APR 2014

Actuarial UPDATE

THE NEWSMONTHLY OF THE AMERICAN ACADEMY OF ACTUARIES

Academy Hosts Forum on U.S. Retirement Systems and Reforms

Retirement for the AGES

POLICYMAKERS, actuaries, members of the media, and stakeholders in retirement systems gathered in the Ronald Reagan International Trade Center on April 28 for an Academy-sponsored forum on the future of U.S. retirement systems. The event marked the culmination of eight years of development, started by the Retirement 20/20 project and continued by the Academy's Forward Thinking Task Force as *Retirement for the Ages*.

Special guest Mark Iwry, senior advisor to the secretary of the treasury and the deputy assistant secretary for retirement and health policy at the U.S. Treasury Department, attended for an off-the-record session, to begin a dialogue on issues that require actuarial expertise. Task force Chairperson Anne Button explained, "Our goal has been to provide a framework for retirement system design," rather than prescribing one solution, working within "principles that should guide retirement systems."

Former Academy President Dave Sandberg, former Canadian Member of Parliament Paul McCrossan, and South Dakota Retirement Systems Executive Director Robert Wylie discuss retirement reform.

The task force outlined those principles in a monograph published earlier this year:

- Alignment–A retirement system should align stakeholders' roles with their skills. Today, Button explained, "people are being asked to do things they don't have the skills to do," whether it be employees making investment decisions or employers exposing themselves to risk and volatility that may distract from

SEE **AGES FORUM**, PAGE 8

Academy Briefs Capitol Hill on Models of Care Delivery

ACADEMY MEMBERS took to Capitol Hill to educate congressional staffers on evolving models of health care delivery at an April 7 briefing.

The event marked the launch of the Academy's Health Cost and Quality of Care Initiative—Examining the Health Care Equation: Actuarial Perspectives on Cost and Quality—part of a public policy research partnership with the Health Care Cost Institute (HCI). In concert with the briefing, the Academy released *New Models of Care Delivery*, the first in a series of issue briefs that will examine cost growth, and explore options to reduce long-term spending without sacrificing quality of care.

Audrey Halvorson, chairperson of the Academy's Health Care Costs Work Group, told congressional

SEE **CARE MODELS**, PAGE 9

Susan Pantely, chairperson of the Academy's Models of Care Delivery Subgroup, speaks to congressional staffers.

MAY

1-2 Academy Board of Directors meeting, Washington

15 Webinar: What You Need To Know On The New Group Long-Term Disability Valuation Table And Actuarial Guideline

15-17 NAAC Meeting, Quebec, Canada

JULY

10-13 NCOIL summer meeting, Boston

14 Academy Summer Summit, Washington

AUGUST

7 Executive Committee meeting, Washington

16-19 NAIC summer meeting, Louisville, Ky.

SEPTEMBER

15–16 Casualty Loss Reserve Seminar, San Diego

OCTOBER

7-8 Academy Board of Directors meeting, Washington

NOVEMBER

10-13 2014 Life and Health Qualifications Seminar, Arlington, Va.

13-14 Academy Annual Meeting, Washington

16-20 NAIC fall meeting, Washington

20-23 NCOIL annual meeting, San Francisco

To continue receiving the *Update* and other Academy publications on time, remember to make sure the Academy has your correct contact information. Academy members can update their member profile at the member log-in page on the Academy website.

Academy NEWS Briefs

Academy Joins Coalition on Retirement Planning

THE ACADEMY has joined the National Retirement Planning Coalition, a group of prominent education, consumer advocacy, financial services, and professional organizations working to educate the American public on how to plan for financial needs during retirement.

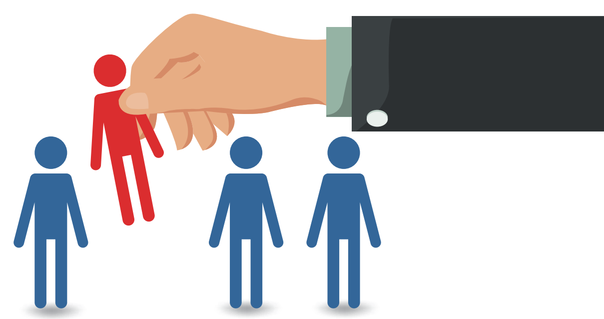
The group's website, www.RetireOnYourTerms.org, features resources and tools to help Americans focus on their long-term financial goals. The coalition sponsors National Retirement Planning Week each spring.

