

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1983 REPORTS**

**REPORT OF THE COMMITTEE ON EXPERIENCE
UNDER INDIVIDUAL HEALTH INSURANCE**

**I. EXPERIENCE UNDER INDIVIDUAL
MEDICAL EXPENSE POLICIES,
1981-82**

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SUMMARY OF EXPERIENCE UNDER INDIVIDUAL
MEDICAL EXPENSE POLICIES, 1981–82

This report presents an analysis of morbidity experience under individual medical expense policies in force during the 1981 and 1982 calendar years. Results of data submitted by four companies are presented for the following:

1. Hospital room and board benefit
2. Miscellaneous hospital expense benefit
3. Surgical expense benefit
4. Major medical expense benefit

The mix of contributions to this experience study continues to change. This change has taken place in the number of contributing companies, the volume of the individual contributions, and the distribution of the business included in each contribution, e.g., average duration, size of benefits. In addition, the volume of data contributed to these studies over the past several years has generally decreased. The current results should be viewed with caution as data in several areas are sparse.

This report presents an analysis of morbidity experience under individual medical expense policies during the two calendar years 1981 and 1982. The

eight previous studies appear in the 1982, 1981, 1979, 1977, 1974, 1972, 1969, and 1967 *Reports*. This report covers two years of experience, as did the previous reports. This report is the last of this series of individual medical expense experience studies.

The experience on lives covered under family and individual policies was combined. No differentiation was made by type of renewal provision. Payments made to the end of the calendar year following the year in which a claim was incurred are included; estimates of future payments on claims pending at the end of this period are included on major medical claims only. Where data for deductible policies are shown, experience was tabulated by amount of deductible. Data on policies with a deductible were submitted only if the deductible applied to all benefits under the policy except the maternity benefit. Only data on claims which were in excess of the deductible are included; claim data reflect amounts of eligible medical expenses before the application of the deductible, except in the study of major medical benefits.

Excluded from this investigation were the following:

1. Franchise and wholesale insurance.
2. Conversions from group insurance.
3. Policies issued with an extra premium unless such policies constituted a very small proportion of the contributing company's total business. Policies issued with a medical impairment rider, but without an extra premium, were included in the study.
4. Policies issued at senior ages on a mass-enrollment basis, without evidence of insurability.

In the sections on frequency of hospitalization and average amount of hospital claim, only inpatient claims are included. The section on miscellaneous hospital expense benefit includes data on both inpatient and outpatient hospital claims. The section on surgery combines data on surgery performed both in and out of the hospital, and the section on major medical insurance includes data on services performed both in and out of the hospital.

Unless otherwise indicated, data shown are for all policy durations combined. The duration is a calendar-year duration rather than a policy-year duration and is determined by subtracting the calendar year of issue from the calendar year of experience. Companies were requested not to submit data for duration 0 (the calendar year in which a policy was issued).

Care must be used in the analysis of experience over the age of 65 for all medical expense coverages, as the impact of the existence of Medicare may cause discontinuities in experience trends by age.

CONTRIBUTING COMPANIES

The following four companies contributed data to one or more sections of this report:

1. Metropolitan Life Insurance Company
2. Mutual Life Insurance Company of New York
3. Prudential Insurance Company of America
4. Woodmen Accident and Life Company

HOSPITAL ROOM AND BOARD BENEFITS

Four companies contributed experience that was used in this section of the study. A distribution of claims by maximum benefit period is shown in the following table.

MAXIMUM BENEFIT PERIOD OR DAILY HOSPITAL BENEFIT (DAYS)	DAILY HOSPITAL BENEFIT EXPOSED ON HOSPITALIZATION CLAIMS	
	No Deductible	\$50 Deductible
28	\$ 2,149	\$ 0
31	108,864	0
35	293,442	31,409
42	69,655	0
45	13,946	3,542
100	31,577	0
120	902,745	66,361
150	11,659	0
180	1,133	0
240	750	0
365	262,908	13,046
Total	\$1,698,828	\$114,358

The frequency of hospitalization is based on the combined experience for all maximum benefit periods and is defined as the amount of daily hospital benefit in force on hospitalization claims divided by the amount of daily hospital benefit exposed.

The average claim per \$1 of daily hospital benefit is defined as the amount paid for hospital room and board divided by the amount of daily hospital benefit in force on hospitalization claims. In order to include in Table 1 all data and to show the effect of limiting the length of the benefit period, data for maximum benefit periods of 28-45 days were adjusted to a 31-day period, those for 60-180 days to a 90-day period, and those for periods over

TABLE I
 1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 FREQUENCY OF HOSPITALIZATION, AVERAGE CLAIM, AND CLAIM COST
 PER \$1 OF DAILY HOSPITAL BENEFIT FOR
 ADJUSTED MAXIMUM BENEFIT PERIODS OF 31, 90, AND 365 DAYS
 NO DEDUCTIBLE

ATTAINED AGE	FREQUENCY OF HOSPITALIZATION	AVERAGE CLAIM FOR ADJUSTED MAXIMUM BENEFIT PERIOD OF:			CLAIM COST FOR ADJUSTED MAXIMUM BENEFIT PERIOD OF:		
		31 Days	90 Days	365 Days	31 Days	90 Days	365 Days
Male							
15-19	.0155		\$ 1.92	\$ 6.00		\$.030	\$.093
20-24	.0345		6.54	6.00		.226	.207
25-29	.0368	\$10.22	6.63	6.84	\$.376	.244	.252
30-34	.0396	6.44	7.06	6.75	.255	.280	.267
35-39	.0701	7.51	7.47	8.32	.526	.524	.583
40-44	.0700	7.36	8.80	10.07	.515	.616	.705
45-49	.0806	7.28	8.68	8.83	.587	.709	.712
50-54	.1062	8.13	8.36	9.23	.863	.888	.980
55-59	.1262	8.87	9.58	9.65	1.119	1.209	1.218
60-64	.1135	9.05	9.93	10.12	1.027	1.127	1.149
65-69	.2249	11.42	10.78	12.06	2.568	2.424	2.712
70-74	.4224	10.73	11.63	11.52	4.532	4.913	4.866
75-79	.4211	11.64	11.80	6.58	4.902	4.969	2.771
Female							
15-19	.0326	\$ 7.82	\$13.75	\$ 5.50	\$.255	\$.448	\$.179
20-24	.0389	5.88	5.56	6.00	.229	.216	.233
25-29	.0747	3.38	6.20	6.50	.252	.463	.486
30-34	.0957	10.24	6.49	7.41	.980	.621	.709
35-39	.1324	6.82	7.82	6.83	.903	1.035	.904
40-44	.1291	7.27	7.04	7.39	.939	.909	.954
45-49	.1331	7.43	8.06	7.66	.989	1.073	1.020
50-54	.1386	8.34	8.96	9.58	1.156	1.242	1.328
55-59	.1396	9.29	8.96	9.40	1.297	1.251	1.312
60-64	.1051	9.65	9.78	9.79	1.014	1.028	1.029
65-69	.2078	11.31	11.15	11.11	2.350	2.317	2.309
70-74	.3794	10.55	11.64	11.19	4.003	4.416	4.245
75-79	.3756	11.63	12.94	12.11	4.368	4.860	4.549
Child							
All ages	.0469	\$ 5.14	\$ 5.24	\$ 6.79	\$.241	\$.246	\$.318

180 days to a 365-day period. Table 2 was derived by adjusting all maximum benefit periods to a 90-day period. These adjustments were made on the basis of the conversion tables shown on page 137 of *TSA, 1963 Reports*. Annual claim costs were obtained by multiplying the frequencies of hospitalization by the corresponding average amount of claims.

