HEALTH PRACTICE COUNCIL HIGHLIGHTS
(Activity since last Board/Executive Committee meeting)

In March, the Academy’s Health Practice Council and Individual Medical Market Task Force released the newest policy statement in the Critical Issues in Health Reform series. The paper, *Premium Setting in the Individual Market*, provides an overview of premium components, the factors influencing premium increases, solvency and the implications of additional premium oversight.

On March 8, the HPC sent a letter to House and Senate leadership that outlined a number of areas in existing health care reform proposals that should be addressed in order to avoid unintended consequences. The letter urges policymakers to strengthen the individual mandate, modify certain grandfathering provisions, modify the medical loss ratio requirements, base insurance oversight on actuarial principles, modify the excise tax on high-cost employer-sponsored health insurance, and strengthen the eligibility requirements in the Community Living Assistance Services and Supports (CLASS) Act.

On March 2, the Academy’s Medicare Supplement Work Group submitted comments to the co-chairs of the NAIC’s Medicare Supplement Compliance Manual Subgroup. The comment letter clarified the Academy’s February 2 letter which highlighted specific areas in which the Medicare Supplement Compliance Manual could be improved regarding 1990 and 2010 standard plans. The letter provides clarification regarding the intent of the pooling approach suggested by the subgroup and how it may interact with loss ratio standards.

On February 22, the Academy’s Long Term Care Principles Based Work Group sent a letter to Steve Ostlund, chair of the NAIC’s Accident and Health Working Group, regarding the formation of a new joint work group with the Society of Actuaries (SOA) to develop and recommend valuation morbidity tables for long-term care insurance.

On February 23, the HPC sent a letter to the policymakers invited to participate in the bipartisan health reform meeting on February 25 at Blair House. The letter reiterated the HPC’s key criteria for viable health care reform and urges the policymakers to view these criteria as requirements for a sustainable health insurance system.

Based on a request from congressional staff for clarification on certain issues related to the implementation of medical loss ratios under health care reform, the Health Practice Council updated the Critical Issues in Health Reform: Minimum Loss Ratios. The policy statement highlights relevant issues policymakers should consider before establishing more stringent and broadly applicable minimum loss ratio requirements, with stricter penalties than those that exist within the current regulatory framework.

On February 4, Shari Westerfield submitted written testimony to the Massachusetts House and Senate Joint Committee on Financial Services for its hearing regarding Bill 3447, *An Act Providing for Equitable Coverage in Disability Policies*. The bill prohibits gender discrimination in the area of disability insurance. The testimony described some of the unintended consequences that could arise as a result of the bill’s passage. In addition, the Academy noted that life and auto insurance could also be affected due to the broad wording of the bill.

In light of President Obama’s State of the Union pledge to create a bipartisan commission to address deficit reduction and the release of his administration’s 2011 budget proposal, the Academy’s Health Practice Council updated its Medicare Call to Action and outlined four goals that any comprehensive reform of the program must seek to achieve: the Hospital Insurance trust fund must meet short-range financial adequacy, the fund must meet long-range actuarial balance, the program’s growing demand on the federal budget must be reigned in by a
reduction in the growth in general revenue contributions, and overall Medicare spending must be limited by a
reduction in the growth of spending.

On January 25, the Academy’s Health Practice Council (HPC) hosted a webinar, co-sponsored by the Conference
of Consulting Actuaries and the Society of Actuaries, on health care reform. Webinar panelists David Shea, Tom
Wildsmith and Cori Uccello provided attendees with an overview of the current status of health care reform, outlined
some of the more significant differences between the House and Senate bills, and discussed the
Academy’s involvement in the health care reform debate (including publications, interactions with policymakers
and inquiries from media). The slides and archived webinar are available online.

OPERATIONAL PLAN HIGHLIGHTS

2.1.1 Initiative to better focus Practice Councils in Public Policy.
Priority: 1
Response to Congressional requests: As the health care reform debate continues, the Academy continues to
respond to formal and informal congressional inquiries on aspects of reform. Recent requests for information have
been on topics such as average premiums for catastrophic plans, minimum loss ratios, and the effect of antitrust
exemption repeal on health insurers.

Expand volunteer resources/collaborate with the SOA: The Academy and the SOA completed a third health
reform research project in January on the effect(s) of the proposed tax on “Cadillac” plans.

2.2.2 Identify key bodies with which the Academy should establish meaningful relationships and establish
priorities. (Review and evaluation of the policy-making bodies we should target for an awareness campaign.)
Priority: 1
In February, Shari Westerfield submitted testimony on a Massachusetts bill that would prohibit gender rating in
the area of disability insurance.

2.3.1 Promote awareness of and participation in public policy issues by our members.
Priority: 2
Educate members about policy issues and HPC public policy statements: Academy staff and volunteers continue
to present at actuarial club meetings and other conferences. In January, the Academy also hosted a free webinar
for members, co-sponsored by the CCA and SOA, in order to inform members of current activity being
undertaken by the Academy with respect to health care reform.
In January, the Academy also implemented a new weekly newsletter (Health Check) to keep members apprised of
Academy activity, as well as legislative updates and media placements, related to health care reform.

SENIOR HEALTH FELLOW HIGHLIGHTS
Served as the primary drafter of the comment letter to participants at the White House summit at Blair House, as
well as the letter to House and Senate leadership regarding the reconciliation process. Updated Critical Issues in
Health Reform: Minimum Loss Ratio in response to a request for clarification from congressional staff, and
updated the Medicare Call to Action in response to the creation of a new deficit reduction commission. Also
served as a primary drafter of the newly released Critical Issues in Health Reform: Premium Setting in the
Individual Market. (All of these are discussed in the Highlights section above.)
Spoke and corresponded with staff members of congressional committees and external health policy experts on
the potential impact of imposing an excise tax on high-cost employer health plans and the proposed antitrust
exemption repeal for health insurers. Spoke with a representative of the Center on Budget and Policy Priorities
regarding actuarial equivalence issues.
In terms of media exposure, explained the basics of determining health insurance premiums on “Marketplace,”
which airs on NPR. Spoke with producers of Bloomberg TV and the PBS Nightly Business Report on the basics
of determining health insurance premiums and premium increases and the differences between the House and
Senate reform bills, respectively. Quoted in articles in Kiplinger’s Personal Finance and BNA regarding ways to
strengthen an individual health insurance coverage mandate.
## PUBLICATIONS TO BE COMPLETED IN 2010

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<th>Future Publication/Activity</th>
<th>Committee/Work Group</th>
<th>Audience</th>
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<td>Series of two-page backgrounders on various health care reform issues</td>
<td>HPC</td>
<td>Congress, etc.</td>
<td>ONGOING</td>
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<tr>
<td>Issue brief on risk adjustment</td>
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<td>TBD</td>
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<td>Update on health care receivable factors</td>
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<td>Issue brief on chronic care, wellness programs</td>
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<td>Practice note on contract life reserves</td>
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