

# Health Volunteers Visit Capitol Hill to Discuss New Issue Brief on Prescription Drug Costs

**T**HE ACADEMY'S HEALTH PRACTICE COUNCIL (HPC) gave a briefing March 9 on Capitol Hill to policymakers and congressional and federal agency staff, offering an [actuarial perspective on prescription drug costs](#) in the U.S. health care system and highlighting the Prescription Drug Work Group's [issue brief](#) on the subject, released in early March.

The briefing capped the HPC's spring visits to House, Senate, and federal agency offices on March 8-9. The annual Capitol Hill visits by Academy health volunteers were well-received by about 40 congressional staff members and agency officials. The briefing was moderated by Audrey Halvorson, vice chairperson of the HPC, and the presenters were Prescription Drug Work Group members Karen Bender and Susan Pantely, and Shari Westerfield, the Academy's vice president, health.

The HPC has undertaken a multiyear study of various cost components of the U.S. health care system, and its members provided expertise on the drivers of growth in



Westerfield (left), Bender, and Pantely at the HPC's March 9 briefing

drug expenses; benefits versus costs for new treatments; the impact of high and increasing prescription drug costs on payers; and options to address spending. The Capitol Hill briefing spotlighted the Academy's research on this complicated topic.

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## Academy Presents at NAIC Spring Meeting

**A**CADEMY VOLUNTEERS and representatives gave presentations on policy and professionalism issues at the NAIC Spring 2018 National Meeting in Milwaukee in late March. A wide range of public policy topics across the Academy's practice areas were covered, including principle-based reserving (PBR) for life insurance and other products, developments in health care reform, long-term care insurance, and the "qualified actuary" initiative.

Academy representatives also gave several professionalism presentations at the event. Past Academy President Mary D. Miller, Actuarial Standards Board Chairperson Beth Fitzgerald, and Actuarial Board for

Counseling and Discipline member Jan Carstens provided updates on Academy activities in professionalism areas to the NAIC's Life Actuarial Task Force (LATF), Health Actuarial Task Force (HATF), and Casualty Actuarial and Statistical Task Force (CASTF). They also presented at the Academy's regulator-only professionalism breakfast and discussion forum on March 24, at which they discussed the Academy's professionalism activities.

In advance of the meeting, in response to an NAIC request, Past Academy President Mary D. Miller submitted two letters from the Academy—one [responding](#) to CASTF's request for comments on the appointed actuary's public attesta-

tion and supporting confidential documentation, and a [second responding](#) to CASTF's request for proposals on the three-year experience period.

In addition Miller, speaking from her experience as a former chief actuary for the Ohio Department of Insurance, provided noteworthy comments at the March 24 CASTF meeting on the NAIC's Job Analysis and Standards and Assessment Project regarding P/C Appointed Actuaries. Based on her financial regulation experience, she advised the task force that she did not believe they would get any useful information from applying the knowledge statements they have developed and proposed as a checklist for individual actuaries.

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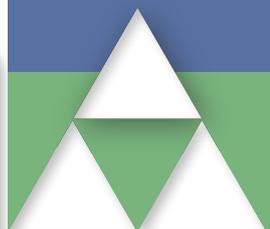
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Professionalism Webinar—A Closer Look at U.S. Qualification Standards



APRIL

8-11 [Enrolled Actuaries Meeting](#), Washington, D.C.

13 Capitol Hill Briefing—Making Retirement Income Last a Lifetime: Public Policy Options and Practical Tools, Washington D.C.

27 Webinar: [P/C Public Policy Update—Spring 2018](#)

AUGUST

28-30 Seminar on Implementing IFRS 17 for Long-Duration Contracts, Washington, D.C.

SEPTEMBER

5-7 Casualty Loss Reserve Seminar (CLRS) & Workshops—Anaheim, Calif.

NOVEMBER

1-2 [Annual Meeting and Public Policy Forum](#), Washington, D.C.

4-8 [Life and Health Qualifications Seminar](#), Arlington, Va.

DECEMBER

6-7 2018 Seminar on Effective P/C Loss Reserve Opinions, Chicago

# Academy NEWS Briefs

## Annual Meeting Registration Open

**R**EGISTRATION IS OPEN for the Academy's 2018 [Annual Meeting and Public Policy Forum](#), to be held Nov. 1-2 in Washington, D.C., just prior to this year's mid-term elections.

If you are an actuary interested in learning more about the public policy aspects and implications of our profession's work, make plans to join us for the one event that consistently delivers in-depth presentations from recognized experts on the top public policy and professionalism issues of our times relevant to you, your work, and our profession.

