

Private Consumer Expenditures for Medical Care and Voluntary Health Insurance, 1948-63

by LOUIS S. REED*

PRIVATE CONSUMER expenditures for medical care amounted to an estimated \$23.7 billion in 1963 or 7.3 percent more than in 1962. Thus, total consumer expenditures for health purposes are continuing to expand at about the same pace as in recent years. In 1962 the increase from the preceding year was 7.6 percent; in 1961, it was 5.4 percent; and in 1960, 6.7 percent. Private consumer expenditures for hospital care rose 12 percent in 1963, to \$7.0 billion. Consumer expenditures for the services of physicians in private practice amounted to an estimated \$6.4 billion, an increase of 6 percent. Expenditures for drugs and drug sundries amounted to \$1.2 billion—4 percent more than in the preceding year. Per capita expenditures for medical care amounted to \$126.93, an increase of 5.7 percent for the year.

Of total consumer expenditures, \$15.7 billion was in the form of direct payments by patients and about \$8 billion in the form of payments for health insurance; \$7 billion of the \$8 billion represented payments for health services or benefits, and a little more than \$1 billion represented payments for insurance service—that is, the amount retained by health insurance organizations for expenses, additions to reserves, and profits.

The present article is the most recent in the series published annually in the *BULLETIN* and going back to 1948. The data presented in the December 1963 issue for the years 1960-62 have been revised in the light of more recent or corrected information and improvements in estimating techniques. Generally the changes are small.

Table 1 shows consumer expenditures for medical care for selected years from 1948 to 1963.¹ In table 2, consumer expenditures are distributed between direct, out-of-pocket payments for health services and supplies and premiums paid for health insurance. The premiums are further broken down into (1) the expenditures of health

insurance organizations for services or benefits and (2) the amounts retained by them for operating expenses, additions to reserves, and profits. The latter can be considered as the net cost to consumers for health insurance service. There is an inexactness in this table because all payments for health insurance are shown as allocated to either hospital care or physicians' services; insurance coverage of other types of care, as yet relatively small in amount, is here included mainly with insurance covering physicians' services. Table 3 shows private consumer expenditures for medical care in relation to national disposable personal income.

DEFINITIONS AND METHODOLOGY

Private consumer expenditures for medical care as shown here include all payments by private consumers for medical care and health insurance.² They include contributions of employers (both private employers and government) for the purchase of health insurance for their employees. They exclude (a) all government expenditures for the provision or purchase of health care, (b) philanthropic contributions for the support of health care services and payments from philanthropic sources (such as "united funds") to hospitals, physicians, etc., for health care; (c) payments under workmen's compensation laws for the medical care of injured workers; and (d) hospitalization benefits provided by the State fund under California's temporary disability insurance program.

The general procedure in making these estimates is first to estimate total national expenditures for each type of service (for example, hospital care, services of physicians in private prac-

* Division of Research and Statistics.

¹ For data for the years not shown, see the *Bulletin*, December 1962, pages 3-13.

² For the relationship of consumer expenditures to total national health expenditures, see Louis S. Reed and Dorothy P. Rice, "National Health Expenditures: Object of Expenditures and Source of Funds, 1962," *Social Security Bulletin*, August 1964.

tice, and services of dentists in private practice). From the total for each of the items are subtracted (a) net government expenditures in directly providing health services and supplies, less revenues received from paying patients; (b) payments to hospitals, private practitioners, suppliers of drugs and appliances, etc., for purchase of care for beneficiaries under various government programs; and (c) philanthropic contributions or payments for health care. The balance represents private consumer expenditures.

The government programs for which deductions are made are (1) the Medicare program of the Department of Defense (medical care for military dependents); (2) the Veterans Administration's medical care program (purchase of care outside Veterans Administration facilities); (3) the Indian health program (purchase of care outside Public Health Service facilities); (4) the Federal-State programs of maternal and child health services and services for crippled children; (5) the Federal-State vocational rehabilitation programs; (6) vendor payments for medical care under the Federal-State public assistance programs; (7) the Federal and State programs of workmen's compensation; and (8) hospital benefits provided by the State fund under California's temporary disability insurance program.

The basic source of data on the national expenditures for hospital care is the annual Guide

Issue of *Hospitals*, published by the American Hospital Association. These data are adjusted to relate them to the calendar year, and amounts are added for osteopathic and other nonreporting hospitals. Data on revenues received by government hospitals from paying patients are derived from the *Summary of Governmental Finances*, published each year by the Bureau of the Census. With slight adjustments, these revenues are taken to represent consumer expenditures for care in government hospitals. The figures on consumer expenditures for care in nongovernment hospitals are derived from the total expenses or revenues of these hospitals after deduction of revenues or income from government and philanthropic sources.

The primary source for the estimate of consumer expenditures for the services of physicians is *Statistics of Income*, published annually by the Internal Revenue Service, which shows the gross receipts of physicians from the self-employment practice of medicine. (The total used is the sum of gross receipts of physicians in sole proprietorships, partnerships, and voluntary associations organized as corporations.) Since the data are from Schedule C of the income-tax return, where the individual enters profit or loss from business or profession, they exclude income in the form of salary. (Salaries paid to physicians employed by other physicians in private practice are part of

TABLE 1.—Private consumer expenditures for medical care: Amount and percentage distribution, by type of expenditure, selected years, 1948-63¹

Type of care	1948	1950	1955	1957	1958	1959	1960	1961	1962	1963
Amount (in millions)										
Total.....	\$7,663	\$8,669	\$12,906	\$15,518	\$16,652	\$18,243	\$19,468	\$20,514	\$22,078	\$23,689
Hospital care.....	1,689	2,126	3,512	4,137	4,432	4,746	5,281	5,737	6,220	6,973
Physicians' services.....	2,490	2,597	3,433	4,101	4,553	5,101	5,302	5,477	6,039	6,355
Dentists' services.....	900	961	1,508	1,737	1,850	1,894	1,961	2,018	2,214	2,345
Drugs and drug sundries.....	1,466	1,719	2,473	3,062	3,310	3,591	3,830	3,933	4,062	4,228
Eyeglasses and appliances.....	431	486	685	990	991	1,185	1,195	1,226	1,328	1,407
Other professional services.....	331	370	531	641	696	766	795	809	824	840
Nursing-home care.....	100	110	150	180	200	220	259	309	324	440
Health insurance, net cost.....	256	300	614	670	620	740	845	978	1,067	1,071
Percentage distribution										
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Hospital care.....	22.0	24.5	27.2	26.7	26.6	26.0	27.1	28.0	28.2	29.4
Physicians' services.....	32.5	30.0	26.6	26.4	27.3	28.0	27.2	26.7	27.4	27.0
Dentists' services.....	11.7	11.1	11.7	11.2	11.1	10.4	10.1	10.0	10.0	9.9
Drugs and drug sundries.....	19.1	19.8	19.2	19.7	19.9	19.7	19.7	19.2	18.4	17.8
Eyeglasses and appliances.....	5.6	5.6	5.3	6.4	6.0	6.5	6.1	6.0	6.0	5.9
Other professional services.....	4.3	4.3	4.1	4.1	4.2	4.2	4.1	3.9	3.7	3.5
Nursing-home care.....	1.3	1.3	1.2	1.2	1.2	1.2	1.3	1.5	1.5	1.9
Health insurance, net cost.....	3.3	3.4	4.8	4.3	3.7	4.1	4.3	4.8	4.8	4.5

