

# Private Health Insurance: Coverage and Financial Experience, 1965

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THE PURPOSE of this article is to extend and carry forward the data and analyses on private health insurance coverage and finances published by the Office of Research and Statistics of the Social Security Administration for many years.

The first part of the article deals with the extent and growth of health insurance coverage and the financial aspects of health insurance for the Nation as a whole; the second part deals with the extent of coverage and premium income and benefit expenditures by region as well as by State.

## ENROLLMENT AND EXTENT OF COVERAGE

Data in table 1 give the actual or estimated number of persons covered at the end of 1965 for hospital care, surgical service, and physician in-hospital visits by the Blue Cross and Blue Shield plans, by insurance companies, and by the independent plans. "Covered" means having some health insurance protection against the cost of these services. Benefits may be in the form of entitlement to service or cash indemnity against the cost of care.

The data for the Blue Cross and Blue Shield plans are those reported by the national associations of these plans to the Office of Research and Statistics, with ORS responsible for the synthesis of the data. The insurance company data are the estimates of the Health Insurance Association of America, based on its 1966 survey of the persons covered by insurance companies under group and individual policies.<sup>1</sup> The data for the independent plans (all plans other than Blue Cross, Blue Shield, or insurance companies) are estimates made by the Office of Research and Statistics on the basis of its 1965 survey of all

such plans and its 1966 survey of the larger plans.<sup>2</sup>

The total gross enrollment reported by or for the three main types of health insurance organizations (with the net number of different persons covered used for enrollment of insurance companies) is 167.7 million for hospital care, 158.7 million for surgical service and 119.3 million for in-hospital physician visits. Since some people have coverage through more than one type of health insurance organization, these figures overstate by a considerable margin the net number of different persons covered.

Of the total gross enrollment in the three types of organizations for hospital care, 38 percent is in the Blue Cross-Blue Shield plans, 58 percent in insurance companies, and 4 percent in independent plans. The Blue Cross-Blue Shield plans have 36 percent of the gross surgical enrollment, insurance companies have 59 percent, and the independent plans 5 percent. Forty-four percent of the coverage for in-hospital physician visits is through Blue Cross-Blue Shield plans, 49 percent through insurance companies, and 7 percent through independent plans.

Only rough estimates can be made of the extent to which people have coverage through more than one type of carrier and of the net number of different persons with health insurance coverage for each service. In making its estimates, the Health Insurance Association of America (HIAA) uses basic data that vary somewhat from those shown in table 1 and calculates the duplication that results from multiple coverage at 7.6 percent of gross enrollment for hospital care, a little more than that percentage for surgical service, and somewhat less for in-hospital physician visits. It thus arrives at the following estimates of the number of different persons cov-

<sup>2</sup> Louis S. Reed, Arne H. Anderson, and Ruth S. Hanft, *Independent Health Insurance Plans in the United States, 1965 Survey*, Research Report No. 17 (Social Security Administration, Office of Research and Statistics), and Louis S. Reed and Kathleen Myers, *Independent Health Insurance Plans, 1965*, Research and Statistics Note No. 9 (Social Security Administration, Office of Research and Statistics), 1966.

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<sup>1</sup> Health Insurance Council, *New Dimensions of Voluntary Health Insurance in the United States as of December 31, 1965*, 1966.

ered at the end of 1965: 156.0 million for hospital care, 145.9 million for surgical benefits, and 112.8 million for in-hospital medical benefits.<sup>3</sup> These figures represent 80.9 percent, 75.6 percent, and 58.5 percent, respectively, of the civilian population.

The HIAA estimates have run consistently higher than the findings of the various household interview surveys on the extent of health insurance coverage. Thus the HIAA estimated that, at the end of 1962, 76 percent of the population had hospital coverage and 71 percent had surgical coverage. The Public Health Service in its household survey for the period July 1962–June 1963 found that 69 percent of the population had hospital insurance and 64 percent had surgical insurance.<sup>4</sup>

Two independent estimates of the net number of the population with health insurance coverage may be made. The first estimate is arrived at by applying duplication factors found in the Public Health Service survey of 1962–63 to the gross enrollments shown in table 1. That survey found that 7.1 percent of those with hospital insurance had coverage under both a Blue Cross or Blue Shield plan and another plan (insurance company or independent plan).<sup>5</sup> The analogous figure for surgical insurance was 5.4 percent. Applying these duplication factors<sup>6</sup> to the sum of Blue Cross-Blue Shield and other plan enrollment, after an appropriate deduction for duplication between insurance companies and independent plans, yields estimates of 156.0 million different persons with hospital insurance and 150.1 million

TABLE 1.—Number of persons enrolled by private health insurance organizations, and Health Insurance Association of America estimate of net number of different persons covered, by type of benefit, as of December 31, 1965

[In thousands, except percents]

Type of plan	Hospital care		Surgical service		In-hospital physician visits	
	Number	Percent	Number	Percent	Number	Percent
Gross total.....	167,688	100.0	158,730	100.0	119,345	100.0
Blue Cross-Blue Shield plans.....	63,662	38.0	56,330	35.5	53,119	44.5
Blue Cross.....	61,651	36.8	3,660	2.3	3,610	3.0
Blue Shield.....	2,012	1.2	52,669	33.2	49,509	41.5
Insurance companies:						
Net total <sup>2</sup> .....	97,042	57.9	93,717	59.0	58,398	48.9
Unadjusted total.....	108,524		104,402		63,191	
Group policies.....	67,104		67,557		50,632	
Individual policies.....	41,420		36,845		12,559	
Independent plans.....	6,984	4.2	8,684	5.5	7,828	6.6
Community.....	1,954	1.2	3,400	2.1	3,388	2.8
Employer-employee-union.....	4,971	3.0	5,068	3.2	4,187	3.5
Medical society.....	8	( <sup>3</sup> )	10	( <sup>3</sup> )	10	( <sup>3</sup> )
Private group clinic.....	51	( <sup>3</sup> )	206	.1	243	.2
HIAA estimate:						
Net number of different persons covered.....	156,047		145,938		112,808	
Percent of civilian population.....	80.9		75.6		58.5	

<sup>1</sup> Estimated.

<sup>2</sup> Number of different persons covered—that is, after deduction for those covered by more than 1 insurance policy.

<sup>3</sup> Less than 0.05 percent.

<sup>4</sup> Based on estimated civilian population (192,920,000) as of Jan. 1, 1966.

with surgical insurance at the end of 1965—or 80.9 percent and 77.8 percent of the civilian population, respectively. The first figure is not materially different from the HIAA estimate, the second is slightly higher.

A second estimate may be made (1) by taking the Public Health Service findings for 1962–63 (on the assumption that the data for this period represent roughly the situation as of December 31, 1962) that 128.7 million persons had hospital insurance and 119.1 million had surgical insurance and (2) by assuming that the percentage increase from 1962 to 1965 was the same as the percentage increase in total gross enrollment of all carriers for the same period. This process yields estimates of 142.2 million different persons with some hospital insurance at the end of 1965 and 133.9 million with some surgical insurance, or 73.7 percent and 69.4 percent of the civilian population. These figures may be compared with the HIAA estimates of 80.9 percent and 75.6 percent.

Probably the most precise statement that can be made on the proportion of the population with some health insurance coverage at the end of 1965 is that it is in the range of 74–81 percent for

<sup>3</sup> Health Insurance Council, *op. cit.* For a discussion of the HIAA estimates, including methods of estimating duplicating coverage, see Louis S. Reed, *Extent of Health Insurance Coverage in the United States*, Research Report No. 10 (Social Security Administration, Office of Research and Statistics), 1965.

<sup>4</sup> National Center for Health Statistics, *Health Insurance Coverage, United States, July 1962–June 1963* (Series 10, No. 11), 1964. The data in this publication are in terms of the noninstitutional population, but they have been converted here to percentages of the total civilian population to be comparable with the HIAA estimates. For a comparison of the findings of the various relevant household surveys and the HIAA estimates, see Louis S. Reed, *Extent of Health Insurance Coverage in the United States*, chapter 2.

<sup>5</sup> National Center for Health Statistics, *Health Insurance: Type of Insuring Organization and Multiple Coverage, July 1962–June 1963* (Series 10, No. 16), 1965. The figures given are for those who knew their type of plan.

<sup>6</sup> Converted to apply to gross enrollment—that is, the factor used for hospital coverage was 6.63 (7.1 divided by 107.1 times 100).

