

Vendor Payments for Medical Assistance

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Dependent children, the aged, and the blind—the special groups recognized by Congress as having need for assistance—include large numbers of sick and handicapped persons, and sickness or disability is often the only reason that recipients of general assistance have had to apply for aid. Necessary medical care for these recipients and for a fifth group—those who need help only to take care of medical expenses—is provided by many States by means of direct payments from public assistance funds to the suppliers of medical services. The Federal Government does not share in making payments to vendors.

THE States meet all or part of the cost of medical care supplied to recipients of public assistance and other needy persons through payments from assistance funds directly to physicians, dentists, hospitals, or other individuals or institutions. Since the assistance payments reported each month in the BULLETIN represent money payments only, they do not show, for most States, total expenditures made from public assistance funds to or on behalf of needy individuals or families.

Because of the great diversity among States and localities in financing and administering medical assistance, it has not been feasible to obtain reports of expenditures on a comparable basis for all States. In some States, medical costs for recipients of the special types of public assistance may be met from general assistance funds or from other monies specifically appropriated or allocated for this purpose. Frequently States using such funds to pay medical bills do not classify expenditures by the type of case receiving care. Usually some of the funds are spent for medical care for individuals or families that are able to meet their ordinary expenses but need help in paying large medical bills.

As experience has been gained in planning and administering medical aspects of assistance programs, there has been increasing flexibility in a number of States in the use of funds appropriated for a specific program. These States may now use such funds

not only to make money payments to recipients but to pay vendors for all or part of the costs of medical services supplied. In the States that meet all costs for recipients of a specific program from funds for that program, data on vendor payments made during a month on behalf of such recipients are generally available.

Consideration has been given by the Bureau of Public Assistance to the possibility of obtaining monthly data for those States that would be able to report amounts expended for medical services, classified by type of assistance case served. A number of difficulties are present, however, in any such reporting scheme; one is the unavoidable lag in presentation and payment of medical bills. At best, bills for services given in one month are presented at the beginning of the next month and frequently are not paid until the following month. In many instances, bills are not presented so promptly, or they may be accumulated for payment on a quarterly or other basis. Inclusion of monthly data on vendor payments, therefore, may result in erratic changes in total and average payments that do not represent any actual change in the level of assistance payments.

Accordingly, as an alternative to monthly reporting, assistance agencies have been requested to report semiannually the amount of vendor payments for medical care and, if possible, to classify these expenditures by type of case receiving services. A total of 37 States reported expenditures made for this purpose during 1949. Twenty-three of these

States classified their expenditures to show payments made on behalf of recipients of the special types of public assistance,¹ and a few States distributed a part but not all expenditures by type of case served. For other States, only the totals were reported; for some, no data are available. A few States reported costs incurred for cases receiving general assistance. Most general assistance agencies, however, have not been able to separate costs for cases receiving general assistance from payments for care supplied to individuals receiving medical assistance only.

The following analysis presents the data that have been reported for the calendar year 1949. Average expenditures per assistance case have been shown for those States and programs for which information by type of case is believed to be complete or substantially so. Data for the States in which all or a large share of expenditures were not distributed by type of assistance case are presented in a summary table, with no attempt at analysis.

Special Types of Public Assistance

Effect on amount of average payment if vendor payments for medical care are included.—Table 1 shows the average monthly amount of assistance made available to recipients of the special types of public assistance in the 23 States during the calendar year 1949, and the effect on these payments of including vendor payments for medical services as well as money payments to recipients.² For most States, data on vendor payments for medical services do not represent

¹ Data not available for all programs in each of the 23 States.

² For some States, the amount of the average payments for one or more of the special types of public assistance would be increased further if supplemental payments from general assistance funds for maintenance were included. Except for aid to dependent children in a very few States the amount of such supplementation is believed to be small.

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Table 1.—Special types of public assistance: Average monthly payments to recipients and monthly payments to vendors for medical services, by program, 23 States, 1949¹

