

Government Employees Health Association  
GMG 1799

Table 1

Projection of Financial Result for Plan #42  
for 1983 and 1984 in Thousands

|      |                                                                                                                               | <u>1982</u><br><u>Estimated</u> | <u>1982</u><br><u>Actual</u> | <u>1983</u><br><u>Projected</u> | <u>1983</u><br><u>Estimated</u> | <u>1984</u><br><u>Projected</u> |
|------|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------|------------------------------|---------------------------------|---------------------------------|---------------------------------|
| A.   | <u>Income</u>                                                                                                                 |                                 |                              |                                 |                                 |                                 |
| STAT | 1. Subscription Income                                                                                                        | \$20,999                        | \$21,515                     | \$26,039                        | \$26,794                        | \$36,172                        |
|      | 2. <span style="border: 1px solid black; display: inline-block; width: 200px; height: 1.2em; vertical-align: middle;"></span> | 3,361                           | 3,369                        | 804                             | 975                             | 1,000                           |
|      | 3. Interest                                                                                                                   | 404                             | 161                          | 777                             | 264                             | 276                             |
|      | Total                                                                                                                         | \$24,764                        | \$25,045                     | \$27,620                        | \$28,034                        | \$37,449                        |
| B.   | <u>Outgo</u>                                                                                                                  |                                 |                              |                                 |                                 |                                 |
|      | 1. Incurred Claims                                                                                                            | \$20,852                        | \$22,080                     | \$25,023                        | \$27,535                        | \$33,317                        |
|      | 2. Expense                                                                                                                    | 1,925                           | 1,885                        | 2,256                           | 2,287                           | 2,836                           |
|      | Total                                                                                                                         | \$22,777                        | \$23,965                     | \$27,279                        | \$29,822                        | \$36,153                        |
| C.   | <u>Gain (Loss)</u>                                                                                                            | \$ 1,986                        | \$ 1,080                     | \$ 341                          | \$(1,788)                       | \$ 1,295                        |
| D.   | <u>Special Reserve</u>                                                                                                        |                                 |                              |                                 |                                 |                                 |
|      | 1. Beginning                                                                                                                  | \$ 921                          | \$ 753                       | \$ 2,907                        | \$ 1,833                        | \$ 45                           |
|      | 2. Ending                                                                                                                     | 2,907                           | 1,833                        | 3,248                           | 45                              | 1,340                           |

\$ 800,000  
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GOVERNMENT EMPLOYEES HEALTH ASSOCIATION  
GMG-1799  
Plan #42

Table 2

1983 and 1984 Bi-Weekly Net-to-Carrier Rates for Plan #42 with  
No Rate Redistribution.

|                            | <u>Self</u> | <u>Self &amp; Family</u> |
|----------------------------|-------------|--------------------------|
| A. 1983 Rates              | \$33.04     | \$ 82.80                 |
| B. 1984 Proposal           |             |                          |
| (1) Experience Increase    | 11.56       | 28.98                    |
| (2) Benefit Changes        | -0-         | -0-                      |
| (3) Total A + B(1) + B(2)  | 44.60       | 111.78                   |
| C. 1984 Increase over 1983 | 35.0%       | 35.0%                    |

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## GOVERNMENT EMPLOYEES HEALTH ASSOCIATION

## Health Care Cost and Utilization Trends

|                                  | <u>1981</u>        | <u>1982</u>        | <u>%</u> |
|----------------------------------|--------------------|--------------------|----------|
| Hospital Admissions              | 4,102              | 5,121              | 24.8%    |
| Hospital Days                    | 30,211             | 35,375             | 17.1%    |
| Major Surgery Procedures         | 4,669              | 4,912              | 5.2%     |
| Mental & Nervous                 |                    |                    |          |
| Hospital                         | \$ 840,647         | \$1,657,500        | 97.2%    |
| Outpatient                       | <u>\$1,161,058</u> | <u>\$1,326,873</u> | 14.3%    |
| Total                            | \$2,001,703        | \$2,984,373        | 49.1%    |
| Hospital Cost Per Day            | \$ 360             | \$ 450             | 25.0%    |
| Hospital Length of Stay          | 7.2 days           | 8.4 days           | 16.7%    |
| Cost Per Hospital Admission      | \$ 2,593           | \$ 3,777           | 45.7%    |
| Major Surgery Cost Per Procedure | \$ 508             | \$ 578             | 13.8%    |

