

**EXPECTED CLAIM COSTS FOR SUPPLEMENTARY
MAJOR MEDICAL EXPENSE BENEFITS**

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I. INTRODUCTION

Approximately 40 million people are covered for group supplementary major medical expense benefits, which is more than three times the number covered for group comprehensive medical expense benefits. Hence, if there was need for a comprehensive tabular, there is an even greater need for a tabular which could be used to measure expected claims under supplementary major medical plans. Accordingly, the Society's Committee on Experience under Group Health Insurance has been accumulating actual experience under a variety of such plans since 1963 and has asked the authors to develop a suitable tabular against which this experience could be compared.

The task involved is more formidable than that of developing a comprehensive tabular, because of the necessity of adjusting the tabular to reflect the value of a tremendous variety of underlying basic plans of hospital, surgical, and other benefits. The task is also complicated by the fact that the number and variety of "each illness" type supplementary major medical plans are much greater than those for comprehensive plans. Many of the claim cost factors which underlie supplementary major medical costs cannot be isolated and their effect on claims determined by using individual claims or aggregate policy-year experience. Thus there is a need to recognize more variables, while at the same time there are fewer data to work with.

The authors began this task in 1964. They are greatly indebted to the Committee on Experience under Group Health Insurance not only for making its data available but also for its helpful suggestions and its infinite patience. Thanks are also due to the authors' company for making available to them much unpublished information which was used wherever Committee data were sparse or nonexistent. While the authors do not claim a high degree of perfection for their work, they believe that there have been sufficient development and testing so that their tabular ought now to be exposed to the whole actuarial profession for its comments and criticism. Hopefully, the tabular will be useful as it stands and through its use better tabulars will eventually be constructed. To distinguish this tabular from such others, the authors have named it the "1965 Supplementary Major Medical Tabular."

The tabular itself is set forth in Appendix I. Appendix II shows the experience under supplementary major medical plans collected by the Committee on Experience under Group Health Insurance, together with ratios of actual to tabular. The three latest policy years' experience, 1963-65, is shown in all tables to be consistent with published comprehensive medical experience; a summary of 1962 experience is shown in Table 2 (see Appendix II). The balance of the paper describes the construction of the 1965 Supplementary Major Medical Tabular and comments on the relationship of the intercompany 1963-65 experience to it.

II. 1965 SUPPLEMENTARY MAJOR MEDICAL TABULAR

There are many different methods currently in use to calculate manual or standard rates for supplementary major medical plans. Some involve recognition of many of the factors that influence claim costs and therefore are quite complex; others use a simplified approach by recognizing only a few of the factors. The 1965 Supplementary Major Medical Tabular has been designed to recognize as many significant factors as is practicable within the framework of the coding entered for each experience unit submitted to the Society's Committee on Experience under Group Health Insurance.

The basic approach used by the authors to determine tabular (expected) claims is to calculate the cost of a comprehensive medical plan which has no underlying basic medical benefits and to subtract from it the value of the basic medical benefits actually provided in the plan to arrive at tabular claims in excess of basic medical benefits and the deductible amount. These tabular claims are then adjusted for variations in plan and exposure characteristics.

The 1965 Supplementary Major Medical Tabular for any given plan is obtained by means of a fourteen-step formula. These fourteen steps take into account the key features of the deductible (amount, accumulation period, all cause versus each illness, total disability required versus not required, benefit period, cutoff provision, and family limit); area; base plan benefits; age; sex; definition of covered children; maximum benefit; private-room limit; coinsurance and coverage for mental and nervous conditions. The tabular cost factors for each step and the instructions for their use are contained in Appendix I.

In addition to use of data in the Gingery-Mellman paper, "An Investigation of Group Major Medical Expense Insurance Experience" (*TSA*, Vol. XIII), the authors' company's supplementary major medical experience under standard "all cause calendar year" \$100 deductible plans was used in deriving cost relationships by age, sex, private-room usage, coin-

insurance applicable to charges for mental and nervous conditions, and other features reflected in the tabular. This latter experience covered the period 1960-64 and involved an annual exposure of approximately 120,000 employees and their dependents.

Cost variations not reflected in the tabular include variations between base plans with or without a co-ordination of benefits provision, coverage of children from birth instead of the fourteenth day of life, basic benefits for X-ray therapy or assistant surgeons, the type of industry in which the group of employees are engaged, and the incomes of the employees.

The co-ordination-of-benefits variation was not reflected in the tabular, because there is no information available concerning the amount of duplicate coverage on basic medical benefits for each experience unit and there is no way to estimate the amount of savings that could be expected.

Coverage of children from birth to the fourteenth day of life was not reflected in the tabular, because the aggregate of the benefits available under the base plan and the deductible would normally result in a negligible claim cost for this feature under a supplementary major medical plan. Adjustments for X-ray therapy and assistant surgeon benefits were also omitted because of their relatively negligible effect on cost and because of the small amount of experience available that involved such benefits.

Coding by type of industry was not reported until 1965, and experience by type of industry has not been prepared for that year alone due to paucity of data. The authors hope that, when sufficient industry data are available, future reports of the Committee on Experience under Group Health Insurance will include a report on experience by industry.

Income has been shown to have an effect on both the purchase of medical expense benefits and the use thereof. Many physicians used to vary their charges with the income of the patient, and some still do. There is little agreement, however, on how to measure the effect of income on claim costs. This is attested to by the wide variation in the income adjustments contained in the major medical rate scale of the various companies. The disagreement is caused primarily by the fact that income is inherent in a number of the other rating factors, such as age and geographical area, and hence is most difficult to isolate as a separate factor. Also, some of the effects attributed to income may actually be due to the insured's level of education, a factor which is not indicated in group medical expense insurance exposure or claim data.

In view of the foregoing, the lack of salary data on some groups submitted to the Committee on Experience under Group Health Insurance,

and the experimental nature of the 1965 Supplementary Major Medical Tabular, the authors decided not to include an income adjustment. However, in order to exhibit the experience by ranges of average salary, the authors developed the following table of salary factors for purposes of converting salary distributions into average salary factors:

Annual Salary	Factor.
Less than \$5,000.....	90%
\$5,000—\$7,500.....	100
\$7,500—\$10,000.....	110
\$10,000—\$15,000.....	130
\$15,000—\$20,000.....	165
\$20,000 or more.....	225

BASIC TABULAR COSTS, NO BASE PLAN BENEFITS

In theory, the tabular values for male employee and dependent children set forth in Step I of Appendix I could be obtained by adjusting the \$100 deductible 1960 Tabular for comprehensive medical to an *A/T* ratio of 100 per cent for policy years ending in 1965. However, the comprehensive medical experience contains insufficient data at the \$100 deductible level for a meaningful analysis of experience, and the supplementary major medical tabular must take into account adjustments for factors currently not included in the comprehensive medical tabular. Therefore, the authors adjusted the 1960 Tabular \$50 deductible comprehensive values to a 1965 level to obtain "no base plan" values for a \$50 deductible plan and then used the comprehensive \$75 and \$100 deductible factors to obtain values for \$75 and \$100 deductible plans. For a \$150 deductible plan, the experience from the authors' company indicated that \$150 deductible comprehensive costs as a per cent of \$50 deductible comprehensive costs ranged from 76 to 78 per cent for adults and from 60 to 62 per cent for children. These values were based upon the experience of plans with a \$50 deductible adjusted to the \$150 deductible level, but actual costs under a \$150 deductible plan should be less than those obtained by adjusting \$50 deductible experience. Hence, the decision to use factors of 75 per cent for male employees and 57 per cent for children.

AREA ADJUSTMENT

The area adjustments used in this tabular are different from those contained in the tabular for comprehensive medical. The area factors for comprehensive medical reflect variations in the rate of utilization of benefits as well as variations in charges by area. The area factors for supple-

mentary major medical were initially constructed on a basis which reflected variations in charge levels only. Various sources of data on the level of charges by area were reviewed, including information on hospital room and board charges contained in the American Hospital Association Daily Service Charges Report and information from the records of the authors' company. Because of the substantial charge variations which can occur within an area and because of the limited information available for some areas, the authors assigned certain area factors based upon their judgment as to the most appropriate factor.

These initial area factors were not adjusted for utilization of benefits by area, because it was felt that a substantial amount of the variation in utilization would be absorbed by the underlying basic medical coverages and the deductible applied after basic benefits. However, subsequent research indicated that some adjustment for utilization needed to be made for areas with a marked variation from the national average. Accordingly, intercompany group hospital and surgical experience by area published in the *TSA Reports* was reviewed, and an adjustment equal to one area class was made for such areas. The assumption that these variations were primarily due to utilization seems valid, since the hospital and surgical benefits studied by the Committee are on a scheduled basis. Finally, additional adjustments were made for certain areas with substantial exposure where the 1963-65 supplementary major medical experience clearly indicated that there would otherwise be an undue variation in the *A/T* ratios.

REDUCTION IN TABULAR FOR BASE PLAN BENEFITS

A. *General*

The approach used to develop base plan reductions for coverages with fairly well-known claim costs was to relate the "reduction" or "credit" for the benefits involved to the estimated claim costs for these benefits. In all such cases a factor of 80 per cent times the basic claim costs was introduced to adjust for an 80 per cent coinsurance factor under supplementary major medical.

It was also necessary to adjust for the fact that, because of the effect of the deductible, \$1 paid as a basic benefit claim does not result in a \$1 reduction in benefits for supplementary major medical expenses in excess of the deductible. For example, persons with covered expenses less than the cash deductible would receive no supplementary major medical benefits regardless of the existence or nonexistence of the basic plan. This effect was illustrated in the 1960 Comprehensive Tabular, which contained the following male employee costs for \$100 deductible plans:

Plan I:	
\$100 deductible on all expenses.....	\$31.79
Plan II:	
No deductible on hospital expenses.....	\$21.21
\$100 deductible on nonhospital expenses....	13.36
	13.36
Total	\$34.57

Since \$13.36 represented the then cost of a supplementary major medical plan whose underlying base plan consisted solely of an unlimited hospital benefit, the difference between \$31.79 and \$13.36 (\$18.43) must represent the theoretical reduction at the \$100 deductible level for an unlimited hospital base plan. This reduction of \$18.43 is only 87 per cent, not 100 per cent, of \$21.21, the then assumed cost of unlimited hospital benefits with no deductible. Thus, the cost of such a hospital base benefit should be reduced by 13 per cent for \$100 deductible supplementary major medical plans. The above example is illustrative of the type of calculations made with respect to hospital and surgical benefits in order to arrive at a starting point for base plan reductions. However, basic benefit reductions are seldom required for "unlimited" plans, and it is not sufficient to consider only one basic benefit at a time when establishing base plan reductions, since the net effect depends upon the combination of basic benefits for each plan.

While it was possible to arrive at hospital and surgical initial values as indicated above, the same was not true of such benefits as physician's office visits, diagnostic X-rays, and so forth. Accordingly, a considerable amount of judgment was used in establishing tabular reductions for such benefits.

Finally, the 1963-65 supplementary major medical experience was reviewed and minor further adjustments were made in the level of reductions so as to produce consistent ratios of actual to tabular for employee and dependent coverages. The reductions used for each base plan benefit are set forth in Appendix I.

B. Reduction for Hospital Benefits

1. *\$100 deductible supplementary major medical.*—The reductions for 31-day plans were set at 70 per cent of estimated 1965 inpatient hospital claim costs for male employees and at 58 per cent for children, to reflect a \$100 deductible and 80 per cent coinsurance.

Estimated claim costs levels were based upon a combination of data from the intercompany group hospital experience related to the 1957 Hospital Tabular and data from the authors' company. Variations in costs by amount of hospital ancillary services maximum benefit and amount of

daily benefit provided were obtained from claim tabulations showing average hospital ancillary charges at specified maximum amounts (\$100, \$200, etc.) for groupings of the daily room and board charge. In order to provide for future use at higher daily benefits, where actual charge data are now not available, extrapolations were made.

The adjustments for durations greater than 31 days are based upon the increased inpatient durations expected for the plan compared to 31-day plans. No adjustment was made for increased payments due to hospital ancillary services beyond 31 days, since many basic plans contain a limit that would have to be exceeded before 31 days of confinement were completed.

2. *Deductible amounts other than \$100.*—The percentage change to be made in the amount of the reduction by reason of deductibles other than \$100 was obtained by calculating, for each of the deductible amounts, the difference between the cost of a comprehensive medical plan with the deductible applying to all expenses and the cost of a comprehensive medical plan covering nonhospital expenses only. The difference between these costs is the theoretical value of unlimited basic hospital benefits at each deductible amount. The amounts so obtained were then expressed as a percentage of the amount for a \$100 deductible.

3. *Maximum reduction.*—Because the area factors do not reflect just room and board charge variations by area and because some plans provide a daily benefit substantially in excess of the prevailing semiprivate charge levels, a limiting factor for hospital reductions is included in the tabular. Experience of the authors' company indicates that the hospital charges as a per cent of total covered charges under \$50 deductible comprehensive plans ranged from 46 to 51 per cent for adults and from 47 to 52 per cent for children. However, because the area factors are not precise and because some have been adjusted from a pure charge basis, the authors decided that the tabular should contain margins above these indicated per cents.

