

TRANSACTIONS OF SOCIETY OF ACTUARIES 1965 REPORTS

II. GROUP COMPREHENSIVE MEDICAL EXPENSE BENEFITS INSURANCE

THIS is the third 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 for 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 1959, 1960, 1961, 1962, 1963, and 1964. The central period of exposure for each policy year is approximately January 1 of that year.

Ratios of Actual to Tabular Claims

The results are presented in the form of ratios of actual to tabular claims. Nonmaternity tabular claims are based on the nonmaternity tabular factors 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*, Volume XV, while maternity tabular claims are based on the maternity tabular factors set forth in Table 1 of Mr. Hoffman's discussion of that paper. These tabular factors are known as the 1960 Tabular. The Committee suggests that those interested in the level and development of the tabular should refer to the paper and the discussions of the paper.

Although the 1960 Tabular reflects many factors which influence the cost of Comprehensive Medical Expense Benefits, there are a number of factors for which no adjustment is made. Among these are "all cause" versus "each illness" deductibles, maximum benefit provided, income distribution of the employee group, restrictions on the period of time during which the deductible must be accumulated, and restrictions in connection with the amount of payment for treatment of mental and nervous conditions. This report contains experience tabulated for cases grouped according to these factors, except that experience grouped according to

the period of time during which the deductible must be accumulated is not shown since the results were irregular and did not appear to show any consistent relationship between the various accumulation periods. The distribution of the combined 1962-64 employee years of exposure for nonjumbo groups, "all cause" plans, according to the deductible accumulation period is as follows:

Deductible Accumulation Period	Per Cent of Exposure
30-59 days	2%
60-89 days	9
90-119 days	11
120 or more days, but less than entire benefit period	13
Entire benefit period	65

The Committee wishes to point out that the tabular claim basis was developed using only a limited amount of data under Group Comprehensive Medical Expense plans. 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. In light of the foregoing, caution should be used when interpreting the data contained in this report.

Contributing Companies

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

Aetna Life Insurance Company
 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 shows combined 1962-64 nonmaternity experience for all size groups. Table 2 contains nonmaternity ratios of actual to tabular by year of experience for nonjumbo groups only. The remaining tables are based

TABLE 1
 COMPREHENSIVE MEDICAL
 ALL SIZE GROUPS
 NONMATERNITY EXPERIENCE BY PLAN
 COMBINED 1962-64 POLICY YEARS' EXPERIENCE

Plan	Number of Experience Units	Employee Years of Exposure*	Actual Claims	Ratio Actual to 1960 Tabular
Employee				
All-Cause plans:				
Without full reimbursement of hospital expenses:				
Deductible applied to all expenses	1,235	172,537	9,089,565	120%
Deductible waived for hospital expenses	122	42,310	1,921,255	115
Deductible waived for hospital and surgical expenses	75	17,590	976,310	118
Total	1,432	232,437	11,987,130	119%
With full reimbursement of hospital expenses:				
Deductible applied to all expenses	408	147,602	7,446,985	111%
Deductible waived for hospital expenses	2,067	293,445	16,951,471	114
Deductible waived for hospital and surgical expenses	792	98,697	5,685,105	113
Total	3,267	539,744	30,083,561	113%
Total, All-Cause plans	4,699	772,181	42,070,691	115%
Total, Each-Illness plans, total disability not required	595	79,607	4,288,155	111%†
Total, Each-Illness plans, total disability required	219	39,957	1,709,442	101%†
Dependent				
All-Cause plans:				
Without full reimbursement of hospital expenses:				
Deductible applied to all expenses	1,205	107,379	10,235,393	124%
Deductible waived for hospital expenses	121	30,756	2,653,623	115
Deductible waived for hospital and surgical expenses	93	12,543	1,214,854	113
Total	1,419	150,678	14,103,870	122%
With full reimbursement of hospital expenses:				
Deductible applied to all expenses	399	98,452	9,288,509	117%
Deductible waived for hospital expenses	2,040	200,898	20,136,192	112
Deductible waived for hospital and surgical expenses	731	67,170	7,210,337	118
Total	3,170	366,520	36,635,038	114%
Total All-Cause plans	4,589	517,198	50,738,908	116%
Total, Each-Illness plans, total disability not required	560	53,352	5,026,582	112%†
Total, Each-Illness Plans, total disability required	215	26,615	2,055,485	101%†

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

† Tabular nonmaternity claims based on All-Clause tabular.

upon the combined 1962-64 experience under "all cause" plans covering nonjumbo groups.

