PLAINTIFF'S EXHIBIT
MET-205

M E M O R A N D U M

June 13, 1946

DR. ARMSTRONG
~~DR. LANZA~~
~~DR. WHEATLEY~~
~~MISS HAUPT~~

After our Nursing Conference yesterday, Miss Haupt showed me the file that she has collected of all the memoranda commenting upon the proposed community rate basis for reimbursing nursing associations. This was the first time I had seen the written comment of others in which they raise questions we have often reviewed in the past.

A hasty review of our files has produced the attached material which gives some idea of the consideration we (and also the John Hancock) have previously given to various methods of payment to nursing associations. Some of these methods may be summarized as follows:

1. Payment at a fixed monthly rate based on policies in force.
2. Payment at a monthly rate based on ratio of visits reported as compared with visits expected.
3. Payment of a fixed percent of organization's monthly budget.
4. Payment at cost per case, cost per hour, etc.
5. Payment at cost per visit based on average salary plus a fixed rate of overhead.
6. Payment at cost per visit based on average visit production.
7. Payment at cost per visit based on visits weighted according to type.
8. Payment according to standing of the association as regards quality of service.
9. Payment on the basis of the fee charged to the community.
10. Various combinations of the foregoing.

Among the problems we have considered in the past is our ultimate gross payment and our ability to demonstrate that we have received equivalent value in terms of specific service rendered to policyholders. Our experience with the Prepayment Plan provides an excellent gauge of what may happen when we dispense with a unit of measure for our payment. Our experience with maximum cost riders similarly demonstrates the difficulty of observing a fixed limit whether it be based on a rate per visit or the gross payment.

Without definite controls on the community rate we agree to pay, I believe we will be confronted with similar problems, some petty but others of considerable importance. These should be kept in mind in our further discussion of the subject with Miss Nelson.

JA:lms