Sessions and speakers will provide insight on the latest developments and discussions, with an eye on how policy decisions impact



actuarial practice throughout the country. And you'll have many opportunities to engage with policymakers, business leaders, actuaries from all practice areas, and Academy leaders.

The opportunities to network and enjoy colleagues who share your dedication to making a differ-

ence through the profession's contributions to public policy are unparalleled. You'll leave energized and with fresh perspectives on key issues. And, as usual, we will have some unusual and fun entertainment at our festive dinner between the two days of meetings.

Join us in November—[register today](#) to take advantage of our deeply discounted extra-early rate. ▲

## Contingencies New Website Goes Live With March/April Issue

**T**HE ACADEMY'S BIMONTHLY MAGAZINE, *Contingencies*, [unveiled its new website](#) this month with the release of the March/April issue. The revamped site, now mobile-friendly, is a one-stop shop for everything in the magazine—from the latest articles and past issues to an updated Actuarial Job Bank. It also includes improved sharing tools that allow you to email individual stories to your colleagues and post them on social media to share with your friends and colleagues.

The March/April cover story, "[The On-Demand Conundrum](#)," explores whether the new frontier of insurance at your fingertips is a

misadventure or a wave of the future. Other features investigate managed care reinsurance market trends and catastrophic medical claims developments, and applicant nondisclosure of obesity and HIV and hepatitis C infection in the life insurance marketplace. Also released, the annual *Actuarial Job Seeker* supplement contains articles on how actuaries are shaping the casino gaming industry and an exploration of actuarial consulting. ▲



## Public Employment Opportunities

**T**HE PENSION BENEFIT GUARANTY Corporation (PBGC) has a public employment opportunity for director of its policy, research, and analysis department (PRAD). PBGC position information is available via USAJOBS by clicking [here](#) (current U.S. government employees), or [here](#) (non-governmental employees).

The Teacher Retirement System of Texas has a job opening for a health care actuary. The

position involves coordinating with system's contract actuary, researching health care data and performing actuarial analysis, analyzing and reporting on financial information, and program administration activities. Full information is [available here](#).

The Academy has long supported government employers who are seeking to hire qualified actuaries. See our [Public Employment Opportunity Posting Policy](#) for more information. ▲

For a list of all previous and upcoming Academy events, please visit the Academy's online [Events Calendar](#).

To continue receiving the *Update* and other Academy publications on time, make sure the Academy has your correct contact information. Academy members can update their member profile at the [member login](#) page on the Academy [website](#).

# Academy NEWS

## It's Time to Nominate Academy Regular Directors

**IT'S TIME TO SHARE** your recommendations for Academy regular directors, who are elected to the Academy Board of Directors by Academy membership in an online election from a slate of candidates presented by the Academy's Nominating Committee. The committee will meet in the coming weeks to identify new candidates for regular directors in accordance with the [Nominating Committee Guidelines](#).

"The Nominating Committee works diligently every year to ensure we pick a balanced slate of candidates to put in front of our members," said past Academy President Tom Wildsmith, chairperson of the Nominating Committee. "In order to do that, we need input from members who see potential candidates in action, either as leaders in their field or as volunteers

on Academy committees. I urge you all to propose those individuals who you believe will help the Academy thrive."

Please share your recommendation by [submitting the member's name and information](#) via the Academy [Board Election Center](#) no later than May 15, 2018. Results of the nominating process will be announced in future publications of *This Week* and *Actuarial Update*. Academy members are invited to nominate themselves or others for consideration.

The Academy holds uncontested elections. Some will recall that the Board experimented several years ago with contested elections for regular director seats over a two- or three-year period, as a means of testing a voting tradition that some other actuarial associations have.

After several years of the experiment,

the Board made a decision four years ago to reaffirm the longstanding Academy process of holding uncontested elections.

The Academy's Nominating Committee tries to ensure that the Academy's Board composition reflects our unique position as the U.S. national organization established to include actuaries from all practice areas—as well as an equitable distribution among actuarial specialties, business affiliations, and employers.

To achieve such a balance, the Academy's nominating process has long relied primarily on a Nominating Committee process that entrusts that committee with identifying Academy volunteers whose service to the Academy has made them an excellent candidate for service on our Board, which is dedicated to furthering our public policy and professionalism mission. ▲

## NAIC, continued from page 1

She also advised that they would be better served by applying those statements to the evaluation of the syllabi of the basic education providers. In addition, she related her experience being deposed by a company's counsel as an example of how regulators themselves might be exposing their departments and staff to unnecessary litigation risk. She noted for the regulators that the Academy has an [attestation form](#), developed several years ago in response to regulators' requests, that actuaries can use to demonstrate how they meet the U.S. Qualification Standards including the attachment of their documentation. She then answered regulators questions regarding her remarks.