TABLE 2
 1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 FREQUENCY OF HOSPITALIZATION, AVERAGE CLAIM, AND CLAIM COST
 PER \$1 OF DAILY HOSPITAL BENEFIT FOR
 ADJUSTED MAXIMUM BENEFIT PERIOD OF 90 DAYS

ATTAINED Age	NO DEDUCTIBLE			\$50 DEDUCTIBLE		
	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost
Male						
15-19	.0155	\$ 3.91	\$.061			
20-24	.0348	6.54	.226			
25-29	.0368	6.65	.245	.0894	\$ 6.85	\$.621
30-34	.0396	6.97	.276	.0655	7.63	.500
35-39	.0704	7.55	.529	.0662	6.18	.409
40-44	.0700	8.94	.626	.0792	6.89	.546
45-49	.0806	8.45	.681	.0830	7.25	.602
50-54	.1062	8.46	.898	.1132	7.35	.832
55-59	.1262	9.44	1.191	.1405	8.10	1.135
60-64	.1135	9.82	1.115	.1558	9.98	1.555
65-69	.2249	12.56	2.825	.3201	10.44	3.342
70-74	.4224	11.84	5.001	.4560	11.29	5.148
75-79	.4211	12.66	5.331	.4811	12.41	5.970
Female						
15-19	.0326	\$ 8.36	\$.273			
20-24	.0389	5.56	.216			
25-29	.0747	6.17	.461	.2937	\$11.44	\$3.360
30-34	.0957	6.68	.639	.1330	3.65	.485
35-39	.1324	7.49	.992	.1024	7.72	.791
40-44	.1291	7.10	.917	.1473	6.26	.922
45-49	.1331	7.84	1.044	.1806	8.22	1.485
50-54	.1386	8.98	1.245	.1906	6.85	1.306
55-59	.1396	9.03	1.261	.1681	8.87	1.491
60-64	.1051	9.72	1.022	.1822	9.49	1.729
65-69	.2078	12.10	2.514	.3539	11.11	3.932
70-74	.3794	11.49	4.359	.4764	11.38	5.421
75-79	.3756	12.84	4.823	.3520	12.67	4.460
Child						
All ages	.0469	\$ 5.37	\$.252	.0682	\$ 2.87	\$.196

Table 1 shows, for policies with no deductible, the frequency of hospitalization, the average claim, and the average claim cost per \$1 of daily hospital benefit for adjusted maximum periods of 31, 90, and 365 days. Contrary to what would be expected if the data were homogeneous, the claim costs for several age groups decrease as the adjusted maximum benefit period increases. In general, the claim costs for each adjusted maximum benefit period increase as the age increases. Claim costs for females are lower than those for males above age 59. Female claim costs are higher for younger ages.

Results for frequency, and the resulting claim cost, for children's coverage with no deductible for the last several studies appear to be significantly overstated. This error was caused by an erroneous submission from one company that was recently identified. The results given in this study have been corrected. Claim frequency for 1979-80 should have been .0510 instead of .1729; claim costs should have been \$.251 for all maximum benefit periods combined and \$.247, \$.245, and \$.314 for 31, 90, and 365 days of adjusted maximum benefit period, respectively, as given in Table 1.

Table 2 shows data for an adjusted maximum benefit period of 90 days on policies with no deductible and on policies with a \$50 deductible. If the data in Table 2 were completely homogeneous, the frequency of hospitalization would be expected to become smaller, the average claim larger, and the claim cost smaller as the amount of the deductible increases. These relations do not always hold in comparing the experience included under the no-deductible and \$50-deductible policies. This reflects variation among individual companies' experience, within individual companies, and statistical fluctuation due to the small amount of experience submitted on the \$50-deductible basis.

Table 3 compares the experience shown in Table 2 for policies with no deductible with the 1979-80 intercompany experience and with the 1956 Intercompany Hospital Table (this table was originally published in the 1957 *Proceedings of the National Association of Insurance Commissioners*; all values used in this study are also included in *TSA*, IX, 334). Average claim size generally increased for both males and females. Frequency decreased for most ages under age 65 for males and females. The significant decreases in frequency for females for 1981-82 appear to result from a change in the companies which submitted data to the two studies. The relation in experience between males and females in this study appears to be more consistent with the long-term relationships evidenced by experience in earlier (prior to 1977) studies.

TABLE 3
1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
COMPARISON WITH 1979-80 INTERCOMPANY EXPERIENCE AND
1956 INTERCOMPANY HOSPITAL TABLE
FREQUENCY OF HOSPITALIZATION, AVERAGE CLAIM, AND CLAIM COST
PER \$1 OF DAILY HOSPITAL BENEFIT
ADJUSTED MAXIMUM BENEFIT PERIOD OF 90 DAYS
NO DEDUCTIBLE

ATTAINED AGE	1981-82 INTERCOMPANY EXPERIENCE			RATIO OF 1981-82 EXPERIENCE TO 1979-80 EXPERIENCE			RATIO OF 1981-82 EXPERIENCE TO 1956 INTERCOMPANY TABLE		
	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost
Male									
15-19	.0155	\$ 3.91	\$.061	1.25	.33	.41	.15	.52	.07
20-24	.0345	6.54	.226	.84	.89	.75	.45	.86	.38
25-29	.0568	6.65	.245	.73	1.02	.75	.49	.89	.43
30-34	.0396	6.97	.276	.78	.96	.75	.53	.87	.47
35-39	.0701	7.55	.529	1.04	1.02	1.06	.88	.85	.75
40-44	.0700	8.94	.626	.90	1.12	1.01	.78	.91	.71
45-49	.0806	8.45	.681	.89	1.03	.92	.81	.75	.61
50-54	.1062	8.46	.898	.91	.98	.89	.91	.70	.64
55-59	.1262	9.44	1.191	.91	1.04	.94	.94	.76	.71
60-64	.1135	9.82	1.115	.85	1.00	.85	.73	.76	.56
65-69	.2249	12.56	2.825	1.04	1.00	1.04	1.35	.90	1.23
70-74	.4224	11.84	5.001	1.08	.95	1.03	2.45	.68	1.68
75-79	.4211	12.66	5.331	1.09	.95	1.03	2.40	.54	1.31
Female									
15-19	.0326	\$ 8.36	\$.273	.70	1.95	1.36	.34	1.17	.41
20-24	.0389	5.56	.216	.59	1.17	.69	.39	.92	.30
25-29	.0747	6.17	.461	.60	.98	.59	.67	.79	.54
30-34	.0957	6.68	.639	.63	1.00	.63	.79	.81	.64
35-39	.1324	7.49	.992	.68	1.16	.79	1.01	.86	.87
40-44	.1291	7.10	.917	.65	1.01	.66	.94	.76	.71
45-49	.1331	7.84	1.044	.59	.98	.58	.91	.78	.71
50-54	.1386	8.98	1.245	.63	1.12	.70	.91	.85	.76
55-59	.1396	9.03	1.261	.69	1.02	.70	.88	.79	.69
60-64	.1051	9.72	1.022	.65	1.01	.66	.64	.78	.50
65-69	.2078	12.10	2.514	1.01	1.00	1.01	1.23	.88	1.09
70-74	.3794	11.49	4.359	1.14	1.00	1.14	2.20	.67	1.46
75-79	.3756	12.84	4.823	1.14	.97	1.11	2.15	.54	1.18
Child									
All ages	.0469	\$ 5.37	\$.252	.92	1.09	1.00			

Ratios of the 1981-82 experience to the 1979-80 experience for all ages combined (based upon the 1981-82 distribution of no-deductible exposures by age), are shown in the following tabulation. The decrease in the experience results are due primarily to the change in the companies contributing to the two studies. For each company contributing experience for both studies, adult claim costs were up slightly.

RATIOS OF 1981-82 TO 1979-80 EXPERIENCE FOR ALL AGES COMBINED

	Frequency	Average Claim	Claim Cost
Male.....	94%	100%	94%
Female.....	75	105	79
Child.....	92	109	100

An analysis by policy duration was made of the 1981-82 experience on policies with no deductible. Ratios of experience by duration to that for duration 3 and later (where each duration is based on the same distribution of no-deductible exposures by age) are shown in the following tabulation. The predominant amount of experience in this study is in the third and later policy durations.

