

MASS 65

It is too early to know how successful the current MASS 65 promotion will be—enrolment began October 1 and will continue during the remainder of the month. However, one thing is certain: everybody in Massachusetts must know about the program! Over a million pieces of literature have been distributed, every major daily and weekly newspaper in the state has carried our advertisements, radio and television stations throughout the Commonwealth extoll daily the merits of the program. There have even been two full-page advertisements in the Massachusetts edition of the *Saturday Evening Post*. A number of insurance executives have also appeared before groups of doctors, service organizations, etc., to explain why MASS 65 is being offered.

As in New York and Connecticut, our program required special enabling legislation. In Massachusetts, this legislation was introduced as a private bill and was well advanced before a group of domestic insurance companies decided to implement it. Incidentally, this decision was reached only after a thorough sounding of agency opinion which was—and has continued to be—enthusiastic.

Agency support has been the key feature in all of our planning. Some 18,000 agents and brokers, licensed to do business in Massachusetts, have been invited to participate. A substantial proportion of these have attended training sessions held at fifty strategic locations. Many have supplemented our advertising at their own expense. Preliminary studies indicate that at least 60 per cent of all applications are coming from agency sources. This percentage may well increase as the sales campaign swings into high gear. In my opinion, the success of MASS 65 will be a tremendous tribute to the agency system, particularly since the commissions being paid are at about one-third the normal rate for similar lines of business.

You will all be interested in another phase of the MASS 65 campaign. I refer to ENTERPRISE 6565, a toll-free phone service from any Massachusetts location. So far this month, about a thousand calls a day have been received for information and literature regarding the program. This response, which is far greater than expected, appears to be triggered primarily by the television broadcasts.

The publicity associated with MASS 65 has afforded an opportunity for group policyholders to consider the adequacy of existing Group A & H benefits for active and retired employees. In situations where an extension of Group A & H benefits to retired employees is not feasible, MASS 65 is

prepared to make arrangements with policyholders to cover presently retired employees and other employees as they retire in the future, with or without an employer contribution. This approach is expected to appeal to smaller policyholders where standard coverage is acceptable.

Early in the development of MASS 65, it was decided that basic hospital-surgical benefits were already generally available for older people and that our primary emphasis should be on a supplementary Major Medical plan. A package of basic plus Major Medical benefits is also available. So far 83 per cent of all enrolments have been on the Major Medical plan, confirming our belief that a high proportion of older people already have Blue Cross-Blue Shield or comparable coverage.

Coverage is similar to but not identical with both New York and Connecticut plans, in general being closer to the latter. Surgical benefits are provided at the Massachusetts Blue Shield Schedule A level under the basic coverage and at the Blue Shield Schedule B level under the Major Medical coverage. Since Massachusetts physicians accept Blue Shield Schedule B as full payment for incomes up to \$7,500 a year, it is expected they will do likewise under the MASS 65 program.

Premium rates, calculated independently by casualty and life actuaries, have been set at \$9.00 per month for the Major Medical plan, and \$17.50 per month for the package plan. They are expected to produce an 85 per cent loss ratio over a two-year period. Underlying morbidity assumptions are approximately the same as for any other group policy. They can also be reproduced by using Olsen-Bartleson data based on an average age in the 70-74 age and adjusted for the absence of any medical examination or health questionnaire.

Every effort has been made to develop an economical, streamlined administration. John Hancock has agreed to serve as administrator, providing electronic equipment and personnel at cost. A billing procedure used successfully in our Monthly Debit operation has been adapted for MASS 65 and will dispense with virtually all manual handling.

MASS 65 is housed in its own rented quarters conveniently located for claims processing. The general manager, John Holbrook, is an employee of MASS 65 and is responsible only to the Executive Committee of the MASS 65 Health Insurance Association. He is well suited for this assignment, having come to us with a claims and administration background in both casualty and life companies.

Time does not permit a detailed report of the valuable work by legal, sales and promotion, and technical committees. The original sponsors of MASS 65 manned these committees, in every instance providing their best available personnel without charge to MASS 65.

The Massachusetts State Committee of the Health Insurance Council was asked to promote MASS 65 with medical and hospital organizations. It has been successful in securing the active co-operation of both the Massachusetts Medical Society and the Massachusetts Hospital Association. The latest development is that the presidents of the Massachusetts Medical Society and each of the twenty district medical societies will make public this week a statement commending MASS 65 to the favorable consideration of Massachusetts residents. This statement will be widely publicized and should have an important impact on the success of the program.

Forty-four companies are participating in MASS 65, sharing premiums and risk in accordance with a formula which recognizes relative size of the participants. This gratifying support of the insurance industry has strengthened the MASS 65 program and has created a highly favorable reaction on the part of the press, the medical profession, and the general public.

In conclusion, let me acknowledge the unstinting help of Connecticut 65 in developing the MASS 65 program. I have been tremendously impressed with the courage, foresight, and wisdom of the men who originated this industry solution to the health insurance needs of the older citizen and with their willingness to share their trail-blazing experiences with us.

ARTHUR G. WEAVER