

II. GROUP COMPREHENSIVE MEDICAL
EXPENSE BENEFITS INSURANCE

THIS is the fifth annual report on the study of the morbidity experience of Group Comprehensive Medical Expense insurance. Rules similar to those applicable to the group hospital and surgical studies were used to select the groups whose experience would be included in the report. In addition, groups which the contributing companies individually classify as substandard and groups with eligibility limited to only high-salaried employees are excluded from the study.

The tables in this report show the experience of all exposure size groups combined or for nonjumbo groups only. Nonjumbo groups are those with less than 5,000 insured employees. These size groups are shown in order to minimize the effect that jumbo groups might have upon the ratio of actual to tabular claims in any of the groupings shown. This report contains experience for policy years ending in 1962, 1963, 1964, 1965, and 1966. The central period of exposure for each policy year is approximately January 1 of that year. Actual claims are shown to the nearest \$1,000.

Ratios of Actual to Tabular Claims

The results are presented in the form of ratios of actual to tabular claims. This report is based on an updated and expanded version of the 1960 Tabular, which was used for prior reports. The 1960 Nonmaternity Tabular was presented in the Pettengill-Burton paper, "Development of Expected Claim Costs for Comprehensive Medical Expense Benefits and Ratios of 1959 and 1960 Actual Experience Thereto" (*TSA*, Vol. XV); the 1960 Maternity Tabular was based upon Table 1 of Mr. Hoffman's discussion of that paper. The revised tabular endeavors to take into account claim cost variations exhibited in Intercompany experience. Nevertheless, like its predecessor, it involves a substantial amount of judgment. It is designed to produce ratios of actual to tabular claims of approximately 100 per cent for the policy year ending in 1965 and shall be referred to as the 1965 Comprehensive Tabular.

The 1965 Comprehensive Tabular shown in Appendix I of this report differs from the 1960 Tabular as follows:

1. The Step I basic tabular costs were increased an average of approximately 28 per cent, with variations ranging from 25 to 29 per cent. The percentage adjustments for area were converted from a scale of 8 to 4 per cent differences, with some upward and downward adjustments to reflect prior experience. The average area factor remains unchanged. Other tabular amounts and percentage adjustments were changed to reflect changing charge and utilization levels, except that no changes were made in the following factors:

- a) Coinsurance adjustment for 75 per cent reimbursement.
 - b) Employee age factor, except for introducing factors for ages less than 30 and 30-39 instead of less than 40.
 - c) Private-room limit extras.
2. Additional factors were included in the tabular for:
- a) Plan V—this plan has no deductible for room-and-board expenses; the deductible applies to “other expenses” (experience for this plan is not yet submitted for study).
 - b) Deductible—accumulation period, benefit period, “each illness” versus “all cause.”
 - c) Relative number of children.
 - d) Children from birth and past age 19.
 - e) Family limit on deductibles.
 - f) Variation in the tabular for coverage of one or more dependents by female per cent.
 - g) Maximum benefit.
 - h) Mental and nervous disorders.

In order to exhibit the experience by ranges of average salary, an average salary factor was calculated for each group, with salary data based on the following table. The tabular claims, however, do *not* include an adjustment on account of salary.

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

Approximately 25 per cent of the experience in this study is based on plans which do not contain a co-ordination of benefits provision. No adjustment in the tabular is made on account of this feature since the amount of duplicate coverage, if any, on each group is unknown.

Because of the large number of variables affecting the claim level under these plans, actual claims often differ considerably from the tabular claims calculated for a group, particularly for groups of small or modest size, as illustrated in Table 15. In addition, some of the experience for certain plan features is concentrated in the contributions of only a few companies. The above limitations should be considered when interpreting the data contained in this report. Finally, caution should be used in comparing factors or ratios of actual to tabular claims of this report to those for the Supplementary Major Medical report, since the respective tabulars often contain different adjustments for the same cost factor.

Contributing Companies

Ten companies have contributed to the investigation covered in this report. The results are the composite experience of variations in company practices and in underlying administration and claim procedures, as well as variations in experience among groups.

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

Analysis of Experience

Table 1 summarizes the 1964-66 nonmaternity experience for broad groups of plans for all size groups. Table 2 contains nonmaternity and maternity ratios of actual to tabular by year of experience for nonjumbo groups only. Tables 15 and 16 set forth 1964-66 experience by size of experience unit and the distribution of experience units by size, for all size groups. The remaining tables are based upon the combined 1964-66 experience under all plans covering only nonjumbo groups.

Table 1 shows experience separately for "all cause" and "each illness" plans, a feature for which tabular adjustments have been made for the first time. The actual to tabular ratios are generally consistent for all plans, except that the ratios for "each illness" plans which require total disability are substantially below those of other plans. Contrary to prior reports, the ratios of actual to tabular claims for plans without full reimbursement of hospital expenses and no waiver of deductible are generally consistent with those of other plans. This can only be partially accounted for by a change in the relationship between tabular factors for these plans. A review of the experience for nonjumbo groups only indicates results similar to those shown in Table 1 for all size groups.

Table 2 summarizes the ratios of actual to tabular for years 1962-66 and indicates the trend of experience. Maternity ratios for all plans combined are included in this report for the first time. It should be noted that the maternity tabular is based solely upon the benefit provided for normal delivery.

TABLE 1
 COMPREHENSIVE MEDICAL
 ALL SIZE GROUPS, NONMATERNITY EXPERIENCE BY PLAN
 COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Plan	No. Ex- perience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
All-Cause plans:				
Without full reimbursement of hospital ex- penses:				
Deductible applied to all expenses	1,279	191,950	11,539	103%
Deductible waived for hospital expenses . . .	116	40,560	2,047	103
Deductible waived for hospital and surgical expenses	113	21,887	1,383	105
Total	1,508	254,397	14,969	103%
With full reimbursement of hospital expenses:				
Deductible applied to all expenses	350	127,693	7,242	97%
Deductible waived for hospital expenses . . .	1,517	247,897	15,860	99
Deductible waived for hospital and surgical expenses	718	117,164	7,717	101
Total	2,585	492,754	30,819	99%
Total, All-Cause plans	4,093	747,151	45,788	101%
Total, Each-Illness plans, total disability not re- quired	602	109,050	6,658	101%
Total, Each-Illness plans, total disability re- quired	232	31,065	1,446	86%
Dependent				
All-Cause plans:				
Without full reimbursement of hospital ex- penses:				
Deductible applied to all expenses	1,267	122,721	12,974	105%
Deductible waived for hospital expenses . . .	119	30,925	2,957	101
Deductible waived for hospital and surgical expenses	94	12,953	1,495	102
Total	1,480	166,599	17,426	104%
With full reimbursement of hospital expenses:				
Deductible applied to all expenses	345	88,893	9,154	97%
Deductible waived for hospital expenses . . .	1,498	167,343	18,646	95
Deductible waived for hospital and surgical expenses	679	70,475	8,465	102
Total	2,522	326,711	36,265	97%
Total, All-Cause plans	4,002	493,310	53,691	99%
Total, Each-Illness plans, total disability not re- quired	557	64,412	6,882	101%
Total, Each-Illness plans, total disability re- quired	227	20,140	1,716	86%

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

† Tabular adjustment in Steps I, II, and III (see Appendix I).

