

Persons Insured Under Medicare, July 1, 1967

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AS MEDICARE (health insurance for the aged under the Social Security Act) went into effect on July 1, 1966, approximately 18.9 million persons were entitled to hospital insurance (HI) benefits and 17.6 million persons had voluntarily enrolled for supplementary medical insurance (SMI) benefits.¹ One year later, the number of insured persons had risen to 19.4 million for HI and 17.9 million for SMI.

This article presents data for each State on the number of persons insured under HI and under SMI, by type of entitlement to retirement benefits. It also describes the magnitude of the changes that occurred during the program's first year.

The data reflect information on persons entitled to benefits on July 1, 1967, according to social security records summarized December 29, 1967. Figures derived from later summaries of the records will undoubtedly show some changes in the data for July 1, 1967, because of the lags in adding eligible persons to the records and in deleting those who died or whose benefits were terminated before the first of July. An explanation of the major terms used here is given in the concluding section of the article.

NUMBER INSURED, JULY 1, 1967

In all, persons voluntarily enrolled for SMI benefits, as of the beginning of Medicare's second year, totaled 17.9 million or 92 percent of the 19.4 million entitled to HI benefits. Included among those on the SMI rolls were about 29,000 persons not entitled to receive HI benefits—mainly Federal Government employees who are covered under the Federal Employees Health Benefit Act of 1959.

Geographic Variations

For each of the 50 States, the District of Columbia, and various jurisdictions outside the

United States, the number insured under HI and under SMI is shown in table 1, by geographic region and by status with respect to entitlement to retirement benefits under the Social Security Act or the Railroad Retirement Act.

The SMI-enrolled residents of the 50 States and the District of Columbia (excluding any classified as persons of unknown residence) numbered 17.8 million or 93 percent of the number entitled to HI benefits. As a percent of those on the HI rolls, the SMI enrollees varied according to geographic area, ranging from 91 percent in the East South Central States to 96 percent in the New England States. The State-to-State variation was much greater; the proportion went from 77 percent in Alaska and 82 percent in Mississippi to about 96 percent in five States (Connecticut, Maine, Massachusetts, New Jersey, Vermont). In six other States besides Alaska and Mississippi, the SMI ratios were below 90 percent (Georgia, Kansas, Louisiana, Maryland, Missouri, and New Mexico).

State variations in enrollment in the SMI program depend, to a large extent, on the voluntary decisions of aged persons. Data from special surveys conducted by the Social Security Administration indicate that significant proportions of the aged may decide not to enroll for SMI benefits for one of several reasons: their medical bills are being paid by public assistance; they are receiving free medical care from the Veterans Administration or some other Federal agency; or they cannot afford the SMI monthly enrollment premium (\$3 on July 1, 1967).

When the Medicare program was formulated, it was recognized that aged persons receiving cash payments under public assistance would be unable to afford the monthly premiums. Provision was made, therefore, for each State to enroll its aged public assistance recipients and pay the premiums for them.² The extent to which the States exercised this option is another

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¹ See "Enrollment in the Health Insurance Program for the Aged," *Social Security Bulletin*, March 1967, pages 21-24.

² See Arne Anderson, *Enrollment of Aged Public Assistance Recipients in the Medical Insurance Program Under Social Security* (Health Insurance Statistics Note No. 5), Office of Research and Statistics, 1968.

TABLE 1.—Number of persons insured under hospital and medical insurance, by type of entitlement and State, as of July 1, 1967¹

[In thousands, except percent]