C. *Reduction for Surgical Benefits*

The male employee reduction of \$3.76 for the \$300 1957 Schedule (TSA, Vol. X) was obtained by adjusting 1965 estimated total claim costs of \$6.48 by 58 per cent to reflect coinsurance and the effect of a \$100 deductible. The value for children is not readily determinable because of the low average surgical charge and the high proportion of small claims incurred in the office or hospital outpatient department. The value of \$3.26 for children was established after review of the surgical cost relationships between male employees and children under comprehensive medical

and basic surgical plans and the actual level of dependent 1963-65 supplementary major medical experience.

The reductions for deductibles other than \$100 are based upon the following percentages:

	DEDUCTIBLE			
	\$50	\$75	\$100	\$150
Male employees.....	115%	107%	100%	85%
Children.....	150	125	100	75

The percentages were obtained in the same manner as those for hospital benefits.

D. Reduction for Physicians' Benefits

1. *\$100 deductible supplementary major medical.*—The reductions for hospital visits were obtained by multiplying estimated annual claim costs of \$.63 per \$1 of benefit for both male employees and children by 70 and 58 per cent, respectively, to adjust for the effect of deductible and co-insurance. These percentage reductions are the same as those used for basic hospital benefits. As indicated previously, a considerable amount of judgment was used in establishing the \$100 deductible values for office and other visits.

2. *Deductible amounts other than \$100.*—The deductible per cent variations for physicians' visits in a hospital are the same as those used for hospital benefits. Variations for physicians' visits other than those in a hospital are as follows:

	DEDUCTIBLE			
	\$50	\$75	\$100	\$150
Male employees.....	200%	145%	100%	70%
Children.....	250	165	100	60

The per cent variations, to a large extent, reflect the judgment of the authors. As a reference point, the authors established an estimated claim cost for the full payment of benefits which would be the appropriate adjustment for a supplementary major medical plan with a \$0 deductible. The values of the \$50 and \$75 deductible reduction were then established in relation to the values for the \$100 deductible and the \$0 deductible.

E. Reduction for Other Base Plan Benefits

The level of reduction for \$100 deductible plans was established using the principles set forth for physicians' visits other than those in a hospital, which means that a large element of judgment is involved. The deductible per cent variations are the same as those used for physicians' visits other than hospital visits.

F. Reduction Adjustment Table

The base plan reductions in Appendix I represent values appropriate for an "average" plan of basic medical benefits. As the richness of the basic medical plan is increased, the amount of credit that should be given for each dollar of additional basic claim cost should be reduced. For example, if an existing plan of basic benefits reimbursed all but \$75 of the insured's medical expenses during the calendar year, there would be no claim under a \$100 deductible supplementary major medical plan. An increase in base plan benefits would increase basic claim costs and reduce excess amounts subject to the deductible, but there would be no savings under the supplementary major medical plan and the savings as a per cent of the "no base plan" claim cost would reduce. Therefore, it becomes necessary to adjust base plan reductions in accordance with some measure of the richness of the basic benefits. This was accomplished through the use of the Reduction Adjustment Table in Appendix I. The use of this table results in decreases in the per cent of reduction for rich plans and increases in the per cent of reduction for modest base plans.

The need for such an adjustment can be demonstrated by the ratios of *A/T* shown in the following tabulation, which were based upon a

RATIO *A/T*

	BASE PLAN REDUCTION AS PER CENT OF THE NO BASE RATE						Total
	<40%	40-49%	50-59%	60-69%	70-79%	80% or More	
Employee.....	83%	82%	91%	107%	121%	161%	103%
Dependent.....	81	84	92	109	120	163	105

preliminary tabular that did not incorporate this feature. Further evidence of the need for applying a different per cent to the basic claim costs can be found in the Gingery-Mellman paper, in Tables 7A-7F. For example, Table 7C indicates that the male employee basic plan cost for hospital was \$13.09 for a modest plan; Table 7E indicates a male employee

cost of \$19.48 for a rich plan; and Table 7B indicates a male employee cost of \$22.92 for unlimited hospital benefits. The reductions under a supplementary major medical plan with a \$100 deductible and basic hospital benefits of the amount indicated are \$11.02 for modest hospital benefits, \$17.05 for rich hospital benefits, and \$20.31 for unlimited hospital benefits. The indicated reductions as a per cent of the basic hospital cost are 84.2, 87.5, and 88.6 per cent for modest, rich, and unlimited hospital benefits, respectively.

The limiting value in the Reduction Adjustment Table for rich basic benefit plans is 7 per cent. This value was obtained by comparing estimated claim costs at the \$100 deductible level for private-duty nursing and drug charges only, to the full cost of a comprehensive medical plan, using data from the authors' company by type of charge distributed by size of charge during a calendar year. Values for per cents beyond 100 per cent are used because, for any given plan of rich basic benefits, the sum of the reductions for individual coverages can exceed 100 per cent of the "no base plan" rate. The factors in the table are determined by adjusting the reductions for each change of 1 per cent in the "Base Plan Reduction as a Per Cent of No Base Rate," as follows:

Base Plan Reduction as a Per Cent of No Base Rate	Per Cent Change
30-35%	1.1%
35-40	1.0
40-45 . . . . .	.9
45-50 . . . . .	.8
50-55 . . . . .	.7
55-105 . . . . .	.6
105 or more . . . . .	.5

Various other scales were tested; this scale seems to produce the best results while maintaining some degree of consistency within the entire range of values.

DEDUCTIBLE ACCUMULATION, BENEFIT PERIOD, AND EACH ILLNESS VERSUS ALL CAUSE PLANS

In order to determine the effect of deductible accumulation, benefit period, and application of the deductible on an each illness versus all cause basis, it is theoretically possible to conduct an investigation of claims which have been tabulated so as to show expenses incurred month by month, separately for each illness, over a period of time running at least two years. However, such a study would only indicate what would have happened if the charges reported had been reimbursed under a dif-

ferent type of plan; it would not indicate whether the same expenses would have been incurred or whether the dates incurred might have changed if the deductible feature of the plan were different. Nevertheless, in order to obtain some data to use as a basis for adjustment, the authors reviewed the experience of their company under all cause plans where expenses were reported on a month-incurred basis, separately for each illness shown in the claim file. Tentative adjustment factors were established, based on the authors' evaluation of these data. The actual 1963-65 supplementary major medical experience was reviewed, and additional modifications in the adjustment for each illness plans were made, based upon experience results.

AGE AND FEMALE CONTENT

The age scale used in Step V is based upon the costs by age exhibited by supplementary major medical experience of the authors' company for the years 1960-64. Average employee claim costs were obtained by multiplying the claim costs at each age group by a standardized age distribution. Claim costs at each age group were related to the average claim costs for all ages combined, with the results shown in the following tabulation:

AGE GROUP	COST AS PERCENTAGE OF AVERAGE COST				
	1960	1961	1962	1963	1964
Less than 30.....	31%	28%	30%	33%	34%
30-39.....	62	60	60	60	60
40-44.....	91	90	88	84	84
45-49.....	136	128	111	112	112
50-54.....	157	176	169	165	159
55-59.....	229	220	229	239	209
60-64.....	310	281	288	276	306
65 and over.....	312	342	416	474	455
Total.....	100%	100%	100%	100%	100%

The scale adopted for the 1965 Supplementary Major Medical Tabular is much steeper than that used in the 1960 Tabular for comprehensive medical. The difference in claim cost levels is primarily due to the difference in the rate of claim by age. Data of the authors' company indicate that the rate of claim for ages 60-64 compared to ages less than 30 is about 6 times for supplementary major medical and about 2.5 times for comprehensive medical. The adjustment to ages "less than 40" to obtain "less than 30" and "30-39" is based upon reported ages for groupings of

age distributions ranging from very young to very old age groups submitted to the study of comprehensive medical experience.

The 28 per cent adjustment for female content is the same as that used in the 1960 Tabular for comprehensive medical. Experience for 1960-64 of the authors' company indicated a ratio of female to male claim costs, not adjusted for age, ranging from 120 to 145 per cent.

The dependent-children rate is adjusted for the relative number of insured children per family expected at each employee age group. The relative-number-of-children factor is based upon the number of employees at each age who have one or more dependent children and the average number of children per employee with children in each age group. Population statistics and employee data on insured groups which showed dependency status and the number of children at each age group for males and females separately were used as a basis for the factors shown in Step VII. For the "typical" employee age distribution there will be no adjustment, or only a modest adjustment, in the child or children rate. For groups with employees at the younger ages, the children tabular cost will increase; for older age groups the tabular will decrease. It should be noted that the appropriateness of this adjustment presupposes that the dependent exposure is expressed in terms of a composite family unit.

DEPENDENT SPOUSE

For the dependent-spouse tabular cost, the authors used the same approach as was used in the 1960 Tabular for comprehensive medical. The approach looks a bit irrational but has the practical advantage of yielding relatively good results.

DEFINITION OF DEPENDENT CHILDREN

The adjustment factor for the definition of dependent children contained in the tabular reflects the additional extra exposure for children expected when coverage beyond the standard limiting age of 19 is included in the plan. Population statistics relating to the ratio of the number of children 19-23 to the number of children from age 0 through age 18 were used and adjusted for the estimated per cent that would be unmarried, dependent, and in school and therefore covered under the plan. The tabular indicates an adjustment of $1\frac{1}{4}$ per cent per year past age 19. Since the number of years past 19 is not known for the experience under investigation, coverage to age 23 was assumed and a factor of 105 per cent was used.

FAMILY LIMIT ON DEDUCTIBLES

There are a number of factors which theoretically should be considered when establishing the adjustment factors for the family limit on de-

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ductibles. For example, plans with modest basic benefits would normally result in a relatively high number of claims per family, and the family limit on deductibles should be of significantly greater value on such plans than on plans with very rich basic medical benefits and a correspondingly low frequency of supplementary major medical claims. In addition, the estimated number of family members as indicated by the ages of the employees should be taken into account. Those family members with an average of three or four children should be charged a higher cost than those with one or two children.

Also, increased utilization should be considered, but there would appear to be no way of determining the increased utilization of benefits that may result because the family limit on deductibles has been exceeded during a calendar year. Since the value of each of these variables was not known, it was decided to use average values for the tabular which should roughly approximate the additional claim dollars that will be reimbursed on account of the waiver of deductibles beyond the family limit during a calendar year.

COVERAGE OF ONE OR MORE DEPENDENTS

Exposure information under the intercompany comprehensive medical studies indicates that there should be an adjustment to the spouse tabular for one or more dependents to vary costs by the percentage of female employees but that such an adjustment may not be required for children. The basic assumptions used for the adjustments in Step X are as follows:

	Male Employee	Female Employee
Per cent of dependent units with spouse.....	98%	78%
Per cent of dependent units with children.....	73	73

The development of a more refined adjustment is not practical, since the marital status of male and female employees is not known, nor is the female per cent content of employees with dependents known.

ADJUSTMENT FOR MAXIMUM BENEFIT

A constant adjustment was included in Step XI to recognize the fact that a portion of the cost of supplementary major medical expense benefits is in connection with such charges as private-duty nursing and drugs, for which basic medical benefits are rarely provided. Therefore, no matter how rich the basic plan, there will be an element of cost which will contribute toward the payment of benefits beyond the \$5,000 maximum included in the starting rates. The tabular includes percentage adjust-

ments which will result in larger dollar increases for increased maximums under plans with very modest basic benefits as compared to plans with rich basic benefits. An increased cost to provide for an automatic yearly restoration of a portion of the maximum benefit is included, and these adjustments decrease as the maximum benefit increases. For a plan that has \$20,000 or more of lifetime benefits, there should be relatively little extra cost by virtue of an automatic restoration feature, since only a small number of claims should actually result in a supplementary major medical payment of more than \$20,000 during a lifetime.

Theoretically, the adjustment for maximums more than \$5,000 should vary according to the number of years the policy has been in force. During later policy years, relatively larger amounts paid would be with respect to persons who have received more than \$5,000 in lifetime benefits, and the tabular should reflect this. However, the authors are not aware of studies indicating the magnitude of this effect under supplementary major medical plans, and the experience reported for the supplementary major medical study of the Society's Committee was not coded for policy duration. Therefore, the tabular factors are not adjusted for policy duration. The factors used were based upon a review of the level of charges made by companies in their rate scales and the supplementary major medical experience indicated in Table 6 (see Appendix II).

The footnote in Step XI indicates that each illness plans without a lifetime maximum are adjusted on the basis of the maximum payable for each illness. The authors believe that the 1 per cent increase is a reasonable adjustment for the fact that the aggregate lifetime payment may be higher under such plans.

PRIVATE-ROOM ADJUSTMENTS

The tabular cost adjustments for coverage of private room and board charges in excess of average semiprivate hospital charges were developed from an analysis of the utilization of private rooms under supplementary major medical expense plans provided by the authors' company during the period 1960-64, in a manner similar to that indicated in the development of the 1960 Tabular for comprehensive medical. The experience in the authors' company of private-room utilization for supplementary major medical plans indicates that approximately 27 per cent of all days for hospital confinement for adults were in private-room accommodations; the corresponding proportion for dependent children is about 13 per cent. These figures were based upon plans with varying private-room limits, and the results vary somewhat from year to year. The tabular factors were developed on the assumption that the appropriate percentages are 27 per cent for adults and 13 per cent for children.

MENTAL AND NERVOUS DISORDER ADJUSTMENT

The adjustments included in Step XIV with respect to mental and nervous disorders were obtained by an analysis of the experience of the authors' company where individual claims were assigned a diagnosis code. The adjustment factors used in this tabular are based upon the assumption that 6 per cent of the employee-covered expenses in excess of the base plan benefits and the deductible are with respect to mental and nervous disorders; the corresponding figure assumed for dependents is 12 per cent. For both employees and dependents the tabular assumes that 50 per cent of the excess expenses will be incurred while confined in a hospital and that 50 per cent will be incurred on other than an inpatient basis.