State	Old-age assistance				Aid to dependent children				Aid to the blind			
	Total amount	Money payments to recipients	Payments to vendors for medical services		Total amount	Money payments to recipients	Payments to vendors for medical services		Total amount	Money payments to recipients	Payments to vendors for medical services	
			Average per recipient	As percent of money payments			Average per family	As percent of money payments			Average per recipient	As percent of money payments
Connecticut.....	\$59.74	\$55.49	\$4.25	7.7	\$106.98	\$103.19	\$3.79	3.7	\$52.42	\$50.71	\$1.71	3.4
Delaware.....					72.99	72.42	.57	.8				
Illinois.....	47.27	43.76	3.51	8.0	100.22	98.62	1.60	1.6	48.51	45.86	2.65	5.8
Indiana.....	39.04	35.13	3.91	11.1	60.68	58.15	2.53	4.4	40.05	37.35	3.60	9.6
Kansas.....	49.52	47.40	2.12	4.5	88.09	83.14	4.95	6.0	52.20	49.52	2.68	5.4
Massachusetts.....	62.14	61.47	.67	1.1	114.70	113.35	1.35	1.2				
Minnesota.....	48.48	44.07	4.41	9.2								
Missouri.....	42.66	42.64	.02	(²)	53.54	53.47	.07	.1				
Nebraska.....	\$ 46.89	42.41	\$ 4.48	10.6	\$ 84.62	84.48	\$.14	.2	\$ 51.30	51.07	\$.23	.5
New Hampshire.....	48.01	43.31	4.70	10.9	96.38	87.34	9.04	10.4	50.65	46.29	4.36	9.4
New Jersey.....	47.60	47.55	.05	.1	86.99	84.11	2.88	3.4	52.18	52.16	.02	(²)
New Mexico.....	\$ 35.44	35.03	\$.41	1.2	\$ 53.23	52.41	\$.82	1.6	\$ 37.72	37.25	\$.47	1.3
New York.....	58.08	53.42	4.66	8.7	113.54	108.63	4.91	4.5	64.08	59.94	4.14	6.9
North Dakota.....	47.95	46.49	1.46	3.1	99.14	98.68	.46	.5	47.43	47.18	.25	.5
Ohio.....	47.64	46.72	.92	2.0								
Oregon.....	51.76	49.53	2.23	4.5	104.81	101.93	2.88	2.8	58.33	56.13	2.20	3.9
Pennsylvania.....	41.58	40.00	1.58	4.0	94.44	91.81	2.63	2.9	40.85	39.92	.93	2.3
Rhode Island.....	46.03	44.94	1.09	2.4	87.64	85.51	2.13	2.5	51.50	50.90	.60	1.2
South Dakota.....	\$ 40.07	38.09	\$ 1.98	5.2	\$ 61.09	59.75	\$ 1.34	2.2	\$ 35.74	35.01	\$.73	2.1
Virginia.....	20.34	20.30	.04	.2	44.37	44.25	.12	.3	27.80	27.76	.04	.1
Washington.....	\$ 74.17	66.84	\$ 7.33	11.0	\$ 150.28	135.58	\$ 14.70	10.8	\$ 85.44	78.04	\$ 7.40	9.5
West Virginia.....	25.33	24.21	1.12	4.6	49.92	48.39	1.53	3.2	28.89	27.81	1.08	3.9
Wisconsin.....	46.14	41.76	4.38	10.5	103.53	96.15	7.38	7.7	49.05	45.34	3.71	8.2

¹ Data not available for all programs for each of the 23 States.

² Less than 0.05 percent.

³ Some expenditures from general assistance or other funds, not allocated by

program, may be chargeable to these cases; amounts probably small except in Washington.

total expenditures for that purpose and therefore cannot be used to make interstate comparisons of the cost of medical services.

In some States a small per capita expenditure probably indicates that little medical care was provided through assistance funds; in other States, per capita costs were small because a large share of the medical bill was met through money payments to recipients.³ In Massachusetts, New Jersey, and North Dakota, for example, money is usually made available to recipients of old-age assistance to enable them to pay their medical bills. The inclusion of vendor pay-

ments for medical care therefore results in only a slight increase in the average amount of assistance in these States.⁴ In Minnesota, where about two-thirds of the medical bill for aged recipients is met through vendor payments, the average assistance payment is increased by \$4.41, or 9 percent, when payments to vendors are included.

In seven States—Connecticut, Minnesota, Nebraska, New Hampshire, New York, Washington, and Wisconsin—vendor payments for medical care supplied to aged recipients averaged more than \$4 per case per month. The inclusion of these expenditures increases the average amount of assistance going to old-age assistance cases by 8 percent or more. In these States, part of the medical bill is met through money payments to recipients. Washington, however, meets all costs except those for nursing home care in private institutions

⁴ In 1946, vendor payments represented only 3 percent of total medical expenditures for aged recipients in Massachusetts, 1 percent in New Jersey, and 15 percent in North Dakota.

through payments to vendors. Under the prepayment plan in operation in that State, each local assistance agency pays to the county medical service bureau \$2.50 a month for each person receiving assistance. The medical service bureaus supply all physicians' services, including services by surgeons and other specialists and all diagnostic X-ray and laboratory procedures. The average monthly amount of vendor payments for medical care per case receiving assistance therefore includes the \$2.50 per recipient, plus amounts paid by the agencies for drugs, hospitalization, and other services supplied to recipients.

In the other 15 States, the monthly average amount of vendor payments for old-age assistance cases ranged from a low of only 2 cents in Missouri to \$3.91 in Indiana (table 1). Except in Indiana, Illinois, and South Dakota, the inclusion of these amounts increases the average payment by less than 5 percent.

