

Summary Analysis of Coded Omaha and  
GHI Hospital and Surgical Claims

I. General

- A. Coverage: The survey included 1129 Omaha claims and 1865 GHI claims covering illnesses which commenced prior to 1954.
- B. Illnesses: Types of illnesses for which claims had been submitted have been categorized into thirteen (13) groupings. Codes and definitions are included as Attachment 1.
- C. Ratio of Claims to Policy Holders (1953): Comparing the claims for illnesses commencing in 1953 with the policies in force as of 31 May 1953, the following has been determined:

<u>Insurer</u>	<u>Calendar Yr 1953 Number of Claims</u>	<u>Policies in Force 5/31/53</u>	<u>Ratio of Claims to Policy Holder</u>
Omaha	239		
GHI	822		

25X9

II. Omaha Claims

- A. Coverage: A total of 1129 claims had been submitted through 1953, resulting in 6665 days of hospitalization. Of the 1129 claims, 679 were for illnesses incurred in the United States and 450 claims were for illnesses incurred outside the United States.
- B. Actual Expense Compared to Indemnity: The actual expense to Omaha policy holders approached 1/3 more than the indemnity; pregnancy claims cost the policy holder about 44.7 per cent more than the indemnity, while the indemnity for TB claims was about 10.9 per cent more than the actual cost. (See page 10)
- C. Days Hospitalized: Approximately 84.6 per cent of the Omaha claimants were hospitalized less than 10 days, with about 47.1 per cent hospitalized less than 5 days, and 15.4 per cent were hospitalized 10 days or more. (See page 19)
- D. Type and Sex: Of the 1129 Omaha claims, 489 (or 43.3 per cent) were for illnesses incurred by the policy holder, wives accounted for 485 (43.0 per cent) of the claims, and daughters, sons and husbands accounted for 155 claims or 13.7 per cent.

About 52 per cent of the claims were for illnesses incurred by females, and 47.9 per cent of the illnesses were for male personnel and 0.1 per cent of the claims were of an undetermined sex.

- E. Actual Surgical Cost to Policy Holder: Of the 683 claims involving surgical costs to the policy holder, 91 policy holders (or 13.3 %) paid less than \$25.00, 192 policy holders (or 28.1%) paid less than \$50.00, but 206 (or 30.2%) paid \$150.00 or more.
- F. Extra Cost: Of the 871 policy holders paying "extras", 283 policy holders (or 32.5%) paid \$25.00 or less, 503 (or 57.8%) paid \$50.00 or less and 34 policy holders (or 3.9%) paid \$151.00 or more.

### III. GHI Claims

- A. Coverage: A total of 1865 GHI claims had been submitted through 1953, for 8651 hospitalized days, of which 8350 days (or 96.5%) were covered by benefits. The difference is accounted for by: overstaying discharge hour (not allowed), overstaying child's tonsilectomy (1 day allowed), adult (2 days), overstaying maternity (8 days allowed).
- B. Actual Expense Compared to Benefits: Due to insufficient GHI data, it is impractical to present any actual expense information compared to benefits.
- C. Claims by Year of Illnesses: Of the 1865 GHI claims, 632 (33.9%) illnesses commenced prior to 1952, 411 (22.0%) illnesses commenced in 1952, and 822 (44.1%) illnesses commenced in 1953.
- D. Type and Sex of Claimant: Of the 1865 claims, 505 claims or about 27.1% were by the policy holder, 747 claims or 40.1% were for the wife of the policy holder and 613 claims or 32.8% were for sons, daughters and husbands.

Male claimants accounted for 729 claims (39.1%) of the illnesses, the women accounted for 1091 (58.5%) of the claims, and 45 (2.4%) were undetermined.

- E. Days Hospitalized: Of the 1865 claimants, 1705 or 91.4 per cent were hospitalized less than 10 days and about 8.6 per cent (160) were in the hospital 10 days or more. (See section I)

Glossary of Terms Used in Attached Analysis of Omaha and CHI  
Hospital and Surgical Claims

Benefits:

(OMAHA)

Monies paid to policy holder members at the rate of \$9.00 per day for room and board regardless of room and board cost, and reimbursements paid for dependency room and board. Reimbursements is the term used for monies paid for dependency room and board at the actual cost rate, if less than \$9.00 per day; the maximum is \$9.00 per day. This rate of \$9.00 per day changed from \$6.00 per day as of 1 September 1953.

Extra benefits changed as of 1 September 1953 from \$30.00 (allocated) to \$135.00 (unallocated).

Claims

Commencing: Table headings reading "Illnesses Commencing", means that the illness commenced prior to 1952, in 1952 or in 1953 as the case may be.

Surgical Cost:

(OMAHA)

Means the gross amount of money expended by the policy holder to satisfy the surgical bill.

Percent of  
Claim Covered  
by Benefits:

(OMAHA)

The ratio of benefits to the actual expenses.

Hospital and Surgical Codes

<u>Code</u>	<u>Definition</u>
01	Eye, ear, nose, and throat.
02	Genital and urinary.
03	Heart and circulatory.
04	Pregnancy and complications therefrom.
05	Cancer (including tumors, etc.).
06	Tuberculosis and tests therefor.
07	Accidents.
08	Other (including childhood diseases, bone and muscular, hernia, surgery, etc.).
09	Digestive, from stomach on out.
10	Respiratory (including colds, pluerisy, etc.).
11	Dermatology (including cysts, etc.).
12	Mental, nervous, brain, etc.
13	Undefined.

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OMAHA CLAIMS

Section

Summary of Claims by Type of Illness

A

Illness Commencing Prior to 1952

A1

Illness Commencing in 1952

A2

Illness Commencing in 1953

A3

Per cent of Difference between Benefits and Actual Cost

B

Illness Commencing Prior to 1952

B1

Illness Commencing in 1952

B2

Illness Commencing in 1953

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Geographic Origin of Illness

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Actual Surgical Costs

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Actual Extra Costs

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Graph

E1

Number of Days Hospitalized

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Graph

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Type of Sex of Claimant

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GHI CLAIMS

Summary of Claims by Type of Illness

H

Illness Commencing Prior to 1952

H1

Illness Commencing in 1952

H2

Illness Commencing in 1953

H3

Days Hospitalized

Table

I

Graph

I1

Type and Sex of Claimant

J

## Summary of Omaha Hospital and Surgical Claims

(By Type of Illness)

Based on Claims Submitted Through 1953

	No. of Claims	No. Days In Hosp.	Benefits				Actual Expenses			
			Tot	Hosp	Surg	Extras	Tot	Hosp	Surg	Extras
Total	1129	6665	\$115,405	\$49,744	\$29,044	\$36,617	\$172,878	\$55,580	\$70,683	\$46,615
Code:										
01	130	322	9,511	2,417	3,161	3,933	14,953	2,718	8,303	3,932
02	73	389	8,664	3,050	2,049	3,565	13,076	3,656	4,848	4,572
03	40	270	3,869	2,036	525	1,308	5,215	2,143	1,556	1,516
04	339	2279	40,222	16,818	12,965	10,439	72,710	21,009	34,289	17,412
05	40	132	4,039	994	1,032	2,013	6,116	1,228	2,557	2,331
06	8	111	1,046	764	-	282	943	589	-	354
07	77	325	4,247	2,370	720	1,157	4,314	1,749	1,439	1,126
08	160	a/ 989	13,125	7,272	1,536	4,317	15,754	7,303	3,737	4,714
09	130	1,079	20,783	8,322	6,029	6,432	26,140	8,462	10,773	6,905
10	72	421	4,366	3,018	155	1,193	5,273	3,249	871	1,153
11	34	98	1,550	708	277	565	1,902	547	730	625
12	17	176	2,053	1,318	10	725	3,107	1,977	180	950
13	9	74	1,930	657	585	688	3,375	950	1,400	1,025

a/ Of the 160 "other" illnesses, the following specific illnesses resulted in seven or more claims:

Hemorrhage (Type unknown)	8
Hernia	15
Infections (General)	9
Polio-myelitis	7

A total of 75 different illnesses are indicated in the "other" category.