TABLE 2
 COMPREHENSIVE MEDICAL
 NONJUMBO GROUPS
 EXPERIENCE BY PLAN AND BY YEAR
 1962-66 POLICY YEARS' EXPERIENCE

PLAN	RATIO OF ACTUAL TO 1965 TABULAR FOR POLICY YEAR ENDING IN:				
	1962	1963	1964	1965	1966
	Employee				
<i>Nonmaternity:</i>					
All-Cause plans:					
Without full reimbursement of hospital expenses	84%	88%	100%	100%	110%
With full reimbursement of hos- pital expenses	84	87	95	100	105
Total, All-Cause plans	84%	87%	96%	100%	107%
Total, Each-Illness plans, total dis- ability not required	82%	82%	98%	103%	103%
Total, Each-Illness plans, total dis- ability required	90%	82%	82%	88%	97%
Total, all plans	84%	87%	96%	100%	106%
<i>Maternity:</i>					
Total, all plans	114%	105%	108%	98%	83%
	Dependent				
<i>Nonmaternity:</i>					
All-Cause plans:					
Without full reimbursement of hospital expenses	85%	87%	97%	103%	114%
With full reimbursement of hos- pital expenses	82	87	92	100	102
Total, All-Cause plans	83%	87%	93%	101%	106%
Total, Each-Illness plans, total dis- ability not required	87%	82%	94%	98%	111%
Total, Each-Illness plans, total dis- ability required	84%	77%	87%	83%	101%
Total, all plans	83%	86%	93%	100%	106%
<i>Maternity:</i>					
Total, all plans	114%	103%	110%	102%	87%

Table 3 contains the nonmaternity and maternity experience by average age factor. The average age factor is a measure of the age distribution of the employees and increases as the ages of the employees increase. The ratios of actual to tabular claims for nonmaternity experience are quite consistent by age grouping and appear to indicate that the 1965 Tabular

TABLE 3
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS
NONMATERNITY AND MATERNITY EXPERIENCE BY AVERAGE AGE FACTOR
COMBINED 1964-66 POLICY YEARS' EXPERIENCE

AVERAGE AGE FACTOR	NONMATERNITY EXPERIENCE				MATERNITY EXPERIENCE	
	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
	Employee					
55- 79%.....	264	34,632	1,522	103%	73	94%
80- 89.....	568	83,262	4,211	100	140	80
90- 99.....	850	146,205	8,112	102	186	92
100-109.....	952	163,229	9,665	100	243	104
110-119.....	862	191,682	13,082	103	196	103
120-129.....	604	100,437	6,883	100	108	100
130-139.....	385	43,716	3,152	95	22	106‡
140-149.....	200	17,942	1,329	95	12	94‡
150-159.....	122	9,434	786	101	4	109‡
160 or more.....	109	11,342	1,001	93	2	79‡
All ages.....	4,916	801,881	49,743	101%	986	96%
	Dependent					
55- 79%.....	251	19,659	1,831	100%	401	91%
80- 89.....	554	51,195	5,442	102	868	99
90- 99.....	832	94,380	9,969	98	1,276	97
100-109.....	928	111,144	12,116	101	1,412	101
110-119.....	840	124,812	14,417	100	1,230	101
120-129.....	578	64,363	7,087	99	592	111
130-139.....	376	25,328	2,961	100	165	100
140-149.....	193	12,184	1,393	97	90	121
150-159.....	119	6,102	700	96	33	99‡
160 or more.....	104	6,566	733	91	22	123‡
All ages.....	4,775	515,733	56,649	97%	6,089	100%

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

† Tabular adjustments: nonmaternity, in Steps V and VII; maternity, in Steps VII and XV.

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

TABLE 4
 COMPREHENSIVE MEDICAL
 NONJUMBO GROUPS
 NONMATERNITY AND MATERNITY EXPERIENCE BY FEMALE PER CENT
 COMBINED 1964-66 POLICY YEARS' EXPERIENCE

FEMALE PER CENT	NONMATERNITY EXPERIENCE				MATERNITY EXPERIENCE	
	No. Ex- perience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
	Employee					
<11%.....	1,401	190,478	10,958	100%	94	202%‡
11-21.....	1,199	184,642	11,496	104	172	110
21-31.....	723	123,619	7,466	99	146	96
31-41.....	441	84,904	5,375	105	172	82
41-51.....	404	85,911	6,217	104	120	81
51-61.....	323	59,930	3,644	96	145	97
61-71.....	252	47,101	2,900	92	71	77
71-81.....	118	18,556	1,213	89	45	83
81-91.....	45	4,642	316	91	16	114‡
91-100.....	10	2,098	158	100	5	83‡
<31% female....	3,323	498,739	29,919	101%	412	116%
≥31% female....	1,593	303,142	19,824	99	574	85
Total.....	4,916	801,881	49,743	101%	986	96%
	Dependent					
<11%.....	1,353	145,550	16,120	102%	1,794	107%
11-21.....	1,174	135,638	15,245	101	1,859	112
21-31.....	707	82,104	8,847	98	987	97
31-41.....	427	48,764	5,323	100	643	91
41-51.....	392	44,687	5,363	98	356	95
51-61.....	313	31,715	3,150	95	267	86
61-71.....	243	19,062	1,744	87	137	53
71-81.....	116	5,838	675	107	43	77
81-91.....	41	1,486	135	87	2	19‡
91-100.....	9	889	47	49	1	20‡
<31% female....	3,234	363,292	40,212	101%	4,641	107%
≥31% female....	1,541	152,441	16,437	96	1,448	84
Total.....	4,775	515,733	56,649	99%	6,089	100%

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

† Tabular adjustments: nonmaternity, Steps V and IX; maternity, Steps V, IX, and XV.

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

age scale satisfactorily represents the pattern of nonmaternity claim costs by age.

The Table 3 ratios of actual to tabular claims for maternity experience are based upon a tabular which reflects the age and sex distribution of employee groups, but without regard to marital status, since the age and sex distribution of employees with dependents is not available. The results appear to indicate that the 1965 Tabular satisfactorily represents the pattern of maternity claim costs by age, although the employee ratios tend to be higher for older age groups.

Table 4 contains the nonmaternity and maternity experience by female per cent. The nonmaternity and maternity actual to tabular ratios generally exhibit a downward trend with increasing per cent female. The spouse portion of the dependent tabular is adjusted for the female content of the employee group. The lower ratios of actual to tabular for high female per cent groups may be a reflection of differing compositions of single and married female employees and dependent units, since these employee data cannot be reflected in the tabular because the marital status of employees and the female per cent content of employees with dependents are unknown. Experience by female per cent within age grouping generally exhibits the same pattern of actual to tabular ratios by age group as for all age groups combined.

Table 5 shows the nonmaternity experience by average salary factor for that portion of the experience for which contributing companies were able to submit an income distribution of covered employees. Experience indicates substantially increasing ratios of actual to tabular as the average earnings of the employees increase. Though adjustment to the tabular has not been made for salary, distributions provided in this report permit a comparison of exposure characteristics with experience by groupings of the salary factor to estimate the effect of a scale of income adjustment factors on ratios of actual to tabular claims shown in this table.

Table 6 presents the combined employee and dependent nonmaternity experience by metropolitan area, state, and region. The 1965 Tabular area factors are also shown in the table in order to facilitate comparisons with actual experience. In assigning metropolitan area codes to the data submitted, contributing companies used state the 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 proportion of the employees are actually located in one of the metropolitan areas shown in the table. In general, the ratios of actual to tabular claims appear to indicate that the 1965 Tabular area factors satisfactorily represent area variations.

Table 7 summarizes the experience in Table 6 for 17 metropolitan areas and 31 states for which \$500,000 or more of actual claims were submitted. It provides a comparison of the relative level of experience for these areas, using Los Angeles as a base. The ratio to Los Angeles of 1964-66 experience was obtained by first determining for each area the 1965 Tabular area factor which would have produced the same ratio of actual to tabular as observed in Los Angeles and then reducing to a base 100 by dividing by the 1965 Tabular area factor for Los Angeles.

Table 8 shows nonmaternity experience for plans classified according to the type of restriction applicable to treatment of mental and nervous disorders. The tabular adjustments produce consistent results, for employee and dependent, except for dependent code 3, which appears to be a chance fluctuation.