DURATION	MALE			FEMALE			CHILD		
	Frequency	Average Claim	Claim Cost	Frequency	Average Claim	Claim Cost	Frequency	Average Claim	Claim Cost
1.....	57%	77%	44%	44%	51%	81%	38%	102%	51%
2.....	62	86	53	51	72	37	25	105	26
3 and later...	100	100	100	100	100	100	100	100	100
All.....	93%	99%	92%	91%	98%	89%	74%	101%	75%

Table 4 contains a graduation of the crude frequencies and average claims for policies with no deductible given in Table 3. Claim costs in Table 4 are derived as a product of these graduated functions.

MISCELLANEOUS HOSPITAL EXPENSE BENEFITS

Four companies contributed experience that was used in this section of the study.

Table 5 shows the average amount of claim for \$200 and \$300 maximum benefit amounts on policies with no deductible. As the majority of miscellaneous hospital expense during this period exceeds \$300, the average claim is very close to \$200 and \$300 for the two benefit maximums. The last column in this table for each limit shows the ratio of actual average claims to the corresponding averages for 1979–80. Table 6 shows the average amount of claim for both \$600 and \$2,000 maximum benefit amounts on policies with no deductible.

Table 7 shows the graduated frequencies of hospitalization, the graduated average claims, and the claim costs for a \$200 maximum benefit. The frequencies of hospitalization are the same as those shown in Table 4, and the graduated average claims are derived from the average claim amounts shown in Table 5. The claim costs are the product of these frequencies and average claims. Female claim costs are higher than those for males up to age group 60–64, with the reverse true for higher age groups.

Table 8 shows the graduated frequencies of hospitalization, the graduated average claims, and the claim costs for both \$300 and \$600 maximum benefit amounts. The frequencies of hospitalization are the same as those shown in Table 4, and the graduated average claims are derived from the average claim amounts shown in Tables 5 and 6. The claim costs are the product of these frequencies and average claims. Female claim costs are higher than those for males up to age group 55–59 for \$300 maximum benefit and to age group 60–64 for \$600 maximum benefit, with the reverse true for higher age groups.

Table 9 shows a comparison of the actual 1981–82 experience for \$200 maximum benefit, on policies with no deductible, with the 1956 Intercompany Hospital Table. The frequencies of hospitalization for the 1981–82 experience are the same as those shown in Table 3. The 1956 table does not show average claim amounts for a \$200 maximum benefit; as a result, the arithmetic mean of the values for \$150 and \$250 maximum benefit amounts was used. Claim costs, as one would expect, are significantly higher than those for the 1956 Table.

TABLE 4
 1981-82 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 GRADUATED FREQUENCY OF HOSPITALIZATION,
 AVERAGE CLAIM, AND CLAIM COST PER \$1 OF
 DAILY HOSPITAL BENEFIT
 NO DEDUCTIBLE
 MAXIMUM BENEFIT PERIOD OF 90 DAYS

Attained Age	Frequency	Average Claim	Claim Cost
Male			
15-19	.0215	\$ 5.55	\$.119
20-24	.0325	6.31	.158
25-29	.0379	6.59	.250
30-34	.0444	7.01	.311
35-39	.0628	7.55	.474
40-44	.0705	8.10	.571
45-49	.0819	8.45	.692
50-54	.1020	8.82	.900
55-59	.1220	9.31	1.136
60-64	.1431	9.82	1.405
65-69	.2206	11.90	2.625
70-74	.3889	12.14	4.721
75-79	.4235	12.66	5.362
Female			
15-19	.0329	\$ 5.41	\$.178
20-24	.0440	5.82	.256
25-29	.0700	6.21	.435
30-34	.0829	6.79	.561
35-39	.1198	7.28	.872
40-44	.1291	7.70	.994
45-49	.1325	8.19	1.085
50-54	.1364	8.75	1.194
55-59	.1402	9.12	1.279
60-64	.1480	9.72	1.371
65-69	.2035	11.88	2.418
70-74	.3622	12.08	4.375
75-79	.3785	12.63	4.780
Child			
All ages	.0469	\$ 5.37	\$.252

TABLE 5
 1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY—NO DEDUCTIBLE
 AVERAGE AMOUNT OF CLAIM
 \$200 AND \$300 MAXIMUM BENEFIT

ATTAINED Age	\$200 MAXIMUM BENEFIT			\$300 MAXIMUM BENEFIT		
	Number of Claims	Average Claim	Ratio to 1979-80	Number of Claims	Average Claim	Ratio to 1979-80
Male						
25-29	7	\$184.86	.929	47	\$254.66	1.039
30-34	19	200.00	1.049	190	286.25	1.054
35-39	88	197.61	1.002	309	277.55	.996
40-44	79	196.52	1.003	296	274.90	1.046
45-49	85	197.00	1.024	269	275.68	1.036
50-54	99	196.28	.997	387	290.76	1.076
55-59	176	199.40	1.009	591	279.78	1.024
60-64	284	196.98	1.001	720	279.29	1.044
65-69	250	198.00	1.030	166	297.91	1.035
70-74	257	198.17	1.027	95	296.38	1.016
75-79	485	199.73	1.035	22	298.91	1.052
All ages	1,829			3,092		
Female						
25-29	6	\$200.00	1.000	62	\$278.37	1.057
30-34	29	200.00	1.008	328	286.19	1.038
35-39	112	198.34	1.012	487	283.97	1.011
40-44	89	197.19	1.021	384	292.88	1.028
45-49	116	196.35	.991	425	277.98	1.013
50-54	216	198.25	1.009	698	288.55	1.036
55-59	267	198.53	.996	1,116	278.64	1.014
60-64	547	198.73	.998	1,612	273.90	1.027
65-69	529	199.37	1.053	273	298.41	1.075
70-74	725	198.57	1.072	154	293.58	1.080
75-79	1,703	199.75	1.040	82	295.10	.984
All ages	4,339			5,621		
Child						
All ages	103	\$192.04	1.037	626	\$282.52	1.083

TABLE 6
 1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY—NO DEDUCTIBLE
 AVERAGE AMOUNT OF CLAIM
 \$600 AND \$2,000 MAXIMUM BENEFIT

ATTAINED Age	\$600 MAXIMUM BENEFIT			\$2,000 MAXIMUM BENEFIT	
	Number of Claims	Average Claim	Ratio to 1979-80	Number of Claims	Average Claim
Male					
20-24	14	\$489.57	1.166	64	\$1,017.84
25-29	135	471.71	1.124	38	840.26
30-34	280	509.74	1.163	13	1,066.62
35-39	325	432.47	.979	16	965.38
40-44	231	429.93	.954	14	1,088.00
45-49	227	487.81	1.112	10	832.20
50-54	345	491.84	1.078	14	1,134.00
55-59	384	475.20	1.036	14	1,273.36
60-64	480	494.29	1.146	7	1,605.14
65-69	4	600.00	1.676	0	0
70-74	3	600.00	7.965	0	0
All ages	2,428			190	
Female					
20-24	4	\$600.00	1.390	19	\$ 873.68
25-29	157	469.22	1.030	23	812.57
30-34	341	489.53	1.016	14	1,202.29
35-39	374	502.47	1.029	22	1,340.77
40-44	323	489.56	1.015	16	1,020.56
45-49	323	513.28	1.132	28	1,013.54
50-54	482	510.29	1.095	37	1,404.32
55-59	892	475.55	1.060	38	1,254.74
60-64	1,169	487.86	1.085	16	1,122.63
65-69	8	571.25	1.770	0	0
70-74	3	600.00	3.755	0	0
All ages	4,076			213	
Child					
All ages	1,411	\$482.00	1.145	80	\$ 672.50