## Summary of Omaha Hospital and Surgical Claims

(By Type of Illness)

Illnesses Commencing Prior to 1952

	<u>No. of Claims</u>	<u>No. Days In Hosp.</u>	<u>Benefits</u>				<u>Actual Cost</u>			
			<u>Tot</u>	<u>Hosp</u>	<u>Surg</u>	<u>Extras</u>	<u>Tot</u>	<u>Hosp</u>	<u>Surg</u>	<u>Extras</u>
Total	525	3271	\$58,575	\$24,281	\$15,461	\$18,833	\$84,925	\$27,269	\$34,847	\$22,809
Code:										
01	63	175	4,783	1,291	1,557	1,935	7,663	1,336	4,392	1,935
02	33	193	4,243	1,487	964	1,792	6,041	1,800	2,198	2,043
03	18	123	1,917	868	420	629	2,994	985	1,172	837
04	148	1030	18,606	7,654	6,240	4,712	31,606	9,400	15,214	6,992
05	26	93	2,789	701	700	1,388	4,193	864	1,640	1,689
06	3	50	531	296	-	235	562	255	-	307
07	31	102	1,772	737	345	690	2,008	559	769	680
08	67	516	6,883	3,993	841	2,049	8,603	4,166	2,051	2,386
09	66	536	11,336	4,008	3,818	3,510	13,255	3,784	5,675	3,796
10	42	237	2,423	1,581	122	720	2,760	1,806	246	708
11	16	57	850	423	134	293	1,016	288	435	293
12	6	108	1,309	792	10	507	2,277	1,365	180	732
13	6	51	1,133	450	310	373	1,947	661	875	411

## Summary of Omaha Hospital and Surgical Claims

(By Type of Illness)

Illnesses Commencing in 1952

	No. of Claims	No. Days In Hosp.	Benefits				Actual Cost			
			Tot	Hosp	Surg	Extras	Tot	Hosp	Surg	Extras
Total	365	2017	\$35352	\$15025	\$8538	\$11789	\$55993	\$16956	\$22967	\$16070
Code:										
01	45	102	2005	782	1014	1307	5038	964	2768	1306
02	20	105	2372	841	560	971	4096	964	1434	1698
03	15	95	1485	738	105	642	1906	880	384	642
04	108	707	12690	5263	3979	3448	24940	6667	11636	6637
05	7	26	789	216	217	356	1137	304	433	400
06	3	48	351	351	-	-	227	227	-	-
07	25	93	1276	704	228	344	1231	509	396	326
08	63	321	4429	2140	565	1724	5085	2087	1216	1782
09	42	321	6252	2467	1615	2170	8913	2809	3767	2337
10	18	121	1254	964	-	290	1482	859	331	292
11	10	16	345	87	80	178	521	116	227	178
12	7	40	453	274	-	179	473	294	-	179
13	2	22	553	198	175	180	944	276	375	293



## Summary of Omaha Hospital and Surgical Claims

(By Type of Illness)

Illnesses Commencing in 1953

	<u>No. of Claims</u>	<u>No. Days In Hosp.</u>	<u>Benefits</u>				<u>Actual Cost</u>			
			<u>Tot</u>	<u>Hosp</u>	<u>Surg</u>	<u>Extras</u>	<u>Tot</u>	<u>Hosp</u>	<u>Surg</u>	<u>Extras</u>
Total	239	1377	\$21478	\$10438	\$5045	\$5995	\$31963	\$11355	\$12869	\$7739
Code:										
01	22	45	1625	344	590	691	2252	418	1143	691
02	20	91	2049	722	525	802	2939	892	1216	831
03	7	52	467	430	-	37	315	278	-	37
04	83	542	8926	3901	2746	2279	16164	4942	7439	3783
05	7	13	461	77	115	269	786	60	484	242
06	2	13	164	117	-	47	154	107	-	47
07	21	130	1199	929	147	123	1078	681	274	123
08	30	152	1813	1139	130	544	2066	1050	470	546
09	22	222	3195	1847	596	752	3972	1869	1331	772
10	12	63	689	473	33	183	1031	584	294	153
11	8	25	355	198	63	94	365	143	68	154
12	4	28	291	252	-	39	357	318	-	39
13	1	1	244	9	100	135	484	13	150	321

Summary of Omaha Hospital and Surgical Claims

(By Type of Illness)

Based on Claims Submitted Through 1953

	(1) No. of Claims	(2) No. Days In Hosp.	(3) Total Benefits	(4) Total Actual Expense	(5) Differ- ence	(6) Percent of Claim Covered by Benefits	(7) Percent Difference between Benefits & Actual Expense
Total	1129	6665	\$115405	\$172872	\$57473	66.8	33.2
Code:							
01	130	322	9511	14953	5442	63.6	36.4
02	73	389	8664	13076	4412	66.3	33.7
03	40	270	3869	5215	1346	74.2	25.8
04	339	2279	40222	72710	32488	55.3	44.7
05	40	132	4039	6116	2077	66.0	34.0
06	8	111	1046	943	-103	110.9	-10.9
07	77	325	4247	4314	67	98.4	1.6
08	160	989	13125	15754	2629	83.3	16.7
09	130	1079	20783	26140	5357	79.5	20.5
10	72	421	4366	5273	907	82.8	17.2
11	34	98	1550	1902	352	81.5	18.5
12	17	176	2053	3107	1054	66.1	33.9
13	9	74	1930	3375	1445	57.2	42.8

## Summary of Omaha Hospital and Surgical Claims

(By Type of Illness)

Illnesses Commencing Prior to 1952

	(1) No. of Claims	(2) No. Days In Hosp.	(3) Total Benefits	(4) Total Actual Cost	(5) Dif Between Cols 3 & 4	(6) Percent of Claim Covered by Benefits	(7) % of Dif Between 3 & 4
Total	525	3271	\$58575	\$84925	\$26350	69.0	31.0
Code:							
01	63	175	4783	7663	2880	62.4	37.6
02	33	193	4243	6041	1798	70.2	29.8
03	18	123	1917	2994	1077	64.0	36.0
04	148	1030	18606	31606	13000	58.9	41.1
05	26	93	2789	4193	1404	66.5	33.5
06	3	50	531	562	31	94.5	5.5
07	31	102	1772	2008	236	88.2	11.8
08	67	516	6883	8603	1720	80.0	20.0
09	66	536	11336	13255	1919	85.5	14.5
10	42	237	2423	2760	337	87.8	12.2
11	16	57	850	1016	166	83.7	16.3
12	6	108	1309	2277	968	57.5	42.5
13	6	51	1133	1947	814	58.2	41.8

Summary of Omaha Hospital and Surgical Claims

(By Type of Illness)

Illnesses Commencing Prior to 1952

	(1) No. of Claims	(2) No. Days In Hosp.	(3) Total Benefits	(4) Total Actual Cost	(5) Diff Between Cols 3 & 4	(6) Percent of Claim Covered by Benefits	(7) % of Diff Between 3 & 4
Total	365	2017	\$35352	\$55993	\$20641	63.1	36.9
Code:							
01	45	102	3103	5038	1935	61.6	38.4
02	20	105	2372	4096	1724	57.9	42.1
03	15	95	1485	1906	421	77.9	22.1
04	108	707	12690	24940	12250	50.9	49.1
05	7	26	789	1137	348	69.4	30.6
06	3	48	351	227	-124	154.6	-54.6
07	25	93	1276	1231	-45	103.7	-3.7
08	63	321	4429	5085	656	87.1	12.9
09	42	321	6252	8913	2661	70.1	29.9
10	18	121	1254	1482	228	84.6	15.4
11	10	16	345	521	176	66.2	33.8
12	7	40	453	473	20	95.8	4.2
13	2	22	553	944	391	58.6	41.4

Summary of Omaha Hospital and Surgical Claims

(By Type of Illness)

Illnesses Commencing in 1953

	(1) No. of Claims	(2) No. Days In Hosp.	(3) Total Indemnity	(4) Total Actual Cost	(5) Dif Between Cols 3 & 4	(6) Percent of Claim Covered by Indemnity	(7) % of Dif Between 3 & 4
Total	239	1377	\$211,78	\$31963	\$10485	67.2	32.8
Code:							
01	22	45	1625	2252	627	72.2	27.8
02	20	91	2049	2939	890	69.7	30.3
03	7	52	467	315	-152	148.3	-48.3
04	83	542	8926	16164	7238	55.2	44.8
05	7	13	461	786	325	58.7	41.3
06	2	13	164	154	-10	106.5	-6.5
07	21	130	1199	1078	-121	111.2	-11.2
08	30	152	1813	2066	253	87.8	12.2
09	22	222	3195	3972	777	80.4	19.6
10	12	63	689	1031	342	66.8	33.2
11	8	25	355	365	10	97.3	2.7
12	4	28	291	357	66	81.5	18.5
13	1	1	244	484	240	50.4	49.6