Table 1 summarizes the nonmaternity experience for broad groups of plans. Since the 1960 Tabular was designed to measure claim costs for "all cause" plans, the experience is shown separately for these plans and for "each illness" plans with a further separation of the latter group for plans requiring total disability. The ratio of actual to tabular claims for

TABLE 2
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS
RATIOS OF ACTUAL TO TABULAR NONMATERNITY CLAIMS
1959-64 POLICY YEARS' EXPERIENCE, BY PLAN

PLAN	RATIO OF ACTUAL TO 1960 TABULAR					
	1959	1960	1961	1962	1963	1964
Employee						
All-Cause plans:						
Without full reimbursement of hospital expenses	103%	107%	108%	109%	114%	129%
With full reimbursement of hospital expenses	98	102	105	107	110	121
Total, All-Cause plans	99%	102%	106%	108%	111%	123%
Total, Each-Illness plans, total disability not required	95%*	110%*	98%*	101%*	103%*	122%*
Total, Each-Illness plans, total disability required	64%*	75%*	81%*	106%*	98%*	98%*
Dependent						
All-Cause plans:						
Without full reimbursement of hospital expenses	99%	102%	107%	111%	115%	127%
With full reimbursement of hospital expenses	100	100	106	108	114	121
Total, All-Cause plans	100%	100%	106%	109%	114%	122%
Total, Each-Illness plans, total disability not required	86%*	94%*	96%*	109%*	105%*	118%*
Total, Each-Illness plans, total disability required	70%*	82%*	83%*	100%*	95%*	108%*

* Tabular nonmaternity claims based on All-Cause tabular.

plans without full reimbursement of hospital expenses and no waiver of deductible for any type of expense is higher than for any other "all cause" plan. This variation, which is contrary to expectations, may be the result of the tendency on the part of employers with poor experience to reduce benefits by eliminating any 100 per cent reimbursement feature and any waiver of the deductible for hospital or surgical expenses.

Table 1 also measures the difference in the level of cost between "each illness" plans and "all cause" plans. The results appear to indicate that there may be a modest difference between the cost of an "all cause" plan and an "each illness" plan, particularly for "each illness" plans which include a total disability requirement.

Table 2 summarizes the ratios of actual to tabular for years 1959 through 1964 and indicates the trend of experience. Employee and dependent experience shows an increase in claim costs by year of experience, with a substantial increase for virtually all plans during 1964. The amount of exposure, which previously had increased with each year of study, did not increase significantly during 1964, and this may have had a significant effect on the trend table.

Table 3 contains the nonmaternity and maternity experience by average age factor subdivided into two broad classes of female percentage. 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 reasonably consistent and appear to indicate that the 1960 Tabular age scale satisfactorily represents the pattern of claim costs by age. The dependent tabulars are not adjusted for variations in the composition of the dependent unit which can occur as a result of variations in the age and percentage female content of the employees. The dependent unit composition assumed for each dependent unit is 93 per cent with spouse and 73 per cent with child or children. This may account for the dependent ratios, which are relatively high for very young age groups and relatively low for very old age groups, and for the consistently lower dependent ratios of actual to tabular for groups with 31 or more per cent female employees.

The ratios of actual to tabular claims for maternity experience are based upon a tabular which reflects the combined age distribution of all employees, without regard to sex or marital status. The results appear to indicate that the 1960 Tabular maternity age scale represents the pattern of claim costs fairly well by age for groups with less than 31 per cent female employees, but the ratios are somewhat higher for young age groups than old age groups. Ratios of actual to tabular for groups with 31 or more per cent female employees are irregular but generally lower than for groups with less than 31 per cent female employees. These lower ratios

TABLE 3
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS, ALL-CAUSE PLANS ONLY
NONMATERNITY AND MATERNITY EXPERIENCE BY AGE AND FEMALE PER CENT
COMBINED 1962-64 POLICY YEARS' EXPERIENCE

