

Request for Information



SOCIETY OF ACTUARIES

475 N. MARTINGALE RD., SUITE 800, SCHAUMBURG, IL 60173-2226 847-706-3500
847-706-3599 FAX

MARK G. DOHERTY, CAE
Director of Research

August 12, 1992

Re: Request for Information Regarding the Society of Actuaries
Project to Construct and Analyze a Database of Large Medical
Claims

The Health Section of the Society of Actuaries is sponsoring a project to assemble and analyze a limited data base which may serve as a model for expanded intercompany studies of health care benefits in the future. The project focuses on large claims, defined as annual claim cost in excess of \$25,000.

The project is a limited scope investigation into the types and incidence of large claims. More than 20 insurance companies have agreed to provide cost information for the individuals who have incurred large claims and related summary data on the underlying exposure, plan type, geographic location, and relationship (employee, spouse, child). The data will be collected in the form of "raw" individual claims data with identifying information scrambled to assure anonymity of the claimants.

The research will consist of two parts, the collection of data, followed by analysis of the data and the presentation of results in a written document.

The purpose of this RFI is to obtain input from a number of firms and institutions regarding their interest in the project. Specifically, we are interested in learning the following:

1. Are you interested in undertaking the completion of this project?
2. If so, please provide comments and suggestions on the proposed data format/specifications (see enclosure). Also contact me for a copy of the Request for Proposal.

August 12, 1992
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3. Please provide a brief description of the types of analysis you would propose to conduct on the completed database, and your initial thoughts on how the database should be designed to facilitate subsequent updates.

We encourage you to forward this RFI to another office of your firm if it is likely that they would be interested in responding.

Your response is requested by September 9, 1992. All questions regarding this RFI should be directed to:

Mark G. Doherty, Director of Research
Society of Actuaries
475 North Martingale Road
Suite 800
Schaumburg, IL 60173-2226
(708) 706-3570

Very truly yours



Mark G. Doherty
Director of Research

cc: John Bertko

Enclosure

EXHIBIT
LARGE CLAIMS DATA BASE
DATA SPECIFICATIONS

1. Claims specific information

Please provide the following data elements for all individuals who have incurred billed charges in excess of \$25,000 for CY 1991.

- a. Identifying number symbol for a claimant
- b. Age of claimant (1991-YOB)
- c. Sex
- d. Zip Code of claimant
- e. Status (subscriber vs. dependent)
- f. Plan status (indemnity, PPO, HMO)
- g. Total charges for claimant in CY 1991
 - Hospital Charges
 - Other charges
- h. Primary diagnosis (describing process for identifying diagnosis)

2. General Information

Please provide the following general information based on the block(s) of business from which the Large Claim individuals were drawn.

- a. Total exposure during CY 1991.
 - (1) Number of subscriber member-months
 - (2) Number of dependent member-months, if available

EXHIBIT
LARGE CLAIMS DATA BASE
DATA SPECIFICATIONS

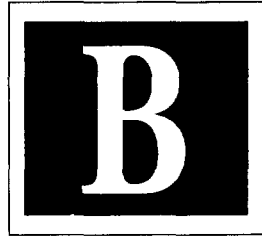
- (3) If dependent exposure is not available, provide any available information on the number of members relative to the number of subscribers

 - b. Description of payment mechanism for each block of business (e.g., per diem rates, discounted charges, etc.)

 - c. Demographic summary as of January 1, 1991 in quinquennial age brackets, by sex and by subscriber/dependent.

 - d. Description of the type(s) of plans represented (indemnity, PPO, HMO, etc.)

 - e. Total billed charges for all claimants in each block of business.
3. Claim data should be provided in the following format:
- Magnetic tape, 1600 or 6250 bpi
 - IBM readable
 - No packed data
 - Please provide a data layout and control totals with the tape



Letter Requesting Participation



SOCIETY OF ACTUARIES

475 N. MARTINGALE RD., SUITE 800, SCHAUMBURG, IL 60173-2226 847-706-3500
847-706-3599 FAX

MARK G. DOHERTY, CAE
Director of Research

April 1, 1993

Dear Richard:

Last November when I contacted you about participating in a study on group medical insurance large claims data base and analysis, you indicated that your company could not contribute data. I am writing you again to see if you would reconsider your position. Should you feel that you could participate at this time please use Attachment 1 to communicate a positive response. Otherwise, you do not have to respond. Attachments 2 and 3 are the data specifications and research objectives to serve as a reminder about this research project.