### Practice-area presentations

Other Academy presentations provided to NAIC groups included:

- ▲ Mary Bahna-Nolan, chairperson of the Academy's Life Experience Committee, presented to LATF on [guaranteed issue reserve comparison](#) using different mortality bases, and gave an update on [accelerated underwriting data elements](#).
- ▲ Tricia Matson, chairperson of the Academy's Longevity Risk Task Force, [presented an update](#) on the Risk-Based Capital Longevity Risk Survey.
- ▲ Shari Westerfield, the Academy's vice president, health, gave an update to HATF on the Academy's recent public policy work at the federal, state, and international levels, including



**Bahna-Nolan presents at NAIC on March 22**

the Health Practice Council's Capitol Hill visits.

- ▲ Craig Hanna, director of public policy, [presented](#) to the NAIC's Climate Change and Global Warming (C) Working Group on the Actuaries Climate Index and the Actuaries Climate Risk Index.

A webinar recapping the NAIC meeting's life issues will be held in April, and a post-NAIC alert recapping the Academy's activity will be released soon—to make sure you are signed up to receive alerts, check your subscription status via the [member section](#) of the website. ▲

## Recently Released

**I**N THE SPRING [Casualty Quarterly](#), Edmund Douglas, chairperson of the Academy's Cyber Risk Task Force, writes about cyber risk as a pre-eminent security concern—a wakeup call akin to the Great Fire of London in 1666. Also covered are two practice notes from the Committee on Property and Liability Financial Reporting; the Academy's view on a "Qualified Actuary" proposal; and recent state and federal legislative, regulatory and judicial activity.

The latest [Enrolled Actuaries Report](#) features background on the Academy's upcoming paper on the seven principles of pension funding. Also included: a preview of the Enrolled Actuaries

Meeting, to be held next month in Washington; Pension Practice Council volunteers held meetings with a variety of congressional and federal agency offices; the Academy will host a lifetime income issues briefing on Capitol Hill on April 13; and the 2018 IRS and Social Security tables.

In addition to the Health Practice Council's Capitol Hill visits and briefing this month (see story, p. 1), the March [HealthCheck](#) covers a new public policy practice note from the Group Long-Term Disability Practice Note Work Group, and an Academy statement on a U.S. District Court decision involving Actuarial Standard of Practice No. 49. ▲

## COI, CE Acknowledgments—Last Call

**T**HE ACADEMY SENT its final notice that it will drop those volunteers and interested parties who have not submitted annual conflict of interest and continuing education acknowledgments required by the Academy to continue to participate in their respective councils, committees, task forces, and work groups.

These acknowledgments are a vital element in the Academy's culture of objectivity, and they remind volunteers of their responsibility to participate in

Academy work in a manner that maintains our high standards in providing unbiased and independent actuarial input for informing policymakers considering a wide array of U.S. fiscal and societal challenges.

For more information about the Academy's commitment to professional objectivity, please visit the [Professional Objectivity at the Academy](#) page. If you have any questions, please contact the Academy's professionalism department at [objectivity@actuary.org](mailto:objectivity@actuary.org). ▲

## Academy Releases Statement on U.S. District Court Decision

**T**HE ACADEMY ISSUED a [news release](#) explaining that a recent decision by the U.S. District Court for the Northern District of Texas regarding a Department of Health and Human Services regulation on actuarially sound Medicaid payments "mischaracterizes the role of the Actuarial Standards Board." ▲

## Video Highlights Women Actuaries

MARCH WAS WOMEN'S HISTORY MONTH—check out this [Academy video](#) with leading women actuaries reflecting on their experiences in the profession, and please share it on your own social media channels. ▲



## FAQs on the Academy's Updated Meetings Policy

**A**S PREVIOUSLY reported, the Academy recently adopted an updated [Board and Committee Meetings Policy](#) to support the continuing high level of professional objectivity and independence in Academy work. Answers to [frequently asked questions](#) (FAQs) on the updated policy are now available. ▲

In a subscriber-only *Bloomberg BNA* article, Senior Health Fellow Cori Uccello discussed short-term health plans and how they could contribute to a deterioration of the ACA's individual market and lead to higher premiums.

In an *Actuarial Review* story, Rade Musulin, the Academy's vice president, casualty, discussed sea level rise and how it will challenge traditional assumptions for underwriting property risk.

An *AARP* story discussing unclaimed pension benefits quoted Pension Committee Chairperson Ellen Kleinstuber on challenges posed by the time gap between when some early-career plan participants earn versus claim their benefits.