Academy President Tom Terry explains, "By stepping up to join the coalition and participate in National Retirement Planning Week, the Academy hopes to amplify its message that planning early and carefully for retirement security is essential."

The Academy plans to draw on its own Lifetime Income Initiative, launched in 2013, to bring actuarial perspective to the coalition's work, helping to raise public awareness of concepts like longevity risk, to make retirees aware of the risk of outliving their savings.

Work at GAO

ACTUARIES who would like to work at the Government Accountability Office (GAO) can apply to do so. GAO is recruiting candidates for two senior actuary positions at its Washington office. Casualty, health, and pension actuaries can apply, through May 27.



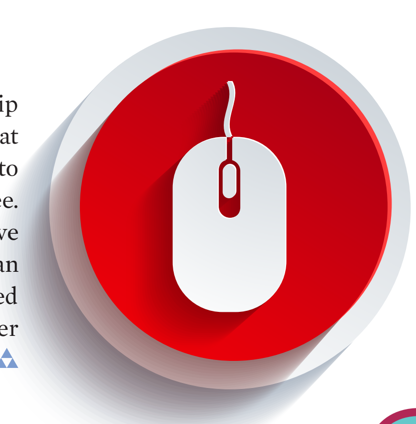
Late Comments Still Accepted on VM-20 Practice Note

THE LIFE PRINCIPLE-BASED Approach Practice Note Work Group is still encouraging comments on the Academy's draft practice note *Life Principle-Based Reserves Under VM-20*. The draft details proposed requirements for calculating minimum valuation statutory reserves for life insurance products outlined in the Valuation Manual. The official deadline for comments has passed, but the group will consider late submissions.

Comments can be submitted via email to Academy Life Policy Analyst John Meetz at meetz@actuary.org.

Renew Today

WE HOPE you renewed your Academy membership after last month's reminder. The deadline to renew at the regular price passed on May 1. It's not too late to renew, but payments made now will incur a 20 percent late fee. While online, take a moment to look at the Academy's extensive archive of professionalism webinars. Remember that you can always earn continuing education credits by tuning in to archived versions of the webinars. Learn more, and update your member profile, by logging in.



IN THE NEWS

A *New York Times* article on the Genetic Information Nondiscrimination Act (GINA) cited an Academy statement on adverse selection and rate stability.

A graphic from the Health Practice Council's fact sheet on Affordable Care Act risk-sharing mechanisms was reprinted in a *Washington Post* story and in a Yahoo! News story.

A *Forbes* article on late-life divorce cited the Academy.

Senior Pension Fellow Donald Fuerst urged action to address Social Security's financial challenges in a *Life and Health Advisor* article. Fuerst was also quoted in a guest opinion column published in the Delaware County *Daily Times*.

Senior Health Fellow Cori Uccello provided perspective on Affordable Care Act enrollment numbers for readers of the *Morning Consult*.

Academy Vice President and Pension Practice Council Chairperson Eli Greenblum was quoted in a Bankrate.com Retirement Blog posting.

State Long-Term Care Task Force Chairperson Al Schmitz and Health Practice Financial Reporting Committee Chairperson Laurel Kastrup were quoted in a Marketwatch story.

The Academy's new research partnership with the Health Care Cost Institute was mentioned in an interview published by the Health Data Consortium and on the National Center for Interprofessional Practice and Education's website.

The Academy's issue brief, *The 80% Pension Funding Standard Myth*, was cited in a web posting by the California Policy Center.

RISK MANAGEMENT AND FINANCIAL REPORTING BRIEFS

- **Dana Hunt**, director for life insurance risk and capital at PricewaterhouseCoopers in Des Moines, Iowa, is the new vice chairperson of the Solvency Committee.
- **Hui Shan**, manager for Deloitte Consulting LLP in Hartford, Conn., has joined the Financial Reporting Committee.

The launch of the Academy's new Health Cost/Quality of Care initiative was covered by InsuranceNewsNet, Insurance Broadcasting, Pharmacy Choice, and other media outlets.