TABLE 2.—Number of persons enrolled in private health insurance organizations, and Health Insurance Association of America estimate of net number of different persons enrolled, by type of benefit, as of December 31, selected years, 1940-65<sup>1</sup>

[In thousands, except percents]

End of year	Total gross enrollment	Blue Cross-Blue Shield plans			Insurance companies				Independent plans					HIAA estimates of net number of different persons covered	
		Blue Cross-Blue Shield	Blue Cross	Blue Shield	Net total <sup>2</sup>	Unadjusted total	Group policies	Individual policies	Total	Community-consumer	Employer-employee-union	Medical society	Private group clinics	Number	Percent of civilian population
<b>Hospital benefits</b>															
1940	12,022	6,072	6,012	60	3,700	3,700	2,500	1,200	2,250	140	1,560	110	440	12,312	9.3
1945	32,135	18,961	18,881	80	10,504	10,504	7,804	2,700	2,670	420	1,660	200	390	32,068	24.0
1950	79,045	37,645	37,435	210	36,955	39,601	22,305	17,296	4,445	1,445	2,280	500	220	76,639	50.7
1955	115,123	48,924	47,719	1,205	59,654	65,735	39,029	26,706	6,545	3,220	3,660	45	107,662	65.4	
1960	142,343	57,464	55,938	1,526	78,885	88,120	55,218	32,902	5,994	1,604	4,000	340	50	131,962	73.4
1961	146,431	57,960	56,489	1,471	81,369	90,887	57,013	33,874	7,102	1,851	4,850	344	57	136,522	74.8
1962	151,729	59,618	58,133	1,485	85,174	95,214	59,153	36,061	6,937	1,830	4,703	344	60	141,437	76.3
1963	158,124	60,698	59,141	1,557	90,261	100,882	62,817	38,065	7,165	1,947	4,814	344	60	147,168	78.2
1964	162,478	62,429	60,478	1,951	93,209	104,230	64,506	39,724	6,840	1,859	4,785	8	188	151,123	79.2
1965	167,688	63,662	61,651	2,012	97,042	108,524	67,104	41,420	6,984	1,954	4,971	8	51	156,047	80.9
<b>Surgical benefits</b>															
1940	4,790	260	260	2,280	2,280	1,430	850	2,250	200	1,480	110	460	5,350	4.0	
1945	12,092	2,335	127	2,208	7,337	7,337	5,537	1,800	2,420	350	1,460	200	410	12,890	9.7
1950	54,441	17,253	1,151	16,102	33,428	34,937	21,219	13,718	3,760	940	1,950	600	270	54,156	35.8
1955	99,970	37,395	3,194	34,201	56,645	62,170	39,725	22,445	5,930	2,130	3,200	430	170	91,927	55.8
1960	130,907	48,266	3,773	44,493	75,305	83,713	55,504	28,209	7,336	2,760	4,020	346	210	121,045	67.3
1961	136,729	49,374	3,048	46,326	78,861	87,775	57,373	30,402	8,494	3,026	4,891	346	231	126,940	69.6
1962	141,146	50,876	2,814	48,062	81,983	91,230	59,787	31,443	8,287	3,003	4,695	346	243	131,185	70.8
1963	148,141	52,371	2,740	49,631	87,162	97,033	63,288	33,745	8,608	3,006	4,806	346	250	136,831	72.7
1964	152,328	54,473	3,222	51,251	89,558	99,714	64,939	34,775	8,297	3,111	4,968	10	208	140,667	73.7
1965	158,730	56,330	3,660	52,669	93,717	104,402	67,557	36,845	8,684	3,400	5,068	10	206	145,938	75.6
<b>In-hospital medical benefits<sup>3</sup></b>															
1940	2,265	65			535	535			2,200	170	1,430	110	490	3,000	2.3
1945	3,640	770			8,001	8,301	3,355	200	2,335	350	1,360	200	425	4,713	3.5
1950	20,721	9,400			25,031	26,942	20,678	6,264	3,320	930	1,660	460	270	21,589	14.3
1955	58,971	28,500			41,312	44,704	35,802	8,902	5,440	1,870	2,960	420	190	55,506	33.7
1960	89,928	41,700			44,399	48,120	38,003	10,117	6,916	2,680	3,670	346	220	87,541	48.7
1961	96,129	43,700			47,010	50,986	40,012	10,974	8,030	2,924	4,523	346	237	94,209	51.6
1962	100,799	46,000			50,921	55,227	43,343	11,884	7,789	2,897	4,297	346	249	98,204	53.0
1963	107,214	48,200			55,174	59,764	47,446	12,318	8,093	3,093	4,398	346	256	103,263	54.9
1964	112,399	49,800			58,398	63,191	50,632	12,559	7,425	3,100	4,069	10	246	108,717	57.0
1965	119,345	53,119							7,828	3,388	4,187	10	213	112,808	58.5

<sup>1</sup> For data for years not shown, see the *Social Security Bulletin*, December 1965, pp. 15, 17.

<sup>2</sup> Net number of different persons covered.

<sup>3</sup> Data for Blue Cross-Blue Shield plans estimated, not available separately.

hospital coverage and 69-78 percent for surgical coverage.

Table 2 presents data for 1940-65 similar to those of table 1. The growth in percent of the population covered (as indicated by the HIAA estimates) was largest in the decade 1945-55 and since 1957-58 has perceptibly leveled off. Surgical coverage started later than hospital coverage. Its growth through 1946-56 paralleled that of hospital coverage but with a lag of about 3 years; it has now nearly caught up to hospital coverage. Coverage of in-hospital physician visits is increasing rapidly, and the gap between it and the other coverages is fast narrowing.

During the entire period the share of insurance companies in the total gross enrollment for hospital and surgical benefits has tended to grow,

and the shares of the Blue Cross-Blue Shield plans and independent plans have shrunk (table 3). Independent plans were a large segment of all health insurance plans in the early years; their relative importance has diminished. The insurance companies' share of coverage for in-hospital physician visits is lower than for other benefits.

Of course, the number of persons with some health insurance coverage is only part of the story. The comprehensiveness of the coverage and the proportion of health care costs met by the insurance are equally vital.

### Coverage of Other Services

Until recent years virtually all discussion of the extent of health insurance coverage has been

TABLE 3.—Percentage distribution of total gross enrollment under private health insurance organizations, by type of benefit, 1940-65

End of year	Hospital benefits			Surgical benefits			Physician in-hospital visits		
	Blue Cross-Blue Shield	Insurance companies (net)	Independent plans	Blue Cross-Blue Shield	Insurance companies (net)	Independent plans	Blue Cross-Blue Shield	Insurance companies (net)	Independent plans
1940	50.5	30.8	18.7	5.4	47.6	47.0	2.9		97.1
1945	59.0	32.7	8.3	19.3	60.7	20.0	21.2	14.7	64.1
1950	47.6	46.8	5.6	31.7	61.4	6.9	45.4	38.6	16.0
1955	42.5	51.8	5.7	37.4	56.7	5.9	48.3	42.4	9.2
1960	40.4	55.4	4.2	36.9	57.5	5.6	46.4	45.9	7.7
1961	39.6	55.6	4.9	36.1	57.7	6.2	45.5	45.2	8.4
1962	39.3	56.1	4.6	36.0	58.1	5.9	45.6	46.6	7.7
1963	38.4	57.1	4.5	35.4	58.8	5.8	45.0	47.5	7.5
1964	38.4	57.4	4.2	35.8	58.8	5.4	44.3	49.1	6.6
1965	38.0	57.9	4.2	35.5	59.0	5.5	44.5	48.9	6.6

in terms of the services already discussed. Such a limited view is now outdated as health insurance has been extended to physician service in the office and home, prescribed drugs, dental care, private-duty nursing, visiting-nurse service, and nursing-home care—all types of medical care expense previously considered uninsurable.

Table 4 shows the growth in the number of persons covered under major medical policies of insurance companies and comprehensive extended benefit and major medical contracts of Blue Cross-Blue Shield plans. Typically, major medical policies of insurance companies cover all types of medical care expense other than dental care and nursing-home care, and sometimes nursing-home care is included. The extended benefit and

supplementary major medical contracts of Blue Cross-Blue Shield plans are more varied, but increasingly plans are offering through one type of contract or another some coverage of outpatient care, physician service in the office and home, visiting and private-duty nursing, drugs, and to a lesser extent nursing-home care.

As shown in table 5, about 41 percent of the population now has some coverage of X-ray and laboratory examinations outside the hospital, 33 percent has some coverage of physician visits in the office and home, about 28 percent has some coverage of drugs, 29 percent private-duty nursing, 31 percent visiting-nurse service, and about 5 percent nursing-home care. Insurance coverage of dental care is growing fairly rapidly through

TABLE 4.—Number of persons covered under major medical policies of insurance companies and under comprehensive extended benefit and supplementary major medical contracts of Blue Cross-Blue Shield plans, 1951-65

[In thousands]

End of year	Insurance companies					Blue Cross-Blue Shield plans <sup>1</sup>		
	Total	Group policies			Individual and family policies	Total	Comprehensive extended benefit	Supplementary major medical
		Total	Supplementary	Comprehensive				
1951	108	96	96		12			
1952	689	533	533		156			
1953	1,220	1,044	1,044		176			
1954	2,198	1,892	1,841	51	306			
1955	5,241	4,759	3,928	831	482			
1956	8,876	8,294	6,881	1,413	582			
1957	13,262	12,428	9,290	3,138	834			
1958	17,375	16,229	11,072	5,157	1,146			
1959	21,850	20,353	13,900	6,453	1,497	( <sup>2</sup> )	( <sup>2</sup> )	
1960	27,448	25,608	17,285	8,323	1,840	3,713	693	
1961	34,138	31,517	22,281	9,236	2,621	5,059	1,044	
1962	38,250	35,053	25,301	9,752	3,197	7,501	1,735	
1963	42,441	38,699	28,248	10,451	3,742	( <sup>2</sup> )	( <sup>2</sup> )	
1964	47,001	42,579	31,772	10,807	4,422	( <sup>2</sup> )	( <sup>2</sup> )	
1965	51,946	47,269	35,988	11,281	4,677	<sup>3</sup> 14,600	( <sup>4</sup> )	

<sup>1</sup> Comparable data not available for earlier years; data shown are for Blue Cross plans only, except for 1965. Data exclude persons covered under polio and dread disease and prolonged illness contracts offering coverage only for specified diseases.

<sup>2</sup> Data not available.

<sup>3</sup> Preliminary data; includes 1,600,000 in Blue Shield plans not affiliated

with Blue Cross.

<sup>4</sup> Blue Cross Association no longer distinguishes between the two types of contracts.