Several media outlets—including the *New York Times*,

*Bloomberg BNA*, *Washington Examiner*, *Axios*, *Daily Kos*, and *Health Affairs Blog*—cited the Health Practice Council's (HPC) [comment letter](#) to the Idaho Department of Insurance on allowing health insurers to offer state-based plans that are not compliant with the Affordable Care Act.

Several media outlets—including *Politico*, *BenefitsLink.com*, *Inside Health Policy*, *Life & Health Advisor*, and the *Lund Report*—cited the Prescription Drug Work Group's [issue brief](#) highlighting issues present in the U.S. health care system with prescription drug prices.

A *Time* personal finance column cited the *Actuaries Longevity Illustrator*, developed jointly by the Academy and the Society of Actuaries. The article was reprinted by *MSN* and *Yahoo Finance*

(Canada). An Academy blog post published on the website promoting the upcoming National Retirement Planning Week (April 9–13), "[Plan for a Lifetime](#)," encourages retirees to account for longevity risk in their retirement planning using the *illustrator* as a resource.

A *FactCheck.org* story cited the HPC's [policy paper on risk pooling](#) and how risk pooling works in the individual health insurance market. The story was reprinted by media outlets including *NBC Washington*, *NBC New York*, *NBC Los Angeles*, *NBC Philadelphia*, *NBC Miami*, and *New England Cable News*. A *Managed Healthcare Executive* opinion piece also cited the policy paper.

*ThinkAdvisor* [reported](#) on the Longevity Risk Task Force's presentation to the NAIC Life Risk-Based

Capital Working Group.

A *Health Affairs Blog* post providing an update on litigation surrounding a recent U.S. district court decision involving Actuarial Standard of Practice No. 49 includes comments from the Academy regarding the decision's mischaracterization of the role and functions of the ASB.

A *Healthcare Financial Management Association* story covering a March 20 House Education and the Workforce Committee Subcommittee on Health, Employment, Labor, and Pensions hearing on association health plans (AHPs) noted recent Academy analyses of potential AHP risks.

A *Healthcare Dive* brief cited the Individual and Small Group Markets Committee's February 2017 [issue brief](#) on AHPs. ▲

Health, continued from page 1



(L-R) Academy Life Policy Analyst Ian Trepanier with HPC volunteers Adam Reese, Donna Novak, and David Shea during the HPC's March 8–9 Capitol Hill visits

Pantely covered factors that contribute to steady, year-over-year increases in drug utilization, and cited the country's "aging population and [how] shifts in the underlying population affect utilization," mentioning diabetes drugs, which generally are

utilized more by older people. She explained that unit cost increases exceed inflation and that "there are some unique characteristics to the prescription drug market that may make [costs] go up faster than just inflation."

Westerfield referred the audience to public policy options outlined in the issue brief "that policymakers and payers can use to address rising costs" and reminded them that "[w]ith all these options, safety, quality, and efficacy need to be considered."

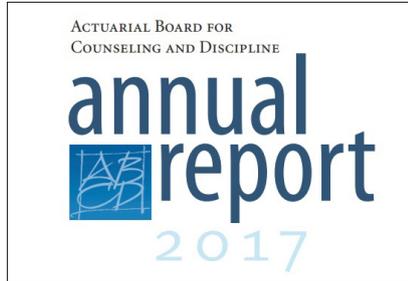
Members of the audience asked about drug rebates, outcomes-based contracting, biosimilars, and generic drugs. Halvorson said in response to a

question regarding the public policy challenges of legislating outcomes-based contracting arrangements that "when you've seen one arrangement, you've seen one arrangement"—in other words, each is unique. ▲



## ABCD Annual Report Released

**T**HE ACTUARIAL BOARD for Counseling and Discipline (ABCD) released its [2017 Annual Report](#). The ABCD handled 145 cases, comprised of 104 requests for guidance (RFGs) and 41 inquiries last year. The board provided guidance in response to the 104 RFGs (down slightly from 108 in 2016) and closed 15 inquiry cases.



