

Excerpt from the Balanced Budget Act of 1997:

SEC. 4643. OFFICE OF THE CHIEF ACTUARY IN THE HEALTH CARE FINANCING ADMINISTRATION.

Section 1117 (42 U.S.C. 1317) is amended--

(1) in the heading, by inserting `AND CHIEF ACTUARY' after `THE ADMINISTRATOR';

(2) by inserting `(a)' before `The Administrator'; and

(3) by adding at the end the following:

(b)(1) There is established in the Health Care Financing Administration the position of Chief Actuary. The Chief Actuary shall be appointed by, and in direct line of authority to, the Administrator of such Administration. The Chief Actuary shall be appointed from among individuals who have demonstrated, by their education and experience, superior expertise in the actuarial sciences. The Chief Actuary shall exercise such duties as are appropriate for the office of the Chief Actuary and in accordance with professional standards of actuarial independence. The Chief Actuary may be removed only for cause.

(2) The Chief Actuary shall be compensated at the highest rate of basic pay for the Senior Executive Service under section 5382(b) of title 5, United States Code.'

CONFERENCE REPORT LANGUAGE:

OFFICE OF THE CHIEF ACTUARY IN THE HEALTH CARE FINANCING ADMINISTRATION

CONFERENCE AGREEMENT

The conference agreement would establish the position of Chief Actuary in the Health Care Financing Administration. The Chief Actuary would be appointed by the Administrator of HCFA among individuals who have demonstrated by their education and experience, superior expertise in the actuarial sciences. The Chief Actuary would be in direct line of authority to the Administrator. The individual would exercise such duties as are appropriate for the office and in accordance with professional standards of actuarial independence. The individual could only be removed for cause. Compensation would be at the highest rate of basic pay for the Senior Executive Service. The provision would be effective on enactment.

The Conferees wish to emphasize the very important role of the Office of the Actuary in assessing the financial condition of the Medicare trust funds and in developing estimates of the financial effects of potential legislative and administrative changes in the Medicare and Medicaid programs. The Office of the Actuary has a unique role within the agency in that it serves both the Administration and the Congress. While the Chief Actuary is an official within the Administration, this individual and his or her office often must work with the committees of jurisdiction in the development of legislation.

Beginning with the appointment of the first Chief Actuary for Social Security in 1936, through the enactment of Medicare and Medicaid in 1965, and through the establishment of the Health Care Financing Administration in 1977, the tradition has been for a close and confidential working relationship between the SSA and HCFA chief actuaries and the committees of jurisdiction in the Congress--a relationship which the Committees value highly. It is important to emphasize that the Senate Committee on Finance, the House Committee on Ways and Means, and the House Committee on Commerce all rely on their ability to seek estimates and other technical assistance from the Chief Actuary, especially when developing new legislation. Similarly, the Congressional Budget Office and Congressional Research Service depend heavily on such assistance. Thus, the independence of the Office of the Actuary with respect to providing assistance to the Congress is vital. The process of monitoring, updating, and reforming the Medicare and Medicaid programs is greatly enhanced by the free flow of actuarial information from the Office of the Actuary to the committees of jurisdiction in the Congress.

The Conferees believe that it is important for the Office of the Actuary to receive adequate staffing and support from the agency and the Administration at large. The Committees rely on the actuaries to provide prompt, impartial, authoritative, and confidential information with respect to the effects of legislative proposals. When information is delayed or circumscribed by the operation of an internal Administration clearance process or the inadequacy of actuarial resources, the Committees' ability to make informed decisions based on the best available information is compromised. The Conferees consider independent analyses by the Office of the Actuary to be consistent with the general role and responsibilities of the actuarial profession, and in the past have found these analyses helpful in understanding the factors underlying estimates and trends in the Medicare and Medicaid programs.

With respect to adequate staffing, the conferees wish to note that it is essential that the strength of the Office of the Actuary be maintained. The Conferees strongly urge that the actuarial staff at HCFA be enhanced on an ongoing basis. The need for actuarial assistance will be greater than ever in the next few years as the Congress and the Administration, with advice from the bipartisan commission mandated in this legislation, address the future financial pressures facing the Medicare program as a result of the retirement of the post-World War II 'baby boom' generation.

The conferees recognize the important role of the Office of the Chief Actuary and expect that in the reorganized HCFA the office will be permitted to function with a high degree of independence and professionalism.