The Academy's Retirement for the AGES initiative was mentioned in a *PlanSponsor* article and in a posting on the Over 65 Blog.

A Marketwatch story urged readers to avail themselves of the Academy's Pension Assistance List.

The Academy's letters to congressional leadership on the risks of recently discussed pension proposals were covered by InsuranceNewsNet, BenefitsLink Retirement Plans Newsletter, and other media outlets.

The Pension Practice Council's letter to congressional leadership regarding multiemployer pension plan funding provisions of the PPA was covered by InsuranceNewsNet and BenefitsLink Retirement Plans Newsletter, and in a (subscriber-only) Bloomberg BNA story.

The Academy's announcement about joining the National Retirement Planning Coalition was covered by InsuranceNewsNet and BenefitsLink.

PROFESSIONALISM COUNTS

Discussing Ethics and Professionalism Internationally

Actuaries worldwide have long focused on their responsibility to their principals. But in recent years, a rise in the number of companies launching corporate social responsibility programs has led actuaries to consider what responsibility they have to the public.

"Ethics and Professionalism for the Consulting Actuary," a session at the International Actuarial Association's 30th International Congress of Actuaries (ICA), held recently in Washington, examined this topic.

Ken Kent, Academy chairperson of the Joint Committee on the Code of Professional Conduct, discussed the U.S. actuarial profession's Code of Professional Conduct, aiming to connect the dots among ethical and professional responsibilities for international actuaries. "These are *the* guidelines that hold U.S. actuaries to a specified level of behaviors and quality of practice," said Kent.

Professional actuarial conduct is essential in any country. Whether serving the interests of the principal or the general public, actuaries must be competent and ethical in their work. For U.S. actuaries, this is laid out in the code's Precept 1, Professional Integrity. Under Precept 3, Standards of Practice, U.S. actuaries practicing abroad must observe applicable local standards of practice, issued by a recognized actuarial organization. Precept 8, Control of Work Product, can help actuaries ensure that their work products are not misinterpreted or used in a manner that was not originally intended.

Around the world, the public relies on the actuarial profession. In the pension area, debate has arisen over the question of whether the actuary's primary responsibility is to the principal or the pension beneficiaries. Attendees discussed this point, with participants saying that some regulatory regimes structure responsibilities differently.

The view of the presenters was that the public in any country relies upon actuaries and their work; therefore the actuarial profession should fulfill its responsibility to the public by maintaining a high level of professionalism and ethical behavior.

Family, Colleagues, and Students Remember Curtis Huntington

FRIENDS, STUDENTS, AND COLLEAGUES came together April 11 to celebrate the life of Curtis Huntington, a widely admired leader in the actuarial profession. Huntington volunteered at the Academy in many professionalism roles and at the time of his death was serving on the Actuarial Board for Counseling and Discipline.

Academy President Tom Terry reported that the memorial was well attended, with students, teachers, and colleagues packing a ballroom at the University of Michigan's Michigan Union. Huntington died last October after a battle with cancer.

Because the memorial was held six months after Huntington's death, Terry noted, "this was not an event filled with grief. Most of us have had the opportunity to process that. This was a celebration of Curtis's life." The crowd, Terry said, was "a remarkable multigeneration gathering."

An Academy film celebrating Huntington's acceptance of the 2012 Jarvis Farley Service Award was shown at the event. Huntington's sister traveled from New Zealand to give a eulogy Terry described as "moving, and full of the same irreverent humor and irony" Huntington was known for.

Academy Teaches About International Diabetes Programs at ICA

ACADEMY MEMBERS briefed the 30th International Congress of Actuaries on the effectiveness of international efforts to combat diabetes at an April 2 session in the nation's capital.

Academy members April Choi and Ian Duncan led the session. The pair, chairperson and vice chairperson of the Academy's Health Practice International Task Force, drew from an article they co-authored in the January/February issue of *Contingencies*, outlining the efforts of seven countries to curb the growing costs of the disease.

Diabetes, Choi noted, accounted for 11.6 percent of health care spending worldwide in 2010, but mean per-person expenditures varied widely between the countries studied. The U.S., she explained, had "by far" the highest numbers, spending an average of $7,383 on each patient. South Africa boasted the lowest figure among the countries studied, spending just $674 per patient.

