

Notes and Brief Reports

Medicare Reimbursement for Services in 1967*

In 1967, the first full calendar year of operation of the program of health insurance for the aged (Medicare) with all benefits (including post-hospital care in extended-care facilities) in effect, more than \$4.2 billion was paid out for covered services received in that year. Almost 21 million persons aged 65 and over had been enrolled for either the hospital insurance (HI) or supplementary medical insurance (SMI) or both, for part or all of 1967. One-third of the persons enrolled used services for which there was some reimbursement.

Of the total expenditures, 70 percent was spent for HI services on behalf of about 20 percent of the insured population. The balance, 30 percent of the total reimbursement, was spent for the 32 percent of the enrollees who used reimbursable SMI services. More than half the persons reimbursed used services under both parts of the program. This group had an average reimbursement of \$1,100 each and accounted for 86 percent of Medicare payments. (Reimbursement can be made only after the enrollee has met the HI (\$40 in 1967) and SMI (\$50) deductibles. The insured person is also responsible for the coinsurance amounts specified by law.)

Based on a 5-percent sample of the enrolled population, the average reimbursement for those using covered services in 1967 in excess of the deductibles and filing for reimbursement was:

Type of service reimbursed	Number of persons served (in thousands)	Average amount reimbursed
HI and/or SMI.....	7,154	\$592
Both HI and SMI.....	3,328	1,101
HI only.....	632	454
SMI only.....	3,195	90

The percentage of persons enrolled during 1967 who used reimbursed services was higher for

* Prepared in the Division of Health Insurance Studies, Office of Research and Statistics. For fuller report, see *Medicare Reimbursement for Services in 1967, by Age, Race, and Sex (HI-27)*, Office of Research and Statistics, June 1971.

women than for men, was higher for white persons than for persons of other races, and increased rapidly with increasing age (table 1). The differences between men and women are observed for both race groups consistently through age 79. For the age groups above 79, the percentages are not always higher for women. The gap between the two race groups remained at roughly 10 percentage points at every age and for both sexes. The observed disparity increased slightly at the older ages.

The average amounts reimbursed for persons using covered services under one or both parts of Medicare were lower for women than for men, except for persons using HI services only (table 2). These persons are a relatively small group numerically. They may represent persons who are insured under HI only (about 1.4 million) or persons who used physicians' services for which the allowed charges did not exceed the SMI deductible or services for which they did not file a claim.

Reimbursement for all white persons was slightly higher than for persons of other races, again with the exception of persons using HI services only. The "HI only" group showed an irregular rise with age. For all other types of reimbursement,

TABLE 1.—Number and percent of persons enrolled during the year under HI and/or SMI who used reimbursed services, by age, race, and sex, 1967

Age	All persons			White			All other races		
	Total ¹	Men	Women	Total	Men	Women	Total	Men	Women
Number using reimbursed services (in thousands)									
Total..	7,154	2,949	4,205	6,531	2,721	3,810	390	172	218
65-66.....	831	374	456	754	334	420	48	23	25
67-68.....	845	369	476	777	339	439	54	25	29
69-70.....	826	350	476	762	324	438	50	22	28
71-72.....	799	331	468	740	308	432	45	20	26
73-74.....	761	316	445	708	297	412	39	16	24
75-79.....	1,554	624	930	1,432	584	848	78	33	45
80-84.....	951	372	579	858	345	513	45	20	25
85 and over.....	588	213	374	501	191	310	30	14	17
Percent of enrolled population									
Total..	34.5	33.3	35.4	35.4	34.2	36.3	24.5	23.8	25.1
65-66.....	24.3	23.8	24.6	24.8	24.1	25.4	16.8	16.5	17.1
67-68.....	32.1	31.0	32.9	33.0	31.9	33.8	23.4	22.9	23.8
69-70.....	33.4	32.0	34.4	34.2	32.8	35.3	24.6	23.9	25.3
71-72.....	34.4	32.8	35.6	35.4	33.9	36.5	24.1	22.6	25.4
73-74.....	36.0	34.9	36.8	37.0	35.9	37.8	25.2	23.2	26.9
75-79.....	38.5	37.3	39.4	39.4	38.2	40.3	28.0	26.9	28.8
80-84.....	40.9	40.6	41.1	41.8	41.4	42.0	29.7	30.8	28.9
85 and over.....	42.6	43.5	42.1	43.8	44.6	43.4	30.3	33.5	28.2

¹ Includes those for whom race was unknown.

the amounts reimbursed generally increased with advancing age and at most ages were higher for men than for women. For the two race groups, these differences did not occur consistently. Both the rates of utilization shown in table 1 and average amounts reimbursed shown in table 2 are

generally higher for the white population than for the population of other races. The differences in proportion of the population receiving reimbursed services, however, are larger than the differences observed in the amounts paid out for each person served.

