

## HOSPITAL AND SURGICAL BENEFITS FOR PERSONS AGE 65 — PRIVATE INSURANCE OR SOCIAL SECURITY?

(Summation by Harold F. LaCroix, Secretary,  
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The chairman took the liberty of broadening the subject of this seminar to "Hospital and Surgical Benefits for Persons Age 65 and Over — Private Insurance or Governmental Action?" We believed it necessary to thus broaden our horizons because of the many approaches other than Social Security which were considered by the last Congress.

The seminar was conducted in two parts. The first part consisted of three short statements to "set the stage."

The first statement was made by the chairman and outlined the progress that private insurance has made in insuring persons over age 65 against hospital and surgical expenses. Such progress has come about through many avenues—first, the insuring of persons over age 65 (both as active employees and as retirees) under Group Health and Welfare plans; second, the conversion privilege under a group policy which entitles the retired employee to an individual policy without evidence of insurability; third, the many group association plans which enable retirees to obtain medical care coverage at reasonable group rates (the American Association of Retired Persons was then cited as an example of this type of association); fourth, the various standard individual policy "senior citizen" programs such as that provided on a state-wide basis with specified open enrollment periods by the Continental Casualty Company and the Mutual Benefit of Omaha, Nebraska; and fifth, the variety of individual policies now available for the senior citizen, many now on a guaranteed renewable basis.

The second statement by Mr. Robert J. Myers, Chief Actuary of the Social Security Administration, reviewed recent congressional attitudes and bills which involved medical care for the aged and listed some of the advantages and disadvantages of providing medical care for the aged under the Social Security System. Among those congressional bills reviewed by Mr. Myers were the Forand and the Anderson-Kennedy bills by which coverage would be provided under the Social Security System, the administration's bill which utilized the so-called "general insurance" approach and, of course, the Kerr-Mills bill which was finally passed by both houses of Congress and which allows states to expand medical care for the aged under the Old Age Assistance programs.

The third statement was by Mr. W. Rulon Williamson, now an independent Research Actuary but formerly Actuarial Consultant of the Social Security Board and leading and long-time advocate of financial responsibility in the Social Security Administration. Mr. Williamson's statement dealt with some of the history of social legislation in the medical care field in other countries, and with the efforts which are being made to keep the "camel's nose" of medical care coverage out of the taxpayer's tent.

The second part of the seminar was spent in general discussion of this prob-

lem including methods of improving the financing of private insurance medical care coverages for the aged. Particular mention was made of the need for definite Federal Income Tax rulings in the field of pre-funding hospital and surgical benefits for retirees similar to those now in effect in the pension area.

## STATISTICS FOR RATING AND RESEARCH

(Summation by Norman J. Bennett, Actuary, America-Fore Loyalty Group)

Seminar D was conceived at 1:45 P.M. yesterday and suffered a gestation period of almost an hour before appearing to those of us who awaited it and vicariously shared its pangs of birth. Our first hour was an interval during which we probably did what was expected of us, but an unnatural truce zone lying between the author and the moderator prevented the somewhat fiercer exchange of views which seems to make these affairs so worth-while. Between performances, however, as do many producers during the opening nights in Bridgeport, we revised some lines, cut out the second act, and in general tightened up our production. While no one could possibly claim that the scene finally reached a raucous and uncontrollable level, I think we made a good start in introducing Mr. Longley-Cook's fine new concept which is certainly going to receive a lot of attention in the future.

Everyone agreed from the start that the cost of submitting and processing information for statistical agencies is becoming a burden sufficiently large for members, subscribers, and designators alike to warrant a serious look at any method which promises relief. There was also general assent to the idea that with growing individual responsibilities for company action, some method must be evolved to permit a company a broader, more inclusive, and cheaper look at its own experience in whatever form *it may elect itself*. The present methods of computing earned statistics in the detail required for close analysis within a company were universally condemned as physically impossible.

The problem was thus defined; it was only the solution which vexed us, and the solution offered yesterday was the so-called census method. This method depends on an active in-force file. Although the author offered an alternative use of the statistical file where an in-force file does not exist (and it is interesting to note that only one company present admitted to having such a complete file), no discussion at all centered about the use of statistical files.

Instead we tended to project ourselves forward in time to an era when we will all have, as a natural outgrowth of electronic data processing, a single in-force file combining statistical and corporate functions. Several questions immediately arose in our minds which still remain unanswered. What of the relative movement of companies toward this mechanized era? Should the faster-converting companies be penalized in the meantime by methods applicable to the slower-moving companies? Even with the ultimate availability of such a file, do modern computers really care in terms of speed and expense which method we use? Is one method more accurate than another? (Here we discussed the differing degrees of accuracy of input to the two files. An in-force file apparently ages well in terms of accuracy.) What expense savings