Two of the 15 States, Pennsylvania and West Virginia, make payments directly to suppliers of medical serv-

Table 2.—Special types of public assistance: Maximums on money payments to recipients and source of funds for vendor payments for medical services, by program, 23 States, 1949¹

Old-age assistance				Aid to dependent children				Aid to the blind						
State	Maximum on money payments to recipients ²	Source of funds for vendor payments			State	Maximums on money payments ²	Source of funds for vendor payments			State	Maximum on money payments to recipients ²	Source of funds for vendor payments		
		Old-age assistance	General assistance	Other			Aid to dependent children	General assistance	Other			Aid to the blind	General assistance	Other
States with maximum				States with maximums				States with maximum						
Ill.	\$ 65	X			Del.	\$50-15-15-15-12 to 150	X			Ill.	\$ 65	X		
Ind.	50	X			Ind.	50-18	X			Ind.	50	X		
Minn.	55	X			Mo.	27-18		X		Nebr.	60	X	X	
Mo.	50		X		Nebr.	85-15-15-15-10	X	X		N. H.	51	X		
Nebr.	55	X	X		N. Mex.	65-10 to 125		X	X	N. Mex.	55		X	X
N. H.	51	X			S. Dak.	50-15		X		S. Dak.	50		X	
N. Mex.	55		X	X	S. Dak.	27-18		X		Va.	45		X	
N. Dak.	90	X	X	X	W. Va.				X	W. Va.	50		X	
Ohio	55	X								Wis.	60	X		
S. Dak.	50		X		States with no maximums				States with no maximum					
Va.	50		X		Conn.			X		Conn.			X	
W. Va.	50		X		Ill.			X		Kans.			X	X
Wis.	50	X			Kans.			X		N. J.			X	
States with no maximum				States with no maximums				States with no maximum						
Conn.		X			Mass.			X		N. Y.			X	
Kans.			X		N. H.			X		N. Dak.			X	
Mass.		X		X	N. J.			X		Oreg.			X	
N. J.		X			N. Y.			X		Pa.			X	
N. Y.		X			N. Dak.			X		R. I.			X	
Oreg.			X		Oreg.			X		Wash.				X
Pa.		X		X	Pa.			X						
R. I.			X		R. I.			X						
Wash.				X	Va.			X						
					Wash.				X					
					Wis.			X						

¹ Data not available for all programs for each of the 23 States.
² As of September 1949. For aid to dependent children, maximums are amounts for successive children in the family; Delaware and New Mexico have family maximums.
³ Payments above maximums may be made to provide for medical needs.
⁴ Payments above maximum may be made to provide for care in a nursing or convalescent home or for nursing care in own home.

ices for all care given to recipients of assistance.⁵ The vendor payments reported for all programs therefore represent the total cost of medical services supplied to recipients in these States.

In aid to the blind, vendor payments for medical services per assistance case were usually less—both absolutely and when related to money payments—than those for old-age assistance.

For aid to dependent children, information on vendor payments for medical assistance is available for 21 States. Inclusion of the vendor payments increases the average family assistance payment by less than 3 percent in 12 States, and from 3 to 8 percent in seven States. In New Hampshire and the State of Washington the increase was more than 10 percent. In Washington the inclusion

⁵ In Pennsylvania the cost of hospitalization and nursing home care is not met from assistance funds; West Virginia provides services only for cases with acute illnesses or in emergencies.

of \$2.50 for each person in the aid to dependent children cases, plus expenditures for care not provided by the medical service bureaus under the prepayment plan, brought the average cost per family to almost \$15. In New Hampshire the average expenditure of \$9 per family represented the cost of most medical services supplied to the families. The absolute amount of vendor payments per case was higher for aid to dependent children than for old-age assistance in most States. Because of the higher money payments to families under the program for aid to dependent children, however, vendor payments as a proportion of money payments under that program were less than the corresponding percentage in old-age assistance.

Since the circumstances under which each method of payment was used were not always the same for the two programs, vendor payments do not represent the same share of total medical costs for old-age assistance and aid to dependent children. In-

formation available for some States for 1946 indicates that agencies are more likely to make vendor payments for services supplied to aid to dependent children cases than to old-age assistance and aid to the blind cases.⁶

The methods of payment for medical service have doubtless been affected by the provisions in the assistance titles of the Social Security Act. In aid to dependent children, Federal maximums on payments are so low that money for medical services can seldom be included within the maximums. On the other hand, it is frequently possible to include small amounts for medical services within the higher Federal maximums

⁶ In 1946, vendor payments represented less than one-fifth of total costs for aid to dependent children cases in Connecticut, Illinois, Massachusetts, and North Dakota; in Indiana, New Hampshire, New Jersey, Oregon, Pennsylvania, and West Virginia such payments accounted for from 90 to 100 percent of the total and in Kansas and New Mexico, for 67 and 50 percent, respectively.

for old-age assistance and aid to the blind, particularly for those recipients who have resources in addition to their assistance payments.

To obtain the greatest advantage from Federal funds, amounts are sometimes included in assistance payments to enable recipients to pay large medical bills on an installment basis. Because this arrangement is troublesome to recipients, suppliers of service, and assistance agencies alike, it has been discontinued in some States. When large bills are incurred, some agencies make payments directly to the vendors, even when there are no State maximums on payments to recipients. A number of States make vendor payments for bills outstanding when a recipient dies. The volume of such payments is, of course, highest in old-age assistance.