## 1984 PROJECTED ABP PREMIUMS RATES

## A. 1983 BIWEEKLY RATES

| <u>SELF</u>  |            | <u>FAMILY</u> |
|--------------|------------|---------------|
| \$34.36      | TOTAL COST | \$86.11       |
| <u>21.27</u> | GOV'T PAYS | <u>47.54</u>  |
| \$13.09      | YOU PAY    | \$38.57       |

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## B. 1984 BIWEEKLY RATES (ASSUMING 10% INCREASE IN GOVERNMENT CONTRIBUTION)

|                         |            |                          |
|-------------------------|------------|--------------------------|
| \$46.38                 | TOTAL COST | \$116.25                 |
| <u>23.39</u>            | GOV'T PAYS | <u>52.29</u>             |
| \$22.99 (76%)           | YOU PAY    | \$ 63.96 (66%)           |
| (\$9.90 Inc. over 1983) |            | (\$25.39 Inc. over 1983) |

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## C. 1984 BIWEEKLY RATES (ASSUMING 15% INCREASE IN GOVERNMENT CONTRIBUTION)

|                         |            |                          |
|-------------------------|------------|--------------------------|
| \$46.38                 | TOTAL COST | \$116.25                 |
| <u>24.46</u>            | GOV'T PAYS | <u>54.67</u>             |
| \$21.92(67%)            | YOU PAY    | \$61.58 (60%)            |
| (\$8.83 Inc. over 1983) |            | (\$23.01 Inc. over 1983) |

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## D. 1984 BIWEEKLY RATES (ASSUMING 20% INCREASE IN GOVERNMENT CONTRIBUTION)

|                         |            |                          |
|-------------------------|------------|--------------------------|
| \$46.38                 | TOTAL COST | \$116.25                 |
| <u>25.52</u>            | GOV'T PAYS | <u>57.05</u>             |
| \$20.86(59%)            | YOU PAY    | \$59.20 (53%)            |
| (\$7.77 Inc. over 1983) |            | (\$20.63 Inc. over 1983) |

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## E. 1984 BIWEEKLY RATES (ASSUMING 25% INCREASE IN GOVERNMENT CONTRIBUTION)

|                         |            |                          |
|-------------------------|------------|--------------------------|
| \$46.38                 | TOTAL COST | \$116.25                 |
| <u>26.59</u>            | GOV'T PAYS | <u>59.43</u>             |
| \$19.79 (51%)           | YOU PAY    | \$ 56.82 (47%)           |
| (\$6.70 Inc. over 1983) |            | (\$18.25 Inc. over 1983) |

