

## A Seat at the Table

**T**HE PHARMACEUTICAL AND HEALTH PRODUCTS INDUSTRY spent a whopping \$759 million on lobbying activities between Jan. 1, 1998, and June 20, 2004, according to the Center for Public Integrity (CPI). This industry reportedly spent more than any other sector during that period, followed by insurance companies that spent \$644 million and electric utilities that spent \$588 million. In 2003, the year that saw passage of the Medicare Modernization Act (MMA), one of the most significant changes to the 40-year-old Medicare program, lobbying by the pharmaceutical industry alone amounted to \$143 million. And *USA Today* reports that figure will rise to about \$158 million for 2004.

With increasing amounts being spent on federal lobbyists to impart their influence on Congress and the administration, particularly on health care issues, how can a relatively small organization, such as the American Academy of Actuaries, be a prominent part of the health policy debate? The Academy's policy analysts and senior fellows are registered lobbyists, but we don't have a political action committee, nor do we have the resources necessary to achieve the clout of the pharmaceutical and health products industries. But does that mean the Academy can't play a key role in the debate? Certainly not.

The Academy has carved out a niche in the public policy arena as a truly nonpartisan and objective resource. This is a crucial role since most of the big players on any given issue are either partisan or advocate particular views in the hopes of swaying Congress or the administration, or both. The Academy's reputation as an expert, independent, and unbiased organization gives us a unique credibility so that we become a crucial part of public policy debates on issues that would affect the actuarial profession or that could benefit greatly from an actuarial perspective, even though we may seem like a small fish in a big pond.

For instance, the Academy provided valuable expertise to policy-makers who were developing legislation that would ultimately become the MMA. Many questions that arose regarding how to add a prescription-drug program to Medicare were actuarial in nature. To address these issues, Academy Senior Health Fellow Cori Uccello

and Academy member John Bertko published a white paper, *Medicare Prescription Drug Plans: The Devil Is in the Details*, which focused on adverse selection, drug utilization management, and risk-sharing options.

Because the Medicare prescription-drug benefit was being hotly debated at the time, the publication garnered the attention of key congressional aides, who began calling the Academy with inquiries, particularly about risk-sharing options. They knew that actuaries would be the best sounding board on these issues.

On the Senate side, a call from a policy adviser on a Senate committee led to a private meeting between congressional staff and Academy members, which led to another meeting, which led to confidential weekly conference calls to get input from highly regarded actuaries on risk corridors, risk adjustment, and reinsurance.

On the House side, the Academy submitted a written statement for a House Committee on Ways and Means hearing on expanding coverage of prescription drugs. And Academy members Janet Carstens, John Bertko, Margaret Wear, and Cori Uccello wrote a letter to House and Senate conferees suggesting that the risk-sharing approach in the Senate bill would be more desirable from an actuarial perspective. The hard work of the volunteers was well worth it: The Academy's recommendations regarding risk sharing were part of the final Medicare prescription-drug bill that was signed by President Bush.

Also, in the midst of the prescription-drug debate, the Academy produced a comment letter on an issue that directly related to the actuarial profession. The letter asked Congress to require that any actuarial work under MMA be done only by members of the American Academy of Actuaries. We requested that the bill specify that a "qualified actuary" be defined as an individual who is a member of the Academy. The final regulations issued by the Centers for Medicare and Medicaid Services (CMS)



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included reference to a qualified actuary as a member of the American Academy of Actuaries.

The Academy's involvement in Medicare prescription drug issues didn't stop when the bill was signed into law. Indeed, the level of activity increased during the initial rule-making stage, and we continue to be busier than ever on this issue, working with the CMS on various regulatory and implementation matters. In addition, the Academy is developing practice notes that will provide guidance for actuaries working on actuarial equivalence attestations.

The Academy has been part of other health policy debates, as well. For the past several years, the Academy has taken a firm stance on legislation that would govern the creation of association health plans (AHPs). Because the consequences of this legislation could have severe repercussions for the small-group market, Academy members felt it was imperative to speak out on potential consequences such as market

segmentation, ambiguous oversight, and inadequate solvency requirements.

Over the years, the AHP Work Group, now chaired by Karen Bender, has blanketed Congress with comment letters enumerating serious concerns with the AHP legislation. While some key players on this issue were aware of the Academy's work, the work group felt it could do more to draw a larger audience and underscore its concerns by engaging in the debate more directly.

Last year, the Academy hosted a successful and informative Capitol Hill briefing on multiple-employer purchasing pools such as AHPs, the first such event on this topic. Later in the year, the work group decided to develop an issue brief that would highlight its foremost concerns with AHPs, hoping this would attract greater attention. The issue brief laid out some frequently asked questions on AHPs. Blast e-mails from the Academy and discussions with congressional staff alerted our target audiences to this


new publication, which in turn increased the Academy's profile on these important health coverage issues.

Because of our efforts to draw attention to the potential negative consequences of AHPs, some are reconsidering this legislation and looking at other ways to address coverage problems in the small-group market and other health-care markets. Congressional aides have requested input from actuaries on AHP legislation as well as alternative proposals that would create risk pools as a way to expand health insurance coverage options. Earlier this year, we were asked to participate in a congressional staff briefing on an approach that would allow people to obtain health insurance through a federal pool.

The Academy's rising profile in the health arena has garnered attention on Capitol Hill. In April, during a congressional hearing of the Senate Committee on Small Business and Entrepreneurship, Sen. John Kerry referred to the Academy's AHP comment letter in his remarks, noting some of the actuaries' concerns with AHPs. And in a hearing of the Senate Committee on Health, Education, Labor, and Pensions, witness Karen Ignani, president and CEO of America's Health Insurance Plans (AHIP), referred to the Academy's comments on the solvency of AHPs. Key players are heeding the concerns of the Academy because we're viewed as objective and nonpartisan.

While these are just a couple of areas where the Academy has played a noteworthy role in the health policy debate, there are many other areas where members of Congress and congressional aides value our objectivity. Raising the Academy's profile on health issues, particularly on Capitol Hill and within the administration, has been a priority of the Health Practice Council. In turn, congressional and White House aides, as well as the media, are increasingly relying on the Academy as one of the truly objective, nonpartisan resources on health policy issues, a trend we expect to continue.

While federal lobbyists will always play a prominent role in the public policy landscape, there is room for an organization such as the American Academy of Actuaries to have a seat at the table. ●



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