Policies regarding method of paying for medical services vary not only from State to State but also among the local units within a State. While some State agencies specify how payment should be made for all or selected services, others permit local agencies to determine the method of meeting the cost of some or all services. The local agencies may be required to meet as large a share of the costs as possible within either State or Federal maximums on payments to recipients but may be permitted to determine for themselves the method of paying bills that cannot be met within these maximums. In the States in which local agencies may determine the method of payment, there is wide variation among the counties in the per capita amount of

vendor payments and the share of the total medical costs met in this way.

The following tabulation shows the States for which data on vendor payments for medical services are available ranked by the amount of average payments, including both the money payment to recipients and vendor payments for medical services. The figures in parentheses show the rank of the States when only the money payment to the recipient is considered.

Old-age assistance	Aid to dependent children	Aid to the blind
Wash..... (1)	Wash..... (1)	Wash..... (1)
Mass..... (2)	Mass..... (2)	N. Y..... (2)
Conn..... (3)	N. Y..... (3)	Oreg..... (3)
N. Y..... (4)	Conn..... (4)	Conn..... (7)
Oreg..... (5)	Oreg..... (5)	Kans..... (8)
Kans..... (7)	Wis..... (8)	N. J..... (4)
Minn..... (11)	Ill..... (7)	R. I..... (6)
N. H..... (13)	N. Dak.. (6)	Nebr..... (5)
N. Dak.. (9)	N. H..... (10)	N. H..... (10)
Ohio..... (8)	Pa..... (9)	Wis..... (12)
N. J..... (6)	Kans..... (14)	Ill..... (11)
Ill..... (12)	R. I..... (11)	N. Dak.. (9)
Nebr..... (15)	N. J..... (13)	Ind..... (14)
Wis..... (16)	Nebr..... (12)	Pa..... (13)
R. I..... (10)	Del..... (15)	N. Mex.. (15)
Mo..... (14)	S. Dak.. (16)	S. Dak.. (16)
Pa..... (17)	Ind..... (17)	W. Va..... (17)
S. Dak.. (18)	Mo..... (18)	Va..... (18)
Ind..... (19)	N. Mex.. (19)	
N. Mex.. (20)	W. Va..... (20)	
W. Va..... (21)	Va..... (21)	
Va..... (22)		

In old-age assistance the positions of the five States that ranked highest and the six that ranked lowest in the amount of money payments to recipients are unchanged when vendor payments for medical care are included in the average. A few States change position rather drastically, however. New Jersey, for example, ranked sixth in size of money payments to recipients; since vendor payments were small in relation to those made in some other States, it moved to eleventh place when these payments are considered. Rhode Island moved from tenth to fifteenth place. States moving up somewhat in the scale when vendor payments are included are Kansas, Illinois, Minnesota, Nebraska, New Hampshire, and Wisconsin. In aid to the blind, also, a number of States change position in the rank when vendor payments for medical services are included in the average.

Because of the wide range among the States in average money payments to families receiving aid to dependent children, there is little change in the

position of the States when arrayed by amount of assistance, including and excluding vendor payments for medical care. In absolute amounts, there is, of course, considerable change for some States.

Source of funds.—A number of States have flexibility in the use of funds appropriated for a specific program. Even in some States with maximums on money payments to recipients, program funds are used to make vendor payments for medical care. In a few States, moreover, payments in excess of the usual maximum may be made to recipients with medical needs.

In 13 of the 22 States reporting data on old-age assistance there were maximums on money payments to recipients under the program (table 2). In eight of these States—Illinois, Indiana, Minnesota, Nebraska, New Hampshire, North Dakota, Ohio, and Wisconsin—old-age assistance funds may be used to make vendor payments for medical assistance; in four of them, money payments above the usual maximum may also be made to recipients to meet medical requirements. In most of these eight States, payment of hospital bills and probably of other large medical bills was more likely to be made to vendors than payments for less costly services. Six States that had maximums on payments to recipients relied on general assistance or other funds to pay the part of the medical bill that could not be met within the maximum, and West Virginia used general assistance funds to pay for all medical services supplied to recipients. Nebraska and North Dakota made vendor payments from both old-age assistance and general assistance funds.

The nine States that did not have maximums on payments chose to meet part of the medical bill through payments to vendors. Five of these States used old-age assistance funds for this purpose, and three made all vendor payments from general assistance funds. Washington made such payments for all programs from a separate appropriation for this purpose. Oregon, one of the States using general assistance funds, usually meets medical needs for cases with chronic illnesses through the money payments to recipients; services for other cases are supplied through

Table 3.—General assistance: Average monthly payments to cases, 6 States, 1949

State	Total amount	Money payments to cases ¹	Payments to vendors for medical services	
			Average per case	As percent of money payments
Massachusetts.....	\$57.50	\$51.26	\$6.24	12.2
Missouri.....	31.28	31.21	.07	.2
Pennsylvania.....	58.00	55.68	2.32	4.2
Rhode Island.....	61.61	57.64	3.97	6.9
Virginia.....	22.59	22.49	.10	.4
West Virginia.....	20.35	18.90	1.45	7.7

¹ May include payments in kind.

vendor payments from general assistance funds.⁷ In Kansas, medical assistance may be provided through payments to recipients or to vendors. If the latter method is used, however, the cost is met from general assistance funds.

