



AMERICAN ACADEMY of ACTUARIES

March 4, 2005

The Honorable Christopher J. Dodd
United States Senate
Washington, DC 20510

Dear Senator Dodd:

As health policy debates get underway in Congress, members of the American Academy of Actuaries would like to take the opportunity to offer our services as a resource on health care issues and to share some of our recent publications on key issues including Medicare and the uninsured. We look forward to working with you and your staff as you begin debating various health care issues that will affect your constituents and on which actuaries are uniquely qualified to offer expert advice.

The American Academy of Actuaries is the public policy organization for actuaries of all specialties within the United States. The Academy is nonpartisan and assists the public policy process through the presentation of clear actuarial analysis. The Academy regularly prepares testimony for Congress, provides information to federal and state elected officials, regulators and congressional staff, comments on proposed federal and state regulations and legislation, and works closely with state officials on issues related to insurance. The Academy also develops and upholds actuarial standards of conduct, qualifications and practice, and the Code of Professional Conduct for all actuaries practicing in the United States. Additionally, a major purpose of the Academy is to act as the public information organization for the profession.

Over the past several years, Medicare has been a high priority not only for the Congress, but also for the Academy. Academy members have met with policymakers, sponsored informational briefings, and published a number of papers analyzing relevant Medicare issues. Last fall, the Academy provided comments to the Centers for Medicare & Medicaid Services (CMS) on the proposed regulations on Titles I and II of the *Medicare Prescription Drug, Improvement, and Modernization Act of 2003* (MMA)³⁴. Academy members continue to have an open dialogue with CMS to provide further details on many issues related to MMA including risk adjustment, the bidding process, Medicare Advantage plans, etc.

While passage of MMA was a remarkable accomplishment, the law does not adequately address Medicare's long-term financing problems. Academy members are ready to work with you and your staff to examine potential solutions to improve Medicare's financial situation. The Academy's Medicare Steering committee developed the issue brief *Medicare's Financial Condition: Beyond Actuarial Balance*, which provides insight into the financial difficulties facing the Medicare program. The recently published issue brief *Medicare: Next Steps* also addresses this and other issues related to Medicare reform.

³⁴ See enclosed document "Key Health Care Public Statements" for web links to all of the documents highlighted in this letter.

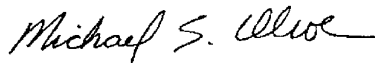
Other key health issues for the Academy relate to those who lack health insurance. The Academy's Uninsured Work Group published the issue brief *Health Coverage Issues: The Uninsured and the Insured*, a background on the categories and characteristics of the uninsured, and they have since been working on a paper that examines issues related to providing tax credits for purchase of health insurance coverage. Recently, the Academy's Medical Reinsurance Work Group published the issue brief *Medical Reinsurance: Considerations for Designing a Government-Sponsored Program*, which provides a primer on medical reinsurance.

Another recent publication of note is the issue brief *Mental Health Parity: Often Separate, Usually Unequal*. This issue brief, developed by the Mental Health Parity Work Group, describes current mental health parity requirements and how group insurance plans have responded to these requirements. The cost implications of expanded mental health parity requirements, including the impact on other medical costs, are also addressed.

The Academy is committed to providing objective actuarial analysis of these and other key health care issues. We appreciate your efforts to deal with these complex and important issues and hope you find our materials helpful.

If you or your staff have any questions, or if you would like copies of any of our publications, please feel free to contact Holly Kwiatkowski (Kwiatkowski@actuary.org), Academy senior health policy analyst (federal), or Cori Uccello (Uccello@actuary.org), Academy senior health fellow, via email or phone at (202) 223-8196.

Sincerely,



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American Academy of Actuaries



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KEY HEALTH CARE PUBLIC STATEMENTS

The following documents published by the American Academy of Actuaries are available on the Academy's website:

- *Comment Letters on the Proposed Regulations Implementing Title I and Title II of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003* (October 4, 2004) – These letters provide comments on issues pertaining to Medicare Part D, the Medicare Advantage program, and more specifically on the actuarial equivalence provisions of the proposed regulations. The letters are available at <http://www.actuary.org/medicare/index.htm>.
- *Medicare's Financial Condition: Beyond Actuarial Balance* (March 2004) – This issue brief examines more closely the findings of the 2004 Medicare Trustees' Report and other measures of Medicare's financial outlook. The issue brief is available at http://www.actuary.org/pdf/medicare/financial_march04.pdf.
- *Medicare: Next Steps* (February 2005) – This issue brief outlines four areas where further action could be taken to address concerns with the Medicare program including Medicare's long-term financial problems. The issue brief is available at <http://www.actuary.org/medicare/index.htm>.
- *Health Coverage Issues: The Uninsured and the Insured* (September 2003) – This issue brief provides an introduction to the uninsured problem and discusses who the uninsured are and why they are uninsured. The issue brief is available at http://www.actuary.org/pdf/health/uninsured_0903.pdf.
- *Medical Reinsurance: Considerations for Designing a Government-Sponsored Program* (January 2005) – This issue brief provides a primer on the current commercial medical reinsurance market. It then outlines some of the issues policy-makers should consider when designing and implementing a government-sponsored medical reinsurance program. The issue brief is available at http://www.actuary.org/pdf/health/reinsurance_jan05.pdf.
- *Mental Health Parity: Often Separate, Usually Unequal* (December 2004) – This issue brief describes current mental health parity requirements and how group insurance plans have responded to these requirements. Cost implications of expanded mental health parity requirements, including the impact on other medical costs, are also addressed. This issue brief is available at http://www.actuary.org/pdf/health/parity_1204.pdf.