## Summary of Omaha Claims by Geographic Origin of Illness

(By Sex and Year of Commencement)

	(1) Total Claims	(2) Indem- nity	(3) Actual Cost	(4) Differ- ence	(5) % of differ- ence	(6) Percent of Claim Covered by Indemnity
Illness within United States	679	\$77364	\$129912	\$52548	40.4	59.6
Male	226	18133	27642	9509	34.4	65.6
Female	453	59231	102270	43039	42.1	57.9
Commencing prior to 1952	301	40259	63914	23655	37.0	63.0
Male	117	10310	15601	5291	33.9	66.1
Female	224	29949	48313	18364	38.0	62.0
Commencing in 1952	227	24267	42960	18693	43.5	56.5
Male	78	5998	9202	3204	34.8	65.2
Female	149	18269	33758	15489	45.9	54.1
Commencing in 1953	111	12838	23038	10200	44.3	55.7
Male	31	1825	2839	1014	35.7	64.3
Female	80	11013	20199	9186	45.5	54.5
Illness outside United States	450	38041	42966	4925	11.5	88.5
Male	150	12261	11729	-532	-4.5	104.5
Female	300	25780	31237	5457	17.5	82.5
Commencing prior to 1952	186	18516	21249	2733	12.9	87.1
Male	68	5994	5973	-21	-0.4	100.4
Female	118	12522	15276	2754	18.0	82.0
Commencing in 1952	136	10885	12792	1907	14.9	85.1
Male	44	3166	2941	-225	-7.7	107.7
Female	92	7719	9851	2132	21.6	78.4
Commencing in 1953	128	8640	8925	285	3.2	96.8
Male	38	3101	2815	-286	-10.2	110.2
Female	90	5539	6110	571	9.3	90.7

## Actual Surgical Cost to Omaha Policy Holders

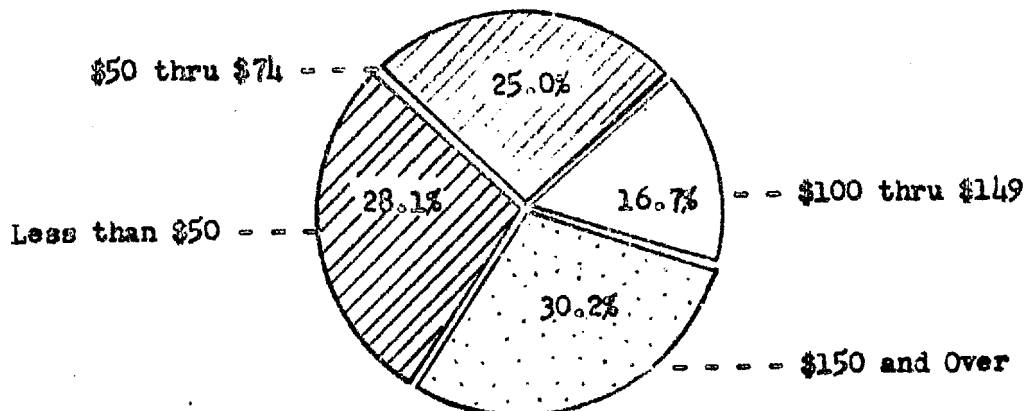
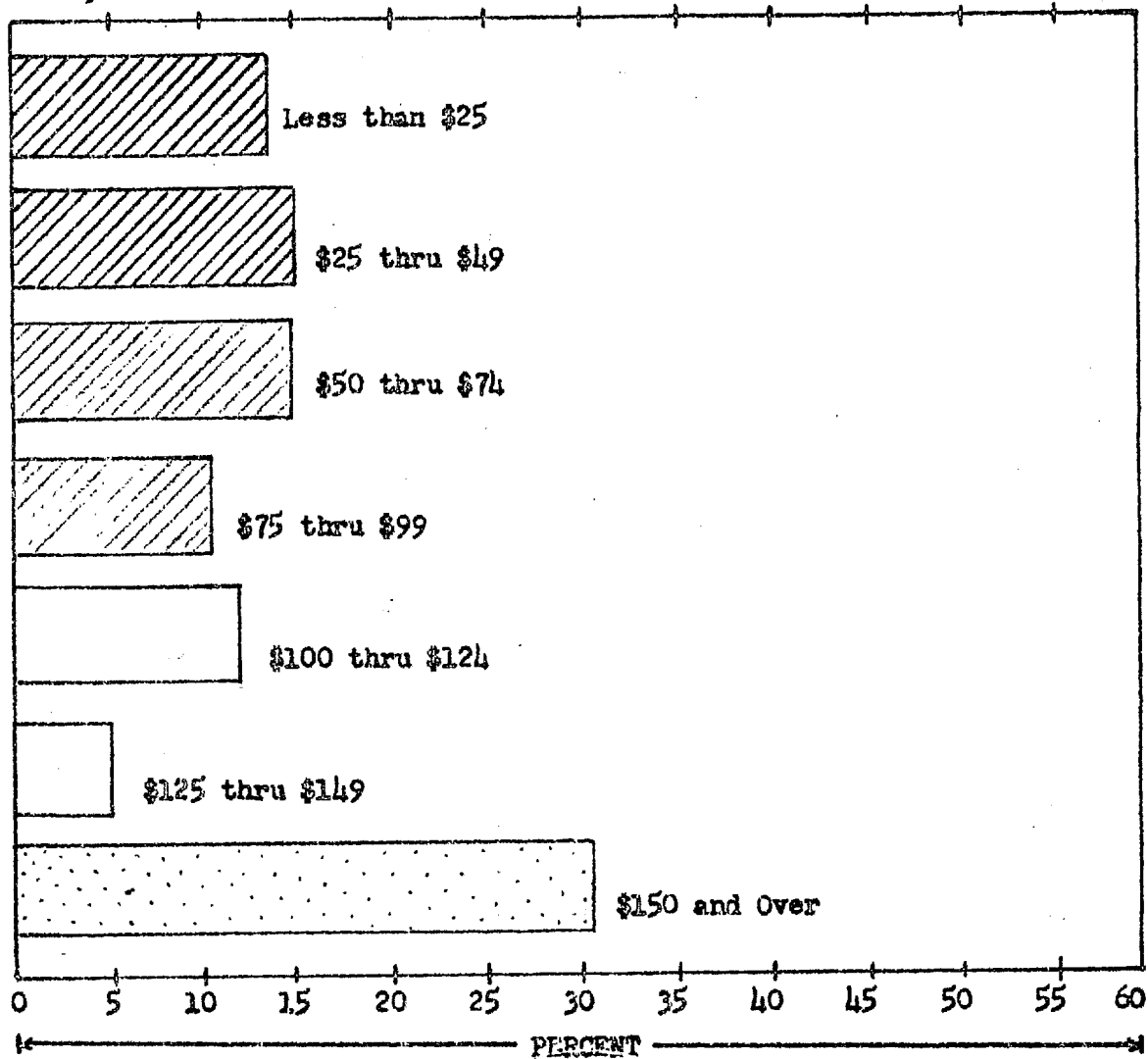
(Based on 683 Incidences)  
Selected Groupings

<u>Groups</u> Total	<u>Number</u> 683	<u>Per Cent</u> 100.0	<u>Cumulative</u> <u>Ratio</u>
Less than \$25	91	13.3	13.3
\$25 thru \$49	101	14.8	28.1
\$50 thru \$74	99	14.5	42.6
\$75 thru \$99	72	10.5	53.1
\$100 thru \$124	81	11.9	65.0
\$125 thru \$149	33	4.8	69.8
\$150 thru \$174	82	12.0	81.8
\$175 thru \$199	29	4.2	86.1
\$200 thru \$224	45	6.6	92.7
\$225 thru \$249	6	0.9	93.6
\$250 thru \$274	20	2.9	96.5
\$275 thru \$299	5	0.8	97.2
\$300 and Over	19 (a)	2.8	100.0