TABLE 5
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS
NONMATERNITY EXPERIENCE BY AVERAGE SALARY FACTOR
COMBINED 1964-66 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%.....	1,737	284,939	17,245	97%
100-109.....	1,653	319,045	20,050	102
110-119.....	565	106,533	6,820	105
120-129.....	165	11,820	856	114
130 or more.....	93	8,330	610	129
Unknown.....	703	71,214	4,162	100
Total.....	4,916	801,881	49,743	101%
Dependent				
90- 99%.....	1,676	158,942	16,195	95%
100-109.....	1,612	221,486	24,770	99
110-119.....	557	77,274	9,077	106
120-129.....	164	8,050	1,063	113
130 or more.....	85	5,106	672	129
Unknown.....	681	44,875	4,872	102
Total.....	4,775	515,733	56,649	99%

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

† No adjustment in tabular.

TABLE 6

COMPREHENSIVE MEDICAL
NONJUMBO GROUPS

NONMATERNITY EXPERIENCE BY REGION, STATE, AND METROPOLITAN AREA
EMPLOYEE AND DEPENDENT COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Region,* State,† or Metropolitan Area	No. Experi- ence Units‡	Years of Exposure‡	Actual Claims (000)	Ratio of Actual to 1965 Tabular	1965 Tabular Area Factor
<i>Total, all locations</i>	4,916	801,881	106,392	100%	
New England States:					
Connecticut.....	20	3,336	418	96%	96%
Bridgeport-Stamford-Norwalk.....	12	6,272	818	93	100
Hartford-New Britain-Bristol.....	10	806	88	79	96
New Haven-Waterbury.....	13	672	122	113	104
Total.....	55	11,086	1,446	94%	
Maine.....	38	11,064	1,692	103%	92%
Massachusetts.....	64	8,744	1,217	104%	104%
Boston.....	44	4,610	580	85	108
Springfield-Holyoke.....					100
Total.....	108	13,354	1,797	97%	
New Hampshire.....	10	838	91	79%	92%
Rhode Island.....				§	104%
Providence.....				§	104
Vermont.....	11	2,567	266	89%	92%
Region.....	6	1,263	241	115%	100%
<i>Region total</i>	231	40,321	5,547	98%	
Middle Atlantic States:					
Delaware.....				§	92%
District of Columbia.....	42	11,425	1,634	110%	100%
New Jersey.....	48	8,049	893	103%	100%
New York.....	123	16,965	2,163	102%	96%
Albany-Schenectady-Troy.....	17	1,891	268	97	96
Buffalo.....	8	450	73	120	96
New York-Northeastern New Jersey.....	290	45,117	5,936	101	108
Rochester.....	5	886	117	90	96
Syracuse.....	22	7,187	1,009	95	96
Total.....	465	72,496	9,566	100%	
Pennsylvania.....	88	17,250	1,894	99%	80%
Allentown-Bethlehem-Easton.....	†			§	88
Philadelphia.....	45	4,371	499	92	92
Pittsburgh.....	10	5,510	1,057	115	100
Wilkes-Barre-Hazleton.....	†			§	88
Total.....	145	27,230	3,462	102%	
Region.....	8	1,264	160	97%	100%
<i>Region total</i>	709	120,686	15,744	102%	

* 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.

TABLE 6—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
North Central States:					
Illinois.....	245	30,693	3,844	105%	92%
Chicago.....	318	49,758	6,146	99	100
Total.....	563	80,451	9,990	101%	.....
Indiana.....	86	15,953	1,968	108%	84%
Indianapolis.....	39	8,664	1,087	97	84
Total.....	125	24,617	3,055	104%	.....
Kentucky.....	35	3,995	515	99%	92%
Louisville.....	21	6,508	1,094	107	108
Total.....	56	10,503	1,609	104%	.....
Michigan.....	91	11,396	1,483	100%	100%
Detroit.....	33	5,181	830	102	116
Total.....	124	16,577	2,313	101%	.....
Ohio.....	69	14,579	1,735	99%	92%
Akron.....	11	2,056	240	92	96
Cincinnati.....	11	2,773	214	96	92
Cleveland.....	5	2,679	346	80	104
Columbus.....	15	3,723	386	91	92
Dayton.....	7	594	84	101	92
Toledo.....				§	92
Youngstown.....					92
Total.....	120	26,639	3,029	94%	.....
West Virginia.....	51	3,944	514	106%	88%
Wheeling-Steubenville.....				§	92
Total.....	52	4,035	519	105%	.....
Wisconsin.....	64	20,694	2,749	104%	92%
Milwaukee.....	45	5,033	726	101	100
Total.....	109	25,727	3,475	103%	.....
Region.....	21	6,311	772	99%	96%
<i>Region total</i>	<i>1,170</i>	<i>194,860</i>	<i>24,762</i>	<i>101%</i>	<i>.....</i>
Plains States:					
Iowa.....	44	8,326	1,333	107%	100%
Kansas.....	17	2,388	323	110%	100%
Minnesota.....	27	4,179	662	110%	96%
Minneapolis-St. Paul.....	43	6,600	868	89	108
Total.....	70	10,779	1,530	97%	.....
Missouri.....	35	3,233	445	107%	92%
Kansas City.....	35	3,032	438	104	100
St. Louis.....	66	4,755	504	85	100
Total.....	136	11,020	1,387	97%	.....

TABLE 6—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
<i>Plains States—Continued</i>					
Nebraska.....	11	353	33	88%||	92%
Omaha.....	11	1,277	208	104	100
Total.....	22	1,630	241	101%	.....
North Dakota.....	10	464	48	77%	92%
South Dakota.....	20	1,333	127	85%	88%
Region.....	7	661	101	92%	100%
<i>Regional total</i>	326	36,601	5,090	100%	.....
<i>Mountain States:</i>					
Colorado.....	12	3,043	520	113%	112%
Denver.....	21	3,428	475	101	120
Total.....	33	6,471	995	107%	.....
Idaho.....	35	1,800	259	100%	100%
Montana.....	30	2,385	273	91%	92%
Nevada.....	26	1,433	210	101%	120%
Utah.....	40	4,266	686	111%	96%
Wyoming.....	18	652	103	108%	96%
Region.....	.....	.....	.....	.....	104%
<i>Region total</i>	182	17,007	2,526	105%	.....
<i>Pacific States:</i>					
California.....	227	40,122	5,635	95%	124%
Los Angeles.....	510	57,353	8,343	98	140
San Diego.....	32	3,071	460	109	136
San Francisco—Oakland.....	84	13,887	2,271	100	140
Total.....	853	114,433	16,709	97%	.....
Oregon.....	35	4,296	570	91%	100%
Portland.....	16	1,204	177	101	108
Total.....	51	5,500	747	94%	.....
Washington.....	29	4,324	659	109%	108%
Seattle.....	29	2,252	292	93	116
Total.....	58	6,576	951	104%	.....
Region.....	10	4,031	641	100%	112%
<i>Region total</i>	972	130,540	19,048	98%	.....
<i>Gulf States:</i>					
Arizona.....	80	5,377	885	110%	116%
Arkansas.....	41	5,725	564	96%	84%
Louisiana.....	62	6,586	873	102%	100%
New Orleans.....	22	1,839	301	100	108
Total.....	84	8,425	1,174	102%	.....
New Mexico.....	42	2,626	338	102%	100%