A chart showing the number of cases handled by the ABCD since its inception in 1992—including RFGs and inquiry cases—is included in the report. “[W]e believe this level of activity demonstrates the desire of the actuarial community to seek greater understanding of the actuarial standards of practice and the Code of Professional Conduct,” ABCD Chairperson Richard A. Block wrote. ▲

## Professionalism Outreach

**A**CTUARIAL STANDARDS BOARD Health Committee member Rick Lassow gave a presentation to the Twin Cities Actuarial Club (Minneapolis-St. Paul) March 15 on Actuarial Standard of Practice (ASOP) No. 5, *Incurred Health and Disability Claims*, and the exposure draft of ASOP No. 42, *Determining Health and Disability Liabilities Other Than Liabilities for Incurred Claims*. Lassow also reviewed the ASB structure and standards-setting process, as well as relevant sections of the foundational ASOP No. 1, *Introductory Actuarial Standard of Practice*, including important distinctions in terms used in ASOPs, such as “should” and “should consider.” ▲



## Casualty Practice Council to Host P/C Public Policy Webinar

**T**HE CASUALTY PRACTICE COUNCIL is presenting a webinar, “[P/C Public Policy Update—Spring 2018](#),” on Friday, April 27, from noon to 1 p.m. EDT. The webinar will review the effect of the 2017 tax law on P/C insurers, look at recent legislative and regulatory activity in the states, provide an update on proposed changes in requirements for qualified and appointed actuaries, review the status of the National Flood Insurance Program, and provide an update on pending changes to risk-based capital (RBC) bond factors. Presenters will be Rade Musulin, Academy vice president, casualty; Lauren Cavanaugh, chairperson of the P/C RBC Committee; Academy Senior P/C Fellow Kevin Ryan; and Lynne Bloom, insurance tax policy expert at PwC. ▲

## Committee Comments on Workers’ Comp

**T**HE WORKERS’ Compensation Committee [sent comments](#) March 16 to the NAIC’s Workers’ Compensation Task Force, describing the difficulty of comparing rates from one state to another. The comments are in response to a request made on a call of the task force during which the Oregon Workers’ Compensation Premium Rate Ranking Report was discussed.

While comparing workers’ compensation rates among the states is a significant undertaking, the letter noted that a study that focuses on the predominant types of employment in one state may not be useful for other states.

The letter covered topics including benefit levels (medical and indemnity), wage levels, industry distribution, general economic conditions and demographics, treatment outcomes, pricing practices, and pure premium and expenses. ▲

### CASUALTY BRIEFS

- ➔ **John Gleba** is chairperson of the Opinion Seminar Subcommittee.
- ➔ **Derek Freihaut** is chairperson and **Stephen Koca** is vice chairperson of the Practice Note Subcommittee, and the following people are members of the subcommittee: **Kevin Christy**, **Lise Hasegawa**, **George Levine**, **John Pierce**, and **Carver Roy**.
- ➔ **Eduard Alpin** has joined the Cyber Risk Task Force.
- ➔ **Karen Daley** and **Aaron Fezatte** have joined the Travel Insurance Task Force.
- ➔ **Jonathan Hayes** has joined the Government-Backed P/C Insurance Programs Task Force.

# Professionalism Webinar: A Guided Tour of the USQS

**M**ORE THAN 2,200 PEOPLE attended the Academy's March 15 professionalism webinar, "[A Guided Tour of the U.S. Qualification Standards](#)" (USQS), which took an in-depth look at issues and commonly raised questions received by the Committee on Qualifications (COQ). The panelists—COQ members Tom Campbell, Keith Passwater, and Hal Tepfer—engaged in a lively discussion of the experience requirement, what counts as a statement of actuarial opinion (SAO), the "look in the mirror" test, and more. Academy General Counsel and Director of Professionalism Paul Kollmer-Dorsey moderated.

One aim of the USQS is to make sure that only qualified actuaries issue SAOs. To attain this goal, individual actuaries must exhibit a high level of professionalism, and Passwater tied an actuary's level of professionalism to the value of the actuarial credential.

"What is the value of any credential in any profession?" he asked. "Notionally, it's the level of expertise that's required to get that credential—and all of us know getting an actuarial credential is no cakewalk—plus the commitment to professionalism. The level of professionalism is really up to each one of us every day. How professional you are determines the strength of the credential."

Campbell launched a discussion on SAOs, pointing out the two things that make a statement an SAO. One, it is made by an actuary performing actuarial services as defined in the Code of Professional Conduct, and two, it is intended to be relied upon.

"If you're providing a statement to a principal, it is a statement of actuarial opinion unless it's clearly marked that it's not and should not be relied upon," Campbell said. "You have to be careful, because even if you [mark a statement as draft], if there's a reasonable likelihood that the principal's going to rely on it, then it is a statement of actuarial opinion."

To be qualified to issue an SAO, an actuary must not only have a credential, but must have met the experience requirements of the USQS. Tepfer explained that under the General Qualification Standard,



(L-R) Passwater, Kollmer-Dorsey, Tepfer, and Campbell at the webinar

an actuary must have three years of experience performing work that requires knowledge and skill in solving actuarial problems before issuing any SAO. For certain SAOs, actuaries must gain experience under the review of an actuary who was qualified to issue the SAO under the rules in effect at that time.