## (a) Distribution:

\$300	4
\$335	1
\$349	1
\$350	5
\$375	1
\$400	3
\$500	2
\$550	1
\$650	1
	<u>19</u>

ACTUAL SURGICAL COST TO OMAHA POLICY HOLDERS  
(Based on 683 Incidences)  
Selected Groupings





HOSPITAL EXTRAS PAID BY POLICY HOLDER  
UNDER OMAHA CONTRACT

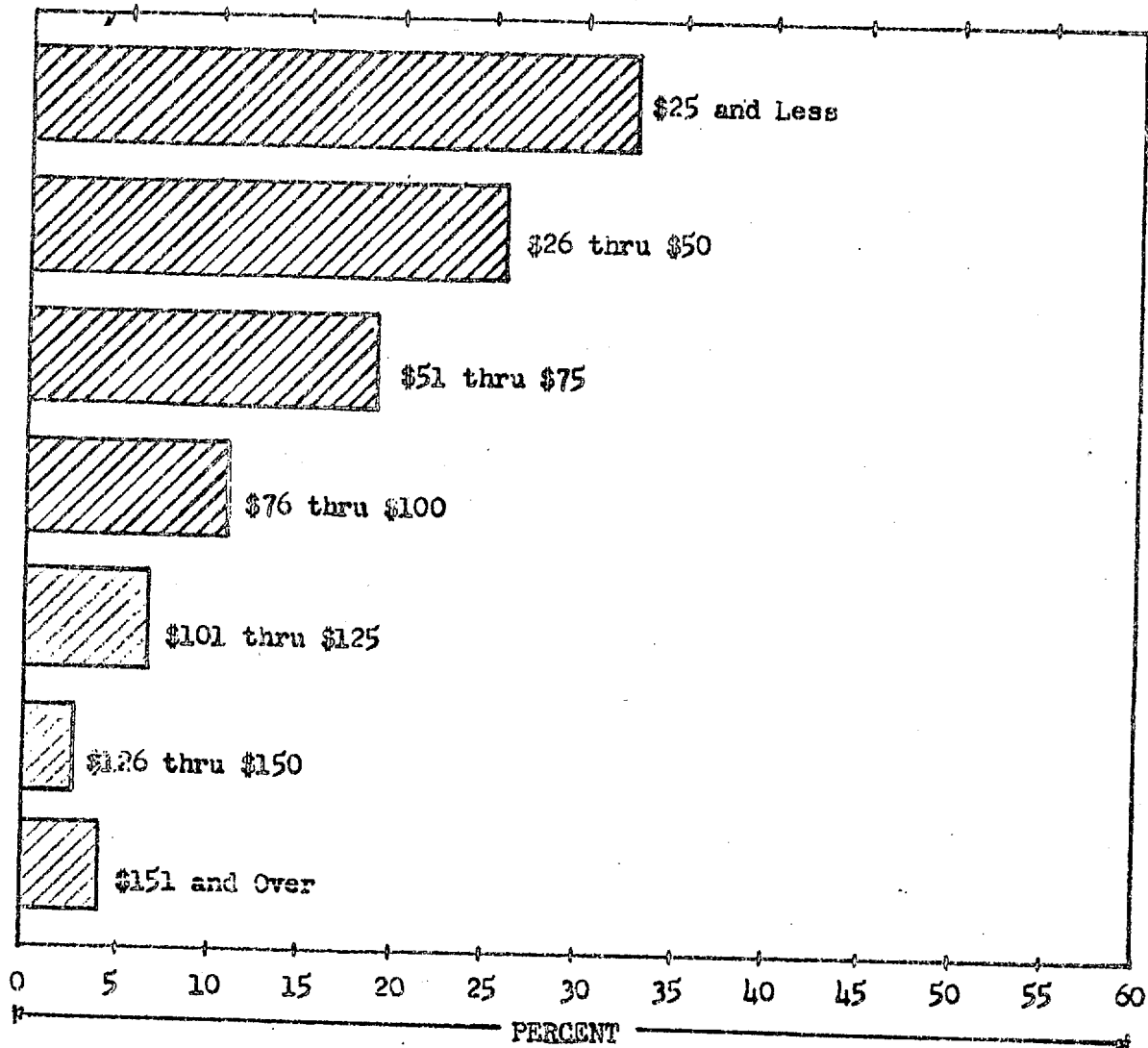
Extras Incidence  
(Based on 871 Claims)

<u>Groups</u>	<u>Number</u>	<u>Per Cent</u>	<u>Cumulative</u>
<u>Total</u>	<u>871</u>	<u>100.0</u>	<u>Ratio</u>
\$25 and less	283	32.5	32.5
\$26 thru \$50	220	25.3	57.8
\$51 thru \$75	162	18.6	76.4
\$76 thru \$100	96	11.0	87.4
\$101 thru \$125	55	6.3	93.7
\$126 thru \$150	21	2.4	96.1
\$151 and over	34 (a)	3.9	100.0

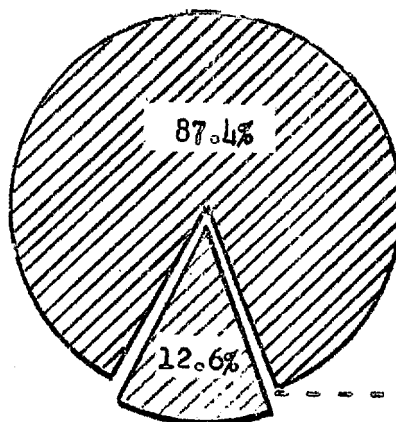
(a) Distribution:

\$151 thru \$175	13
\$176 thru \$200	5
\$201 thru \$225	5
\$226 thru \$250	2
\$251 thru \$275	3
\$276 thru \$300	2
\$301 thru \$325	2
<u>\$326 thru \$350</u>	<u>1</u>
<u>\$668 only</u>	<u>1</u>

HOSPITAL EXTRAS  
PAID BY OMAHA POLICY HOLDERS  
(Based on 871 Extra Incidences)  
(Selected Groupings)