By the use of these assumptions and the assumption that the coinsurance provisions applicable would be 80, 50, or 0 per cent for the various plan provisions, the factors in Step XIV were derived by calculating theoretical payments for each benefit code and relating such payments to the payment with respect to plans that provide 80 per cent coinsurance for expenses incurred while confined and 50 per cent for other expenses. Note that no adjustment is made for the effect that varying coinsurance percentages may have upon utilization of benefits. The experience used to determine per cent of excess for mental and nervous disorders is shown in the following tabulation:

	MENTAL AND NERVOUS DISORDERS AS PER CENT OF TOTAL		
	Employee	Dependent Spouse	Dependent Children
1960.....	6%	12%	11%
1961.....	5	12	6
1962.....	6	12	13
1963.....	5	12	12
1964.....	6	13	9

It should be noted that the experience studied was virtually all with respect to plans that provided 80 or 75 per cent reimbursement of expenses incurred while confined as a hospital inpatient and 50 per cent coinsurance with respect to expenses incurred while nonconfined. Also, the data are based upon diagnosis information submitted at the time claims were submitted for payment. These reported diagnoses may understate the true picture with respect to treatment of mental and nervous disorders.

III. ANALYSIS OF EXPERIENCE

Tables 1–20 (see Appendix II) show analyses of the 1963–65 policy years' experience data in relation to tabular claims. Table 2 also shows experience for 1962. These tables include experience for nonjumbo groups only, except for Table 1, which is for all size groups combined, and Tables 19 and 20, which show experience by size of the group. Nonjumbo groups are those with less than 5,000 insured employees. Separate experiences for all cause and each illness plans are shown in Tables 1 and 2. The remaining tables are based upon experiences of all plans combined. All cause plans are those which provide that covered expenses for all expenses for all illnesses or injuries are combined during the calendar year or benefit period and the deductible is applied to these combined expenses. Each illness plans require that the deductible be applied separately to covered expenses for each different illness or injury.

Table 1 summarizes the experience for all cause and each illness plans for the three latest policy years combined. The employee experience seems to indicate that the tabular adjustments produce fairly consistent results between all cause and each illness plans. The dependent experience seems to indicate that the tabular factors might have been set at a lower level for each illness plans with total disability required. Table 2, however, which sets forth the summary of experience by policy year, shows varying cost relationships for each illness experience by year. It would appear that additional data should be reviewed to assess the relationship between each illness and all cause plans.

Table 2 indicates a small increase in the ratio of actual to tabular claims from year to year. This small increase is inconsistent with the annual increase in claim costs which many individuals responsible for underwriting this coverage believe applies with respect to supplementary major medical expense benefits. The tabular, however, has been designed to produce uniform ratios of actual to tabular as the level of base plan benefits increases to reflect increased charge levels. For plans with no changes in base plan or supplementary major medical benefits during the period of years in the study, the ratios of actual to tabular should increase substantially because of increased charges for medical services.

The ratios in Table 2 are a composite of plans with and without a change in the level of base plan benefits but do not include the experience of plans for which a significant change in the level of base plan benefits occurred during the policy year concerned, since such experience is not contributed to the Committee on Experience under Group Health Insurance. While the all cause plan experience shows an increase in actual to

tabular ratios for each year, the each illness plan experience fluctuates from year to year. The amount of each illness experience has increased for each year of the study, while the all cause experience volume decreased for 1965. Table 2 also shows annual claim costs obtained by dividing actual claims by years of exposure. The decreasing annual claim costs per unit of exposure for some years would appear to indicate that the average level of base plan benefits has increased at a rate equal to or greater than charges, but this may be due to a different mix in the volume of experience by area or other plan variations.

Table 3 shows the experience by average age factor. The ratios of actual to tabular claims fluctuate within age factor but generally exhibit reasonably consistent results. Experience by female per cent within each age group is not shown, but the data indicate results generally consistent with that shown in Table 4 for all ages combined.

Table 4 shows experience by female per cent only. The ratios of actual to tabular claims show reasonably consistent results for female per cents with significant experience. There is a noticeable tendency for employee ratios to increase and decrease in succeeding female per cent groupings, and there would appear to be no logical reason for this tendency.

Table 5 presents the combined employee and dependent experience by metropolitan area, state, and region. The tabular area factors are also shown to facilitate comparisons with actual experience. In assigning metropolitan area codes to the data submitted, contributing companies used state and region codes in those instances where it was not known whether 75 per cent of the covered employees were in a given metropolitan area. Hence, the experience shown for states and regions may include a few cases where a substantial portion of the employees is actually located in one of the metropolitan areas shown in the table.

The ratios of actual to tabular claims fluctuate considerably, even for those metropolitan areas and states with a substantial volume of experience, but are reasonably consistent by region. They are influenced by such things as the tabular area factor assigned, variations in the type and level of basic benefits provided, and variations in the utilization of benefits. The authors suggest that caution be used in interpreting the results by area, since experience under this coverage can fluctuate widely from year to year and from case to case regardless of the size of the case. Also, different methods of calculating tabular claims may require area factors quite different from those needed to produce consistent A/T ratios by area for this tabular.

Table 6 presents experience by maximum benefit, including plans with an automatic yearly restoration feature. The 1965 Supplementary Major

Medical Tabular uses the \$5,000 lifetime maximum benefit as a base, and all adjustments are related to this base. The experience seems to indicate that the adjustment for \$10,000 lifetime maximums should be greater than that currently included in the tabular, although *A/T* ratios for maximums over \$10,000 are at a lower value. The same effect is also noted for plans with a \$10,000 each illness maximum.

The 1965 Tabular also adjusts for plans which have an automatic reinstatement provision. These plans have a small volume of experience, but the data appear to be consistent with plans that do not contain such a provision. The actual claims and *A/T* ratio for plans with an automatic reinstatement provision are shown in the following tabulation:

	Actual Claims (000)	<i>A/T</i>
Employee:		
\$ 5,000.....	\$ 369	84%
\$10,000.....	639	95
All maximums combined . . .	1,174	94
Dependent:		
\$ 5,000.....	365	79
\$10,000.....	773	97
All maximums combined . . .	1,270	90

Table 7 shows experience classified according to the private-room limits of the plan. The experience fluctuates with no clear pattern evident by amount of private-room limit. A portion of the experience submitted contains dollar limits rather than a limit related to semiprivate charges. Much of this experience is concentrated in the "less than semiprivate" category, which has a higher *A/T* ratio. These may be old plans written with dollar limits or plans in which a dollar limit was introduced to reduce costs because of poor experience.

Table 8 shows experience for plans classified according to the type of restriction applicable to treatment of mental and nervous disorders. The actual to tabular claim ratios are reasonably consistent for the various benefit provisions with substantial experience, although the code 1 employee ratio is above average, while the corresponding dependent code shows an average *A/T* ratio.

Table 9 shows the dependent experience according to the definition in the contract with respect to eligibility of dependent children. The 1965 Supplementary Major Medical Tabular makes no adjustment for coverage of children from birth, and the results seem to indicate that such an adjustment is not required. The ratio of actual to tabular claims for cover-

age of children past 19 seems to indicate that a larger adjustment would be required to produce consistent ratios between plans without coverage past 19 and those which provide such coverage. However, this extra cost may be due to the fact that this benefit is more likely to be purchased by upper-income groups for which the tabular is not adjusted.

Table 10 shows experience by deductible accumulation period. The employee ratios show consistent results except for the 90-day or 3-month period. The dependent ratios fluctuate over a wide range without any consistent pattern by deductible accumulation period. Experience for deductible accumulation periods of 31 days or one month, 31–58 days, and so forth was combined into the “all others” category because of the small volume of exposure at these accumulation periods.

Table 11 shows experience of plans grouped according to the benefit period provision of the plan. For all cause plans, the benefit period is usually the calendar year. For each illness plans, the benefit period usually begins on the date expenses are first incurred which are used to satisfy the deductible and ends at the end of a stated period, such as 12, 24, or 36 months from the beginning of the period or at the end of the cutoff date. If expenses are incurred at a rate less than that required in the cutoff provision, the benefit period ends, and another deductible must be satisfied before benefits again become payable.

The experience of plans with a variable benefit period is concentrated in those which provide a twelve-month and twenty-four-month benefit period with a liberal cutoff provision. Experience seems to indicate that there should not have been a tabular increase for plans with a twenty-four-month benefit period as compared to those with a twelve-month benefit period. This is, of course, contrary to logic.

The only plan with a significant amount of data involving a conservative cutoff period is that for plans which provide for a twenty-four-month benefit period. The experience of this plan, code 8, is inconsistent with that for the corresponding plan, which provides for a liberal cutoff provision, code 3, since the experience seems to indicate that plans with a conservative cutoff provision have higher claim costs than those with a liberal cutoff provision. This may be the result of selection of this feature by plans exhibiting poor experience.

Table 12 summarizes the experience by deductible amount. Experience is shown for plans excluding those with a family limit on deductibles and separately for that portion of the experience of plans with family limits on the deductibles containing a reasonable amount of data. The amount of experience at deductibles other than \$100 is very small, but the \$50 deductible experience seems to indicate that the \$50 deductible tabular

adjustment should be increased to reflect increased utilization of benefits under a \$50 deductible plan.

Employee and dependent experiences for plans with a family limit on deductibles are combined, since the tabular adjusts claims for the dependent coverage, while actual claim payments because of this feature may be reported as employee claims, dependent claims, or both. The experience shown for \$100 deductible plans is not consistent with that of plans without a family limit on deductibles. For \$100 deductible plans the tabular will increase combined employee and dependent tabular claims approximately 1 per cent for the 3 \times but less than 4 \times plan and 4 per cent for the 2 \times but less than 3 \times ; but the results show an A/T ratio which is approximately 10 percentage points less than the \$100 deductible experience of plans without a family limit. The \$50 deductible experience is reasonably consistent between plans with and without a family limit on deductibles, but both are at a high A/T ratio.

Table 13 summarizes the experience by average salary factor for that portion of the experience for which a salary distribution was provided. It should be noted that the 1965 Supplementary Major Medical Tabular does not include a salary adjustment factor. Experience indicates substantially increasing ratios of actual to tabular as the average earnings of the employees increase. Salary distributions in Table 22 permit a comparison of exposure characteristics with experience by groupings of the salary factor and may be used to estimate the effect of a scale of income adjustment factors on A/T ratios shown in this table.

Tables 14, 15, and 16 present experience according to the level of hospital benefits provided by the base plan. Table 14 shows the experience for plans grouped according to the daily room and board benefit provided, Table 15 indicates the experience according to the level of hospital ancillary services benefit provided, and Table 16 shows experience grouped according to the ratio of the hospital reduction as a per cent of the "no base plan" rate. The dependent hospital reduction per cent in Table 16 is based upon the ME 2 tabular calculation. These tables are shown to indicate the level of experience according to these base plan characteristics, but it should be noted that the total base plan reductions consist of reductions for other base plan benefits in addition to hospital benefits. The ratios in Table 14 generally increase as the amount of daily benefit increases. The higher daily benefit amounts may be concentrated in plans with a high per cent total reduction, where the tabular produces somewhat higher A/T ratios, as indicated in Table 17.

The experience in Table 15 by ancillary services amount fluctuates

somewhat, but the results seem to indicate that the tabular hospital reductions by amount of ancillary services are appropriate. The ratios of actual to tabular in Table 16, by hospital reduction per cent, tend to increase at the upper ranges. The hospital reduction per cent is the ratio of the hospital reduction to the area-adjusted "no base plan" rate without regard to the tabular limits of 65 per cent male employees and 70 per cent children applied in the tabular calculation.

Table 17 summarizes experience by total reduction per cent, which is derived by obtaining the ratio of the total reduction to the area-adjusted "no base plan" rate. This per cent is used to enter the Reduction Adjustment Table of Appendix I. The dependent total reduction per cent in Table 17 is based upon the ME 2 tabular calculation. The actual to tabular claim ratios tend to increase slightly as the per cent total reduction increases. This may be the result of providing base plan benefits in excess of the charge levels for the area, thus overstating the amount of reduction that is given for the base plan benefits.

Table 18 summarizes the experience by type of basic benefits provided. The groupings used were established by the authors in order to permit an examination of the results by combinations of the types of basic benefits provided without regard for the actual level of such benefits. This was believed desirable in view of the considerable amount of judgment used in establishing reductions for basic benefits, such as out-of-hospital physicians' visits, diagnostic X-ray, and so forth. Except for code 3 of the dependent experience, which contains only limited data, the experience indicates that the tabular does a reasonably good job of determining tabular claims for various combinations of basic benefits.

Table 19 indicates the actual to tabular ratios for groupings of cases by size of the experience unit. Table 20 indicates the variation in A/T ratios for employee coverages within each size group. The dependent experience, which is not shown, indicates a similar dispersion of A/T ratios within each size group. There is no tabular adjustment for size of the case. The ratios of actual to tabular tend to be highest for the smaller cases, and there is a substantial spread in the distribution of cases by A/T ratio within each size grouping. Separate A/T ratios for each year are included in Table 20 for a particular experience unit, not the 1963-65 average A/T ratio for that experience unit.