TABLE 7
 1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY—NO DEDUCTIBLE
 GRADUATED FREQUENCY OF HOSPITALIZATION,
 GRADUATED AVERAGE CLAIM, AND CLAIM COST
 \$200 MAXIMUM BENEFIT

Attained Age	Frequency*	Average Claim	Claim Cost
Male			
25-29	.0379	\$188.46	\$ 7.14
30-34	.0444	198.20	8.80
35-39	.0628	197.96	12.43
40-44	.0705	197.39	13.92
45-49	.0819	197.13	16.14
50-54	.1020	196.75	20.07
55-59	.1220	197.60	24.11
60-64	.1431	197.54	28.27
65-69	.2206	198.11	43.70
70-74	.3889	198.26	77.10
75-79	.4235	199.73	84.59
Female			
25-29	.0700	\$200.00	\$14.00
30-34	.0829	200.00	16.58
35-39	.1198	198.82	23.82
40-44	.1291	197.63	25.51
45-49	.1325	198.55	26.31
50-54	.1364	199.04	27.15
55-59	.1402	199.23	27.93
60-64	.1480	199.36	29.51
65-69	.2035	199.49	40.60
70-74	.3622	199.62	72.30
75-79	.3785	199.75	75.61
Child			
All ages	.0469	\$192.04	\$ 9.01

*Frequency is the same as in Table 4

TABLE 8
 1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY—NO DEDUCTIBLE
 GRADUATED FREQUENCY OF HOSPITALIZATION,
 GRADUATED AVERAGE CLAIM, AND CLAIM COST
 \$300 AND \$600 MAXIMUM BENEFIT

ATTAINED Age	FREQUENCY*	\$300 BENEFIT		\$600 BENEFIT	
		Average Claim	Claim Cost	Average Claim	Claim Cost
Male					
20-24	.0325			\$485.20	\$ 15.77
25-29	.0379	\$266.03	\$ 10.08	487.65	18.48
30-34	.0444	275.37	12.23	490.40	21.77
35-39	.0628	276.25	17.35	474.15	29.78
40-44	.0705	276.82	19.52	463.40	32.67
45-49	.0819	277.49	22.73	484.60	39.69
50-54	.1020	283.51	28.92	488.25	49.80
55-59	.1220	285.89	34.88	491.50	59.96
60-64	.1431	291.44	41.71	496.00	70.98
65-69	.2206	297.13	65.55	560.00	123.54
70-74	.3889	298.33	116.02	590.00	229.45
75-79	.4235	298.75	126.52		
Female					
20-24	.0440			\$555.00	\$ 24.42
25-29	.0700	\$280.12	\$ 19.61	505.75	35.40
30-34	.0829	283.41	23.49	492.50	40.83
35-39	.1198	285.87	34.25	491.25	58.85
40-44	.1291	287.29	37.09	489.10	63.14
45-49	.1325	285.50	37.83	493.05	65.33
50-54	.1364	283.76	38.70	498.15	67.95
55-59	.1402	278.16	39.00	502.00	70.38
60-64	.1480	274.20	40.58	510.70	75.58
65-69	.2035	298.01	60.65	570.00	116.00
70-74	.3622	296.13	107.26	590.00	213.70
75-79	.3785	294.41	111.43		
Child					
All ages	.0469	\$282.52	\$ 13.25	\$482.00	\$ 22.61

*Frequency is the same as in Table 4.

TABLE 9
 1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY—NO DEDUCTIBLE
 COMPARISON WITH 1956 INTERCOMPANY HOSPITAL TABLE
 \$200 MAXIMUM BENEFIT

ATTAINED AGE	1981-82 INTERCOMPANY EXPERIENCE			1956 INTERCOMPANY TABLE			RATIO OF 1981-82 EXPERIENCE TO 1956 TABLE		
	Fre- quency*	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost	Fre- quency	Average Claim	Claim Cost
Male									
25-29 .....	.0368	\$184.84	\$ 6.80	.0758	\$ 93.32	\$ 7.07	.49	1.98	.96
30-34 .....	.0396	200.00	7.92	.0747	98.87	7.39	.53	2.02	1.07
35-39 .....	.0701	197.61	13.85	.0797	104.42	8.32	.88	1.89	1.66
40-44 .....	.0700	196.52	13.76	.0889	109.97	9.78	.79	1.79	1.41
45-49 .....	.0806	197.00	15.88	.1003	115.52	11.59	.80	1.71	1.37
50-54 .....	.1062	196.28	20.84	.1150	121.07	13.92	.92	1.62	1.50
55-59 .....	.1262	199.40	25.16	.1339	126.62	16.95	.94	1.57	1.48
60-64 .....	.1135	196.98	22.16	.1536	132.17	20.30	.74	1.49	1.09
65-69 .....	.2249	198.03	44.54	.1665	137.72	22.93	1.35	1.44	1.94
70-74 .....	.4224	198.17	83.71	.1728	143.27	24.76	2.44	1.38	3.38
75-79 .....	.4211	199.73	84.11	.1751	148.82	26.06	2.40	1.34	3.23
Female									
25-29 .....	.0747	\$200.00	\$14.94	.1116	\$ 93.32	\$10.41	.67	2.14	1.44
30-34 .....	.0957	200.00	19.14	.1215	98.87	12.01	.79	2.02	1.59
35-39 .....	.1324	198.34	26.26	.1306	104.42	13.64	1.01	1.90	1.93
40-44 .....	.1291	197.19	25.46	.1385	109.97	15.23	.93	1.79	1.67
45-49 .....	.1331	196.35	26.13	.1455	115.52	16.81	.91	1.70	1.55
50-54 .....	.1386	198.25	27.48	.1519	121.07	18.39	.91	1.64	1.49
55-59 .....	.1396	198.53	27.71	.1577	126.62	19.97	.89	1.57	1.39
60-64 .....	.1051	198.73	20.89	.1630	132.17	21.54	.64	1.50	.97
65-69 .....	.2078	199.37	41.43	.1682	137.72	23.16	1.24	1.45	1.79
70-74 .....	.3794	198.57	78.91	.1728	143.27	24.76	2.20	1.39	3.19
75-79 .....	.3756	199.75	75.03	.1751	148.82	26.06	2.15	1.34	2.88

*Frequency is the same as in Table 3.

Tables 10 and 11 are similar to Table 9, except that they cover policies with \$300 and \$600 maximum benefit amounts, respectively. Values for the 1956 Intercompany Hospital Table were also developed by interpolation from the benefit amounts available.

Table 12 shows the relationship of average claims for other maximum benefit amounts (for which there were 100 or more claims) to those for the \$200 maximum benefit amount. It also indicates the number of companies contributing to each cell.

Table 13 indicates the range in the level of average claim experience for \$200, \$300, and \$600 maximum benefit amounts among the contributing companies.

Table 14 compares the combined inpatient and outpatient experience of several companies that include an outpatient benefit with their corresponding experience limited to the inpatient benefits only. Comparisons are shown for \$200, \$300, and \$600 maximum benefit amounts.

SURGICAL EXPENSE BENEFITS

Four companies contributed experience to this section of the study. The distribution of claims submitted by amount of deductible was as follows:

Deductible	Amount Paid (000)	Percentage Distribution
None.....	\$11,122	93%
\$ 25.....	7	0
50.....	788	7
100.....	3	0
Total.....	\$11,920	100%

A description of the data used, methods of calculation, and techniques used in standardizing the heterogeneous surgical schedules were presented with the 1960-61 study (*TSA, 1963 Reports*, 150-60).

