Paper on group medical area factors available

by Mark Alan Chesner

This article reports on the findings in the paper, "Group Comprehensive Major Medical Net Claim Cost Relationships by Area," I presented to the Conference of Consulting Actuaries (CCA) in 1991. Peter Hutchings referred to this paper in a letter to the editor in the February 1992 *Actuary*.

In late 1989, I used the small group rate manuals of 16 major carriers to extract the underlying net claim cost relationships for each of 400 United States cities. These relationships were expressed in terms of an under-age-65 nationwide population weighted factor for each company of 1.00. Minimum, maximum, and mean factors for each city were presented, with an overview of the reasons behind the wide variation among cities.

The least expensive and most expensive cities are shown in the tables on this page.

The wide variation of the factors was no surprise. The clustering of factors in many states, however, was unexpected. For example, mean

Least Expensive		
1.	Appleton, WI	.73
2.	Glens Falls, NY	.73
3.	Green Bay, WI	.73
4.	Eau Claire, WI	.74
5.	Elmira, NY	.74
6.	Wausau, WI	.74
7.	Buffalo, NY	.75
8.	Burlington, NC	.75
9.	Hickory, NC	.75
10.	Jacksonville, NC	.75
11.	La Crosse, WI	.75
12.	Niagara Falls, NY	.75
13.	Asheville, NC	.76
14.	Bloomington, IN	.76
15.	Burlington, VT	.76
16.	Cedar Rapids, IA	.76
17.	Duluth, MN	.76
18.	Fayetteville, NC	.76
19.	Greensboro, NC	.76
20.	Greenville, SC	.76
21.	Iowa City, IA	.76
22.	Muncie, IN	.76
23.	Rapid City, SD	.76
24.	Terre Haute, IN	.76
25.	Wilmington, NC	.76
26.	Winston-Salem, NC	.76

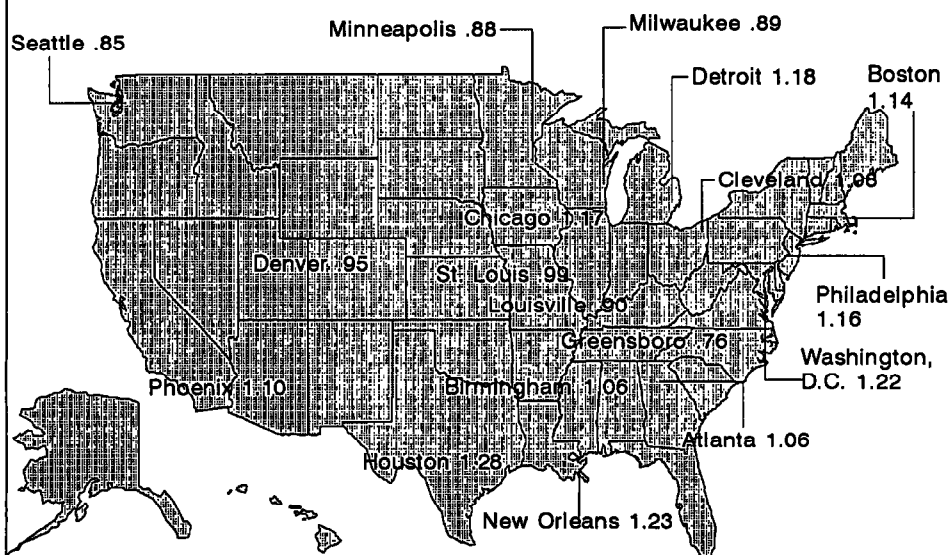| Most Expensive		
1.	Los Angeles, CA	1.73
2.	Inglewood, CA	1.72
3.	Miami, FL	1.70
4.	Hialeah, FL	1.66
5.	Glendale, CA	1.62
6.	Pasadena, CA	1.62
7.	Torrance, CA	1.62
8.	Long Beach, CA	1.61
9.	Pomona, CA	1.58
10.	Hollywood, FL	1.53
11.	Fort Lauderdale, FL	1.47
12.	Santa Ana, CA	1.46
13.	Anaheim, CA	1.45
14.	Fullerton, CA	1.45
15.	Garden Grove, CA	1.45
16.	Huntington Beach, CA	1.45
17.	Orange, CA	1.45
18.	Ontario, CA	1.44
19.	New York, NY	1.39
20.	San Francisco, CA	1.34

factors produced for the 33 examined Texas cities fell into only the following five narrow ranges: 1.26–1.28; 1.20–1.21; 1.06–1.11; 1.01–1.03; and .89–.94.

The map on this page displays the factors for some major cities.

Contact me at my *1992 Directory* address, or contact the CCA or the Society's library for copies of the paper.

Mean Group Medical Area Factor For Selected Cities

Nationwide = 1.00

Seattle .85
Minneapolis .88
Milwaukee .89
Detroit 1.18
Boston 1.14
Cleveland 1.08
Chicago 1.17
Denver .95
St. Louis .99
Louisville .90
Philadelphia 1.16
Greensboro .76
Washington, D.C. 1.22
Phoenix 1.10
Birmingham 1.06
Atlanta 1.06
Houston 1.28
New Orleans 1.23

Errata for *TSA*, Vol. 40

On page 665 (Part II) of Volume 40 (1988) of the *Transactions* of the Society of Actuaries is "Table 5 — Comparison of U.S. Population Annual Mortality Improvement Rates under Social Security Administration's *Actuarial Study No. 87* and the Society's Committee Deriving 1983 Table *a* ." Please note that for age 35–39, Projection G for males should be "2.00."