Association of Life Insurance Medical Directors of America
Reports to the Executive Council

Annual Report of the Treasurer
October 1, 1986 — September 30, 1987

RECEIPTS
Conventions $69,639.50
Membership Dues 48,500.00
Admissions 950.00
Transactions 105.00
Roster 60.00
Mortality Seminar 3,000.00
Miscellaneous 614.01
Interest on Bank Accounts 12,122.81
Total Receipts 134,991.32

DISBURSEMENTS
Conventions $51,425.99
Printing, stationary, etc. 23,351.68
Staff disbursements 4,177.00
Miscellaneous 4,921.36
Total Disbursements 83,876.03

Receipts Over Disbursements 51,115.29

ANALYSIS OF BANK ACCOUNTS
10-1-86
Checking $ 62,248.77
Savings 171,379.49
Total $233,628.26
Excess of Receipts Over Disbursements 51,115.29
284,743.55

9-30-87
Checking $102,820.60
Savings 181,922.95
Total $284,743.55
Variance 0.00

1986 CONVENTION-FINAL REPORT
Weston Hotel — Ottawa
Ontario, Canada
Receipts $60,159.71
Disbursements 53,363.53
Receipts Over Disbursements 6,796.18

Dear Dr. Carey:

I have examined the statement of receipts and expenditures and cash balances of the Association of Life Insurance Medical Directors of America for the fiscal year ending September 30, 1987.

My examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures considered necessary.

In my opinion, the accompanying Treasurer’s Report of receipts and expenditures and cash balance fairly presents the financial activity and position of the Association of Life Insurance Medical Directors of America for the fiscal year ending September 30, 1987.

Sincerely,

Morey I. Stearns
Auditor
(Retired Associate General Auditor
Massachusetts Mutual Life Ins. Co.)

Nominating Committee Report
for the Year 1987-1988

President Elect: Roger H. Butz, M.D.
Vice President: Lawrence D. Jones, M.D.
Secretary: Joseph R. Jurkoic, M.D.
Treasurer: John P. Carey, M.D.
Editor of the Transactions: Walter S. Clough, M.D.
Executive Council:
  2nd Term: Rodolfo E. Fidelino, M.D.
  1st Term: J. Dickson Cormack, M.D.
  Neal Pickett, M.D.
Committee on Consumer and Professional Relations, HIAA:
  Representative: Robert Katz, M.D.
  Alternate: William Guillette, M.D.
Representatives to AMA House of Delegates:
  Delegate: Paul S. Metzger, M.D.
  Alternate: Roger H. Butz, M.D.
Board of Insurance Medicine:
  For a second three year term—Dan Scott, M.D.
  For a first three year term—Keith M. Pearson, M.D.
  Reginald D. Atkinson, M.D.
  Chairman
  October 7, 1987

Editor’s note: This is an abbreviated version of the Treasurer’s report. Copies of the full report can be obtained from: John P. Carey, M.D., Treasurer, Association of Life Insurance Medical Directors of America, Massachusetts Mutual Life Insurance Company, 1245 State Street, Springfield, MA 01111.
Mortality Monograph Committee Report

Volume II of *Medical Risks* is complete but publication has been delayed because of the time required for computer preparation for printing. Approximately one third of the book has already been sent to the publisher, Praeger Press, and the remainder will be forwarded as computer preparation by MIB, Inc. is completed.

The Mortality Monograph Committee has been inactive during 1987 because there have been no substantive changes in the material to be published. All work on the volume has been related to the technicalities of preparation for printing, review of tables for uniformity, adding footnotes, preparing the index and making minor refinements for clarity and consistency. The Project Director, Edward A. Lew, F.S.A. has worked closely with MIB, Inc. in supervising these items. Approximately 20 authors have not responded to requests to reproduce data published elsewhere. If some of these cannot be contacted minor changes may be needed to paraphrase rather than reproduce their data, but this does not present a major obstacle. All of the review and checking should be completed by October 1, 1987.

The published volume will consist of about 1500 pages and in addition to the introductory and overview chapters will contain data from more than 400 abstracts combined into over 350 items. The volume has been prepared to make the data more easily useable by simplifying tables and providing interpretation of results where appropriate. It is expected the book will have broad appeal beyond life insurance underwriting.