Source: Data for insurance companies from *Source Book of Health Insurance, 1965* and HIAA; data for Blue Cross and Blue Shield plans from the Blue Cross Association and the National Association of Blue Shield Plans.

TABLE 5.—Estimated number of persons enrolled by private health insurance organizations, for services other than hospital, surgical, or in-hospital physician benefits, end of year, 1965

[In millions]

Type of plan	X-ray and laboratory services (outside hospital)	Physician office and home visits	Dental care	Prescribed drugs (outside hospital)	Private-duty nursing	Visiting-nurse service	Nursing-home care
Blue Cross-Blue Shield <sup>1</sup> .....	28.0	14.0	-----	9.6	9.8	12.7	5.1
Insurance companies <sup>2</sup> .....	48.0	45.0	1.0	43.0	45.0	45.0	4.0
Independent plans <sup>3</sup> .....	7.7	7.0	2.1	2.8	3.5	4.9	1.0
Total.....	83.7	66.0	3.1	55.4	58.3	62.6	10.1
Deduction for duplication <sup>4</sup> .....	4.2	2.6	-----	2.2	2.3	2.5	.2
Net total of different persons.....	79.5	63.4	3.1	53.2	56.0	60.1	9.9
Percent of civilian population <sup>5</sup> .....	41.2	32.9	1.6	27.6	29.0	31.2	5.1

<sup>1</sup> Estimated on the basis of data from the Blue Cross Association and the National Association of Blue Shield Plans.

<sup>2</sup> Estimated from data on major medical and other coverages.

<sup>3</sup> From Louis S. Reed, Arne H. Anderson, and Ruth S. Hanft, *Independent Health Insurance Plans in the United States, 1965 Survey*.

<sup>4</sup> Estimated at 5 percent for X-ray and laboratory, 4 percent for physician office and home visits, zero for dental care, 4 percent for drugs, private-duty nursing and visiting-nurse service, and 2 percent for nursing-home care.

<sup>5</sup> Based on estimated civilian population (192,920,000), as of Jan. 1, 1966.

dental-service prepayment plans sponsored by dental societies, employer-employee-union independent plans, and basic and major medical policies of insurance companies. About 2 percent of the population now has some coverage of this service.

### Characteristics of Those Insured

Any meaningful discussion of the extent of health insurance must take into account the fact that certain groups of the population are more widely insured than others. As the following data from the 1962-63 survey of the Public Health Service shows (table 6): the middle and higher income groups enjoy health insurance protection to a much greater degree than the lower income groups; white persons have more health insurance than nonwhite persons; the employed in the labor force are much more widely insured than the unemployed; those in the professional and managerial occupations and in clerical and sales work are more widely insured than those in other occupational groups; farm laborers and workers in private households are least apt to have health insurance; and persons living in cities have health insurance to a greater degree than those in rural areas. As shown later in the article, the extent of coverage also varies among the regions and States.

### FINANCIAL EXPERIENCE

In 1965 the earned subscription or premium income of all private health insurance organiza-

tions was almost exactly \$10 billion (table 7). They expended \$8.7 billion (87.3 percent) for benefits, used \$1.4 billion (14.2 percent) for operating expenses, and had a net underwriting loss of \$145 million (-1.5 percent). This loss is more than offset by income from investment of reserves, but data on such income are not available for the insurance companies.

The Blue Cross and Blue Shield plans together had a subscription income of \$4,169 million and other income—virtually all investment income—

TABLE 6.—Selected characteristics of persons with health insurance, July 1962-June 1963

Characteristic	Percent of persons with—	
	Hospital insurance	Surgical insurance
<b>Family income:</b>		
All persons with health insurance.....	70.3	65.2
Under \$2,000.....	34.1	28.8
2,000-3,999.....	51.9	46.8
4,000-6,999.....	79.0	73.9
7,000-9,999.....	87.3	83.2
10,000 or more.....	87.9	82.6
<b>Race:</b>		
Whites.....	73.6	68.5
Non-whites.....	45.5	40.2
<b>Residence:</b>		
Urban.....	74.5	(1)
Rural nonfarm.....	63.8	(1)
Rural farm.....	50.8	(1)
<b>Occupation:</b>		
All persons in the labor force.....	76.4	71.0
Employed.....	77.7	72.3
Unemployed.....	50.8	45.8
Professional and managers.....	84.2	78.6
Clerical and sales.....	84.8	79.3
Farmers and farm managers.....	74.3	69.3
Operative and service workers.....	75.3	69.9
Farm laborers.....	27.3	23.5
Private household.....	51.4	45.3
Laborers, except farm and mine.....	59.7	54.5
All other occupations.....	55.3	48.7

<sup>1</sup> Data not available.

Source: Public Health Service, National Center for Health Statistics, *Health Insurance Coverage, United States, July 1962-June 1963* (Series 10, No. 11), 1964.

TABLE 7.—Financial experience of private health insurance organizations, 1965

[Amounts in millions]

Type of plan	Total income	Subscription or premium income	Claims expense		Operating expense		Net gain from underwriting		Net income	
			Amount	Percent of premium income	Amount	Percent of premium income	Amount	Percent of premium income	Amount	Percent of total income
Total.....	(1)	\$10,001.3	\$8,728.9	87.3	\$1,417.7	14.2	\$-145.3	-1.5	(1)	(1)
Blue Cross-Blue Shield plans.....	\$4,229.8	4,169.0	3,912.9	93.9	238.9	5.7	17.2	.4	\$78.0	1.8
Blue Cross.....	3,036.5	2,993.7	2,853.4	95.3	132.3	4.4	8.5	.3	51.3	1.7
Blue Shield.....	1,193.3	1,175.3	1,059.5	90.1	106.6	9.1	8.6	.7	26.7	2.2
Insurance companies.....	(1)	5,224.0	4,265.0	81.6	1,140.0	21.8	-181.0	-3.5	(1)	(1)
Group.....	(1)	3,665.0	3,413.0	93.1	454.0	12.4	-202.0	-5.5	(1)	(1)
Individual.....	(1)	1,559.0	852.0	54.7	686.0	44.0	21.0	1.3	(1)	(1)
Independent plans.....	608.3	608.3	551.0	90.6	38.8	6.4	18.5	3.0	18.5	3.0
Community.....	216.2	216.2	198.6	91.8	16.3	7.6	1.3	.6	1.3	.6
Employer-employee-union.....	366.3	366.3	329.0	89.8	20.5	5.6	16.8	4.6	16.8	4.6
Medical society.....	.7	.7	.5	72.5	.1	9.5	.1	18.0	.1	18.0
Private group clinic.....	12.1	12.1	10.8	89.5	1.1	8.9	.2	1.6	.2	1.6
Dental society.....	13.0	13.0	12.1	93.3	.8	6.2	.1	.6	.1	.6

<sup>1</sup> Data not available.

of \$60 million, or a total income of \$4,229 million. They used \$3,913 million (93.9 percent of subscription income) for provision of benefits—payments to hospitals and physicians for services for covered persons—and \$239 million (5.7 percent) for operating expenses; they had a net underwriting gain of \$17 million (0.4 percent of subscription income) and a net income of \$78 million equal to 1.8 percent of total income.

Blue Cross plans paid out 95.3 percent of subscription income for benefits; Blue Shield plans used 90.1 percent. About 4.4 percent of Blue Cross subscription income went for operating expenses, compared with 9.1 percent of Blue Shield income.

In 1965 insurance companies had a total earned premium income (after dividends) on their health (hospital and medical care) insurance business

of \$5,224 million, of which \$3,665 million was from group business and \$1,559 million from individual business. Comprehensive data are not available on the income insurance companies obtain from investment of health insurance reserves, so no precise statement can be made concerning their total income. Total reserves of the health insurance segment of their business may, however, be calculated at about \$4.7 billion at the end of 1965 and about \$4.2 billion at the end of 1964—an indication that, at a 5-percent return, investment income for the year would be about \$220 million.<sup>7</sup>

Total claims expense (claims incurred) amounted to \$4,265 million or 82 percent of earned premium income—93.1 percent for group business and 54.7 percent for individual business. Operating expense totaled \$1,140 million or 21.8 percent of premium income. As with claims expense, the ratio of operating expense to premium income was markedly different for group business (12.4 percent) and individual (44.0 percent) business.

TABLE 8.—Percentage distribution of subscription or premium income, claims expense, and operating expense, for private health insurance organizations, 1965

Type of plan	Subscription or premium income	Claims expense	Operating expense
Total.....	100.0	100.0	100.0
Blue Cross-Blue Shield.....	41.7	44.8	16.9
Blue Cross.....	29.9	32.7	9.4
Blue Shield.....	11.8	12.1	7.5
Insurance companies.....	52.2	48.9	80.4
Group.....	36.6	39.1	32.0
Individual.....	15.6	9.8	48.4
Independent plans.....	6.1	6.3	2.7
Community.....	2.2	2.3	1.1
Employer-employee-union.....	3.7	3.8	1.4
Medical society.....	(1)	(1)	(1)
Private group clinic.....	.1	.1	.1
Dental society.....	.1	.1	.1

<sup>1</sup> Less than 0.05 percent.

<sup>7</sup> The total reserves of all group and individual accident and health insurance (hospital and medical and wage loss) amounted to \$6.2 billion at the end of 1965 and \$5.6 billion at the end of 1964 (*1966 Spectator Health Insurance Index*, Spectator Company). The figures in the text are estimated by assuming that reserves are distributed between health care and wage-loss insurance in the same proportion as are premiums (about 75 percent for health care).