I hope that you would think about contributing data to this effort. At this time, 30 companies have committed to do so and with your company included, we can expand the data base in terms of claims and geographic dispersion of coverage.

Very truly yours,

A handwritten signature in cursive script that reads "Mark G. Doherty".

Mark G. Doherty
Director of Research

MGD/kna

cc: Project Oversight Group
Sam Gutterman
Richard Bilisoly



**ATTACHMENT 1
GROUP MEDICAL INSURANCE
LARGE CLAIMS DATA BASE PARTICIPATION RESPONSE**

1. Company: _____
Contact: _____
Address: _____

Phone: () _____ Fax: () _____
2. We will participate in the study by submitting data for calendar years: _____ 1991, _____ 1992.
(Deadline for data submission is May 17, 1993)
- We need more information to make a decision, please call me. I have questions on: _____

- We will not be able to participate in the study
3. In addition, I would like to volunteer to help and contribute my expertise in the study.
- Please keep me informed of your progress.
4. Contact: Mark G. Doherty, Director of Research
Society of Actuaries
475 N. Martingale Road, Suite 800
Schaumburg, IL 60173
Phone: (708) 706-3570 or Fax: (708) 706-3599



**ATTACHMENT 2
GROUP MEDICAL INSURANCE
LARGE CLAIMS DATA BASE SPECIFICATIONS**

1. Claims specific information

Please provide the following data elements for all individuals who have incurred billed charges in excess of \$25,000 for CY 1991 and CY 1992.

- a. Identifying number/symbol for a claimant
- b. Age of claimant (1991-YOB, 1992-YOB)
- c. Sex
- d. Zip Code of claimant
- e. Status (subscriber vs. dependent)
- f. Plan status (indemnity, PPO, HMO)
- g. Total charges for claimant in CY 1991, CY 1992
 - Hospital charge
 - Other charges
- h. Primary diagnosis (describe process for identifying diagnosis)

2. General information

Please provide the following more general information based on the block(s) of business from which the High Claim individuals were drawn for each calendar year 1991 and 1992.

- a. Total exposure
 - (1) Number of subscriber member-months
 - (2) Number of dependent member-months, if available
 - (3) If no dependent exposure, any available information on number of dependents relative to the number of subscribers.
- b. Description of payment mechanism for each block of business (e.g., per diem rates, discounted charges, etc.)
- c. Demographic summary as of 7/1/91, if available, in 10 year age brackets; (<1, 1-10, 11-20, 21-30, 31-40, 41-50, 51-60, 61-64, 65-69, etc.) by sex and by subscriber/dependent

3. Data should be provided in the following format:

Magnetic tape, 1600 or 6250 bpi
IBM readable
No packed data
Please provide a data layout and control totals with the tape



ATTACHMENT 3 GROUP MEDICAL INSURANCE LARGE CLAIMS DATABASE COLLECTION AND ANALYSIS

RESEARCH OBJECTIVES

Initially, the following objectives have been identified for the project:

- ▶ Gather claim and exposure information from a number of major health care carriers, including insurance companies, HMOs and Blue Cross/Blue Shield plans.
- ▶ Combine all claims and exposure information into a database.
- ▶ Use the database to develop tables of claim incidence by size.
- ▶ Development of claim continuance tables.
- ▶ Develop ancillary information (e.g., a study of large claims by diagnosis category).
- ▶ Provide recommendations for improving the quality of the data, the ease of collection or the quality of the exposure information.
- ▶ Create a mechanism for updating the database on a periodic basis, including funding for collection and analysis.

SPECIFIC COMPONENTS OF RESEARCH

The research will consist of two parts, the collection of data, followed by analysis of the data and the presentation of results in a written document. It is anticipated the project will:

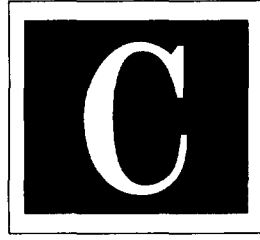
- ▶ collect the claim and exposure data,
- ▶ construct the data base,
- ▶ develop the format of tables and charts to be included in the final report,
- ▶ perform analysis on the data base,
- ▶ prepare and circulate a draft report that includes the results of the analysis, and
- ▶ incorporate comments into the final report.

