



SOCIETY OF ACTUARIES

Article from:

Health Watch

May 2008 – Issue No. 58

Soundbites from the American Academy of Actuaries Health Practice Council

by Heather Jerbi

What's New

In March, the Health Practice Council, as part of its 2008 election strategy, released a series of brief summaries of some of the relevant issues being discussed as part of the national dialogue on health care reform. The purpose of these papers is three-fold: to provide basic information for policymakers and the media, address issues policymakers need to consider as they engage in discussions on any of these topics, and to remind policymakers that the actuarial profession is an objective resource that is aware of the issues and ready to help with solutions. The series includes information on the following: rising costs of health care, medical reinsurance, medical insurance pools, Medicare and consumer driven health plans.

Also in March, the Medicare Steering Committee updated and published its annual issue brief, *Medicare's Financial Condition: Beyond Actuarial Balance*, which provides a brief analysis of the 2008 Medicare Trustees' Report. And a subgroup of the Medicare Steering Committee released a practice note, *Actuarial Equivalence for Prescription Drug Plans and Medicare Advantage Prescriptions Drug Plans under the Medicare Drug Program*. The practice note provides guidance to actuaries certifying the actuarial equivalence of a PDP or MA-PD, pursuant to CMS guidelines and requirements. The practice note can be found online at: http://www.actuary.org/pdf/practnotes/health_partd_mar08.pdf.

The Academy's Health Practice Financial Reporting Committee submitted a comment letter on the NAIC's exposed actuarial opinion section of the Health Annual Statement Instructions on Feb. 19, 2008. The comment letter highlights some concerns that the committee has, as the NAIC moves forward in creating a more consistent Health Actuarial Opinion. The comment letter can be found online at: http://www.actuary.org/pdf/health/opinion_feb08.pdf.

The exposure draft can be found online at the NAIC's Web site: http://www.naic.org/documents/committees_lhatf_ahwg_haosg0114.pdf.

In February, the Disease Management Work Group released its practice note, which provides insight into current practice and includes an appendix on relevant Actuarial Standards of Practice. The practice note can be found online at: http://www.actuary.org/pdf/practnotes/health_dm07.pdf.

Having received a charge from the NAIC to create a health trend test, a joint work group of the Health Practice Financial Reporting Committee and the Committee on State Health Issues is in the process of being formed. It is anticipated that the new group will begin work by the start of the second quarter of 2008.

In December, an op-ed by Academy Senior Health Fellow Cori Uccello appeared in the Union Leader urging the presidential candidates to start paying attention to Medicare's financial difficulties. "Candidates need to break the silence, acknowledge the problem, and begin a public dialogue that addresses the tradeoffs necessary to ensure Medicare's future," writes Uccello. The newspaper is the largest in New Hampshire, which held the first presidential primary of 2008 in January. The op-ed can be found online at: <http://www.unionleader.com/article.aspx?headline=Cori+E.+Uccello%3a+Presidential+candidates+are+failing+to+address+Medicare%27s+looming+insolvency&articleId=43735a21-fbdb-46fd-ac84-eed6030be4d9>

Ongoing Activities

The Academy's Health Practice Council has many ongoing activities. Below is a snapshot of some current projects.

Consumer Driven Health Plans Emerging Data Subgroup (David Tuomala, Chairperson)— This work group is developing a paper analyzing emerging CDHP data.

Health Practice Financial Reporting Committee (Darrell Knapp, Chairperson)—The committee continues to work on updating several practice notes (Small Group Certification, Large Group Medical, and General Considerations). They are also finalizing their practice note on Medicare Part D accounting.

Individual Medical Market Task Force (Mike Abroe, Chairperson)—This task force continues to work on a monograph related to how the current individual market operates. Issues examined in the paper relate to affordability and barriers in the individual medical insurance market. The paper is expected to be published in the second quarter of 2008.

Long-Term Care Principles-Based Work Group (Bob Yee, Chairperson)—This work group is beginning the modeling phase of their work and will be providing an update to the NAIC in 2008.

Uninsured Work Group (Cathy Murphy-Barron, Chairperson)—The work group is expected to release a paper on issues related to the fundamental principles of insurance and the characteristics of health coverage by April 2008. The work group has also begun work

on an issue brief that will address the drivers of health care costs.

Health Care Quality Work Group (Michael Thompson, Chairperson)—This work group is developing an issue brief that will examine health care quality today and the impact of comparative effectiveness research on the advancement of health care technologies and quality treatments.

NAIC Projects

The Committees on State Health Issues and Health Practice Financial Reporting continue to monitor issues, including LTC, health insurance issues, Medicare Part D, principles-based methodologies, Medigap modernization, etc.

Upcoming Activities and Publications

Several documents are slated for publication in 2008, including papers on individual market issues, health care coverage, drivers of health care costs, and health care quality and comparative effectiveness.

If you want to participate in any of these activities or you want more information about the work of the Academy's Health Practice Council, contact Heather Jerbi at Jerbi@actuary.org. 📧

SOA RELEASES NEW LONG-TERM HEALTH ... | FROM PAGE 23

encountered by actuaries using the model. Issues discussed include the relationship of short-term trend rates inputted by users to long-term projected rates, characteristics of the prescribed substantive plan to be valued, and special cases that may require model adjustment. As well, examples of sample report language are provided.

To keep current with the latest health care data, the model will be updated annually. The timing of the updates will be dependent upon availability of the latest health care cost estimates from CMS and other sources.

In keeping with the original objective of the model's creation, it is important to note that it is

intended to serve as a resource tool, rather than in any way representing an official statement on the preference of the methodology in the model over any other ones that are in use.

The Pension Section and Health Section Councils would like to express their thanks to the project oversight group for its dedication and valuable assistance in completing this effort. They would also welcome any feedback you have on the models and thoughts for future related projects. Please e-mail me at ssiegel@soa.org—your comments are greatly appreciated! 📧