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

** See notes to Table 6 on p. 178.

TABLE 6—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
<i>Gulf States—Continued</i>					
Oklahoma.....	35	2,461	407	113%	104%
Texas.....	111	10,833	1,313	96%	108%
Dallas.....	17	743	101	105	120
Fort Worth.....	9	809	129	104	116
Houston.....	36	5,520	832	93	120
San Antonio.....	12	808	71	73	108
Total.....	185	18,713	2,446	95%	.....
Region.....	6	764	94	88%	100%
<i>Region total.....</i>	<i>473</i>	<i>44,091</i>	<i>5,908</i>	<i>100%</i>	<i>.....</i>
<i>Southeastern States:</i>					
Alabama.....	40	5,162	840	103%	108%
Birmingham.....	25	1,985	260	98	108
Total.....	65	7,147	1,100	102%	.....
Florida.....	77	9,744	1,074	98%	92%
Miami.....	27	1,794	276	112	116
Tampa.....	21	2,601	338	92	104
Total.....	125	14,139	1,688	99%	.....
Georgia.....	38	4,811	523	101%	88%
Atlanta.....	30	5,058	473	94	96
Total.....	68	9,869	996	98%	.....
Maryland.....	28	4,009	491	98%	84%
Baltimore.....	27	3,035	379	100	92
Total.....	55	7,044	870	99%	.....
Mississippi.....	20	1,215	164	123%	100%
North Carolina.....	24	5,721	866	113%	96%
South Carolina.....	46	4,368	636	106%	88%
Tennessee.....	32	4,203	496	102%	96%
Knoxville.....	6	735	117	99	104
Memphis.....	31	5,683	803	101	108
Total.....	69	10,621	1,416	101%	.....
Virginia.....	70	11,507	1,187	98%	84%
Norfolk-Portsmouth.....	11	608	72	91	92
Total.....	81	12,115	1,259	97%	.....
Region.....	15	4,243	481	102%	92%
<i>Region total.....</i>	<i>568</i>	<i>76,482</i>	<i>9,476</i>	<i>101%</i>	<i>.....</i>
Hawaii.....	.....	.....	.....	#	100%
Alaska.....	25	1,523	268	97%	132%
<i>Total, states and regions.....</i>	<i>4,663</i>	<i>662,331</i>	<i>88,424</i>	<i>100%</i>	<i>.....</i>
<i>All other#.....</i>	<i>253</i>	<i>139,550</i>	<i>17,968</i>	<i>99%</i>	<i>.....</i>

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

Table 9 shows the nonmaternity experience by amount of maximum benefit for plans with or without an automatic yearly restoration feature. The tabular uses a \$5,000 lifetime maximum benefit as a base and all adjustments are related to this base. The actual to tabular ratios show generally consistent results for groupings with significant volume, although the \$10,000 maximum benefit ratios are somewhat higher than the corresponding \$5,000 maximum benefit ratios. The tabular also ad-

TABLE 7
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS
NONMATERNITY EXPERIENCE BY STATE AND METROPOLITAN AREA
EMPLOYEE AND DEPENDENT COMBINED 1964-66 POLICY YEARS' EXPERIENCE

	RATIO TO LOS ANGELES			RATIO TO LOS ANGELES	
	1965 Tabular Area Factor	1964-66 Actual Experi- ence		1965 Tabular Area Factor	1964-66 Actual Experi- ence
	Metropolitan Area			State—Continued	
Boston, Mass.	77%	67%	Colorado.	80%	92%
Bridgeport, Conn.	71	67	District of Columbia.	71	80
Chicago, Ill.	71	72	Florida.	66	66
Detroit, Mich.	83	86	Georgia.	63	65
Houston, Tex.	86	82	Illinois.	66	71
Indianapolis, Ind.	60	59	Indiana.	60	66
Los Angeles, Calif.	100	100	Iowa.	71	77
Louisville, Ky.	77	84	Kentucky.	66	67
Memphis, Tenn.	77	79	Louisiana.	71	74
Milwaukee, Wis.	71	73	Maine.	66	69
Minneapolis-St. Paul, Minn.	77	70	Massachusetts.	74	78
New York, N.Y.	77	79	Michigan.	71	72
Philadelphia, Pa.	66	62	Minnesota.	69	77
Pittsburgh, Pa.	71	83	New Jersey.	71	75
St. Louis, Mo.	71	62	New York.	69	72
San Francisco-Oakland, Calif.	100	102	North Carolina.	69	79
Syracuse, N.Y.	69	67	Ohio.	66	67
	State		Oregon.	71	66
Alabama.	77%	81%	Pennsylvania.	57	58
Arizona.	83	93	South Carolina.	63	68
Arkansas.	60	59	Tennessee.	69	72
California.	89	86	Texas.	77	75
			Utah.	69	78
			Virginia.	60	60
			Washington.	77	85
			West Virginia.	63	68
			Wisconsin.	66	70

justs for plans which have an automatic yearly restoration provision. The volume of experience under these plans is relatively small, but an examination of the raw data indicates results which appear to be consistent with that for all plans combined.

Table 10 shows the nonmaternity experience by deductible accumulation period. The actual to tabular ratios are consistent for groupings with substantial volume, except for the employee sixty-day deductible accumulation period.

Table 11 shows the nonmaternity experience according to the coinsurance provision of the plan. The ratios of actual to tabular claims for em-

TABLE 8
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS
NONMATERNITY EXPERIENCE BY MENTAL
AND NERVOUS RESTRICTION
COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Code*	No. Experience Units	Employee Years of Exposure†	Actual Claims (000)	Ratio of Actual to 1965 Tabular‡
Employee				
1.....	1,112	195,070	11,872	101%
2.....	2,388	498,769	31,224	101
3.....	399	35,145	2,287	102
4.....	1,017	72,897	4,360	98
Total	4,916	801,881	49,743	101%
Dependent				
1.....	1,086	134,974	14,645	98%
2.....	2,341	313,440	34,409	100
3.....	385	21,914	2,584	93
4.....	963	45,405	5,011	100
Total	4,775	515,733	56,649	99%

* Mental and Nervous 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 XIII.

TABLE 9
 COMPREHENSIVE MEDICAL
 NONJUMBO GROUPS
 NONMATERNITY EXPERIENCE BY MAXIMUM BENEFIT
 COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Maximum Benefit	No. Experi- ence Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
Lifetime maximum:				
\$2,500-\$4,999	73	10,677	747	127%
\$5,000	975	107,526	6,275	98
\$5,001-\$9,999	96	27,906	1,622	99
\$10,000	2,394	462,536	29,194	100
\$10,001-\$19,999	96	55,753	3,271	101
\$20,000 or more	17	21,715	1,732	119
Total	3,651	686,113	42,841	101%
No lifetime maximum, Each- Illness maximum:				
\$5,000	458	32,437	1,687	93%
\$10,000	759	70,791	4,449	101
All other	48	12,540	766	91
Total	1,265	115,768	6,902	98%
Total	4,916	801,881	49,743	101%
Dependent				
Lifetime maximum:				
\$2,500-\$4,999	147	11,782	1,340	117%
\$5,000	928	68,679	7,110	97
\$5,001-\$9,999	99	19,629	2,198	104
\$10,000	2,348	296,748	33,060	99
\$10,001-\$19,999	95	40,479	4,241	98
\$20,000 or more	17	15,333	1,851	103
Total	3,634	452,650	49,800	99%
No lifetime maximum, Each- Illness maximum:				
\$5,000	392	18,402	1,831	97%
\$10,000	707	38,589	4,212	98
All other	42	6,092	806	117%
Total	1,141	63,083	6,849	100%
Total	4,775	515,733	56,649	99%

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

† Tabular adjustment in Step X.

ployee experience are reasonably consistent; the dependent ratios for 75 per cent coinsurance plans are, as in recent reports, lower than those for 80 per cent coinsurance plans but not by as wide a margin. It should be noted that the 75 per cent coinsurance plan exposure is quite small and decreasing relative to the total exposure.