Policy Holders paying  
\$100 or less for  
Extras - - - - -



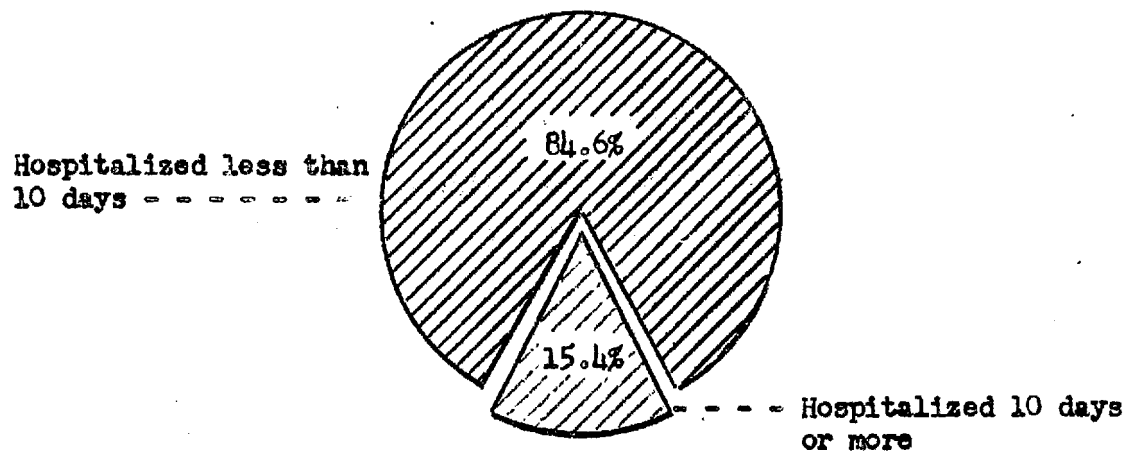
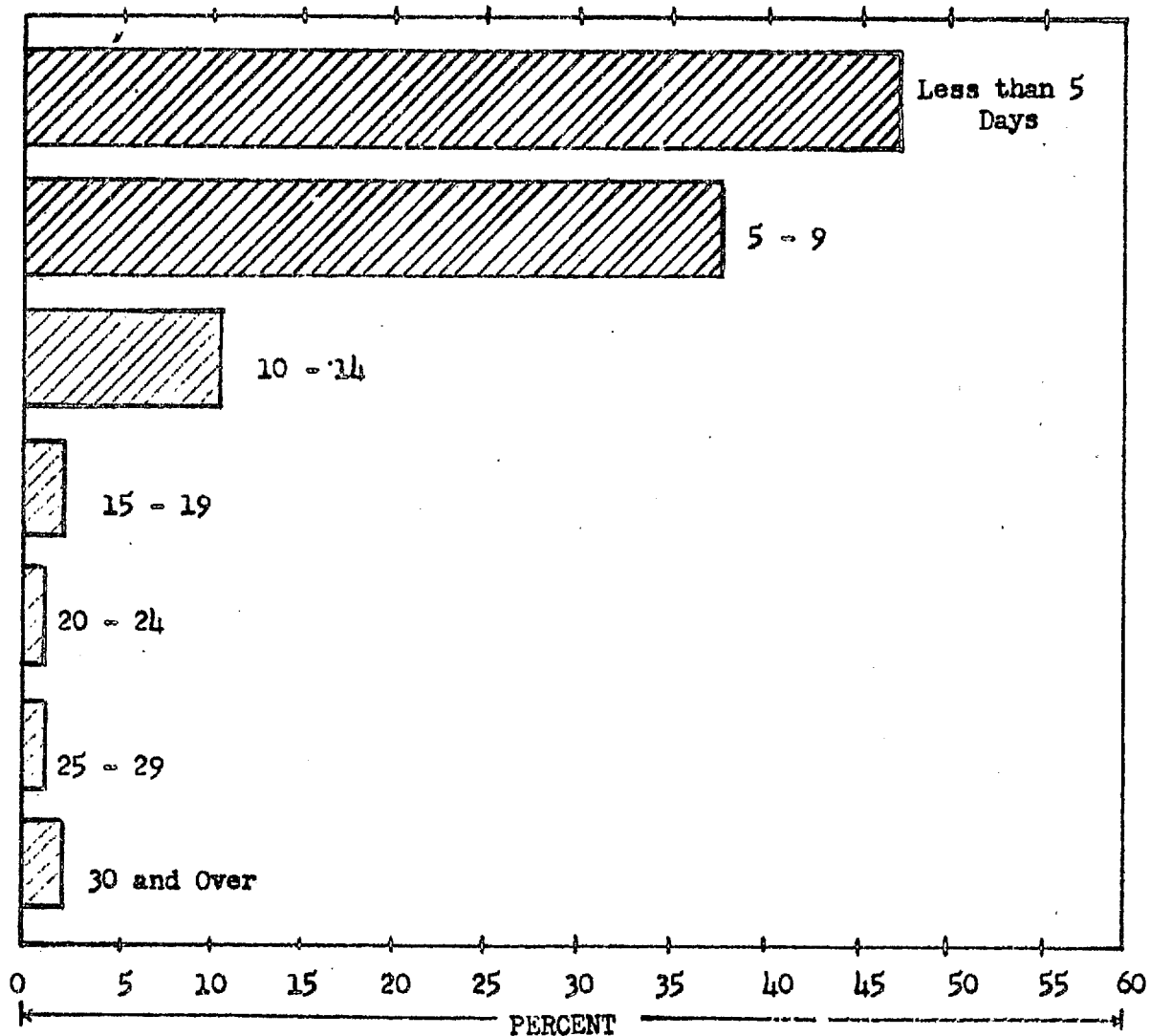
Policy Holders paying  
\$101 or more for Extras - - - - -

Number of Days Omaha Claimants Hospitalized

<u>Days Hospitalized</u>	<u>Total</u>	<u>Per Cent</u>	<u>Cumulative Ratio</u>
Total	<u>1129</u>	<u>100.0</u>	XXXX
Less than 5	532	47.1	47.1
5 - 9	423	37.5	84.6
10 - 14	116	10.3	94.9
15 - 19	21	1.9	96.8
20 - 24	7	0.6	97.4
25 - 29	8	0.7	98.1
30 and over	22	1.9	100.0
Ave. no. of days	7.5	XXX	XXX

F

OMAHA CLAIMANTS  
NUMBER OF HOSPITALIZED DAYS  
(Selected Groupings)



Summary of Onaha Hospital and Surgical Claims

Through 1953

By Type of Claimant

TOTAL	<u>1129</u>	<u>100.0%</u>
Policy Holder	<u>489</u>	<u>43.3</u>
Others	<u>640</u>	<u>56.7</u>
Wife	485	43.0
Daughter	52	4.6
Son	102	9.0
Husband	1	0.1

By Sex of Claimant

Total	<u>1129</u>	<u>100.0%</u>
Adults	<u>974</u>	<u>86.3</u>
Male	429	43.3
Female	485	43.0
Children	<u>154</u>	<u>13.6</u>
Male	52	.6
Female	102	9.0
Undetermined	<u>1</u>	<u>0.1</u>

## Summary of GHI Hospital and Surgical Claims

(By Type of Illness)

Claims Through 1953

<u>Type of Illness</u>	<u>No. of Claims</u>	<u>No. of Days in Hospital</u>	<u>Benefits</u>		
			<u>Days in Hospital</u>	<u>Surgical</u>	<u>Extras</u>
TOTAL.....	1865	8651	8350	\$49779	\$15665
Code:					
01.....	250	608	551	6019	1562
02 Gen. & Urinary.	120	697	676	3680	1788
03.....	48	325	324	570	183
04 Preg. & Compl..	529	3015	2920	20785	5433
05.....	78	408	408	2738	1163
06.....	3	22		35	23
07 Accidents.....	270	779	769	3227	892
08 Other.....	265	1042	997	6040	2143
09 Digestive.....	141	982	910	4120	1341
10.....	69	356	356	773	448
11.....	42	160	160	932	327
12.....	26	149	149	25	10
13.....	24	108	108	935	340

## Summary of GHI Hospital and Surgical Claims

(By Type of Illness)

Illnesses Beginning Prior to 1952

<u>Type of Illness</u>	<u>No. of Claims</u>	<u>No. of Days in Hospital</u>	<u>Days in Hospital</u>	<u>Benefits</u>	
				<u>Surgical</u>	<u>Extras</u>
TOTAL.....	632	3333	3193	\$9702	\$3157
<u>Code:</u>					
01.....	111	348	305	1453	320
02.....	42	229	229	1010	632
03.....	18	111	111	75	34
04.....	199	1242	1218	4135	1004
05.....	23	155	155	325	137
06.....	1	1	1	35	29
07.....	70	166	166	438	132
08.....	50	338	304	620	181
09.....	58	425	386	1210	426
10.....	30	155	155	140	63
11.....	15	74	74	216	216
12.....	10	62	62	-	-
13.....	5	27	27	145	83

## Summary of GHI Hospital and Surgical Claims

(By Type of Illness)

Illnesses Beginning in 1952

<u>Type of Illness</u>	<u>No. of Claims</u>	<u>No. of Days in Hospital</u>	<u>Days in Hospital</u>	<u>Benefits</u>	
				<u>Surgical</u>	<u>Extras</u>
TOTAL.....	411	2108	2018	\$11888	\$3562
<u>Code:</u>					
01.....	50	77	68	1423	405
02.....	26	216	195	395	299
03.....	10	47	47	215	74
04.....	134	782	732	5870	1598
05.....	7	28	28	360	145
06.....	-	-	-	-	-
07.....	77	364	354	1403	189
08.....	45	282	282	1552	655
09.....	27	157	157	295	93
10.....	13	62	62	75	27
11.....	7	26	26	35	10
12.....	7	38	38	25	10
13.....	8	29	29	240	57



Summary of GHI Hospital and Surgical Claims

(By Type of Illness)