Nine of the 18 States for which data on aid to the blind are available make all vendor payments from funds appropriated for that program (table 2). The States using general assistance or other funds for old-age as-

⁷ In 1946, more than one-fourth of the total medical assistance bill in both Oregon and Kansas was met from general assistance funds.

sistance recipients needing medical care also rely on these funds to pay for part of the medical care of recipients of aid to the blind.

In aid to dependent children, vendor payments were made from funds for that program in 12 of the 21 States for which data are shown in table 2. Eight States always make vendor payments from general assistance funds. Nebraska uses both general assistance and aid to dependent children funds, although money payments above the usual maximum may be made to families with medical requirements. General assistance funds probably represented a very small share of total expenditures for

families of aid to dependent children in this State.

General Assistance

Information on vendor payments for medical services supplied to cases receiving general assistance is available for only six States (table 3). The amounts reported probably represent the major share of medical costs incurred for these cases. Payments for medical services in Massachusetts averaged more than \$6; in Rhode Island almost \$4. In Pennsylvania and West Virginia the averages were \$2.32 and \$1.45, respectively.

(Continued on page 10)

Table 4.—Vendor payments for medical services, by type of case receiving services, 37 States, 1949

State	Total vendor payments	Payments on behalf of recipients of—						All other payments ³
		Old-age assistance ¹	Aid to dependent children ¹	Aid to the blind ¹	General assistance and medical care only ²			
					Total ¹	General assistance	Medical care only	
Total, 37 States.....	\$80, 771, 571	\$35, 441, 012	\$10, 170, 011	\$841, 823	\$16, 278, 622		\$18, 040, 103	
Alabama.....	10, 262	4, 388	2, 013	147			3, 714	
Arkansas.....	198, 305						198, 305	
Colorado.....	1, 128, 524	214, 128	103, 768	1, 420			806, 208	
Connecticut.....	2, 409, 422	874, 385	162, 980	3, 831	1, 368, 226			
Delaware.....	3, 574		3, 574					
Hawaii.....	513, 987						513, 987	
Illinois.....	9, 680, 015	5, 346, 727	478, 710	144, 428	3, 710, 150			
Indiana.....	4, 303, 508	2, 351, 914	286, 314	79, 802	1, 587, 478			
Iowa.....	1, 424, 998		107, 996	26, 763	498, 467		791, 772	
Kansas.....	2, 139, 686	950, 382	307, 815	24, 780	839, 660		17, 048	
Louisiana ⁶	11, 688	59	6, 580	522	4, 527	\$4, 389	\$138	
Maine.....	939, 174						939, 174	
Massachusetts.....	2, 563, 935	760, 305	190, 122		1, 613, 508	1, 613, 508		
Michigan.....	5, 285, 248						5, 285, 248	
Minnesota.....	4, 518, 261	2, 919, 451					1, 598, 810	
Missouri.....	81, 792	30, 430	18, 754		32, 608	12, 997	19, 611	
Montana.....	1, 103, 728	396, 710	44, 214	13, 266	187, 513	44, 820	142, 693	
Nebraska.....	1, 451, 118	1, 279, 204	5, 505	1, 587			462, 025	
Nevada.....	587, 109						164, 822	
New Hampshire.....	572, 596	401, 758	154, 338	16, 500			587, 109	
New Jersey.....	1, 169, 495	15, 155	176, 406	126	135, 696	135, 696	842, 112	
New Mexico.....	199, 870	46, 320	48, 643	2, 526	73, 096	44, 056	29, 285	
New York.....	9, 847, 961	6, 533, 042	3, 126, 979	187, 940	(7)			
North Carolina.....	1, 025, 173						1, 025, 173	
North Dakota.....	374, 847	154, 054	9, 420	355	211, 018			
Ohio.....	6, 126, 520	1, 387, 690	287, 465	16, 507			4, 434, 858	
Oregon.....	1, 495, 050	615, 325	110, 564	10, 204	758, 957			
Pennsylvania.....	4, 505, 000	1, 682, 000	1, 509, 000	171, 000	1, 143, 000	1, 143, 000		
Rhode Island.....	453, 516	127, 757	84, 357	1, 126	242, 276	234, 297	7, 979	
South Carolina.....	63, 548						63, 548	
South Dakota.....	542, 951	284, 296	32, 307	1, 830	198, 774		25, 744	
Utah.....	556	106	200		250	250		
Virginia.....	49, 108	9, 234	9, 353	635	29, 946	5, 118	24, 828	
Washington ⁸	10, 727, 517	6, 060, 986	1, 913, 871	64, 363	2, 688, 297			
West Virginia.....	760, 363	320, 977	243, 319	11, 824	184, 243	70, 898	113, 345	
Wisconsin.....	4, 171, 510	2, 008, 550	732, 604	59, 424	770, 932			
Wyoming.....	330, 597	65, 679	12, 840	917			*251, 161	

¹ Data incomplete for some States; amounts not distributed by type of case included in "all other payments."

² For some States, expenditures for cases receiving general assistance and those receiving medical care only not reported separately.

