

TRANSACTIONS OF SOCIETY OF ACTUARIES 1969 REPORTS

INTRODUCTION TO SECTIONS II, III, AND IV

Several factors which influence the actual to tabular ratios for health insurance shown in this report compared to prior reports follow.

1. The rapidly increasing use of co-ordination with other benefits provisions in basic medical plans has an effect on the claims reported in these studies. A recent survey indicated approximately one-half of the exposure submitted to the hospital and surgical studies and 90 per cent of the exposure submitted to the comprehensive medical and supplementary major medical studies are under plans which contain a co-ordination provision. However, contributing companies do not follow a uniform practice with respect to reflecting co-ordination savings in reporting claims. None of the tabulars are adjusted for co-ordination with other benefits since the amount of duplicate coverage, if any, is not known.

2. Medicare, effective July 1, 1966, has resulted in a substantial reduction in claim costs for ages 65 and over without a corresponding reduction in exposure because some companies have not been able to exclude claims and exposure for persons eligible for Medicare.

3. There is evidence that hospital utilization rates for those 65 and over have increased substantially since Medicare went into effect, while the utilization of hospital facilities for those under age 65 appears to have declined modestly.

The above factors were discussed in greater detail in the 1968 report of the Committee. The effect of these various influences on experience presented by the Committee in its health insurance studies should be considered in interpreting the results presented in this report. While the general direction of change for each of these items can be determined, it is not possible to measure the net impact of these influences.