AVERAGE AGE FACTOR AND FEMALE PER CENT	NONMATERNITY EXPERIENCE				MATERNITY EXPERIENCE	
	Number of Ex- perience Units	Employee Years of Exposure	Actual Claims	Ratio of Actual to 1960 Tabular	Actual Claims	Ratio of Actual to 1960 Tabular
	Employee					
60-79						
<31%.....	202	22,233	838,321	113%	36,486	80%*
31% or more.	93	11,630	421,327	96	41,124	94*
Total.....	295	33,863	1,259,648	107%	77,610	87%
80-89						
<31%.....	413	32,622	1,401,079	116%	31,500	83%*
31% or more.	201	22,758	1,209,264	123	67,595	90
Total.....	614	55,380	2,610,343	120%	99,095	87%
90-99						
<31%.....	644	90,574	4,192,279	108%	79,729	89%
31% or more.	294	43,962	2,520,943	123	67,570	66
Total.....	938	134,536	6,713,222	113%	147,299	77%
100-109.....						
<31%.....	633	116,825	5,854,622	113%	136,698	122%
31% or more.	278	41,229	2,367,380	110	97,588	66
Total.....	911	158,054	8,222,002	112%	234,286	90%
110-119						
<31%.....	522	108,138	6,429,129	118%	81,835	101%
31% or more.	292	55,586	3,536,744	115	128,415	85
Total.....	814	163,724	9,965,873	117%	210,250	91%
120 or more						
<31%.....	758	89,107	5,835,178	113%	35,886	80%*
31% or more.	359	35,651	2,478,986	113	47,206	67
Total.....	1,117	124,758	8,314,164	113%	83,092	72%
All ages						
<31%.....	3,172	459,499	24,550,608	114%	402,134	98%
31% or more.	1,517	210,816	12,534,644	115	449,498	76
Total.....	4,689	670,315	37,085,252	114%	851,632	85%

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

TABLE 3—Continued

AVERAGE AGE FACTOR AND FEMALE PER CENT	NONMATERNITY EXPERIENCE				MATERNITY EXPERIENCE	
	Number of Ex- perience Units	Employee Years of Exposure†	Actual Claims	Ratio of Actual to 1960 Tabular	Actual Claims	Ratio of Actual to 1960 Tabular
	Dependent					
60-79						
<31%.....	200	14,970	1,399,159	132%	394,221	114%
31% or more.	91	6,141	510,084	110	128,349	99
Total.....	291	21,111	1,909,243	125%	522,570	110%
80-89						
<31%.....	407	23,768	2,290,178	131%	487,619	104%
31% or more.	191	11,760	1,083,163	111	126,643	67
Total.....	598	35,528	3,373,341	123%	614,262	93%
90-99						
<31%.....	639	64,666	6,393,696	119%	852,574	89%
31% or more.	285	22,391	2,128,798	109	244,950	82
Total.....	924	87,057	8,522,494	116%	1,097,524	88%
100-109						
<31%.....	619	88,861	8,606,710	120%	1,266,395	94%
31% or more.	272	21,812	2,104,151	105	214,393	75
Total.....	891	110,673	10,710,861	117%	1,480,788	91%
110-119						
<31%.....	510	80,307	8,285,573	117%	850,160	93%
31% or more.	283	30,225	3,050,899	107	265,317	77
Total.....	793	110,532	11,336,472	114%	1,115,477	89%
120 or more						
<31%.....	740	63,250	6,421,153	108%	532,798	79%
31% or more.	342	16,474	1,757,968	107	113,745	75
Total.....	1,082	79,724	8,179,121	108%	646,543	78%
All ages						
<31%.....	3,115	335,822	33,396,469	118%	4,383,767	93%
31% or more.	1,464	108,803	10,635,063	108	1,093,397	78
Total.....	4,579	444,625	44,031,532	115%	5,477,164	90%

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

may be a reflection of the differing composition of the dependent units and the use of a combined age distribution of all employees. It should be noted that there has been a substantial decrease in the maternity ratios of actual to tabular claims since the development of the maternity tabular based on the experience for policy years 1959-61, at which time the level of ratios of actual to tabular claims was approximately 100 per cent.

Table 4 contains nonmaternity and maternity experience by female

TABLE 4
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS, ALL-CAUSE PLANS ONLY
NONMATERNITY AND MATERNITY EXPERIENCE BY FEMALE PER CENT
COMBINED 1962-64 POLICY YEARS' EXPERIENCE

FEMALE PER CENT	NONMATERNITY EXPERIENCE				MATERNITY EXPERIENCE	
	Number of Experience Units	Employee Years of Exposure*	Actual Claims	Ratio of Actual to 1960 Tabular	Actual Claims	Ratio of Actual to 1960 Tabular
	Employee					
<11%.....	1,410	199,560	10,430,389	110%	104,767	167%
11-21.....	1,058	158,236	8,517,689	115	171,630	94
21-31.....	704	101,703	5,602,530	118	125,737	76
31-41.....	401	51,290	2,867,937	113	92,635	89
41-51.....	369	55,386	3,586,358	127	104,468	77
51-61.....	320	44,257	2,587,591	117	108,656	84
61-71.....	223	31,768	1,816,894	107	75,164	70
71-81.....	115	14,590	853,962	105	50,218	72
81-91.....	56	7,727	433,831	97	7,074	49†
91-100.....	33	5,798	388,071	106	11,283	36†
Total..	4,689	670,315	37,085,252	114%	851,632	85%
	Dependent					
<11%.....	1,379	151,620	14,797,371	114%	1,806,574	90%
11-21.....	1,039	115,860	11,759,180	121	1,680,391	99
21-31.....	697	68,342	6,839,918	121	896,802	91
31-41.....	390	30,650	3,069,026	111	338,182	89
41-51.....	357	29,065	3,017,227	113	300,765	85
51-61.....	315	21,871	2,103,734	111	229,766	81
61-71.....	211	14,514	1,286,276	96	120,774	56
71-81.....	107	5,593	501,461	100	40,908	47
81-91.....	52	3,973	368,883	98	35,149	95†
91-100.....	32	3,137	288,456	91	27,853	76†
Total..	4,579	444,625	44,031,532	115%	5,477,164	90%