¹ Data exclude Puerto Rico, the Virgin Islands, and Guam and, before 1960, Alaska and Hawaii. For data for the years omitted, see "Private Medical Care Expenditures and Voluntary Health Insurance, 1948-61,"

Social Security Bulletin, December 1962. Data for 1960, 1961, and 1962 are revisions of those published in the *Bulletin* for December 1963, pages 3-12.

the expenses of practice of the latter and are paid out of their gross receipts.) The estimates of gross receipts of osteopathic physicians in private practice, based on estimates of their number and average gross income, are added; the Internal Revenue Service does not classify osteopaths with physicians.

To these data are added that part of the gross receipts of medical and dental laboratories that are estimated to represent the amounts received by the medical laboratories from patients. Also added are the estimated net expenditures of private, lay-sponsored clinics and health centers (other than hospitals) in providing medical services. The estimated payments to private physicians by insurance companies for examination of applicants for life insurance are deducted, since such examinations are not considered to be part of medical care. From the total thus obtained the actual or estimated fee payments to private physicians under the various government programs enumerated above and from philanthropic sources

are subtracted. The remainder represents consumer expenditures for the services of physicians. Consumer expenditures for the services of dentists are developed in the same general way.

The estimates of consumer expenditures for drugs and drug sundries and for eyeglasses and appliances are based on the annual estimates made by the National Income Division of the Department of Commerce (shown each year in the July issue of the *Survey of Current Business*) of personal consumption expenditures for these items. From the totals are subtracted the estimated payments for these items made under the various government programs, including workmen's compensation.

On the basis of information from the National Income Division, it appears that approximately 85 percent of the consumer expenditures for drugs and drug sundries is for drugs. (Indications are that most of the expenditures for drugs are for prescribed drugs.) About 7 percent is for feminine need products, and the remaining 8 percent for

TABLE 2.—Private consumer expenditures for medical care: Amount and percentage distribution, by type of payment, selected years, 1948-63

Type of payment	1948	1950	1955	1957	1958	1959	1960	1961	1962	1963
Amount (in millions)										
Total.....	\$7,663	\$8,669	\$12,906	\$15,518	\$16,652	\$18,243	\$19,468	\$20,514	\$22,078	\$23,689
Direct payments.....	6,801	7,377	9,756	11,374	12,155	13,104	13,627	13,841	14,667	15,652
Payments for insurance.....	862	1,292	3,150	4,144	4,497	5,139	5,841	6,673	7,411	8,039
Benefits.....	606	992	2,536	3,474	3,877	4,399	4,996	5,695	6,344	6,966
Insurance service.....	256	300	614	670	620	740	845	978	1,067	1,071
Hospital care.....	1,881	2,315	3,851	4,513	4,773	5,185	5,800	6,319	6,843	7,600
Direct payments.....	1,234	1,446	1,833	1,833	1,841	1,801	1,924	1,898	1,932	2,325
Payments for insurance ¹	647	869	2,018	2,680	2,932	3,384	3,876	4,421	4,911	5,275
Benefits ¹	455	680	1,679	2,304	2,591	2,945	3,357	3,840	4,288	4,648
Insurance service.....	192	189	339	376	341	439	519	582	623	627
Physicians' services.....	2,554	2,707	3,708	4,395	4,832	5,402	5,628	5,870	6,483	6,829
Direct payments.....	2,339	2,285	2,576	2,931	3,267	3,647	3,663	3,618	3,983	4,067
Payments for insurance ²	215	422	1,132	1,464	1,565	1,755	1,965	2,252	2,500	2,762
Benefits ²	151	312	857	1,170	1,286	1,454	1,639	1,856	2,056	2,318
Insurance service.....	64	110	275	294	279	301	326	396	444	444
Other services (direct payments only).....	3,228	3,646	5,347	6,610	7,047	7,656	8,040	8,325	8,752	9,260
Percentage distribution										
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Direct payments.....	88.8	87.2	75.6	73.3	73.0	71.8	70.0	67.5	66.4	66.1
Payments for insurance.....	11.2	12.8	24.4	26.7	27.0	28.2	30.0	32.5	33.6	33.9
Benefits.....	7.9	9.7	19.6	22.4	23.3	24.1	25.7	27.8	28.7	29.4
Insurance service.....	3.3	3.1	4.8	4.3	3.7	4.1	4.3	4.8	4.8	4.5
Hospital care.....	24.5	24.8	29.8	29.1	28.7	28.4	29.8	30.8	31.0	32.1
Direct payments.....	16.1	15.9	14.2	11.8	11.1	9.9	9.9	9.3	8.8	9.8
Payments for insurance ¹	8.4	8.9	15.6	17.3	17.6	18.5	19.9	21.6	22.2	22.3
Benefits ¹	5.9	6.8	13.0	14.8	15.6	16.1	17.2	18.7	19.4	19.6
Insurance service.....	2.5	2.1	2.6	2.4	2.0	2.4	2.7	2.8	2.8	2.6
Physicians' services.....	33.3	32.6	28.7	28.3	29.0	29.6	28.9	28.6	29.4	28.8
Direct payments.....	30.5	28.7	20.0	18.9	19.6	20.0	18.8	17.6	18.0	17.2
Payments for insurance ²	2.8	3.9	8.8	9.4	9.4	9.6	10.1	11.0	11.3	11.7
Benefits ²	2.0	2.9	6.6	7.5	7.7	8.0	8.4	9.0	9.3	9.8
Insurance service.....	.8	1.0	2.1	1.9	1.7	1.6	1.7	1.9	2.0	1.9
Other services (direct payments only).....	42.1	42.6	41.4	45.4	42.3	42.0	41.3	40.6	39.6	39.1

¹ Includes in recent years a small amount of payments for drugs, private-duty and visiting-nurse services, nursing-home care, and appliances.