A separate table was not prepared for different coinsurance percentages, since only two plans were studied. The employee A/T ratios are 94 per cent for 75 per cent coinsurance plans and 93 per cent for 80 per cent

coinsurance plans; the corresponding dependent *A/T* ratios are 86 per cent and 93 per cent. Approximately 75 per cent of the exposure is on 80 per cent coinsurance plans. The tabular contains a 94 per cent adjustment for employee and dependent 75 per cent coinsurance plans.

Tables 21–24 show distributions of combined 1963–65 exposure by age, income, and dependent unit composition and were prepared to facilitate a comparison of the exposure characteristics with the claim experience shown in Tables 1–20.

Table 21 shows the percentage distributions of covered employees by age for groupings of the average age factor. Table 22 shows income distributions for groupings of the average salary factor. Table 23 shows the composition of dependent units by average age factor, and Table 24 shows this information by female percentage. In Tables 22–24, only a portion of the total exposure by income or dependent unit composition was distributed, since this information was not available for many groups.

IV. CONCLUSION

The experience results in this study pertain to policy years ending in 1963, 1964, and 1965. Therefore, the experience level for these combined policy years centers about January 1, 1964. Substantial increases in charges for hospital and physicians' services have been noted since this period, and these changes in the level of medical expenses and insurance costs must be considered in interpreting these results or in applying them for future use. The authors hope that this study and the development of the 1965 Supplementary Major Medical Tabular will assist in future annual studies of supplementary major medical expense plans and that they furnish a tool which will demonstrate the cost of providing these benefits. Also, the authors hope that members of the Society will be able to provide statistics available to them which will contribute to the future development or modification of the tabular costs reported in this paper.

V. CONTRIBUTING COMPANIES

The following companies submitted experience to the study:

Aetna Life & Casualty
Connecticut General Life Insurance Company
Continental Assurance Company
Equitable Life Assurance Society
John Hancock Mutual Life Insurance Company
Metropolitan Life Insurance Company
New York Life Insurance Company

Occidental Life Insurance Company of California
 Prudential Insurance Company of America
 The Travelers Insurance Company

APPENDIX I
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1965 TABULAR COSTS FOR SUPPLEMENTARY
 MAJOR MEDICAL EXPENSE PLANS

Tabular costs for an all cause or each cause plan of supplementary major medical expense benefits are determined as set forth below. Because the dependent-spouse tabular cost is a function of a male employee tabular cost, and because employee and dependent basic medical benefits may be different, two male employee tabular calculations are required—ME 1 for the employee tabular and ME 2 for the dependent tabular. The ME 1 tabular is based on the employee plan of benefits, while the tabular for ME 2 and one or more children is based on the dependent plan of benefits.

STEP I: BASIC TABULAR COSTS, NO BASE PLAN BENEFITS

Basic annual claim costs for all cause plans with a \$50, \$75, \$100, or \$150 deductible, 80 per cent reimbursement, \$5,000 lifetime maximum, a private-room limit equal to the hospital's average semiprivate room and board charge,

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and no base plan benefits are shown in the following tabulation for coverage of male employees and for coverage of one or more children:

DEDUCTIBLE	ANNUAL TABULAR COSTS FOR COVERAGE OF:		
	Male Employee		One or More Children
	ME 1	ME 2	
\$50.....	\$43.07	\$43.07	\$35.68
\$75.....	40.06	40.06	31.04
\$100.....	37.47	37.47	27.47
\$150.....	33.16	33.16	21.41

STEP II: AREA ADJUSTMENT

The tabular costs from Step I are multiplied by the area factor for the metropolitan area, state, or region in which employees are located. The metropolitan area factors are to be used whenever possible, then the state factors, and, finally, the region factors. The area factors are shown in Table A at the end of this appendix.

STEP III: REDUCTION IN TABULAR FOR BASE PLAN BENEFITS

The ME 1 reduction is calculated using the employee base plan benefits; the ME 2 and dependent children reductions are calculated using the dependent base plan benefits.

A. Hospital Benefits.

1. Table B at the end of this appendix is entered with the daily benefit and ancillary services multiple of the plan to obtain the reduction for a 31-day hospital plan. If the ancillary services multiple is not one given in the table, straight-line interpolation is used for intermediate values. Adjustment for durations of greater than 31 days is made by multiplying the daily benefit by the per \$1 factor shown in Table B and adding this product to the 31-day reduction.

2. The reduction obtained in A1 is multiplied by the appropriate factor shown below to adjust for deductibles of other than \$100:

	DEDUCTIBLE			
	\$50	\$75	\$100	\$150
ME 1 and ME 2.....	104%	102%	100%	95%
Children.....	112	106	100	85

3. In order to place a limit on the amount of base plan reduction for hospital benefits, the reduction obtained in A2 is compared with the amount obtained by

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multiplying the Step II tabular cost by 65 per cent for the ME 1 and ME 2 tabular and 70 per cent for the children tabular. The smaller amount is used as the hospital reduction amount.

B. Surgical Benefits

The surgical reduction for the \$300 1957 surgical schedule described in Volume X of the *Transactions* is shown in the following tabulation. The surgical reduction used is obtained by multiplying the appropriate reduction by the surgical valuation percentage for the case. The surgical valuation percentage for each case indicates the value of surgical benefits provided in relation to the \$300 1957 schedule.

	DEDUCTIBLE			
	\$50	\$75	\$100	\$150
ME 1 and ME 2	\$4.32	\$4.02	\$3.76	\$3.20
Children	4.89	4.08	3.26	2.44

No adjustment is made for X-ray and radioactive therapy or assistant surgeon benefits.

C. Physician Benefits

1. *Hospital visits.*—The reduction for hospital visits is obtained by multiplying the daily allowance for in-hospital physicians' visits by the appropriate value in the following tabulation:

	DEDUCTIBLE			
	\$50	\$75	\$100	\$150
ME 1 and ME 2	\$.46	\$.45	\$.44	\$.42
Children . . . . .	.41	.39	.37	.31

2. *Office visits and other nonhospital visits.*—The reduction for office visits and other nonhospital visits is obtained by multiplying the daily allowance for just the office visit by the appropriate value in the following table:

	DEDUCTIBLE			
	\$50	\$75	\$100	\$150
ME 1 and ME 2	\$1.06	\$.77	\$.53	\$.37
Children	1.13	.74	.45	.27

D. Other Base Plan Benefits

The reduction for other base plan benefits is obtained by entering the following table using the appropriate benefit code and the appropriate deductible:

BENEFIT CODE	ME 1 AND ME 2				CHILDREN			
	Deductible				Deductible			
	\$50	\$75	\$100	\$150	\$50	\$75	\$100	\$150
0.....	\$.0	\$.0	\$.0	\$.0	\$.0	\$.0	\$.0	\$.0
1.....	.62	.45	.31	.22	.60	.40	.24	.14
2.....	.84	.61	.42	.29	.80	.53	.32	.19
3.....	.92	.67	.46	.32	.88	.58	.35	.21
4.....	.32	.23	.16	.11	.30	.20	.12	.07
5.....	.84	.61	.42	.29	1.18	.78	.47	.28
6.....	1.46	1.06	.73	.51	1.78	1.17	.71	.43
7.....	1.68	1.22	.84	.59	1.98	1.30	.79	.47
8.....	1.76	1.28	.88	.62	2.05	1.35	.82	.49
9.....	1.16	.84	.58	.41	1.48	.97	.59	.35

Benefit Code	Description
	Plans without supplemental accident:
0.....	No other benefits
	Diagnostic X-ray and laboratory of:
1.....	\$25-\$49
2.....	\$50-\$99
3.....	\$100 or more
4.....	Other benefits*
	Plans with supplemental accident, \$150 maximum or more:
5.....	No other benefits
	Diagnostic X-ray and laboratory of:
6.....	\$25-\$49
7.....	\$50-\$99
8.....	\$100 or more
9.....	Other benefits*

* Includes diagnostic X-ray and lab of less than \$25.

E. Reduction for Base Plan Benefits

The results obtained in Step IIIA3, B, C1, C2, and D are summed for ME 1, ME 2, and children separately.

F. Basic Tabular Cost after Reduction for Base Plan Benefits

The base plan benefits reductions obtained in Step III E for ME 1, ME 2, and children are divided by the respective Step II ME 1, ME 2, and children no base plan tabular costs. The resulting per cents are the "Base Plan Reduction as

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Per Cent of No Base Rate." The Reduction Adjustment Table (Table C at the end of this appendix) is entered with these per cents and the Step II ME 1, ME 2, and children tabular costs are multiplied by the base plan adjustment factors. The result is the tabular cost after reduction for base plan benefits.

STEP IV: ADJUSTMENT FOR DEDUCTIBLE ACCUMULATION,
BENEFIT PERIOD, AND EACH ILLNESS

Multiply the Step III F tabular costs for ME 1, ME 2, and children by the product of the adjustment factors shown in A, B, and C following:

A. *Deductible accumulation period*

	Per Cent
Entire benefit period.....	100%
Less than entire benefit period and:	
30 days or 1 month.....	88
31-59 days.....	90
60 days or 2 months.....	92
61-89 days.....	93
90 days or 3 months.....	95
91-119 days.....	97
120 days or 4 months.....	98
121 days or more.....	100

B. *Benefit period*

	CUTOFF PROVISION	
	Liberal* or None	Conserv- ative†
Calendar or policy year:		
Carryover:		
60 days or more.....	100%	95%
None or less than 60 days.....	98	93
Variable:		
12 months.....	100	95
24 months.....	103	98
36 months.....	105	100

C. *Deductible applied against*

	ME 1 and ME 2	C or C
All-cause:		
Total disability required.....	83%	63%
Total disability not required.....	100	100
Each-illness:		
Total disability not required.....	90	80
Total disability required.....	80	60

* Liberal cutoff provision: One which is at least as liberal as that which provides that benefits will continue as long as any amount of covered expense is incurred during a specified period that is greater than 90 days.

† Conservative cutoff provision: One which is at least as conservative as the following: "Benefit period terminates at the end of any 90-day period during which not more than \$50 of covered expenses were incurred."

STEP V: ADJUSTMENT FOR AGE AND FEMALE CONTENT

ME 1 and ME 2

1. The average employee age factor for each group of employees is determined by multiplying the age factor shown in the tabulation below by the percentage of employees in the corresponding age group and summing the results.

Age Group	Employee Age Factor
Less than 30.....	30%
30-39.....	60
40-44.....	90
45-49.....	125
50-54.....	165
55-59.....	230
60-64.....	300
65 and over.....	400

If lives for ages less than 30 are not reported, multiply the per cent less than 40 by the factors below to estimate the per cent less than 30 and 30-39, and then proceed with the calculation of the average age factor.

PER CENT OF EMPLOYEES LESS THAN 40	ADJUSTMENT FOR ESTIMATED PER CENT	
	Less than 30	30-39
Less than 30%.....	36%	64%
30-34.....	38	62
35-39.....	40	60
40-44.....	42	58
45-49.....	44	56
50-54.....	46	54
55-59.....	48	52
60-64.....	50	50
65-69.....	52	48
70-74.....	54	46
75-79.....	56	44
80 or more.....	58	42

2. The female factor is obtained by multiplying the percentage female by 28 per cent, using 5 per cent as the percentage female for "less than 11 per cent," 15 per cent for "11-21 per cent," and so forth.

3. The female factor is added to the age factor to obtain the age-female factor.

4. The Step IV tabular cost for ME 2 is multiplied by the age-female factor for use in obtaining the dependent-spouse tabular cost.

5. The employee tabular cost, adjusted for age and for female content, is obtained by multiplying the Step IV tabular cost for ME 1 by the age-female factor.

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STEP VI: DEPENDENT SPOUSE

The dependent-spouse tabular cost is obtained by adding 28 per cent of the Step IV tabular cost for ME 2 to the age and female adjusted ME 2 tabular cost from Step V4.

STEP VII: DEPENDENT CHILDREN

1. The average relative number of children factor for each group of employees is determined by multiplying the factors shown in the following tabulation by the per cent of employees in the corresponding age group and summing the results.

Age Group	Relative No. Children Factor
Less than 30.....	90%
30-39.....	150
40-44.....	140
45-49.....	95
50-54.....	65
55-59.....	35
60-64.....	15
65 and over.....	10

If lives for ages less than 30 are not reported, multiply the per cent less than 40 by the factors in Step VI to estimate the per cent less than 30 and 30-39, and then proceed with the calculation of the average relative number of children factor.

2. The dependent-children tabular cost is obtained by multiplying the Step IV children tabular cost by the average relative number of children factor from Step VII1.

STEP VIII: DEFINITION OF DEPENDENT CHILDREN

No adjustment is made for cases with children covered from at least the fourteenth day of age to age 19 years. If coverage is provided beyond the nineteenth birthday, the children tabular cost obtained from Step VII is increased by 1¼ per cent for each additional year of coverage.