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

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

per cent without regard to the age factor. The ratios of actual to tabular claims are reasonably consistent, with due regard for the points discussed in connection with Table 3.

Table 5 shows the nonmaternity experience by percentage of employees earning \$10,000 or more annually for that portion of the experience for which contributing companies were able to submit an income distribution of covered employees. Tabular claims are not adjusted to reflect the increase in claim cost expected on account of high income. Therefore, the ratios of actual to tabular claims shown for the indicated salary groupings may be indicative of the effect of income on claim costs.

Table 6 presents the combined employee and dependent nonmaternity

TABLE 5
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS, ALL-CAUSE PLANS ONLY
NONMATERNITY EXPERIENCE BY PER CENT OF EMPLOYEES
EARNING \$10,000 OR MORE ANNUALLY
COMBINED 1962-64 POLICY YEARS' EXPERIENCE

Per Cent Earning \$10,000 or More Annually	Number of Experience Units	Employee Years of Exposure*	Actual Claims	Ratio of Actual to 1960 Tabular†
Employee				
<11%.....	2,846	422,849	22,987,975	111%
11-21.....	875	124,600	6,888,126	113
21-31.....	375	45,320	2,678,566	125
31-41.....	147	23,647	1,582,188	136
41-100.....	86	7,074	402,355	124
Unknown.....	360	46,825	2,546,042	117
Total.....	4,689	670,315	37,085,252	114%
Dependent				
<11%.....	2,769	273,930	26,387,354	111%
11-21.....	858	85,855	8,705,663	119
21-31.....	374	32,132	3,553,568	129
31-41.....	147	17,394	1,818,825	124
41-100.....	86	5,147	650,469	151
Unknown.....	345	30,167	2,915,653	120
Total.....	4,579	444,625	44,031,532	115%

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

† Tabular claims do not vary by income distribution.

TABLE 6
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS, ALL-CAUSE PLANS ONLY
NONMATERNITY EXPERIENCE BY REGION, STATE, AND METROPOLITAN AREA
EMPLOYEE AND DEPENDENT COMBINED 1962-64 POLICY YEARS' EXPERIENCE

Region,* State, † or Metropolitan Area	Number of Experience Units ‡	Years of Exposure ‡	Actual Claims	Ratio of Actual to 1960 Tabular	1960 Tabular Area Factor
<i>Total, all locations</i>	4,689	670,315	81,116,784	115%	.....
Region	8	1,368	219,938	131%	100%
Connecticut	9	2,717	297,099	102%	100%
Bridgeport	8	1,199	120,256	105	100
New Haven	13	551	82,799	132	100
Total	30	4,467	500,154	107%	.....
Maine	12	3,611	470,766	112%	92%
Massachusetts	35	5,808	645,960	121%	100%
Boston	48	4,925	589,250	107	108
Springfield-Holyoke	1	28	1,661	77§	100
Total	84	10,761	1,236,871	114%	.....
New Hampshire	10	656	52,130	69%	92%
Rhode Island					108%
Providence	3	235	25,459	77%§	108
Vermont	12	2,280	200,945	110%	92%
<i>Region total</i>	159	23,378	2,706,263	111%	.....
Region	10	1,620	276,659	141%	100%
Delaware	1	455	51,085	133%§	92%
District of Columbia	24	8,169	1,188,283	115%	100%
New Jersey	30	4,948	562,147	112%	100%
New York	80	7,937	792,198	117%	92%
Albany-Schenectady-Troy	15	4,057	444,639	93	100
Buffalo	7	487	57,984	119§	100
New York-Northeastern N.J.	228	35,332	4,465,184	119	108
Rochester	5	1,201	148,410	107	100
Syracuse	11	5,887	755,850	110	100
Total	346	54,901	6,664,265	115%	.....