³ In most States includes payments, not distributed by type of case, made on behalf of recipients of the special types of public assistance, general assistance, and medical care only, usually from general assistance funds; no expenditures made from these funds for old-age assistance cases in Ohio, or for old-age assistance and aid to dependent children cases in New Jersey. In Minnesota expenditures from these funds for old-age assistance cases were probably very small.

⁴ Includes costs of burials.

⁵ A small amount of these expenditures chargeable to the special types of public assistance.

⁶ For 6-month period, July-December 1949.

⁷ Expenditures for medical services (\$1,991,436) include both money payments to recipients and payments to vendors; data on distribution by method of payment not available.

⁸ For January-June, excludes cost of operation of county medical institutions; part of this cost—possibly \$1 million—was chargeable to recipients of assistance, including cases receiving medical care only.

not report it out. On the floor of the Senate, an amendment was offered which provided that "notwithstanding any other provisions of law, the Social Security Board shall not disapprove any State plan under titles I, IV or X of this act because such plan does not apply to or include Indians."¹³ This amendment passed the Senate but was deleted by the Conference Committee and was not included in the final 1939 law.

The Social Security Administration has consistently interpreted the Social Security Act to mean that a State public assistance plan could not legally be approved if that plan discriminated against any citizen of the United States on account of race. Twenty-four of the 26 States in which there are Indians residing on reservations provide public assistance under the Social Security Act to these individuals. In Arizona and New Mexico, however, questions have been raised over the years by both State agencies as to whether reservation Indians were to be included in the public assistance programs under the Social Security Act.

The immediate factors that led to the inclusion of the public assistance provisions in section 9 of Public Law 474 first made themselves felt on April 17, 1947. On that date the State Board of Public Welfare of New Mex-

ico refused the application of a Navajo Indian for old-age assistance on the grounds that reservation Indians were not a responsibility of the State Welfare Department "just as long as they are under the complete jurisdiction of the Indian service and insofar as the expenditure of State money for their welfare is concerned." At about the same time the Arizona State Department of Public Welfare also took a position that it would not make payments to reservation Indians.

The Social Security Administration discussed the subject with the State agencies in an effort to resolve the conflict between the position they had assumed and the requirement of the Social Security Act that assistance must be available to all eligible persons within the State. Discussions continued over a period of time, and the States were informed that the continued receipt of Federal funds for their public assistance programs was dependent on whether the State programs were operating in conformity with the principle that applications are to be accepted from all who apply and assistance granted to all eligible persons. During the same period the Bureau of Indian Affairs made some payments, as their funds permitted, to needy Indians in the two States.

Finally, after all efforts to bring the States into conformity with the requirements of the Social Security Act had failed, the Commissioner for Social Security, after due notice, held hearings to determine whether there

was a failure by New Mexico and Arizona to operate their plans in accordance with sections 4, 404, and 1004 of the Social Security Act. A hearing on New Mexico was held on February 8, 1949, and on Arizona on February 15, 1949. Before findings or determination based upon these hearings were made, the arrangements described in the quotations from the Conference Report on S. 1407 were completed at Santa Fe, New Mexico, on April 28 and 29, 1949, and assistance was provided for reservation Indians in these two States. It was the purpose of Public Law 474 to solve, by congressional action, the problems raised in the hearings before the Social Security Commissioner.¹⁴ As stated in the Conference Report on the bill, the Committee felt that efficient operation could be more definitely assured if the State were to administer the entire program for needy Indians rather than share the responsibility with the Bureau of Indian Affairs.

¹⁴ On December 27, 1949, the Arizona State Board of Public Welfare adopted a resolution stating that it would not discontinue its policy of excluding crippled reservation Indian children in the provision of treatment services. The Commissioner of the State department in transmitting the Board's resolution to the Chief of the Children's Bureau of the Social Security Administration stated that it was "necessary to sever our connections." No Federal funds have been paid to Arizona under part 2 of title V of the Social Security Act since December 22, 1949.

¹³ *Congressional Record*, July 13, 1939, pp. 9027-28.

VENDOR PAYMENTS

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Missouri and Virginia spent little money for this purpose.

Total Vendor Payments

Table 4 shows the total amount of vendor payments made by assistance agencies for services supplied to recipients of assistance and other needy individuals in 37 States. Assistance agencies in these States spent more than \$80 million for this purpose during the calendar year 1949. If data were available for all States, the total might be as much as \$85 million. In most of the States that did not report any expenditures for vendor pay-

ments for medical care, some expenditures for this purpose were made by local authorities from general assistance or other local public funds. In two jurisdictions, the District of Columbia and Maryland, recipients of assistance and other needy individuals received medical care under programs administered by public health agencies.

Expenditures shown in table 4 as medical assistance do not include the cost of medical eye-care programs or of services for crippled children, which are administered in some States by State public welfare agencies. Expenditures from appropriations for other specific types of medical services are included, if re-

sponsibility for administration rests with the same agency that administers the public assistance programs and if expenditures are made on behalf of recipients of assistance.