With only the technicalities of printing and distribution remaining to be done by MIB, Inc. and Praeger Press in collaboration with the Project Director, the work of this committee is finished. It is requested that the Mortality Monograph Committee be discharged.

Respectfully submitted,

H. Frank Starr, Jr., M.D.
Chairman
September 14, 1987

Committee on Continuing Medical Education 1987 Interim Report

Through the middle of August of this year, sponsorship or cosponsorship of Continuing Medical Education by ALIMDA for meetings held or to be held before this year's end amounted to 78 hours of Category I CME credits.

This year's ALIMDA Annual meeting will reach a new high with attendees being able to obtain 20 credits. In addition, Dr. Pokorski will hold 8 hour mortality methodology seminars before and after the Annual Meeting.

The 1988 Board of Insurance Medicine's 7th Triennial Course is working toward 36 hours of credit at this time, and plans are well underway to award CME credits for the 16th International Congress of Life Assurance Medicine, to be held in The Hague, Netherlands, in May, 1989.

Committee members have, therefore, been quite busy in submitting applications and awarding certificates for CME. We would urge promptness in sending attendance reports and financial data to the Director and in sending certificates to attendees.

A listing of CME credit hours awarded for 1987 meetings thus far is as follows:

- ALIMDA — Annual Meeting 20
- ACLI— Medical Section 8
- ALIMDA — Mortality & Methodology Seminars 16
- CLIMOCA — Annual Meeting 14
- Midwestern Medical Directors Association 6
- Washington Home Office Underwriters Association — Medical Committee 4
- Travelers Insurance Series 4
- Regional Medical Directors Association of Greater New York 2
- Insurance Medical Group of New England 4

The Continuing Medical Education Committee will meet in Minneapolis, Minnesota on Sunday, October 11, 1987.

A full report of 1987 CME activities will be submitted in the Spring of 1988.

William J. Baker, MD
Chairman of the Committee
Director,
Continuing Medical Education
National High Blood Pressure Education Program
Report of the ALIMDA Representative

This program has recently gone through far reaching analysis of its accomplishments and future plans. As a consequence of an extensive discussion regarding "long-range planning" the following items have been identified as objectives for the year 2000:

1. To identify at least 95% of all persons with high blood pressure.
2. Attain adequate blood pressure control among all persons with high blood pressure.
3. Decrease the prevalence of significant overweight among the hypertensive U.S. population from the 1980 baseline by 10% of men and 17% of women.
4. Reduce the death rate from stroke through treatment of high blood pressure by 75% compared to the 1972 age adjusted death rate.
5. Reduce the death rate from hypertension associated heart disease by 50% compared to the 1972 age adjusted death rate.
6. Reduce by 25% the number of patients with either primary hypertension or diabetes mellitus reaching end stage kidney disease.
7. To close the gap that exists between the age adjusted death rates from hypertension associated heart disease and stroke for black and white hypertensives by decreasing the death rate for black hypertensives.

These important far reaching goals required considerable reconstruction of the National Committee into a number of subcommittees. The ALIMDA representative has been assigned to a subcommittee on Science Base which will:

1. Review methods and data to assess the program's impact.
2. Evaluate method used for assessing program impact.
3. Monitor and evaluate emerging science related to high blood pressure to determine needs for consensus reports and/or new data collection needs.

The program is also undergoing significant change in the administrative structure. Along with our (ALIMDA) previous suggestions to consolidate effort directed towards cholesterol, smoking, and blood pressure education, it was decided to use a single Project Contractor for all these three programs (cholesterol education program, and smoking education program have been recently created). At the request of the National Institute of Health your representative served last June on two days lasting, very elaborate analysis, to evaluate suitability of three contractors that submitted their bids for these activities.

The insurance industry is expected to play a significant role in a national effort regarding education toward smoking, cholesterol and high blood pressure, and it is important, therefore, that all our members be aware of current activities in these areas.

Jerzy Gajewski, M.D., Ph.D.