"Worldwide," Choi continued, "the number of adults with diabetes has almost doubled in the last three decades." That number only continues to grow. "The diabetes prevalence rate is projected to increase from 8.3 percent in 2011 to 9.9 percent in 2030."

Duncan explained that "actuaries have a role in curbing the spread of the disease," because "determining whether interventions are actually making a difference requires an actuarial approach."

Currently a professor in the Department of Applied Statistics at the University of California, Santa Barbara, Duncan once headed actuarial analysis for Walgreens.

"The next generation of health actuaries is going to look completely different than today's health actuaries," he predicted, "because they're going to have to engage with health care providers and the public to analyze the success or failure of large-scale interventions like those outlined in the *Contingencies* article."

Actuaries will "always be at a disadvantage compared to clinicians" when it comes to "getting a seat at the disease management table," he said, because "we don't save lives. We deal with the grubby stuff...money." But, Duncan explained, "we need to be at that table, because we're the ones best positioned to assess whether or not these programs are actually making a difference."

He urged the crowd to "publish, publish, publish!" and "take every opportunity to speak with nonactuarial agents" to enhance the public profile of the profession.

HEALTH BRIEFS

- **Mearl Platt**, assistant actuary for Florida Blue in Jacksonville, Fla., has joined the Risk Sharing Work Group.
- **John Bradley**, vice president for product management and Medicare markets at CNO Financial Group in Chicago, has joined the Medicare Supplement Work Group.
- **Tim Deno**, vice president and valuation actuary for WellPoint in Indianapolis, has joined the Health Solvency Work Group.

Social Security Administration Joins Academy for Disability Insurance Webinar

SOCIAL SECURITY ADMINISTRATION Chief Actuary Stephen Goss joined the Academy for an April 23 webinar discussing the actuarial status of the administration's Disability Insurance (DI) program, and what is being done to ensure long-term solvency.

Some estimates predict that the DI program's Trust Fund reserves could be depleted as soon as 2016. Goss made clear, however, that while the program is in financial distress, it is not bankrupt.

"Trust Fund reserve depletion is not bankruptcy, it's not going out of business," Goss said. "In the world of Social Security, when reserves deplete, that simply means that we will not have enough money on hand to pay the full scheduled benefits in a timely basis."

Rather, each participant would receive 80 cents for each dollar of scheduled benefits.

The current state of the DI program does not come as a surprise to Goss. The program was bailed out by Congress in 1994, when it faced a threat of shortfall.

In that instance, Congress enacted a Tax-Rate Reallocation to ensure short-term solvency. Although actuarial models predicted that the same issue would happen again, the program went through a period of economic growth from 1995 to 2005, delaying the problem. When the recession hit in 2008, the program was significantly affected, and actuarial models were again revised to reflect lower funding levels.

The recession was not the only cause. The reduction of the GDP, along with rising costs due to a tripling of the number of workers receiving benefits, the base population aging, and an increase in the retirement age, also contributed to the program's financial status.

Several solutions have been proposed to ensure long-term solvency. One solution, suggested by Sen. Tom Coburn in 2011, would bar anyone receiving unemployment insurance from receiving disability benefits.

Goss is confident that a solution will arise before the Trust Fund reserves are fully spent.

"Congress has never allowed anything like that to happen," Goss noted. "Imagine that Congress that allows Trust Fund reserves to deplete and suddenly benefits can't be paid in full on a timely basis. That would not be a good prospect."

—KAITLIN COUNIHAN

Addressing the 80 Percent Funding Myth

THE ACADEMY published a new paper on determining whether a pension plan is financially healthy, as part of its Essential Elements education series. The paper, *The 80% Pension Funding Myth*, argues that no single level of funding distinguishes a healthy plan from an unhealthy plan.

Instead, the paper states, plans should have an objective of accumulating assets equal to 100 percent of relevant pension obligations. The Academy has entered the discussion because "media reports, some policymakers, and others perpetuate the myth" that 80 percent funding is sufficient, the paper notes. Yet, "when assessing the fiscal soundness of a pension plan, many factors should be taken into account because each situation is unique."

The sponsor's financial health, funding and contribution policies, and with investment strategies, along with the relative size of the obligation, all come into account.

