



AMERICAN ACADEMY
of ACTUARIES

Immediate Release

NEWS RELEASE

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Actuaries Detail Health Care Reform Concerns to Congressional Leaders

WASHINGTON – 14 Jan. 2010 – The American Academy of Actuaries has detailed concerns for congressional leaders to consider as they negotiate combining the House and Senate versions of health care reform legislation. The actuaries underscored the need to limit adverse selection, whether it is stemming from new issue and rating restrictions or inherent with the current design of a new federal long-term care insurance program better known as the CLASS Act.

“Adverse selection occurs when higher-risk individuals are more likely to purchase coverage while lower-risk individuals are more likely to forgo coverage,” said **Cori Uccello**, the senior health fellow for the American Academy of Actuaries. “The result is that premiums increase.”

The actuaries said that an effective and enforceable individual mandate will minimize adverse selection resulting from more restrictive issue and rating rules that are included in both versions of health care reform legislation.

“The individual mandate language should be strengthened,” Uccello said. “The viability of health care reform depends on attracting lower-risk individuals. Strengthening the mandate through higher financial penalties and non-financial incentives would increase the likelihood that these individuals will purchase coverage.”

Regarding the CLASS Act, the actuaries continued to express their concerns regarding adverse selection issues that are likely to lead to high premiums and could threaten the viability of the program. The actuaries recommended adding eligibility restrictions to the program to limit adverse selection.

The actuaries also addressed other significant areas of the bills including an excise tax on employer-sponsored coverage, grandfathering provisions and medical loss ratios. The letter is available at: http://www.actuary.org/pdf/health/differences_jan10.pdf

(more)

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For more information or to schedule an interview with Cori Uccello, contact Andrew Simonelli, assistant director of communications for the American Academy of Actuaries, at 202.785.7872. For more information on the American Academy of Actuaries, please visit: www.actuary.org.

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The American Academy of Actuaries is a 16,000-member professional association whose mission is to serve the public on behalf of 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.