Area of residence	All persons enrolled				Entitled to social security benefits ²		Entitled to railroad retirement benefits ³		Other enrolled persons		
	Hospital insurance	Medical insurance		Hospital and medical	Hospital insurance	Medical insurance	Hospital insurance	Medical insurance	Hospital insurance	Medical insurance	Hospital and medical
		Number	Percent of hospital ²								
Total.....	19,358	17,879	92.4	17,850	17,281	16,102	846	772	1,503	1,265	1,236
United States.....	19,048	17,762	93.2	17,734	17,022	15,999	836	770	1,461	1,254	1,225
New England.....	1,243	1,190	95.7	1,187	1,149	1,103	30	28	75	70	68
Maine.....	117	112	95.8	111	106	101	5	4	8	8	7
New Hampshire.....	78	73	93.1	73	73	68	2	2	4	4	3
Vermont.....	48	46	95.8	46	44	42	2	2	3	3	3
Massachusetts.....	624	598	96.0	597	570	549	14	13	45	42	40
Rhode Island.....	101	95	94.3	95	95	90	1	1	5	4	4
Connecticut.....	276	266	96.4	266	262	253	6	5	11	10	10
Middle Atlantic.....	3,827	3,622	94.6	3,618	3,565	3,387	155	144	154	137	133
New York.....	1,927	1,829	94.9	1,827	1,813	1,728	57	52	77	68	66
New Jersey.....	662	635	96.0	634	623	600	23	21	23	21	20
Pennsylvania.....	1,239	1,157	93.4	1,156	1,129	1,059	76	70	55	47	46
East North Central.....	3,723	3,472	93.3	3,469	3,418	3,210	175	162	187	155	152
Ohio.....	972	901	92.6	900	873	816	49	46	65	53	52
Indiana.....	481	445	92.4	445	447	415	27	24	18	15	15
Illinois.....	1,075	999	93.0	998	980	919	62	57	53	42	41
Michigan.....	736	694	94.2	693	690	653	20	19	33	28	28
Wisconsin.....	458	433	94.5	433	429	407	17	16	18	16	15
West North Central.....	1,880	1,725	91.8	1,723	1,686	1,564	106	98	122	97	95
Minnesota.....	400	379	94.7	379	359	341	24	23	25	23	23
Iowa.....	349	330	94.5	330	320	303	17	16	18	17	17
Missouri.....	545	490	89.9	489	478	435	30	27	49	37	36
North Dakota.....	65	60	91.1	59	59	55	3	3	4	3	3
South Dakota.....	79	74	92.9	74	74	68	2	2	4	4	4
Nebraska.....	179	165	91.9	165	165	152	11	10	7	7	6
Kansas.....	261	228	87.3	228	233	210	19	17	15	6	6
South Atlantic.....	2,594	2,376	91.6	2,368	2,266	2,100	119	109	245	201	193
Delaware.....	43	40	94.2	40	39	37	3	3	2	1	1
Maryland.....	269	242	89.9	240	241	218	14	13	18	15	13
District of Columbia.....	68	61	90.2	59	56	49	2	2	10	10	8
Virginia.....	359	308	85.8	307	301	274	22	20	22	20	18
West Virginia.....	193	180	93.2	180	168	158	14	13	14	12	12
North Carolina.....	384	348	90.5	347	341	315	11	10	36	26	26
South Carolina.....	179	163	91.0	163	151	138	5	5	24	22	21
Georgia.....	343	295	86.2	295	270	245	14	13	63	42	41
Florida.....	777	738	95.0	737	698	665	34	31	58	53	52
East South Central.....	1,212	1,096	90.5	1,095	994	917	58	53	177	143	141
Kentucky.....	328	304	92.5	303	277	258	20	18	37	32	32
Tennessee.....	363	337	92.8	337	309	287	19	17	42	38	38
Alabama.....	306	280	91.5	280	241	224	12	11	57	49	48
Mississippi.....	214	175	82.0	175	167	147	7	7	42	24	23
West South Central.....	1,704	1,580	92.7	1,578	1,373	1,280	66	60	285	260	257
Arkansas.....	225	208	92.4	207	181	167	10	9	37	35	34
Louisiana.....	286	251	87.7	251	212	193	10	9	57	52	51
Oklahoma.....	282	204	93.6	203	229	213	8	8	47	46	45
Texas.....	912	858	94.1	857	751	707	38	34	134	128	126
Mountain.....	635	592	93.1	590	559	523	43	40	49	43	41
Montana.....	68	64	94.0	64	61	58	6	5	3	3	3
Idaho.....	65	60	91.9	60	60	56	4	3	3	2	2
Wyoming.....	30	28	93.4	28	26	25	3	3	1	1	1
Colorado.....	180	171	95.2	171	154	147	11	10	18	17	17
New Mexico.....	65	57	87.7	57	53	48	4	4	9	6	6
Arizona.....	131	122	93.0	121	117	109	7	7	10	9	9
Utah.....	71	66	93.4	66	63	60	6	5	4	3	3
Nevada.....	26	24	92.5	24	23	21	2	2	1	1	1
Pacific.....	2,230	2,110	94.6	2,106	2,012	1,915	82	76	167	149	145
Washington.....	307	288	93.6	287	282	266	13	12	18	15	14
Oregon.....	212	195	92.2	195	185	185	10	9	8	5	5
California.....	1,666	1,588	95.2	1,582	1,490	1,425	59	54	138	127	124
Alaska.....	6	5	76.7	4	5	4	(⁴)	(⁴)	1	(⁴)	(⁴)
Hawaii.....	39	37	95.1	37	37	35	(⁴)	(⁴)	2	2	2
Other areas.....	151	92	61.1	92	113	84	(⁴)	(⁴)	38	9	8
American Samoa.....	(⁴)	(⁴)	50.5	(⁴)	(⁴)	(⁴)	0	0	(⁴)	(⁴)	(⁴)
Guam.....	1	1	61.3	1	111	82	0	0	1	(⁴)	(⁴)
Puerto Rico.....	147	90	62.9	90	2	1	(⁴)	(⁴)	36	8	8
Virgin Islands.....	2	2	(⁴)	2	(⁴)	(⁴)	(⁴)	(⁴)	1	(⁴)	(⁴)
Other territories.....	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
Foreign countries.....	141	15	11.0	15	140	15	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
Unknown.....	19	9	48.1	9	6	4	1	2	4	3	2

