



Planes, Brains and New Business Deals ...

Ian Duncan believes in taking risks, exploring different strategic directions and seizing new opportunities.

BY JACQUE KIRKWOOD



Ian Duncan, FSA, MAAA, FCIA, FIA, is an admitted travel junkie and enjoys being on the road. From sunrise to sunset, he treks from city to city meeting with clients. When he's not bringing in new business and cultivating relationships with existing clients, he writes; he publishes; he volunteers; and time permitting, takes a rare vacation. His energy, enthusiasm and excitement serve him well as president of his own company, Solucia, Inc.

Your work in the predictive modeling area has been called an "intriguing" use of actuarial skills. How so? Predictive modeling is a natural extension of the age/sex/prior claims experience rating methodologies that we learned years ago. We are using it in a number of different areas, primarily for identification of candidates for different types of care management programs, rate setting for underwriting purposes and adjusting rates and utilization for a number of

different purposes, such as provider reimbursement and outcomes measurement.

We have pioneered the use of risk-adjustment/predictive modeling techniques for achieving comparability between intervention and comparison populations in disease management outcomes measurement, a technique that has gained more acceptance in the recently-published DMAA (Disease

Management Association of America) out-comes measurement guidelines. It's a natural for actuaries and represents a career-expanding opportunity in healthcare.

Tell us a bit about your company, Solucia, Inc. Solucia was founded in 2003 as an actuarial and management consulting firm specializing in managed healthcare, particularly the economics of chronic care. We perform healthcare data analysis, predictive modeling and risk adjustment, as well as strategy and management consulting projects that rely on these techniques. We have a total of nine actuaries and actuarial students, and two non-actuarial healthcare consultants. Our clients are generally large Blue Cross, Blue Shield plans, care management firms and other purchasers of care management services who want to produce a better return on their medical management budgets.

How does your company stand out from others like it? I don't think that there are a lot of companies like it, frankly. There are some national actuarial consulting firms that perform the same type of consulting, and there are non-actuarial data analysis firms with whom we compete. There are also some solo practitioner healthcare consulting actuaries.

Our greatest competition of course is in-house actuaries and informatics departments at health plans. Our specialty in managed care financial analysis and predictive modeling is something that few others focus on, and my past career as a management consultant also gives us an unusual background in strategy and systems that few traditional actuaries have. Our clients are often non-actuarial healthcare professionals. It's a challenge to market our services to clients who don't understand actuaries or the value that we bring, and where we cannot rely on regulation to create opportunities for our services. One of the reasons I volunteered for the Healthcare Professional Community Team (which I chair) is that we interact with many

non-actuarial healthcare professionals, and I continually seek opportunities to strengthen these relationships.

As president of Solucia, what part of a start-up business is the most satisfying? I like the responsibility that comes with running a company, especially a small one. The flexibility allows us to try new things and make quick changes. It's a great and very fast-paced learning environment.

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What sparked your interest to get involved in the medical arena, so to speak? It happened completely by accident. I began my career at England's largest composite insurer, but wanted to move to North America. I was fortunate enough to land a job in the life division at Aetna Canada in Toronto. Two years later, in 1982, I was given a rotation to the group division, working on Canadian supplemental medical insurance, and three years later transferred to Hartford with Aetna. I had spent my early career in countries with national healthcare solutions, and was initially uncomfortable with private health insurance.

My opinion has changed after working in private health insurance, and I would urge those who recommend a single-payer, national system to try living in a couple of single-payer countries before they make irreversible changes to the U.S. system. The U.S. system clearly has issues with costs, and over the last 20 years I have seen many trends in healthcare cost management: plan design and financial options, managed care and now the consumer-driven revolution. The genius of the private insurance system is that there is always something new!

How has your background as an actuary positively impacted your career? I think that I would turn the question around and ask an

actuary 1). What things not covered in your actuarial training have you had to learn to supplement your training? and 2). What aspects of actuarial training have you had to “unlearn” in order to advance your career?

