



AMERICAN ACADEMY *of* ACTUARIES

February 19, 2013

The President of the United States Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

On behalf of the American Academy of Actuaries¹ (Academy), I am writing to ask you to consider membership in the Academy as a qualification requirement for potential candidates to fill the Chief Actuary position at the Centers for Medicare & Medicaid Services (CMS).

The Academy establishes professional qualification standards for member actuaries practicing in the United States, including those related to codes of professional conduct, statements of actuarial opinion, and social insurance. Adherence to these standards is critical to helping ensure that the chief actuary is independent and objective. The Academy proudly recognizes the valuable contribution that members of the actuarial profession make in their role as government actuaries, especially the chief actuaries at CMS and the Social Security Administration (SSA). Their roles are significant not only within their respective agencies, but also government-wide, through their impact on the most far-reaching programs administered by the federal government.

The current qualification set forth in 42 USC § 1317 - *Appointment of the Administrator and Chief Actuary of the Centers for Medicare & Medicaid Services* only calls for the chief actuary to “be appointed from among individuals who have demonstrated, by their education and experience, superior expertise in the actuarial sciences. The Chief Actuary shall exercise such duties as are appropriate for the office of the Chief Actuary and in accordance with professional standards of actuarial independence.” To assure adherence to these criteria, your selection process should include the critical need for a recognized actuarial qualification. Just as one would expect admission to a bar as evidence of superior expertise in an attorney, one should expect a recognized credential as evidence of superior expertise in an actuary. Therefore, we also strongly recommend you consider

¹ The American Academy of Actuaries is a 17,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

amending the criteria either in statute or current administrative procedures for chief actuaries or opining actuaries in the employ of the federal government to be required to be members of the American Academy of Actuaries. Academy membership has been recognized in every state in the country to indicate that an actuary is qualified to sign insurance company annual statements. Furthermore, the Academy takes a leading role in establishing the profession's Code of Professional Conduct and qualification standards.

Academy's Code of Professional Conduct and U.S. Qualification Standards

The Academy hosts the joint committee that is responsible for the Code of Professional Conduct, which imposes standards of conduct on all actuaries who are members of one or more of the professional actuarial associations and societies in the U.S. The Code imposes, among other things, a fundamental obligation on actuaries to perform professional services with integrity and competence, an obligation that is essential to government service. The Code also requires actuaries to meet applicable Actuarial Standards of Practice (ASOPs) promulgated by the Actuarial Standards Board, such as ASOP No. 32, *Social Insurance*, as described below.

In addition, the Academy's Committee on Qualifications establishes qualification requirements for practitioners who issue statements of actuarial opinions, as defined in the qualification standards.

We would welcome the opportunity to provide any details about the comprehensive actuarial standards of practice and qualification established by and through Academy committees that provide the foundation for actuarial professionalism.

Actuarial Standard of Practice No. 32

Of particular relevance in the unique setting of Social Security and Medicare is Actuarial Standard of Practice No. 32, *Social Insurance*. The purpose of this standard is to provide "the actuary practicing in the field of social insurance with guidance concerning the nature of social insurance and a description of recommended practices." The scope of the standard explicitly states that it includes actuarial analyses of the Medicare and Social Security programs. The standard goes on to describe issues that should be considered, recommended practices, actuarial methods and assumptions, and information that should be communicated to users of reports concerning social insurance.

The Academy represents and unites U.S. actuaries from all practice areas. As the profession's voice on public policy and professionalism issues, the Academy serves its members—and the public—in the following ways:

- It establishes, maintains, and enforces high professional standards of actuarial qualification, practice, and conduct.
- It represents the profession at the state, national, and international levels.
- It assists in shaping public policy by providing legislators, regulators, and others with independent, objective information and analysis.
- In cooperation with other organizations, it works to represent and advance the actuarial profession and to increase public awareness of the actuary's vital role in the economy and government.

As such, we ask you to consider, at the very least, requiring membership in the American Academy of Actuaries of potential candidates to fill the CMS Chief Actuary position. Going forward, we strongly recommend you consider amending the criteria either in statute (for chief actuaries of CMS and SSA) or current administrative procedures² (for other chief actuaries or opining actuaries in the employ of the federal government) to be required to be members of the Academy.

We welcome the opportunity to discuss with you the merits of this request. We appreciate your attention to this matter and look forward to hearing from you. Feel free to contact us through the American Academy of Actuaries' Director of Public Policy, Craig Hanna, at 202-223-8196 or hanna@actuary.org.

Sincerely,

Cecil D. Bykerk
President
American Academy of Actuaries

² OPM Classification & Qualifications General Schedule Qualification Standards, Actuarial Science Series, 1510—Individual Occupational Requirements