Discussing how to gain such experience if your organization does not have such a qualified actuary, Passwater argued that it is a premise of the USQS that "it is necessary to engage with another actuary fully qualified in that area in order to be a good actuary." He encouraged actuaries in this situation to talk to their principal. Such conversations often turn out better than expected, with the principal being pleasantly surprised that actuaries have such stringent standards, he said.

In addition to basic education and experience, the USQS also requires actuaries to complete 30 hours of continuing education (CE) each year. Campbell outlined these requirements, including organized CE, and CE under the Specific Qualification Standards, and highlighted some of the differences between the USQS CE requirements—which actuaries must meet to issue SAOs in the United States—and the continuing professional development requirements for membership in other U.S. actuarial organizations.

Passwater noted that in his experience,

actuaries are highly respected "because our predecessor actuaries took professionalism very seriously. We owe it to our principals, clients, and employers, as well as the profession, to do actuarial work only when we're well qualified, and not do it when we're not qualified." The wisdom of others can be an enormous help, he said, noting that the Actuarial Board for Counseling and Discipline and the COQ can answer questions about the USQS.

Tepfer added some pop-culture color to his concluding remarks. "Someone once said that with great power comes great responsibility," he said. "That was in a Spider-Man comic—but while actuaries might not be able to climb the walls of high-rises, we do have the power that comes with issuing important statements, some of which affect thousands or even millions of people.

"The public relies on us to do our job correctly and with care, and the standards that we have talked about today help us, as actuaries, meet the expectations of the public and of our profession," he said. "I believe it's an honor to be an actuary, and by being attentive to all of the USQS we can ensure we are doing our job and accepting that we have a great responsibility to the public and the U.S. actuarial profession."

[Slides and audio](#) are available free to Academy members. ▲

# Academy Professionalism Webinars: Learn From the Leaders of the Profession

**T**HE ACADEMY TYPICALLY OFFERS four professionalism webinars each year. Each of these webinars is carefully chosen and planned to address areas that Academy members have indicated they want to know more about. All of the webinars feature speakers who are leaders of the actuarial profession with significant expertise in professionalism and specific practice areas. Webinar presenters include members of the Actuarial Standards Board (ASB), the Actuarial Board for Counseling and Discipline (ABCD), and the Committee on Qualifications (COQ), as well as distinguished speakers from other Academy boards and committees.

Professionalism webinars are priced to make them easily accessible to all members because the Academy believes that doing so provides the kind of fundamental and continuing professionalism education that supports our mission to serve the profession and the public.

The Academy's professionalism webinars cover topics of perennial interest, such as "[Practical Applications of the Code of Professional Conduct](#)," as well as breaking professionalism developments. For example, last October, members of the ASB and its committees presented "[The Great Assumptions Debate](#)," which examined key issues raised in comment letters on the exposure draft of a proposed new actuarial standard of practice (ASOP), *Setting Assumptions*, which would apply to all practice areas. Among other topics, presenters discussed the assessment of reasonability of assumptions individually and in the aggregate, assumptions developed by a team of actuaries, and whether sensitivity analysis should be required. Another webinar focusing on recent developments, "[Big Data and Actuarial Professionalism](#)," examined how to apply existing professionalism tools, such as the Code and ASOPs, to issues that may emerge when working with Big Data.

Last summer, Academy President Bob Beuerlein, along with members of the Council on Professionalism and the ABCD, delved into "[Actuary-to-Actuary Communications](#)." The speakers discussed situations involving possible violations of Precept 10 ("Courtesy and Cooperation") and Precept 13 ("Violations of the Code of Professional Conduct") and gave examples of what an actuary could do in such cases.

Actuaries can submit questions on qualifications to the COQ, and the Academy has highlighted the COQ's interpretations of the U.S. Qualification Standards (USQS) based on these questions in two recent professionalism webinars. The most recent professionalism webinar took note of the information available through questions submitted on qualifications to highlight what most actuaries want to know about

the USQS. COQ members explored key qualification issues, including statements of actuarial opinion, experience requirements, the "look in the mirror" test, blended opinions, changes in practice area, and other issues in "[A Guided Tour of the U.S. Qualification Standards](#)." The March 2016 webinar also used the knowledge gained from submissions to the COQ in "[Questions and Answers: The U.S. Qualification Standards](#)." That webinar covered frequently asked questions on topics including statements of actuarial opinion and continuing education (CE)—and the COQ's carefully crafted answers to them. Both of these webinars, like all professionalism webinars, are available after the live presentation to members without charge on the Academy's website.