The amount reported for Arkansas, for example, represents State funds for hospitalization of needy persons. These funds are administered by the same State and local agencies that administer the public assistance programs and may be used to meet the cost of hospital care both for recipients of assistance and for other needy persons. Similarly, State hospital aid funds in Maine, local funds for the "afflicted adult hospitalization" program in Michigan, and county

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Table 19.—Aid to dependent children: Recipients and payments to recipients, by State, March 1950¹

State	Number of recipients		Payments to recipients		Percentage change from—					
	Families	Children	Total amount	Average per family	February 1950 in—			March 1949 in—		
					Number of—		Amount	Number of—		Amount
					Families	Children		Families	Children	
Total.....	634, 676	1, 612, 478	\$46, 514, 197	\$73. 29	+2. 0	+2. 0	+1. 9	+24. 6	+24. 0	+24. 1
Total, 50 States ²	634, 642	1, 612, 394	46, 512, 877	73. 29	+2. 0	+2. 0	+1. 9	+24. 6	+24. 0	+24. 1
Alabama.....	16, 612	45, 704	548, 972	33. 05	+2. 1	+2. 1	+1. 5	+32. 1	+33. 4	+19. 7
Alaska.....	604	1, 368	33, 296	55. 13	+3. 2	+2. 9	+4. 9	+65. 9	+57. 1	+171. 2
Arizona.....	3, 803	10, 734	330, 179	86. 82	+1. 6	+1. 7	+1. 6	+29. 8	+28. 9	+20. 8
Arkansas.....	15, 232	39, 588	640, 803	42. 07	+5. 3	+5. 5	+5. 6	+40. 5	+41. 3	+57. 7
California.....	42, 660	98, 589	4, 801, 330	112. 55	+7. 0	+7. 0	+6. 1	+99. 1	+103. 9	+96. 9
Colorado.....	5, 639	15, 398	479, 947	85. 11	+1. 5	+1. 4	-2. 2	+11. 4	+11. 5	+10. 2
Connecticut.....	4, 710	10, 971	514, 469	109. 23	+3. 2	+3. 2	+6. 6	+49. 8	+42. 4	+56. 0
Delaware.....	640	1, 849	45, 920	71. 75	+2. 6	+2. 9	+3. 7	+35. 0	+34. 4	+33. 4
District of Columbia.....	2, 047	6, 205	166, 018	81. 10	+1. 9	+2. 3	+1. 6	+19. 7	+20. 6	+17. 8
Florida.....	26, 121	63, 851	1, 309, 550	50. 13	+1. 3	+1. 3	+1. 3	+26. 7	+26. 0	+51. 3
Georgia.....	13, 997	35, 974	685, 480	45. 40	+3. 2	+3. 0	+4. 4	+25. 0	+24. 4	+39. 8
Hawaii.....	3, 694	11, 009	322, 518	87. 31	+4. 9	+5. 0	+4. 8	+93. 4	+95. 7	+95. 8
Idaho.....	2, 552	6, 411	250, 232	98. 05	+2. 1	+1. 5	+1. 9	+18. 3	+16. 8	+20. 9
Illinois.....	25, 446	64, 969	2, 268, 824	89. 16	-1. 0	-1. 0	-6. 8	+5. 8	+6. 3	-5. 2
Indiana.....	11, 209	27, 186	737, 162	65. 77	+2. 3	+2. 0	+2. 6	+25. 4	+23. 2	+54. 0
Iowa.....	5, 080	13, 042	391, 558	77. 08	+2. 0	+2. 1	+2. 5	+10. 9	+10. 7	+39. 2
Kansas.....	5, 702	14, 744	484, 490	84. 97	+1. 3	+1. 6	+1. 8	+11. 0	+12. 1	+13. 6
Kentucky.....	19, 800	49, 837	751, 218	37. 94	+3. 5	+3. 2	-1. 2	+14. 7	+14. 8	+13. 6
Louisiana.....	30, 354	77, 894	1, 789, 150	58. 94	+1. 1	+1. 8	+1. 1	+41. 8	+39. 7	+40. 9
Maine.....	3, 774	9, 894	246, 230	65. 24	+3. 5	+3. 6	+3. 9	+15. 6	+7. 4	-5. 3
Maryland.....	6, 409	19, 127	515, 115	80. 37	+3. 1	+2. 7	+1. 4	+9. 6	+10. 0	+5. 7
Massachusetts.....	13, 241	32, 043	1, 519, 650	114. 77	+1. 1	+1. 2	+1. 3	+18. 0	+17. 1	+18. 9
Michigan.....	27, 642	63, 281	2, 452, 505	88. 72	+1. 7	+1. 7	+1. 9	+18. 2	+15. 9	+22. 5
Minnesota.....	7, 942	20, 083	729, 100	91. 80	+1. 3	+1. 2	+2. 3	+6. 8	+6. 3	+40. 8
Mississippi.....	10, 612	29, 227	285, 845	26. 94	+4. 2	+4. 7	+4. 6	+39. 9	+43. 9	+43. 2
Missouri.....	25, 757	64, 351	1, 355, 968	52. 64	+1. 7	+1. 4	+1. 5	+10. 7	+7. 7	+8. 3
Montana.....	2, 509	6, 525	209, 346	83. 44	+1. 8	+1. 3	+1. 8	+23. 4	+24. 8	+44. 1
Nebraska.....	3, 679	8, 778	306, 405	83. 28	+1. 3	+1. 8	+1. 2	+12. 1	+12. 5	+11. 1
