



SOCIETY OF ACTUARIES

Article from:

The Actuary

May 1994 – Volume 28, No. 5

Treasury officials seek Academy health alliance advice

by Jeffrey Speicher

Very few corporations will maintain health insurance purchasing pools for their employees if the Clinton administration's Health Security Act is enacted as written, according to Don Gasparro, chair of the American Academy of Actuaries (AAA) Health Practice Council's work group on ERISA changes.

Gasparro expressed his views in a February 15 conference call with two administration policy makers in the Treasury Department's Office of Tax Policy: Harlan Weller, AAA member and Fellow of the Society of Actuaries, and economist Mark Iwry. The Treasury officials contacted the Academy Government Information Department seeking actuarial answers to questions about corporate health alliances. Academy Health Policy Analyst Michael Anzick arranged the

call with Gasparro, whose work group has examined corporate alliance issues.

Under the Clinton plan, large enterprises may opt out of regional health alliances and set up their own purchasing pools, called "corporate alliances." In their questions, Weller and Iwry sought ways to encourage large corporations to form alliances. Many fear that the administrative burdens on regional alliances will prove too great without corporate alliances to cover large numbers of workers.

Gasparro pointed out some obstacles the Clinton plan presents to corporate alliances. For instance, the bill as written prohibits corporations that enter a regional alliance from ever opting out to establish their own alliances. Also, multi-state employers bear the administrative burden of tailoring their alliances to conform

to different compliance standards set by each state.

Weller and Iwry also expressed interest in the Academy's health alliance work group, specifically its recommendations on the appropriate size threshold for corporate alliances, which, under the administration proposal, is 5,000 or more employees.

Gasparro was eager to stress that the Health Security Act drastically reduces large employers' incentives to manage employee health care benefits when in regional alliances. Inevitably, this will shift an increased burden for health care delivery and management onto government agencies.

Jeffrey Speicher is managing editor of *The Actuarial Update*, a publication of the American Academy of Actuaries, Washington, D.C.

What's happening Online

Who's on first?

Judy Anderson, SOA education actuary, was the first CompuServe subscriber to GO ACTUARIES when it went live on April 1. The first new CompuServe subscriber was Sam Gutterman, SOA vice president. First upload was an APL software contribution by Steve Strommen. On April 14, Actuaries Online had 75 subscribers, with 25 more waiting for software, and was averaging about 15-20 messages a day.

What's on second?

Health care reform heats up, with a straw poll online in the >Now Health!< message section. Text from Monograph #5, *Actuarial Issues Involved in Evaluating a Guaranteed Standard Benefit Package Under*

Health Care Reform, from the American Academy of Actuaries is available in the >Now Health!< library.

Exposure Drafts, FASB's proposed statement, *Accounting and Reporting by Mutual Life Insurance Enterprises and by Insurance Enterprises for Certain Long-Duration Participating Contracts*, and the AICPA's proposed Statement of Position, *Accounting for Certain Insurance Activities of Mutual Life Insurance Enterprises* are available online in the Regulatory library.

Ni hao

Two actuaries hooked up through Actuaries Online to share China experiences. Gary Mooney said that the only place John Lee could have gotten that information was by checking out the customized Subscriber Database,

a directory outside the forum where users list areas of expertise.

Don't worry, be happy

Don Fritze and Harlan Messenger have expanded our emoticon horizons. (Turn sideways to read)

- :-) or B-) happy day (smile)
- :-)] ha ha (sarcastically)
- :-) so YOU say (leer)
- :_) don't get your nose out of joint
- |-) WHAT was that? (squint)

For more information about Actuaries Online, contact :-) Peggy Grillot (708) 706-3504, CompuServe e-mail 72662,356.