The chairperson and vice chairpersons of the ASB gave "[An Overview of Cross-Practice Standards](#)" in 2016, focusing on key terms explained in ASOP No. 1, *Introductory Actuarial Standard of Practice*; important communication concepts in ASOP No. 41, *Actuarial Communications*; and key provisions of ASOP Nos. 23 and 25, *Data Quality* and *Credibility Procedures*. The presenters explained the important role that cross-practice standards play in helping to unify the profession around common procedures and appropriate practice.

Polls at the end of each professionalism webinar ask what topics you would like to see covered in future webinars, and "real cases from the ABCD" is a common response to these polls. The Academy responded by organizing professional webinars featuring ABCD members discussing case studies based on issues that they have seen, whether as requests for guidance or cases (while maintaining the confidentiality of the cases themselves). Last December, ABCD members presented "[Tales From the Dark Side: Ethical Cases at the ABCD](#)," which drew upon staples of popular culture to provide entertaining and enlightening examples of ethical issues that can arise in actuarial practice. In December 2016, the chairperson and vice chairperson of the ABCD discussed communication issues in "[Can You Hear Me Now? Actuarial Communications Under ASOP No. 41](#)."

By attending the live webinars, actuaries can earn credit that is both "professionalism" and "organized" CE, as they have the opportunity to interact with professionals from outside their organizations by asking questions of the speakers. And, although listening to recordings of professionalism webinars from the Academy webinar archive—available at no cost to Academy members—does not count as "organized" CE, actuaries can still earn up to 1.8 "professionalism" CE credits by listening to archived [professionalism webinars](#). ▲



# Health Paper Offers an Actuarial Look at High-Performance Networks

**T**HE ACADEMY'S High-Performance Network Work Group released a new issue paper, [High-Performance Networks](#) (HPNs). Drawing on recent public policy debates about addressing health care spending, this paper explores the expansion of high-performance networks, which generally focus on delivering high-quality and

efficient care, as a potential solution.

The paper notes that HPNs are not just narrow networks; that they focus on delivering high-quality, efficient care, generally resulting in lower total costs for health programs; and that actuaries are key in supporting the needs of both the development and the ongoing work of HPNs.

Health programs that engage providers

and align financial incentives can perform significantly better than a more typical health system, the issue paper notes, citing ways to build such networks and offer them support. The issue paper's appendices also show some of the experience of several real-world HPNs, and looks at financial agreements and example reimbursement and incentive arrangements. ▲

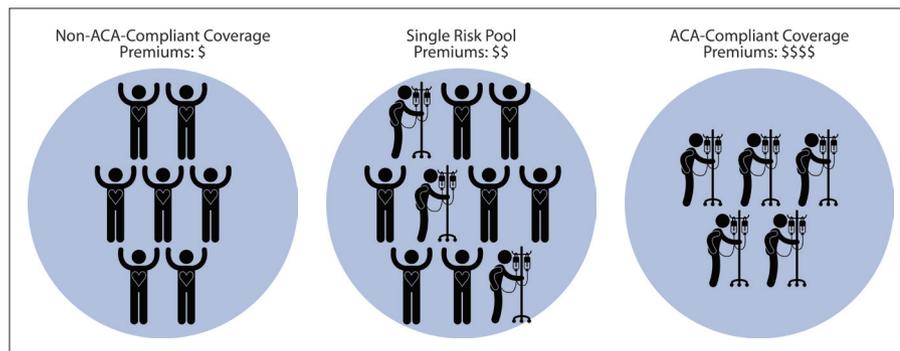
## HPC Comments on Risk Pools

**T**HE HEALTH PRACTICE Council sent a [comment letter](#) March 2 to the Idaho Department of Insurance highlighting the conditions needed for a sustainable health insurance market and the potential adverse consequences on Affordable Care Act (ACA) risk pools of permitting non-ACA-compliant state-based plans.

The HPC noted that balanced risk

pools and a level playing field are keys to insurance market sustainability, and that potential market fragmentation under Idaho's state-based health benefit plans could increase ACA premiums and reduce pre-existing condition protections.

The letter was also sent to members of Congress, U.S. governors, the secretary of Health and Human Services, and all states' insurance departments. ▲



## Committee Comments on 'Employer' Definition

**T**HE INDIVIDUAL and Small Group Markets Committee [sent comments](#) to the U.S. Department of Labor on proposed rules regarding the definition of "Employer" under section 3(5) of the Employee Retirement Income Security Act of 1974 (ERISA)—association health plans.

The committee looked at the potential impact on the Affordable Care Act's (ACA) small group market, which large group rules would apply, and the impact of reducing benefit coverage rules and of more flexible premium rating rules.