² Includes a small amount of payments for drugs, private-duty and visiting-nurse services, dental care, nursing-home care, and appliances.

TABLE 3.—Private consumer expenditures for medical care and national disposable personal income, 1948-63

[In millions]

Year	National disposable personal income ¹	Private consumer expenditures for medical care	
		Total	As percent of disposable personal income
1948	\$189,300	\$7,663	4.0
1949	189,654	7,931	4.2
1950	207,655	8,669	4.2
1951	227,481	9,379	4.1
1952	238,714	10,134	4.2
1953	252,474	11,033	4.4
1954	256,885	11,895	4.6
1955	274,448	12,906	4.7
1956	292,942	14,279	4.9
1957	308,791	15,518	5.0
1958	317,924	16,652	5.2
1959	337,145	18,243	5.4
1960	349,889	19,468	5.6
1961	364,684	20,514	5.6
1962	384,558	22,078	5.7
1963	402,472	23,689	5.9

¹ Data from *Survey of Current Business*, Department of Commerce, July 1964.

miscellaneous drug sundries—bandages, dressings, first aid kits, rubber health supplies, supports, heating pads, clinical thermometers, syringes, etc. Of the expenditures for eyeglasses and appliances, approximately 70 percent is for eyeglasses and accessories, including sunglasses; about 18 percent is for hearing aids and batteries; and about 7 percent is for orthopedic appliances (artificial limbs, trusses, braces, etc.). Expenditures for eyeglasses include payments to optometrists for eye examinations. The figures are approximate and are intended merely to give some idea of the general magnitude of consumer expenditures for the different groups of products within these two main items.

Data on consumer expenditures for other professional services—services of registered and practical nurses in private duty and of visiting nurses, podiatrists, chiropractors and naturopaths, physical therapists, clinical psychologists, and Christian Science practitioners—are based on

the number of the practitioners in private duty or practice and their estimated annual gross receipts from such practice. Estimated consumer payments to visiting-nurse agencies, based on surveys of the National League for Nursing, are included. Again, deductions are made for fee payments to these practitioners under government programs.

Consumer expenditures for nursing-home care are developed as follows: The State plans submitted annually by the State hospital planning agencies under the Hill-Burton program show the number of existing "long-term care" beds. From this total has been subtracted the number of long-term beds in long-term and short-term general and special non-Federal hospitals, as reported by the Guide Issue of *Hospitals*. The remaining number of beds is assumed to be the number in nursing homes. Application of occupancy ratios (averaging 86 percent) for the various ownership groups of nursing homes, as found in a recent inventory by the Public Health Service, yields the estimated number of days of care provided in nursing homes. This figure has been multiplied by an estimated annual expense or payment per patient-day.

From the resulting estimates of total national expenditures for nursing-home care have been subtracted vendor payments for such care under public assistance programs. Public assistance payments to recipients in nursing homes to enable them to meet the cost of such care are not considered a public expenditure for medical care, and payments made by the recipients to nursing homes from funds so provided are considered to be private expenditures. The increase in consumer expenditures for nursing-home care during the past few years has been less than the increase in total expenditures for this type of service because of the increasing tendency of public assistance

TABLE 4.—Per capita private consumer expenditures for medical care, selected years, 1948-63 ¹

Type of expenditure	1948	1950	1955	1956	1957	1958	1959	1960	1961	1962	1963
Total	\$52.79	\$57.71	\$79.51	\$86.34	\$92.15	\$97.10	\$104.53	\$109.28	\$113.21	\$120.12	\$126.93
Hospital care	11.63	14.15	21.64	23.14	24.57	25.84	27.19	29.64	31.66	33.84	37.36
Physicians' services	17.15	17.29	21.15	22.90	24.35	26.55	29.23	29.76	30.21	32.86	34.21
Dentists' services	6.20	6.40	9.29	9.83	10.31	10.79	10.85	11.01	11.30	12.05	12.57
Drugs and drug sundries	10.10	11.44	15.24	17.35	18.18	19.30	20.58	21.50	21.70	22.10	22.65
Eyeglasses and appliances	2.97	3.24	4.22	4.92	5.88	5.78	6.79	6.71	6.77	7.23	7.54
Other professional services	2.28	2.47	3.27	3.50	3.81	4.06	4.39	4.46	4.46	4.48	4.50
Nursing-home care	.69	.73	.92	1.03	1.07	1.17	1.26	1.45	1.71	1.76	2.36
Health insurance, net cost	1.76	1.99	3.78	3.68	3.98	3.62	4.24	4.74	5.40	5.81	5.74

¹ Data from table 1, related to civilian population as of July 1 of each year; excludes Alaska and Hawaii before 1960.

TABLE 5.—Medical care price index¹ and total and per capita private consumer expenditures for medical care in 1963 prices, 1948–63

Year	Medical care price index ¹ (1957–59=100)	Expenditures in 1963 prices	
		Total (in millions)	Per capita
1948	69.8	\$12,814	\$88.28
1949	72.0	12,854	87.10
1950	73.4	13,782	91.75
1951	76.9	14,232	94.25
1952	81.1	14,581	95.12
1953	83.9	15,345	98.33
1954	86.6	16,031	100.77
1955	88.6	17,004	104.76
1956	91.8	18,144	109.71
1957	95.5	18,971	112.65
1958	100.1	19,408	113.17
1959	104.4	20,383	116.79
1960	108.1	21,024	118.01
1961	111.3	21,503	118.67
1962	114.2	22,552	122.70
1963	116.7	23,689	126.93

¹ Medical care component of consumer price index, Bureau of Labor Statistics, Department of Labor.

agencies to provide nursing-home care through vendor payments rather than through payments to individual recipients.

The net cost of health insurance, shown as the final item in table 1, is derived from table 6. It represents the difference between the earned premiums or subscription charges of health insurance organizations and their claim or benefit expenditures (expenditures in providing such services in the case of organizations that directly provide services). In other words, it is the amount retained by health insurance organizations for operating expenses, additions to reserves, and profits.

