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NATIONAL CONFERENCE ON PRIVATE HEALTH INSURANCE

The purpose of this conference was to explore the potential of private health insurance to provide more comprehensive coverage to a still larger proportion of the population, perhaps with encouragement by model state laws, and to develop more alternatives to hospital care. As it turned out, the discussion centered principally on the refinement of goals and the problems in reaching them.

The conference, which met in Washington on September 28 and 29, was called by Secretary Gardner of the Department of Health, Education, and Welfare. It was a sequel to the National Conference on Medical Costs held in June, and reported in the September issue of *The Actuary*.

Of the 60 invited participants, 16 represented insurance companies, among whom were several members of the Society. Other participants represented the Blue plans, employers, organized labor, hospital administrators, State Insurance Commissioners, and the Medicare program. Seven background papers were prepared and distributed in advance of the meeting, including one on "State Laws and Health Insurance" by Allen Mayerson.

Need for Change

The participants recognized that private health insurance is facing new circumstances, including a need for some changes in the present system of providing health care. Among the influences toward a shift is the transition in emphasis from acute care to chronic and long-term care, the mental health problem, and the growing significance of preventive care. In the light of these developments, the view was expressed that research and experiment with various methods for the delivery of health care are

(Continued on page 4)

LONGEVITY IN THE BIBLE

by Arthur Pedoe

Some time ago, presenting a paper on mortality trends, I quoted the well-known Psalm 90 verse 10, of man's life span: three score and ten. I quoted the version given in the Church of England Prayer Book and the scrutineer, a well-known authority on vital statistics, suggested I use the King James Authorized Version. The problem was solved by omitting the quotation from the paper as finally published. I did not know at that time, neither I am sure did the scrutineer, that the version quoted was from the Great Bible of 1539 and thus predated the King James Version of 1611 by over seventy years. The version of the Psalms as rendered in the Great Bible was so much preferred that, to this day, the King James Version does not appear in the Prayer Book of the Anglican Communion throughout the world.

The Prayer Book version of Psalm 90 verse 10 reads:

The days of our age are threescore years and ten; and though men be so strong that they come to fourscore years: yet is their strength then but labour and sorrow; so soon passeth it away, and we are gone.

The King James version does not differ in meaning and the last 10 words are rendered: "for it is soon cut off and we fly away." If the meaning of "fly" is to move swiftly and silently, the change in wording is not material.

In the Revised Standard Version (1952) which has attained a wide circulation in the United States and Canada, Psalm 90 verse 10 is given as:

The years of our life are three score and ten, or even by reason of strength fourscore; yet their span is but toil and trouble; they are soon gone, and we fly away.

(Continued on page 8)

FEDERAL INCOME TAX DECISIONS IN TWO CASES

by George H. Davis

Of the long list of questions which have arisen under the Life Insurance Company Income Tax Act of 1959, only a few so far have advanced to the point where they have become the subject of court decisions. Over the next few years it is to be expected that many of the points will be the subject of court action.

The summer of 1967 has already seen District Court Decisions in two cases involving a number of questions, including several which have been of concern to a considerable number of companies.

The cases were those of the Franklin Life Insurance Co., decided June 15, 1967, by the District Court for the Southern District of Illinois, and the Jefferson Standard Life Insurance Co., decided Aug. 15, 1967, by the District Court for the Middle District of North Carolina. The tax returns of the Jefferson Standard which were the subject of the litigation were consolidated returns for itself and its subsidiary, Pilot Life Insurance Co.

Several questions in the two cases were the same, although the specific facts involved in some were different. But there was little consistency between the decisions of the two Courts.

In the Jefferson Standard case the Court stated it had dispensed with its customary practice of writing opinions in the interest of providing an early decision. In the Franklin Life case, the statements of conclusions of law do not provide a great deal of information on the reasoning by which the Court reached its decisions.

Here are digests of the Courts' comments on some items.

(Continued on page 6)

NATIONAL CONFERENCE

(Continued from page 1)

required, the goal being the provision of adequate health care for the entire population. Also to be encouraged is health education directed toward the individual for the conservation of his personal health.