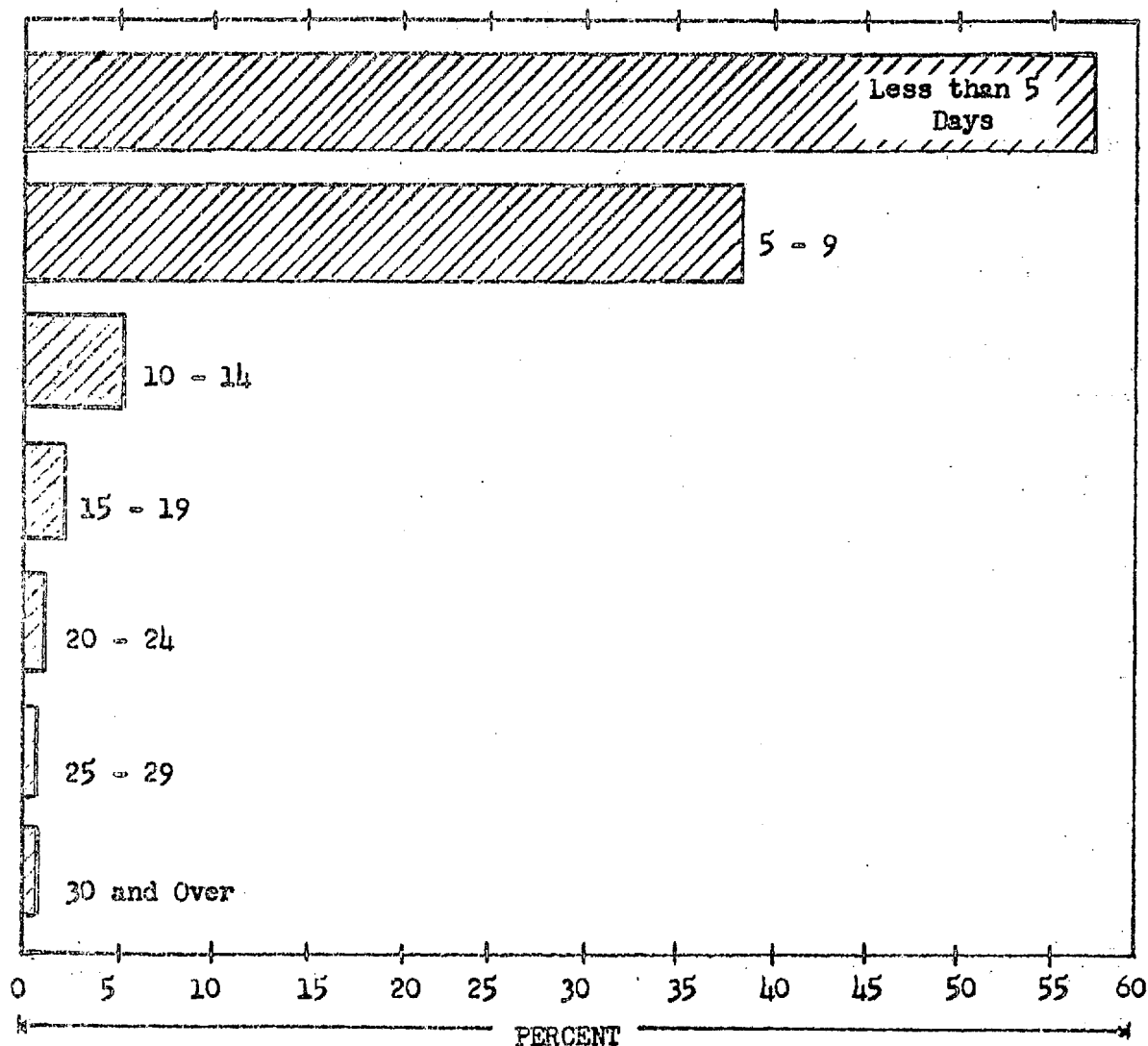
Illnesses Beginning in 1953

<u>Type of Illness</u>	<u>No. of Claims</u>	<u>No. of Days in Hospital</u>	<u>Days in Hospital</u>	<u>Benefits</u>	
				<u>Surgical</u>	<u>Extras</u>
TOTAL.....	822	3210	3139	\$28189	\$8946
Code:					
01.....	89	183	178	3143	837
02.....	52	252	252	2275	857
03.....	20	167	166	280	75
04.....	196	991	970	10000	2831
05.....	48	225	225	2053	881
06.....	2	21	21	-	-
07.....	123	249	249	1286	577
08.....	170	422	411	3868	1307
09.....	56	400	367	2615	822
10.....	26	139	139	558	358
11.....	20	60	60	681	201
12.....	9	49	49	-	-
13.....	11	52	52	550	200

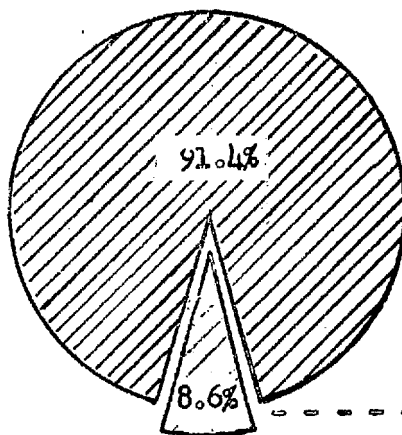
Number of Days GHI Claimants Hospitalized

<u>Days Hospitalized</u>	<u>Total</u>	<u>Per Cent</u>	<u>Cumulative Ratio</u>
Total	1865	100.0	XXXX
Less than 5	1075	57.6	57.6
5 - 9	630	33.8	91.4
10 - 14	93	5.0	96.4
15 - 19	33	1.7	98.1
20 - 24	16	0.9	99.0
25 - 29	9	0.5	99.5
30 and over	9	0.5	100.0
Ave. no. of days	5.3	XXX	XXXXX

GHI CLAIMANTS  
NUMBER OF HOSPITALIZED DAYS  
(Selected Groupings)



Hospitalized less than  
10 days - - - - -



- - - - - Hospitalized 10 days  
or more

Summary of GHI Hospital and Surgical Claims

Through 1953

By Type of Claimant

TOTAL	<u>1865</u>	<u>100.0%</u>
Policy Holder	<u>505</u>	<u>27.1</u>
Others	<u>1360</u>	<u>72.9</u>
Wife	<u>747</u>	<u>40.1</u>
Daughter	<u>224</u>	<u>12.0</u>
Son	<u>344</u>	<u>18.4</u>
Husband	<u>45</u>	<u>2.4</u>

By Sex of Claimant

TOTAL	<u>1865</u>	<u>100.0%</u>
Adults	<u>1252</u>	<u>67.2</u>
Male	<u>505</u>	<u>27.1</u>
Female	<u>747</u>	<u>40.1</u>
Children	<u>568</u>	<u>30.4</u>
Male	<u>224</u>	<u>12.0</u>
Female	<u>344</u>	<u>18.4</u>
Undetermined	<u>45</u>	<u>2.4</u>

1. Existing available protective measures as to disability.

a. Against Permanent and Total Disability:

- (1) Individual's own commercial Ordinary Life policy which may have a disability feature contained for an extra premium, or a straight commercial disability policy.
- (2) National Service Life Insurance or U. S. Government Life Insurance which may have a disability feature added for an extra premium.
- (3) Federal Employees Compensation Act.
- (4) Civil Service Retirement Act.

b. Each of the above measures or instruments is analysed herewith:

(1) Individual's own commercial policies

- (a) A typical Ordinary Life policy with disability (and premium waiver) inclusion is that of Guardian Life of New York, N. Y.
  1. For an annual premium of \$5.63 at age 35, Guardian will pay \$10.00 per month per \$1,000 of policy face-amount.
  2. Exclusions are self-inflicted injury, military service in time of war and air flight except on commercial scheduled air lines.
- (b) A typical commercial straight disability policy is that written by Mutual Benefit Health and Accident Association of Omaha, Nebraska.
  1. The benefit from an accident:  
\$100.00 per month for life  
(40.00 " " " partial disability for 3 mos.)
  2. The benefit from sickness:  
\$100.00 per month for life  
(50.00 " " " partial disability for 3 mos.)
  3. The premiums: \$50.00 per year to a preferred white collar risk.

TAB D

\$40.00	if	benefits	start	on	the	8th	day
35.00	"	"	"	"	"	16th	"
32.50	"	"	"	"	"	31st	"
30.00	"	"	"	"	"	61st	"
27.50	"	"	"	"	"	91st	"

4. The above benefits can be purchased in multiples of \$50.00 with proportionate difference in premiums.
5. The policy is issued annually so that the Company may refuse renewal if initial benefit-days provision is abused.
6. Until 6 months ago, air flight in non-scheduled service was excluded. Now it is included for an additional annual premium of \$3.00 per \$100.00 benefit.