For a discussion of investment income and 1963 estimates, see Louis S. Reed, *Financial Experience of Health Insurance Organizations*, Research Report No. 12 (Social Security Administration, Office of Research and Statistics), 1966.

The low loss ratio and high operating expense ratio on individual policies reflect, of course, the relatively high cost of selling such policies. Insurance companies had a net underwriting loss for the year of \$181 million, the result of a net underwriting loss of \$202 million on group business (5.5 percent of earned premium income) and a gain of \$21 million on individual business (1.3 percent of premium income). It is probable that the underwriting loss on group business is more than offset by the return on invested reserves. It seems plain, however, that this part of their business is relatively less profitable to insurance companies than their group disability (wage-loss) insurance or group life insurance.<sup>8</sup>

The independent plans had a total income (subscription and other income) in 1965 of \$608 million. They expended 90.6 percent in provision of benefits, had operating expenses of 6.4 percent, and a net income of 3.0 percent of total income.<sup>9</sup>

The financial data for the Blue Cross and Blue Shield plans were compiled from income statements of the individual plans provided by the two national associations. The data for Blue Cross include those for Health Services, Inc., an insurance company owned by the Blue Cross plans, and the data for Blue Shield include those for Medical Indemnity of America, an insurance company owned by the Blue Shield plans. The figures for the joint Blue Cross-Blue Shield plans have been allocated between Blue Cross and Blue Shield on the basis of claims expense for hospital care and physician service, respectively.

The data for insurance companies on premium income and benefit expense are estimates made by HIAA for the Office of Research and Statistics. The division of group accident and health business between health care and wage loss is based on the Association's annual surveys of enrollment and premiums and of benefits paid under group business. For individual business, the distribution is determined on the basis of benefits paid. The

<sup>8</sup> The estimates of HIAA on group disability insurance show a claims expense ratio of 74.0 percent, compared with 93.1 percent on group health insurance.

<sup>9</sup> Of total income of all independent plans in 1964, 92 percent came from subscription charges and employer-employee contributions, 2 percent from investments, and 6 percent from charges to members for services not covered under prepayment. Since total benefit expense for the group-practice plans includes the cost of providing services furnished on a direct charge (not prepayment) basis, expense must be related to total income, not prepayment income.

operating expenses are estimated by the Office of Research and Statistics on the basis of the operating expense ratios for all group and all individual accident and health business shown by the Spectator Company in its health insurance aggregates.<sup>10</sup>

Data for the independent plans are based on the survey of all such plans made by the Office of Research and Statistics in 1965 and the survey of the larger plans made in 1966.

Of the total premium or subscription income of all health insurance organizations, 41.7 percent was received by Blue Cross-Blue Shield plans (29.9 by Blue Cross and 11.8 by Blue Shield); 52.2 percent by insurance companies (36.6 under group business and 15.6 under individual policies); and 6.1 percent by the independent plans (table 8). The shares of total benefit expenditures for Blue Cross-Blue Shield plans and independent plans are somewhat larger than their shares of total premium income, because they pay out a larger proportion of their premium income in benefits than do insurance companies. Of the total operating expenses of all carriers, those of Blue Cross-Blue Shield constituted 17 percent, those of insurance companies 80 percent, and those of independent plans 3 percent.

When the carriers' shares of gross enrollment and premium income (table 8 and table 1) are compared, it will be noted that, though the Blue Cross-Blue Shield plans have 38 percent of the gross enrollment of all carriers for hospital benefits and 36 percent for surgical benefits, they receive 42 percent of the aggregate premium income. Though insurance companies have 58 percent of the gross enrollment for hospital benefits and 59 percent for surgical benefits, their premium income was 52 percent of the total for all organizations. The explanation, of course, is that the Blue Cross-Blue Shield plans tend to provide a more comprehensive coverage of hospital, surgical, and in-hospital physician visits and hence have a larger premium income per covered person than do the insurance companies.

The independent plans receive 6 percent of the total premium income of all plans. They have 4 percent of the gross enrollment for hospital care and 7 percent of the gross enrollment for in-hospital physician visits. The explanation for

<sup>10</sup> Spectator Company, *1966 Health Insurance Index*, 1966.

TABLE 9.—Benefit expense of private health insurance organizations, by type of service, 1965

[Amounts in millions]

Type of plan	Total benefit expense		Hospital care		Physician service		Other types of care	
	Amount	Percent	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
Total.....	\$8,728.9	100.0	\$5,789.8	66.3	\$2,679.8	30.7	\$259.3	3.0
Blue Cross-Blue Shield.....	3,912.9	100.0	2,824.3	72.2	1,048.6	26.8	40.0	1.0
Blue Cross.....	2,853.4	100.0	2,757.2	96.6	66.2	2.3	30.0	1.1
Blue Shield.....	1,059.5	100.0	67.0	6.3	982.4	92.8	10.0	.9
Insurance companies.....	4,265.0	100.0	2,729.0	64.0	1,359.0	31.9	177.0	4.2
Group.....	3,413.0	100.0	2,126.0	62.3	1,142.0	33.5	145.0	4.2
Individual.....	852.0	100.0	603.0	70.8	217.0	25.5	32.0	3.8
Independent plans.....	551.0	100.0	236.5	42.9	272.2	49.4	42.3	7.7
Community.....	198.6	100.0	57.4	28.9	137.8	69.4	3.4	1.7
Employer-employee-union.....	329.0	100.0	177.7	54.0	125.3	38.1	26.0	7.9
Medical society.....	.5	100.0	.2	40.0	.3	60.0	(1)	
Private group clinic.....	10.8	100.0	1.3	12.0	8.7	80.6	.8	7.4
Dental society.....	12.1	100.0					12.1	100.0

<sup>1</sup> Less than \$50,000.

the differences in these proportions is that two large independent plans do not cover hospital care and that many independent plans stress comprehensive coverage of physician service.

Of the total health insurance benefit expenditures of \$8.7 billion, it is estimated (table 9) that 66 percent went for hospital care (payment to hospitals or reimbursement of hospital care expenses), 31 percent for physician service, and 3 percent for other types of care (private-duty nursing, visiting-nurse service, drugs, nursing-home care, dental care, etc.).

The Blue Cross-Blue Shield plans used 72 percent of their benefit expenditures for payments to hospitals, 27 percent for payments to physicians, and 1.0 percent for other types of care—generally under extended benefit or supplementary major medical contracts. (These figures are Office of Research and Statistics estimates based on data provided by the plans.)

The insurance companies, according to HIAA estimates, used 64 percent of total expenditures for hospital care benefits, 32 percent for physician service benefits, and 4 percent for other types of care. Virtually all the expense for the “other types” of care is under major medical policies. The independent plans used 43 percent of total benefit expenditures for hospital care, 49 percent for physician service, and 8 percent for other types of care. Again, the emphasis given by many independent plans to comprehensive coverage of physician service and their interest in coverage of dental care, drugs, etc., is evident.

Table 10 gives some numerical expression of

the relative depth of coverage provided by the different carriers to their enrollees. The Blue Cross-Blue Shield plans expended, on the average, \$44.36 in hospital care benefits for every person enrolled by them for this type of benefit. The insurance companies similarly had benefit expenditures of \$28.12 for each different person covered by them for hospital care (under group policies, \$31.68 per policyholder, and under individual policies, \$14.45 per policyholder). The independent plans had estimated benefit expenditures for hospital care of \$33.86 per person covered by them.

With respect to benefit expenditures for physician service per person or enrollee covered for this service, items to be noted are the relatively large expenditures of the independent plans, and the very low expenditures per policyholder under the individual policies of insurance companies.

The net cost of health insurance to the American public in 1965 was \$1,272 million. This is the difference between earned premium or subscription income and benefit expenditures; it is what

TABLE 10.—Benefit expenditures of private health insurance organizations, per person enrolled for specified benefits, 1965

Type of plan	Hospital care	Physician service
Blue Cross-Blue Shield plans.....	\$44.36	\$18.62
Insurance companies <sup>1</sup> .....	28.12	14.59
Group policies <sup>2</sup> .....	31.68	17.02
Individual policies <sup>2</sup> .....	14.56	5.86
Independent plans.....	33.86	31.34

<sup>1</sup> Per net number of different persons covered by insurance companies.  
<sup>2</sup> Per enrollee (policyholders and covered dependents).



insurance organizations retain for operating expenses, additions to reserves, and profits. Of the total net cost of insurance to the public (the net cost of buying health insurance service), \$256 million represents the retentions of the Blue Cross-Blue Shield plans, \$959 million the retentions of insurance companies (\$252 million under group and \$707 million under individual policies), and \$57 million those of the independent plans.

In comparing the operating expenses of the three groups of carriers, it should be borne in mind that insurance companies pay premium taxes of 2-3 percent (varying from State to State) from which the Blue Cross-Blue Shield and independent plans are generally exempt. The Blue Cross-Blue Shield and independent plans, however, carry the full cost of administration (except for the expense of payroll deductions). Under most

large group insurance policies the employer or welfare fund performs much of the administrative work, including determination of eligibility and review and payment of claims.

