

Press Release—2010

Actuaries Believe More Transparency in the U.S. Healthcare System Would Help Bend the Cost Curve Downward

Society of Actuaries' Survey Identifies Effective Ways to Reduce Cost Trends and Create a Sustainable Healthcare System

SCHAUMBURG, Ill., June 28, 2010—With national healthcare spending expected to rise by hundreds of billions of dollars over the next 10 years, there needs to be a greater emphasis on finding ways to reduce healthcare cost trends. According to the findings from two recent surveys by the Society of Actuaries (SOA), actuaries and consumers both believe that more transparency within the U.S. healthcare system is the key to bending the cost curve downward: Actuaries believe there needs to be more transparency between doctors and patients, while consumers feel they could make more informed decisions if they had more information on medical procedures and options for care.

"The focus on transparency is essential for the future of the United States healthcare system, as pricing, effectiveness of procedures and quality of provider care are needed to help the medical community be more transparent in the ways in which to deliver care to patients," says Susan Pantely, FSA, MAAA, and Consulting Actuary for Milliman, Inc. "From an actuarial perspective, we're looking at the short—and long-term challenges, and offering real-world solutions to help contain healthcare spending."

The survey of actuaries, which was taken by more than 600 members of the SOA's Health Section, reveals that creating more transparency between doctors and patients, and the provider community and patients, will be at least somewhat effective at bending the cost curve downward. For example, 86 percent of the surveyed healthcare actuaries recommend making prices for treatments more visible and available for patients. Additional findings include: Seventy-nine percent recommend educating consumers and providers on the efficacy of care.

Eighty percent recommend making quality of provider care more visible and available for patients.

According to Pantely, "While there will be challenges in the healthcare system, one thing we know for sure is that in addition to increasing access to care, as a nation, it is important we also focus on ways to reduce costs while improving quality."

The recently passed healthcare reform law contains provisions that aim to bend the cost curve, including pilot projects for restructuring the health care delivery system. Actuaries will play a role in developing and evaluating these approaches to determine if these measures reduce cost trends while improving quality.

Additional findings from the survey of healthcare actuaries include:

Ninety percent believe that reducing the number and severity of medical errors will help bend the cost curve downward.

Eighty-eight percent believe that combating fraud and abuse within the system can be at least somewhat effective at bending the cost curve downward.

To supplement the findings from its members, the SOA hosted a nationally representative online survey of 1,000 Americans 18 years and older to understand what consumers believe would help them control their own healthcare costs. The survey found that two-thirds of those surveyed support the actuaries' recommendations:

Thirty-seven percent feel they could better control their own healthcare costs

if healthcare providers—or their insurance company—told them about the costs of medical services and the quality of the outcome of procedures.

Thirty percent feel they could better control their healthcare costs if, before administering a medical procedure, their physician informed them about the costs of the procedure, the number of times he/she has performed the procedure, and its results.

However, there is skepticism as 39 percent of consumers felt there was nothing they could do to control their individual healthcare costs.

"It's clear that consumers are feeling helpless and want as much information about their medical treatment upfront, so they can make more informed decisions about their care and what makes sense for them financially, before it's too late and they're hit with unexpected out-of-pocket costs," says Ian Duncan, FSA, FIA, FCIA, MAAA and President of Solucia Consulting, A SCIOinspire Company.

The SOA's surveys identified additional ways that could help create a sustainable healthcare system. Of those surveyed, 90 percent of healthcare actuaries, and 83 percent of consumers, believe that offering consumers financial incentives through their health insurance plan design can be at least somewhat effective at helping them make better choices as patients and live healthier lifestyles.

"Financially incenting consumers to better manage their personal health is a valuable mechanism," says Duncan. "It can serve as a springboard for long-term health management and all-around healthier lifestyles."

Results from the consumer survey also found:

One-third of those surveyed believe they could make better decisions about their health if they know about their long-term health risks and what the outcomes of their behaviors would be.

About one-fifth of respondents think that they could make better decisions about their health if they have access to a wellness program where they could get information on nutrition and exercise.

About Actuaries

Actuaries bring a complex future into focus by applying unique insight to risk and opportunity. Known for their comprehensive approach, actuaries enable smart, more confident decisions.

About the Society of Actuaries

The SOA is an educational, research and professional organization dedicated to serving the public and more than 21,000 members. The SOA's vision is for actuaries to be the leading professionals in the measurement and management of risk.