* 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.

TABLE 6—Continued

Region,* State, † or Metropolitan Area	Number of Experience Units ‡	Years of Exposure ‡	Actual Claims	Ratio of Actual to 1960 Tabular	1960 Tabular Area Factor
<i>Region—Continued</i>					
Pennsylvania	73	15,092	1,295,842	89%	92%
Allentown-Bethlehem-Easton	2	173	26,122	119§	92
Philadelphia	33	3,062	302,856	101	100
Pittsburgh	9	3,182	518,321	134	100
Wilkes-Barre-Hazleton	2	19	3,706	186§	92
Total	119	21,528	2,146,847	100%	.....
<i>Region total</i>	530	91,621	10,889,286	112%	.....
<i>Region</i>	4	4,628	490,759	111%	100%
Illinois	157	16,575	1,911,953	114%	92%
Chicago	255	32,742	3,855,385	118	100
Total	412	49,317	5,767,338	117%	.....
Indiana	60	9,087	1,061,896	129%	84%
Indianapolis	31	8,321	1,000,517	119	84
Total	91	17,408	2,062,413	124%	.....
Kentucky	36	3,697	438,526	127%	84%
Louisville	16	3,951	586,429	147	92
Total	52	7,648	1,024,955	138%	.....
Michigan	76	8,111	1,014,052	118%	100%
Detroit	40	5,772	853,609	110	116
Total	116	13,883	1,867,661	114%	.....
Ohio	57	9,131	958,068	117%	92%
Akron	7	1,174	124,269	96	108
Cincinnati	10	420	45,579	122§	100
Cleveland	8	2,999	369,043	108	108
Columbus	25	5,482	539,921	103	100
Dayton	4	450	60,362	115	100
Toledo	2	191	33,426	150§	100
Youngstown	1	22	3,830	174§	100
Total	114	19,869	2,134,498	111%	.....
West Virginia	31	2,156	230,998	118%	84%
Wheeling (W.Va.)-Steubenville (Ohio)	2	130	8,823	89§	92
Total	33	2,286	239,821	117%	.....
Wisconsin	61	5,309	581,208	109%	92%
Milwaukee	53	5,246	657,484	116	100
Total	114	10,555	1,238,692	112%	.....
<i>Region total</i>	956	125,594	14,826,137	117%	.....

* 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.

TABLE 6—Continued

Region,* State,† or Metropolitan Area	Number of Experience Units‡	Years of Exposure‡	Actual Claims	Ratio of Actual to 1960 Tabular	1960 Tabular Area Factor
Region	11	2,138	276,798	119%	100%
Iowa	49	7,976	1,101,742	124%	100%
Kansas	26	2,840	357,579	154%	92%
Minnesota	36	9,438	1,359,777	138%	92%
Minneapolis-St. Paul	42	4,492	618,653	127	108
Total	78	13,930	1,978,430	135%	.....
Missouri	20	1,320	172,164	126%	92%
Kansas City	28	2,034	259,690	123	100
St. Louis	83	5,932	680,926	119	100
Total	131	9,286	1,112,780	121%	.....
Nebraska	15	752	82,057	128%	92%
Omaha	4	96	8,077	106§	100
Total	19	848	90,134	126%	.....
North Dakota	17	684	78,508	108%	92%
South Dakota	35	1,756	177,308	109%	92%
Region total	366	39,458	5,173,279	128%	.....
Region	2	186	22,044	95%§	100%
Colorado	7	2,518	400,413	151%	100%
Denver	33	2,108	255,478	126	108
Total	40	4,626	655,891	140%	.....
Idaho	52	1,799	229,864	108%	100%
Montana	39	1,385	138,705	92%	100%
Nevada	31	1,578	191,088	124%	108%
Utah	58	4,228	526,913	128%	92%
Wyoming	27	996	133,956	125%	92%
Region total	249	14,798	1,898,461	124%	.....
Region	7	2,826	387,625	104%	124%
California	268	42,715	5,442,986	106%	132%
Los Angeles	481	45,998	6,277,065	117	140
San Diego	37	4,375	535,663	119	132
San Francisco-Oakland	119	12,712	1,716,861	115	140
Total	905	105,800	13,972,575	112%	.....

* 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.