The remaining tables in this section (11-14) give historical data from 1948 on. It will be seen that for the entire period, the Blue Cross-Blue Shield share of the premium income of all carriers has remained relatively constant at about 42 percent, but their share of benefit expenditures has declined with the increase in the benefit expense ratio of insurance companies. The insurance company share of total premium income has risen slightly from 49 percent to 52 percent (but with a larger group policy share and a decline in the share of individual policy business.) The independent plans have become progressively less important in terms of the relation of their pre-

TABLE 11.—Subscription or premium income and benefit expenditures of private health insurance organizations, 1948-64

(In millions)

Year	Total	Blue Cross-Blue Shield plans			Insurance companies			Independent 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	316.8
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	8,053.6	3,399.4	2,438.7	960.7	4,136.0	2,913.0	1,223.0	518.2
1964	8,983.6	3,785.1	2,697.6	1,087.5	4,652.0	3,297.0	1,355.0	546.5
1965	10,001.3	4,169.0	2,993.7	1,175.3	5,224.0	3,665.0	1,559.0	608.3
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	1,680.3	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	6,979.3	3,179.5	2,317.3	862.2	3,332.0	2,671.0	661.0	467.8
1964	7,832.1	3,574.4	2,592.8	981.6	3,763.0	3,024.0	739.0	494.7
1965	8,728.9	3,912.9	2,853.4	1,059.5	4,265.0	3,413.0	852.0	551.0

TABLE 12.—Percentage distribution of subscription or premium income and benefit expenditures of private health insurance organizations, 1948-64

(In millions)

Year	Total	Blue Cross-Blue Shield plans			Insurance companies			Independent 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	42.2	30.3	11.9	51.4	36.2	15.2	6.4
1964	100.0	42.1	30.0	12.1	51.8	36.7	15.1	6.1
1965	100.0	41.7	29.9	11.8	52.2	36.6	15.6	6.1
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	6.6
1961	100.0	45.4	32.8	12.6	47.5	38.1	9.4	7.4
1962	100.0	45.6	32.5	13.1	47.5	38.7	8.8	6.9
1963	100.0	45.6	33.2	12.4	47.7	38.3	9.5	6.7
1964	100.0	45.6	33.1	12.5	48.0	38.6	9.4	6.3
1965	100.0	44.8	32.7	12.1	48.9	39.1	9.8	6.3

mium income and benefit expenditures to the totals.

Over the years the public has been able to buy health insurance on increasingly advantageous terms, as shown by a steady decline in the retention ratio (retentions as a percent of premium income)—from 29.7 percent in 1948 to 12.7 percent in 1965 (table 13). This decrease is the result of two main factors: (1) the steady drop in the retention ratios of the Blue Cross-Blue Shield plans, group insurance business, and, to a lesser extent, individual policy business and (2) the steady decline in the relative importance of insurance company individual business with its very high retention ratios.

TABLE 13.—Retentions<sup>1</sup> of private health insurance organizations as a percent of subscription or premium income, 1948–65<sup>2</sup>

Year	Total	Blue Cross-Blue Shield plans			Insurance companies			Independent 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	5.0	10.3	19.4	8.3	46.0	9.7
1964	12.8	5.6	3.9	9.7	19.1	8.3	45.5	9.5
1965	12.7	6.1	4.7	9.9	18.4	6.9	45.3	9.4

<sup>1</sup> Amounts retained by the organizations for operating expenses, additions to reserves, and profits.  
<sup>2</sup> Derived from table 11.

For the whole period 1948–65, the aggregate premium incomes of insurance organizations—that is, private consumer expenditures for health insurance—have increased from \$5.91 to \$52.12 per capita for the entire civilian population. Average premium income per person with any health insurance coverage (with hospital insurance coverage as shown by the HIAA estimates) has increased from \$14.13 to \$64.09. And the percent of national disposable personal income spent for health insurance has increased from 0.5 percent to 2.1 percent (table 14).

The tabulation in the next column shows the distribution of benefit expenditures by type of care, 1960–65.

(In millions)

Year	Total	Hospital	Physician service	"Other"
1960	\$4,996	\$3,304	\$1,593	\$99
1961	5,695	3,766	1,796	133
1962	6,344	4,197	1,992	155
1963	6,980	4,642	2,153	185
1964	7,832	5,187	2,427	218
1965	8,729	5,790	2,680	259

In 1960, 2 percent of benefit expenditures were for types of care other than hospital care and physician service; by 1965 the proportion had increased to 3 percent.

Preliminary estimates suggest that in 1965 as in 1964 private health insurance met about one-third of consumer medical care expenditures (excluding the net cost of insurance).<sup>11</sup>

TABLE 14.—Per capita expenditures for private health insurance, average expenditures (subscription or premium income) per person covered, and percent of national disposable personal income spent for health insurance, 1948–65

Year	Per capita expenditures for health insurance	Average subscription or premium per person covered	Percent of national personal income spent for health insurance
1948	\$5.91	\$14.13	0.5
1949	6.85	15.38	.5
1950	8.57	16.85	.6
1951	10.95	19.45	.7
1952	12.95	21.91	.8
1953	15.36	24.72	1.0
1954	17.26	27.16	1.1
1955	19.33	29.25	1.1
1956	21.82	31.25	1.2
1957	24.50	34.13	1.3
1958	26.12	36.56	1.4
1959	29.32	40.18	1.5
1960	32.79	44.26	1.7
1961	36.83	48.88	1.8
1962	40.32	52.40	1.9
1963	43.14	54.72	2.0
1964	47.44	59.45	2.1
1965	52.12	64.09	2.1

## EXTENT OF COVERAGE BY REGION AND STATE

There is a considerable and growing interest on the part of the general public, government officials, and hospital, medical, and health insurance personnel in the extent of health insurance coverage and the financial experience of health insurance organizations in the various States. This section and the one that follows are aimed at meeting such interest. The data are for 1964. Data for 1965

<sup>11</sup> Estimates of national health expenditures will be presented in a later article in the *Social Security Bulletin*, and the role of private health insurance in meeting the costs of health care will be fully discussed there.

could not be provided at this time since the figures needed for State estimates are not available as early as the national data.

Tables 15 and 16 show the reported enrollment of health insurance organizations for hospital and surgical benefits by region and State and two

estimates of the net number and percentage of the population with hospital and surgical insurance coverage.

The data for the Blue Cross and Blue Shield plans have been compiled from information furnished by the Blue Cross Association and the

TABLE 15.—Number of persons enrolled for hospital benefits by private health insurance organizations and estimated net number and percent of population covered, by region and State, 1964

[In thousands, except for percents]

Region and State	Gross total, all organizations	Blue Cross-Blue Shield plans <sup>1</sup>	Insurance companies <sup>2</sup>			Independent plans <sup>3</sup>	Net population covered <sup>4</sup>		
			Net total	Group policies	Individual policies		First estimate	Second estimate	Percent of civilian population (range)
United States.....	162,478	62,429	93,209	64,506	39,724	6,840	151,195	137,823	79-72
New England.....	10,252	5,882	4,197	3,509	973	173	9,419	8,593	85-78
Maine.....	811	368	437	360	111	6	760	693	78-71
New Hampshire.....	502	262	236	161	93	4	476	434	73-67
Vermont.....	331	145	181	116	83	5	311	284	76-69
Massachusetts.....	5,058	3,062	1,877	1,550	438	119	4,641	4,234	87-80
Rhode Island.....	819	678	133	105	32	8	751	685	84-77
Connecticut.....	2,732	1,368	1,333	1,217	216	31	2,480	2,263	89-81
Middle Atlantic.....	34,645	18,470	14,169	11,420	3,753	2,006	31,646	28,871	88-80
New York.....	18,117	10,085	6,938	6,015	1,954	1,094	16,441	14,999	91-83
New Jersey.....	5,098	2,718	2,226	1,741	616	154	4,832	4,408	72-66
Pennsylvania.....	11,430	5,667	5,005	3,664	1,783	758	10,373	9,463	90-83
East North Central.....	36,256	14,011	21,221	15,411	8,660	1,024	33,052	30,124	88-80
Ohio.....	9,844	4,921	4,792	3,384	1,897	131	8,934	8,143	88-80
Indiana.....	4,827	1,592	2,803	1,919	1,275	432	4,380	3,992	90-82
Illinois.....	10,438	2,590	7,535	5,866	2,938	313	9,472	8,633	90-82
Michigan.....	7,465	3,095	3,709	2,723	1,333	61	6,850	6,243	84-77
Wisconsin.....	3,681	1,213	2,382	1,519	1,217	86	3,415	3,112	83-76
West North Central.....	13,801	4,289	9,239	5,089	5,724	273	12,751	11,624	81-74
Minnesota.....	3,249	905	2,286	1,338	1,381	58	2,982	2,718	84-77
Iowa.....	2,396	747	1,612	793	1,110	37	2,222	2,025	81-74
Missouri.....	4,164	1,466	2,596	1,690	1,292	102	3,779	3,444	86-78
North Dakota.....	577	203	370	162	277	4	529	482	83-76
South Dakota.....	514	73	430	215	295	11	492	448	69-63
Nebraska.....	1,170	275	869	420	609	26	1,109	1,011	76-69
Kansas.....	1,730	620	1,076	471	760	34	1,640	1,495	75-68
South Atlantic.....	21,856	6,730	14,547	9,023	7,501	579	20,747	18,614	74-66
Delaware.....	457	332	123	83	46	2	419	376	86-77
Maryland.....	2,496	1,153	1,266	856	507	77	2,391	2,145	70-63
District of Columbia <sup>5</sup> .....	1,688	1,041	565	424	237	82	1,532	1,374	192-172
Virginia.....	2,835	887	1,881	1,163	906	67	2,745	2,463	64-58
West Virginia.....	1,458	296	962	567	529	200	1,367	1,226	76-68
North Carolina.....	3,779	1,211	2,528	1,567	1,289	40	3,582	3,214	75-67
South Carolina.....	1,883	279	1,591	952	915	13	1,785	1,601	71-64
Georgia.....	3,399	570	2,774	1,899	1,335	55	3,187	2,859	75-67
Florida.....	3,862	961	2,857	1,512	1,737	44	3,739	3,355	66-59
East South Central.....	8,797	3,290	5,228	2,868	2,904	279	8,455	7,586	67-60
Kentucky.....	2,135	935	1,106	530	675	94	2,067	1,855	66-59
Tennessee.....	2,961	1,084	1,806	1,097	918	71	2,806	2,518	74-66
Alabama.....	2,363	836	1,439	869	714	88	2,287	2,052	67-60
Mississippi.....	1,337	434	877	372	597	26	1,295	1,162	56-50
West South Central.....	13,247	3,198	9,842	5,823	5,428	207	12,684	11,380	70-63
Arkansas.....	1,127	314	765	349	498	48	1,091	979	56-51
Louisiana.....	2,365	497	1,826	1,202	852	42	2,289	2,054	66-59
Oklahoma.....	2,025	532	1,463	750	975	30	1,899	1,704	78-70
Texas.....	7,730	1,835	5,788	3,522	3,103	87	7,405	6,644	72-64
Mountain.....	5,317	1,735	3,285	2,062	1,554	297	5,080	4,761	66-62
Montana.....	489	117	362	182	233	10	469	440	67-63
Idaho.....	449	120	318	184	171	11	435	408	63-59
Wyoming.....	264	83	172	75	122	9	250	234	74-69
Colorado.....	1,620	801	711	399	372	108	1,520	1,425	78-73
New Mexico.....	644	109	453	284	216	82	623	584	62-58
Arizona.....	875	211	631	443	240	33	847	794	53-50
Utah.....	728	295	415	323	124	18	698	654	70-66
Nevada.....	247	223	223	172	76	24	239	224	58-54
Pacific.....	18,307	4,824	11,481	9,301	3,227	2,002	17,359	16,271	73-69
Washington.....	2,286	835	1,281	862	539	170	2,167	2,031	74-69
Oregon.....	1,431	421	830	499	420	180	1,356	1,271	72-68
California.....	13,996	3,243	9,201	7,816	2,216	1,552	13,266	12,435	74-69
Alaska.....	117	25	81	73	12	11	113	106	51-48
Hawaii.....	477	300	88	51	40	89	457	428	70-66