In this series, the estimates for the latest year are always preliminary, since some of them are based on preliminary data. These estimates are then revised the following year.

Trends in Medical Care Expenditures, 1948–63

Since 1948, consumer expenditures for medical care, as shown by these estimates, have more than trebled. The annual rate of increase was more rapid in the years 1950–59 than before or since. During the past 4 years the annual increase has been from 5 percent to 8 percent. Part of the increase results, of course, from population growth, and part can be ascribed to the advance in medical care prices.³ Other contributing fac-

³ Since 1948 the medical care component of the consumer price index of the Department of Labor has risen from 69.8 to 116.7 (1957–59 = 100).

tors are the increase in the per capita utilization of health services and changes in the content of the services—the development of new medical techniques (open-heart surgery, for example), improvements in hospital care, new drugs, etc.—that have increased the cost of medical care.

During the period 1948–63, estimated per capita consumer expenditures for medical care have more than doubled (table 4). In the past 5 years, per capita expenditures have increased about 5 percent a year—4.5 percent in 1960, 3.6 percent in 1961, 6.1 percent in 1962, and 5.7 percent in 1963.

The rates of increase in total consumer expenditures for the different types of service have varied widely. In the past 5 years, total expenditures for hospital care have gone up 9.5 percent a year, on the average; the 1963 rise, however, was 12 percent. Expenditures for physicians' services have increased about 7 percent each year; expenditures for dentists' services about 5 percent; and those for drugs about 5 percent.⁴ Although all estimates of expenditures for nursing-home care are highly provisional at this stage, it appears that consumer expenditures for this service in each of the past 5 years have increased approximately 18 percent.

Since 1948 there have been important shifts in the distribution of consumer expenditures for the various types of service. The amount spent for hospital care as a proportion of the total has increased from 22.0 percent in 1948 to 27.1 percent in 1960 and 29.4 percent in 1963. In contrast, consumer expenditures for physicians' services have declined from 32.5 percent of the total in 1948 to 27.2 percent in 1960 and 27.0 percent in 1963. The share of the expenditures for dentists' services has slowly but steadily declined, from 11.7 percent in 1948 to 9.9 percent in 1963. The proportion of the total spent for drugs and drug sundries increased slightly from 1948 to 1960 and since then has declined somewhat. The percentage going for eyeglasses and appliances has remained about the same. There was practically no change in the proportion spent for "other professional services" until 1960, when it started a decline. The proportion of total expenditures going for nursing-home care has steadily increased, from 1.3 percent in 1948 to 1.9 percent in 1963.

Reflecting the greater role played by health

⁴ These figures are a simple arithmetic mean of the percentage increases each year from the expenditures of the preceding year. Geometric means give about the same results.

insurance, net expenditures for health insurance service (the difference between premiums and benefit expenditures) have, in general, also been steadily increasing as a proportion of the total. This percentage dropped slightly, however, in 1963.

Table 5 shows the medical care component of the consumer price index for the period 1948-63 and total and per capita consumer expenditures in terms of 1963 medical care prices—that is, after the influence of medical care price changes, as measured by the index, has been removed. Real per capita expenditures, it will be seen, have increased 44 percent or an average of about 3 percent a year. This rise is presumably an indication of increased per capita utilization of health services and of the gradual enrichment of the content of medical care.

VOLUNTARY HEALTH INSURANCE

In 1963, private consumers paid \$8.0 billion in subscription charges or premiums to health insurance organizations, of which approximately \$5.3 billion was for hospital coverage and \$2.8 billion for coverage of physicians' services and other items of care—the greater part of it for physicians' services. Health insurance organizations used \$7.0 billion of these receipts to provide benefits, in the form of payments to hospitals, physi-

cians, etc., for covered services; payments to policyholders to reimburse them for medical expenses incurred; or expenditures of group practice prepayment plans in the direct provision of service. It is estimated that, of the total expenditures for benefits, \$4.7 billion was for hospital care and \$2.3 billion for physicians' services and other types of care. The health insurance organizations retained \$1.1 billion for administrative and selling expenses, additions to reserves, and profits.

Table 6 presents these data for each of the main groups of health insurance organizations and for all organizations together. It will be seen that, of the total subscription or premium income, \$3.4 billion went to Blue Cross-Blue Shield plans (about 72 percent to Blue Cross and 28 percent to Blue Shield), \$4.1 billion went to insurance companies writing health insurance (about 70 percent under group policies and 30 percent under individual policies), and approximately \$500 million to "other plans"—the so-called independent plans and university and college student health services.

The Social Security Administration has been collecting data of this type from the various groups of health insurance organizations for about 15 years. The data for the Blue Cross and Blue Shield plans are supplied by their national organizations, the Blue Cross Association and the National Association of Blue Shield plans. Since a few plans are both Blue Cross and Blue Shield

TABLE 6.—Subscription or premium income, benefit expenditures, and retentions¹ of voluntary health insurance organizations, 1963

[In millions]

Type of organization	Income			Benefit expenditures			Retentions ¹		
	Total	Hospital care	Physicians' services and other types of care	Total	Hospital care	Physicians' services and other types of care	Total	Hospital care	Physicians' services and other types of care
Total.....	\$8,037.0	\$5,275.3	\$2,761.7	\$6,965.6	\$4,648.1	\$2,317.5	\$1,071.4	\$627.2	\$444.2
Blue Cross-Blue Shield plans.....	3,399.4	2,442.9	956.5	3,179.5	2,318.5	861.0	219.9	124.4	95.5
Blue Cross plans.....	2,430.4	2,351.6	78.8	2,310.5	2,237.2	73.3	119.9	114.4	5.5
Blue Shield plans.....	952.4	79.2	873.2	855.3	71.3	784.0	97.1	7.9	89.2
Health Services, Inc.-Medical Indemnity of America ²	16.6	12.1	4.5	13.7	10.0	3.7	2.9	2.1	.8
Insurance companies.....	4,119.4	2,597.9	1,521.5	3,318.3	2,118.0	1,200.3	801.1	479.9	321.2
Group policies.....	2,896.4	1,720.9	1,175.5	2,657.3	1,644.0	1,013.3	239.1	76.9	162.2
Individual policies.....	1,223.0	877.0	346.0	661.0	474.0	187.0	562.0	403.0	159.0
Other plans.....	518.2	234.5	283.7	467.8	211.6	256.2	50.4	22.9	27.5
Community.....	180.0	71.8	108.2	163.0	65.0	98.0	17.0	6.8	10.2
Medical society.....	20.3	10.2	10.1	18.6	9.3	9.3	1.7	.9	.8
Dental society.....	6.4	6.4	5.9	5.9	.55
Private group clinic.....	13.0	2.4	10.6	11.0	2.0	9.0	2.0	.4	1.6
Employer-employee-union.....	290.0	146.7	143.3	261.0	132.0	129.0	29.9	14.7	14.3
Student health services.....	8.5	3.4	5.1	8.3	3.3	5.0	.2	.1	.1

¹ Difference between subscription or premium income and benefit expenditures: the amount retained by the organization for operating expenses, additions to reserves, and profits.