Table 15 shows ungraduated frequencies, average claims, and claim costs per \$100 of maximum surgical benefit for no-deductible policies. Also shown

TABLE 10

1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY—NO DEDUCTIBLE
 COMPARISON WITH 1956 INTERCOMPANY HOSPITAL TABLE
 \$300 MAXIMUM BENEFIT

ATTAINED AGE	1981-82 INTERCOMPANY EXPERIENCE			1956 INTERCOMPANY TABLE			RATIO OF 1981-82 EXPERIENCE TO 1956 TABLE		
	Frequency*	Average Claim	Claim Cost	Frequency	Average Claim	Claim Cost	Frequency	Average Claim	Claim Cost
	Male								
25-29	.0368	\$254.66	\$ 9.37	.0758	\$112.10	\$ 8.50	.49	2.27	1.10
30-34	.0396	286.23	11.33	.0747	118.77	8.87	.53	2.41	1.28
35-39	.0701	277.55	19.46	.0797	125.44	10.00	.88	2.21	1.95
40-44	.0700	274.90	19.24	.0889	132.10	11.74	.79	2.08	1.64
45-49	.0806	275.68	22.22	.1003	138.77	13.99	.80	1.99	1.59
50-54	.1062	290.76	30.88	.1150	145.44	16.73	.92	2.00	1.85
55-59	.1262	279.78	35.31	.1339	152.11	20.37	.94	1.84	1.73
60-64	.1135	279.29	31.70	.1536	158.77	24.39	.74	1.76	1.30
65-69	.2249	297.91	67.00	.1665	165.44	27.55	1.35	1.80	2.43
70-74	.4224	296.38	125.19	.1728	172.11	29.74	2.44	1.72	4.21
75-79	.4211	298.91	125.87	.1751	178.77	31.30	2.40	1.67	4.02
	Female								
25-29	.0747	\$278.37	\$ 20.79	.1116	\$112.10	\$12.51	.67	2.48	1.66
30-34	.0957	286.19	27.39	.1215	118.77	14.43	.79	2.41	1.90
35-39	.1324	283.97	37.60	.1306	125.44	16.38	1.01	2.26	2.30
40-44	.1291	292.88	37.81	.1385	132.10	18.30	.93	2.22	2.07
45-49	.1331	277.98	37.00	.1455	138.77	20.19	.91	2.00	1.83
50-54	.1386	288.55	39.99	.1519	145.44	22.09	.91	1.98	1.81
55-59	.1396	278.64	38.90	.1577	152.11	23.99	.89	1.83	1.62
60-64	.1051	273.90	28.79	.1630	158.77	25.88	.64	1.73	1.11
65-69	.2078	298.41	62.01	.1682	165.44	27.83	1.24	1.80	2.23
70-74	.3794	293.58	111.38	.1728	172.11	29.74	2.20	1.71	3.75
75-79	.3756	295.10	110.84	.1751	178.77	31.30	2.15	1.65	3.54

*Frequency is the same as in Table 3.

TABLE 11
 1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY—NO DEDUCTIBLE
 COMPARISON WITH 1956 INTERCOMPANY HOSPITAL TABLE
 \$600 MAXIMUM BENEFIT

ATTAINING AGE	1981-82 INTERCOMPANY EXPERIENCE			1956 INTERCOMPANY TABLE			RATIO OF 1981-82 EXPERIENCE TO 1956 TABLE		
	Frequency*	Average Claim	Claim Cost	Frequency	Average Claim	Claim Cost	Frequency	Average Claim	Claim Cost
	Male								
20-24 .....	.0345	\$489.57	\$16.89	.0779	\$128.00	\$ 9.97	.44	3.82	1.69
25-29 .....	.0368	471.71	17.36	.0758	136.09	10.32	.49	3.47	1.68
30-34 .....	.0396	509.74	20.19	.0747	144.19	10.77	.53	3.54	1.87
35-39 .....	.0701	432.47	30.32	.0797	152.28	12.14	.88	2.84	2.50
40-44 .....	.0700	429.93	30.10	.0889	160.37	14.26	.79	2.65	2.11
45-49 .....	.0806	487.81	39.32	.1003	168.47	16.90	.80	2.90	2.33
50-54 .....	.1062	491.84	52.23	.1150	176.56	20.30	.92	2.79	2.57
55-59 .....	.1262	475.20	59.97	.1339	184.65	24.72	.94	2.57	2.43
60-64 .....	.1135	494.29	55.61	.1536	192.75	29.61	.74	2.56	1.88
	Female								
20-24 .....	.0389	\$600.00	\$23.34	.0993	\$128.00	\$12.71	.39	4.69	1.84
25-29 .....	.0747	469.22	35.05	.1116	136.09	15.19	.67	3.45	2.31
30-34 .....	.0957	489.53	46.85	.1215	144.19	17.52	.79	3.40	2.67
35-39 .....	.1324	502.47	66.53	.1306	152.28	19.89	1.01	3.30	3.34
40-44 .....	.1291	489.56	63.20	.1385	160.37	22.21	.93	3.05	2.85
45-49 .....	.1331	513.28	68.32	.1455	168.47	24.51	.91	3.05	2.79
50-54 .....	.1386	510.29	70.73	.1519	176.56	26.82	.91	2.89	2.64
55-59 .....	.1396	475.55	66.39	.1577	184.65	29.12	.89	2.58	2.28
60-64 .....	.1051	487.86	51.27	.1630	192.75	31.42	.64	2.53	1.63

*Frequency is the same as in Table 3.

TABLE 12
 1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
 INPATIENT ONLY—NO DEDUCTIBLE
 VARIATION IN AVERAGE CLAIM BY MAXIMUM BENEFIT AMOUNT

MAXIMUM BENEFIT AMOUNT	NUMBER OF CLAIMS			PERCENT FROM LARGEST CONTRIBUTOR	NUMBER OF CONTRIBUTORS WITH CLAIMS	RATIO OF ACTUAL TO TABULAR*		
	Male	Female	Child			Male	Female	Child
\$ 50	1,631	3,370	0	99.4%	2	.244	.241	0
60	1,051	3,088	55	98.7	3	.326	.317	.336
75	1,188	1,923	0	100.0	1	.375	.374	0
80	21	24	100	67.6	3	.407	.394	.416
90	2,633	6,982	21	100.0	1	.478	.476	.513
100	2,322	4,025	55	52.8	4	.510	.509	.508
120	1,989	5,361	49	97.9	3	.628	.627	.619
125	184	344	0	100.0	1	.630	.652	0
150	1,889	4,112	83	79.3	3	.769	.760	.656
160	343	545	28	99.0	3	.830	.817	.858
175	65	79	0	100.0	1	.886	.889	0
200	1,829	4,339	103	82.9	4	1.000	1.000	1.000
225	85	201	0	100.0	1	1.159	1.131	0
240	1,267	1,889	148	97.1	3	1.213	1.201	1.183
250	368	768	35	92.8	2	1.205	1.256	.902
300	3,092	5,621	626	84.3	3	1.427	1.423	1.472
320	1,017	1,019	54	100.0	1	1.601	1.594	1.609
400	873	1,186	90	95.6	2	1.904	1.908	1.602
500	205	306	17	80.5	3	2.385	2.373	1.930
600	2,428	4,076	1,411	99.2	2	2.447	2.494	2.510
800	74	127	21	100.0	1	3.878	3.376	3.028
1,000	129	261	37	100.0	1	4.509	4.196	3.788
1,200	94	183	41	100.0	1	5.515	5.026	3.768
1,400	76	154	18	100.0	1	5.486	5.463	2.922
1,600	72	151	50	100.0	1	7.158	5.574	3.406
2,000	190	213	80	100.0	1	7.969	6.418	3.502
2,400	54	66	17	100.0	1	9.136	6.716	3.548
3,000	49	48	11	100.0	1	12.752	7.553	4.267

*Tabular based on graduated average amount of claim for \$200 maximum benefit shown in Table 7.

