

*Coverage at Older Ages*

- A. Recent developments?
- B. Can broader coverage be safely written?
- C. What steps can be taken to minimize underwriting and extend coverage to a larger percentage of the population?
- D. How can costs of distribution, underwriting, claims administration and general administration be reduced?
- E. What are the problems inherent in writing hospital-surgical and medical expense policies (1) which are guaranteed renewable for life, (2) which become paid-up at ages 65 to 70?

MR. EDUARD H. MINOR discussed the possibility that future improvements in medical techniques for the treatment of cancer, heart disease, arthritis and other illnesses to which the aged are subject may require rather long periods of hospitalization and very costly medication. These uncertainties suggest that proper planning of policies guaranteed renewable for life should provide for payment on an indemnity basis, a substantial coinsurance requirement and aggregate limits over the lifetime of the policy. In any case, the right to revise premiums by classes should be reserved by the company. Particular problems requiring solution involve reserve accumulation on policies becoming paid-up at 65 to 70 and restriction of recurrent hospitalization for chronic ailments.

In reviewing his company's experience on a hospital and surgical coverage issued since 1956 to lives age 55 to 75 at issue, Mr. Minor pointed out that although the same surgical coverage is offered as in their other policies, the hospital daily room and board benefit is limited to 31 days with other hospital charges limited to five times the daily room and board benefit. Although the satisfactory experience through 1958 can be attributed to careful medical selection since similar group conversion policies have had poor experience, underwriting above age 65 has been fairly liberal. At these ages, for example, applicants with blood pressure ratings as high as 175/100 on a second reading are accepted. Since the critical period for claims at the upper ages is between four and seven weeks, full hospital coverage beyond 31 days can be offered only with a significant increase in premium. Major medical insurance does not appear practical at the older ages because of the sharp rise in frequency of large claims after age 60, the tendency to base charges on the ability to pay, and the effects of inflation. High deductibles and high coinsurance might well be necessary. The limited experience available on which to base plans or rates demands caution in proceeding with these coverages.

MR. CHARLES N. WALKER and MR. BEN J. HELPHAND indicated that limited experience in their companies on policies issued at older ages is satisfactory.

Mr. Helphand closed the discussion by outlining the rates and benefits offered by the California Physicians Service under their recent MD Plan 65.