I was fortunate to spend five years as a management consultant at Price Waterhouse, working on large strategy and systems

What contributed to your decision to become an actuary? My high school headmaster, who taught us mathematics, encouraged the profession. He had intended to become an actuary but World War II (he was captured at Tobruk) prevented him from pursuing the profession. I liked the idea of combining mathematics and a profession, but was intimidated by the reputation of the exams. I was an actuarial intern for

two months during a summer and hated the work. I intended to become an economist instead. But after graduate stud-

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implementation engagements. They were for health insurance clients, but they were not in any sense “actuarial.” This is where I learned some of the techniques I have found useful at Solucia (how to plan and manage large, multi-dimensional projects and conduct meetings, for example).

Perhaps the most important thing I learned is that there isn’t a single “right” answer to every question. This is a tough thing to internalize after going through the actuarial training which emphasizes that there is a “right” answer, and that it is the actuarial one. Frequently, as chair of the Health Section Professional Community Team (a group dedicated to fostering relations between actuaries and non-actuaries in healthcare), I hear actuaries comment that they are not included in policy discussions. It takes a lot of hard work to gain visibility in the non-actuarial healthcare field, though, and I am gratified to have been selected recently as a member of Ohio Governor-elect Strickland’s transition policy team for healthcare.

One thing I have learned about being a consultant (I am now in my eighteenth year) is that your biggest challenge is to get the client to do what is in the client’s best interest. However, there are often obstacles to this—I don’t think I ever had a client who said, “Thank you very much for your advice. Now let’s implement it.” Like all organizations, clients have their own internal dynamics and politics, and getting to the right result is often a very indirect process.

ies at Oxford (my tutor was Dr. (now Sir) Nicholas Stern, the recently-famous author of the “Stern Report on Global Warming,” I was attracted by a business career. Thirty years ago I began as an actuarial student at Commercial Union in London. Unlike my summer intern experience, I loved the work from day one, and continue to do so.

From your perspective, how has the actuarial profession changed since you first came aboard? Well, the first change came with the advent of computers. As actuarial students in the early 70s, we used hand-cranked comptometers, policy information was recorded on cards and the triennial valuation was an entirely manual process. Computerization created our market niche: health claims data analysis and predictive modeling would not be possible without powerful computer resources. Actuaries were highly-respected professionals in the 70s, based on their technical training and professionalism. This period of my career has seen considerable de-regulation of financial services, growth of new services, entrepreneurship, etc. Now, the old respect for the profession has been replaced by a sense of, “What have you done for me recently?” The profession needs to become more entrepreneurial, something that I think that the profession can learn from those actuaries in small firms like ours.

What training, education and and/or experience has proved to be the most beneficial during your career? To me, the lessons of advancing in one’s career boil down to three simple rules that you could carry in your wallet:



ARRIVALS



CONNECTIONS



LONDON



TOKYO



ROME



NEW YORK



SINGAPORE



DEPARTURES

SYDNEY



- Identify who in the organization has the power (and budget) and figure out how to work for that individual or organization.
- Define your own value proposition carefully so that you can convince those in the organization with the power to use you; and
- Get profit and loss management experience as early as you can.

The things I have come to enjoy in my job are in large part non-actuarial: I do a lot of public speaking and presentations, sales and marketing, as well as general management. None of these are part of my training, actuarial or university. What I have learned I have learned on the job, the hard way. I think that the profession is going through a certain amount of angst about some of these (non-actuarial) skills. But there is simply no substitute for the Nike approach (“Just Do It”) and those who want to do these things will find a way, whether or not the profession provides support and training.

What changes and/or trends have you seen in the area of medical management? As in our own profession, there are efforts to codify medical practice. It’s much tougher because human beings are more unpredictable. But the idea of standardizing practice—to measure efficiency and quality of medical outcomes—is probably the single most important goal of medical management. Not all medical professionals are in agreement with this approach. There are many who see medical management as interfering with their and the patient’s freedom, and they are highly resentful. Some medical professionals would prefer a consumer-directed healthcare solution, in which the patient is responsible for his own medical purchases.