STEP IX: FAMILY LIMIT ON DEDUCTIBLES

No adjustment is made for cases without a family limit on the deductible or a limit of 4X or more. For cases with a family limit of less than 4X, the children tabular cost from Step VIII is adjusted by the following factors:

FAMILY LIMIT ON DEDUCTIBLES	ADJUSTMENT BY DEDUCTIBLE AMOUNTS			
	\$50	\$75	\$100	\$150
2X but less than 3X...	180%	160%	140%	120%
3X but less than 4X...	130	120	110	105

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STEP X: TABULAR COST FOR COVERAGE OF ONE OR MORE DEPENDENTS

The tabular cost for coverage of one or more dependents is obtained by multiplying the dependent-spouse tabular cost from Step VI and the children tabular cost from Step IX by the following factors, based upon the female per cent of employees and summing the results:

Female Per Cent	Spouse	Children
Less than 11%.....	97%	73%
11-21.....	95	73
21-31.....	93	73
31-41.....	91	73
41-51.....	89	73
51-61.....	87	73
61-71.....	85	73
71-81.....	83	73
81-91.....	81	73
91-100.....	79	73

STEP XI: ADJUSTMENT FOR MAXIMUM BENEFIT

No adjustment is made for cases with a \$5,000 lifetime maximum and no automatic yearly restoration. For other cases the employee tabular cost from Step V5 and the dependent tabular cost from Step X are multiplied by the following percentage factors, and the constant amounts indicated in the table are added to obtain the employee and dependent tabular costs adjusted for maximum benefit.

PLANS WITH A LIFETIME MAXIMUM OF:*	PLANS WITH NO AUTO- MATIC YEARLY RESTORATION		PLANS WITH AUTOMATIC YEARLY RESTORATION	
	Per Cent	Constant	Per Cent	Constant
\$2,500-\$4,999.....	95%	\$.00	100%	\$.00
\$5,000.....	100	.00	102	.00
\$5,001-\$9,999.....	103	.30	104	.30
\$10,000.....	105	.60	106	.60
\$10,001-\$19,999.....	106	.70	106	.70
\$20,000 or more (but not unlim- ited).....	107	.80	107	.80

* Each illness plans with a lifetime limit on all illnesses are to be calculated in accordance with the above factors using the lifetime limit. Each illness plans which place a limit on each illness but no lifetime limit on all illnesses combined are to be evaluated by entering the above table with the limit per illness and then adding 1 per cent to the per cent shown. The constant extra remains unchanged.

STEP XII: PRIVATE-ROOM ADJUSTMENT

No adjustment is made for cases with a private-room limit equal to or less than the average semiprivate hospital room and board charge. If the plan has a private-room limit which is above the hospital's average semiprivate rate, for each \$1 of excess add \$.13 employee and \$.19 dependent to the Step XI employee and dependent tabular costs.

STEP XIII: COINSURANCE ADJUSTMENT

No adjustment is made for cases if the plan provides 80 per cent reimbursement. If the plan provides 75 per cent reimbursement, the tabular costs from Step XII are multiplied by 94 per cent.

STEP XIV: MENTAL AND NERVOUS DISORDERS ADJUSTMENT

No adjustment is made for cases which provide for reimbursement at full plan benefits, for expenses incurred while confined in a hospital, and reduced benefits for expenses incurred while not confined. The mental and nervous disorders adjustment is obtained by entering the following tabulation using the appropriate benefit code and multiplying the Step XIII employee and dependent tabular costs by the percentage indicated.

BENEFIT CODE*	MENTAL AND NERVOUS DISORDERS ADJUSTMENT	
	Employee	Dependent
1.....	101%	102%
2.....	100	100
3.....	98	96
4.....	99	98
5.....	95	90

* Benefit code:

1. Covered for full plan benefits whether or not confined in a hospital.
2. Covered for full plan benefits while confined in a hospital and reduced or limited (such as 50 per cent coinsurance, limit on visits per year or per week, or dollar limit of \$1,000 or less) benefits while not confined in a hospital.
3. Covered for full plan benefits while confined in a hospital and no benefits while not confined in a hospital.
4. Covered for reduced or limited (such as 50 per cent coinsurance, limit on visits per year or per week, or dollar limit of \$1,000 or less) benefits whether or not confined in a hospital.
5. Not covered in or out of hospital.

TABLE A
1965 SUPPLEMENTARY MAJOR MEDICAL TABULAR AREA FACTORS
BY REGION, STATE, OR METROPOLITAN AREA

Region, State, or Metropolitan Area	1965 Tabular Area Factors	Region, State, or Metropolitan Area	1965 Tabular Area Factors
Region: New England States . . .	104%	Region: Plains States (<i>Cont.</i>) . . .	
Connecticut	104	Missouri	88%
Bridgeport-Stamford	112	Kansas City	100
Hartford-New Britain- Bristol	104	St. Louis	100
New Haven-Waterbury	116	Nebraska	80
Maine	92	Omaha	96
Massachusetts	104	North Dakota	88
Boston-Lowell-Lawrence	116	South Dakota	84
Springfield-Holyoke	104	Region: Mountain States	96
New Hampshire	92	Colorado	88
Rhode Island	108	Denver	100
Providence	108	Idaho	96
Vermont	92	Montana	96
Region: Middle Atlantic States	104	Nevada	112
Delaware	96	Utah	92
District of Columbia	108	Wyoming	88
New Jersey	108	Region: Pacific States	120
New York	100	California	128
Albany-Schenectady- Troy	108	Los Angeles-Long Beach	140
Buffalo	100	San Diego	136
New York-Northeastern New Jersey	116	San Francisco-Oakland	140
Rochester	108	Oregon	100
Syracuse	108	Portland	108
Pennsylvania	88	Washington	112
Allentown-Bethlehem- Easton	92	Seattle	120
Philadelphia	96	Region: Gulf States	100
Pittsburgh	100	Arizona	116
Wilkes-Barre-Hazleton	92	Arkansas	84
Region: North Central States	104	Louisiana	92
Illinois	92	New Orleans	100
Chicago	112	New Mexico	100
Indiana	84	Oklahoma	96
Indianapolis	100	Texas	96
Kentucky	84	Dallas	108
Louisville	92	Fort Worth	100
Michigan	92	Houston	100
Detroit	112	San Antonio	100
Ohio	88	Region: Southeastern States	84
Akron	100	Alabama	84
Cincinnati	100	Birmingham	92
Cleveland	112	Florida	100
Columbus	92	Miami	120
Dayton	88	Tampa-St. Petersburg	104
Toledo	100	Georgia	80
Youngstown	92	Atlanta	92
West Virginia	80	Maryland	96
Wheeling (W. Va.)-Steu- benville (Ohio)	84	Baltimore	104
Wisconsin	88	Mississippi	84
Milwaukee	100	North Carolina	72
Region: Plains States	92	South Carolina	72
Iowa	84	Tennessee	92
Kansas	96	Knorrville	96
Minnesota	92	Memphis	100
Minneapolis-St. Paul	104	Virginia	84
		Norfolk-Portsmouth	92
		Hawaii	104
		Alaska	136
		Nationwide	100

TABLE B
REDUCTION FOR HOSPITAL BENEFITS
MALE EMPLOYEE
I. 31-DAY PLANS

DAILY BENEFIT	ANCILLARY SERVICES MULTIPLE*				
	10X	15X	20X	95X or More	Coinsurance Plan†
\$ 8.....	\$ 9.13	\$10.03	\$10.60	\$12.01	\$11.66
9.....	10.15	11.08	11.65	13.10	12.74
10.....	11.18	12.12	12.71	14.17	13.81
11.....	12.19	13.15	13.77	15.27	14.89
12.....	13.22	14.18	14.82	16.34	15.97
13.....	14.22	15.24	15.87	17.42	17.04
14.....	15.23	16.28	16.94	18.51	18.12
15.....	16.25	17.30	17.99	19.59	19.19
16.....	17.25	18.34	19.03	20.67	20.26
17.....	18.28	19.38	20.08	21.74	21.33
18.....	19.29	20.41	21.12	22.82	22.40
19.....	20.30	21.46	22.18	23.92	23.49
20.....	21.32	22.51	23.23	25.00	24.56
21.....	22.33	23.55	24.29	26.09	25.64
22.....	23.35	24.59	25.35	27.17	26.72
23.....	24.34	25.60	26.36	28.22	27.76
24.....	25.27	26.55	27.32	29.21	28.74
25.....	26.14	27.45	28.22	30.14	29.67
26.....	26.98	28.30	29.09	31.04	30.55
27.....	27.80	29.13	29.93	31.92	31.42
28.....	28.60	29.93	30.74	32.76	32.26
29.....	29.38	30.71	31.54	33.57	33.07
30.....	30.11	31.46	32.30	34.37	33.86
31.....	30.84	32.20	33.06	35.15	34.63
32.....	31.55	32.93	33.80	35.93	35.40
33.....	32.25	33.64	34.54	36.69	36.16
34.....	32.94	34.35	35.26	37.44	36.90
35.....	33.62	35.04	35.97	38.17	37.62
36.....	34.29	35.73	36.67	38.90	38.35
37.....	34.95	36.40	37.36	39.62	39.06
38.....	35.60	37.06	38.04	40.32	39.75
39.....	36.24	37.71	38.71	41.01	40.44
40.....	36.87	38.35	39.37	41.70	41.12
41.....	37.49	38.98	40.01	42.37	41.78
42.....	38.09	39.60	40.65	43.02	42.43
43.....	38.69	40.21	41.27	43.67	43.07
44.....	39.28	40.81	41.88	44.31	43.70
45.....	39.85	41.39	42.49	44.93	44.32
46.....	40.42	41.97	43.08	45.55	44.93
47.....	40.97	42.53	43.66	46.15	45.53
48.....	41.51	43.09	44.23	46.74	46.12
49.....	42.04	43.63	44.78	47.32	46.69
50.....	42.57	44.16	45.33	47.87	47.23

TABLE B—Continued

II. PLANS OTHER THAN 31 DAYS

	Days								
	31	32-45	46-69	70	71-79	120	121-179	180	181 or More
Male employee, per \$1.....	\$.000	\$.017	\$.035	\$.044	\$.052	\$.061	\$.065	\$.070	\$.074
Children, per \$1..	.000	.010	.020	.031	.038	.046	.051	.056	.061

* Hospital ancillary services maximum benefits are entered as a multiple of the daily benefit. For example, a \$300 maximum for a plan with a \$20 room and board daily benefit is entered as 15X; a \$450 maximum with \$25 is entered as 18X, and so forth.

† Use this column for basic hospital plans providing coinsured ancillary services benefits at least equal to 20X plus 75 per cent of the next \$1,000 which allow the balance of the coinsured expense to be a covered expense under the supplementary major medical plan. If the balance of the coinsured expenses is not covered under the supplementary major medical plan, value the basic hospital plan as if it paid in full instead of on a coinsured basis.

TABLE B—Continued
CHILD OR CHILDREN
31-DAY PLANS

DAILY BENEFIT	ANCILLARY SERVICES MULTIPLE*				
	10X	15X	20X	95X or More	Coinsurance Plan
\$ 8.....	\$ 8.83	\$ 9.63	\$10.06	\$10.83	\$10.64
9.....	9.60	10.41	10.84	11.66	11.47
10.....	10.35	11.18	11.63	12.52	12.29
11.....	11.11	11.97	12.43	13.35	13.13
12.....	11.85	12.75	13.22	14.20	13.96
13.....	12.62	13.53	14.01	15.04	14.79
14.....	13.37	14.29	14.79	15.89	15.63
15.....	14.14	15.06	15.58	16.73	16.46
16.....	14.89	15.82	16.37	17.59	17.29
17.....	15.65	16.59	17.17	18.44	18.13
18.....	16.39	17.38	17.94	19.26	18.94
19.....	17.14	18.14	18.72	20.11	19.77
20.....	17.91	18.91	19.52	20.96	20.61
21.....	18.68	19.69	20.30	21.78	21.42
22.....	19.44	20.46	21.07	22.64	22.26
23.....	20.16	21.23	21.86	23.47	23.07
24.....	20.87	21.95	22.59	24.26	23.84
25.....	21.54	22.63	23.29	25.00	24.58
26.....	22.17	23.27	23.95	25.70	25.27
27.....	22.78	23.89	24.59	26.38	25.94
28.....	23.36	24.49	25.20	27.02	26.57
29.....	23.93	25.06	25.79	27.65	27.18
30.....	24.45	25.60	26.35	28.24	27.77
31.....	24.96	26.14	26.88	28.81	28.34
32.....	25.46	26.65	27.41	29.38	28.89
33.....	25.97	27.16	27.93	29.93	29.44
34.....	26.45	27.66	28.43	30.46	29.96
35.....	26.92	28.14	28.93	31.00	30.49
36.....	27.38	28.61	29.42	31.51	31.00
37.....	27.83	29.08	29.90	32.01	31.49
38.....	28.28	29.53	30.36	32.51	31.98
39.....	28.71	29.97	30.81	33.00	32.46
40.....	29.13	30.40	31.25	33.45	32.91
41.....	29.54	30.83	31.69	33.92	33.37
42.....	29.94	31.23	32.11	34.36	33.81
43.....	30.33	31.64	32.52	34.79	34.23
44.....	30.71	32.02	32.91	35.22	34.64
45.....	31.09	32.40	33.30	35.63	35.05
46.....	31.44	32.76	33.67	36.03	35.43
47.....	31.79	33.12	34.04	36.41	35.83
48.....	32.12	33.46	34.39	36.79	36.21
49.....	32.45	33.81	34.73	37.16	36.56
50.....	32.76	34.13	35.07	37.51	36.91

* See the male employee values for a description of the code meanings and the adjustment for duration other than 31 days.