It also looked at the impact on the ACA individual market, and other considerations including the impact of not being included in risk adjustment, provider payment rates and administrative costs, AHPs that cross state lines, timing of AHP expansions, and AHP solvency and consumer protections. ▲

### HEALTH BRIEFS

- ➔ **Marc Lambricht** is chairperson of the Financial Reporting and Solvency Committee and a member of the Health Practice Council.
- ➔ **Puneet Budhiraja** has joined the Risk Sharing Subcommittee and the Medicare Subcommittee.

### LIFE BRIEFS

- ➔ **Leonard Mangini** has joined the Life Practice Council.
- ➔ **Beth Keith** has joined the Life Products Committee.
- ➔ **Laura Hanson** is chairperson of the new Life & Health Valuation Law Manual Task Force, and the following people are members of the task force: **Dale Hall, Lori Helge, Jason Kehrberg, Linda Lankowski, Ben Leiser, Kevin Piotrowski, Paula Schwinn, Mike Ward, Michael Watanabe, and Rostislav Zilber.**
- ➔ **Chris Conrad** and **Gary Falde** have joined the Life Valuation Committee.
- ➔ **Allison Colberg** has joined the Tax Work Group.
- ➔ **Bruce Sartain** and **Vincent Tsang** have joined the C1 Work Group.



## Capitol Hill Briefing on Lifetime Income Set for April

**T**HE LIFETIME INCOME RISK JOINT TASK FORCE will hold a briefing on Capitol Hill in Washington on Friday, April 13, from noon to 1 p.m. EDT.

The briefing will spotlight lifetime income issues, unveil a quiz to help consumers better understand their lifetime income needs, and provide an update on education and public policy efforts to

address these needs. It will also highlight the Academy's public interest [position statement on lifetime income](#), which was released late last year. Presenting will be Tonya Manning and Noel Abkemeier, co-chairpersons of the task force. Academy Senior Pension Fellow Ted Goldman will moderate.

A media roundtable focused on lifetime income issues will follow the briefing. ▲

## Multiemployer Plans Committee Meets With PBGC, U.S. Chamber

**T**HE MULTIEMPLOYER PLANS Committee [sent a letter](#) to the Joint Select Committee on Solvency of Multiemployer Pension Plans offering the expertise of the Multiemployer Plans Committee as a resource to the Joint Select Committee. The Joint Select Committee has instructions to draft a bill by the final week of November to address the pension crisis.

The letter cited last summer's Academy [pension briefing](#) on Capitol Hill, and offered general education about the mul-

tiemployer pension system and Pension Benefit Guaranty Corporation's multi-employer program; targeted analyses on specific topics, such as composite plans or loan proposals; and objective analysis of possible recommendations.

Separately, committee volunteers met March 26 in Washington with members of the Pension Benefit Guaranty Corporation (PBGC) and the U.S. Chamber of Commerce to discuss challenges the PBGC is facing on multiemployer plan issues. ▲

## Intersector Group Releases PBGC, IRS Meeting Notes

**T**HE INTERSECTOR GROUP released the notes of its October meetings with the [Pension Benefit Guaranty Corporation \(PBGC\)](#) and the [IRS and Treasury Department](#).



The Intersector Group—with representatives of the Academy, the Society of Actuaries, the Conference of Consulting Actuaries, and the ASPPA College of Pension Actuaries—meets twice a year with representatives of the IRS/Treasury Department and with the PBGC to discuss regulatory and other issues affecting pension practice. ▲

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# ERM/ORSA Committee Comments to ASB on Capital Adequacy Assessment

**T**HE ERM/ORSA Committee [submitted comments](#) to the Actuarial Standards Board (ASB) on its *Capital Adequacy Assessment for Insurers* second exposure draft.

The comment letter offers general and specific feedback to the ASB, and states that given the expanded scope, the level of guidance is appropriate. “Although risk retention groups and public entity pools that are not part of a larger insurance group may not be required to perform an assessment of their capital adequacy, the same standards of practices should apply if an assessment is performed,” the letter states.

While in general it agrees that with respect to companies that have operations in multiple jurisdictions, or as part of a group, the exposure draft provides appropriate guidance, it states that in some areas the guidance is too general to understand the array of possible contexts, and offers several examples of those instances. ▲

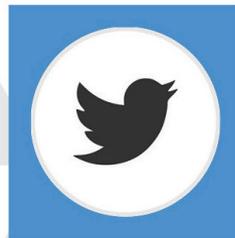


### RISK MANAGEMENT BRIEFS

➔ **Nicole Kim** has joined the IFRS 17 Work Group.

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