

# A math whiz who admits he needs the Almighty's help

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A 39 percent rate hike by a major California health insurance company has been averted by a Christian mathematician who figured out that Anthem Blue Cross had made serious errors in predicting its costs.

The 60-year-old will tell you candidly he couldn't have done it without God's help.

"David Axene," writes Duke Helfand of the *Los Angeles Times*, "was flat on his back in a hospital bed with a swollen left leg. His kidneys had shut down. His blood pressure had plunged. Doctors pumped him with potent antibiotics to stave off a deadly infection

"Yet there he was sifting through spreadsheets on his laptop, cradling his cellphone to his ear, waving off doctors to finish another conference call."

California's top insurance watchdogs had asked Axene to go through a mountain of Anthem Blue Cross paperwork, trying to find flaws in the company's request for a massive rate increase.

"Anthem's plan to impose higher premiums had outraged consumers and politicians alike," writes Helfand. "President Obama seized on the furor, criticizing Anthem's increases on national television as he tried to revive fading support for his healthcare overhaul.

"California regulators were bound by law to accept the rates as long as Anthem could show that it used at least 70 cents of every dollar in premiums to pay medical claims. In the past, Anthem's requests had sailed through with barely a peep from officials. Not this time. The outcry was too great to ignore.

"That's where Axene came in."

An actuary is a mathematician who analyzes the financial impact of uncertainties – and provide clients such as insurance regulators with expert assessments of whether rate increases are based in fact.

California asked Axene for an impartial judgment. The stakes had never been higher for the 60-year-old Christian math whiz.

"Finding an error in Anthem's 70-page rate proposal and reams of supporting documents would dent the image of California's largest for-profit insurer and possibly save consumers tens of millions of dollars," writes Helfand. "He knew his work had to be flawless."

"I wasn't going to let this illness stop me," he told Helfand.

So, he prayed. His is a deep, personal faith. He's a preacher's son. Raised believing in the importance of faith, love and hard work, he says God blessed him at an early age with a natural gift for numbers. He dreamed of becoming an aeronautical engineer, maybe for NASA.

"But in the early 1970s, jobs were scarce for college graduates with degrees in physics and applied mathematics," writes Helfand. "At 21, Axene found himself pumping gas.

“Then a friend told him that Travelers Insurance Company was hiring. He applied for a sales position and bombed the interview, recalling the recruiter’s stinging words: ‘Axene, you couldn’t sell your way out of a wet paper bag.’”

However, the recruiter asked whether he’d ever considered becoming a health actuary – using his math skills to calculate insurance rates by evaluating life expectancies, medical histories and other risk factors.

“Axene had never heard the term,” writes Helfand, “but the interview launched him into a career with some of the nation’s most influential accounting and actuarial firms, including Ernst & Young, where he supervised 45 actuaries and enjoyed a corner office with a sweeping view of San Diego Bay.”

Then Ernst & Young downsized in 2003, leaving Axene, who was 53 years old, jobless. He decided to start his own business in his home.

“There,” says Helfand, “a small office behind his master bedroom serves as the corporate headquarters of ‘Axene Health Partners.’”

“He shares the bare-bones space – dubbed ‘the Outhouse’ – with Tiffany, his office manager and daughter-in-law, and his son Josh. Six other employees work from their homes in California and Oregon.

“Axene likes it that way, surrounded by family in a tranquil place where he can wear shorts and deck shoes to work.

“It’s no luxury office,” he told Helfand as his wife, Dawn, offered glasses of iced tea.

He tore through more than 1,000 pages of documents and spreadsheets in search of errors. In the midst of the investigation, he became sick with the blood infection, but still logged in 66 hours of work from a hospital bed while recovering from surgery.

Finally, he found a key error. Anthem had double-counted a critical factor and made a handful of other mistakes. The discoveries had big implications. Anthem had to withdraw its rate increase. It recently issued a new request – this time seeking only a 14 percent hike in premiums.

“This was a brain stretcher,” Axene admits.

But he says he relied not only on his math skills but also on God.

“He prayed for insight and wisdom each morning before launching into another round of numbers sleuthing, often drawing inspiration from a worn Bible he keeps in his office,” reports Helfand.

“I’m one of those crazy people who believes that God listens to our prayers,” Axene told the reporter.

“He was weak and couldn’t lift himself out of bed. But he refused to back off from the investigation. With an intravenous line in one hand and a cellphone in the other, he continued to sort through spreadsheets on his laptop that was propped on a portable table over his bed.

“‘I was getting e-mails from him at 3 or 4 in the morning,’ said Josh, 29.

“Axene returned home two weeks after surgery, in late March, confined to a hospital bed that had been moved into his family room, just off the kitchen. His Anthem team, including actuaries John Fritz and David Bohmfalk, gathered there to pore over charts and tables displayed on a big-screen television on the wall over the fireplace.

“When you’re a numbers guy and things don’t appear to be consistent, it annoys you,” Axene said. So, when he caught the mistakes, “it was sort of like finding the Holy Grail. It opened up a big can of worms.”

The news stunned Anthem and its corporate parent, Indianapolis-based WellPoint Inc.

“We were genuinely surprised,’ WellPoint spokeswoman Kristin Binns remembers. “We immediately realized the mistake. We understood how visible these rate increases were.”

It was a sobering moment for the economic titan, with 42,000 employees and \$65 billion in annual revenue.

“And it transformed Axene into something of an accounting wizard – so impressive that even Anthem wanted to hire him,” reports Helfand.

“We found a big one,” Axene says of his coup. “It is extremely satisfying.”

“The tumult over its premiums has been good for Axene’s business,” reports Helfand. “California Insurance Commissioner Steve Poizner hired him to review the rate filings of Blue Shield of California and Aetna Inc., which pulled back its plan after two separate reviews – its own and Axene’s – found math errors. Aetna has resubmitted new rates, and Axene is once again examining the files. He’s just been asked to conduct yet another review, this one of a Health Net Inc. filing.”

As a volunteer, Axene serves on the board of trustees of nearby Azusa Pacific University, an evangelical school 26 miles northeast of Los Angeles.

He and Dawn are heavily involved in their church, participating in the congregation’s small home study groups and teaching young adults.

Now new clients are calling. Axene is thinking of expanding.

“He slew the giant,” says Anthony Wright, executive director of Health Access California, a consumer group in Sacramento. “It was David versus Goliath, except David was armed with a calculator rather than a slingshot.”