

HEALTHCARE PRACTISING CERTIFICATE REQUIREMENTS

Authority

Actuarial Society of South Africa Professional Matters Board

Author

Actuarial Society of South Africa Healthcare Committee.

Please bring any issues with this note to the attention of:

- (a) the Healthcare Committee Chairperson, and
- (b) Nicky September – nseptember@actuarialsociety.org.za.

Status

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1. Background

Members of the Actuarial Society of South Africa who sign APN 303 medical scheme reports and / or APN 304 IBNR liability valuations of South African medical schemes must hold a Healthcare Practising Certificate ("PC") for the appropriate APN, or both.

PCs demonstrate that the actuaries who hold them are competent and have the necessary skills and experience to be a PC holder and potentially to carry out the defined work, thereby protecting the public interest.

The Code of Professional Conduct requires that members perform only those professional services for which the member is competent and appropriately experienced. Furthermore, it requires that members act honestly, with integrity, competence and due care, and in a manner that fulfils the profession's responsibility to the public.

A register of PC holders is maintained by the profession to be shared with appropriate regulators upon request.

Healthcare PCs are issued by the Actuarial Society on recommendation by the Healthcare Committee ("HC") of the Actuarial Society.

The PC is valid for four years.

Summary of PC Requirements for All Applicants

To be awarded a PC, the HC must satisfy itself that the applicant:

1. Is a Fellow of the Actuarial Society of South Africa who qualified by examination or has been admitted under the terms of a mutual recognition agreement with another actuarial organisation;
2. Has passed Health and Care Principles (F101) and Health and Care Applications (F201) or similar subject of another actuarial organisation if they have qualified after 1 January 2014. This requirement may be waived by the HC if the member has gained significant experience in healthcare in excess of the minimum requirements and can demonstrate that they have acquired the necessary knowledge;
3. Complies with the Actuarial Society's Continuous Professional Development (CPD) scheme for each of the last three years for first time applicants or last four years for renewal applications. Records for the last two years should be included with the application;
4. Has not been found guilty of unprofessional conduct;
5. Has not been removed by any financial services regulator as not being fit and proper to act in an approved statutory role; and
6. Has the necessary knowledge, skills and appropriate recent experience to carry out the professional duties of a healthcare actuary. (For a first time applicant, this would be demonstrated in part by the applicant's responses to the questions in Appendix A and also by the attestation of the member's skills and experience by other PC holder(s) with whom the member has worked over a period of at least 3 years.)
7. Has read and understands the Code of Professional Conduct;
8. Has read and understands the Actuarial Society of South Africa advisory practice notes and standards of actuarial practice relating to healthcare work;
9. Is fully aware of the obligations and duties of a healthcare actuary;
10. Is employed by a Registered Service Provider (RSP), or is registered as an RSP themselves;
11. Has sufficient time and resources to act in the roles for which the PC will be used;
12. Has read, understands and is up to date with:
 - a. legislative and regulatory requirements; and
 - b. market developments; and
 - c. relevant actuarial best practice.

If an applicant only qualifies for one of the APN's, a qualified certificate will be issued stipulating the appropriate APN.

The HC (or a subcommittee thereof) should assess the application and if it approves it by a majority vote, request the Actuarial Society office to issue a PC, including possible qualifications.

Compliance with the Actuarial Society's CPD scheme

The Society permits both an hours-based and outcomes-based approach to CPD.

Hours-based CPD

The hours-based approach will be accepted for all periods for which the Actuarial Society continues to allow this CPD approach. In this case, records of verifiable and development hours should be provided for the relevant periods. For hours-based CPD, the applicant should also include a comment explaining the relevance of the CPD experience and what has been done to maintain and develop relevant skills for the role of a healthcare actuary.

Outcomes-based CPD

The outcomes-based approach will be accepted; however, the additional requirements listed below should be noted.

For existing Healthcare PC holders, the diffraction partner must be a Fellow of the Actuarial Society of South Africa and a Healthcare PC holder. The person should have sufficient experience and be able to assess whether development plans are appropriate and relevant to the work of a healthcare actuary.