² Insurance companies wholly owned by the Blue Cross and Blue Shield plans, respectively.

plans and supply identical data to both organizations, adjustments are made for this duplication. By and large, the Blue Cross plans write hospital benefits, and the Blue Shield plans write surgical-medical benefits; however, a few Blue Cross plans also write surgical-medical benefits, and a few Blue Shield plans also write hospital benefits. Both organizations provide a breakdown of benefits between hospital care and surgical-medical service for the plans writing both types of benefits. Subscription income of these plans is allocated in the same proportions as the benefits.

The allocation of Blue Cross-Blue Shield income and benefits between the two services cannot be exact because many Blue Cross and Blue Shield plans write major medical, extended benefit, or other types of contracts under which benefits are paid not only for hospital care and physicians' services but also for nursing services, drugs and appliances, and nursing-home care. In addition,

some Blue Cross plans write basic contracts under which payments are made for visiting-nurse and/or nursing-home care. It should, therefore, be borne in mind that the Blue Cross data on hospital income and benefits include small amounts for items other than hospital care.

The data on insurance companies are provided by the Health Insurance Association of America, an association of companies writing accident and health insurance. The association starts with the group and individual earned premiums and incurred losses on accident and health business, as shown in the *Health Insurance Index* published by the Spectator Company. (In former years the totals reported in the annual Sales and Survey issue of the *Health Insurance Review* were used.) These data are adjusted to eliminate business in other countries and premiums and losses for accidental death and dismemberment coverage, and to reflect net premiums after dividends.

The group premiums are then allocated among the hospital, surgical, medical, major medical, and wage replacement coverages, on the basis of the association's own annual survey of group business, and incurred losses are allocated in the same manner. On individual business, the association allocates total incurred losses among the same lines of coverage on the basis of its survey of benefits paid under individual policies, applies an estimated loss ratio based on data from the *Health Insurance Index* on individual business, and arrives at an allocation of premiums earned after dividends among the different lines.

In reaching the estimates shown here for the group and individual business of insurance companies, the estimated premiums and losses under major medical expense insurance are allocated between (a) hospital care and (b) physicians' services and other types of care on the basis of the association's estimates. All data for insurance companies are, of course, confined to hospital and medical coverage and exclude wage-replacement business.

Data on the subscription charges or other income of the independent health insurance plans and the amount of their benefit expenditures are based on surveys of these plans made by the Division of Research and Statistics. Complete surveys of all known plans of this type, which include all plans that provide medical care on a prepayment or group payment basis and that are not Blue

TABLE 7.—Income and benefit expenditures of voluntary health insurance organizations, 1948-63

(In millions)

Year	Total	Blue Cross-Blue Shield plans ¹			Insurance companies			Other plans
		Total	Blue Cross	Blue Shield	Total	Group policies	Individual policies	
Income								
1948...	\$862.0	\$365.0	\$315.0	\$50.0	\$421.0	\$212.0	\$209.0	\$76.0
1949...	1,015.5	455.3	362.2	93.1	461.0	241.0	220.0	99.2
1950...	1,291.5	574.0	436.7	137.3	605.0	333.0	272.0	112.5
1951...	1,660.3	684.9	505.5	179.4	797.6	468.6	329.0	177.8
1952...	1,993.4	851.3	616.2	235.1	957.6	569.0	388.6	184.5
1953...	2,405.3	988.6	708.4	280.2	1,181.4	722.6	458.8	235.3
1954...	2,756.3	1,133.7	803.7	330.0	1,389.6	867.3	522.3	233.0
1955...	3,149.6	1,292.4	910.7	381.7	1,626.9	1,022.5	604.4	230.3
1956...	3,623.7	1,493.2	1,046.3	446.9	1,839.1	1,216.3	622.8	291.4
1957...	4,143.9	1,667.8	1,162.9	504.9	2,175.0	1,476.0	699.0	301.1
1958...	4,497.8	1,867.0	1,305.9	561.1	2,314.0	1,606.0	708.0	318.8
1959...	5,139.2	2,157.4	1,522.5	634.9	2,639.0	1,853.0	786.0	342.8
1960...	5,841.0	2,482.1	1,773.0	709.1	3,027.0	2,104.0	923.0	331.9
1961...	6,673.3	2,805.1	2,004.4	800.7	3,427.0	2,414.0	1,013.0	441.2
1962...	7,411.1	3,118.6	2,212.8	905.8	3,810.0	2,708.0	1,102.0	482.5
1963...	8,037.0	3,399.4	2,442.3	957.1	4,119.4	2,896.4	1,223.0	518.2
Benefit expenditures								
1948...	\$606.0	\$308.0	\$269.0	\$39.0	\$228.0	\$148.0	\$80.0	\$70.0
1949...	766.8	382.8	308.6	74.2	295.0	180.0	115.0	89.0
1950...	991.9	490.6	382.9	107.7	400.0	257.0	143.0	101.3
1951...	1,352.6	605.0	454.0	151.0	587.5	415.5	172.0	160.1
1952...	1,603.9	736.5	550.1	186.4	698.7	498.1	200.6	168.7
1953...	1,919.2	851.5	626.8	224.7	854.7	625.8	228.9	213.0
1954...	2,178.9	984.6	718.1	266.5	983.0	716.6	266.4	211.3
1955...	2,535.7	1,146.7	832.2	314.5	1,179.0	858.0	321.0	210.0
1956...	3,014.7	1,353.7	968.1	385.6	1,410.6	1,082.5	328.1	250.4
1957...	3,474.0	1,547.0	1,106.0	441.0	1,655.0	1,318.0	337.0	272.0
1958...	3,877.3	1,768.0	1,268.8	499.2	1,809.0	1,464.0	345.0	300.3
1959...	4,398.8	1,994.8	1,424.3	570.5	2,080.0	1,680.0	400.0	324.0
1960...	4,996.3	2,287.1	1,646.2	640.9	2,389.0	1,901.0	488.0	320.2
1961...	5,695.4	2,585.4	1,867.1	718.3	2,706.0	2,170.0	536.0	404.0
1962...	6,343.8	2,893.6	2,064.5	829.1	3,012.0	2,453.0	559.0	438.2
1963...	6,965.6	3,179.5	2,320.5	859.0	3,318.3	2,637.3	661.0	467.8

¹ Includes income and benefit expenditures of Health Services, Inc., and Medical Indemnity of America, apportioned between Blue Cross and Blue Shield plans.