TABLE 13

1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
INPATIENT ONLY—NO DEDUCTIBLE
VARIATION IN AVERAGE CLAIM BY CONTRIBUTING COMPANY

COMPANY*	NUMBER OF CLAIMS			RATIO OF ACTUAL TO TABULAR†		
	Male	Female	Child	Male	Female	Child
\$200 Maximum Benefit						
A	131	228	0	.999	1.005	.....
B	1,403	3,712	75	1.006	1.011	1.018
C	55	46	9	.854	.898	.902
D	240	353	19	1.009	.992	.977
Total	1,829	4,339	103	1.000	1.000	1.000
\$300 Maximum Benefit						
A	457	884	0	1.053	1.049	.....
B	2,586	4,681	603	.993	.993	1.016
C	49	56	23	.808	.761	.570
Total	3,092	5,621	626	1.000	1.000	1.000
\$600 Maximum Benefit						
A	14	40	10	.970	1.177	.970
B	2,414	4,036	1,401	1.001	.995	1.000
Total	2,428	4,076	1,411	1.000	1.000	1.000

*Company codes in this table do not correspond to those used in other tables.

†Tabular based on graduated average amount of claim for the appropriate maximum benefit shown in Table 7 or 8.

TABLE 14

1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
MISCELLANEOUS HOSPITAL EXPENSE BENEFIT
NO DEDUCTIBLE
VARIATION IN AVERAGE CLAIM WITH AND WITHOUT AN OUTPATIENT BENEFIT

COMPANY*	INPATIENT AND OUTPATIENT			PERCENTAGE OF CLAIMS WHICH ARE OUTPATIENT			RATIO OF AVERAGE CLAIM ON ALL CLAIMS TO AVERAGE CLAIM ON INPATIENT-ONLY CLAIMS		
	Male	Female	Child	Male	Female	Child	Male	Female	Child
	\$200 Maximum Benefit								
A	154	264	0	15.6%	14.8%	.....	.956	.947	.....
B	1,593	4,143	131	12.6	11.0	42.7%	.964	.965	.841
C	54	45	9	.0	.0	.0	1.000	1.000	1.000
D	243	350	19	2.1	.9	.0	.987	.996	1.000
Total	2,044	4,802	159	11.2	10.4	35.2	.970	.965	.870
\$300 Maximum Benefit									
A	598	1,082	0	23.6%	18.7%	.....	.868	.905	.....
B	3,654	6,612	1,635	29.4	29.4	63.2%	.794	.795	.552
C	49	56	23	.0	.0	.0	1.000	1.000	1.000
Total	4,301	7,750	1,658	28.2	27.7	62.3	.805	.812	.560
\$600 Maximum Benefit									
A	27	66	23	48.1%	39.4%	56.5%	.608	.663	.573
B	4,315	6,911	4,119	44.1	41.6	66.0	.652	.667	8.036
Total	4,342	6,977	4,142	44.1	41.6	65.9	.651	.666	7.996

*Company codes in this table do not correspond to those used in other tables.

TABLE 15
1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
COMPARISON WITH 1979-80 INTERCOMPANY EXPERIENCE
AND 1956 INTERCOMPANY SURGICAL TABLE
FREQUENCY OF SURGERY, AVERAGE CLAIM, AND CLAIM COST
PER \$100 OF MAXIMUM SURGICAL BENEFIT
STANDARD SCHEDULE—NO DEDUCTIBLE

Attained Age	1981-82 INTERCOMPANY EXPERIENCE			RATIO OF 1981-82 EXPERIENCE TO 1979-80 EXPERIENCE			RATIO OF 1981-82 EXPERIENCE TO 1956 TABLE *		
	Frc. quency	Average Claim	Claim Cost	Frc. quency	Average Claim	Claim Cost	Frc. quency	Average Claim	Claim Cost
Male									
20-24	.0642	\$16.90	\$ 1.08	.94	1.06	1.00	.82	.98	.80
25-29	.0510	19.46	.99	.80	1.07	.85	.69	1.10	.75
30-34	.0505	22.40	1.13	.89	1.20	1.07	.68	1.24	.87
35-39	.0650	22.11	1.44	.97	1.04	.99	.88	1.18	1.05
40-44	.0589	24.86	1.46	.85	1.05	.89	.79	1.28	1.01
45-49	.0717	29.34	2.10	.92	1.12	1.03	.92	1.39	1.27
50-54	.0921	32.97	3.04	1.00	1.05	1.05	1.10	1.36	1.51
55-59	.1019	36.64	3.73	.94	1.05	.99	1.11	1.43	1.60
60-64	.0801	40.25	3.22	.88	1.05	.92	.81	1.39	1.13
65-69	.1461	47.92	7.00	1.03	1.08	1.10	2.31	1.63	4.32
70-74	.2393	46.24	11.07	1.09	1.01	1.10	2.42	1.57	3.81
75-79	.2045	47.68	9.75	1.04	1.09	1.13	2.09	1.61	3.36
Female									
20-24	.0602	\$20.14	\$ 1.21	.79	1.03	.81	.61	.95	.62
25-29	.0776	24.01	1.86	.64	1.05	.67	.72	.95	.76
30-34	.0917	27.86	2.55	.67	1.06	.71	.82	1.11	.92
35-39	.1026	33.34	3.42	.68	1.18	.80	.92	1.23	1.11
40-44	.0998	30.08	3.00	.75	1.02	.77	.89	1.04	.93
45-49	.1082	30.37	3.29	.70	1.05	.74	.98	1.04	1.03
50-54	.1036	30.11	3.12	.68	1.05	.72	.98	1.06	1.04
55-59	.1033	33.14	3.42	.75	1.07	.80	1.03	1.20	1.22
60-64	.0703	35.71	2.51	.68	1.08	.73	.72	1.25	1.02
65-69	.1155	43.11	4.98	1.03	1.08	1.12	1.17	1.56	1.84
70-74	.1714	43.65	7.48	1.22	1.10	1.34	1.77	1.55	2.73
75-79	.1588	45.97	7.30	1.13	1.08	1.22	1.60	1.14	2.64
All Adults									
All ages	.0941	\$35.53	\$ 3.34	.84	1.10	.93			
Child									
All ages	.0555	\$17.81	\$.99	.61	1.15	.71			

*Average claim and claim costs of the 1956 Intercompany Surgical Table adjusted to a standardized basis as shown in the 1963 Reports (page 155, Table 15).

in that table is a comparison with similar data previously published for the 1979–80 experience and the 1956 Intercompany Surgical Table adjusted to a standardized basis.

For no-deductible policies, the claim cost for adults of all ages showed a decrease of 7 percent for the 1981–82 experience over the 1979–80 experience. The 1979–80 period had shown a 5 percent increase over the 1977–78 experience period. Claim costs for males were about the same as the most recent period, while claim costs for females under age 65 decreased significantly; this trend occurred in large part due to changes in the mix of companies which contributed to this study. For children, the 1981–82 experience showed a decrease of 29 percent in claim cost as compared to the 1979–80 experience. The 1979–80 period had shown a 35 percent increase over the 1977–78 experience period for children. This trend also was impacted by a change in the mix of contributing companies.

A graduation of the crude 1981–82 experience is presented in Table 16. Female claim costs are greater than claim costs for males up through age group 50–54. In Table 17 ungraduated data are shown for policies with a \$50 deductible. One company accounted for about 66 percent of the paid claims for this \$50-deductible experience.

In Table 18, data for “deductible” policies are compared with no-deductible forms. This table has been expanded to a four year observation period, 1979–82, to make the data more meaningful. Most of the data for \$25- and \$100-deductible experience came from 1979–80. Results for all ages combined were averaged over the individual age groupings weighted by the distribution of exposures for no-deductible policies. Overall, the general pattern—decreasing frequency and increasing average claims as the deductible increases—conforms to expected results, although there are many exceptions. A considerable amount of variation exists for individual age groups and for average claims in general, due to different companies contributing in different degrees to the experience for different deductibles and statistical fluctuation. Male experience is generally impacted more by various deductibles than is female experience.