An underfunded plan risks benefit cuts and the need for future contributions that could be out of a plan sponsor's reach.

The paper is the latest in an ongoing series, designed to be concise and easy for policymakers and the general public to understand, with informative graphics. Future topics will include means testing of Social Security, the solvency of Medicare, and the Terrorism Risk Insurance Program.

PENSION BRIEFS

- **Jason Schultz**, supervisory actuary for the Social Security Administration in Baltimore, has joined the Social Security Committee.

CASUALTY BRIEFS

- **Thomas McIntyre**, principal for KMPG LLP in Hartford, Conn., is the new chairperson of the Property and Casualty Risk-Based Capital Committee.
- **Aaron Halpert**, consulting actuary for AMH Advisory in Monsey, N.Y., has joined the Property and Casualty Risk-Based Capital Committee.

Academy Cautions on Pension Policy as a Budget Tool

TWO ACADEMY GROUPS urged Congress to be careful in using pension policy as a means of balancing the federal budget.

"Some recently discussed proposals could have serious consequences, including reduced benefit security and increased incentives to eliminate plans," explained Academy Senior Pension Fellow Donald Fuerst.

In an April 17 letter addressed to the bipartisan, bicameral congressional leadership, the Academy's Pension Practice Council urged that proposed changes to pension funding rules and insurance premiums be evaluated "based primarily on their effect on the private-sector pension system and its stakeholders (participants, sponsors, and the PBGC), rather than primarily as a means to offset spending for other purposes."

Separately, the Academy's Pension Finance Task Force sent a letter to congressional leader detailing the potential consequences of the proposed changes, and noting that additional Pension Benefit Guaranty Corp. (PBGC) premium inflate being considered in Congress would increase the cost of plan sponsorship and could accelerate the rate of plan closures, plan terminations, and other sponsor efforts to transfer risks to participants.

The Emergency Unemployment Compensation Act of 2014, currently making its way through the Senate after passing the House, would offer a revenue offset by extending the 2012 pension funding provisions of the Moving Ahead for Progress in the 21st Century Act (MAP-21). Those provisions were intended to present plan sponsors with short-term relief from economic conditions, and were never meant to be a long-term solution. The rates set by these provisions, based on a 25-year average of corporate bond rates, do not give a meaningful measure of pension obligations for reporting purposes, and have other, potentially serious consequences.

MAP-21 Discount Rate Extended

THE SENATE PASSED A BILL on April 7 that delays the phase-out of pension funding stabilization provisions of the Moving Ahead for Progress in the 21st Century Act (MAP-21) until 2018. To read the full alert, log in to the membership page and visit "Pension Alerts."

Academy Comments on NAIC Life Risk-Based Capital Formula

THE LIFE CAPITAL ADEQUACY SUBCOMMITTEE submitted comments on a March 20 exposure draft of a revised proposal providing for operational risk in the National Association of Insurance Commissioners' (NAIC) life risk-based capital formula.

The subcommittee questioned whether a new charge for operational risk is necessary but noted, "We understand the desire of the NAIC to incorporate a specific charge for operational risk into the RBC formulas to facilitate comparisons with solvency regimes in other countries."

If the NAIC does go forward with the proposal, the subcommittee cautioned, "we strongly believe that any changes to the operational risk charges for 2014 RBC calculations be informational only."

Other recommendations proposed that the Operational Risk Subgroup might want to "consider conducting a written survey of insurers to better understand how operational risks are monitored and mitigated," and that the NAIC "evaluate an additional charge in the current C4 component to explicitly capture risk from rapid growth."

WEBINAR

What You Need to Know on the New Group Long-Term Disability Valuation Table and Actuarial Guideline

Join us on May 15 as panelists from the Academy's Group Long-Term Disability Work Group will discuss the use, application, and various features of the new table as well as how to apply the actuarial guideline. Other topics will include:

- Background/timing of implementation;
- A description of the table;
- Adjustments such as measuring actual to expected terminations, credibility, and application of margins;
- Special considerations.

Click here for complete information and registration.

Webinar Recaps Spring NAIC Meeting

THE ACADEMY'S Life Practice Council hosted a webinar on April 22, recapping the spring national meeting of the National Association of Insurance Commissioners (NAIC) and providing an overview of the VM-20 practice note.