TABLE 6—Continued

Region,* State, † or Metropolitan Area	Number of Experience Units ‡	Years of Exposure ‡	Actual Claims	Ratio of Actual to 1960 Tabular	1960 Tabular Area Factor
<i>Region—Continued</i>					
Oregon.....	37	4,260	505,415	105%	108%
Portland.....	22	1,269	165,969	115	116
Total.....	59	5,529	671,384	107%	.....
Washington.....	41	4,331	546,240	111%	108%
Seattle.....	34	1,500	174,343	106	116
Total.....	75	5,831	720,583	109%	.....
<i>Region total</i>	<i>1,046</i>	<i>119,986</i>	<i>15,752,167</i>	<i>112%</i>	<i>.....</i>
Region.....	5	554	49,659	93%	100%
Arizona.....	111	6,129	960,192	130%	116%
Arkansas.....	46	3,793	357,330	113%	84%
Louisiana.....	60	9,068	1,015,319	104%	100%
New Orleans.....	16	1,217	144,521	107	108
Total.....	76	10,285	1,159,840	104%	.....
New Mexico.....	43	1,837	237,410	115%	100%
Oklahoma.....	28	2,348	335,885	133%	92%
Texas.....	114	11,571	1,354,926	113%	108%
Dallas.....	24	1,010	102,702	94	124
Fort Worth.....	19	1,925	206,196	100	124
Houston.....	52	11,024	1,472,130	88	140
San Antonio.....	21	1,196	125,485	110	108
Total.....	230	26,726	3,261,439	99%	.....
<i>Region total</i>	<i>539</i>	<i>51,672</i>	<i>6,361,755</i>	<i>106%</i>	<i>.....</i>
Region.....	14	4,638	476,462	111%	92%
Alabama.....	48	5,521	724,239	136%	92%
Birmingham.....	27	1,790	233,674	125	100
Total.....	75	7,311	957,913	133%	.....
Florida.....	87	8,373	971,905	131%	92%
Miami.....	52	3,705	522,596	128	108
Tampa.....	29	3,263	396,081	111	108
Total.....	168	15,341	1,890,582	126%	.....
Georgia.....	41	5,483	540,460	109%	92%
Atlanta.....	39	3,450	325,707	107	100
Total.....	80	8,933	866,167	108%	.....

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

† Excludes groups coded for a specific metropolitan area.

‡ Employee only.

TABLE 6—Continued

Region,* State, † or Metropolitan Area	Number of Experience Units ‡	Years of Exposure ‡	Actual Claims	Ratio of Actual to 1960 Tabular	1960 Tabular Area Factor
<i>Region—Continued</i>					
Maryland.....	23	4,017	459,876	127%	84%
Baltimore.....	26	8,275	924,012	78	92
Total.....	49	12,292	1,383,888	89%	.....
Mississippi.....	15	956	135,976	159%	92%
North Carolina.....	24	3,080	308,316	120%	84%
South Carolina.....	40	2,665	318,826	128%	76%
Tennessee.....	35	2,662	299,143	114%	92%
Knoxville.....	3	890	144,355	140	100
Memphis.....	32	5,864	698,993	118	100
Total.....	70	9,416	1,142,491	119%	.....
Virginia.....	54	5,582	526,110	122%	84%
Norfolk-Portsmouth..	7	358	32,823	94§	92
Total.....	61	5,940	558,933	120%	.....
<i>Region total.....</i>	<i>596</i>	<i>70,572</i>	<i>8,039,554</i>	<i>115%</i>	<i>.....</i>
Hawaii.....	10	968	83,580	140%	100%
Alaska.....	22	1,225	206,150	121%	132%
<i>Total, States and Regions..</i>	<i>4,473</i>	<i>539,272</i>	<i>65,936,632</i>	<i>114%</i>	<i>.....</i>
<i>All other||.....</i>	<i>216</i>	<i>131,043</i>	<i>15,180,152</i>	<i>116%</i>	<i>100%</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.

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

experience by metropolitan area, state, and region. The 1960 Tabular area factor is 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 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 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

TABLE 7
 COMPREHENSIVE MEDICAL
 NONJUMBO GROUPS, ALL-CAUSE PLANS ONLY
 NONMATERNITY EXPERIENCE BY STATE AND METROPOLITAN AREA
 EMPLOYEE AND DEPENDENT COMBINED 1962-64 POLICY YEARS' EXPERIENCE

