



# AMERICAN ACADEMY *of* ACTUARIES

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## **Health Practice Council Cycle Report**

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### **HEALTH PRACTICE COUNCIL HIGHLIGHTS**

*(Activity since last Board/Executive Committee meeting)*

In October, the Academy's Individual Medical Insurance Market Task Force released a new issue brief, *The Individual Medical Insurance Market: A Guide for Policymakers*. The brief is intended to provide policymakers with an understanding of how the current individual market works, the relative ease or difficulty a person may have acquiring coverage in this market, and the cost implications once the individual is covered. This brief was also submitted as a statement by the Academy for the written record of a House Ways and Means Subcommittee on Health hearing on the health of the private insurance market.

In October, the Academy's Health Practice Financial Reporting Council (HPFRC) sent a letter to the American Institute of Certified Public Accountants commenting on a draft Technical Practice Aid (TPA) regarding prospective unlocking for long-duration insurance contracts that allow for premium increases. In the letter, HPFRC said that the draft TPA is an appropriate guideline, but suggested that it be expanded to include a discussion of implementation considerations. The letter listed specific implementation questions that should be answered as part of the draft TPA, and suggested that absent those answers there will be significant variations in practice among companies.

In September, the Academy's Health Care Quality Work Group released a new issue brief, *Health Insurance Coverage and Reimbursement Decisions: Implications for Increased Comparative Effectiveness Research*, that provides a current assessment of health care quality, outlines the process for incorporating new treatment protocols and technologies into health insurance coverage, and discusses the implications of comparative effectiveness research.

Also in September, the Academy's Uninsured Work Group released its second issue brief of the year, *Taking Control: An Actuarial Perspective on Health Spending Growth*. The brief discusses a number of the major causes of rising health care costs—drivers that increase health care service prices and drivers that increase utilization—and also examines various options that have been proposed to address these drivers. This issue brief was released in conjunction with a Capitol Hill briefing on September 22. Cathy Murphy-Barron, chairperson of the work group, and Stacey Lampkin, vice-chairperson of the work group, presented at the briefing.

### **OPERATIONAL PLAN HIGHLIGHTS**

*Initiative 2.1.1—Better Focus Practice Councils in Public Policy*

The council has actively recruited volunteers for existing committees/work groups, and has extended invitations to many volunteers who expressed an interest in participating in various groups through the volunteer resource survey.

The council presented three Hill briefings in 2008 on the following issues: actuarial equivalence, risk pooling and health care cost drivers.

### **SENIOR HEALTH FELLOW HIGHLIGHTS**

Participated in several meetings and discussions with Capitol Hill and Administration staff, including Senate staff members from several different offices and committees on issues related to adverse selection, risk pooling, risk adjustment, issue and rating regulations, dental insurance benefits, small business health plans, actuarial

equivalence, and reinsurance. Spoke with the Congressional Budget Office about administrative costs and the extent to which they could be reduced under regional health markets. Spoke with House congressional staff regarding gender differences in health insurance premiums.

Quoted in a post-election article on Kiplinger.com about President-elect Obama's health reform proposal. Also spoke with Annys Shin of *The Washington Post* regarding Obama's health reform proposal. Responded to questions on risk pooling and issues and rating regulations from Luke Mitchell of *Harper's Magazine*.

Spoke with Ronora Stryker (SOA) and Gene Held (actuary with SCOR Global Life US Reinsurance Co), who is proposing a research project with the SOA regarding the potential advances in slowing the aging process to reduce mortality and/or morbidity. The project is in the very early stages and Stryker and Held spoke about potential areas for collaboration on such a project. Also met with Jon Gabel, Senior Fellow at the National Opinion Research Center (NORC) at the University of Chicago, as a follow-up to a Robert Wood Johnson Foundation meeting regarding the data needs for examining the impact of health reform proposals. Will be having a conversation with the SOA in early 2009 on potential collaborative opportunities.

Worked with the Medicare Steering Committee and Health Care Quality Work Group to develop a letter responding to Senators Baucus and Grassley's request for public comment on draft legislation that would establish a value-based purchasing program for inpatient hospital care in the Medicare program. Also, began drafting a background paper on risk assessment and risk adjustment issues, prompted by questions from Hill staff on risk adjustment issues.

#### PUBLICATIONS TO BE COMPLETED IN 2009

Future Publication/Activity	Committee/Work Group	Audience	Expected Publication Date*
Issue brief on mandating the purchase of health insurance coverage	State Mandated Coverage Task Force	Actuaries, state and federal legislators	Early 2009
Issue brief on chronic care, wellness programs	Disease Management Work Group	Actuaries, interested industry partners	Early 2009
Issue brief on tax reform and its effect on employee benefits	Tax Reform Work Group	Congress, etc.	TBD
Paper on emerging CDHP experience	Consumer-Driven Health Plans Work Group	Congress, etc.	January 2009
Update of 1994 report on stop-loss factors	Stop-Loss Work Group	NAIC, actuaries	Mid-2009
Practice note on Small Group Certification	Health Practice Financial Reporting Committee	Actuaries	Early 2009