TABLE 2.—Average amount reimbursed per person served under HI and/or SMI, by age, race, and sex, 1967

Age and sex	Total ¹				White				All other races			
	HI and/or SMI	Both HI and SMI	HI only	SMI only	HI and/or SMI	Both HI and SMI	HI only	SMI only	HI and/or SMI	Both HI and SMI	HI only	SMI only
All persons.....	\$592	\$1,101	\$154	\$90	\$593	\$1,104	\$442	\$90	\$557	\$983	\$504	\$86
65-66.....	496	980	404	81	496	984	376	81	530	950	552	83
67-68.....	521	1,007	417	86	519	1,007	398	86	570	1,018	522	86
69-70.....	530	1,033	394	87	530	1,036	370	87	527	949	557	83
71-72.....	560	1,070	422	87	559	1,078	404	87	559	994	509	86
73-74.....	574	1,092	414	90	576	1,099	406	91	535	951	458	82
75-79.....	624	1,135	447	92	627	1,140	439	92	564	986	468	87
80-84.....	693	1,203	521	98	699	1,210	522	98	574	1,000	470	92
85 and over.....	740	1,238	574	108	747	1,243	577	108	609	1,018	497	91
Men.....	647	1,127	450	92	648	1,132	436	92	634	1,035	526	92
65-66.....	567	1,045	424	85	568	1,053	386	84	629	986	614	104
67-68.....	586	1,060	420	90	582	1,061	391	90	672	1,078	616	89
69-70.....	601	1,081	412	91	599	1,093	388	91	623	1,019	569	95
71-72.....	622	1,104	440	90	621	1,105	415	90	626	1,044	595	87
73-74.....	640	1,148	389	93	644	1,157	383	94	589	979	407	78
75-79.....	680	1,154	455	94	681	1,158	445	94	624	1,013	476	92
80-84.....	738	1,204	520	101	743	1,209	523	100	642	1,088	435	105
85 and over.....	762	1,200	522	99	760	1,206	529	101	603	1,083	415	80
Women.....	554	1,080	457	89	554	1,082	447	89	497	936	481	82
65-66.....	438	918	383	79	438	919	336	79	441	910	464	70
67-68.....	471	959	414	84	471	960	405	84	480	952	417	84
69-70.....	477	984	377	84	478	988	352	85	451	890	544	76
71-72.....	517	1,054	405	85	515	1,055	394	85	508	955	403	86
73-74.....	528	1,047	437	88	528	1,051	429	89	498	930	506	84
75-79.....	586	1,120	440	91	589	1,126	433	91	522	964	461	84
80-84.....	664	1,202	522	97	669	1,210	522	97	521	924	501	84
85 and over.....	728	1,262	609	112	733	1,268	613	111	566	953	563	97

¹ Includes those for whom race is unknown.

Maximum Taxable Earnings Under OASDHI, 1938-69*

The social security program in the United States was from its beginning based on the principle of universal coverage—a principle now generally accepted throughout the world. In a compulsory system of social insurance, however, it appears necessary to limit the amount of benefits paid and the extent of the replacement of the worker's earnings. Thus an upper limit was placed on the amount of annual earnings to be taxed and credited toward social security benefits. The limit on the taxable amount was designed to

assure that no one contributed directly more than the value of the protection he would receive.

About 97 percent of all covered workers earned

TABLE 1.—Changes in maximum taxable amount of earnings and the resulting percentage of total earnings taxable and percent of workers with all earnings taxed

Year	Taxable maximum		Percentage of total earnings taxable	Percent of workers with all earnings taxed	
	Amount	Number of years in effect		All workers	Male 4-quarter workers
1938.....	\$3,000	14	93.0	97.1	93.9
1951.....	3,600	4	81.1	75.5	53.6
1955.....	4,200	4	80.3	74.3	53.5
1959.....	4,800	7	79.3	73.3	54.0
1966.....	6,600	2	80.0	75.8	56.2
1968.....	7,800	4	81.9	78.7	60.6
		(through 1971)			

* Prepared by Michael Resnick, Division of Statistics.