<sup>1</sup> Compiled by Office of Research and Statistics, from data furnished by Blue Cross Association and National Association of Blue Shield Plans.

<sup>2</sup> Unpublished data provided to the Social Security Administration by the Health Insurance Association of America; net enrollment is after adjustment for persons with more than 1 policy.

<sup>3</sup> Data from 1965 survey by the Office of Research and Statistics of all in-

dependent plans. Covered persons are attributed to State of residence.

<sup>4</sup> After adjustment for persons with coverage through more than 1 type of health insurance organization.

<sup>5</sup> Figures distorted, since Blue Cross-Blue Shield and insurance company enrollment includes persons enrolled in the District of Columbia but living in nearby Virginia and Maryland.

TABLE 16.—Number of persons enrolled for surgical benefits by private health insurance organizations, and estimated net number and percent of population covered, by region and State, 1964<sup>1</sup>

[In thousands, except for percents]

Region and State	Gross total, all organizations	Blue Cross-Blue Shield plans	Insurance companies			Independent plans	Net population covered		
			Net total	Group policies	Individual policies		First estimate	Second estimate	Percent of civilian population (range)
United States.....	152,328	54,473	89,558	64,939	34,775	8,297	144,056	128,882	76-68
New England.....	9,663	5,468	3,971	3,460	769	224	9,011	7,989	82-72
Maine.....	735	309	420	368	83	6	702	622	72-64
New Hampshire.....	496	258	234	157	96	4	473	419	72-64
Vermont.....	330	145	180	115	84	5	312	277	76-68
Massachusetts.....	4,842	2,959	1,754	1,523	327	129	4,478	3,970	84-74
Rhode Island.....	779	635	126	108	21	18	728	645	82-72
Connecticut.....	2,481	1,162	1,257	1,189	158	62	2,319	2,056	83-74
Middle Atlantic.....	31,657	14,743	13,606	11,604	2,921	3,308	29,568	26,215	82-72
New York.....	16,862	7,549	6,700	6,160	932	2,613	15,593	13,825	87-77
New Jersey.....	4,768	2,542	2,109	1,754	471	117	4,601	4,079	69-61
Pennsylvania.....	10,028	4,653	4,797	3,690	1,518	578	9,374	8,311	82-72
East North Central.....	34,061	12,038	20,927	15,963	7,804	1,096	31,681	28,375	84-75
Ohio.....	8,686	3,577	4,963	3,772	1,723	146	8,120	7,273	80-72
Indiana.....	4,723	1,521	2,778	1,965	1,218	424	4,320	3,869	89-80
Illinois.....	9,951	2,205	7,418	6,021	2,671	328	9,202	8,242	88-78
Michigan.....	7,228	3,562	3,576	2,698	1,214	90	6,757	6,052	83-75
Wisconsin.....	3,473	1,173	2,192	1,507	978	108	3,282	2,940	80-71
West North Central.....	12,794	3,562	8,937	5,038	5,464	295	12,093	10,831	77-69
Minnesota.....	2,913	569	2,263	1,372	1,345	81	2,752	2,465	78-70
Iowa.....	2,276	692	1,547	782	1,049	37	2,150	1,926	78-70
Missouri.....	3,791	1,178	2,511	1,677	1,215	102	3,544	3,174	81-72
North Dakota.....	526	197	325	124	258	4	497	445	78-70
South Dakota.....	486	68	407	201	283	11	473	424	66-60
Nebraska.....	1,108	260	822	417	553	26	1,058	948	72-65
Kansas.....	1,695	599	1,062	465	761	34	1,618	1,449	74-66
South Atlantic.....	20,120	6,187	13,381	9,009	5,958	552	19,351	17,297	69-62
Delaware.....	418	301	115	83	37	2	391	349	80-72
Maryland.....	2,134	843	1,212	852	451	79	2,081	1,860	61-54
District of Columbia.....	1,668	1,028	558	415	199	82	1,526	1,364	191-170
Virginia.....	2,693	849	1,777	1,164	784	67	2,625	2,346	62-55
West Virginia.....	1,454	321	948	559	531	185	1,374	1,228	77-69
North Carolina.....	3,690	1,197	2,453	1,556	1,224	40	3,524	3,150	73-66
South Carolina.....	1,000	261	1,325	951	537	14	1,560	1,394	62-56
Georgia.....	3,099	497	2,571	1,934	1,009	41	2,990	2,573	70-63
Florida.....	3,364	900	2,422	1,495	1,186	42	3,280	2,932	58-51
East South Central.....	8,322	3,112	4,927	2,869	2,553	283	8,046	7,225	64-57
Kentucky.....	2,031	859	1,077	539	637	95	1,980	1,770	63-57
Tennessee.....	2,819	1,023	1,725	1,100	821	71	2,720	2,431	72-64
Alabama.....	2,237	802	1,343	860	610	92	2,181	1,950	64-57
Mississippi.....	1,236	428	782	370	485	26	1,205	1,077	52-47
West South Central.....	12,721	2,864	9,640	5,728	5,097	217	12,247	10,947	67-60
Arkansas.....	1,113	304	761	350	499	48	1,086	971	56-50
Louisiana.....	2,239	452	1,741	1,173	786	46	2,183	1,951	63-56
Oklahoma.....	2,114	520	1,564	729	894	30	1,976	1,766	81-72
Texas.....	7,256	1,589	5,574	3,476	2,918	93	7,002	6,259	68-61
Mountain.....	5,240	1,676	3,267	2,044	1,583	297	5,048	4,585	66-60
Montana.....	482	115	357	180	234	10	470	427	67-61
Idaho.....	439	118	310	177	170	11	428	389	62-56
Wyoming.....	265	80	176	80	125	9	253	230	75-68
Colorado.....	1,611	770	733	403	403	108	1,522	1,383	78-71
New Mexico.....	640	109	449	284	216	82	624	567	62-57
Arizona.....	839	197	609	429	231	33	818	743	51-47
Utah.....	723	288	417	325	128	18	698	634	70-63
Nevada.....	240	216	166	76	76	24	234	213	57-52
Pacific.....	17,750	4,823	10,902	9,224	2,625	2,025	16,970	15,415	72-65
Washington.....	2,261	827	1,264	871	515	170	2,159	1,961	73-67
Oregon.....	1,380	412	789	489	384	179	1,332	1,210	71-64
California.....	13,527	3,259	8,692	7,738	1,690	1,576	12,917	11,733	72-65
Alaska.....	117	25	81	75	10	11	114	104	52-47
Hawaii.....	465	300	76	51	27	89	448	407	69-63

<sup>1</sup> See footnotes to table 15.

National Association of Blue Shield Plans.<sup>12</sup> Data for insurance companies are unpublished data provided by HIAA. Data for the independent plans are from the survey made in 1965 by the Office of Research and Statistics of all such plans known to it with enrollment in plans serv-

ing more than one State, allocated by State of residence. The total gross enrollment for all organizations is the sum of enrollment of Blue Cross-Blue Shield plans, insurance companies (net) and independent plans.

