

Deloitte.

Deloitte Consulting LLP

University of Minnesota Actuarial Club Informational Session

September 25, 2014



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Introductions

Deloitte Consulting – Who We Are

The Deloitte Actuarial Practice

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Summer Scholar Internship Program

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Consulting vs. Insurance

Wrap-Up: Where to Apply

Q&A

Introductions

Today's Presenters



Deloitte.

Lindsey Scott
Manager

Deloitte Consulting LLP
linscott@deloitte.com

Lindsey is a Manager in the health actuarial practice who joined the firm in July 2008. She also had an internship with Deloitte in the summer of 2007. Recently she has worked with state governments on issues such as rate setting, value based care models, and risk score analysis. She also has experience consulting on topics such as efficiency analysis, reimbursement methodologies, and reserves. Lindsey received a Bachelor of Arts in Actuarial Science and Mathematics from the University of Iowa.



Deloitte.

Kent Schrad
Senior Consultant

Deloitte Consulting LLP
kschrad@deloitte.com

Kent is a Senior Consultant in the pension actuarial practice who joined the firm in July 2008. Prior to this, Kent also had a 3 month internship with Deloitte in the summer of 2007. He has over 6 years of experience specializing in defined benefit pension and postretirement medical plans. He also has experience dealing with all aspects of benefits and compensation related to mergers & acquisitions. Kent has Bachelor's degree in Actuarial Science and Mathematics from the University of Iowa.

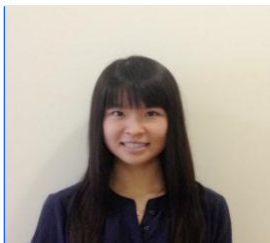


Deloitte.

Rich Zhu
Consultant

Deloitte Consulting LLP
richzhu@deloitte.com

Rich is a consultant in health actuarial practice. Rich has worked on a variety of projects, including risk adjustment, accountable care, ICD-10 and pricing, for different clients. His clients include federal governments, state governments, provider groups, and etc. Rich has dual Bachelor degrees of Mathematics and Economics from University of Minnesota – Twin Cities.



Deloitte.

Jecci Shen
Analyst

Deloitte Consulting LLP
jecshen@deloitte.com

Jecci is a second-year analyst in the life actuarial group. During her time with Deloitte, she has had project experience with both annuity and life insurance products through audit procedures and consulting engagements. Jecci graduated from the University of Minnesota – Twin Cities double major in Mathematics and Economics.

Today's Presenters



Deloitte.

Tim O'Brien
Analyst

Deloitte Consulting LLP
timobrien@deloitte.com

Tim is a second year analyst in the pension actuarial practice. Before joining the firm in August 2013 Tim had a summer internship with Deloitte. Tim and has worked on a variety of pension related projections including annual pension valuations, annual funding reports, and corporate audits. Tim has a Bachelor's degree in Actuarial Science from the University of St. Thomas.



Deloitte.

April Vassau
Campus Recruiter Lead

Deloitte Consulting LLP
avassau@deloitte.com

April is the Lead Recruiter for the Minneapolis office, and recruits for all positions across S&O, Technology and Human Capital, both undergrad and MBA. April has been with Deloitte for just over 2 years, but has spent the better part of her career in recruiting, specializing in Campus Recruiting. April has a Bachelor's degree from Indiana Wesleyan University and an MBA from the University of St. Thomas.

Deloitte Consulting – Who We Are

Video – “Year One Wisdom”



Deloitte is a leader in professional services worldwide

Commonly known as one of the Big Four firms, Deloitte is the second largest professional services firm in the world by revenue.

Accolades

- “100 Best Companies to Work For” – *Fortune* - **our 13th year on the list!**
- Ranked #8 on the “Top 50 Companies for Diversity” – *DIVERSITYInc*
- Ranked #4 on the “Top 50 Consulting Firms” - *VAULT*
- #1 Globally in Strategy and Management Consulting by Kennedy
- #1 Globally in Business Consulting by Gartner and IDC