¹ Based on data recorded as of December 29, 1967.

² Computed on unrounded figures.

³ Includes 272,000 people entitled to both social security and railroad retirement benefits on the basis of earnings under both programs.

⁴ Less than 500.

⁵ Not shown where base is less than 500.

reason for State variations in the SMI enrollment ratio. None of the States with SMI enrollment ratios below 90 percent had paid the monthly SMI premiums for their public assistance recipients during the period covered by this report.

Type of Entitlement

Persons receiving or entitled to receive retirement benefits under the social security program accounted for 89 percent of the 19.4 million persons entitled to HI benefits; those receiving or entitled to receive railroad retirement benefits represented 4 percent; the remaining 1.5 million persons were about 8 percent of the total. The distribution of the SMI enrollees is similar.

The numbers shown in table 1 for the three types of enrollees are not additive. The 272,000 persons entitled to both social security retirement benefits and railroad retirement benefits, on the basis of earnings under both programs, are reported as entitled both to social security cash benefits and to railroad retirement benefits. They are, however, represented only once in the count of all persons enrolled. In addition, both under HI and under SMI the number reported as entitled to social security benefits includes about 875,000 uninsured persons aged 72 or over to whom special benefits were being paid. (Legislation in 1966 authorized these payments to persons reaching age 72 before 1968 without sufficient coverage to qualify for regular monthly cash benefits.)

YEAR-TO-YEAR COMPARISON

Between July 1, 1966, when the program began, and July 1, 1967, the most striking change in the composition of the Medicare rolls is the decline in the number of "other" enrolled persons—those not entitled to monthly cash retirement benefits either under the Social Security Act or the Railroad Retirement Act. That category was about 943,000 smaller for HI and about 957,000 smaller for SMI—a drop of about 39 percent and 43 percent, respectively (table 2).

