



Passionate Actuaries

Although thrilled that *Contingencies* is producing a series of articles to address the profession's duty to the public, I am appalled by the stance taken in "Professions and the Public Interest" (September/October 2004).

Admittedly, there is truth in statements such as "professional education tends to emphasize specialized, technical knowledge over a big-picture perspective." However, to justify our actions as such is to confess an inability to connect economic and social values. This perceived inability fuels the proliferation of regulations, which, in turn, fuels the passivity of professions. Conversely, if we can demonstrate social consciousness while serving our employers and clients, we will gain more professional freedom, which will allow us to create more economic and social value.

The article regards the opinion that professional codes of ethics are publicity pieces as extreme, yet the article implies that the solution to this immense problem lies in understanding and managing public perception. On the website of many law firms, you will find a page dedicated to pro bono commitments. What is the actuarial equivalent? How are we using our technical skills to create social value? Of course, pro bono work is an attempt to improve public perception, but when individual lawyers take up individual pro bono cases, they can be very passionate. What are we passionate about?

I look forward to the upcoming articles in this series. Something action-inspiring would definitely make the JAM cards in my pocket feel lighter.

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(Editor's note. For the uninitiated, Wendy explains: "JAM [Just Actuarial Material] produces study aids for courses 5 and 6. JAM cards are a popular tool for preparing for essay questions. Each card has a topic on one side and a possible essay outline on the other. There is even a deck of mnemonic cards. Painful but helpful!")

Naming Names

Richard S. Foster, the chief actuary at the Centers for Medicare and Medicaid Services (CMS), wrote in the November/December 2004 issue of *Contingencies* about how, in 2003, the CMS administrator told him not to release certain information to Congress. That information concerned the costs of the most significant increase to the Medicare program since it was established in the 1960s. In the article, Mr. Foster chose not to release the name of the former administrator.

In 2003, Congress was debating what became the Medicare Modernization Act, which, among other things, will add coverage for prescription drugs to the Medicare program. Congress had indicated it would approve no more than a \$400 billion increase. Mr. Foster's estimate was that it would be a \$534 billion increase. Because it was CMS's position that the law should be passed, that administrator ordered Mr. Foster not to communicate directly with Congress under threat of being fired.

According to Mr. Foster, that former administrator later denied the order and the threat, and the inspector general confirmed that the former administrator had caused information to be withheld from

Congress and had threatened Mr. Foster. In addition, the former administrator's actions may have violated laws that prohibit federal employees from withholding information from Congress. The former administrator's actions were against the established communication standards between CMS and Congress, contrary to the American Academy of Actuaries' code of conduct, and just plain not what we'd like to see in our democracy.

The administrator of CMS is an important post. As administrator, he was in charge of CMS and reported directly to Tommy Thompson, the secretary of health and human services. Secretary Thompson is a member of the Cabinet and reports directly to President George W. Bush. CMS administers the Medicare program that, in 2003, provided care to some 41 million elderly or disabled Americans; the Medicaid program provided services to 53 million poor or medically needy Americans.

In 2003, the benefit payments for Medicare and Medicaid totaled \$538 billion. That's about 25 percent of the federal budget, 5 percent of U.S. gross domestic product, and \$1,850 per year per person in the United States.

Since leaving CMS, the former administrator has taken a position with Alston & Bird, a firm that lobbies for health care companies, and with Welsh, Carson, Anderson & Stowe, an investment firm that specializes in health care.

It is important to know who the powerful people who make important decisions are. The former administrator's name is Tom Scully.

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