(2) National Service Life Insurance or U. S. Government Life Insurance

- (a) This legislation permits the World War II G.I., on return to inactive duty, to purchase life insurance in one of seven different policies to which he may add disability coverage for an extra premium. Example: Term life policy of \$10,000 face-amount at age 35 can add a disability feature paying benefit of \$50.00 per month for an annual additional premium of \$14.40.
- (b) U. S. Government Life Insurance before World War II permitted a veteran to keep a policy containing disability provisions and add more if he chose for additional premium. Such a policy is no longer available.

(3) Federal Employees Compensation Act.

- (a) The Federal Employees Compensation Act provides compensation for disability (and full medical care) resulting from injuries suffered in performance of duty or from diseases proximately caused by employment, for as long as the disability continues.
1. This Act is an exclusive remedy, but does not prevent the beneficiary from electing to receive the benefits of the Civil Service Retirement Act if he so desires but he cannot receive such benefits concurrently with those under FECA.

2. All hazardous or semi-hazardous duty risks are covered.
3. Exclusions are disabilities resulting from willful misconduct, self-inflicted action, or intoxication.
4. The monthly schedule of benefits are:
  - a. To individual with no dependents: 66-2/3% of salary\* loss not to exceed \$525.00 monthly. This maximum benefit of \$525.00 provides a benefit of 66-2/3% up to the maximum salary of GS-13, 58% of maximum salary of GS-14, and 53% of maximum salary of GS-15.
  - b. To individual with one or more dependents: 75% of salary\* loss on salary up to \$5040 annually; 66-2/3% of salary\* loss on salary above \$5040. The total benefit not to exceed \$525.00 per month (this maximum is an annual salary rate of \$6300 - about the middle of the GS-11 scale).
  - c. In either case above, plus varying specific number of weeks of compensation @ 66-2/3% of the salary rate, for permanent anatomical losses.
  - d. In either case above, plus \$75.00 per month, if an attendant is required, plus \$50.00 per month for rehabilitation training if needed.
5. Clearly, this is excellent coverage in the performance of duty area.

(4) Civil Service Retirement Act

- (a) The Civil Service Retirement Act provides disability benefits to employees of the U. S. Government with and without performance or line of duty qualification, provided the employee has acquired minimum eligibility of 5 years of civilian

\* Salary rate includes amounts withheld for tax and retirement purposes plus value of subsistence quarters, etc.

service,\* and is totally disabled.

1. Exclusions are injuries or disease due to vicious habits, willful misconduct or intemperance.
2. The benefit is based on base salary and length of service. This latter factor, of course, automatically describes the nature of the plan and hence, for an agency made up so heavily of youth, we find but small compensatory contribution. This is illustrated as follows:

	Min. <u>GS-13</u>	Min. <u>GS-9</u>
Highest av. 5 yr. salary	8360.00	\$5060.00
Civilian creditable service	12 years	5 years
Military service	2 years	3 years
	8360.00	5060.00
	x 1.5%	x 1.5%
	<u>125.40</u>	<u>75.90</u>
	x 14	x 8
	<u>1755.60</u> annually	<u>607.20</u>
	146.30 monthly	50.60

c. Against Temporary Disability

- (1) Federal Employees Compensation Act
- (2) Public Law 110
- (3) The group hospitalization and surgical plan administered under Government Employees Health Association\*\* (CIA), underwritten by Mutual Benefit Health and Accident Association of Omaha, Nebraska (hereinafter designated OMAHA).
- (4) The group hospitalization and surgical plan administered under Government Employees Health Association\*\* (CIA), underwritten by Group Hospitalization Inc., (hereinafter designated GHI).

\* Under 5 years of civilian service or more than 5 years with no widow or dependant children, the Act provides for a lump sum of the amount paid in, plus interest.

\*\* Government Employees Health Association. This is an incorporated association within CIA, with officers elected annually by its Board of Directors, organized in August 1948 for the purpose of administering a hospitalization and surgical benefit plan underwritten by Mutual Benefit Health and Accident Association of Omaha, Nebraska. The Association now embraces GHI also, offered to employees in March, 1953. This Association is entirely separate from, and not to be confused with, the Agency cover bank account for WAFPA premiums designated as GEHA, Inc.



d. Each of the above measures is analyzed herewith:

(1) Federal Employees Compensation Act (see b. (3) above)

(2) Public Law 110

(a) This Act provides substantial disability benefits to employees of the Agency assigned to permanent duty stations outside the Continental U. S., its territories, and possessions; for injuries or illness requiring hospitalization and which occur in line of duty.

1. Exclusions are injuries or illness resulting from vicious habits, misconduct, or intemperance.

a. Also, as shown above, TDY (refer to recommendations of the Legislative Task Force).

2. The benefits are:

a. Payment of travel expenses to and from an appropriate hospital or clinic (including an attendant, if necessary).

b. Payment of the cost of treatment.

(3) and (4) OMAHA and GHI hospitalization and surgical plans

(a) There are two hospitalization and surgical plans available to Staff Employees and Staff Agents (only) under procedures which are designed to protect security. Both plans pay substantial benefits to help meet hospital and surgical expenses arising out of injuries and illness.

(b) The first plan made available to employees (in August 1948) is OMAHA. It presents a straight indemnification arrangement, i.e., explicit cash reimbursement.

(c) The 2nd plan, made available in March 1953, is GHI. This plan is one of 80 Blue Cross plans in the U. S. and Canada, which have Inter-Plan service (reciprocal) Benefit Agreements with 4500 participating hospitals. If the admitting hospital is accredited but not participating in the Inter-Plan Agreement, cash allowances are provided. GHI is partially a benefit and partially an indemnification arrangement.

(d) Omaha combines in one contract specific surgical benefits within the Hospital Service Plan. GHI separates the

Hospital Service Plan from the Surgical Service Plan, and for separate fees the individual buys one or both.

Both OMAHA and GHI provide coverage for the family for differing fees. The same benefits are extended to the family as to the individual contracting - if so contracted.

Both OMAHA and GHI exclude coverage for injuries or illness arising out of or in the course of employment, i. e., where FECA coverage obtains.

- (e) Each plan is analyzed and compared herewith, separately as to overseas and domestic situation.

OVERSEAS

OMAHA

Hospitalization

1. Hosp. Board & Room: \$9 per day for 31 days with no limit on frequency, plus \$135 for hospital extras
2. Plus surgical as shown below.
3. Plus out-patient emergency up to .....\$135
4. Effective date. 1st of the next month
5. Waiting period. Maternity only (see below).
6. Maternity. Waiting period 9 months and coverage extended 9 months beyond term of contract.
  - (a) \$9.00 per day for 14 days plus up to \$45 total for Hosp. extras.

OVERSEAS

GHI

Hospitalization

1. Hosp. Board & Room: \$10 per day for 21 days with 90 day interval on frequency, plus \$64 for hospital extras
2. Plus surgical as shown below.
3. Plus out-patient emergency up to ....\$ 10
4. Effective date. 1st of the next month.
5. Waiting period. See #1 below.
6. Maternity.\*1 Waiting period - none.\*1 No extension beyond term of contract.
  - (a) \$9.00 per day for 8 days except Caesarean, termination of ectopic pregnancy and miscarriage, for which hospitalization benefits are 1. above

\*1 As of 5 Feb 1954 GHI eliminated all waiting periods for members currently insured and for EOD's who accept GHI within the 1st 60 days of employment. These waiting periods were: Pre-existing conditions - 1 yr. Maternity, tonsillectomy, adenoidectomy - 10 months.

TAB D

MAHA Surgical

(Example)

GHI Surgical

$$\frac{\$1235}{16} = \$ 77$$

This is 60% of GHI

\$ 50....Hernia Ing. unil.....	\$ 100
75.... " " bilat.....	140
100....Appendectomy.....	100
100....Radical Mastectomy.....	175
50....Fracture of spine.....	125
35....Hip dislocation.....	75
150....Prostatectomy.....	200
50....Normal delivery.....	80
100....Caesarean.....	150
150....Removal of Kidney.....	175
50.... " " Cataract....	150
100....Gastricomy.....	250
25....Tonsillectomy.....	55
25....Adenoidectomy.....	55
25....Hemorrhoidectomy.....	60
150....Hysterectomy.....	165
<b>\$1235</b>	<b>\$2055</b>

(The above, of course, disregards frequency of occurrence - is set forth as a quick look.)

$$\frac{\$2055}{16} = \$ 128$$

N.B. Below the 5th step increase of a GS-9 and including the minimum of GS-10, the surgical fees scheduled are accepted by the participating surgeon as full payment.

