

Session 5A: Implications
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Presented at the Living to 100 Symposium
Orlando, Fla.

January 5-7, 2011

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Papers Presented:

“A Study on Emerging Health Conditions Among the Aged in India and the Sufficiency of Medical Framework and Health Insurance”

By N.V. Subramanyan

“Challenges and Opportunities for Employers”

By Mary Nell Billings and Anna Rappaport

“Risk Management Issues for Individuals with Special Emphasis for Women”

By Anna Rappaport

My approach to reviewing the three papers in Session 5A was to look for common themes presented by the three papers, while also noting differences between the two geographies, India and the United States. I will address each paper in turn, focusing on their key messages and suggesting ideas for further research or consideration.

Comparing the Subramanyan paper on the health care system in India to the two papers on the retirement system in the United States, the first by Billings and Rappaport and the second by Rappaport, I observed that India and the United States have much in common:

- Aging populations
- Rising health care costs, now and into the future
- Increasing obesity and related illnesses
- A general lack of long-term planning for retirement and old age
- Inadequate financial literacy

The differences between India and the United States included:

- The source of health care financing
- The gender balance of the elderly
- The maturity of the medical infrastructure and the health care industry
- The relative age of the two populations
- The level of popular support for increasing taxes to boost public pensions

“A Study on Emerging Health Conditions Among the Aged in India and the Sufficiency of Medical Framework and Health Insurance” By N.V. Subramanyan

The author observed that India faces many health problems that adversely affect its current and future population, including:

- It faces an increasing incidence of lifestyle diseases
- Its population is aging
- It has a low investment in public health services
- There is a high reliance on private spending for health care

Mr. Subramanyan proposed the following solutions for preparing its population for retirement:

- Raising taxes
- Increasing retirement ages
- Encouraging private savings
- Using automatic enrollment
- Mandating employee contributions

The author also proposed solutions for promoting health insurance coverage, through government efforts, financial education within the family setting and reliance on trusted sources of advice to promote the advantages of health insurance.

I note that some of the solutions are similar to efforts successful in the United States, including promoting consumer choice, increasing outpatient services and improving consumer education.

Other solutions that Mr. Subramanyan proposes may be less effective. Medical savings accounts and high deductible insurance policies can be very advantageous for young and healthy populations but less so for older and less healthy populations. Reliance on employers can promote access to health insurance, but in my view this approach has contributed to the fragmented health system we currently have in the United States.

Mr. Subramanyan concludes that much more needs to be done in India through:

- Increased government funding
- Improved financial literacy
- More participation by private insurers

My suggestions for enhancing his paper would be for Mr. Subramanyan to also address:

- Broader public health efforts to reduce communicable diseases such as AIDS
- A focus on preventive treatment
- Reducing corruption—including, for example, eliminating the opportunity for medical providers to gain through the sale of unnecessary drugs

Overall, this paper is a good effort to outline the shortcomings of the current health coverage of the elderly in India, and to analyze the steps taken to address the problems that exist today.

“Challenges and Opportunities for Employers”

By Mary Nell Billings and Anna Rappaport

This paper is an important contribution to an overlooked area: the employer’s perspective. The authors note a long list of problems facing employers today, including:

- Retirement signals that have not evolved
- Labor force gridlock that has resulted from delayed retirements
- Current laws that are not conducive to phased retirement
- Health care costs that are crowding out other benefits
- Retirement benefit gaps that individuals experience during periods of disability
- Growing family caregiving needs that lack resources

In addition, the authors list many concerns that employees have, including high unemployment rates, concerns about their financial ability to retire, maintaining health benefit coverage and reducing individual risk.

Billings and Rappaport identified employer opportunities to retain experienced workers and needed talent, to transfer knowledge and to give employees control of choices, including work options.

They focused on new patterns of work and retirement, including:

- Encouraging later retirement
- Modifying approaches to retirement benefits
- Offering different job options for older workers

They offered examples of ways to use older workers to complement their full time workforce—a list I thought was quite varied and innovative.

The authors predicted the impact of 2010 U.S. health care reform. They observed there would likely be a change in the link between health benefits and work/retirement decisions. They also expect reduced job gridlock after implementation of the state health insurance exchanges.

They noted additional challenges with no proposed solutions including benefit accrual gaps during periods of disability in a defined contribution-centric retirement system, and increased family caregiving obligations expected in the future.

The authors made realistic predictions for 2030 and 2050, including increases in retirement ages and phased retirement and improvements in disability benefits and rehabilitation. They also provided a checklist of key factors for successful talent management programs:

- Analyzing talent versus needs
- Comparing policy and culture to talent needs and employee interest
- Changing employment options to align with talent needs

I think the checklist they offer is a useful outline of an approach that could work well for many employers.

My suggestion for the authors to consider is that the gradual implementation approach they recommend may be too slow to react to future developments. What steps should employers focus on now to prepare for the 2030 reality? And what will be the impact of higher (possibly permanent) unemployment levels on the future workforce structure?

This paper is a very thoughtful and well-documented analysis of what employers can expect over the next 20 to 40 years. It provides some good ideas for employers to prepare for a quite different labor force in the future.

“Risk Management Issues for Individuals with Special Emphasis for Women”

By Anna Rappaport

Ms. Rappaport begins her paper by noting that the financial products available to address elderly risks have problems:

- Long-term planning is difficult for many
- Guaranteed income products lack popularity
- Widows and the very old continue to be vulnerable
- Financial and health education have limitations

Ms. Rappaport reviewed the Society of Actuaries research and survey results and addressed special issues that elderly women face. She recommended:

- Adjusting retirement ages
- Changing terminology (e.g., framing and signals)
- Including defaults in employer plans
- Focusing on long-term thinking
- Making financial risk products more appealing
- Improving employer plans to increase risk protection
- Making advice models available to the middle class

My first suggestion for Ms. Rappaport is to consider prioritizing her list of recommendations:

- Which ones are most important for the short term?
- Which have the greatest likelihood of being achievable?
- Which will have the greatest impact?

She could also recommend a role for the Society of Actuaries, for example:

- Mention the Society's advocacy and education efforts
- Should the Society lobby for increasing Social Security retirement ages and limiting early claims of Social Security benefits?

After reading Ms. Rappaport's paper, I felt somewhat discouraged that the recent economic crisis had such little effect on individual behaviors and their thinking about retirement risks. I heartily applaud Ms. Rappaport's efforts to raise awareness of these issues and her holistic approach to proposing possible solutions for the future.