The project will produce a data base and exposure information on large claims that can readily be updated. The final report on the project should contain detailed tabular information presenting the experience and a concrete evaluation of the statistics. As a benefit for providing data, the participating companies will receive detailed results that illustrate how their data compares to the aggregate of all companies.

CONTACT

Any questions regarding this research project should be directed to:

Mark G. Doherty, Director of Research
Society of Actuaries
475 North Martingale Road
Suite 800
Schaumburg, IL 60173-2226
(708) 706-3570



Follow-up Letter Requesting Participation



SOCIETY OF ACTUARIES

475 N. MARTINGALE RD., SUITE 800, SCHAUMBURG, IL 60173-2226 847-706-3500
847-706-3599 FAX

MARK G. DOHERTY, CAE
Director of Research

April 1, 1993

**Re: Request for Participation - Group Medical Insurance Large Claims
Data Base Research Project - Follow up to November 1992 letter.**

The Society of Actuaries is undertaking a project to compile and analyze a limited data base which will serve as a model for analyzing intercompany experience studies of health care benefits. This project focuses on large claims, defined as annual claim costs in excess of \$25,000. About 30 companies already have committed to submit data for this study. I am following up with you to encourage your company's participation.

This research project is limited in scope to the information which can be gathered from large claims. In prior discussions, a number of insurance companies have agreed to provide cost information for individuals who have incurred large claims and the related summary data on the underlying exposure, plan type, geographic location and relationship (employee, spouse, child). The data is to be collected in the form of "raw" individual claims data with identifying information scrambled to assure anonymity of the claimants.

Last November, I sent you a letter asking if your company could contribute data for 1991 and 1992 calendar years. We did not receive a response from you. Please use Attachment 1 to this letter as a means to simplify communications with us.

To participate in this new and important study, I need to have you agree to submit claims specific and general information in conformance with our "Large Claims Data Base Specifications" (Attachment 2) which is enclosed with this letter. We are flexible to a certain extent but definitely will need you to provide a data layout and control totals with your submission. We are seeking data for calendar years 1991 and 1992 with run out through March 31st of the following year, if possible. Submission of either or both years would qualify for participation.

We have established a deadline for all data contributions to be submitted to us by May 17, 1993. We would accept data later, but I could not guarantee that it would become part of the initial study results. However, as we continue the analysis, we would incorporate late data submissions as feasible.

The resulting data base will be maintained and updated periodically by the Society of Actuaries. Companies which contribute data are encouraged to suggest specific analytical measurements that they would like us to compile. Each participating company will receive the results of the analysis in the form of "all companies combined" and "their individual company" for purposes of comparison. In addition, variation among companies will be measured. Aggregate information only will be released upon completion of the study.

All information reported is done so on a non-attributable basis. Companies are never identified individually in the analytical results, although a listing of companies which contributed data is acknowledged. All data is treated as confidential. The Society of Actuaries has a long history of compiling and analyzing mortality, morbidity and investment experience of insurance companies and always has treated each data contribution with the utmost care to insure complete confidentiality. All our studies are carried out in accordance with applicable antitrust rules. Antitrust review is an integral part of our experience studies process.

To provide you with some additional information about this project, I have enclosed a brief write-up on our research objectives and the specific components of research (Attachment 3). These ideas form the core of our research project. As I mentioned before, your thoughts on what analysis you would like to see would be most helpful to this effort, particularly with all the activities on health care taking place now in Washington, DC.

I look forward to hearing from you as soon as you decide on your company's position on becoming a data contributor.

Very truly yours,



Mark G. Doherty
Director of Research

MGD/kna

cc: Project Oversight Group
Sam Gutterman
Richard Bilisoly



**ATTACHMENT 1
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LARGE CLAIMS DATA BASE PARTICIPATION RESPONSE**

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- b. Description of payment mechanism for each block of business (e.g., per diem rates, discounted charges, etc.)
- c. Demographic summary as of 7/1/91, if available, in 10 year age brackets; (<1, 1-10, 11-20, 21-30, 31-40, 41-50, 51-60, 61-64, 65-69, etc.) by sex and by subscriber/dependent

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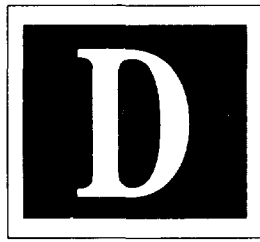
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Society of Actuaries Large Claims Database Specifications

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