The experience by deductible amount and for plans with and without a family limit on deductibles is shown in Table 12. For plans with a family limit on the deductible, combined experience for all deductibles is shown, and the experience has been combined for employees and dependents inasmuch as there can be differences in company practices in the assign-

TABLE 10
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS
NONMATERNITY EXPERIENCE BY DEDUCTIBLE ACCUMULATION PERIOD
COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Deductible Accumulation Period	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
Entire benefit period.....	3,016	439,911	27,232	100%
30 days or 1 month‡.....	13	5,370	289	97
60 days or 2 months‡.....	403	77,114	4,858	106
61-89 days‡.....	27	2,744	140	91
90 days or 3 months‡.....	445	115,579	7,154	100
120 days or 4 months‡.....	11	1,146	69	105
121 days or more‡.....	1,001	160,017	10,001	99
Total.....	4,916	801,881	49,743	101%
Dependent				
Entire benefit period.....	2,954	290,950	32,234	99%
30 days or 1 month‡.....	13	3,956	404	101
60 days or 2 months‡.....	398	49,289	5,236	101
61-89 days‡.....	24	2,102	259	111
90 days or 3 months‡.....	435	70,141	7,492	101
120 days or 4 months‡.....	11	720	84	116
121 days or more‡.....	940	98,575	10,940	99
Total.....	4,775	515,733	56,649	99%

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

† Tabular adjustment in Step II.

‡ But less than entire benefit period.

TABLE 11
 COMPREHENSIVE MEDICAL
 NONJUMBO GROUPS
 NONMATERNITY EXPERIENCE BY COINSURANCE PERCENTAGE
 COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Coinsurance Percentage	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
75/25%:				
Without full reimbursement of hospital expenses.....	76	7,289	441	107%
With full reimbursement of hospital expenses.....	214	52,812	3,220	103
Total.....	290	60,101	3,661	103%
80/20%:				
Without full reimbursement of hospital expenses.....	1,841	280,598	16,855	102%
With full reimbursement of hospital expenses.....	2,785	461,182	29,227	99
Total.....	4,626	741,780	46,082	100%
Total.....	4,916	801,881	49,743	101%
Dependent				
75/25%:				
Without full reimbursement of hospital expenses.....	71	4,241	377	103%
With full reimbursement of hospital expenses.....	221	35,721	3,706	96
Total.....	292	39,962	4,083	97%
80/20%:				
Without full reimbursement of hospital expenses.....	1,782	174,209	18,486	102%
With full reimbursement of hospital expenses.....	2,701	301,562	34,080	98
Total.....	4,483	475,771	52,566	100%
Total.....	4,775	515,733	56,649	99%

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

† Tabular adjustment in Step III.

ment of claims under such provisions to employee or dependent experience. The experience by deductible amount appears to indicate that the tabular for \$100 deductible plans could be increased, while the tabular for \$25 deductible plans could be decreased to produce more consistent actual to tabular ratios by deductible amount.

Table 13 shows experience classified according to the private-room

TABLE 12
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS
NONMATERNITY EXPERIENCE BY DEDUCTIBLE
COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Deductible Amount per Individual	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular †
Employee				
A. Plans without a family limit on deductible:				
\$25	75	36,828	2,325	98% ^c
\$50	3,650	579,487	36,352	101
\$75	77	15,949	923	101
\$100	726	97,750	5,785	105
Total	4,528	730,014	45,385	101%
Dependent				
\$25	72	19,538	2,165	90%
\$50	3,538	378,429	41,797	99
\$75	77	11,148	1,118	110
\$100	702	59,833	6,232	105
Total	4,389	468,948	51,312	99%
Combined Employee and Dependent ‡				
B. Plans with a family limit on deductible:				
2× but less than 3×:				
All deductibles	67	19,429	2,690	102%
3× but less than 4×:				
All deductibles	321	52,438	7,005	97

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

† Tabular adjustments: amount, Step II; family limit on deductible, Step VIII.

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

limits of the plan. The tabular adjustments produce reasonably consistent results, though the experience is largely concentrated in one category, that of semiprivate.

Table 14 shows the dependent experience according to the definition in the contract with respect to eligibility of dependent children. The tabular adjustment made appears to have produced reasonably consistent results.

Table 15 indicates the actual to tabular ratios for groupings of case by size of the experience unit. The experience appears to indicate lower

TABLE 13
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS
NONMATERNITY EXPERIENCE BY PRIVATE-ROOM LIMIT
COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Private-Room Limit	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular †
Employee				
Less than semiprivate.....	771	57,160	3,500	96%
Semiprivate.....	2,725	525,656	32,348	100
Semiprivate plus \$1-\$2.....	148	21,051	1,407	113
Semiprivate plus \$3.....	232	37,913	2,151	96
Semiprivate plus \$4.....	400	67,951	4,165	103
Semiprivate plus \$5.....	353	39,188	2,482	102
Semiprivate plus \$6.....	22	7,665	656	124
Semiprivate plus \$7 or more ..	265	45,297	3,034	102
Total	4,916	801,881	49,743	101%
Dependent				
Less than Semiprivate.....	715	33,355	3,710	102%
Semiprivate.....	2,670	339,634	37,087	98
Semiprivate plus \$1-\$2.....	130	11,178	1,215	105
Semiprivate plus \$3.....	231	27,629	2,969	100
Semiprivate plus \$4.....	396	44,376	4,820	98
Semiprivate plus \$5.....	348	25,665	2,930	106
Semiprivate plus \$6.....	22	5,243	586	94
Semiprivate plus \$7 or more ..	263	28,653	3,332	104
Total	4,775	515,733	56,649	99%

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

† Tabular adjustment in Step XI.

ratios of actual to tabular claims for the very large groups and higher than average ratios for the small groups.

Table 16 illustrates the number of employee experience units within selective ranges of ratios of actual to tabular claims; as is expected, the spread is greater the smaller the group. Separate A/T ratios for each year

TABLE 14
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS
NONMATERNITY EXPERIENCE BY COVERAGE OF CHILDREN
FROM BIRTH AND PAST 19
COMBINED 1964-66 POLICY YEARS' EXPERIENCE
DEPENDENT

COVERAGE		NO. EXPERIENCE UNITS	EMPLOYEE YEARS OF EXPOSURE*	ACTUAL CLAIMS (000)	RATIO OF ACTUAL TO 1965 TABULAR †
From Birth	Past 19				
None.....	None	728	82,468	8,714	95%
	Provided	415	63,207	7,392	103
	Total	1,143	145,675	16,106	99%
Limited.....	None	1,542	119,741	13,415	102%
	Provided	1,425	187,925	20,118	97
	Total	2,967	307,666	33,533	99%
Full.....	None	389	31,187	3,429	101%
	Provided	268	30,385	3,491	104
	Total	657	61,572	6,920	103%
All plans.....	None	2,659	233,396	25,558	99%
	Provided	2,108	281,517	31,001	100
	Total	4,767	514,913	56,559	99%
Unknown.....		8	820	90	114
Total.....		4,775	515,733	56,649	99%

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

† Tabular adjustment in Step VII.

are included for a particular experience unit, not the 1964-66 average A/T ratio for that experience unit.

Tables 17 through 20 show distributions of combined 1964-66 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 1-16.