Unlimited Potential

Participants at the Conference felt that the potential of the pluralistic system of private health insurance to finance the personal medical care needs of the population is unlimited. This implied a confidence that the carriers have the capacity to design and market, efficiently and economically, benefit programs that would cover the costs of medical care even more adequately than at present. In particular, such plans should give attention to coverage for ambulatory and preventive services. However, the design of these plans and their operation should not be such as to hinder new developments toward greater efficiencies in the systems of providing medical care.

Forcefully expressed at the Conference was the desirability to have carriers assume additional responsibility in directing the efficient use of funds passing through their hands on the way to providers of health services. It was thought that carriers should try to influence the delivery of health care more than they have hitherto and to lend their weight to new and better systems. Among the suggestions was experimentation with pilot programs, perhaps through joint action by several carriers. Although such efforts might involve increased administrative costs, they could be worth the goals being sought; otherwise administrative costs should be kept as low as possible.

Government Participation

Subsidy by government was fully acknowledged in the provision of medical care for some individuals, particularly those with low income. Already, many millions are affected by one or more Federal programs, such as the Federal employees' plans, veterans' benefits, health programs for Indians and seamen, and the more recent Medicare and Medicaid programs.

It was suggested that government programs should make maximum use of private health insurance organizations

and, in particular, increase the use of insurance mechanisms in place of charity care. On the State level, it was felt that laws and their interpretation should not be such as to limit desirable changes in private health insurance or in the provisions of health services.

The participants recognized that the efforts of the private health insurers would require concerted support from management, labor, providers of services and others involved in order to reach the goals set forth at the Conference. A need was expressed for further opportunities for an interchange of views, such as that offered by the present Conference.

Goals to Meet

At the conclusion of the Conference, Wilbur J. Cohen, Under Secretary of Health, Education, and Welfare stated that "... if private insurance is able to provide adequate protection for high quality care to the 90-95% of the population at prices they can afford, then little public pressure will develop to extend Medicare to those under 65 who are employed." As problems in meeting that goal, he saw —

First — the issue of rising medical costs and

Second — the need to extend protection to the 15-20% of the population under 65 not now covered by health insurance.

Moreover, he expected that health insurance should cover at least 90% of all consumer expenditures for health care.

Charles Siegfried, who followed Mr. Cohen, pointed out the accomplishments of private health insurance. "... we have been able to develop through trial and experimentation comprehensive type plans covering expenses for a broad spectrum of medical services. We have been able to extend these plans to a very large number of people. We have been able to tailor them to fit the needs and resources of people in many different circumstances and situations . . . We have worked with hospitals and physicians and others in a variety of ways aimed at encouraging an improved quality of medical care and at inhibiting rising costs."

The third of these Conferences, on Group Practice, was held in Chicago on October 19 to 21. □

NOTES ON A GREEK TRAGEDY

by R. Graham Deas

The following fragment was found on the floor after a Society session on electronics. It seems to be part of a Greek Tragedy with actuarial overtones.

H: Associates and Fellows quake!
Prepare the facts to face.
Machines in future days will take
The Actuary's place.
Computers were by Heaven designed
To help the human race.

Chorus: And yet they are by some consigned
Unto the Other Place!

Let not the shadow of Machine
Nor worry wring the brow.
Our future colleague it has been
For quite a long time now.

H: Computers make a lot of sense;
The money is well spent.

Chorus: The promised saving in expense
Is not yet evident.

H: Machines are not paid overtime
Which can't be said of Man;
They do their work with speed sublime;
They need no pension plan.

Chorus: Their lack of pensions can be traced —

It's simple to deduce —
The reason is that they're replaced

As soon as they're in use.
In pension plans, it will be found,
There is a service test;
They're never long enough around
For benefits to vest.

H: Tomorrow, I need hardly state,
Machines will have the plums;
And Man will merely vegetate.

Chorus: Tomorrow never comes.
Such estimates are sometimes wrong —

We venture to dissent,
Machines of promises are long
And short accomplishment.
It would be nice if less were said

Of wonders still in store
And if computer men, instead,
Would meet their deadlines more. □