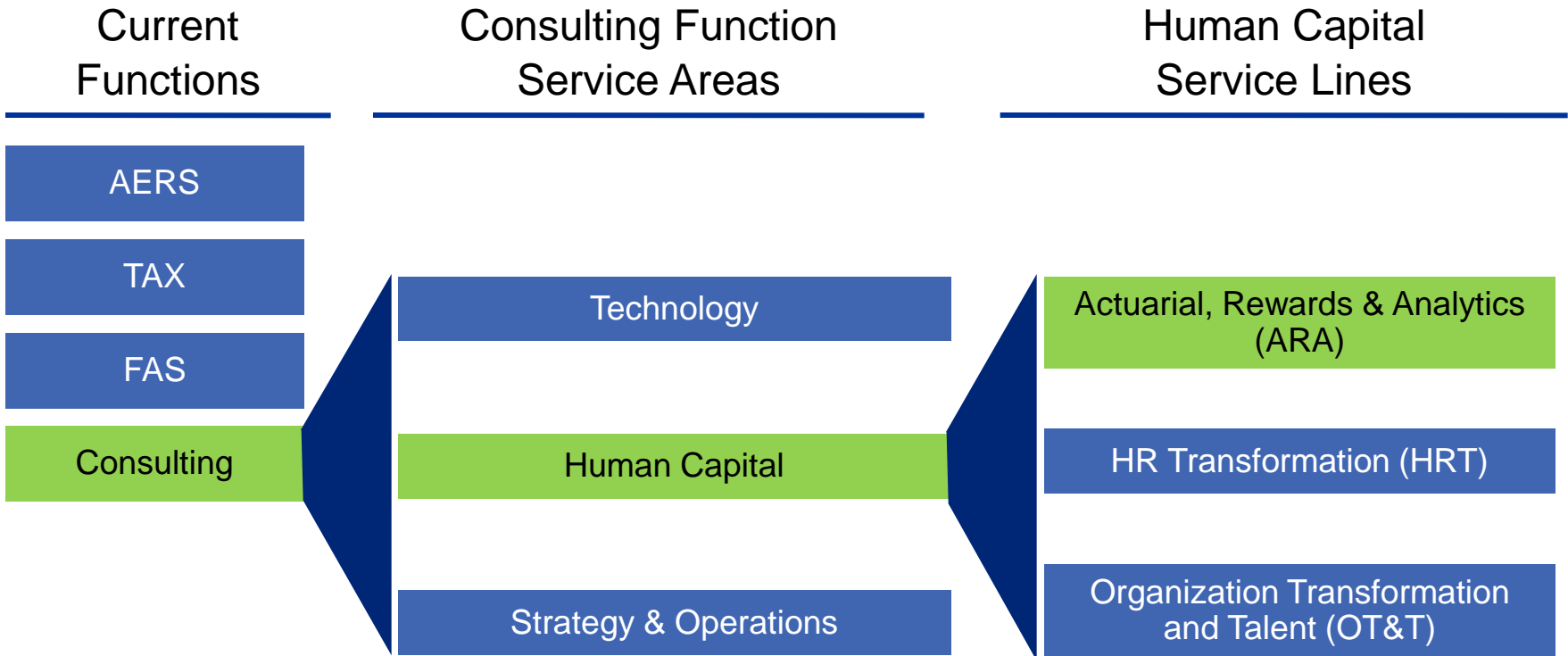
Growth

- \$13.9 billion revenue in 2013, 6.1% growth from 2012
- 102 offices in 87 cities
- Consulting makes up \$6.39B (46%) of Deloitte LLP revenue



Deloitte Consulting at a Glance

Deloitte Consulting is the consulting practice of Deloitte Touche Tohmatsu. We bring a full range of consultative and advisory services to our clients to address their most critical issues from the boardroom to their customers.



Many project engagements involve collaboration with teams across multiple service areas

The Deloitte Actuarial Practice

Actuaries in the Minneapolis Office



Life
<ul style="list-style-type: none">▪ Capital and risk solutions▪ Actuarial modernization initiatives▪ Modeling design and implementation▪ Life insurance and annuity operations▪ Industry trending and benchmarking▪ Life insurance actuarial audit support



Health
<ul style="list-style-type: none">▪ Pricing and product development▪ Risk-adjusted cost analysis/forecasting▪ Health reform modeling and strategy support▪ IBNR audit support▪ Medical cost trend reporting and benchmarking▪ Plan design, eligibility and contribution setting analysis

Retirement
<ul style="list-style-type: none">▪ Traditional funding and accounting valuations▪ Pension and other post-employment benefits audit support▪ Retirement plan mergers and acquisitions▪ Plan administration (benefit calculations, statements, compliance requirements)▪ Pension plan design and benefit adequacy analysis▪ Pension de-risking strategies

Projects In Practice: Life

A large global reinsurance company acquired another insurer prompting the need to merge valuation models from the acquired companies systems into a common modeling platform. The Deloitte team assisted the client in the actuarial projection system conversion of valuation models.