METROPOLITAN AREA	NUMBER OF EXPERIENCE UNITS*	EMPLOYEE YEARS OF EXPOSURE*	ACTUAL CLAIMS	RATIO OF ACTUAL TO 1960 TABULAR	1960 TABULAR AREA FACTOR	RATIO TO LOS ANGELES		
						1960 Tabular Area Factor	1962-64 Actual Experience	1959 Area Study†
Baltimore, Md.....	26	8,275	924,012	78%	92%	66%	44%	59.8%
Boston, Mass.....	48	4,925	589,250	107	108	77	70	69.6
Chicago, Ill.....	255	32,742	3,855,385	118	100	71	72	68.7
Detroit, Mich.....	40	5,772	853,609	110	116	83	78	88.6
Houston, Tex.....	52	11,024	1,472,130	88	140	100	75	91.5
Indianapolis, Ind.....	31	8,321	1,000,517	119	84	60	61	55.1
Los Angeles, Cal.....	481	45,998	6,277,065	117	140	100	100	100.0
Louisville, Ky.....	16	3,951	586,429	147	92	66	83	89.8
Memphis, Tenn.....	32	5,864	698,993	118	100	71	72	86.6
Milwaukee, Wis.....	53	5,246	657,484	116	100	71	70	66.2
Minneapolis-St. Paul, Minn.....	42	4,492	618,653	127	108	77	84	66.4
New York, N. Y.....	228	35,332	4,465,184	119	108	77	78	77.2
San Francisco-Oakland, Cal.....	119	12,712	1,716,861	115	140	100	98	93.6
St. Louis, Mo.....	83	5,932	680,926	119	100	71	72	48.6
Syracuse, N. Y.....	11	5,887	755,850	110	100	71	67	62.9
Total.....	1,517	196,473	25,152,348	113%				

* Employee only.

† TSA, XIII, 573-74.

TABLE 7—Continued

STATE‡	NUMBER OF EXPERIENCE UNITS*	EMPLOYEE YEARS OF EXPOSURE*	ACTUAL CLAIMS	RATIO OF ACTUAL TO 1960 TABULAR	1960 TABULAR AREA FACTOR	RATIO TO LOS ANGELES		
						1960 Tabular Area Factor	1962-64 Actual Experience	1959 Area Study†
Alabama.....	48	5,521	724,239	136%	92%	66%	77%	89.8%
Arizona.....	111	6,129	960,192	130	116	83	92	98.9
California.....	268	42,715	5,442,986	106	132	94	85	84.8
District of Columbia.....	24	8,169	1,188,283	115	100	71	70	71.9
Florida.....	87	8,373	971,905	131	92	66	74	122.1
Illinois.....	157	16,575	1,911,953	114	92	66	64	66.8
Indiana.....	60	9,087	1,061,896	129	84	60	66	50.5
Iowa.....	49	7,976	1,101,742	124	100	71	75	73.6
Louisiana.....	60	9,068	1,015,319	104	100	71	63	74.8
Massachusetts.....	35	5,808	645,960	121	100	71	73	121.0
Michigan.....	76	8,111	1,014,052	118	100	71	72	75.4
Minnesota.....	36	9,438	1,359,777	138	92	66	78	63.8
New Jersey.....	30	4,948	562,147	112	100	71	68	21.0
New York.....	80	7,937	792,198	117	92	66	66	70.0
Ohio.....	57	9,131	958,068	117	92	66	66	58.0
Pennsylvania.....	73	15,092	1,295,842	89	92	66	50	67.4
Texas.....	114	11,571	1,354,926	113	108	77	74	57.2
Wisconsin.....	61	5,309	581,208	109	92	66	61	47.9
Total.....	1,426	190,958	22,942,693	114%	.....	.....	.....	.....

‡ Excludes groups coded for a specific metropolitan area.

appear to indicate that the 1960 Tabular area factors adopted are reasonably satisfactory, at least for those metropolitan areas and states with a substantial volume of experience.

Table 7 summarizes the experience in Table 6 for the fifteen metropolitan areas and the eighteen states for which the largest amount of experience data was submitted. It provides a comparison of the relative level of experience with the previous intercompany area study results published in *TSA*, Volume XIII. The ratio to Los Angeles of 1962-64 experience was obtained by first determining for each area the 1960 Tabular area factor

TABLE 8
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS, ALL-CAUSE PLANS ONLY
NONMATERNITY EXPERIENCE BY MENTAL
AND NERVOUS RESTRICTION
COMBINED 1962-64 POLICY YEARS' EXPERIENCE

Code*	Number of Experience Units	Employee Years of Exposure†	Actual Claims	Ratio of Actual to 1960 Tabular‡
Employee				
1.....	1,020	196,527	10,628,530	115%
2.....	1,532	317,359	17,794,964	115
3.....	405	33,552	1,926,573	115
4.....	1,717	120,995	6,631,364	110
5.....	15	1,882	103,821	121
Total...	4,689	670,315	37,085,252	114%
Dependent				
1.....	1,001	137,338	13,495,462	117%
2.....	1,524	204,530	20,008,664	114
3.....	391	21,460	2,183,782	106
4.....	1,648	80,197	8,238,312	116
5.....	15	1,100	105,312	117
Total...	4,579	444,625	44,031,532	115%

* 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.
5. Not covered.

