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Editor's Note

If you have any suggestions, corrections or contributions for the next Newsletter, please do not hesitate to contact [Nick Stolk](#).

Disclaimer

The [Actuaries Institute](#) wishes it to be understood that any opinions put forward in this publication are not necessarily those of the Institute.

This newsletter has been prepared using information to 22 May 2013.

Glossary

The [Glossary](#) contains a list of common acronyms used in this newsletter and links to legislation and websites of registered benefits organisations and other entities (corporations).

Non-Member Subscription

If you are not a member of the Institute but would like to subscribe to the PHI Newsletter, please complete the [subscription form](#) and send to [Member Services](#).

The [Actuaries Summit](#) was held in Sydney from 20-21 May 2013. This special edition overviews three sessions directly relevant to private health insurance.

[Papers, Presentations and Audio](#) from the Actuaries Summit are now available.

Incurred Claims Assessment: A Private Insurance Study

[Audio](#), [Flipchart](#), [Paper](#) and [Tables](#) by David McSweeney.

David's session analysed the relationship between incurred claims and outstanding claims estimates, and examined the difference between an accounting incurred approach and an actuarial incurred approach.

The paper highlights the magnitude of the differences which can arise between these two approaches when determining incurred claims and gives some practical considerations for actuaries when preparing analysis and projections in the Financial Condition Report and Premium Application.

Community Rating: More Trouble than it's Worth?

[Audio](#), [Presentation](#) and [Paper](#) by Jamie Reid and Ashish Ahluwalia.

Jamie and Ash's session introduced community rating and some of its limitations in the context of Australia's health insurance industry. The session then considered the impact on the PHI industry of a number of alternative pricing structures: risk rating (with risk factors similar to those used in the New Zealand health insurance market), partial community rating (incorporating discounts and loadings to allow premiums to vary) and other changes, such as premium loadings based on health/behavioural factors (e.g. smoking). Each mechanism was assessed against public policy goals, which were summarised as affordability, participation and complexity.

The audio includes an interesting and thoughtful Q&A session as to the practical considerations and assessment criteria which might be adopted in any further work.



Contemporary Issues in Private Health Insurance

[Audio](#) and [Presentation](#) by Nick Stolk.

The HPC held its eighth discussion workshop of the same name at the Summit. The format was a little different to previous years, with a [slide deck](#) provided to stimulate discussion in advance (and serve as a resource to those new to industry) and the workshop providing an opportunity to hear from four actuaries practicing in private health insurance:

▶ Andrew Matthews, Medibank, reflected on his first impressions on joining the health insurance industry and stated that he believed the industry was capable of innovation despite the requirements of community rating.

▶ Indula Abeykoon, BUPA, provided a summary of the issues relevant to insurers and actuaries when implementing and monitoring customer migrations.

▶ Bronwyn Hardy, Teachers Federation Health, provided a summary of broader health cover inside the PHI industry and shared her experiences in assessing broader health cover initiatives.

▶ Rob Paton shared his thoughts, and seventeen principles, on a basis for private health insurance reform. Rob encouraged actuaries to join the debate and pointed to the Institute's [Health Financing Policy](#) as a good starting point.



Other Papers of Interest

New Therapies for Advanced Cancers: Can Our Society Afford Them? Is It Ethical To Deny Patients Access To Them?

[Audio](#), [Presentation](#) and [Paper](#) by Anthony Lowe

Discussed the actuarial methodology used by health economists to determine the cost effectiveness of health technologies and examined the decision making process for listing of new therapies on the PBS. The session discussed the affordability and ethical issues surrounding expensive new therapies for advanced cancers and explained the role actuaries can play in health policy debate in the context of Australia's ageing population.

Long Term Care: A Survey of Providers' Attitudes

[Audio](#), [Presentation](#) and [Paper](#) by Bridget Browne

This session examined the potential of a LTCI market in Australia from the perspective of providers. Findings were based on a combination of surveys and interviews with senior personnel from Australian life insurers, reinsurers and consultants. The paper discusses attitudes to LTCI and the barriers to its implementation in Australia.



Plenary Sessions

The plenary sessions also covered a lot of issues relevant to those working or considering working in health:

Plenary 2 - Stay Ahead of the Risk

▶ [Ian Laughlin](#) ([Audio](#) and [Presentation](#)), APRA, discussed risk governance and risk culture, a topic of relevance to a lot of health insurers as they develop or review their risk appetite statements in advance of the incoming capital standards.

▶ [Narelle Pyne](#) ([Audio](#) and [Presentation](#)), Origin Energy, discussed the importance of reputation.

▶ [Josh Corrigan](#) ([Audio](#) and [Presentation](#)), Milliman, challenged actuaries to see the opportunities in risk management.

Plenary 4 - Demographic Time Bomb Ahead

▶ [Barry Rafe](#) ([Audio](#)), former Institute President, shared a vision of the future (including 3D printed body parts) and challenged actuaries to work out how they would respond.

▶ [Lawrence Tsui](#) ([Audio](#) and [Presentation](#)), Swiss Re, discussed mortality improvements and the impact of genetic developments.

▶ [Sophie Dyson](#) ([Audio](#) and [Presentation](#)), Three Rivers, asked how we were going to fund ever-increasing health expenditure (public/PHI/personal, pre-funded or PAYG).



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