Challenges

- Working with the client in a time of flux, with on-going change management difficulties
- Insufficiencies were identified with regards to the actuarial valuation system
- Existing models are “Black Boxes” with lack of modeling transparency

Our Solution

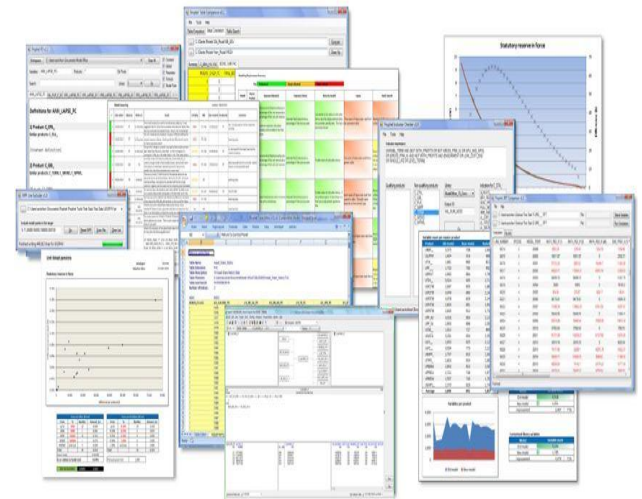
- Enhance processes and tools to improve the management of the business
- Develop modeling risk governance controls to ensure the integrity of valuation models used in financial reporting
- Leverage life modeling expertise and system experts to improve modeling efficiency.

Benefits to the Client

- Multiple model conversions were completed in time for year-end financial reporting
- Bring unique modeling expertise, project management skills and additional accountability to the engagement

Benefits to Deloitte

- Strong relationships built with client, positions Deloitte well for future work opportunities
- Building technical, actuarial modeling, and client management skills for junior staff



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Projects In Practice: Health

A state government wants to bend the cost curve of health care and improve delivery of care for its members by implementing an accountable care program. The Deloitte team assisted the client in model design and testing as well as setting up the methodology and reimbursement targets for the program.

Key Activities

- Assisted with the strategy and testing of the shared savings/loss framework for the program
- Aided in the development of the attribution methodology to assign Medicaid members to the provider groups/communities that will be managing their care
- Created benchmark PMPMs that will be used in the shared savings/loss calculation for each provider/community

Key Outcomes

- Helped the State implement a program that has increased transparency of cost and quality outcomes
- Aided in the development of a reimbursement methodology that rewards providers for performance

Sample Deliverables

Model Testing Simulation

9 Accountable Communities (5 Groups of 1,000, 2 Groups of 10,000, and 2 Groups of 15,000)
with 1% Average Program Savings

Number of ACs with Bonus Achieved	Probability	Average Bonus	Total Bonus ¹	Total Program Savings	Net Program Savings
0	3.61%	\$ -	\$ -	\$ 4,369,141	\$ 4,369,141
1	15.01%	\$ 41,971	\$ 377,737	\$ 4,369,141	\$ 3,991,404
2	27.00%	\$ 88,162	\$ 793,462	\$ 4,369,141	\$ 3,575,679
3	27.54%	\$ 139,484	\$ 1,255,359	\$ 4,369,141	\$ 3,113,782
4	17.49%	\$ 196,980	\$ 1,772,821	\$ 4,369,141	\$ 2,596,320
5	7.15%	\$ 261,748	\$ 2,355,733	\$ 4,369,141	\$ 2,013,409
6	1.87%	\$ 334,763	\$ 3,012,870	\$ 4,369,141	\$ 1,356,271
7	0.30%	\$ 416,632	\$ 3,749,686	\$ 4,369,141	\$ 619,456
8	0.03%	\$ 507,509	\$ 4,567,577	\$ 4,369,141	\$ (198,436)
9	0.00%	\$ 606,969	\$ 5,462,724	\$ 4,369,141	\$ (1,093,583)
Total Weighted Average		\$ 129,349	\$ 1,164,137	\$ 4,369,141	\$ 3,205,004