An analysis by duration was made of no-deductible policies. The effect of selection on early claim costs compared with claim costs for durations 3 and later is seen in the tabulation that follows:

Duration	Males	Females	All Adults	Children	Total
1	67%	74%	71%	103%	75%
2	73	71	72	54	70
3 and later	100	100	100	100	100
All	94%	98%	96%	98%	96%

TABLE 16
 1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 GRADUATED FOR
 FREQUENCY OF SURGERY, AVERAGE CLAIM, AND CLAIM COST
 PER \$100 OF MAXIMUM SURGICAL BENEFIT
 STANDARD SCHEDULE—NO DEDUCTIBLE

Attained Age	Frequency	Average Claim	Claim Cost
Male			
20-24	.0478	\$19.22	\$.92
25-29	.0569	17.99	1.02
30-34	.0593	19.17	1.14
35-39	.0596	22.04	1.31
40-44	.0617	25.96	1.60
45-49	.0684	30.35	2.08
50-54	.0812	34.72	2.82
55-59	.1005	38.67	3.89
60-64	.1250	41.85	5.23
65-69	.1525	43.99	6.71
70-74	.1833	44.93	8.24
75-79	.2084	44.54	9.28
Female			
20-24	.0598	\$23.16	\$1.38
25-29	.0838	25.29	2.12
30-34	.0953	26.86	2.56
35-39	.0986	28.24	2.78
40-44	.0982	29.68	2.91
45-49	.0974	31.35	3.05
50-54	.0986	33.32	3.29
55-59	.1032	35.58	3.67
60-64	.1114	38.00	4.23
65-69	.1237	40.37	4.99
70-74	.1382	42.38	5.86
75-79	.1522	43.63	6.64
Child			
All ages	.0555	\$17.81	\$.99

TABLE 17
 1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 FREQUENCY OF SURGERY, AVERAGE CLAIM, AND CLAIM COST
 PER \$100 OF MAXIMUM SURGICAL BENEFIT
 STANDARD SCHEDULE
 POLICIES WITH A \$50 DEDUCTIBLE

ATTAINED AGE	1981-82 INTERCOMPANY EXPERIENCE			RATIO OF 1981-82 EXPERIENCE TO 1979-80 EXPERIENCE		
	Frequency	Average Claim	Claim Cost	Frequency	Average Claim	Claim Cost
Male						
30-34	.0442	\$31.17	\$ 1.38	.88	1.21	1.07
35-39	.0575	31.38	1.80	1.06	1.13	1.19
40-44	.0687	29.75	2.04	1.11	1.05	1.17
45-49	.0566	29.35	1.66	.90	.89	.80
50-54	.0786	31.95	2.51	.98	.87	.85
55-59	.0990	41.85	4.14	1.10	.95	1.04
60-64	.0987	46.53	4.59	.99	1.03	1.02
65-69	.1786	49.39	8.82	1.37	1.04	1.42
70-74	.2428	51.67	12.55	1.36	.97	1.32
75-79	.1969	50.53	9.95	1.16	.96	1.11
Female						
30-34	.1076	\$33.29	\$ 3.58	1.07	1.06	1.15
35-39	.0706	37.09	2.62	.63	1.16	.73
40-44	.1104	34.68	3.83	1.02	1.05	1.07
45-49	.0909	41.64	3.79	.82	1.18	.97
50-54	.0952	35.14	3.35	1.00	1.06	1.06
55-59	.0879	41.04	3.61	.95	1.09	1.03
60-64	.0928	42.75	3.97	.97	1.09	1.05
65-69	.1278	46.68	5.97	1.32	1.00	1.32
70-74	.1676	52.41	8.78	1.45	1.11	1.60
75-79	.1251	54.88	6.87	1.12	1.16	1.29
All Adults						
All ages	.1075	\$44.45	\$ 4.78	1.07	1.05	1.12
Child						
All ages	.0463	\$20.38	\$.94	.99	.95	.94

TABLE 18
 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 COMPARISON OF FREQUENCY OF SURGERY AND AVERAGE CLAIM
 1979-82 PER \$100 OF MAXIMUM SURGICAL BENEFIT
 STANDARD SCHEDULE
 DEDUCTIBLE POLICIES AS A PERCENTAGE OF NO-DEDUCTIBLE POLICIES

ATTAINED AGE	FREQUENCY				AVERAGE CLAIM			
	No Deductible	\$25 Deductible	\$50 Deductible	\$100 Deductible	No Deductible	\$25 Deductible	\$50 Deductible	\$100 Deductible
Male								
20-24	100%	71%	77%	71%	100%	182%	134%	160%
25-29	100	92	79	73	100	117	140	113
30-34	100	94	93	78	100	112	126	128
35-39	100	83	83	77	100	123	143	141
40-44	100	93	92	113	100	132	138	163
45-49	100	80	84	85	100	116	138	103
50-54	100	91	87	73	100	95	112	119
55-59	100	87	87	65	100	119	123	107
60-64	100	144	117	98	100	113	116	104
65-69	100	96	100	89	100	103	105	125
70-74	100	66	88	70	100	115	114	129
75-79	100	76	91	45	100	113	113	131
All ages	100	89	90	78	100	120	122	127
Female								
20-24	100%	121%	111%	112%	100%	142%	124%	134%
25-29	100	88	91	96	100	126	120	115
30-34	100	99	86	85	100	119	117	111
35-39	100	84	86	77	100	107	107	100
40-44	100	89	93	89	100	126	112	128
45-49	100	74	83	94	100	128	121	117
50-54	100	92	74	85	100	125	114	114
55-59	100	83	76	75	100	118	120	111
60-64	100	121	111	111	100	114	117	113
65-69	100	92	93	90	100	114	113	114
70-74	100	68	86	65	100	122	119	126
75-79	100	80	79	89	100	133	115	143
All ages	100	91	89	89	100	123	117	119
Child								
All ages	100%	65%	63%	58%	100%	131%	131%	139%

MAJOR MEDICAL EXPENSE BENEFITS

Three companies contributed data on 3,243 claims incurred in 1981 and 1982 to this section of the study. The volume of claims is much smaller than that included in the 1979–80 experience study.

Data for this section of the study were submitted in five-year attained-age groups by sex (male, female, and child) and durations (1,2,3,4,5, and later) for each combination of the following variables:

1. Calendar year of experience
2. Renewal provision (guaranteed renewable or cancelable)
3. Type (family or individual)
4. Coinsurance percentage
5. Deductible amount
6. Deductible type (fixed or variable)
7. Maximum benefit
8. Surgical schedule maximum
9. Hospital room and board limit
10. Intensive-care room and board limit
11. Period to satisfy deductible
12. Benefit period

The data submitted were number of lives exposed, number of claims incurred, and amount paid on claims incurred. The amount paid was reported in two categories: eligible expenses that are subject to coinsurance and eligible expenses that are not subject to coinsurance.

Amounts paid on policies with coinsurance percentages other than 75 percent were adjusted to the amount that would have been paid if the coinsurance percentage had been 75 percent, by multiplying amounts paid subject to coinsurance on the "other percentage" policies by the ratio of 75 to the specified other percentage and adding this adjusted amount to the amount paid not subject to coinsurance. Data for these policies were then combined with data for the 75 percent coinsurance policies.

In the tables covering major medical experience, average claims and claim costs reflect eligible expenses after application of the deductible, coinsurance factor, and maximum benefit. Claim frequency calculations involve only claims where the total eligible expenses exceed the deductible.

Only the ultimate experience of durations 3 and later was studied. Insufficient data existed in durations 1 and 2.

The two years of experience provided a sufficient amount of data so that meaningful experience tables could be constructed for only one category, \$500 fixed deductible amount and \$25 room and board limit.

Some variable deductible data were submitted, but not enough for a separate study. Therefore, these data were eliminated.