Table 17 shows the percentage distributions of covered employees by age for groupings of the average age factor; Table 18 shows income distributions for groupings of the average salary factor; Table 19 shows the composition of dependent units by average age factor, and Table 20 shows this information by female percentage. In Tables 18-20 only a portion of

TABLE 15
COMPREHENSIVE MEDICAL
ALL SIZE GROUPS
NONMATERNITY EXPERIENCE BY SIZE OF EXPOSURE
COMBINED 1964-66 POLICY YEARS' EXPERIENCE

Size	No. Experience Units	Employee Years of Exposure*	Actual Claims (000)	Ratio of Actual to 1965 Tabular†
Employee				
<25 lives.....	833	13,304	954	117%
25-49.....	1,168	41,631	2,774	107
50-99.....	1,294	91,797	5,557	96
100-249.....	988	151,816	9,334	100
250-499.....	336	116,474	7,201	101
500-999.....	167	112,920	6,973	104
1,000-2,499.....	94	146,449	8,873	102
2,500-4,999.....	36	127,490	8,077	95
Total, <5,000.....	4,916	801,881	49,743	101%
5,000 or more.....	11	85,385	4,148	95
Total.....	4,927	887,266	53,891	100%
Dependent				
<25 lives.....	784	8,545	1,072	113%
25-49.....	1,133	27,144	3,083	103
50-99.....	1,260	58,180	6,241	97
100-249.....	971	96,353	10,756	101
250-499.....	333	76,054	8,349	101
500-999.....	165	73,127	7,886	102
1,000-2,499.....	93	97,880	10,480	95
2,500-4,999.....	36	78,450	8,692	98
Total, <5,000.....	4,775	515,733	56,649	99%
5,000 or more.....	11	62,129	5,640	96
Total.....	4,786	577,862	62,289	99%

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

† No adjustment in tabular.

TABLE 16
 COMPREHENSIVE MEDICAL
 ALL SIZE GROUPS
 NUMBER OF EMPLOYEE EXPERIENCE UNITS BY SIZE OF EXPOSURE
 AND ACTUAL TO TABULAR CLAIMS RATIO
 COMBINED 1964-66 POLICY YEARS' EXPERIENCE

SIZE	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 lives	193	127	106	111	58	75	90	54	19	833
25-49	111	199	243	234	114	121	96	41	9	1,168
50-99	59	226	290	348	163	131	65	10	2	1,294
100-249	9	90	274	345	129	103	35	3		988
250-499	3	11	81	160	59	16	6			336
500-999	1	1	25	94	35	10	1			167
1,000-2,499		1	17	53	20	1	2			94
2,500-4,999			5	28	3					36
5,000 or more			1	9	1					11
Total	376	655	1,042	1,382	582	457	295	108	30	4,927

* No adjustment in tabular.

TABLE 17
 COMPREHENSIVE MEDICAL
 NONJUMBO GROUPS
 EMPLOYEE AGE DISTRIBUTION BY AVERAGE AGE FACTOR
 COMBINED 1964-66 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 and Over		
55-79%	264	34,632	50%	31%	8%	5%	3%	2%	1%	0%	100%	
80-89	568	83,262	37	33	12	9	5	3	1	0	100	
90-99	850	146,205	29	31	14	11	8	4	2	1	100	
100-109	952	163,229	23	29	14	12	10	7	4	1	100	
110-119	862	191,682	21	25	14	13	11	9	5	2	100	
120-129	604	100,437	16	23	14	13	13	11	7	3	100	
130-139	385	43,716	14	20	13	14	14	12	8	5	100	
140-149	200	17,942	10	18	13	13	14	14	12	6	100	
150-159	122	9,434	10	17	12	13	12	13	12	11	100	
160 or more	109	11,342	8	11	8	10	12	15	14	22	100	
Allages..	4,916	801,881	24%	27%	13%	12%	10%	7%	5%	2%	100%	

TABLE 18
 COMPREHENSIVE MEDICAL
 NONJUMBO GROUPS
 EMPLOYEE INCOME DISTRIBUTION BY AVERAGE SALARY FACTOR
 COMBINED 1964-66 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%	1,737	284,939	67%	22%	6%	3%	1%	1%	100%
100-109	1,653	319,045	31	40	19	7	2	1	100
110-119	565	106,533	16	33	25	18	5	3	100
120-129	165	11,820	13	25	20	26	8	8	100
130 or more	93	8,330	15	20	12	21	15	17	100
Total	4,213	730,667	43%	31%	15%	7%	2%	2%	100%
Unknown	703	71,214	Distribution Not Available						

TABLE 19
 COMPREHENSIVE MEDICAL
 NONJUMBO GROUPS
 DEPENDENT UNIT COMPOSITION BY AVERAGE AGE FACTOR
 COMBINED 1964-66 POLICY YEARS' EXPERIENCE

AVERAGE AGE FACTOR	No. EXPERIENCE UNITS	DEPENDENT UNITS YEARS OF EXPOSURE*	PERCENTAGE OF DEPENDENT UNITS CONTAINING:	
			Spouse	Children
55-79%	75	5,431	91%	74%
80-89	158	19,528	88	79
90-99	210	31,246	93	76
100-109	282	41,971	91	76
110-119	264	54,334	91	70
120-129	168	26,676	95	72
130-139	110	11,151	91	68
140-149	40	6,242	98	64
150-159	38	3,811	97	63
160 or more	30	4,275	94	62
All ages	1,375	204,665	92%	73%
			One Dependent	Two or More Dependents
55-79%	13	2,837	25%	75%
80-89	33	5,343	23	77
90-99	70	16,932	26	74
100-109	92	17,755	27	73
110-119	69	15,641	30	70
120-129	50	6,729	37	63
130-139	34	2,030	38	62
140-149	18	1,348	36	64
150-159	11	345	38	62
160 or more	17	1,149	48	52
All ages	407	70,109	29%	71%
Total	2,993	240,959	Distribution Not Available	

* Exposure of employees insured with respect to their dependents.

the total exposure by income or dependent unit composition was distributed, since this information was not available for many groups.

TABLE 20
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS
DEPENDENT UNIT COMPOSITION BY FEMALE PER CENT
COMBINED 1964-66 POLICY YEARS' EXPERIENCE

FEMALE PER CENT	NO. EXPERIENCE UNITS	DEPENDENT UNIT YEARS OF EXPOSURE*	PERCENTAGE OF DEPENDENT UNITS CONTAINING:	
			Spouse	Children
<11%.....	437	62,674	96%	73%
11-21.....	315	47,694	95	75
21-31.....	174	30,798	94	73
31-41.....	120	15,205	90	74
41-51.....	114	23,122	89	67
51 or more.....	282	34,426	81	74
Total.....	1,442	213,919	92%	73%
			One De- pendent	Two or More De- pendents
<11%.....	132	26,808	27%	73%
11-21.....	147	23,634	26	74
21-31.....	94	8,420	31	69
31-41.....	41	8,469	31	69
41-51.....	54	10,837	31	69
51 or more.....	70	4,532	34	66
Total.....	538	82,700	29%	71%
Total.....	2,795	219,114	Distribution Not Available	

* Exposure of employees insured with respect to their dependents.

APPENDIX I
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**1965 TABULAR COSTS FOR COMPREHENSIVE
MEDICAL EXPENSE PLANS**

Tabular costs for "all cause" and "each illness" plans of Comprehensive Medical Expense Benefits are determined as set forth in the following paragraphs.

STEP I: BASIC TABULAR COSTS

Basic annual claim costs for Plans I-V with a \$50 deductible, 80 per cent reimbursement, and a private-room limit equal to the hospital's average semi-private room-and-board charge are shown below for coverage of male employees and for coverage of one or more children.