Board of Insurance Medicine
Report to Executive Council

The Board of Insurance Medicine convened for the first time at an ACLI meeting in June of 1987 in Williamsburg, Virginia for the purpose of conducting business. Primary topic of discussion was the format for the new written examination to follow the Triennial Course and a discussion relative to establishing the criteria for Board eligibility, including written and oral examinations. Dr. Robert Spellman, Northwestern Mutual Life, Milwaukee, Wisconsin, Co-Chair of the 1988 Triennial Meeting agreed to outline the criteria for Board eligibility and certification which is to be distributed to all candidates attending the 1988 school. Dr. John Remsberg, Massachusetts Mutual, Springfield, Massachusetts, Vice-Chairman of the Board of Insurance Medicine is serving as Chair for the construction of the written examination to be given following the Triennial Course.

The Officers for the 1987-88 Board of Insurance Medicine will be —

Dr. John Remsberg, Massachusetts Mutual
Springfield, MA — Chairman

Dr. Elliott Williamson, Crown Life
Toronto, Canada — Vice-Chairman

Dr. Milan Bures, State Mutual
Worcester, MA — Secretary-Treasurer

The Board accepted the resignations of Dr. Joseph Vance, Connecticut General, Hartford, Connecticut and Dr. Ronald Garson, Metropolitan, Ottawa, Canada in 1987 and has nominated Dr. Keith Pearson, Beneficial Life, Salt Lake City, Utah as a new member of the Board for a three year term and Dr. Dan Scott, State Farm Life, Bloomington, Illinois for his second three year term.

The Fall Meeting of the Board of Insurance Medicine will focus primarily upon the written examination and discussion regarding policy for administration of oral and written exams for the future.

Dan L. Scott, M.D.
Chairman
October 7, 1987
ACLIMedicalSection
Report of the Chairman

Since the last report from the Medical Section to this Executive Council two notable events have occurred. The twelfth annual meeting of the Medical Section was held under the very successful direction of Chairman Ernie Bulluck and his wife, Jean, in Williamsburg, Virginia, June seventh to eleventh. This was a lovely place to hold a meeting. The scientific sessions, with the cooperation of the Medical College of Virginia and the CME committee of ALIMDA, produced a total of sixteen category one CME credits.

At that time the AIDS committee also met and decided that a three-day conference should be held at the Westin O'Hare at the end of August. This was chaired by Don Chambers and attended by over thirty people including five members of the ACLI staff and representatives from the two major insurance laboratories. Subcommittees were chaired by Bob Gleeson, on Public and Government Relations, Dick Bailey on Testing, and Tom Bugg and Bart Ruggieri, co-chairs, on Education. The general format was that of full committee meetings with presentation of informational materials by staff and others, breakout sessions for subcommittee meetings, followed by a return to full sessions for subcommittee reports and general discussion. Everyone seemed to agree that something very good occurred at this conference but as of this writing the final report on the conference has not been made.

The principal direction for the Medical Section during 1987-88 will be to study and redesign its own organization and activities for the purpose of improving its ability to coordinate and integrate with the activities of its sister and parent organizations, ALIMDA, CLIMOA and the ACLI, in order to better serve the needs of the industry and its own members.

It is my duty and pleasure to remind you all that the 1988 annual meeting of the Medical Section will be held at the Silverado Country Club in Napa, California, June 11-15. Our faculty will come mainly from Stanford University. Bill Marr will be Program Chairman and Don Chambers, Vice Chairman.

Respectfully submitted,

William R. Bradley, M.D.

HIAA Committee on Consumer
and Professional Relations
Report of the ALIMDA Representative


I. The minutes of the June 10, 1987 meeting were accepted as submitted.

II. Report of Activities at the Federal Level.

The House of Representatives recently passed its deficit package to affect a $23 billion cut. There was consideration given to a potential cap on ‘Cafeteria Plans’ to the effect that cash benefits in excess of $500 will be taxable as ordinary income. The Senate approved the inclusion of drug benefits in its Catastrophic Health Insurance bill with implementation to commence at staggered dates. For Part A of Title 18, January 1 or July 1, 1988 was considered, for Part B, January 1, 1989, for immuno suppressors 1990, and 1993 for 80% of coverage after a $600 deductible.

The HIAA Board reconfirmed its policy to extend mandated coverage for the uninsured to all persons affected, not only to employees and dependents as is currently contained in the bill sponsored by Senator Kennedy.