Cross or Blue Shield plans or insurance companies, are made every 2 or 3 years. The last complete survey was made in 1962 when data were obtained on enrollment and finances for 1961. In the in-between years, surveys are made of about 30 of the larger plans, which together have more than 50 percent of the enrollment in all plans. On the basis of these surveys, rough estimates are made of the income and benefit expenditures of all independent plans for the year in question. Rough estimates are also made on the basis of available data of the expenses of university and college student health services in providing health services.

Table 7 shows the premium income and benefit expenditures of voluntary health insurance organizations, all on a comparable basis, for each year from 1948 to 1963. The figures for the earlier years are identical with those published in previous articles of this series except for the figures for the individual business of insurance com-

TABLE 8.—Percentage distribution of income and benefit expenditures among the various types of voluntary health insurance organizations, 1948-63¹

Year	Total	Blue Cross-Blue Shield plans			Insurance companies			Other plans
		Total	Blue Cross	Blue Shield	Total	Group policies	Individual policies	
Income								
1948...	100.0	42.3	36.5	5.8	48.8	24.6	24.2	8.8
1949...	100.0	44.8	35.7	9.2	45.4	23.7	21.7	9.8
1950...	100.0	44.4	33.8	10.6	46.8	25.8	21.1	8.7
1951...	100.0	41.3	30.4	10.8	48.0	28.2	19.8	10.7
1952...	100.0	42.7	30.9	11.8	48.0	28.5	19.5	9.3
1953...	100.0	41.1	29.5	11.6	49.1	30.0	19.1	9.8
1954...	100.0	41.1	29.2	12.0	50.4	31.5	18.9	8.5
1955...	100.0	41.0	28.9	12.1	51.7	32.5	19.2	7.3
1956...	100.0	41.2	28.9	12.3	50.8	33.6	17.2	8.0
1957...	100.0	40.2	28.1	12.2	52.5	35.6	16.9	7.3
1958...	100.0	41.5	29.0	12.5	51.4	35.7	15.7	7.0
1959...	100.0	42.0	29.6	12.4	51.4	36.1	15.3	6.7
1960...	100.0	42.5	30.4	12.1	51.8	36.0	15.8	5.7
1961...	100.0	42.0	30.0	12.0	51.4	36.2	15.2	6.6
1962...	100.0	42.1	29.9	12.2	51.4	36.5	14.9	6.5
1963...	100.0	42.3	30.4	11.9	51.3	36.0	15.2	6.4
Benefit expenditures								
1948...	100.0	50.8	44.4	6.4	37.6	24.4	13.2	11.6
1949...	100.0	49.9	40.2	9.7	38.5	23.5	15.0	11.6
1950...	100.0	49.5	38.6	10.9	40.3	25.9	14.4	10.2
1951...	100.0	44.7	33.6	11.2	43.4	30.7	12.7	11.8
1952...	100.0	45.9	34.3	11.6	43.6	31.1	12.5	10.5
1953...	100.0	44.4	32.7	11.7	44.5	32.6	11.9	11.1
1954...	100.0	45.2	33.0	12.2	45.1	32.9	12.2	9.7
1955...	100.0	45.2	32.8	12.4	46.5	33.8	12.7	8.3
1956...	100.0	44.9	32.1	12.8	46.8	35.9	10.9	8.3
1957...	100.0	44.5	31.8	12.7	47.6	37.9	9.7	7.8
1958...	100.0	45.6	32.7	12.9	46.7	37.8	8.9	7.7
1959...	100.0	45.3	32.4	13.0	47.3	38.2	9.1	7.4
1960...	100.0	45.8	32.9	12.8	47.8	38.0	9.8	6.4
1961...	100.0	45.4	32.8	12.6	47.5	38.1	9.4	7.1
1962...	100.0	45.6	32.5	13.1	47.5	38.7	8.8	6.9
1963...	100.0	45.6	33.3	12.3	47.6	38.1	9.5	6.7

¹ Derived from table 7.

TABLE 9.—Percentage distribution of income and benefit expenditures of voluntary health insurance organizations for hospital care and for physicians' services and other types of care, by type of organization, 1963

Type of organization	Income			Benefit expenditures		
	Total	Hospital care	Physicians' services and other types of care	Total	Hospital care	Physicians' services and other types of care
Amount (in millions).....	\$8,037.0	\$5,275.3	\$2,761.7	\$6,965.6	\$4,648.1	\$2,317.5
Total percent.....	100.0	100.0	100.0	100.0	100.0	100.0
Blue Cross-Blue Shield plans.....	42.3	46.3	34.6	45.6	49.9	37.2
Blue Cross plans.....	30.4	44.8	2.9	33.3	48.3	3.2
Blue Shield plans.....	11.9	1.5	31.8	12.3	1.5	34.0
Insurance companies.....	51.3	49.2	55.1	47.6	45.6	51.8
Group policies.....	36.0	32.6	42.6	38.1	35.4	43.7
Individual policies.....	15.2	16.6	12.5	9.5	10.2	8.1
Other plans.....	6.4	4.4	10.3	6.7	4.6	11.1

panies for 1962. Revision of these figures made it necessary to change the totals for insurance companies and for all organizations. The Health Insurance Association's 1962 estimates for insurance companies were based on data in the annual Sales and Survey Number of the *Health Insurance Review*, published by the National Underwriter Company. When this organization subsequently revised its 1962 totals for individual accident and health business, it was necessary to revise the data given in the article published in the December 1963 issue of the BULLETIN. The revision shows much less growth in individual business than had previously been indicated.

Total premium income of all health insurance organizations increased from 1962 to 1963 by 8.4 percent, and 1962 premiums were 11 percent higher than those in the preceding year. In the 4 years since 1959, premium income has increased by 56 percent. Blue Cross-Blue Shield premium income rose \$280 million in 1963, that of insurance companies \$309 million, and that of "other" plans by \$36 million.