Most of this change resulted from the 1966 provision for "special age-72" benefits (effective October 1, 1966). Uninsured persons aged 72 and over who had been classified in the "other en-

TABLE 2.—Comparison of the number of persons insured under hospital insurance and medical insurance, by type of entitlement, on July 1, 1966, and on July 1, 1967

Type of entitlement	Hospital insurance			Medical insurance		
	Number enrolled on July 1		Percentage change	Number enrolled on July 1		Percentage change
	1966	1967		1966	1967	
Total.....	18,859	19,358	2.6	17,612	17,879	1.5
Entitled to social security benefits.....	15,856	17,281	9.0	14,882	16,102	8.2
Entitled to railroad retirement benefits....	821	846	3.0	761	772	1.4
Other enrolled persons.....	2,446	1,503	-38.5	2,222	1,205	-43.1

¹ Persons entitled to both social security and railroad retirement benefits are counted in each category separately but only once in the total.

rolled persons" category because they did not qualify for a social security benefit as of July 1, 1966, were transferred to the category of those entitled to social security benefits when they qualified for the new special benefit. On July 1, 1967, according to Social Security Administration records, about 875,000 were entitled to the special social security payments because of the 1966 provision.

The net change between July 1, 1966, and July 1, 1967, in the number of persons insured under Medicare is shown in table 3, by geographic division and by State, for both parts of the program. Additions to the rolls occur as persons reach age 65 and apply for and become entitled to monthly retirement benefits under the Social Security Act or Railroad Retirement Act. Such persons automatically are entitled to HI benefits. Additions to the HI rolls also occur when a determination of eligibility is made for persons who have applied for HI benefits though they do not qualify for social security or railroad retirement benefits.

Persons applying for monthly cash retirement benefits or for health insurance benefits under the Social Security Act are asked whether they also wish to participate in the voluntary supplementary medical insurance program and pay the required monthly premium.

Deletions from both the HI and SMI rolls occur when an insured person dies or, in relatively few instances, when the person's entitlement to cash retirement benefits is affected for technical reasons—divorce, for example. In SMI, the number of insured persons is also reduced because of nonpayment of premiums.

TABLE 3.—Changes in number of persons insured under hospital and medical insurance, by State, July 1, 1966–July 1, 1967¹

[In thousands, except percents]