The House of Representatives is considering the establishment of State pools for the uninsurable. The Treasury Department’s study on long term care will be reported to the Senate Committee dealing with Catastrophic Health Insurance. Some tax clarification will be required by the health insurance industry which is expected to treat long term care similarly to life and accident and health insurance for reserve determination.

III. Review of HIAA Issues Management Priorities for 1987-88

The minutes of the June meeting of the Issues Management/Strategic Planning Group were reviewed and the levels of priorities recommended therein were accepted by the Committee on Consumer and Professional Relations.

HIAA Priorities for 1987-88

The following is a list of recommended priorities for existing and new issues as recommended by the Issues Management/Strategic Planning Group for 1987-1988. Issues Management topics that were not included in last year’s process are indicated with an asterisk (*); issues that received a higher priority this year than last are indicated by a plus sign (+); and those with a lower priority than last year are indicated by a minus sign (−). There were no new topics recommended for Strategic Planning in 1987-1988.

Level I

- Preferred Provider Arrangements
- Risk Classification
  + Acquired Immune Deficiency Syndrome (AIDS)
  + Gaps in Coverage (includes Uncompensated Care)
  - State Mandated Benefits (formerly ERISA)
  * Employer Mandated Health Insurance
  - Medicare Reform
  + Long Term Care

Level II

- Retiree Health Benefits
  - Tax Treatment of Employee Benefits
  - Tax Treatment of Blue Cross/Blue Shield
  - Provider Payment Reform/Cost Shift (formerly Reimbursement Reform)
  = McCarran-Ferguson Act

Level III

- Privatization of Government Health Benefits
  - Utilization Review
  - Medical Technology Assessment
  - Health Education/Promotion
  - Overinsurance/Future Solvency Issues in Disability
  - Uniformity in Coding and Claims Systems
  - Data Base Development
  - State Data Mandates
  - Punitive Damages
  * Medical Malpractice
  + Quality of Health Care

Level IV

- Bioethics
- Graduate Medical Education
- Changing Marketplace for Industry Products
- Rebalancing the Disabled Employee
- Social Security Benefit Levels and Financing
- Group Coordination of Benefits Provisions
- Insurance Company Solvency/Guaranty Funds

IV. Report of the Health Care Management Committee

The Committee received a draft statement on psychiatric case management developed by the National Association of Private Psychiatric Hospitals (NAPPH). Review of this draft found it to be long on philosophy and verbiage, but lacking of substance condensed in the last few pages of the rather lengthy statement. The CPR Committee suggests that NAPPH review the draft so as to make it more useful to carriers. It was also suggested that a different approach to issues involving mental health care be explored by Staff with the American Psychiatric Association.

The Health Care Management Committee is considering revision of the HIAA statement on rehabilitation, softening its language relative to conformance by insurers to specifically listed requirements, expand the emphasis on facilities to include rehabilitative services, regardless of site.

Staff will work cooperatively with representatives of the Pennsylvania Health Care Cost Containment Council to identify specific goals of the Council relative to insurer data, and to provide to the Council data which could be reasonably expected to be available from insurers.

In New York State the Governor and the Legislators compromised on the principles of new legislation to establish a per-case payment system for private payors, including Blue Cross and commercially insured patients as well as Medicaid, effective January 1, 1988. The proposal will maintain a 13% differential for Blue Cross and will preclude any negotiated rates other than HMOs and previously existing agreements.

A study conducted by the Johns Hopkins Center of Hospital Finance and Management on behalf of the Coalition on State All-Payer Hospital Payment Systems, focused on the experience of Maryland, Massachusetts, New Jersey, and New York for the period 1983 to 1985. These states had obtained federal waivers that allowed Medicare and Medicaid payments to be governed by a state’s hospital prospective payment program, applicable to all payers. Copies of the Report may be obtained from the HIAA.

The Commonwealth of Massachusetts is considering legislative action mandating universal health care coverage for all employees.

The New Jersey Commission of Health convened a Joint Hospital Payor Task Force to consider reimbursement issues related to capital. After a series of meetings there was a consensus to consider capital financing reform as part of a broader system-wide reimbursement reform effort for 1988. Different formulas will be applied for reimbursement for old capital, new capital and indirect costs.