	ANNUAL TABULAR COSTS FOR COVERAGE OF:	
	Male Employee	One or More Children
Plan I. Deductible applies to all expenses	\$48.25	\$41.01
Plan II. No deductible for hospital expenses; deductible applies to nonhospital expenses:		
Tabular cost for hospital expenses	27.83	28.22
Tabular cost for nonhospital expenses	21.87	17.30
Total	\$49.70	\$45.52
Ratio Plan II to Plan I Tabular	103%	111%
Plan III. \$25 deductible for hospital expenses; \$50 deductible for nonhospital expenses; and a maximum deductible of \$50 for all expenses	\$48.73	\$41.83
Ratio Plan III to Plan I Tabular	101%	102%
Plan IV. No deductible for hospital or surgical expenses; deductible applies to "other" expenses:		
Tabular cost for hospital expenses	\$27.83	\$28.22
Tabular cost for surgical expenses	8.87	11.68
Tabular cost for "other" expenses	14.45	8.90
Total	\$51.15	\$48.80
Ratio Plan IV to Plan I Tabular	106%	119%
Plan V. No deductible for room and board expenses, deductible applies to "other" expenses:		
Tabular cost for room-and-board expenses	\$13.58	\$13.25
Tabular cost for "other" expenses	34.91	28.17
Total	\$48.49	\$41.42
Ratio Plan V to Plan I Tabular	100.5%	101%

STEP II: DEDUCTIBLE ADJUSTMENTS

The portion of the tabular costs of any given plan which represents the expenses subject to the deductible is multiplied by the product of the appropriate adjustment factors shown in *a*, *b*, *c*, and *d*, below. This adjusted tabular cost is then added to the tabular costs, if any, for expenses not subject to the application of the deductible.

a) *Deductible amount:*

Plan I. Factor is applicable to total tabular cost:

DEDUCTIBLE	ADJUSTMENT FACTOR Male	
	Employee	Children
\$25.....	115%	130%
\$50.....	100	100
\$75.....	93	87
\$100.....	87	77

Plan II. Factor is applicable to nonhospital tabular cost:

DEDUCTIBLE	ADJUSTMENT FACTOR Male	
	Employee	Children
\$25.....	130%	155%
\$50.....	100	100
\$75.....	86	77
\$100.....	75	61

Plan III. Factor is applicable to total tabular cost:

HOSPITAL DEDUCTIBLE	NONHOSPITAL DEDUCTIBLE	ADJUSTMENT FACTOR Male	
		Employee	Children
\$25	\$50.....	100%	100%
\$25 or \$50	\$75.....	94	88
\$25 or \$50	\$100.....	88	79

Plan IV. Factor is applicable only to tabular cost for "other" expenses:

DEDUCTIBLE	ADJUSTMENT FACTOR Male	
	Employee	Children
\$25.....	140%	180%
\$50.....	100	100
\$75.....	83	73
\$100.....	69	55

Plan V. Factor is applicable only to tabular cost for "other" expenses:

DEDUCTIBLE	ADJUSTMENT FACTOR Male	
	Employee	Children
\$25.....	121%	143%
\$50.....	100	100
\$75.....	90	82
\$100.....	82	68

b) *Deductible accumulation period:*

	ADJUSTMENT FACTOR Male Employee and Children Deductible			
	\$25	\$50	\$75	\$100
Entire benefit period.....	100%	100%	100%	100%
Less than entire benefit period and:				
30 days or one month.....	92	79	77	72
31-59 days.....	94	83	81	77
60 days or 2 months.....	96	87	84	81
61-89 days.....	98	91	88	85
90 days or 3 months.....	99	94	91	88
91-119 days.....	99	96	94	92
120 days or 4 months.....	100	97	96	94
121 days or more.....	100	99	98	97

c) *Benefit period:*

	MALE EMPLOYEE AND CHILDREN Cut-Off Provision	
	Liberal or None	Conservative
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

d) *Deductible applied against:*

	Male Employee	Children
All Cause:		
Total disability required.....	87%	77%
Total disability not required.....	100	100
Each Illness:		
Total disability required.....	85	75
Total disability not required.....	98	93

STEP III: COINSURANCE ADJUSTMENT

a) *Plans with or without 100 per cent payment feature:*

No adjustment in the Step II tabular cost is necessary if the plan provides 80 per cent reimbursement. If the plan provides 75 per cent reimbursement, the total adjusted tabular cost from Step II is multiplied by 94 per cent.

b) *Plans with 100 per cent payment feature:*

If the plan provides for a full payment feature on an area of total hospital, or hospital room-and-board expenses, and 80 per cent reimbursement of other expenses, the following additional tabular costs are added to the Step III, a, total tabular cost:

ADDITIONAL ANNUAL TABULAR COSTS
FOR COVERAGE OF:

AREA OF EXPENSES REIMBURSED IN FULL	Total Hospital Expenses Reimbursed in Full		Room-and-Board Expenses Reimbursed in Full	
	Male		Male	
	Employee	Children	Employee	Children
	\$200*-\$299.....	\$3.62	\$5.08	\$2.31	$2.65
\$300.....	4.17	5.64	2.44	2.78
\$301-\$499.....	4.73	5.93	2.72	2.92
\$500.....	5.01	6.21	2.85	3.05
\$501 or more.....	5.84	6.49	3.12	3.18

* Plans with hospital reimbursement features less than \$200 were not included in the study.

If the plan provides for a full payment feature on an area of total hospital or hospital room-and-board expenses and 75 per cent reimbursement of other expenses, the additional tabular costs shown above are multiplied by 125 per cent before being added to the Step III, a, tabular costs.

STEP IV: AREA ADJUSTMENT

The tabular costs from Step III 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 table of area factors is shown in Appendix II.

STEP V: ADJUSTMENT FOR AGE AND FEMALE CONTENT (EMPLOYEE)

a) The average nonmaternity age factor for each group of employees is determined by multiplying the appropriate age factor shown in the following tabulation by the percentage of employees in the corresponding age group and summing the results:

Age Group	Nonmaternity Age Factor
Less than 30.....	55%
30-39.....	75
40-44.....	100
45-49.....	120
50-54.....	150
55-59.....	190
60-64.....	250
65 and over.....	320

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

- b) 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.
- c) The female factor is added to the age factor to obtain the age-female factor.
- d) The employee tabular cost adjusted for age and for female content is obtained by multiplying the Step IV male employee tabular cost by the age-female factor.

STEP VI: DEPENDENT SPOUSE

The dependent spouse tabular cost is derived by adding 28 per cent of the Step IV tabular cost for a male employee to the age and female adjusted tabular cost for employee coverage from Step V, *d*.

STEP VII: DEPENDENT CHILDREN

- a) *14 days to 19 years:*

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 V, *a*, to estimate the per cent less than 30

and 30-39, and then proceed with the calculation of the average family composition adjustment factor.

The children tabular cost adjusted for family composition is obtained by multiplying the Step IV children tabular by the average family composition factor.

b) *Children over age 19:*

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

c) *Children from birth:*

No adjustment is made for plans with children covered from the fourteenth day of age. If coverage is provided from birth, an age-adjusted tabular cost is obtained as indicated below.

1. An average maternity age adjustment factor for each group of employees is determined by using the following tabulation and the procedure described in Step V, a:

Age Group	Maternity Age Factor
Less than 30	240%
30-39	125
40-44	20
45-49	0
50-54	0
55-59	0
60-64	0
65 and over	0

2. The children from birth adjustment factor is determined by multiplying the average maternity age adjustment factor from 1 by the appropriate factor from the following tabulation, rounding the result to the nearest 0.1 per cent:

Deductible	Children from Birth, Limited		Children from Birth, Full	
	All Plans		Plans I, III	Plans II, IV, V
\$25	0.5%		6.0%	6.0%
\$50 .....	.4		3.5	6.5
\$75 .....	.3		1.0	7.0
\$100	0.2		0.3	7.5

3. The tabular cost for *children* from Step IV is multiplied by the adjustment factor for children from birth and the additional tabular cost so obtained is added to the *dependent spouse* tabular cost from Step VI.

