



SOCIETY OF ACTUARIES

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Maintaining Professional Relevance in a Rapidly Changing Environment

by Jim Toole



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I could not be more excited to be involved in the Health Section at this time in our 26-year history, much less have the opportunity to serve as chair. The role was never my objective, but things happen that you can't anticipate or control. Today's professionals must be able to adapt quickly, learn from their successes, and more importantly, their failures. Our actuarial training has provided us with a robust approach to problem solving, enabling us to adapt and thrive in the vagaries of today's business environment.

I started my career as a life actuary. I have been surprised to find how many high level health actuaries did not follow a conventional path into the discipline through the exams. It is also true that more health actuaries find rewarding, high level roles at the career ASA level than in the life discipline, indicating either that the market does not place a premium on the exam curriculum or the way in which it is delivered. From a qualitative perspective, it is my observation that health actuaries have more than our fair share of the business savvy and communication skills that surveys suggest are in short supply in our profession.

Although I do not have a traditional health background, I bring valuable experience to the role of chair. I have been involved in the SOA's strategic planning process since the formation of the Strategic Planning Committee (SPC) in November 2000. As the SPC began to focus on discipline specific strategic issues, Broader Financial Services and ERM (primarily life issues) were targeted for the initial cycle. At that time I was becoming aware of the need to have a strategic discussion surrounding the health discipline and I surfaced the concern at one of the SPC meetings. However, due to lack of resources and leadership from the health discipline it was tabled for the next planning cycle.

Why does this matter? Twenty percent of SOA members (some 3,500 in total) are in the health discipline. We shape the financing and structure of

16 percent of the U.S. economy (some \$2 trillion dollars), but do not come close to keeping up with demand for our services, an important component of the SOA's strategic plan. While the number of health actuaries has grown a respectable 80 percent since 1990, the size of the health economy has expanded almost 300 percent in the same time period. It seems obvious now, but when I was a life actuary I was frankly oblivious to the critical role the health discipline played in the economy in general and the health sector in particular.

In terms of importance to the public, health is the number one domestic campaign issue and for the last decade has consistently polled in the top three. Actuaries might develop great models and projections, but we clearly missed an opportunity to prepare ourselves for an inevitable conversation with the U.S. public, politicians and policy wonks: What is it that health actuaries **do** again? How exactly do you add value to the health care system? And, the great granddaddy, if you are so smart why can't you fix it? More to the point, do we have the time and inclination? By the looks of things, the discipline is woefully unprepared to participate in one of the most important (periodic) discussions to impact the discipline's future in this decade.

Fast forward a couple years. When I started on the Health Section Council in fall 2005, we immediately initiated a member survey modeled after surveys we had performed with the SPC. One of the issues consistently voiced in the survey was the difficulty employers were having identifying and hiring qualified health actuaries. It seemed to cross all boundaries—geography, industry and employer type. The results of this survey sparked substantial discussion among Health Section Council members. The SOA's own difficulty in hiring a staff actuary (an ongoing source of concern for the council) has made the issue painfully apparent.

In an attempt to open up the conversation with the board, an issue brief entitled "Unrealized

Opportunities in the Health Discipline” was prepared and delivered to the Issues Advisory Council. I firmly believe the health discipline has far and away the most untapped opportunity for growth in our profession. The flip side of this opportunity is the risk inherent in not participating in designing a system to better address the needs of the public, and the risk of finding the discipline marginalized as a result. Whereas growth in other disciplines is stagnant or declining due to challenging economic and demographic forces, we cannot keep up with demand for traditional services, much less provide the intellectual capital needed to carve out niches in emerging and non-traditional areas. Because of this, opportunities that were once our sole domain are now being shared with or ceded to other professions with similar toolkits, if less rigorous training.

The Board of Directors decided in January 2007 that this issue merited strategic attention—both as a health specific issue and as part of the broader challenge of how the SOA should address the changing marketplace for actuaries. In preparation, we conducted another member survey, interviewed a dozen chief health actuaries, and researched public information. The results were incorporated into a white paper that was sent out to the board. The results of these studies as well as the work of the board, the Health Section and others in addressing the risks and opportunities facing the health discipline will be the subject of my next two corners.

In the meantime, the Health Section has taken concrete steps to respond to issues brought to the surface by members and employers during the course of this process:

- 1) The council has expanded from nine to 12 leaders to coordinate our response to the challenges facing our members.
- 2) The section organizational structure has been aligned with the SOA strategic plan and expanded to include team coordinators for volunteers, communications, continuing education, research, marketplace

relevance, professional community and special interest groups.

- 3) Additional CE offerings are being developed to address the need for core skills, including pricing and valuation. This “boot camp” will be offered in a family friendly setting at a time convenient for actuaries involved in the Medicare bid process.
- 4) The research pipeline is being strengthened and the results are being better promoted both inside and outside the profession.
- 5) Support for the development of stronger relationships with other professional organizations, from supporting actuaries to attend and speak at other meetings, to recruiting outside speakers for ours, to assigning reciprocal liaisons to participate in council conference calls.
- 6) Development of an updated section Web portal attractive to members and non-members showcasing actuarial and non-actuarial resources useful to our extended family of professional communities.
- 7) Support the development of additional special interest groups to address the needs of underserved segments of the membership.
- 8) Establishment of a volunteer coordinator to ensure stewardship of volunteer resources.
- 9) Follow through on the Board of Directors’ strategic issue “Untapped Opportunities in the Health Discipline.”
- 10) Incorporate leadership development into section council activities to ensure health issues are well advocated inside the profession as well as out.

We welcome your input and volunteer enthusiasm. Please feel free to contact me or any member of the section council if you have any questions or comments. 📧