Area of residence	Hospital insurance				Medical insurance			
	Number enrolled as of July 1		Net change, 1966 to 1967		Number enrolled as of July 1		Net change, 1966 to 1967	
	1966	1967	Number	Percent ²	1966	1967	Number	Percent ²
Total.....	18,859	19,358	500	2.6	17,612	17,879	267	1.5
United States.....	18,569	19,048	479	2.6	17,500	17,762	262	1.5
New England.....	1,224	1,243	19	1.6	1,176	1,190	14	1.2
Maine.....	116	117	1	.9	111	112	1	.7
New Hampshire.....	76	78	2	2.1	70	73	3	3.9
Vermont.....	47	48	1	1.1	45	46	1	1.4
Massachusetts.....	615	624	9	1.4	593	598	6	.9
Rhode Island.....	99	101	2	1.6	94	95	1	.8
Connecticut.....	271	276	6	2.0	262	266	4	1.4
Middle Atlantic.....	3,766	3,827	61	1.6	3,594	3,622	28	.8
New York.....	1,896	1,927	30	1.6	1,816	1,829	13	.7
New Jersey.....	648	662	14	2.1	625	635	10	1.6
Pennsylvania.....	1,221	1,239	18	1.5	1,153	1,157	5	.4
East North Central.....	3,672	3,723	52	1.4	3,462	3,472	10	.3
Ohio.....	959	972	14	1.4	901	901	-1	-.1
Indiana.....	475	481	6	1.4	442	445	3	.8
Illinois.....	1,061	1,075	14	1.3	1,000	999	-1	-.1
Michigan.....	726	736	11	1.5	691	694	2	.3
Wisconsin.....	451	458	7	1.6	427	433	6	1.4
West North Central.....	1,848	1,880	32	1.7	1,709	1,725	16	.9
Minnesota.....	393	400	7	1.8	371	379	8	2.2
Iowa.....	346	349	4	1.0	328	330	2	.6
Missouri.....	534	545	10	2.0	490	490	-1	-.1
North Dakota.....	64	65	1	1.7	59	60	(³)	.3
South Dakota.....	78	79	2	1.9	73	74	1	.8
Nebraska.....	176	179	3	2.0	163	165	2	1.5
Kansas.....	257	261	5	1.8	225	228	3	1.5
South Atlantic.....	2,469	2,594	125	5.1	2,307	2,376	69	3.0
Delaware.....	42	43	1	2.6	40	40	(³)	1.0
Maryland.....	258	269	11	4.3	236	242	6	2.5
District of Columbia.....	67	68	1	1.3	62	61	-1	-1.2
Virginia.....	327	339	12	3.8	303	308	6	1.9
West Virginia.....	190	193	3	1.5	180	180	(³)	(⁴)
North Carolina.....	371	384	13	3.5	346	348	2	.5
South Carolina.....	173	179	6	3.4	159	163	4	2.3
Georgia.....	330	343	12	3.8	302	295	-6	-2.1
Florida.....	712	777	65	9.1	680	738	58	8.6
East South Central.....	1,178	1,212	33	2.8	1,098	1,096	-1	-.1
Kentucky.....	321	328	7	2.2	303	304	1	.3
Tennessee.....	352	363	11	3.1	331	337	6	1.9
Alabama.....	296	306	10	3.3	280	280	(³)	.1
Mississippi.....	208	214	6	2.8	184	175	-9	-4.8
West South Central.....	1,642	1,704	62	3.8	1,549	1,580	31	2.0
Arkansas.....	217	225	8	3.7	201	208	6	3.2
Louisiana.....	276	285	10	3.7	256	251	-5	-2.0
Oklahoma.....	273	282	9	3.3	255	264	9	3.5
Texas.....	877	912	35	3.9	837	858	21	2.5
Mountain.....	611	635	24	4.0	576	592	16	2.8
Montana.....	67	68	1	1.2	64	64	(³)	.2
Idaho.....	64	65	2	2.5	59	60	1	1.3
Wyoming.....	29	30	(³)	1.4	27	28	(³)	1.3
Colorado.....	175	180	5	2.6	167	171	4	2.6
New Mexico.....	62	65	3	4.3	57	57	(³)	-.5
Arizona.....	121	131	10	8.4	113	122	9	7.6
Utah.....	69	71	2	3.2	65	66	1	1.2
Nevada.....	24	26	2	7.3	23	24	1	5.6
Pacific.....	2,159	2,230	70	3.3	2,030	2,110	80	3.9
Washington.....	302	307	6	1.8	284	288	4	1.3
Oregon.....	206	212	6	2.7	192	195	3	1.8
California.....	1,608	1,665	57	3.5	1,514	1,585	71	4.7
Alaska.....	6	6	(³)	5.1	5	5	(³)	(⁴)
Hawaii.....	37	39	2	5.4	36	37	1	4.2
Other areas.....	142	151	9	6.5	95	92	-2	-2.6
American Samoa.....	(³)	(³)	(³)	(³)	(³)	(³)	(³)	(³)
Guam.....	1	1	(³)	5.0	1	1	(³)	-14.1
Puerto Rico.....	138	147	9	6.5	92	90	-2	-2.5
Virgin Islands.....	2	2	(³)	8.5	2	2	(³)	1.6
Other territories.....	(³)	(³)	(³)	(³)	(³)	(³)	(³)	(³)
Foreign countries.....	133	141	7	5.6	10	15	5	49.3
Unknown.....	14	19	4	29.0	7	9	2	31.7

¹ Figures for 1966 based on data recorded as of December 3, 1966; figures for 1967 based on data recorded as of December 29, 1967.

² Computed on unrounded figures.

³ Less than 500.

⁴ Less than 0.05 percent.

⁵ Not shown where base is less than 500.