The first of the two estimates of the net number of different persons with health insurance coverage is based on the total gross enrollment of all organizations with a deduction for persons covered by more than one type of plan. The deduc-

<sup>12</sup> Louis S. Reed and Clyde R. McDowell, *Enrollment of Blue Cross and Blue Shield Plans 1964*, Research and Statistics Note No. 17 (Social Security Administration, Office of Research and Statistics), 1965.

tion was based mainly on the proportion of persons with both Blue Cross-Blue Shield and other health plan coverage reported by the Public Health Service in its survey for July 1962-June 1963. The estimated deduction for such persons in each State was assumed to vary with the degree of health insurance coverage—that is, that it was highest in the States with the highest proportion of the population with insurance coverage and lowest in the States with the lowest proportion.

The second estimate is based on the net number of persons with health insurance coverage in 1962-63 for each of four main geographic regions, as reported by the Public Health Service survey. The figures were increased according to the percentage rise in total gross enrollment of all health insurance organizations in each region from 1962 to 1964. Each State figure was estimated on the basis of that State's percent of the total regional enrollment as given in the first estimate.

For the Nation as a whole, the first estimate shows 151.2 million different persons (79 percent) with hospital coverage at the end of 1964. Under the second estimate, such persons number 137.8 million (72 percent). For surgical coverage, the first and second estimates are 144.0 million (76 percent) and 128.9 million (68 percent), respectively.

Differences among the regions and States in the extent of coverage are important. Under the lower, more conservative estimate, the proportion of the population with hospital coverage ranges from 80 percent in the Middle Atlantic and East North Central States to 60 percent in the East South Central States. In general, the extent of hospital insurance coverage is high in the northeastern and North Central States and low in the Southern and Mountain States, with most of the Pacific States occupying a middle ground. Among the States, the proportion of the population with hospital coverage ranges from a high of 83 percent in New York and Pennsylvania to a low of 48 percent in Alaska and 50 in Arizona and Mississippi.<sup>13</sup> Regional and State coverage for surgical benefits follows the same general pattern but is lower by a few percentage points.

<sup>13</sup> All comparisons exclude the District of Columbia; data for this jurisdiction are distorted, since many persons who are enrolled through their place of work in the District of Columbia live in nearby Virginia and Maryland.

The extent of health insurance coverage tends to vary from one region to another with per capita income, the degree of urbanization, and the degree to which the population draws its livelihood from industry and commerce.

As shown by the data in the tabulation below, which is based on the lower percentage estimate of coverage, 11 States have less than 60 percent of the population covered for hospital insurance, 25 have between 60 and 75 percent of their population covered, and 14 States have more than 75 percent of their population covered. The corresponding figures for surgical insurance are 13 percent, 33 percent, and 4 percent.

Percent of population covered	Number of States	
	Hospital benefits	Surgical benefits
Total <sup>1</sup> .....	50	50
45-49.9.....	2	1
50-54.9.....	3	5
55-59.9.....	6	7
60-65.9.....	6	9
65-69.9.....	16	9
70-74.9.....	3	15
75-79.9.....	8	3
80-84.9.....	6	1

<sup>1</sup> Excludes the District of Columbia.

Table 17 shows the percentage distribution of total gross enrollment for hospital and surgical benefits, by type of health insurance organization. The shares of the three types of plans vary widely, from region to region. The Blue Cross-Blue Shield plans are relatively strong in the New England and Middle Atlantic States, where they have 57 percent and 53 percent, respectively, of the total gross enrollment for hospital benefits, and relatively weak in the West South Central

TABLE 17.—Percentage distribution of gross enrollment of private health insurance organizations for hospital and surgical benefits, by region, 1964

Region	Hospital benefits			Surgical benefits		
	Blue Cross-Blue Shield plans	Insurance companies (net)	Independent plans	Blue Cross-Blue Shield plans	Insurance companies (net)	Independent plans
United States, total.....	38.4	57.4	4.2	35.8	58.8	5.4
New England.....	57.4	40.9	1.7	56.6	41.1	2.3
Middle Atlantic.....	53.3	40.9	5.8	46.6	43.0	10.4
East North Central.....	38.6	58.5	2.8	35.3	61.4	3.2
West North Central.....	31.1	66.9	2.0	27.8	69.9	2.3
South Atlantic.....	30.8	66.6	2.6	30.8	66.5	2.7
East South Central.....	37.4	59.4	3.2	37.4	59.2	3.4
West South Central.....	24.1	74.3	1.6	22.5	75.8	1.7
Mountain.....	32.6	61.8	5.6	32.0	62.3	5.7
Pacific.....	26.4	62.7	10.9	27.2	61.4	11.4

States and the Pacific States, where their share of the total is only 24 percent and 26 percent. The insurance companies have only 41 percent of the enrollment in the northeastern States, but their share rises to 74 percent in the West South Central States and 67 percent in the West North Central States. The independent plans have 11 percent of the gross enrollment in the Pacific States, 6 percent in the Middle Atlantic and Mountain regions, and only an insignificant share of the total in the other regions.

The pattern is about the same for surgical coverage except that in the Middle Atlantic States the share of the Blue Cross-Blue Shield plans is lower and the proportion covered by independent plans rises to 10 percent of the total. (This increase reflects the fact that the two large independent plans in New York—Group Health Insurance, Inc., and Health Insurance Plan of Greater New York—do not write hospital coverage.)

Among individual States the Blue Cross-Blue Shield share of the total gross enrollment for hospital insurance ranges from 83 percent in Rhode Island to 14 percent in South Dakota and zero in Nevada (where there is no Blue Cross-Blue Shield plan). The percentage of the total with insurance company coverage ranges from 90 percent in Nevada to 16 percent in Rhode Island. The proportion with independent plan coverage ranges from 19 percent in Hawaii to 1 percent in a number of States.

There are also significant differences in the relative number of group and individual policyholders of insurance companies, from region to region (table 18). For the country as a whole, among the gross number of persons covered for hospital care

by insurance companies (not different persons but policyholders and covered dependents), 62 percent are under group policies and 38 percent under individual policies. The proportion of the total that are group policyholders ranges from 78 percent in New England, 75 percent in the Middle Atlantic States, and 74 percent in the Pacific States to less than half in the West North Central and East South Central States. The ratio of group to individual policyholders for surgical benefits is somewhat more than it is for hospital benefits, but the geographical pattern is otherwise about the same.

In the Southern States, where fewer of the population have health insurance than in the North, the individual policies of insurance companies are an important vehicle for extending health insurance protection to the population.

#### PREMIUM INCOME AND BENEFIT EXPENSE BY REGION AND STATE

Table 19 shows the premium or subscription income of the three types of health insurance organizations (with a breakdown for insurance companies between group and individual policies), the total for all organizations and the amount per capita of the population, by region and State, and similar data on benefit expense.

The data for Blue Cross and Blue Shield plans are based on income statements for the individual plans supplied by the Blue Cross Association and the National Association of Blue Shield Plans. Duplication arising from the fact that a few plans are both Blue Cross and Blue Shield plans has been eliminated.

The data for group policies of insurance companies are based on the premiums and incurred losses for group accident and health insurance for each State as reported in the Spectator Company's publication *Spectator Insurance by State of Property, Liability, Surety and Miscellaneous Lines in 1964*. The breakdown of the total for each State between health care benefits and wage-loss benefits was estimated on the basis of the relation of (a) the number of persons covered for hospital care under insurance company group policies times the national average premium income for health care benefits under group insurance policies, per person enrolled for hospital benefits, to (b) the number of persons covered for wage-loss benefits under insurance company group

TABLE 18.—Percentage distribution of gross insurance company enrollment for hospital and surgical benefits, by type of policy, by region, 1964

Region	Hospital benefits			Surgical benefits		
	Total	Group policies	Individual policies	Total	Group policies	Individual policies
United States, total.....	100.0	61.9	38.1	100.0	65.1	34.9
New England.....	100.0	78.3	21.7	100.0	81.8	18.2
Middle Atlantic.....	100.0	75.3	24.7	100.0	79.9	20.1
East North Central.....	100.0	64.0	36.0	100.0	67.2	32.8
West North Central.....	100.0	47.1	52.9	100.0	48.0	52.0
South Atlantic.....	100.0	54.6	45.4	100.0	60.2	39.8
East South Central.....	100.0	49.7	50.3	100.0	52.9	47.1
West South Central.....	100.0	51.8	48.2	100.0	52.9	47.1
Mountain.....	100.0	57.0	43.0	100.0	56.4	43.6
Pacific.....	100.0	74.2	25.8	100.0	77.8	22.2

policies times the national average premium for such insurance per person covered.