Table 8 shows the percentage distribution during 1948-63 of premium income and benefit expenditures among the different types of health insurance organizations. During the past 3 or 4 years there has been little change in the relative position of the three main types of carriers. Blue Cross-Blue Shield have written a little more than 42 percent of the total, the insurance companies as a group slightly more than 51 percent, and the "other" plans a little more than 6 percent. Within

Blue Cross-Blue Shield the relative shares of the two types of plans have held fairly constant over the past few years, and so have the relative proportions of group and individual business written by insurance companies. Table 9 shows the relative shares of the different groups of organizations in income and benefit expenditures, allocated between hospital care and physicians' services and other types of care.

TABLE 10.—Retentions¹ of voluntary health insurance organizations as a percent of income, 1948-63²

Year	All plans	Blue Cross-Blue Shield plans			Insurance companies			Other plans
		Total	Blue Cross	Blue Shield	Total	Group policies	Individual policies	
1948...	29.7	15.6	14.6	22.0	45.8	30.2	61.7	7.9
1949...	24.5	15.9	14.8	20.3	36.0	25.3	47.7	10.3
1950...	23.2	14.5	12.3	21.6	33.9	22.8	47.4	10.0
1951...	18.5	11.7	10.2	15.8	26.3	11.3	47.7	10.0
1952...	19.5	13.5	10.7	20.7	27.0	12.5	48.4	8.6
1953...	20.2	13.9	11.5	19.8	27.7	13.4	50.1	9.5
1954...	20.9	13.2	10.7	19.2	29.3	17.4	49.0	9.3
1955...	19.5	11.3	8.6	17.6	27.5	16.1	46.9	8.8
1956...	16.8	9.3	7.5	13.7	22.9	11.0	47.3	14.1
1957...	16.2	7.2	4.9	12.7	23.9	10.7	51.8	9.7
1958...	13.8	5.3	2.8	11.0	21.8	8.8	51.3	5.2
1959...	14.4	7.5	6.4	10.1	21.2	9.3	49.1	5.5
1960...	14.5	7.9	7.2	9.6	21.1	9.6	47.1	3.5
1961...	14.7	7.8	6.8	10.3	21.0	10.1	47.1	8.4
1962...	14.4	7.2	5.7	11.0	20.9	9.4	49.3	9.2
1963...	13.3	6.5	4.9	10.2	19.4	8.3	46.0	9.7

¹ Amounts retained by the organizations for operating expenses, additions to reserves and profits.

² Derived from table 6.

Table 10 shows the "retentions"—amounts retained by health insurance organizations for operating expenses, additions to reserves, and profits—as a percentage of premium income during the period 1948-63. The retention ratio—the net cost of health insurance service to the purchaser—has steadily dropped, reaching a record low for this series of 13.3 percent in 1963. For Blue Cross-Blue Shield together the retention ratio was 6.5 percent—4.9 percent for Blue Cross and 10.2 percent for Blue Shield. Insurance companies had an overall retention ratio of 19.4 percent—8.3 percent for group business and 46.0 percent for individual business.

The estimated retention ratio for the "other" plans was 9.7 percent. This figure is a precise and meaningful one for the plans—such as the Health Insurance Plan of Greater New York, Group Health Insurance, Inc., and many employer-employee-union plans—that provide benefits by payments to community hospitals and private physicians. It tends to become an inexact and ambiguous figure for plans that provide service

through their own health centers, hospitals, and salaried medical staffs, for such plans find it difficult to separate the expenses incurred for the prepayment aspects of the plans from those incurred in administering, or indeed in operating, the medical organization as a whole.

The retention ratio should not be confused with the operating expense ratio, which is the proportion of premium income used for operating expenses, including selling and administrative expenses and any premium taxes. (All insurance companies pay State premium taxes on both group and individual business; such taxes and other fees average 2.4 percent of premiums on group business and somewhat higher on individual business. With a few exceptions the Blue Cross and Blue Shield plans are not required to pay such taxes.) In the long run, retentions must be high enough to cover operating expenses and to make some contribution to reserves and, among plans or companies operating for profit, leave something over for profits.⁵

Otherwise the plan or company will not be able to continue operations. In any 1 or 2 years, however, it is possible for the retention amount to be less than operating expenses, or indeed to be a minus amount. The plan then incurs a net underwriting loss for the year and draws upon its accumulated reserves or capital.

In 1963 the retention ratio of insurance companies on their group business was, like that of Blue Cross, the lowest observed in this series. The retention ratio for individual policy insurance remained at about the same levels as in previous years. The high expenses of selling policies and collecting premiums on an individual basis seemingly require the companies in this field to retain close to 50 cents out of every \$1 received in premiums for operating expenses, additions to reserves, and profits.

Private Consumer Expenditures Met by Insurance

In 1963, according to these estimates, voluntary health insurance met 30.8 percent of total consumer expenditures for all medical care, 66.7 per-

⁵ Most plans and companies obtain some income from their invested reserves, and this is a factor in their net income.

cent of total consumer payments for hospital care, and 36.3 percent of consumer expenditures for physicians' services (table 11). The net cost of obtaining health insurance was not counted as part of consumer expenditures in making these estimates. If that cost is included, the proportion of expenditures covered by insurance is slightly lower.

During the 16 years covered by these statistics, the proportion of consumer expenditures met by health insurance has steadily risen, as would be expected. In the past 10 years the increase has averaged a little more than 1 percentage point a year. From 1959 to 1963, the proportion rose from 25.1 percent to 30.8 percent. At this rate of increase, it would take almost 20 years before more than half the population's consumer expenditures would be covered by insurance.

The calculations in table 11 of the percentage of consumer expenditures for hospital care and physicians' services covered by insurance are of necessity made as if insurance covered only these two items. Other types of service are, of course, covered. Especially under major medical expense policies, there is growing coverage of the other items of care—nursing services, drugs and appliances, and nursing-home care. Prepayment or insurance coverage of dental services is also growing.

In the estimates in table 11, the benefits provided by insurance companies and independent plans for services other than hospital care and

physicians' services are included with physicians' services; since benefits of this type provided by the Blue Cross and Blue Shield plans have not been segregated, they are included in the amount of benefits paid for both hospital care and physicians' services. The larger part is probably included with the hospital benefits. Thus the figures in table 11, which portray all insurance as if it covered hospital care and physicians' services only, slightly overstate the extent to which insurance covers these two services.