Geographic Variations

Hospital insurance.—The number of persons insured for HI benefits during Medicare's first year increased by half a million, or about 2.6 percent. During this period, approximately 1.6 million persons were added to the rolls and 1.1 million removed. One-fourth of the increase occurred in the South Atlantic States where the number of persons protected by HI rose by 125,000, or 5 percent. The number was 4 percent higher in the Mountain States and the West South Central States. The number enrolled increased less than 2 percent in four geographic divisions (West North Central, Middle Atlantic, New England, and East North Central).

Changes in the number insured for HI benefits showed a much greater variation among the individual States. The figure for Iowa, for example, was only 1.0 percent higher than it was a year earlier and that for Maine only 0.9 percent higher. In contrast, large gains occurred in Florida, where the increase was 9.1 percent, and in Arizona and Nevada, which registered increases of 8.4 percent and 7.3 percent, respectively.

For some years, census figures have placed Arizona, Florida, and Nevada among the States with the largest percentage increases in total population and in the aged population as well.³ This growth, which is probably the result of steady in-migration of newly retired persons, is reflected in the relatively large increases in the number entitled to HI benefits in these States during Medicare's first year.

Supplementary medical insurance.—Similar but smaller increases in the number of enrollees occurred under the SMI program. From July 1, 1966, to July 1, 1967, the number of enrollees increased by 267,000, or 1.5 percent. During this 12-month period, about one and a quarter million persons were added to the SMI rolls and nearly 1 million persons were removed for non-payment of premiums or because of death.

Geographical differences in the change in the number of enrollees varied more widely for SMI than for the HI program. More than half (56 percent) the total increase of more than one-

fourth of a million persons occurred in two regions—the Pacific States and the South Atlantic States. These regions also had the largest relative increases in SMI enrollment—3.9 percent and 3.0 percent, respectively. In contrast, gains in the East North Central States were extremely small (about 10,000 or 0.3 percent) and the number of enrollees in the East South Central States actually decreased 0.1 percent.

Declines in the number of SMI enrollees, ranging from 4.8 percent to 0.1 percent, occurred in seven States and the District of Columbia. Increases of more than 4 percent were reported by five States (Arizona, California, Florida, Hawaii, and Nevada).

HI and SMI differences in State variation.—Available information does not provide an explanation of the wider State-to-State variations in the changes for SMI than for the HI program. Part of the difference may stem from the provisions of the Social Security Act on SMI enrollment, which set up two enrollment periods: (1) an initial period, based on the time the individual is first eligible to enroll—usually when he attains age 65, and (2) a general enrollment period, during which an individual may enroll if he failed to do so in his initial enrollment period. No enrollment is necessary for HI benefits, since those entitled to social security or railroad retirement benefits are automatically on the HI rolls.

Another factor that accounts for differences in the increased numbers insured for HI benefits and for SMI benefits is termination for non-payment of the SMI premiums. Only SMI enrollees not receiving or not entitled to receive social security or railroad retirement benefits can have their enrollment terminated for this reason, since social security and railroad retirement beneficiaries have their SMI premiums deducted from their monthly cash benefit checks.

As of the end of June 1967, enrollment in the SMI program was terminated for about 150,000 persons because of failure to pay the premiums; the number had risen to 161,000 by the end of December 1967. The frequency of terminations varies significantly among the States, and these State differences may account for the decline in SMI enrollment from July 1, 1966, to July 1, 1967 in those States with large drops in enroll-

³ Bureau of the Census, "Estimates of the Population of States, by Age, 1960 to 1966, With Provisional Estimates for July 1, 1967," *Current Population Reports*, Series P-25, No. 384, February 13, 1968.

ment—Georgia, Louisiana, Mississippi, and Puerto Rico, for example. Terminations for non-payment of premium at the end of 1967 were 3.7 percent of SMI enrollment in Georgia and 6.5 percent in Puerto Rico; the proportion for the Nation was less than 1 percent.