1. An assumed quality score of 80% indicates average quality achieved of 63% compared to benchmark

Databook

ACO	
Total Population	

Attributed Members	1,400	Member Months	15,000	Average Member Months	10.71
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Service Category	Gross Payment Amounts	Units	Annual Utilization per 1000 Members	Average Unit Cost	PMPM
Inpatient	\$ 900,000	100	80.00	\$ 9,000.00	\$ 60.00
Outpatient	\$ 1,100,000	6,299	5,039.20	\$ 174.63	\$ 73.33
Physician	\$ 600,000	12,700	10,160.00	\$ 47.24	\$ 40.00
Physician Behavioral Health	\$ 915,000	6,000	4,800.00	\$ 152.50	\$ 61.00
Other	\$ 173,000	1,880	1,504.00	\$ 92.02	\$ 11.53
Pharmacy	\$ 809,000	10,000	8,000.00	\$ 80.90	\$ 53.93
Total	\$ 4,497,000	36,979	29,583.20	\$ 121.61	\$ 299.80

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Projects in Practice: Retirement

Project Overview

- Perform an independent analysis of the current retirement program design (DB, DC, and OPEB)
- Develop and evaluate design alternatives to:
 - Reduce program disparity between those with different retirement plans
 - Provide competitive benefits against peer group
 - Maintain cost effectiveness
- Identify transition considerations and next steps in implementation of new program features (communications to employees, legal, tax, and accounting treatment)

Key Activities

- | | |
|---|---|
| <ul style="list-style-type: none">▪ Current Retirement Program Analysis<ul style="list-style-type: none">– Sample benefit accruals– Projected replacement ratios– Short-term and long-term cost projections | <ul style="list-style-type: none">▪ Alternative Design Development<ul style="list-style-type: none">– Developing a design based upon client objectives– Quantitative and qualitative analysis of design alternatives against the current program |
|---|---|

Value to Client

- Improve current employee retention
- More generous retirement benefits provide better opportunity for employee recruitment
- Able to improve parity between “have” and “have-nots” while reducing market volatility

Exam Program

Deloitte Actuarial Exam Program

- Set study time according to your own schedule
- Study time counts towards performance target
- Exam fees/materials/seminars can be reimbursed
- Compensation raises with each exam passed
- First-time-pass bonus
- Bonus for attainment of designation (ASA/ACAS, EA, FSA/FCAS)



Internship at Deloitte

Deloitte Summer Scholar Internship Program

- 10-week program
- Choice of rotation between 2 actuarial areas of practice or stay within 1 area
- Actual project and client experience
- Buddy and counselor assigned to each intern
- Training and national conference
- Social events for networking opportunities
- Competitive compensation (including signing bonus)!



HCA Rotation Program

Deloitte Human Capital Analyst Rotation Program

- Benefit from a variety of actuarial experiences and create more nimble, well rounded business consultants
- Choice of rotation amongst Health, Life, P&C, and Retirement practices
- Rotation through as many as 3 practices during the first 3 years at Deloitte
- Built-in flexibility for staffing due to different cyclicity of the actuarial practice
- Exams and busy season taken under consideration for timing of rotations
- Support from project managers, counselors, and HCA Rotation Program Team



Consulting vs. Insurance

Comparison of Consulting vs. Insurance Actuaries

Consulting

- Broad spectrum of clients
- Variety in projects and teams
- Ambiguous problems to solve in day to day work
- Flexible study schedule
- Usually knowledge requires more breadth than depth
- Responsibility of scheduling and following individual level of workload

Insurance

- Usually works for the employer itself
- Tends to focus on a specific aspect of a product for the company
- Study time may be built into the day
- Typically knowledge requires more depth than breadth
- Possibility of a more rigid day to day workload

Choosing between consulting and insurance is a very personal decision based on the individual's life and working preferences.

Wrap-Up

Resume and Contact Information

Where to Apply

- Deloitte Job postings are on GoldPass
- **Resume drop deadline is Friday, September 26!!**
- First round interviews conducted on Friday, October 17

Today's Presenters

Lindsey Scott – linscott@deloitte.com

Kent Schrad – kschrad@deloitte.com

Rich Zhu – richzhu@deloitte.com



Jecci Shen – jecshen@deloitte.com



Tim O'Brian – timobrien@deloitte.com

Campus Recruiting Lead

April Vassau – avassau@deloitte.com

Deloitte.