Mike Boerner, director of the actuarial office at the Texas Department of Insurance and chair of the NAIC's Life Actuarial Task Force (LATF) and Emerging Actuarial Issues Working Group, led the discussion. He expanded on the fall meeting, providing a status report on 10 items that still need to be completed before the Valuation Manual (VM) becomes operative.

The LATF adopted two VM amendment proposal forms, the "Option to use the Direct Iteration Method to calculate the deterministic reserve," and the "Exemption of Industrial Life Insurance from VM-20."

The task force also exposed two changes for comment:

- The Blanks Working Group exposed draft changes to the task force's 2014 life and fraternal annual statement instructions for the actuarial opinion, which would require the appointed actuary to report annually to the board of directors or the audit committee;
- Edits to Actuarial Guideline 33 that preclude use of non-elective incidence rates where they are not appropriate.

Mike Birdsall, chief actuary of the Kansas Insurance Department and chair of NAIC's Life Risk-Based Capital Working Group, provided an update on the Kansas VM-22 field test. The department is testing a VM-22 floor reserve, a new method for calculating the VM-22 modeled reserve, and reserve levels for nonvariable annuities with guaranteed lifetime withdrawal benefits. This current phase is running parallel to work being done by the Academy's Annuity Reserve Work Group.

Birdsall also provided an update on activities from the Life Risk-Based Capital Working Group, which included the exposure of an ACLI proposal regarding contingent deferred annuities and modifications to C-3 Phase 1 of the life risk-based capital instructions.

The last portion of the webinar was devoted to the draft practice note on life principle-based reserves under VM-20. Todd Erkis, chairperson of the Life Principle-based Practice Note WorkGgroup, provided an overview of the practice note, which is designed to assist actuaries by summing up anticipated industry practice regarding VM-20. The comment period on the practice note has formally closed, but the group is encouraging late submissions.

Comments can be submitted via email to Academy Life Policy Analyst John Meetz at meetz@actuary.org.

—KAITLIN COUNIHAN

LIFE BRIEFS

- **Guillaume Briere-Giroux**, principal and Hartford office leader for Oliver Wyman in Hartford, Conn., and **Cindy Barnard**, assistant vice president for Pacific Life Insurance Co. in Newport Beach, Calif., have joined the Annuity Reserves Work Group.
- **Wayne Stuenkel**, senior vice president and chief actuary for Protective Life Corp. in Birmingham, Ala., has joined the Principle-Based Reserves Strategy Subgroup.
- **Daron Yates**, senior director actuary for Allianz Life Insurance Co. of North America in Minneapolis, has joined the C1 Work Group.
- **Jennifer Parkes**, actuary for TIAA-CREF in New York, has joined the C1 Work Group and the Life Capital Adequacy Subcommittee.

their core business.

- Governance–Plan governance must balance the complex needs of many stakeholder groups in a fair and transparent way.
- Efficiency–In order to maximize income and avoid excessive risk, a plan must have reasonable costs, broad participation, appropriate use of guarantees, and a narrow set of outcomes.
- Sustainability–The system should have reasonable funding and reasonable benefits designed to endure across generations, and be able to withstand the financial shocks of recessions and inflation, which involves "sharing costs in a reasonable way across stakeholders, and intergenerational equity," Button said.

A series of panel discussions highlighted four systems, functioning and proposed, that the task force cited as strong examples of these four principles in action.

Michael Kreps, senior pension and retirement counsel at the U.S. Senate Committee on Health, Education, Labor, and Pensions, HELP discussed the proposed USA Retirement Funds Act, introduced by HELP Committee Chairman Sen. Tom Harkin (D-Iowa), which would create a framework for small businesses that don't offer retirement plans to participate in a third-party administered plan.

Academy Senior Pension Fellow Donald Fuerst noted that part of aligning roles with skills will involve educating the public. "I've seen lots of plans that give people modeling tools during their career," he explained, "on how to do an investment allocation." But few plans offer similar tools that apply to retirement. "We need much better tools to illustrate that the value of an annuity is not in the investment return. It's in the longevity protection."