TABLE C
REDUCTION ADJUSTMENT TABLE

Base Plan Reduction as a Per Cent of No Base Rate	Base Plan Adjustment Factor	Base Plan Reduction as a Per Cent of No Base Rate	Base Plan Adjustment Factor
Less than 30%.....	*	72%.....	31.3%
30.....	64.0%	73.....	30.7
31.....	62.9	74.....	30.1
32.....	61.8	75.....	29.5
33.....	60.7	76.....	28.9
34.....	59.6	77.....	28.3
35.....	58.5	78.....	27.7
36.....	57.5	79.....	27.1
37.....	56.5	80.....	26.5
38.....	55.5	81.....	25.9
39.....	54.5	82.....	25.3
40.....	53.5	83.....	24.7
41.....	52.6	84.....	24.1
42.....	51.7	85.....	23.5
43.....	50.8	86.....	22.9
44.....	49.9	87.....	22.3
45.....	49.0	88.....	21.7
46.....	48.2	89.....	21.1
47.....	47.4	90.....	20.5
48.....	46.6	91.....	19.9
49.....	45.8	92.....	19.3
50.....	45.0	93.....	18.7
51.....	44.3	94.....	18.1
52.....	43.6	95.....	17.5
53.....	42.9	96.....	16.9
54.....	42.2	97.....	16.3
55.....	41.5	98.....	15.7
56.....	40.9	99.....	15.1
57.....	40.3	100.....	14.5
58.....	39.7	101.....	13.9
59.....	39.1	102.....	13.3
60.....	38.5	103.....	12.7
61.....	37.9	104.....	12.1
62.....	37.3	105.....	11.5
63.....	36.7	106.....	11.0
64.....	36.1	107.....	10.5
65.....	35.5	108.....	10.0
66.....	34.9	109.....	9.5
67.....	34.3	110.....	9.0
68.....	33.7	111.....	8.5
69.....	33.1	112.....	8.0
70.....	32.5	113.....	7.5
71.....	31.9	114 or more.....	7.0

* For less than 30 per cent use the complement of 120 per cent of the base plan credit as a per cent of the no base rate. For example, for 25 per cent use 100 per cent minus (120 per cent \times 25 per cent) = 70 per cent.

APPENDIX II

TABLE 1

SUPPLEMENTARY MAJOR MEDICAL ALL SIZE GROUPS EXPERIENCE BY PLAN COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Plan	No. Expe- rience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
All-cause plans.....	4,260	750,275	11,294	93%
Each-illness plans:				
Total disability not required....	2,593	280,476	3,893	94
Total disability required.....	1,742	128,943	1,665	95
Total, all plans.....	8,595	1,159,694	16,852	94%
Dependent				
All-cause plans.....	4,150	523,902	12,038	91%
Each-illness plans:				
Total disability not required....	2,525	196,504	4,075	93
Total disability required.....	1,709	86,460	1,436	86
Total, all plans.....	8,384	806,866	17,549	92%

* For dependents, exposure of employees insured with respect to their dependents.

† Tabular adjustment in Step IV.

TABLE 2
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EXPERIENCE BY PLAN AND BY YEAR
1962-65 POLICY YEARS' EXPERIENCE

PLAN	1962			1963			1964			1965		
	Actual Claims (000)	Ratio of Actual to 1965 Tabular*	Annual Claim Costs	Actual Claims (000)	Ratio of Actual to 1965 Tabular*	Annual Claim Costs	Actual Claims (000)	Ratio of Actual to 1965 Tabular*	Annual Claim Costs	Actual Claims (000)	Ratio of Actual to 1965 Tabular*	Annual Claim Costs
Employee												
All-cause plans	1,894	81%	\$13.19	3,259	89%	\$14.85	3,801	91%	\$14.82	3,735	99%	\$15.37
Each-illness plans:												
Total disability not required	602	73	11.52	988	87	13.72	1,244	100	14.52	1,416	98	14.00
Total disability required	178	79	14.51	426	97	13.65	595	92	12.54	643	97	12.80
Total, all plans	2,674	79%	\$12.90	4,673	89%	\$14.48	5,640	93%	\$14.48	5,794	98%	\$14.69
Dependent												
All-cause plans	1,939	79%	\$20.02	3,223	86%	\$21.27	4,266	91%	\$23.54	3,901	96%	\$23.04
Each-illness plans:												
Total disability not required	595	71	16.44	986	84	19.95	1,241	99	20.97	1,497	98	20.87
Total disability required	154	70	13.15	360	85	17.29	472	75	14.49	604	98	18.28
Total, all plans	2,688	76%	\$18.83	4,569	86%	\$20.60	5,979	91%	\$21.90	6,002	97%	\$21.90

* Tabular adjustment in Step IV.

TABLE 3
 SUPPLEMENTARY MAJOR MEDICAL
 NONJUMBO GROUPS
 EXPERIENCE BY AVERAGE AGE FACTOR
 COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Average Age Factor	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
30- 69%.....	641	58,637	546	99%
70- 79.....	634	76,239	906	99
80- 89.....	895	121,241	1,452	91
90- 99.....	1,103	154,478	2,209	103
100-109.....	1,066	183,308	2,435	89
110-119.....	1,037	164,149	2,477	96
120-129.....	893	123,948	1,921	90
130-139.....	741	88,148	1,484	92
140-149.....	562	60,624	1,101	92
150-159.....	349	31,198	595	90
160 or more.....	665	44,659	981	90
All ages....	8,586	1,106,629	16,107	94%
Dependent				
30- 69%.....	626	39,268	725	94%
70- 79.....	623	51,809	1,053	95
80- 89.....	884	84,928	1,649	89
90- 99.....	1,080	106,818	2,351	98
100-109.....	1,045	127,073	2,609	88
110-119.....	1,010	113,955	2,525	95
120-129.....	875	91,389	2,059	90
130-139.....	715	64,127	1,533	93
140-149.....	542	39,448	879	85
150-159.....	333	22,650	481	75
160 or more.....	642	27,434	686	85
All ages....	8,375	768,899	16,550	91%

* For dependents, exposure of employees insured with respect to their dependents.

† Tabular age adjustment in Step V.

TABLE 4
 SUPPLEMENTARY MAJOR MEDICAL
 NONJUMBO GROUPS
 EXPERIENCE BY FEMALE PER CENT
 COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Female Per Cent	No. Expe- rience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
<11%.....	3,379	415,778	5,736	94%
11-21.....	1,900	237,735	3,186	91
21-31.....	1,169	175,116	2,777	99
31-41.....	708	76,546	1,201	93
41-51.....	497	75,378	1,274	101
51-61.....	392	59,191	904	87
61-71.....	306	37,697	621	95
71-81.....	143	18,261	272	79
81-91.....	67	6,579	96	84
91-100.....	25	4,348	40	81‡
<31% female...	6,448	828,629	11,698	94%
≥31% female...	2,138	278,000	4,409	93
Total.....	8,586	1,106,629	16,107	94%
Dependent				
<11%.....	3,295	322,900	6,848	91%
11-21.....	1,861	178,798	3,751	92
21-31.....	1,135	121,501	2,774	93
31-41.....	688	46,233	1,064	92
41-51.....	490	40,563	901	91
51-61.....	384	27,895	648	94
61-71.....	298	17,912	347	84
71-81.....	134	8,307	161	80
81-91.....	65	2,773	47	78
91-100.....	25	2,017	9	37‡
<31% female...	6,291	623,199	13,373	92%
≥31% female...	2,084	145,700	3,177	90
Total.....	8,375	768,899	16,550	91%

* For dependents, exposure of employees insured with respect to their dependents.

† Tabular adjustment in Step V.

‡ Less than \$50,000 of tabular claims.

TABLE 5
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EXPERIENCE BY REGION, STATE, AND METROPOLITAN AREA
EMPLOYEE AND DEPENDENT COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Region,* State,† or Metropolitan Area	No. Experience Units‡	Years of Exposure‡	Actual Claims (000)	Ratio of Actual to 1965 Tabular	1965 Tabular Area Factor
<i>Total, all locations</i>	<i>8,586</i>	<i>1,106,629</i>	<i>32,657</i>	<i>92%</i>	.....
New England States:					
Connecticut.....	36	9,943	285	85%	104%
Bridgeport-Stamford.....	30	4,267	152	101	112
Hartford-New Britain-Bristol.....	61	10,099	306	94	104
New Haven-Waterbury.....	27	2,726	91	91	116
Total	154	27,035	834	92%	.....
Maine.....	30	4,055	64	45%	92%
Massachusetts	80	10,735	285	85%	104%
Boston-Lowell-Lawrence.....	124	10,488	382	96	116
Springfield-Holyoke.....	45	6,333	127	73	104
Total	249	27,556	794	87%	.....
New Hampshire.....	24	3,331	41	53%	92%
Rhode Island.....				§	108%
Providence.....				§	108
Vermont.....	36	3,226	85	109%	92%
Region.....	17	2,584	54	49%	104%
<i>Region total</i>	<i>512</i>	<i>67,838</i>	<i>1,879</i>	<i>84%</i>	.....
Middle Atlantic States:					
Delaware.....				§	96%
District of Columbia.....	70	7,500	177	91%	108%
New Jersey.....	68	7,689	177	68%	108%
New York	166	11,911	323	88%	100%
Albany-Schenectady-Troy.....	27	1,419	30	82||	108
Buffalo.....	42	7,242	174	85	100
New York-Northeastern					
New Jersey.....	364	41,023	1,597	98	116
Rochester.....	15	921	16	48||	108
Syracuse.....	35	2,926	80	72	108
Total	649	65,442	2,220	93%	.....

* Excludes groups coded for a specific state or metropolitan area.

† Excludes groups coded for a specific metropolitan area.

‡ Employee only.

§ Less than \$50,000 of tabular claims and less than ten experience units.

|| Less than \$50,000 of tabular claims.

TABLE 5—Continued

Region,* State, † or Metropolitan Area	No. Experience Units ‡	Years of Exposure ‡	Actual Claims (000)	Ratio of Actual to 1965 Tabular	1965 Tabular Area Factor
Middle Atlantic States—Continued					
Pennsylvania.....	281	42,355	1,072	97%	88%
Allentown-Bethlehem-Eas- ton.....				§	92
Philadelphia.....	105	7,481	210	107	96
Pittsburgh.....	96	14,623	391	80	100
Wilkes-Barre-Hazleton.....				§	92
Total.....	492	65,131	1,691	93%	.....
Region.....	10	3,271	104	102%	104%
Region total.....	1,295	149,671	4,380	92%	.....
North Central States:					
Illinois.....	243	28,280	657	93%	92%
Chicago.....	486	41,310	1,526	103	112
Total.....	729	69,590	2,183	100%	.....
Indiana.....	157	31,758	746	90%	84%
Indianapolis.....	86	15,329	411	91	100
Total.....	243	47,087	1,157	90%	.....
Kentucky.....	17	1,735	31	75%||	84%
Louisville.....	14	922	16	50||	92
Total.....	31	2,657	47	64%	.....
Michigan.....	235	26,423	511	84%	92%
Detroit.....	154	19,448	550	102	112
Total.....	389	45,871	1,061	92%	.....
Ohio.....	147	25,066	537	91%	88%
Akron.....	15	1,211	21	62||	100
Cincinnati.....	24	1,749	56	110	100
Cleveland.....	17	1,896	29	60||	112
Columbus.....				§	92
Dayton.....	21	7,527	90	58	88
Toledo.....	26	3,050	91	106	100
Youngstown.....	17	2,866	61	83	92
Total.....	272	43,902	897	85%	.....
West Virginia.....	82	7,314	148	82%	80%
Wheeling (W.Va.)-Steuben- ville (Ohio).....	10	714	20	155||	84
Total.....	92	8,028	168	87%	.....
Wisconsin.....	148	22,651	434	81%	88%
Milwaukee.....	131	19,321	356	76	100
Total.....	279	41,972	790	79%	.....
Region.....	35	17,936	631	97%	104%
Region total.....	2,070	277,043	6,934	91%	.....

* Excludes groups coded for a specific state or metropolitan area.

† Excludes groups coded for a specific metropolitan area.

‡ Employee only.

§ Less than \$50,000 of tabular claims and less than ten experience units.

|| Less than \$50,000 of tabular claims.

TABLE 5—Continued

Region,* State,† or Metropolitan Area	No. Experience Units‡	Years of Exposure‡	Actual Claims (000)	Ratio of Actual to 1965 Tabular	1965 Tabular Area Factor
Plains States:					
Iowa.....	118	8,037	165	94%	84%
Kansas.....	131	13,654	500	106%	96%
Minnesota.....	74	15,520	416	96%	92%
Minneapolis-St. Paul.....	91	8,143	229	84	104
Total.....	165	23,663	645	92%	.....
Missouri.....	40	4,209	80	59%	88%
Kansas City.....	66	9,427	326	100	100
St. Louis.....	92	4,298	150	102	100
Total.....	198	17,934	556	91%	.....
Nebraska.....	24	2,807	61	85%	80%
Omaha.....	42	3,302	103	78	96
Total.....	66	6,109	164	81%	.....
North Dakota.....	14	1,013	35	151%||	88%
South Dakota.....	32	1,975	36	81%||	84%
Region.....	12	8,404	286	94%	92%
<i>Region total</i>	736	80,789	2,387	94%	.....
Mountain States:					
Colorado.....	19	1,119	23	84%||	88%
Denver.....	26	1,750	44	102||	100
Total.....	45	2,869	67	95%	.....
Idaho.....	27	1,191	36	87%||	96%
Montana.....	53	5,458	174	91%	96%
Nevada.....	51	2,575	71	66%	112%
Utah.....	61	5,434	132	83%	92%
Wyoming.....	13	1,685	37	82%||	88%
Region.....				§	96%
<i>Region total</i>	251	19,234	516	84%	.....