Nevada.....	54	84	1, 320	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
New Hampshire.....	1, 611	3, 977	146, 257	90. 79	+1. 4	+1. 2	+2. 2	+18. 4	+16. 9	+24. 3
New Jersey.....	5, 520	14, 038	473, 003	85. 69	+2. 1	+1. 5	+1. 7	+9. 1	+6. 2	+12. 4
New Mexico.....	5, 226	13, 473	272, 952	52. 24	+1. 8	+1. 8	+1. 9	+7. 0	+7. 4	+6. 1
New York.....	59, 146	136, 064	6, 111, 406	103. 33	+1. 3	+1. 2	+1. 6	+15. 0	+13. 2	+8. 0
North Carolina.....	14, 519	40, 846	629, 626	43. 37	+2. 8	+2. 8	+3. 2	+27. 5	+25. 9	+34. 1
North Dakota.....	1, 847	4, 994	189, 873	102. 80	+1. 4	-1. 1	-1. 0	+6. 8	+7. 6	+13. 6
Ohio.....	14, 131	37, 953	871, 682	61. 69	+1. 1	+1. 3	+1. 1	+18. 6	+17. 4	+6. 4
Oklahoma.....	23, 758	60, 255	1, 232, 569	51. 88	-1. 3	(⁴)	-1. 1	+1. 6	+1. 0	+1. 3
Oregon.....	3, 683	9, 213	386, 460	104. 93	+1. 7	+1. 9	+1. 9	+18. 7	+16. 4	+14. 6
Pennsylvania.....	57, 733	148, 057	5, 295, 700	91. 73	+1. 9	+1. 8	+1. 2	+29. 9	+28. 8	+29. 9
Rhode Island.....	3, 820	9, 097	332, 547	87. 05	+2. 0	+1. 4	+1. 2	+21. 6	+16. 4	+25. 7
South Carolina.....	8, 601	24, 712	316, 931	36. 85	+2. 1	+2. 2	+2. 5	+19. 6	+20. 5	+25. 4
South Dakota.....	2, 271	5, 622	148, 024	65. 18	+1. 4	+2. 4	+1. 2	+17. 7	+18. 2	+39. 7
Tennessee.....	23, 757	63, 882	1, 152, 192	48. 50	+2. 7	+2. 6	+2. 7	+34. 0	+33. 6	+34. 5
Texas.....	18, 051	50, 549	809, 093	44. 82	+2. 1	+2. 1	+2. 2	+13. 3	+14. 4	+3. 4
Utah.....	3, 590	9, 173	332, 224	92. 54	+1. 4	+1. 2	+1. 0	+4. 5	+4. 8	+10. 8
Vermont.....	986	2, 658	52, 877	53. 63	-1. 5	-4. 1	-3. 3	+4. 9	+3. 4	+4. 4
Virginia.....	7, 813	22, 130	356, 181	45. 59	+3. 2	+3. 3	+3. 8	+24. 5	+23. 2	+28. 6
Washington.....	12, 729	30, 074	1, 287, 916	101. 18	+1. 5	+1. 5	+1. 7	+27. 6	+26. 4	+5. 3
West Virginia.....	18, 534	52, 306	1, 018, 207	54. 94	+3. 3	+3. 5	+3. 5	+52. 8	+58. 5	+66. 2
Wisconsin.....	9, 262	23, 114	918, 357	99. 21	+1. 3	+1. 4	+1. 2	+14. 6	+14. 1	+17. 5
Wyoming.....	587	1, 575	56, 990	97. 09	+1. 7	+1. 0	+1. 1	+23. 8	+23. 7	+22. 7

¹ For definition of terms see the *Bulletin*, January 1948, pp. 24-26. Figures in italics represent program administered without Federal participation. Data exclude programs in Florida, Kentucky, and Nebraska administered without Federal participation concurrently with programs under the Social Security Act. All data subject to revision.

² States with plans approved by the Social Security Administration.

³ Excludes cost of medical care, for which payments are made to recipients quarterly.

⁴ Average payment not calculated on base of less than 50 families; percentage change, on less than 100 families.

⁵ In addition to these payments from aid to dependent children funds, supplemental payments of \$172,588 from general assistance funds were made to 4,335 families.

⁶ Decrease of less than 0.05 percent.

VENDOR PAYMENTS

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hospital funds in Iowa are included as medical assistance.

In general, all amounts reported by the agencies as medical assistance have been included in table 4.

Amounts reported by some States for children receiving child welfare services and for those in foster homes have been excluded. Possibly in other States the expenditures for these cases are included with those for cases receiving medical care only.

It is estimated that assistance agencies are spending during a year as much as \$125 million for medical assistance. If this estimate is approximately correct, about two-thirds of the total cost is being met by vendor payments.