STEP VIII: FAMILY LIMIT ON DEDUCTIBLES

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

FAMILY LIMIT ON DEDUCTIBLE	ADJUSTMENT BY DEDUCTIBLE AMOUNTS			
	\$25	\$50	\$75	\$100
2× but less than 3×	118%	112%	107%	102%
3× but less than 4×	108	105	102	100

STEP IX: 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 VII, *c*, and the dependent children tabular cost from Step VIII by the following factors based upon the female per cent of employees and summing the results:

FEMALE PER CENT	ADJUSTMENT FACTOR	
	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 X: MAXIMUM BENEFIT ADJUSTMENT

No adjustment is made for plans with a \$5,000 lifetime maximum and no automatic yearly restoration. For other plans, the employee tabular cost from Step V, *d*, and the dependent tabular cost from Step IX are multiplied by the following percentage factors to obtain the employee and dependent tabular costs adjusted for maximum benefit:

PLANS WITH A LIFETIME MAXIMUM OF:	MAXIMUM ADJUSTMENT	
	Without Automatic Yearly Restoration	With Automatic Yearly Restoration
\$2,500 but less than \$5,000	95%	100%
\$5,000	100	102
\$5,000 but less than \$10,000	102	103
\$10,000	103	104
\$10,000 but less than \$20,000	104	104
\$20,000 or more (but not unlimited)	105	105

For plans which place a limit on "each illness" but no lifetime limit on all illnesses combined, the maximum benefit adjustment is based upon the factors in the following tabulation:

PLANS WITH AN "EACH ILLNESS" MAXIMUM OF:	MAXIMUM ADJUSTMENT	
	Without Automatic Yearly Restoration	With Automatic Yearly Restoration
\$2,500 but less than \$5,000	96%	101%
\$5,000	101	103
\$5,000 but less than \$10,000	103	104
\$10,000	104	105
More than \$10,000	105	105

STEP XI: PRIVATE-ROOM ADJUSTMENT

No adjustment is made for plans 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 one dollar of excess add \$0.20 employee and \$0.34 dependent to the Step X employee and dependent tabular costs.

STEP XII: ADJUSTMENT FOR CALIFORNIA UCD HOSPITAL BENEFIT

For groups with insured employees in the state of California, a reduction in the Step XI employee tabular cost is made for the integration of the plan with the California UCD Hospital Benefit. No adjustment in the dependent tabular cost is necessary.

- a) The basic reduction in the Step XI employee tabular cost is shown in the following tabulation for each plan of benefits. When the percentage of insured employees located in California is less than 100 per cent, the applicable reduction should be multiplied by the percentage of California employees.

	ANNUAL TABULAR COSTS	
	75/25%	80/20%
	Coinsurance	Coinsurance
(i) Deductible applies to all expenses (Plan I):		
\$ 25 or \$50 deductible	\$6.73	\$7.16
\$ 75 deductible	6.46	6.87
\$100 deductible	6.26	6.66
(ii) Deductible does not apply to hospital or hospital and surgical expenses or a lower deductible applies to hospital expenses (Plans II, III, IV, and V):		
All plans regardless of deductible	6.73	7.16

- b) The basic tabular reduction from the preceding tabulation is adjusted for the amount of full payment area for total hospital expenses or hospital room-and-board expenses only, in accordance with the following tabulation:

Area of Expenses Reimbursed in Full	Total Hospital Expenses	Hospital Room and Board Expenses
None	100%	100%
\$200*-\$299	104	102
\$300	108	104
\$301-\$499	112	106
\$500	116	108
\$501 or more	117	109

* Plans with hospital reimbursement features less than \$200 were not included in the study.

- c) The adjusted tabular reduction from *b* above is multiplied by the age-female factor from Step V, *c*. This final result is then subtracted from the Step XI employee tabular cost.

STEP XIII: MENTAL AND NERVOUS DISORDERS ADJUSTMENT

No adjustment is made for plans which provide 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 adjustment is obtained by entering the following tabulation using the appropriate benefit code and multiplying the Step XII 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	99	99
4	98	97
5	97	95

* 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 benefits (such as 50 per cent coinsurance, limit on visits per year or per week, or dollar limits of \$1,000 or less) 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 (such as 50 per cent coinsurance, limit on visits per year or per week, or dollar limits of \$1,000 or less) whether or not confined in a hospital.
5. Not covered in or out of hospital.

STEP XIV: TOTAL NONMATERNITY TABULAR CLAIMS

The final employee and dependent nonmaternity tabular costs from Step XIII are multiplied by the number of employees or dependent units insured under each plan to obtain the total aggregate dollars of nonmaternity tabular claims.

STEP XV: TABULAR COSTS FOR MATERNITY BENEFITS

- a) The basic annual tabular costs for a \$100 maternity benefit (full reimbursement of all covered expenses without any deductible up to \$100 per pregnancy) are \$4.80 for coverage of a female employee and \$8.60 for coverage of a dependent wife. If the maximum maternity benefit is other than \$100, a proportionate adjustment is made.
- b) The employee and dependent tabular costs from *a* are multiplied by the average maternity age adjustment factor calculated in Step VII, *c*.
- c) The tabular maternity cost for employee coverage is obtained by multiplying the female employee maternity tabular cost from *b* by the percentage female.
- d) The tabular maternity cost for dependent coverage is obtained by multiplying the dependent wife maternity tabular cost from *b* by the spouse factors for coverage of one or more dependents as set forth in Step IX, using the appropriate employee percentage female.
- e) Aggregate tabular maternity claims for any plan are derived by multiplying the tabular maternity claims costs from *c* and *d* by the number of employees insured under the plan for employee coverage or by the number of dependent units for dependent coverage.

APPENDIX II

1965 TABULAR AREA FACTORS BY REGION,
STATE, AND METROPOLITAN AREA

Region, State, or Metropolitan Area	1965 Tabular Area Factors	Region, State, or Metropolitan Area	1965 Tabular Area Factors
Region—New England States.	100%	Missouri	92%
Connecticut	96	Kansas City	100
Bridgeport	100	St. Louis	100
Hartford—New Britain— Bristol	96	Nebraska	92
New Haven	104	Omaha	100
Maine	92	North Dakota	92
Massachusetts	104	South Dakota	88
Boston	108	Region—Mountain States	104
Springfield-Holyoke	100	Colorado	112
New Hampshire	92	Denver	120
Rhode Island	104	Idaho	100
Providence	104	Montana	92
Vermont	92	Nevada	120
Region—Middle Atlantic States	100	Utah	96
Delaware	92	Wyoming	96
District of Columbia	100	Region—Pacific States	112
New Jersey	100	California	124
New York	96	Los Angeles	140
Albany-Schenectady-Troy	96	San Diego	136
Buffalo	96	San Francisco-Oakland	140
New York—Northeastern New Jersey	108	Oregon	100
Rochester	96	Portland	108
Syracuse	96	Washington	108
Pennsylvania	80	Seattle	116
Allentown-Bethlehem- Easton	88	Region—Gulf States	100
Philadelphia	92	Arizona	116
Pittsburgh	100	Arkansas	84
Wilkes-Barre-Hazleton	88	Louisiana	100
Region—North Central States	96	New Orleans	108
Illinois	92	New Mexico	100
Chicago	100	Oklahoma	104
Indiana	84	Texas	108
Indianapolis	84	Dallas	120
Kentucky	92	Fort Worth	116
Louisville	108	Houston	120
Michigan	100	San Antonio	108
Detroit	116	Region—Southeastern States	92
Ohio	92	Alabama	108
Akron	96	Birmingham	108
Cincinnati	92	Florida	92
Cleveland	104	Miami	116
Columbus	92	Tampa	104
Dayton	92	Georgia	88
Toledo	92	Atlanta	96
Youngstown	92	Maryland	84
West Virginia	88	Baltimore	92
Wheeling	92	Mississippi	100
Wisconsin	92	North Carolina	96
Milwaukee	100	South Carolina	88
Region—Plains States	100	Tennessee	96
Iowa	100	Knoxville	104
Kansas	100	Memphis	108
Minnesota	96	Virginia	84
Minneapolis-St. Paul	108	Norfolk-Portsmouth	92
		Hawaii	100
		Alaska	132
		Nationwide	100