TABLE 5—Continued

Region,* State,† or Metropolitan Area	No. Experience Units ‡	Years of Exposure ‡	Actual Claims (000)	Ratio of Actual to 1965 Tabular	1965 Tabular Area Factor
Pacific States:					
California.....	315	32,401	1,465	100%	128%
Los Angeles-Long Beach.....	512	48,218	2,072	95	140
San Diego.....	57	3,620	171	99	136
San Francisco-Oakland.....	96	9,264	349	78	140
Total.....	980	93,503	4,057	95%	.....
Oregon.....	17	1,898	35	70%||	100%
Portland.....	16	888	24	81||	108
Total.....	33	2,786	59	74%	.....
Washington.....	34	2,714	83	87%	112%
Seattle.....	21	1,848	32	57	120
Total.....	55	4,562	116	75%	.....
Region.....	16	12,381	328	73%	120%
<i>Region total</i>	<i>1,084</i>	<i>113,232</i>	<i>4,559</i>	<i>92%</i>	<i>.....</i>
Gulf States:					
Arizona.....	85	10,932	375	101%	116%
Arkansas.....	75	4,887	122	90%	84%
Louisiana.....	169	11,785	334	83%	92%
New Orleans.....	71	3,616	92	76	100
Total.....	240	15,401	426	81%	.....
New Mexico.....	33	1,827	68	97%	100%
Oklahoma.....	142	9,817	329	91%	96%
Texas.....	201	28,732	981	91%	96%
Dallas.....	74	6,095	237	99	108
Fort Worth.....	38	4,032	144	87	100
Houston.....	128	13,611	479	102	100
San Antonio.....	23	1,738	77	118	100
Total.....	464	54,208	1,918	95%	.....
Region.....	20	2,636	113	112%	100%
<i>Region total</i>	<i>1,059</i>	<i>99,708</i>	<i>3,351</i>	<i>94%</i>	<i>.....</i>

* Excludes groups coded for a specific state or metropolitan area.

† Excludes groups coded for a specific metropolitan area.

‡ Employee only.

§ Less than \$50,000 of tabular claims and less than ten experience units.

|| Less than \$50,000 of tabular claims.

TABLE 5—Continued

Region,* State,† or Metropolitan Area	No. Experience Units‡	Years of Exposure‡	Actual Claims (000)	Ratio of Actual to 1965 Tabular	1965 Tabular Area Factor
Southeastern States:					
Alabama.....	41	6,238	147	91%	84%
Birmingham.....	12	874	24	114½	92
Total.....	53	7,112	171	94%	.....
Florida.....	167	19,153	577	89%	100%
Miami.....	122	9,619	451	106	120
Tampa.....	52	2,491	65	74	104
Total.....	341	31,263	1,093	94%	.....
Georgia.....	69	9,570	144	74%	80%
Atlanta.....	83	6,373	177	90	92
Total.....	152	15,943	321	82%	.....
Maryland.....	30	3,564	87	89%	96%
Baltimore.....	84	9,963	284	97	104
Total.....	114	13,527	371	95%	.....
Mississippi.....	73	7,366	181	99%	84%
North Carolina.....	113	17,196	303	82%	72%
South Carolina.....	40	3,887	85	65%	72%
Tennessee.....	62	14,431	529	136%	92%
Knoxville.....	.....	.....	.....	§	96
Memphis.....	25	2,038	77	95	100
Total.....	94	17,633	656	127%	.....
Virginia.....	174	33,003	742	92%	84%
Norfolk-Portsmouth.....	49	2,770	68	97	92
Total.....	223	35,773	810	92%	.....
Region.....	36	12,082	393	99%	84%
<i>Region total</i>	<i>1,239</i>	<i>161,782</i>	<i>4,384</i>	<i>95%</i>	<i>.....</i>
Hawaii.....	8	3,864	84	93%	104%
Alaska.....	.....	.....	.....	§	136%
<i>Total, states and regions</i>	<i>8,263</i>	<i>973,919</i>	<i>28,505</i>	<i>92%</i>	<i>.....</i>
<i>All other</i> §.....	<i>323</i>	<i>132,710</i>	<i>4,152</i>	<i>95%</i>	<i>100%</i>

‡ Less than 75 per cent of employees in one region, state, or metropolitan area.

TABLE 6
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EXPERIENCE BY MAXIMUM BENEFIT
COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Lifetime Maximum Benefit	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
Lifetime maximum:				
\$2,500-\$4,999.....	22	3,993	40	67%
\$5,000.....	2,076	315,217	4,392	89
\$5,001-\$9,999.....	137	31,204	459	98
\$10,000.....	2,205	429,498	6,491	95
\$10,001-\$19,999.....	130	38,476	687	91
\$20,000 or more.....	14	17,550	240	83
Total.....	4,584	835,938	12,309	93%
No lifetime maximum, each-illness maximum:				
\$5,000.....	1,973	101,814	1,422	96%
\$10,000.....	1,918	155,537	2,159	97
All other.....	111	13,340	217	107
Total.....	4,002	270,691	3,798	97%
Total.....	8,586	1,106,629	16,107	94%
Dependent				
Lifetime maximum:				
\$2,500-\$4,999.....	23	2,494	42	78%
\$5,000.....	2,002	217,437	4,385	85
\$5,001-\$9,999.....	132	22,600	460	91
\$10,000.....	2,170	305,093	7,058	93
\$10,001-\$19,999.....	129	24,368	614	91
\$20,000 or more.....	14	15,480	341	92
Total.....	4,470	587,472	12,900	90%
No lifetime maximum, each-illness maximum:				
\$5,000.....	1,911	68,290	1,153	81%
\$10,000.....	1,888	103,429	2,224	103
All other.....	106	9,708	273	126
Total.....	3,905	181,427	3,650	96%
Total.....	8,375	768,899	16,550	91%

* For dependents, exposure of employees insured with respect to their dependents.

† Tabular adjustment in Step XI.

TABLE 7
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EXPERIENCE BY PRIVATE-ROOM LIMITS
COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Private-Room Limit	No. Expe- rience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
Less than semiprivate.....	1,130	124,864	2,209	101%
Semiprivate.....	2,146	372,376	5,080	89
Semiprivate plus \$1-\$2.....	483	44,987	633	88
Semiprivate plus \$3.....	710	101,639	1,516	96
Semiprivate plus \$4.....	2,900	260,846	3,632	95
Semiprivate plus \$5.....	255	47,141	686	91
Semiprivate plus \$6 or more.....	962	154,776	2,351	97
Total.....	8,586	1,106,629	16,107	94%
Dependent				
Less than semiprivate.....	1,076	82,547	2,097	95%
Semiprivate.....	2,098	256,267	5,409	89
Semiprivate plus \$1-\$2.....	444	28,680	636	90
Semiprivate plus \$3.....	705	74,824	1,714	97
Semiprivate plus \$4.....	2,850	178,640	3,440	90
Semiprivate plus \$5.....	251	34,656	723	86
Semiprivate plus \$6 or more.....	951	113,285	2,531	93
Total.....	8,375	768,899	16,550	91%

* For dependents, exposure of employees insured with respect to their dependents.

† Tabular adjustment in Step XII.

TABLE 8
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EXPERIENCE BY MENTAL AND NERVOUS DISORDERS RESTRICTION
COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Code*	No. Expe- rience Units	Employee Years of Exposure†	Actual Claims (000)	Ratio of Actual to 1965 Tabular‡
Employee				
1.....	2,598	373,567	5,793	98%
2.....	4,627	624,309	8,648	92
3.....	420	30,151	459	86
4.....	941	78,602	1,207	92
Total.....	8,586	1,106,629	16,107	94%
Dependent				
1.....	2,522	264,602	5,743	91%
2.....	4,567	438,342	9,195	91
3.....	412	20,715	543	90
4.....	874	45,240	1,069	94
Total.....	8,375	768,899	16,550	91%

* Mental and nervous disorders restriction code:

1. Covered for full plan benefits whether or not confined in a hospital.
2. Covered for full plan benefits while confined in a hospital and reduced or limited benefits while not confined in a hospital.
3. Covered for full plan benefits while confined in a hospital and no benefits while not confined in a hospital.
4. Covered for reduced or limited benefits whether or not confined in a hospital.

† For dependents, exposure of employees insured with respect to their dependents.

‡ Tabular adjustment in Step XIV.

TABLE 9
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EXPERIENCE BY COVERAGE OF CHILDREN FROM BIRTH AND PAST 19
COMBINED 1963-65 POLICY YEARS' EXPERIENCE
DEPENDENT

COVERAGE		NO. EXPERIENCE UNITS	DEPENDENT UNIT YEARS OF EXPOSURE*	ACTUAL CLAIMS (000)	RATIO OF ACTUAL TO 1965 TABULAR †
From Birth	Past 19				
None.....	None	1,656	232,483	5,028	86%
	Provided	751	110,078	2,598	94
	Total	2,407	342,561	7,626	89%
Limited.....	None	1,689	100,362	2,120	91%
	Provided	1,410	126,419	2,744	96
	Total	3,099	226,781	4,864	94%
Full.....	None	1,948	100,360	1,971	92%
	Provided	657	63,257	1,399	96
	Total	2,605	163,617	3,370	93%
All plans.....	None	5,293	433,205	9,119	88%
	Provided	2,818	299,754	6,741	95
	Total	8,111	732,959	15,860	91%
Unknown.....	.....	264	35,940	690	98%
Total.....	.....	8,375	768,899	16,550	91%

* Exposure of employees insured with respect to their dependents.

† Tabular adjustment in Step VIII.

TABLE 10
 SUPPLEMENTARY MAJOR MEDICAL
 NONJUMBO GROUPS
 EXPERIENCE BY DEDUCTIBLE ACCUMULATION PERIOD
 COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Deductible Accumulation Period	No. Expe- rience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
Entire benefit period:	4,613	726,453	10,807	95%
60 days or 2 months‡.....	296	19,726	311	95
61-89 days‡.....	63	17,696	251	98
90 days or 3 months‡.....	728	125,719	1,621	89
121 days or more‡.....	2,874	214,770	3,099	92
All others‡.....	12	2,265	18	84§
Total.....	8,586	1,106,629	16,107	94%
Dependents				
Entire benefit period:	4,558	511,263	11,229	91%
60 days or 2 months‡.....	295	12,442	284	99
61-89 days‡.....	63	13,172	317	103
90 days or 3 months‡.....	719	93,255	1,767	87
121 days or more‡.....	2,730	137,259	2,935	94
All others‡.....	10	1,508	18	75§
Total.....	8,375	768,899	16,550	91%

* For dependents, exposure of employees insured with respect to their dependents.

† Tabular adjustment in Step IV.

‡ But less than entire benefit period.

§ Less than \$50,000 tabular claims.

TABLE 11
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EXPERIENCE BY BENEFIT PERIOD
COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Benefit Period Code*	No. Expe- rience Units	Employee Years of Exposure†	Actual Claims (000)	Ratio of Actual to 1965 Tabular‡
Employee				
0.....	3,914	648,166	9,766	93%
2.....	247	83,323	1,212	99
3.....	3,653	331,902	4,520	93
4.....	268	21,163	271	96
8.....	460	18,866	276	107
All other.....	44	3,209	62	120
Total.....	8,586	1,106,629	16,107	94%
Dependent				
0.....	3,826	452,946	10,228	91%
2.....	241	58,838	1,257	93
3.....	3,552	227,393	4,439	91
4.....	265	14,260	269	97
8.....	444	13,138	299	111
All other.....	47	2,324	58	102
Total.....	8,375	768,899	16,550	91%

* Benefit period code:

0. Fixed period, calendar or policy year with at least 60-day carryover, liberal cutoff provision.
2. Variable period, 12 months, liberal cutoff provision.
3. Variable period, 24 months, liberal cutoff provision.
4. Variable period, 36 months, liberal cutoff provision.
8. Variable period, 24 months, conservative cutoff provision.

† For dependents, exposure of employees insured with respect to their dependents.

‡ Tabular adjustment in Step IV.

TABLE 12
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EXPERIENCE BY DEDUCTIBLE AMOUNT
COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Deductible Amount per Individual	No. Expe- rience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
<i>Plans without a family limit on deductible:</i>				
\$50.....	181	26,924	723	122%
\$75.....	16	5,474	116	97
\$100.....	7,799	1,026,456	14,649	93
\$150.....	36	3,355	31	66
Total.....	8,032	1,062,209	15,519	94%
Dependent				
\$50.....	175	18,819	753	118%
\$75.....	16	4,685	134	89
\$100.....	7,601	712,087	14,897	90
\$150.....	37	2,552	38	70
Total.....	7,829	738,143	15,822	91%
Combined Employee and Dependent‡				
<i>Plans with a family limit on deductible:</i>				
<i>2× but less than 3×:</i>				
\$50.....	19	6,759	296	115%
\$100.....	305	14,645	404	81
<i>3× but less than 4×:</i>				
\$100.....	224	22,331	598	84

* For dependents, exposure of employees insured with respect to their dependents.

† Tabular adjustments: deductible amount—Steps I and III; family limit on deductible—Step IX.

‡ Number of experience units and years of exposure for employees only.