PROGRAM DEFINITIONS

The definitions that follow relate only to the Medicare provisions as they were enacted in the Social Security Amendments of 1965 and do not reflect changes made later.⁴

Hospital insurance.—That portion of the Medicare program that pays for a large part of the cost of inpatient hospital care, post-hospital extended care, home health service visits, and outpatient hospital diagnostic services. Up to 90 days of hospitalization per benefit period are paid for. (Previously called a "spell of illness," the benefit period begins with the first day of hospitalization and ends 60 days after discharge from the hospital or extended-care facility.) Payment is subject to the hospital's participation in the Medicare program and to a deductible of \$40 and a coinsurance payment of \$10 per day for the 61st to 90th day of hospitalization per benefit period. Inpatient services in a tuberculosis or psychiatric hospital are included, with a lifetime limit of 190 days of covered services in psychiatric hospitals.

Hospital insurance also pays for all covered services in participating extended-care facilities for the first 20 days of such care per benefit period, following discharge from a hospital after a stay of 3 days or more, and within 14 days of the time of discharge. Up to an additional 80 days in the extended-care facility in the same benefit period are paid for, subject to a coinsurance payment of \$5 a day. Up to 100 home health service visits provided by participating home health agencies are covered in the 12-month period following discharge from a participating hospital or extended-care facility. Home health services must follow a stay in a hospital of at least 3 consecutive days, and a home health plan must be established by the attending physician within 14 days after discharge from the participating hospital or extended-care facility.

Supplementary medical insurance.—The portion of the Medicare program that provides payment for the following: physicians' services, including home and office visits; up to 100 home health service visits without previous hospitalization in the calendar year; outpatient hospital therapeutic services; outpatient physical therapy services; diagnostic X-rays and laboratory tests; radiation therapy; prosthetic devices; rental or purchase of durable medical equipment; ambulance services; and

surgical dressings, splints, casts, and similar devices. After the beneficiary has paid the first \$50, the program pays for 80 percent of the reasonable charges for covered services during the calendar year. Expenses incurred in the last quarter of the calendar year, which are applied to that year's deductible, can also be applied to the deductible in the following calendar year.

Entitlement to HI.—Nearly all persons aged 65 and over on July 1, 1966, were eligible for HI benefits. Automatically covered were all persons aged 65 and over who filed applications and established eligibility for monthly social security benefits and those qualified for monthly railroad retirement benefits who were certified to the Social Security Administration by the Railroad Retirement Board. Other persons could establish entitlement if they were aged 65 or over, were United States citizens or aliens lawfully admitted for permanent residence in the United States, had resided in the United States continuously for the preceding 5-year period, had filed an application under the transitional provision for Medicare protection, had met certain other requirements relating to the Internal Security Act of 1950 as amended, and had not been convicted of certain specified crimes against the security of the United States. Federal employees, active or retired, who are covered or could have been covered under the provisions of the Federal Employees Health Benefit Act of 1959, are not entitled to enroll in the HI program but may voluntarily participate in the SMI program.

An eligible person is entitled to hospital insurance benefits beginning with the first day of the month he attains age 65. HI protection may be retroactive for up to 12 months before the month an individual files an application, provided all other conditions for entitlement were met during that period.

Enrollment for SMI.—All persons entitled to benefits under the HI program and retired Federal employees who are not entitled to those benefits may voluntarily participate in the SMI program. A person who chooses to participate must pay a monthly premium that is matched by an amount paid to the supplementary medical insurance trust fund by the Federal Government from general revenues. The law permits the Secretary of Health, Education, and Welfare to adjust the premium if medical costs rise. Up to April 1968, this monthly premium was \$3.

Individuals may enroll in the SMI program only during two periods—the initial and general enrollment periods. The initial period is a 7-month span beginning 3 months before and ending 3 months after the month in which the individual reaches age 65. The general enrollment period is for the enrollment of those who failed to do so during their initial enrollment period. Individuals who had attained age 65 before the Medicare program went into effect in March 1966 were enrolled during the general enrollment period from September 1, 1965, to May 31, 1966. The next general enrollment period was October 1, 1967, through March 31, 1968.

