



AMERICAN ACADEMY *of* ACTUARIES

January 10, 2013

The President of the United States Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Re: Commission on Long-Term Care

Dear Mr. President:

On behalf of the American Academy of Actuaries'¹ (Academy) Health Practice Council, I am writing to strongly encourage you to appoint a qualified actuary² or actuaries to the newly-enacted Commission on Long-Term Care so that the commission has among its members individual(s) to provide expertise on actuarially-sound policy proposals. It is the Academy's hope that this new commission will succeed in its mission, as stated in the American Taxpayer Relief Act of 2012, to "develop a plan for the establishment, implementation, and financing of a high-quality system that ensures the availability of long-term services and supports for individuals."

However, should actuarial input not be sought and heeded at the beginning of any process involving the consideration, design, and evaluation of any potential long-term care policy approach, we are concerned that the goal of creating a viable long-term care system will not be achieved. As an example, the now-repealed Community Living Assistance Services and Supports (CLASS) Act included a plan design that undermined the requirement that the program be actuarially sound over a 75-year period—a message that the Academy conveyed to Congress and the Administration before and after its codification.

Only with full commission membership, rather than as an advisor or behind-the-scenes resource, will the actuarial perspective and the need for actuarial soundness in any policy proposal be given full consideration.

Actuaries possess a unique skill set and play a crucial role in the financing and design of long-term care systems—from private long-term care insurance to public programs that provide long-term care benefits. Consideration of any long-term care system would need to take into account

¹ The American Academy of Actuaries is a 17,000-member professional association whose mission is to serve the public and 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 qualifications, practice, and professionalism standards for actuaries in the United States.

² An actuary who is a member of the American Academy of Actuaries and qualified to provide such certifications as described in the U.S. Qualifications Standards promulgated by the American Academy of Actuaries pursuant to the Code of Professional Conduct.

access issues, the impact of potential financing approaches, and plan design components, such as premium and benefit structures. Actuaries have specialized expertise in managing the risk of adverse selection, the ability to recognize and incorporate uncertainty into cost projections and premiums, and experience in evaluating the long-term solvency and sustainability of public and private insurance programs. In addition, the actuarial profession, like many highly-skilled and specialized professions, places a heavy emphasis on peer review processes. As such, actuarial representation on the commission would provide a greater opportunity to explore new and innovative program designs.

For all of these reasons actuarial representation on the commission is critical. I would like to take this opportunity to offer a specific recommendation—Professor P.J. Eric Stallard. Mr. Stallard, an actuary and Associate Director of the Center for Population Health and Aging at Duke University, has over 25 years of expertise in long-term care actuarial practice, a 40-year research background in demography, and extensive experience evaluating the assumptions used in cost projections of public programs. He also has experience working collaboratively with individuals with a variety of perspectives to identify and explore policy options to address long-term care needs and risks for the various segments of the population. A brief description of his qualifications follows, and a more detail curriculum vitae can be provided upon request:

Eric Stallard is a Research Professor in the Social Science Research Institute and Associate Director of the Center for Population Health and Aging at Duke University. Eric's research expertise includes modeling and forecasting for medical demography and health/long-term care (LTC) actuarial practice. He has served as the principal investigator on LTC research grants from the Society of Actuaries, the National PACE Association, the U.S. National Institute on Aging and the Veterans Health Administration. This research has included developing long-term care microsimulation models, examining trends in long-term care disability rates and the drivers of those trends, and exploring the relationship between long-term care service utilization and health care outcomes. He also has worked on projects providing actuarial analyses of options to expand access to long-term care coverage.

He served on the Social Security Advisory Board's 2007 Technical Panel on Assumptions and Methods and the National Academy of Sciences/Institute of Medicine 2011-2012 Panel on Measuring Medical Care Risk. He is the chairperson of the American Academy of Actuaries' LTC Committee (for which he co-chaired the joint Academy/Society of Actuaries task force on the CLASS Act) and participates on a number of other committees. He has previously served on the Academy's Board of Directors and the Society's Long-Term Care Insurance Section Council. Eric has authored/co-authored nine books/monographs, 120 scientific articles, and 71 actuarial publications that span a broad range of topics in medical demography and health/LTC actuarial practice. He is a Member of the American Academy of Actuaries, an Associate of the Society of Actuaries, and a Fellow of the Conference of Consulting Actuaries for which he serves on the Board of Directors.

We believe Mr. Stallard's qualifications, academic background, and ability to approach the work of the commission from an objective viewpoint, would make him a valuable addition to the commission. We would be happy to provide you with additional information, including curriculum vitae, for Mr. Stallard. If you have any questions, please feel free to contact Heather Jerbi, the Academy's senior health policy analyst (Jerbi@actuary.org; 202.785.7869).

Sincerely,

David A. Shea, Jr., MAAA, FSA
Vice President, Health Practice Council
American Academy of Actuaries

Cc: Kathleen Sebelius, Secretary, Department of Health and Human Services