I am generally unpersuaded by consumer-directed health insurance plans, at least as currently designed. And I don’t see how the individual consumer, untrained in medical knowledge, can be expected to make informed decisions about his own care. So I do not see medical management disappearing; I do see it becoming more targeted at where it will do most good and produce a higher return, however.

If you could turn the clock back, having just graduated from college, would you pursue the same career path? A good question. The exams, the length of time it takes to get through them and the “opportunity cost” (what you miss out on while doing them) delays the start of your real business career, I think. In health and managed care, the perception of actuaries as technicians makes it difficult to break out of the technical area into general management.

When I started in the profession, actuaries were held in high respect and we were the natural leaders of the industry. But times have changed, and I don’t think that we have kept up with them. What matters is hands-on business experience. One thing that I have observed is that actuaries tend not to get P&L responsibility until later (if at all), and P&L experience is what counts. I didn’t get my first P&L responsibility until I was nearly 40; by contrast, my son (who isn’t an actuary but manages a hedge fund) got his first P&L responsibility at 25 (I didn’t even write my first exam until I was 26). I would most certainly seek P&L responsibility sooner. I think I have also tended (being an actuary and therefore risk-averse!) not to aggressively seek other opportunities. For example I waited until my children were done with college before I started Solucia. In hindsight, I wish I had pursued all the things that I have done earlier in my career.

Of your many career accomplishments, what do you consider to be the most memorable/personally satisfying? I was enormously honored in 2005 to be chosen by SOA President Steve Kellison as one of the recipients of the President’s Leadership Awards. This award was given for some of the work that I have been engaged in regarding medical management, predictive modeling and others. It was given at a Board of Governors’ dinner cruise around Manhattan in November—a great occasion.

How have you advanced the actuarial practice? I believe that actuarial practice, as a concept, requires documentation and peer review. Health and managed care is under-represented

in this area. I undertook, with the Health Section's support, a three-year project to document the state of practice in care management evaluation. The study is available on the section's Web site (<http://www.soa.org/ccm/content/areas-of-practice/health/research/eval-results-care-man-int/>). It has been very gratifying to hear from actuaries and non-actuaries who have accessed the study and used it in their practice.

What excites you most about the business world? Business, particularly the consulting business, is a tough and unforgiving place. You know very directly whether you are making a difference and adding value, because some organization or person hires you, at a commercially-determined rate that is an indication of your value. You can't hide in consulting the way you can in other business environments.

Being an entrepreneur is the most exciting and satisfying (but also the most difficult) undertaking that there is. You have ultimate freedom to pursue your beliefs and interests, limited only by finding clients who share them and who are willing to pay for them. I believe that entrepreneurial skills are the single most important thing we can teach young actuaries, which is why I volunteer heavily in the Entrepreneurial Actuaries Section.

What words of wisdom would you like to share with aspiring/upcoming actuaries? I have alluded to this before but will repeat it again: if you want to advance in the "new world" of the profession, follow the three simple rules I mentioned earlier and find a way that you can gain P&L responsibility. Most importantly, don't be afraid of failure. You will learn more from taking the risk than you will from sitting at a desk cranking out reserves.

Is there any one particular business achievement that will always stand out in your memory? Ask me again when the book I am writing based on my study of care management evaluation is published!

Are there any particular hobbies or outside interests you'd like to share? It's probably heretical to admit this, but running a small company, together with a heavy schedule of writing and publishing, and volunteering with the SOA and my church leaves little time for other interests than travel. My wife Janet (who is also an actuary, although of the property casualty persuasion) and I travel whenever we can get away. I also maintain a blog (at www.healthactuary.blogspot.com) where I write on healthcare financial issues (and other actuarial topics like Social Security reform).

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How would you like people to remember you? The Elizabethan author, Sir Francis Bacon (1561-1626) said that, "I hold every man a debtor to his profession." The actuarial profession has been very good to me, and I would like to think that I have given back to it in equal measure. ■

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