

23 December 1983

MEMORANDUM FOR THE RECORD

SUBJECT: Hay Associates' analysis of the Association Benefit Plan
and 1985 options.

Judy Cahill of Hay Associates met with Joe Sexton and C/IB on 19 December to discuss the next steps in Hay's analysis of the Association Benefit Plan and 1985 options. The first area to be considered is the viability of a Low Option. Judy requested the following information to examine this possibility - demographics including cover, double coverage information, experience and utilization by area and some analysis of 1983 Open Season activities. We agreed to have as much information as possible available during the first week of January for use in house. As part of the analysis, Hay will also consider the Medicare Wrap Around as one type of low option. By the end of the first week of January, Hay will have an outline on how they propose to approach analysis of the following:

1. LOW OPTION
2. Possible benefit restructuring including consideration of some employee suggested benefits - Dental, rabbinical circumcision, pre-paid plan, routine physicals etc.
3. Specific proposals in the Mental and Nervous area such as separate catastrophic or deductible, greater government contribution possibilities.
4. Pros and Cons in considering another underwriter.
5. Theoretical Alternatives - Reinsurance, Minimum Premium Payments etc.

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