Where a new applicant has not used another Healthcare PC holder as a diffraction partner for the required three years, the plans for the past three years can be discussed with a suitable member of the Actuarial Society (that is, a Healthcare PC Holder) in sufficient detail to allow the member to attest to the effectiveness of the Outcomes Based CPD. The member may also want to have a separate discussion with the original diffraction partner(s) of the applicant.

The required statements by the diffraction partner and reviewers are included in Appendix C.

Assessing Appropriate Experience and Expertise

The HC assesses experience and expertise by considering:

1. Basic experience requirements;
2. Responses to questions provided by the applicant; and
3. For first time applicants, responses provided by other members of the profession and Healthcare PC holders in support of the application.

First time applicants

To fulfil the basic experience requirements, a member must have

1. At least three years' work experience, of which:
 - a. at least one year of relevant healthcare experience must be post-qualification as a fellow member of a professional actuarial body;
 - b. at least three years must have been spent doing relevant healthcare work, working with holder(s) of a healthcare PC. (This includes assisting in pricing or reserving and the associated reporting as well as advisory work); and
 - c. at least three years of the experience must fall within the last five years prior to the issue of the certificate.
2. At least one year's relevant working experience (obtained in the last three years) in the Republic of South Africa.

"Relevant healthcare work" refers to the work that an actuary needs to perform in terms of APN 303 and/ or APN 304.

It is difficult to assess whether an applicant has appropriate experience and expertise by reviewing a written application. Consequently, it is important that applicants motivate their answers thoroughly. The HC may also request further evidence in support of claims if this is deemed necessary.

The questions to which first-time applicants are required to respond are listed in Appendix A.

Furthermore, the HC places heavy reliance on the opinions provided by other Healthcare PC holders with whom the applicant has worked over a period of at least three years. Members that act in this capacity are reminded that they have a professional duty to ensure that the applicants have the appropriate experience and expertise to act as a healthcare actuary before they can support the application. The actuary with whom the applicant has worked must attest in writing that, in his or her opinion, the applicant has the necessary knowledge, skills and experience to carry out the duties of a healthcare actuary for relevant healthcare work (work in terms of APN 303 and/ or APN 304).

The questions to which the member providing the attestation should respond are listed in Appendix B.

Requirements for PC renewal

A PC needs to be renewed when a previously issued PC reaches its expiry date.

To renew a PC, the HC must satisfy itself that the applicant has demonstrated continued experience of working at the level of a healthcare actuary. This requirement may be met by, for example:

1. Signing or co-signing at least one APN303 actuarial report (adequacy of contributions, including amalgamations or reserving and peer reviews related thereto) submitted to the Boards of Medical Schemes for at least two years during the previous approved period; or
2. Signing or co-signing at least one signed APN304 actuarial report (IBNR Liability Valuations of South African Medical Schemes) for at least two years during the previous approved period.
3. Attestation in writing from another PC holder, with whom the applicant has worked closely, that in his or her opinion the applicant has the necessary knowledge, skills and experience to carry out the duties of a PC holder; or
4. Providing other evidence that the HC in its sole discretion may deem acceptable.

The HC (or a subcommittee thereof) should assess the application for renewal and, if it approves it by majority vote, request the Actuarial Society office to issue a PC.

Appeals Process

A Fellow who has had his or her application (initial or renewal) for a PC turned down by the HC has the right to take the matter to appeal.

It is hoped that the member can, in the first instance, find reason to accept the HC's decision, after providing all information requested by the HC, or provide further evidence that enables the HC to approve the application. The HC will provide written reasons for the refusal of every application.

Before entering the appeals process, the applicant may first wish to speak with the Chair of the HC or relevant subcommittee to understand better the reasons why the application was turned down. If the applicant believes that there are grounds for appeal, then they should contact the Chair of the Professional Matters Board in writing within 30 days from the date the application was turned down to enact the profession's appeals process. A body will be formed to hear the appeal within the terms of the PC Scheme, independent of the HC, with no overlap of membership with the HC.