The premium for persons receiving cash retirement payments from social security or railroad retirement is deducted from their monthly checks, and they may terminate their coverage only during a general enrollment period. Other enrollees make premium payments directly to the Social Security Administration. In this instance a 90-day grace period is provided for the payment of overdue premiums, after which coverage is automatically terminated.

⁴ For later changes in the law see Wilbur J. Cohen and Robert M. Ball, "Social Security Amendments of 1967: Summary and Legislative History," *Social Security Bulletin*, February 1968, pp. 3-19.

Entitlement to old-age retirement benefits.— Figures are shown for three types of beneficiaries:

(1) Persons entitled to receive social security retirement benefits—persons aged 65 and over receiving or entitled to receive monthly cash retirement benefits under the Social Security Act.

(2) Persons entitled to receive railroad retirement benefits—persons aged 65 and over receiving or entitled to receive monthly retirement cash benefits under the Railroad Retirement.

(3) Other enrolled persons—persons aged 65 and over not receiving nor entitled to receive monthly cash benefits under either social security or railroad retirement.

Area of residence.—The address to which the individ-

ual's monthly cash benefit check is being mailed; for persons not receiving such benefits, the mailing address given at the time they applied for health insurance benefits. Temporary or permanent changes of residence are reflected in the data to the extent that such changes are reported to the Social Security Administration by enrollees.

The areas of residence include the 50 States, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands. Also included are several foreign countries, although Medicare benefits ordinarily may not be paid for items or services furnished outside the named jurisdictions of the United States. Individuals with a foreign address, for whom reimbursements are recorded, may represent persons for whom the current United States address has not yet been entered into the file.

Notes and Brief Reports

OASDHI Covered Employment of Foreign Subsidiaries, January-March 1967*

Under the 1954 amendments of the Social Security Act, American corporations can obtain coverage under the old-age, survivors, disability, and health insurance program for United States citizens employed in their foreign subsidiaries. Domestic corporations obtain such coverage by entering into an agreement with the District Director of Internal Revenue to pay contributions on the wages of these employees on the same basis as if their services were performed in the United States. This provision became effective January 1, 1955.

All of the first-quarter foreign subsidiary reports of the signatory corporations that could be identified are represented in the accompanying table. First-quarter data are shown because they are most representative of overall coverage. Many employees earn up to the taxable limit (\$4,200 from 1955 to 1958, \$4,800 from 1959 to 1965, \$6,600 in 1966 and 1967) before the end of the second calendar quarter and are thus not repre-

sented in the later part of the year. Data were not compiled for the first quarters of 1960 or 1965.

Foreign subsidiary wage report data, January-March, selected years, 1955-67

Year	Number of domestic corporations	Worker items reported	Taxable wages (thousands)	Average wage per worker item reported
1955.....	81	1,838	\$4,021	\$2,187
1956.....	219	3,173	7,471	2,354
1957.....	276	4,340	10,549	2,431
1958.....	328	5,885	15,468	2,628
1959.....	377	7,243	19,350	2,672
1961.....	447	8,268	22,795	2,757
1962.....	498	8,772	24,956	2,845
1963.....	524	9,376	27,818	2,967
1964.....	537	9,121	27,443	3,009
1966.....	546	10,207	33,860	3,317
1967.....	547	10,689	37,700	3,527

The number of corporations reporting for January-March 1967 was 547—only one more than the number reported for the same period of 1966. The number of worker items increased by 482 to 10,689, however, and aggregate taxable wages rose to \$37.7 million—\$3.8 million more than the total paid in January-March 1966.

Average taxable wages paid to United States citizens whose employment is covered under this provision amounted to \$3,527 during the first quarter of 1967. For all wage and salary workers in employment covered by old-age, survivors, disability, and health insurance the average amount of taxable wages in that period was \$1,290.

* Prepared in the Division of Statistics, Office of Research and Statistics.