what the costs would be for those who did. We had to rely on the data available and build the best models we could under the circumstances.

While the work itself is a challenge because of its complexity, effective communication of the work is equally important. We always strive to have a balanced, thorough discussion of assumptions, methods and results. Actuarial Standards of Practice (ASOP) 41 provides many useful criteria in developing actuarial communications. For example, Section 3.7 of the ASOP explicitly considers how "Other Users" may use our communications. There have been cases in which external parties have used selected portions of our work or grossly mischaracterized our findings. One example is a report headline that read "Medicare Report Confirms Health Care Takeover Plan is a Fiscal Disaster." This example highlights the challenge we have to make certain that our communications are well grounded, well supported, and as factual and free of any nonactuarial opinion as possible to ensure that any mischaracterizations are based on the intent of the author rather than a limitation of the product.

HW: What advice would you give to another actuary going into a leadership position for the first time?

PS: Most important, you need to understand your organization and understand your staff. The key to providing successful leadership in any position at any organization is to identify what your organization is trying to achieve and then to assist your staff in completing not just the specific tasks that have been requested but also tasks that accomplish your organization's broader objectives. ■