

The Academy and the State of Health Insurance Regulation

THE FEDERAL GOVERNMENT HAS ITS COMPLEXITIES, but there's at least one thing going for it—there's only one. It's relatively easy to learn who the key players are. The federal policy process is rarely simple, but it's not too hard to track and analyze relevant legislation.

Not so when one moves to the state level, where there are 50 governments making decisions—each with its own unique traits, policy climate, and circumstances. Yet in many areas of policy the actions of the states have as much, if not more, impact on the lives of their citizens than those of the federal government.

If the Academy were to attempt to monitor the activities of every state and to provide the same substantive input it contributes to the federal government, many members wouldn't have time to do their full-time jobs, and the Academy would need a lot more staff support!

How do we get around this? By working with multi-state organizations such as the National Association of Insurance Commissioners (NAIC), the National Conference of Insurance Legislators (NCOIL), the National Conference of State Legislatures (NCSL), the National Governors Association (NGA), and others. Through this approach, the Academy's relationship with one organization keeps it connected to activity in all the states. This article aims to explain how the Academy's relationship with the states works, and how it's being fine-tuned to make it even better.

Let's start with the easy one.

The Academy's long-standing relationship with the NAIC continues to grow and prosper. New projects are being undertaken all the time. The relationship has become comfortable on both sides—the NAIC often calls on the Academy for assistance in developing model laws and regulations, and Academy members have gained ex-

tensive experience preparing and presenting reports for the NAIC.

A tangible demonstration of the Academy's strong relationship with the insurance commissioners and their staffs occurred at the NAIC's June meeting in Philadelphia, where the Academy held a reception for NAIC President (and Iowa insurance commissioner) Terri Vaughan, who is also an actuary and a member of the Academy.

President Vaughan and Academy President Dan McCarthy took advantage of the opportunity to exchange highly complimentary remarks about each other and about the two organizations. The feedback from attendees was overwhelmingly positive. All in all, a highly successful event.

It makes sense that the Academy would naturally work with the NAIC. After all, the commissioners concentrate solely on insurance issues, and they also have the technical knowledge to

understand and appreciate the role of the actuary in public policy decisions.

But what about other organizations of state governments and officials? Clearly, it's important to continue fostering and building the Academy's relationship with the NAIC. At the same time, it's also important to look to other groups that might benefit from the views and advice of the actuarial profession and begin to develop a rapport with them.

With this in mind, Academy members and staff have been working to increase awareness of the actuarial profession with several groups composed of state elected officials.

Members of these groups may not be as technically oriented as those of the NAIC. As a result, state legislators may have a different outlook on insurance-related policies than state regulators. They may also have to deal with more topics than their federal counterparts, with fewer staffers to help them handle it all. They also gen-



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erally don't have the background to easily assimilate the Academy's information in the same way a state regulator would.

This puts an additional strain on the actuary who presents information at these meetings to make sure the audience understands and absorbs the concepts. The actuary not only has to have incredible technical expertise, but he or she also has to summarize complex topics in the span of a few minutes—for a nontechnical audience.

For example, several Academy members have given presentations at meetings of NCOIL, a key state group. Each time, Academy members and staff learn more about how to prepare for these presenta-

tions, but it can be tricky.

While the NAIC has used the same meeting format for a long time, NCOIL's meeting format is evolving as the organization continues to grow. Instead of having many concurrent sessions as the NAIC does, NCOIL offers one session at a time. The committee chairs plan the agenda, and the Academy works through the NCOIL staff to identify opportunities for actuarial presentations on relevant topics.

A recent briefing provides an illustration of how these efforts pay off. As a result of the Academy's efforts to develop ties with the NGA, the Academy was asked to identify a state regulatory actuary to brief NGA staff on relevant issues. The Academy

seized the opportunity, and John Hartnedy, an Academy member and deputy commissioner for the Arkansas Insurance Department, made the presentation.

In addition to staff from the NGA and individual governors' offices, there were attendees from groups such as the NAIC and the NCSL. An NCSL staffer who attended this discussion subsequently asked the Academy to provide a speaker at NCSL's annual meeting in July. Bill Bluhm, the chairperson of the Academy's Health Rate Filing Task Force, agreed to speak at the meeting to present an actuarial perspective on issues related to the individual health insurance market. Sitting right alongside the legislators and regulators, there was the actuary!

The point to the story is that every step along the way becomes easier as the Academy becomes more connected and better-known within the state policy arena. Without the outreach to the NGA, inclusion in the NCSL meeting never would have happened. And with inclusion in the NCSL meeting, the Academy's relationship with the members and staff of that organization solidified further, making it easier to ensure actuaries a place at the discussion table in future meetings of that organization.

Looking toward the future, there is a multitude of issues ready to enter the state insurance policy arena. The possibility of federal charters means that states could have little to say in how some types of insurance are regulated within a few years. While this is less likely for health insurance than some other types, the issue of federal expansion into the traditional policy roles of the states is one that can't be avoided.

Academy members have demonstrated their interest in advancing the actuarial profession and increasing the role of actuaries in policy discussions on the state level. The Academy's policy staff are working to help position the Academy to achieve those goals.

If you have any questions or comments about Academy efforts related to state health policy issues, I would appreciate hearing from you. ●

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