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1984 POSSIBLE CHANGES

| <u>CHANGE</u>                                    | <u>COST SAVINGS</u> |               |
|--------------------------------------------------|---------------------|---------------|
|                                                  | <u>Self</u>         | <u>Family</u> |
| I. Hospital Inpatient (General)                  |                     |               |
| A. Deductible Per Confinement                    |                     |               |
| 1. \$100                                         | -\$ .67             | -\$1.74       |
| 2. \$150                                         | - 1.01              | - 2.61        |
| 3. \$200                                         | - 1.34              | - 3.48        |
| B. Deductible Per Calendar Year                  |                     |               |
| 1. \$100                                         | -\$ .51             | -\$1.32       |
| 2. \$150                                         | - .76               | - 1.98        |
| 3. \$200                                         | - 1.02              | - 2.64        |
| C. Co-pay Per Day Confinement, First 10 Days     |                     |               |
| 1. \$ 5                                          | -\$ .14             | -\$ .37       |
| 2. \$ 10                                         | - .28               | - .74         |
| 3. \$ 15                                         | - .42               | - 1.11        |
| 4. \$ 20                                         | - .56               | - 1.48        |
| II. Hospital Inpatient (Mental & Nervous)        |                     |               |
| A. 100% first 60 days<br>nothing thereafter      | -\$ .24             | -\$ .60       |
| B. 100% first 60 days<br>80% thereafter          | -\$ .05             | -\$ .12       |
| III. Surgery (Including Anesthesia)              |                     |               |
| 80% Inpatient and<br>100% Outpatient             | -\$1.19             | -\$2.96       |
| IV. Hospital Outpatient                          |                     |               |
| Transfer \$400 Basic Benefit<br>to Major Medical | -\$ .06             | -\$ .14       |

| 1983    | CATASTROPHIC<br>COVERAGE                 | DEDUCTIBLE | INPATIENT<br>CARE                           | SURGERY | MAJOR<br>MEDICAL | MENTAL AND<br>NERVOUS                                                | EMPLOYEE<br>BI-WEEKLY COST |         |
|---------|------------------------------------------|------------|---------------------------------------------|---------|------------------|----------------------------------------------------------------------|----------------------------|---------|
| Current | \$1,000/per person<br>\$1,000/per family | \$200/Two  | 100% up to 365<br>days, 80% there-<br>after | 100%    | 80%              | IP-100% up to 365<br>days, OP-70% limit<br>to 50 visits per<br>year. | \$13.09                    | \$38.57 |

POSSIBLE OPTIONS FOR 1984

(ASSUMES 10% INCREASE OF  
GOVERNMENT CONTRIBUTIONS)

| PROPOSALS |                                           |                  |                                                                                     |                           |                                                  |                                                                               | SELF                                             | FAMILY                                            |
|-----------|-------------------------------------------|------------------|-------------------------------------------------------------------------------------|---------------------------|--------------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------|---------------------------------------------------|
| A         | NO CHANGE FROM                            | CURRENT BENEFITS |                                                                                     |                           |                                                  |                                                                               | \$22.99<br>(\$9.90 inc.<br>over 1983)<br>(75.6%) | \$63.96<br>(\$25.39<br>over 1983)<br>(65.8%)      |
| B         | NO CHANGE FROM                            | CURRENT BENEFITS |                                                                                     |                           | Transfer \$400<br>OP Basic Ben.<br>to Major Med. | IP-100% up to 60<br>days per confine-<br>ment<br>OP - No change               | \$22.68<br>(\$9.59 inc.<br>over 1983)<br>(73.3%) | \$63.19<br>(\$24.62 inc.<br>over 1983)<br>(63.8%) |
| C         | NO CHANGE FROM                            | CURRENT BENEFITS | 100% up to 365<br>days following<br>\$200 deductible<br>per hospital<br>confinement | IP - 80%<br><br>OP - 100% | Transfer \$400<br>OP Basic Ben.<br>to Major Med. | IP - 100% up to<br>60 days per confine-<br>ment<br>OP - No change             | \$20.01<br>(\$6.92 inc.<br>over 1983)<br>(52.9%) | \$56.49<br>(\$17.92 inc.<br>over 1983)<br>(46.5%) |
| D         | \$2,000<br>(Excludes Mental &<br>Nervous) | \$250/Two        | 100% up to 365<br>days subject to<br>\$200 calendar<br>year deductible              | IP - 75%<br><br>OP - 100% | 75%                                              | IP - 100% up to 30<br>days per confinement<br>OP - 50% with 50<br>visit limit | \$19.61<br>(\$6.52 inc.<br>over 1983)<br>(49.8%) | \$55.09<br>(\$16.52 inc.<br>over 1983)<br>(42.8%) |