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

‡ Tabular claims do not vary by mental and nervous restrictions.

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 1960 Tabular area factor for Los Angeles.

A comparison of actual to tabular ratios by area with those of previous reports would appear to indicate significant changes in the level of experience in some areas. However, these variations may be the result of chance fluctuations, since the basic hospital and surgical tables by area do not indicate changes of this magnitude.

Table 8 shows the nonmaternity experience for plans classified according to the type of restriction applicable to treatment of mental and nervous disorders. The 1960 Tabular was not adjusted to reflect these restrictions. The ratios of actual to tabular claims have, in previous re-

TABLE 9
COMPREHENSIVE MEDICAL
NONJUMBO GROUPS, ALL-CAUSE PLANS ONLY
NONMATERNITY EXPERIENCE BY MAXIMUM BENEFIT
COMBINED 1962-64 POLICY YEARS' EXPERIENCE

Maximum Benefit Lifetime or per Cause	Number of Experience Units	Employee Years of Exposure*	Actual Claims	Ratio of Actual to 1960 Tabular†
Employee				
\$ 2,500-\$ 4,999.....	46	3,839	177,831	97%
5,000.....	1,864	155,150	8,041,132	109
5,001- 9,999.....	766	69,796	3,815,461	109
10,000.....	1,931	390,649	22,184,575	116
10,001- 19,999.....	69	39,140	2,124,015	119
20,000 or more.....	13	11,741	742,238	131
Total.....	4,689	670,315	37,085,252	114%
Dependent				
\$ 2,500-\$ 4,999.....	62	2,544	241,559	113%
5,000.....	1,779	100,454	9,541,010	112
5,001- 9,999.....	765	49,313	4,981,236	115
10,000.....	1,889	255,010	25,700,173	116
10,001- 19,999.....	71	29,050	2,704,331	118
20,000 or more.....	13	8,254	863,223	124
Total.....	4,579	444,625	44,031,532	115%

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

† Tabular claims do not vary by maximum benefit.

TABLE 10
 COMPREHENSIVE MEDICAL
 NONJUMBO GROUPS, ALL-CAUSE PLANS ONLY
 NONMATERNITY EXPERIENCE BY COINSURANCE PERCENTAGE
 COMBINED 1962-64 POLICY YEARS' EXPERIENCE

Coinsurance Percentage	Number of Experience Units	Employee Years of Exposure*	Actual Claims	Ratio of Actual to 1960 Tabular
Employee				
75/25%:				
Without full reimbursement of hospital expenses	59	8,202	440,082	115%
With full reimbursement of hospital expenses	250	65,874	3,434,567	107
Total	309	74,076	3,874,649	108%
80/20%:				
Without full reimbursement of hospital expenses	1,369	174,567	9,450,403	118%
With full reimbursement of hospital expenses	3,011	421,672	23,760,200	113
Total	4,380	596,239	33,210,603	115%
Total	4,689	670,315	37,085,252	114%
Dependent				
75/25%:				
Without full reimbursement of hospital expenses	55	5,588	529,757	111%
With full reimbursement of hospital expenses	256	46,797	4,303,538	107
Total	311	52,385	4,833,295	108%
80/20%:				
Without full reimbursement of hospital expenses	1,360	111,583	10,624,390	119%
With full reimbursement of hospital expenses	2,908	280,657	28,573,847	115
Total	4,268	392,240	39,198,237	116%
Total	4,579	444,625	44,031,532	115%

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

ports, been generally less for plans including a restriction on the treatment of mental and nervous disorders. In this year's report, although the dependent experience follows this trend, the employee experience does not conform to the previous pattern.

Table 9 shows the nonmaternity experience by amount of maximum benefit provided by the plan, a factor for which the 1960 Tabular was not adjusted. The ratios of actual to tabular claims indicate that plans with a \$10,000 maximum benefit have a significantly higher level of claim cost than plans with a \$5,000 maximum benefit. The amount of this excess cost is larger than would be anticipated on the basis of expenses incurred beyond \$5,000.

Table 10 shows the nonmaternity experience according to the coinsurance provision of the plan. Even though the tabulars were adjusted for coinsurance, the ratios of actual to tabular for 80 per cent coinsurance plans are greater than those for 75 per cent coinsurance plans.

The *1964 Reports* showed distributions of exposure by age, income, and dependent unit composition for "all cause" nonjumbo plans. No significant changes in these distributions have occurred since that report.