



SOCIETY OF ACTUARIES

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# A first: SOA study offers detailed view of group medical large claims

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**A** Society of Actuaries study of large claims, just released, is the first publicly available study to explore a substantial base of large claims and paves the way for similar studies by insurers and other interested organizations.

Records of more than 171,000 claimants form the basis of *Group Medical Insurance Large Claims Data Base Collection and Analysis*. The study provides a data base that both groups and correlates claims of \$25,000 or more by categories including diagnosis, gender, age, and claimant's status as subscriber or dependent. Claims totaled some \$10 billion.

The *Large Claims* research was conducted by Kyle L. Grazier, Ph.D., of Cornell University. The project was sponsored by the SOA Committee on Health Benefits Systems Research and the SOA Health Section.

Results of the project show:

- On average, claim frequencies were higher for men than for women, higher for the 61-64 age group, and higher for subscribers than for dependents. Claim costs increase by age until employees are eligible for Medicare (generally age 65). The

preponderance of males is surprising in light of the well-documented fact that women spend more dollars on health care than men do until about age 50.

- Age: Most claimants are between 30 and 64 years old. The 50-59 age group accounts for the highest percentage of large claims and of total charges (22% and 21%, respectively). The highest charges per claimant are for newborns; the over-75 age group takes second place.
- Gender and diagnosis: For females, the largest proportion of claims and charges are for malignant neoplasms (18%) and circulatory system disorders (14%). Among males, circulatory system disorders rate the highest (29%). But the highest average charges for both females and males are for congenital disorders and perinatal conditions, including prematurity, with claims of \$80,000 per case each year.

*Large Claims* used information from the years 1991 and 1992 from a total of 26 insurers. The 171,000 claims studied came from a base of nearly 3 million insureds for each of the two years, a total of 6 million.

Those involved in the study say that regulations implemented since 1992 have led to more and better data being collected. Some members of the project oversight group and others would like to see another study conducted using *Large Claims* as a base.

"Once the study is reviewed by the whole profession, we hope actuaries will make recommendations for what they would like to see with respect to content and format," said Anthony Houghton, who chaired the oversight group. "We want the 'wish list' of those who will be users of the data so that we can develop a second study which will address the needs of the profession to the greatest extent possible."

*Large Claims* will be part of the SOA's new monograph series. Copies of the study are available now for \$35. Contact the Books and Publications Department (847/706-3526).

## Actuarial work can be applied toward CFA designation

A new policy of the Institute of Chartered Financial Analysts now ensures that actuaries will be able to work toward the CFA designation. In the past, some actuaries applying to take CFA examinations were refused on the basis that their work was not acceptable. With the decision of the Institute's trustees at

their July meeting, actuaries are now considered as accruing acceptable professional work experience. The new policy is detailed in the 1997 CFA candidate material, which is available from the Association for Investment Management and Research, 804/980-3668.

## APM status open to some in SOA

Fellows and Associates of the SOA with at least three years' experience in pension-related work may be considered for automatic enrollment as an Associated Professional Member (APM) of the American Society of Pension Actuaries (ASPA). The ASPA board of directors approved the new policy at its June meeting. The APM designation signifies ASPA membership of employee benefit professionals whose credentials come from other professional organizations and who have significant experience in the field.