2

Costs (monthly)		
Hosp.	Surgical	Total
--	--	\$1.60
--	--	4.75
--	--	6.00

Individual contract.....  
Individual & Spouse contract.....  
Indiv. & spouse & children.....

Costs (monthly)		
Hosp.	Surgical	Total
1.70	1.00	2.70
3.70	3.20	6.90
3.70	3.20	6.90

WASHINGTON

CMAHA

Hospitalization

1. Hosp. Board & Room: \$9.00 per day for 31 days with no limit on frequency  
Plus \$135 max. for hospital extras
2. Plus surgical as shown above
3. Plus out-patient emergency up to \$135
4. Examples (Hospitalization only):

Bd & Room

\$ 90  
270  
126 (Plus a maximum of \$135  
90 (to cover all hospital  
126 (extras  
90  
27

Normal

appendectomy  
comp. fracture  
bilat. hernia  
unilat. "  
hysterectomy  
hemorrhoidectomy  
tonsillectomy

10 days  
30 "  
14 "  
10 "  
14 "  
10 "  
3 "

Bd. & Room #1 (diff.)

\$ 135 (✓ 45)  
405 (✓ 135)  
189 (✓ 63)  
135 (✓ 45)  
189 (✓ 63)  
135 (✓ 45)  
40 (✓ 13)

Plus the hospital extras,  
(16 listed) which range  
from \$50 for the simplest,  
uncomplicated appendectomy  
to very substantial  
amounts for the serious  
or complicated case.

Net = 50% greater on Board & Room than CMAHA

#1 - Basic costs of Board & Room @ \$13.50 per day  
(typical - presently) is absorbed by GHI  
completely.

WASHINGTON

GHI

Hospitalization

1. Hosp. Complete Service for 21 days (semi-private, partic. hospital) with 90 days interval on frequency. \$10.00 per day if in private room.  
Plus \$5 per day for additional 180 days  
(See below)
2. Plus surgical as shown above
3. Plus out-patient emergency up to \$ 10
4. Examples (Hospitalization only):

(f) Summary comparison of these two plans:

1. Overseas general hospitalization  
OMAHA is far superior to GHI.
2. Overseas maternity hospitalization  
OMAHA is substantially superior to GHI in normal pregnancy. In the cases involving Caesarean, termination of ectopic pregnancy and miscarriage (av. 10%, per Dr. Tietjen), GHI is substantially superior.
3. Overseas surgical.  
OMAHA is only 60% as good as GHI.\*\*
4. Domestic general hospitalization  
OMAHA is substantially INFERIOR to GHI in either a normal or abnormal case.
5. Domestic maternity hospitalization  
OMAHA is substantially superior to GHI in normal pregnancy. In 10% of the cases involving Caesarean, termination of ectopic pregnancy and miscarriage, GHI is substantially superior.
6. Domestic surgical  
OMAHA is only 60% as good as GHI.\*\*
7. Fees are the same in each plan as between overseas and domestic. However, OMAHA's fees are all lower than GHI. For individual contract OMAHA charges 60% of GHI; for individual and spouse OMAHA charges 70% of GHI; for individual, spouse and children OMAHA charges 88% of GHI, but GHI doesn't offer just an individual and spouse contract at a lower rate than one inclusive of children.
8. Net on the above - if OMAHA's surgical could meet GHI, it is better than GHI for overseas if the dependents are with the employee. Even if OMAHA's surgical meets GHI, it is not as good a buy for domestic assignment.

\*\* OMAHA has offered to match GHI surgical benefits with small increase in premium as follows: single contract, plus \$.16; individual and spouse, plus \$.89; family, plus \$.80. See Appendix XI.

TAB D

9. As to hospitalization, the two plans are strictly comparable in respect to an overseas location of the individual with family, but impossible of comparison in the domestic situation. This is because the GHI hospitalization benefit is buried under the completely untranslatable "full service benefits" with participating hospitals.

While the non-complicated case call for a minimal few hospital extras, the complicated case under GHI gets 16 of them free and as many times as necessary. These variables cannot be assessed dollar-wise for purpose of comparison with OMAHA.

Even though it is true that the seriously complicated case is statistically in the low frequency category, the great dollar benefits under GHI are nevertheless there for the individual who wants to insure against precisely such a risk.

It may be held that benefits in a serious case ride on the backs of the non-complicated majority in respect to fees, and also that throwing in "the works" for every member is misleading persuasion. However, the minority who do get caught in heavy extras can't pay with statistics.

The simplest and blandest appendectomy calls for about \$50.00 in hospitalization extras. From there it could go anywhere in cost while the patient still lives.

- a. Pregnancy hospitalization contains the same problem but not as seriously so. In 90% of pregnancy cases - the normal ones - OMAHA is a better buy, but not so if one wishes to insure against costs arising out of the minority of cases (i.e. Caesarean section, termination of ectopic pregnancy or miscarriage). Here GHI is superior.
- b. Again in the domestic hospitalization field GHI adds a fillip for the unusual case and offers \$5.00 per day for 180 days on top of the 21 full service benefit days. Strictly from the point of view of frequency statistics, this might be labeled a "come-on".
- c. Also, in the GHI brochure is seen the same hand as immediately above, i.e., the illustrated cases are not the usual ones. They are in the relatively infrequent category, but because there are but three of them, the coloration seems to be present. These cases are cancer

(1149.15 benefits), fractured vertebrae (337.05 benefits) and gall stones (518.90 benefits).

- d. GHI requires a 90 day interval between discharge and re-entry to a hospital. OMAHA requires one day. Here GHI is inconsistent with the preceding tactics as to minority occurrences.
- e. OMAHA's fee schedule is superior both in form and in dollars.
- f. GHI, being so firmly enmeshed in legislation and so integrated with the large and necessarily unwieldy Blue Cross presents practically no possibility of modification in plan to suit us, whereas OMAHA is completely flexible - even to a tailored plan.
- g. OMAHA's service to us in the settlement of claims [REDACTED] is "vastly better" than GHI. [REDACTED] characterizes GHI as a "bickering, negotiating outfit."

25X1A9a

25X1A9a

10. "Fine Print"

Comparison of these two plans is important also because of the effect of small items in irritation and dollars.

a. Ambulance

GHI won't pay to and from a hospital; Omaha will.

b. X-Rays

GHI won't pay unless the X-Ray is in connection with surgery performed within three days' time. Omaha will pay with no surgery nor time restriction.

c. Hospital Extras

GHI will pay on certain specific hospital extras without limit. Omaha pays on all extras up to their established maximum of \$135.00

d. Type of Hospital

GHI's reimbursement is dependent upon type of hospital, as follows:



Participating hospital - full benefit; member hospital of another hospital service plan gets the prevailing service of that plan; non-participating hospital gets only up to \$10.00 per day for 21 days, plus \$64.00 for hospital extras (the same as the GHI overseas rate). Omaha on the other hand reimburses the same all over the world in any hospital of the individual's own choice.

e. Room and Board

The "full service benefit days" under GHI pertains to a semi-private room, but if the individual chooses or really needs a private room, GHI allocates only \$10.00 per day. Omaha on the other hand pays the contract guarantee for any accommodation.

f. Dependent Children

Under GHI, they are added when 90 days old, and carried to the 18th birthday. Under Omaha, they are added when 14 days old and carried to the 19th birthday. This may well be important in connection with congenital anomalies.

g. Tuberculosis and Mental or Nervous Disorders

Under GHI, these are covered for only 10 days during any 12-month period. Under Omaha, they are covered for the same number of days and same frequency (one day break only) as all other accidents or illnesses.

h. Congenital Anomalies.

Under GHI, not covered at all. Under Omaha, full coverage at any age after 14 days from birth.

i. Outpatient Emergency First Aid

GHI requires reporting within two hours of accident, else they won't pay. Omaha allows 24 hours.

TAB D