V. Report of the Medical Relations Committee

A revised draft of the HIAA Quality of Care Position Paper was presented and was accepted by the CPR Committee with minor editorial changes not affecting the overall sense of the statement.

The Quality Care Task Force reported on the establishment of a Quality Resource Center by the Washington Business Group on Health.

The Task Force on Health Quality Assessment has been following the activities of the Institute of Medicine’s Council on Health Care Technology. Its Information Panel will publish a directory early in 1988 and an access guide to computerized information sources.
The Health Care Finance Administration (HCFA) has approved eight heart transplant centers which meet HCFA criteria for Medicare reimbursement. The eight centers are:

- Johns Hopkins Hospital — Baltimore
- Loyola University/Foster G. McGaw Hospital — Chicago
- Medical College of Virginia — Richmond
- Methodist Hospital/Baylor College of Medicine — Houston
- Methodist Hospital of Indiana — Indianapolis
- Stanford University Medical Center — Stanford
- University of Arizona Medical Center — Tucson
- University of Minnesota Hospital — Minneapolis

The Methods Panel has a number of efforts underway that will come to fruition during the next year. One is a workshop on group judgment methods which are the means that are widely used by professional organizations to establish standards of care, arrive at coverage decisions, and to evaluate variations in clinical practice. The workshop will explore the various ways that group judgment is being used, review what is known about this assessment process, identify the steps that can be taken to improve these methods, and develop an appropriate research agenda. One Methods Panel project in the early stage of development deals with “Improving the Medical Record in Light of New Technologies.” This proposed 18-month effort has already generated strong indications of private sector support. It will address how the medical record might be improved for purposes of patient care, financial billing and reimbursement and research, how existing computer technologies might be used to that end, and what research questions should be examined. It is expected that public funds will be used to match private sector funding in this endeavor.

The AMA’s Health Policy Agenda for the American People created an Ad Hoc Committee on Basic Benefits. It hopes to finalize and reach a consensus on a basic health benefits plan early in 1988.

VI. Request by the American Association of Preferred Provider Organizations (AAPPO) for HIAA Support for a PPO Credentialing Program

The Committee suggested that participation be considered very cautiously and with due consideration of the association’s leadership.

VII. Review of Activities of the HIAA Managed Health Care Task Force

This report contains a good definition of Managed Health Care describing it as:

“Systems which integrate the delivery and financing of health care to serve patients and payors by enhancing the effectiveness and efficiency with which they use health resources. The programs employ prospectively focused activities to favorably influence the cost and quality of care. Structures such as HMOs and PPOs are among the approaches used along with system plans and techniques such as benefit design, utilization review, precertification, case management and second surgical opinions.

While the programs work to influence participants in the System—patients, physicians, institutions and others—decisions on medical treatment are a professional matter and remain the responsibility of the physician in consultation with the patient.

Over the next two years, the task force will evaluate the activities of the Consumer and Professional Relations, Group and Research Committees through discussion with staff and chairmen to determine whether the affairs of managed health care are routinely being addressed. If at the end of that time such is regularly the case, the task force will recommend that it be dissolved.”

VIII. Report of the State Council Advisory Committee

The 1988 State Council Seminar has been scheduled for the Chicago Westin Hotel for March 22-24, 1988. At that Seminar the State Council Chairpersons’ session will be opened to all attendees.

IX. Report of the Claim Procedures and Forms Committee

Attempts will continue to amend the Universal Billing Form UB-82 to include date of birth of the insureds.

X. Report of the Allied Health Services Committee

The National Association of Rehabilitation Facilities (NARF) has submitted to the HIAA a document entitled “Rehabilitation Hospitals and Units and Insurance Coverage”. The Committee suggested significant modifications to the proposed document. The Rehabilitation Sub-Committee is working on a revised document on specialty hospitals such as Rehabilitation Hospitals.

XI. Report of the Dental Relations Committee

The Chairman has sent a letter to the Editor of the Journal of the American Dental Association expressing the HIAA’s concern with the recent Code and Nomenclature changes in an effort to inform dentists of payers’ concern and to alert them to the fact that some payers will not be incorporating the Codes and Nomenclatures into their claim payment system. The letter has not been published to date.

The Consumer and Professional Relations Committee will meet next in February 1988.

Robert Katz, M.D.