Data recently provided by the Health Insurance Association of America and the Blue Cross Association permit a closer approximation of the situation for 1963. The Health Insurance Association of America estimates that in 1963 the total benefits paid by insurance companies under major medical expense policies for medical care expenses other than hospital care and physicians' services amounted to \$137 million. Small amounts, probably not more than \$1-\$2 million, were also paid for nursing services, dental care, and nursing-home care under policies other than those for major medical expense.

The Blue Cross Association estimates that in 1963 approximately \$21.4 million was paid under major medical, extended benefit, prolonged illness, and dread disease contracts for types of care other than hospital care and physicians' services. Such contracts are, in general, cooperatively written between a Blue Cross plan and its affiliated Blue Shield plan, frequently on the basis of

TABLE 11.—Amount and percent of consumer expenditures for medical care¹ met by voluntary health insurance, 1948-63

[Amounts in millions]

Year	All medical care			Hospital care			Physicians' services			Hospital care and physicians' services		
	Total ¹	Met by health insurance		Total ¹	Met by health insurance ²		Total ¹	Met by health insurance ²		Total ¹	Met by health insurance	
		Amount	Percent		Amount	Percent		Amount	Percent		Amount	Percent
1948.....	\$7,407	\$606	8.2	\$1,689	\$455	26.9	\$2,490	\$151	6.1	\$4,179	\$606	14.5
1949.....	7,682	767	10.0	1,802	539	29.9	2,501	228	9.1	4,303	767	17.8
1950.....	8,369	992	11.9	2,126	680	32.0	2,597	312	12.0	4,723	992	21.0
1951.....	9,072	1,353	14.9	2,334	897	38.4	2,697	456	16.9	5,031	1,353	26.9
1952.....	9,745	1,604	16.5	2,602	1,074	41.3	2,851	530	18.6	5,453	1,604	29.4
1953.....	10,547	1,919	18.2	2,909	1,287	44.2	3,063	632	20.6	5,972	1,919	32.1
1954.....	11,318	2,179	19.3	3,167	1,442	45.5	3,336	737	22.1	6,503	2,179	33.5
1955.....	12,292	2,536	20.6	3,512	1,679	47.8	3,433	857	25.0	6,945	2,536	36.5
1956.....	13,670	3,015	22.1	3,827	2,022	52.8	3,787	993	26.2	7,614	3,015	39.6
1957.....	14,848	3,474	23.4	4,137	2,304	55.7	4,101	1,170	28.5	8,238	3,474	42.2
1958.....	16,032	3,877	24.2	4,432	2,591	58.5	4,553	1,286	28.2	8,985	3,877	43.1
1959.....	17,603	4,399	25.1	4,746	2,945	62.1	5,101	1,454	28.5	9,847	4,399	44.7
1960.....	18,623	4,996	26.8	5,281	3,357	63.6	5,302	1,639	30.9	10,583	4,996	47.2
1961.....	19,536	5,695	29.2	5,737	3,840	66.9	5,474	1,856	33.9	11,211	5,696	50.8
1962.....	21,011	6,344	30.2	6,220	4,288	68.9	6,039	2,056	34.0	12,259	6,344	51.7
1963.....	22,618	6,966	30.8	6,973	4,648	66.7	6,385	2,318	36.3	13,358	6,966	52.1

¹ Excludes net cost of obtaining health insurance.

² In recent years includes small amount of insurance benefits for nursing

services, drugs, appliances, and nursing-home care.

the relative total premiums of the two plans. Of the \$21.4 million, therefore, probably about 72 percent or \$15.4 million was paid by Blue Cross and included under hospital benefits in tables 6 and 11, and 28 percent or \$6.0 million was paid by Blue Shield and included under physicians' services in these tables.

In the last complete survey of the independent plans, it was found that expenditures for benefits other than hospital care and physicians' services amounted to \$32 million in 1961. On the basis of the increase in all benefit expenditures from 1961 to 1963, it may be estimated that the total for the independent plans in 1963 would be approximately \$37 million.

On the basis of these new data, the following estimates have been made for 1963 of the amount and proportion of consumer expenditures for hospital care, physicians' services, and other types of care that are met by insurance:

[In millions]

	Hospital care	Physicians' services	All other types of care
Total consumer expenditures.....	\$6,973	\$6,385	\$9,260
Amount met by insurance.....	4,633	2,137	195
Blue Cross-Blue Shield.....	2,303	855	21
Insurance companies.....	2,118	1,063	137
Other plans.....	212	219	37
Percent met by insurance.....	66.4	33.5	2.1

The finding that about two-thirds of all consumer expenditures for hospital care, about one-third of expenditures for physicians' services, and 2 percent of the amount spent for other types of care are met by insurance is subject to misinterpretation unless the relationship of consumer expenditures to total national expenditures for these

purposes is borne in mind.⁶ Preliminary estimates have been developed that show that in 1963 private consumer expenditures for hospital care represented only 60 percent of total expenditures for hospital care (\$11.6 billion). Thirty-eight percent came from tax funds, and 2 percent from philanthropy. Thus, although insurance met approximately two-thirds of consumer expenditures for hospital care, it met only 40 percent of all expenditures for hospital care. It is clear that direct consumer payments to hospitals for care is becoming less and less important and that the cost of hospital care is now met predominantly through insurance or tax funds.

Of all expenditures in 1963 for physicians' services, consumer payments amounted to 93 percent. The remainder came from public and philanthropic sources, chiefly vendor payments under public assistance programs. Insurance payments therefore met not 34 percent of the total, as shown above, but 31 percent.

Preliminary estimates for 1963 place total expenditures for personal health services, excluding the net cost of obtaining health insurance, at approximately \$29.6 billion.⁷ Of this amount \$22.6 billion represented consumer expenditures for medical care. Thus insurance benefits covered about 24 percent of the cost of personal health services, direct payments amounted to 53 percent of the total, and the remaining 24 percent (\$7 billion) of expenditures for personal health services came from public and philanthropic sources.

⁶ For a discussion of this point, see the *Bulletin*, August 1964, *op. cit.*

⁷ Ida C. Merriam, "Social Welfare Expenditures, 1963-64," *Social Security Bulletin*, October 1964; the figures for the fiscal years 1962-63 and 1963-64 have been averaged to approximate data for the 1963 calendar year.