TABLE 13
 SUPPLEMENTARY MAJOR MEDICAL
 NONJUMBO GROUPS
 EXPERIENCE BY AVERAGE SALARY FACTOR
 COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Average Salary Factor	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular †
Employee				
90-99%.....	3,226	440,191	5,644	84%
100-109.....	2,851	424,124	6,340	95
110-119.....	893	79,299	1,489	118
120-129.....	283	32,102	664	125
130 or more.....	132	8,960	219	164
Unknown.....	1,201	121,953	1,751	91
Total.....	8,586	1,106,629	16,107	94%
Dependent				
90-99%.....	3,117	283,438	5,226	81%
100-109.....	2,811	311,697	6,952	93
110-119.....	874	57,999	1,646	118
120-129.....	277	24,068	692	111
130 or more.....	127	6,141	233	171
Unknown.....	1,169	85,556	1,801	88
Total.....	8,375	768,899	16,550	91%

* For dependents, exposure of employees insured with respect to their dependents.

† No tabular adjustment.

TABLE 14
 SUPPLEMENTARY MAJOR MEDICAL
 NONJUMBO GROUPS
 EXPERIENCE BY DAILY BENEFIT
 COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Daily Benefit	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
\$8-\$12.....	1,917	282,073	4,476	89%
\$13-\$17.....	2,994	411,615	5,736	92
\$18-\$22.....	3,105	338,188	4,764	96
\$23 or more....	570	74,753	1,131	113
Total.....	8,586	1,106,629	16,107	94%
Dependent				
\$8-\$12.....	1,880	194,637	4,746	90%
\$13-\$17.....	2,920	292,614	5,836	88
\$18-\$22.....	3,026	233,221	4,910	95
\$23 or more....	549	48,427	1,058	104
Total.....	8,375	768,899	16,550	91%

* For dependents, exposure of employees with respect to their dependents.

† Tabular adjustment in Step III.

TABLE 15
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EXPERIENCE BY ANCILLARY SERVICES BENEFIT
COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Ancillary Services Benefit	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
10×-12×.....	627	144,641	2,435	99%
13×-17×.....	1,399	214,143	2,995	92
18×-22×.....	5,245	543,165	8,123	96
23×-94×.....	585	53,542	720	85
95×-unlimited.	730	151,138	1,834	86
Total.	8,586	1,106,629	16,107	94%
Dependent				
10×-12×.....	605	92,687	2,170	90%
13×-17×.....	1,373	151,939	3,210	93
18×-22×.....	5,092	371,080	8,310	94
23×-94×.....	594	39,170	793	82
95×-unlimited.	711	114,023	2,067	84
Total.	8,375	768,899	16,550	91%

* For dependents, exposure of employees insured with respect to their dependents.
† Tabular adjustment in Step III.

TABLE 16
 SUPPLEMENTARY MAJOR MEDICAL
 NONJUMBO GROUPS
 EXPERIENCE BY HOSPITAL REDUCTION PER CENT
 COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Hospital Reduction Per Cent	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
<40%.....	1,220	192,786	3,638	89%
40-49.....	2,603	309,943	5,028	94
50-59.....	2,887	357,216	4,525	91
60-69.....	1,370	165,310	2,013	105
70 or more.....	506	81,374	903	100
Total.....	8,586	1,106,629	16,107	94%
Dependent				
<40%.....	1,202	128,550	3,747	90%
40-49.....	2,538	215,066	5,139	91
50-59.....	2,821	251,482	4,643	88
60-69.....	1,340	116,455	2,065	103
70 or more.....	474	57,346	956	99
Total.....	8,375	768,899	16,550	91%

* For dependents, exposure of employees insured with respect to their dependents.
 † No tabular adjustment except for maximum limit in Step III.

TABLE 17
 SUPPLEMENTARY MAJOR MEDICAL
 NONJUMBO GROUPS
 EXPERIENCE BY PER CENT TOTAL REDUCTION
 COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Per Cent Total Reduction	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
<40%.....	66	17,731	414	86%
40-49.....	676	104,974	2,036	91
50-59.....	1,627	199,704	3,387	89
60-69.....	2,507	312,867	4,610	94
70-79.....	2,313	282,157	3,598	95
80-89.....	1,290	176,786	1,919	102
90 or more.....	107	12,410	143	142
Total.....	8,586	1,106,629	16,107	94%
Dependent				
<40%.....	88	10,351	376	85%
40-49.....	688	77,965	2,245	88
50-59.....	1,570	134,760	3,533	90
60-69.....	2,499	223,433	4,715	89
70-79.....	2,230	203,883	3,843	95
80-89.....	1,211	111,433	1,749	100
90 or more.....	89	7,074	89	108
Total.....	8,375	768,899	16,550	91%

* For dependents, exposure of employees insured with respect to their dependents.

† Tabular adjustment in Step III.

TABLE 18
 SUPPLEMENTARY MAJOR MEDICAL
 NONJUMBO GROUPS
 EXPERIENCE BY TYPE OF BASIC BENEFITS
 COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Code*	No. Expe- rience Units	Employee Years of Exposure†	Actual Claims (000)	Ratio of Actual to 1965 Tabular‡
Employee				
1.....	1,309	208,073	3,609	97%
2.....	2,669	303,084	4,106	93
3.....	184	48,036	697	99
4.....	3,391	332,515	4,372	90
5.....	491	95,824	1,407	91
6.....	542	119,097	1,916	95
Total.....	8,586	1,106,629	16,107	94%
Dependent				
1.....	1,263	139,097	3,498	94%
2.....	2,617	211,320	4,223	90
3.....	168	30,499	704	103
4.....	3,323	237,000	4,728	91
5.....	475	66,601	1,412	83
6.....	529	84,382	1,985	91
Total.....	8,375	768,899	16,550	91%

* Basic benefit code:

1. Hospital and surgical only.
2. Hospital, surgical, and in-hospital physicians.
3. Hospital, surgical, in-hospital, and out-hospital physicians.
4. Hospital, surgical, in-hospital physicians, and other base plan benefits.
5. Hospital, surgical, in-hospital and out-hospital physicians, and other base plan benefits.
6. Hospital, surgical, no physicians, but with other base plan benefits.

† For dependents, exposure of employees insured with respect to their dependents.

‡ Tabular adjustment for basic benefits: type—none; amount—Step III.

TABLE 19
 SUPPLEMENTARY MAJOR MEDICAL
 ALL SIZE GROUPS
 EXPERIENCE BY SIZE OF EXPOSURE
 COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Size (No. Lives)	No. Expe- rience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
<25.....	1,414	23,076	485	130%
25-49.....	2,622	91,784	1,520	108
50-99.....	2,277	159,619	2,461	96
100-249.....	1,465.	223,595	3,303	94
250-499.....	445	155,336	2,117	88
500-999.....	201	135,368	1,910	93
1,000-2,499...	119	175,289	2,522	92
2,500-4,999...	43	142,562	1,789	83
5,000 or more..	9	53,065	745	95
Total.....	8,595	1,159,694	16,852	94%
Dependent				
<25.....	1,363	16,035	413	110%
25-49.....	2,558	61,926	1,437	103
50-99.....	2,236	108,663	2,397	93
100-249.....	1,431	154,614	3,469	94
250-499.....	435	107,933	2,173	86
500-999.....	193	94,245	1,981	89
1,000-2,499...	116	119,741	2,661	93
2,500-4,999...	43	105,742	2,019	82
5,000 or more..	9	37,967	999	102
Total.....	8,384	806,866	17,549	92%

* For dependents, exposure of employees insured with respect to their dependents.

† No tabular adjustment.

TABLE 20
SUPPLEMENTARY MAJOR MEDICAL
ALL SIZE GROUPS
NUMBER OF EMPLOYEE EXPERIENCE UNITS BY SIZE OF EXPOSURE AND
ACTUAL TO TABULAR CLAIMS RATIO
COMBINED 1963-65 POLICY YEARS' EXPERIENCE

No. Lives	RATIO OF ACTUAL TO 1965 TABULAR*									Total
	<20%	20-49%	50-79%	80-119%	120-149%	150-199%	200-299%	300-499%	500% or More	
<25	674	182	109	93	53	66	89	69	79	1,414
25-49	969	492	266	232	120	142	144	134	123	2,622
50-99	543	489	323	318	142	149	153	123	37	2,277
100-249	221	305	290	262	122	108	103	48	6	1,465
250-499	42	82	116	108	36	33	19	8	1	445
500-999	5	41	45	57	25	18	8	2		201
1,000-2,499	1	14	38	42	14	6	4			119
2,500-4,999		3	20	14	3	3				43
5,000 or more			3	4	2					9
Total	2,455	1,608	1,210	1,130	517	525	520	384	246	8,595

* No tabular adjustment.

TABLE 21
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EMPLOYEE AGE DISTRIBUTION BY AVERAGE AGE FACTOR AND FEMALE PER CENT
COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Average Age Factor	No. Experience Units	Employee Years of Exposure	PERCENTAGE DISTRIBUTION BY AGE								Total
			30	30-39	40-44	45-49	50-54	55-59	60-64	65	
30-69%	641	58,637	44%	33%	11%	6%	3%	2%	1%	100%	
70-79	634	76,239	37	31	12	9	6	3	2	100	
80-89	895	121,241	31	31	13	10	7	5	2	100	
90-99	1,103	154,478	27	29	14	11	9	6	3	100	
100-109	1,066	183,308	23	28	14	12	10	7	4	100	
110-119	1,037	164,149	20	25	14	13	11	9	6	2	
120-129	893	123,948	16	24	14	14	12	10	7	3	
130-139	741	88,148	14	22	14	14	13	11	8	4	
140-149	562	60,624	13	19	13	14	14	13	8	6	
150-159	349	31,198	10	18	13	14	16	14	10	5	
160 and over	665	44,659	9	14	11	13	15	15	12	11	
All ages:											
<31% female	6,447	828,599	22%	28%	13%	12%	10%	8%	5%	2%	100%
≥31% female	2,139	278,030	26	26	12	12	10	8	5	1	100
Total	8,586	1,106,629	23%	27%	13%	12%	10%	8%	5%	2%	100%

TABLE 22
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
EMPLOYEE INCOME DISTRIBUTION BY AVERAGE SALARY FACTOR
COMBINED 1963-65 POLICY YEARS' EXPERIENCE

Average Salary Factor	No. Experience Units	Employee Years of Exposure	Less than \$5,000	\$5,000-\$7,500	\$7,500-\$10,000	\$10,000-\$15,000	\$15,000-\$20,000	\$20,000 or More	Total
90-99%	3,226	440,191	65%	26%	6%	2%	1%		100%
100-109	2,851	424,124	32	43	16	6	2	1%	100
110-119	893	79,299	22	32	23	15	4	4	100
120-129	283	32,102	17	22	22	22	9	8	100
130 or more	132	8,960	16	17	10	19	20	18	100
Total	7,385	984,676	40%	41%	11%	5%	2%	1%	100%
	1,201	121,953	Distribution not available						

TABLE 23
SUPPLEMENTARY MAJOR MEDICAL
NONJUMBO GROUPS
DEPENDENT UNIT COMPOSITION BY AVERAGE AGE FACTOR
COMBINED 1963-65 POLICY YEARS' EXPERIENCE

AVERAGE AGE FACTOR	NO. EXPE- RIENCE UNITS	DEPENDENT UNIT YEARS OF EXPOSURE*	PERCENTAGE OF DEPENDENT UNITS CONTAINING:	
			Spouse	Children
30-69%	83	7,120	92%	66%
70-79	89	9,174	94	73
80-89	92	11,235	80	76
90-99	125	17,765	89	75
100-109	139	30,871	92	73
110-119	105	20,465	91	72
120-129	104	22,690	90	65
130-139	96	22,353	89	67
140-149	85	13,054	95	63
150-159	48	3,492	97	65
160 or more	77	5,241	92	58
All ages	1,043	163,460	91%	71%
			One Dependent	Two or More Dependents
30-69%	22	2,613	26%	74%
70-79	49	8,440	24	76
80-89	77	13,475	23	77
90-99	132	16,670	25	75
100-109	118	20,440	28	72
110-119	171	29,517	32	68
120-129	114	15,886	32	68
130-139	128	14,209	35	65
140-149	84	7,223	36	64
150-159	45	5,541	36	64
160 or more	106	5,995	45	55
All ages	1,046	140,009	31%	69%
	6,286	465,430	Distribution not available	

* Exposure of employees insured with respect to their dependents.

TABLE 24
 SUPPLEMENTARY MAJOR MEDICAL
 NONJUMBO GROUPS
 DEPENDENT UNIT COMPOSITION BY FEMALE PER CENT
 COMBINED 1963-65 POLICY YEARS' EXPERIENCE

FEMALE PER CENT	NO. EXPE- RIENCE UNITS	DEPENDENT UNIT YEARS OF EXPOSURE*	PERCENTAGE OF DEPENDENT UNITS CONTAINING:	
			Spouse	Children
<11%.....	583	95,955	92%	69%
11-21.....	153	28,774	94	74
21-31.....	81	8,502	89	74
31-41.....	47	7,410	73	78
41-51.....	40	6,568	81	75
51 or more.....	139	16,251	86	55
Total.....	1,043	163,460	91%	71%
			One Dependent	Two or More Dependents
<11%.....	312	54,115	29%	71%
11-21.....	254	31,481	28	72
21-31.....	165	21,273	31	69
31-41.....	112	13,754	31	69
41-51.....	60	6,105	38	62
51 or more.....	143	13,281	39	61
Total.....	1,046	140,009	31%	69%
	6,286	465,430	Distribution not available	

* Exposure of employees insured with respect to their dependents.