Paul McCrossan, a former Canadian member of Parliament and semi-retired actuary, detailed his experiences reforming pension plans for the Canadian province of New Brunswick. The province faced the collapse of two major public pension plans in 2010, leading to the creation of a task force with a mandate to redesign the system to avoid further catastrophe.

McCrossan stressed the importance of fair governance. The New Brunswick task force faced a daunting challenge: "The courts had ordered the province to rapidly ramp up contributions or rapidly cut benefits," he explained. He cited "five months of very transparent meetings" as key to the project, noting that "unions and the government shared all communications with each other, and agreed that only the unions would communicate directly with their members."

Academy President Tom Terry with keynote speaker J. Mark Iwry, senior advisor to the secretary of the treasury and the deputy assistant secretary for retirement and health policy, U.S. Treasury Department.

Leon "Rocky" Joyner, vice president and actuary for the Segal Co., said that economies of scale are the key to efficiency. Joyner is one of the minds behind Secure Choice Pension, a model multiemployer plan designed to be adopted by states or large metropolitan areas and offered to small businesses. With every plan, he said, "you have to have infrastructure for bookkeeping and administration, and those things cost money."

Robert Wylie, executive director and administrator of the South Dakota Retirement System, noted that his plan has both contribution rates and funding thresholds set by the state legislature to ensure that it is sustainable and safe from market shocks.

Other presenters included former Academy President Dave Sandberg, Pension Practice Council Chairperson Eli Greeblum and Vice Chairperson Bruce Cadenhead, and Forward Thinking Task Force members Evan Inglis, Eric Keener, Cindy Levering, and Andrea Sellars.

Academy President TomTerry closed the session, the role of the actuary in retirement reform. The Academy chose to spelling out its AGES principles, he said, because "it's our job to give voice to the concepts that will drive change."

Accepting Nominations for Academy Directors

ACADEMY MEMBERS are invited to nominate themselves or others to be considered for a position as a regular director on the Academy's board. Simply submit your nomination to the Academy's Nominating Committee.

The Nominating Committee may also be reaching out directly to members and asking them to seek election to the board as a regular director. Anyone who would like to be considered for a regular director position is encouraged to let the Nominating Committee know by completing an online form.

The committee will consider practice area representation across the entire board when nominating regular directors. As officer candidates are identified, the Nominating Committee will announce the practice areas it expects regular director nominees to represent. The Nominating Committee considers candidates' ability and willingness to serve the Acadmy.

Chaired by 2012 Academy President Dave Sandberg, the Nominating Committee includes President Tom Terry, Immediate Past President Cecil Bykerk, and President-Elect Mary D. Miller. Other members are Albert Beer, Katherine Campbell, Audrey Halvorson, and Catherine Murphy-Barron,

For more information about the Academy's commitment to professional objectivity, please visit the Professional Objectivity at the Academy page. Questions? Contact the Academy's professionalism department at objectivity@actuary.org. If you experience any technical difficulties, please contact the Academy's membership department at membership@actuary.org or by calling (202) 223-8196.

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EXECUTIVE OFFICE
The American Academy of Actuaries
1850 M Street NW
Suite 300
Washington, DC 20036
Phone 202-223-8196
Fax 202-872-1948
www.actuary.org

Care Models, continued from page 1

staffers and reporters that U.S. health care spending increased 3.7 percent between 2011 and 2012, and now totals at least 17.2 percent of gross domestic product. She identified "payment structures that reward volume, not value," consolidation of providers, and a shortage of primary care physicians as drivers of cost increases.

Halvorson noted that though the Affordable Care Act includes provisions designed to lower health care costs, Academy and HCI research shows that more can be done. She advocated more research on the comparative effectiveness of health interventions, and benefits that offer lower premiums for those who pursue behaviors that lower health risks.

Susan Pantely, chairperson of the Academy's Models of Care Delivery Subgroup, then provided a breakdown of the common models of care delivery, placing strategies on a continuum from open systems to heavily coordinated care. She outlined approaches that could enhance care and drive costs down across all of the models, including telemedicine, and expand the use of "midlevel providers" like nurse-practitioners.

During a question-and-answer session with reporters and congressional staffers, Halvorson noted that later research may tackle the impact of tort reform on health care costs.

For more information, visit www.actuary.org/healthcosts.