APPENDIX A: FIRST TIME APPLICANT QUESTIONS

The applicant should indicate whether they have had exposure to the following areas of work (either taking responsibility for producing the work or reviewing other actuaries' work) and describe the work done in support of the answer:

APN 303

1. Analysing claims experience.
2. Calculating reserve requirements for medical schemes
3. Projecting claims experience.
4. Determining the financial condition of medical schemes and business plan reporting.
5. Setting pricing assumptions for medical schemes/ healthcare products.
6. Analysing and advising on benefit design.
7. Preparing budget reports for medical schemes
8. Advising on amalgamations/transfers.
9. Advising on reinsurance.
10. Reporting on the results of your work or the work of other actuaries to technical or non-technical audiences (including a Board of Trustees, Audit, Risk, Actuarial, Executive and similar committees).

APN 304

1. Display sufficient knowledge and understanding of the reporting entity's relevant accounting policies.
2. Calculating the incurred but not reported liabilities.
3. Setting assumptions.
4. Advising the reporting entity and other stakeholders.
5. Reporting on the results of your work or the work of other actuaries to technical or non-technical audiences.

Healthcare actuaries may be involved in many aspects related to medical schemes. The applicant should demonstrate on the application form that they have gained recent experience in a number of these relevant areas during a period of at least 3 out of the last 5 years.

It is important to include on the application form:

1. description of the role(s) the applicant undertook (for example overseeing the whole pricing process and producing the APN 303 report vs undertaking the calculation of a component to feed into an overall report);
2. the responsibilities of the role(s) undertaken (especially to outline the work for which the applicant was directly responsible and the communication thereof);
3. description of the types of medical scheme/health product and type of work covered;

4. any regulatory role undertaken and/or direct interaction with the Council for Medical Schemes, the Prudential Authority, the Department of Health, the Treasury, the Financial Services Conduct Authority or other regulators.

The HC is looking for breadth and variety of experience in the application of advice in the relevant technical areas as well as depth of technical knowledge.

It is sufficient for the applicant to demonstrate their role in drawing up and communicating the advice in support of another healthcare actuary.

APPENDIX B: SUPPORTING PC HOLDER QUESTIONS

The supporting Healthcare PC holder should indicate whether, in their opinion, the applicant has had appropriate exposure to the areas of work listed in Appendix A (either taking responsibility for producing the work or reviewing other actuaries' work) and describe the work they have done while working closely with you.

The supporting PC holder is also requested to attest that, in his opinion, the applicant has sufficient knowledge of applicable legislation.

APPENDIX C: OUTCOMES-BASED CPD: STATEMENT BY DIFFRACTION PARTNER AND REVIEWER

Statement by diffraction partner

I hold a current Healthcare Practising Certificate and confirm that I am familiar with the responsibilities of a healthcare actuary as well as the content of [APN 303 and / or APN 304, as appropriate]. I have acted as the diffraction partner for [Applicant name] from [date] to [date] and can confirm that:

- [Applicant name] has been fully compliant with the requirements of the Outcomes Based CPD programme.
- For at least the past three years¹, the content of the Outcomes Based CPD programme contained a significant amount of content that is relevant to the role of a healthcare actuary as required for [APN 303 and/ or APN 304, as appropriate].
- Future development plans contain a significant amount of content that is relevant to the role of a healthcare actuary as required for [APN 303 and/ or APN 304, as appropriate].

Statement by reviewer (if required)

I hold a current Healthcare Practising Certificate and confirm that I am familiar with the responsibilities of a healthcare actuary as required for [APN 303 and/ or APN 304, as appropriate]. While I have not acted as the diffraction partner for [Applicant name], I have discussed [Applicant's name] plans of the past three years as well as future development areas and can confirm that:

- [Applicant name] has been fully compliant with the requirements of the Outcomes Based CPD programme.
- For at least the past three years¹, the content of the Outcomes Based CPD programme contained a significant amount of content that is specifically relevant to the role of a healthcare actuary as required for [APN 303 and/ or APN 304, as appropriate].
- Future development plans contain a significant amount of content that is specifically relevant to the role of a healthcare actuary as required for [APN 303 and/ or APN 304, as appropriate].

¹ Or period for which certification is given during the transition period to Outcomes-based CPD