Table 19 shows the combined experience of durations 3 and later for plans with a \$500 fixed deductible and \$25 room and board limit. About 28 percent of the claims in this table are on policies with a \$7,500 maximum benefit; 22 percent on policies with a \$10,000 maximum benefit; 45 percent on policies with a \$12,500 maximum benefit; and 5 percent on policies with a \$15,000 maximum benefit. Only 1 percent of the claims are on cancelable policies.

In Table 19, the 1981-82 experience is compared with that of 1979-80, and 1977-78. Claim costs increased 57, 45, and 60 percent for males, females, and children, respectively, over the 1979-80 study, and have increased 80, 64, and 88 percent, respectively, over the 1977-78 study. In comparison with the 1979-80 study, claim frequency increased by 34, 37, and 66 percent for males, females, and children, respectively. In comparison with the 1977-78 study, claim frequency has increased 38, 26, and 76 percent, respectively, for males, females, and children. Increases in average claims were 18 and 6 percent for males and females, respectively, and decreases were by 4 percent for children over 1979-80, while increases of 31, 30, and 7 percent occurred over 1977-78 experience for males, females, and children, respectively.

A graduation of crude claim costs for ages 30-74 appears in Table 20. Graduated claim costs for females exceed those of males for age groups up to age 49 in this table.

Variations in experience for each company that contributed data for major medical experience are shown in Table 21.

TABLE 19
 1981-82 EXPERIENCE UNDER INDIVIDUALLY UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT - \$500 FIXED DEDUCTIBLE
 \$25 HOSPITAL ROOM AND BOARD LIMIT, 75 PERCENT COINSURANCE (ADJUSTED)*
 DURATIONS 3 AND LATER

ATTAINED AGE	NUMBER OF LIVES EXPOSED	NUMBER OF CLAIMS	AMOUNT PAID	CLAIM FREQUENCY	AVERAGE CLAIM	CLAIM COST	RATIO TO 1979-80			RATIO TO 1977-78		
							Claim Frequency	Average Claim	Claim Cost	Claim Frequency	Average Claim	Claim Cost
Male												
30-34	114	3	\$ 3,550	.02632	\$1,183.33	\$ 31.14	.47	.99	.47	.95	1.40	1.32
35-39	303	24	69,839	.07921	2,909.96	230.49	1.67	2.48	4.13	2.18	1.97	4.31
40-44	534	29	52,845	.05431	1,822.24	98.96	.96	1.11	1.06	1.09	1.61	1.76
45-49	842	50	117,506	.05938	2,350.12	139.56	1.03	1.14	1.18	.92	1.26	1.16
50-54	1,124	101	250,894	.08986	2,484.10	223.22	1.25	1.08	1.35	1.16	1.11	1.28
55-59	1,509	210	619,143	.13917	2,948.30	410.30	1.48	1.37	2.03	1.45	1.42	2.06
60-64	1,566	229	597,110	.14623	2,607.47	381.30	1.24	.95	1.17	1.16	1.17	1.37
65-69	249	33	98,796	.13253	2,993.82	396.77	1.29	1.42	1.83	1.68	1.46	2.45
70-74	48	6	16,384	.12500	2,730.67	341.33	1.70	1.41	2.39	1.34	1.44	1.93
75 and over	25	8	22,531	.32000	2,816.38	901.24	3.30	1.53	5.04	4.21	.88	3.72
All ages	6,314	693	\$1,848,598	.11022	\$2,654.85	\$292.60	1.34	1.18	1.57	1.38	1.31	1.80
Female												
30-34	105	16	\$ 21,661	.15238	\$1,353.81	\$206.30	2.38	1.10	2.62	2.54	1.36	3.45
35-39	307	26	48,242	.08469	1,855.46	157.14	1.41	1.12	1.59	1.22	1.62	1.98
40-44	603	51	83,883	.08458	1,644.76	139.11	1.28	.95	1.22	1.28	1.29	1.65
45-49	949	87	161,618	.09168	1,857.68	170.30	1.21	.97	1.17	1.06	1.26	1.33
50-54	1,335	139	274,048	.10412	1,971.57	205.28	1.45	1.06	1.54	1.21	1.20	1.45
55-59	1,831	221	474,788	.12070	2,148.36	259.31	1.36	1.01	1.37	1.31	1.22	1.60
60-64	1,966	231	564,613	.11750	2,444.21	287.19	1.23	1.05	1.29	1.03	1.24	1.28
65-69	348	35	85,315	.10057	2,437.57	245.16	1.31	1.46	1.92	1.60	1.63	2.60
70-74	73	13	27,044	.17808	2,080.31	370.47	2.62	1.27	3.34	3.61	1.61	5.81
75 and over	35	6	16,665	.17143	2,777.50	476.14	2.16	1.16	2.51	1.53	2.71	4.14
All ages	7,552	825	\$1,757,877	.10914	\$2,130.76	\$232.55	1.37	1.06	1.45	1.26	1.30	1.64
Child												
All ages	3,201	169	\$ 198,683	.05280	\$1,175.64	\$ 62.07	1.66	.96	1.60	1.76	1.07	1.88

NOTE 1 - Average claim and claim cost reflect eligible expense after application of the deductible, coinsurance factor, and the maximum benefit provision; claim frequency involves only claims where the total eligible expenses exceed the deductible.

NOTE 2 - Ratios for all ages are weighted averages of ratios for each age range; weight is number of lives exposed.

*Includes policies with other coinsurance factors for which the following adjustment has been made: Amount paid (adjusted) = Amount paid (subject to coinsurance) × 0.75 - Other Factor.

TABLE 20
 1981-82 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT
 \$500 FIXED DEDUCTIBLE
 75 PERCENT COINSURANCE (ADJUSTED)*
 \$25 HOSPITAL ROOM AND BOARD LIMIT
 NO SURGICAL SCHEDULE MAXIMUM
 GRADUATED CLAIM COSTS FOR
 DURATIONS 3 AND LATER

Attained Age	Cost
Male	
30-34	\$ 75
35-39	100
40-44	130
45-49	160
50-54	235
55-59	385
60-64	395
65-69	390
70-74	360
Female	
30-34	\$170
35-39	160
40-44	155
45-49	170
50-54	205
55-59	260
60-64	285
65-69	290
70-74	340

*See notes to Table 19.

TABLE 21
 1981-82 EXPERIENCE UNDER INDIVIDUALLY
 UNDERWRITTEN POLICIES
 MAJOR MEDICAL EXPENSE BENEFIT
 \$500 FIXED DEDUCTIBLE
 \$25 HOSPITAL ROOM AND BOARD LIMIT
 NO SURGICAL SCHEDULE MAXIMUM
 75 PERCENT COINSURANCE (ADJUSTED)*
 DURATIONS 3 AND LATER
 RATIOS OF EXPERIENCE BY CONTRIBUTING COMPANY
 TO EXPERIENCE OF TOTAL STUDY

	COMPANY [†]	NUMBER OF CLAIMS	AVERAGE AGE	RATIO OF EACH COMPANY TO TOTAL		
				Claim Frequency	Average Claim	Claim Cost
Male	{ A	411	55.1	1.15	1.03	1.18
	{ B	243	52.2	.81	.95	.77
	{ C	43	55.4	1.10	1.01	1.11
Female	{ A	525	55.0	1.17	1.01	1.18
	{ B	268	53.6	.80	.96	.77
	{ C	31	55.8	.78	1.09	.85
All adults	{ A	936	55.0	1.16	1.02	1.18
	{ B	511	53.0	.80	.96	.77
	{ C	74	55.5	.97	1.04	1.00
Children	{ A	92	.....	1.01	1.15	1.16
	{ B	68	.....	1.03	.81	.84
	{ C	9	.....	.75	.87	.66

*See notes to Table 19.

†Company codes in this table do not correspond to those used in other tables.