The data on premiums and incurred claims under individual policy insurance were estimated on the basis of the data for each State for the "hospital and medical expense (individual)" line in *Spectator Insurance by State* (minus all Blue

Cross-Blue Shield plans and independent plans included in the totals) and on the State data for the noncancellable accident and health insurance line. Division of the latter between health care benefit and wage-loss insurance was estimated on the basis of national ratios. In each case the State data for group and individual policies were

TABLE 19.—Total and per capita subscription or premium income and benefit expense of private health insurance organizations, by region and State, 1964

(In thousands, except per capita amounts)

Region and State	Subscription or premium income						Benefit expense							
	Total		Blue Cross-Blue Shield <sup>1</sup>	Insurance companies <sup>2</sup>			Independent plans <sup>3</sup>	Total		Blue Cross-Blue Shield <sup>1</sup>	Insurance companies <sup>2</sup>			Independent plans <sup>3</sup>
	Total	Per capita		Total	Group policies	Individual policies		Total	Per capita		Total	Group policies	Individual policies	
United States.....	\$8,983,672	47.09	\$3,785,159	\$4,652,000	\$3,297,000	\$1,355,000	\$546,513	\$7,832,193	41.05	\$3,574,466	\$3,763,000	\$3,024,000	\$739,000	\$494,727
New England.....	586,966	53.18	385,235	242,758	192,458	50,305	8,973	544,462	49.83	335,724	200,557	175,021	25,536	8,181
Maine.....	36,249	37.18	16,603	19,334	13,326	6,068	312	30,276	31.05	15,366	14,609	11,652	2,957	301
New Hampshire.....	27,572	42.29	15,014	12,326	8,449	3,877	232	21,920	33.62	13,155	8,541	6,898	1,643	224
Vermont.....	19,545	47.79	9,315	9,990	6,271	3,719	240	15,946	38.98	8,280	7,438	5,464	1,974	228
Massachusetts.....	301,495	56.58	185,589	110,451	88,351	22,100	5,455	287,199	53.89	191,814	90,449	79,304	11,145	4,936
Rhode Island.....	43,347	48.54	35,084	7,747	5,545	2,202	516	40,656	45.53	34,400	5,798	4,613	1,185	458
Connecticut.....	158,758	57.13	73,680	82,910	70,511	12,399	2,218	148,465	53.42	72,709	73,722	67,090	6,632	2,034
Middle Atlantic.....	1,996,759	55.25	1,070,067	751,220	575,341	175,879	175,472	1,776,057	49.15	1,020,277	603,559	511,134	92,425	152,221
New York.....	1,078,522	59.97	575,690	374,063	233,748	80,315	128,769	965,425	53.68	551,083	304,898	259,842	45,056	109,444
New Jersey.....	303,327	45.31	164,304	131,137	100,624	30,513	7,866	272,218	40.66	161,284	104,083	88,857	15,226	6,851
Pennsylvania.....	614,910	53.66	330,072	246,020	180,969	65,051	38,818	538,414	46.99	307,910	194,578	162,435	32,143	35,925
East North Central.....	2,148,549	56.99	989,110	1,092,482	804,996	287,486	66,957	1,973,173	49.68	922,853	888,545	730,629	157,916	61,775
Michigan.....	548,107	67.60	334,390	205,095	160,013	45,082	8,622	488,731	60.28	306,403	174,456	149,919	24,537	7,872
Ohio.....	563,061	55.56	285,225	250,124	189,524	60,600	27,712	503,833	49.72	272,090	206,244	173,945	32,299	25,499
Illinois.....	589,056	56.11	187,171	381,371	274,514	106,857	106,857	503,295	47.94	176,776	307,515	245,944	61,571	19,004
Indiana.....	237,182	49.01	101,378	131,206	96,658	34,548	4,598	200,428	41.42	94,295	101,852	84,987	16,865	4,281
Wisconsin.....	111,146	51.24	80,946	124,688	84,287	40,401	5,512	176,887	42.92	73,289	98,478	75,834	22,644	5,120
West North Central.....	1,714,264	45.54	258,871	432,917	254,681	178,236	22,476	602,786	38.43	239,824	342,201	234,472	107,729	20,761
Minnesota.....	779,027	50.64	61,453	112,814	74,174	38,640	4,760	151,754	42.93	55,852	91,349	68,260	23,089	4,553
Iowa.....	122,806	44.56	43,870	76,450	42,970	33,480	2,486	99,076	35.95	41,524	55,154	36,237	18,917	2,398
Missouri.....	206,863	47.13	83,333	114,944	75,294	39,650	8,586	182,396	41.56	77,928	96,985	74,036	22,949	7,483
North Dakota.....	28,302	44.64	12,997	14,925	6,481	8,444	380	23,976	37.82	11,693	11,911	6,003	5,908	372
South Dakota.....	23,884	33.12	3,699	19,356	9,884	9,474	529	19,342	27.17	3,367	15,469	9,071	6,398	506
Nebraska.....	58,773	40.06	15,435	41,186	21,276	19,910	2,152	46,034	31.38	14,440	29,519	17,752	11,767	2,075
Kansas.....	94,911	43.30	38,084	53,243	24,602	28,641	3,584	80,209	36.59	35,020	41,815	23,113	18,702	3,374
South Atlantic.....	1,027,623	36.69	349,763	633,907	411,105	222,802	43,953	860,166	30.71	326,016	493,171	378,529	114,642	40,979
Delaware.....	23,103	47.44	15,258	7,727	6,146	1,581	118	19,536	40.11	14,171	5,255	4,562	693	110
Maryland.....	129,351	37.83	65,400	59,487	45,740	13,747	4,464	113,980	33.34	61,927	48,098	41,712	6,386	3,955
Dist. of Col.....	103,963	129.95	67,565	31,264	26,697	4,567	5,134	87,638	109.55	61,045	22,177	19,954	2,223	4,416
Virginia.....	141,263	33.10	46,205	89,034	58,770	30,264	6,024	122,015	28.59	44,486	71,884	55,636	16,248	5,645
West Virginia.....	80,409	44.90	17,504	41,745	26,565	15,180	21,160	71,303	39.81	17,065	34,001	24,754	9,247	20,237
North Carolina.....	136,090	28.38	42,048	92,230	60,921	31,309	1,812	111,420	23.24	38,456	71,234	54,682	16,552	1,730
South Carolina.....	68,301	27.22	14,243	53,367	32,196	21,171	6,991	54,837	21.86	13,093	41,082	30,198	10,884	662
Georgia.....	139,425	32.89	25,840	111,431	72,464	38,967	2,154	113,583	26.79	23,672	87,941	67,647	20,294	1,970
Florida.....	205,719	36.07	55,700	147,623	81,606	66,017	2,396	165,854	29.08	52,102	111,499	79,385	32,114	2,253
East South Central.....	406,317	32.17	150,713	235,666	140,690	94,976	19,937	344,149	27.25	141,296	183,689	132,639	51,030	18,984
Kentucky.....	101,178	32.39	39,053	53,577	28,781	24,796	8,548	85,122	27.25	36,905	40,083	26,686	13,397	8,134
Tennessee.....	139,122	36.65	49,467	85,462	54,667	30,795	4,193	117,174	30.87	45,085	68,069	51,298	16,771	4,020
Alabama.....	109,561	32.20	40,475	62,781	39,840	22,941	6,305	95,503	28.06	39,879	49,682	38,253	11,429	5,942
Mississippi.....	56,456	24.46	21,718	33,847	17,402	16,445	891	46,350	20.08	19,428	26,035	16,402	9,633	887
West South Central.....	607,671	33.44	183,408	408,870	265,860	143,010	15,393	525,210	28.90	175,752	334,888	253,601	81,287	14,570
Arkansas.....	50,367	26.04	15,333	32,475	18,621	13,854	2,559	41,613	21.52	14,042	25,061	17,332	7,729	2,510
Louisiana.....	92,064	26.60	24,558	64,651	45,792	18,859	8,296	80,296	23.20	22,356	55,284	44,834	10,450	2,656
Oklahoma.....	84,992	34.72	29,103	53,904	30,149	23,755	1,985	70,494	28.80	28,051	40,585	28,817	11,768	1,858
Texas.....	380,248	36.81	114,414	257,840	171,298	86,542	7,994	332,808	32.21	111,303	213,959	162,618	51,341	7,546
Mountain.....	307,356	40.02	117,266	166,301	111,864	54,433	23,790	268,906	35.01	111,511	134,955	104,215	30,740	22,440
Montana.....	27,492	39.44	7,780	18,634	9,949	6,685	1,078	22,265	31.94	6,901	14,311	8,756	5,555	1,088
Idaho.....	22,393	32.50	6,272	14,983	8,720	6,263	1,138	17,853	25.91	5,552	11,213	7,871	3,342	1,088
Wyoming.....	13,765	40.60	4,551	8,080	4,241	3,839	1,134	11,191	33.01	4,199	5,898	3,531	2,367	1,094
Colorado.....	100,831	51.73	58,185	34,137	22,420	11,717	8,509	93,161	47.80	57,814	27,486	21,159	6,327	7,861
New Mexico.....	34,226	34.26	7,511	21,069	14,881	6,188	5,646	28,225	28.25	6,914	15,937	12,727	3,210	5,374
Arizona.....	55,123	34.56	15,284	36,391	25,913	10,478	3,448	49,244	30.87	13,476	32,470	26,344	6,126	3,298
Utah.....	40,071	40.11	17,682	20,617	16,588	4,029	1,772	36,210	36.25	16,658	17,854	15,732	2,122	1,698
Nevada.....	13,455	52.58	12,300	9,152	3,238	1,065	10,783	23.05	9,786	8,095	1,691	974		
Pacific.....	1,188,176	50.07	330,726	687,887	540,009	147,878	169,563	1,037,032	43.71	301,213	581,003	503,759	77,244	154,816
Washington.....	134,283	45.61	55,403	64,184	43,884	20,300	14,696	112,403	38.18	50,442	48,751	39,000	9,751	13,210
Oregon.....	79,276	42.28	24,868	41,913	26,750	15,163	12,495	64,563	34.43	21,856	31,746	24,034	7,712	10,961
California.....	936,873	51.93	231,880	570,684	460,931	109,753	134,339	827,059	45.84	212,326	492,024	433,155	58,869	122,709
Alaska.....	6,832	31.05	1,269	4,807	4,259	548	756	5,752	28.15	1,184	3,940	3,940	6,725	
Hawaii.....	30,912	47.70	17,305	6,299	4,185	2,114	7,308	27,255	42.06	15,405	4,542	3,630	912	7,308

<sup>1</sup> Compiled by Office of Research and Statistics, from reports furnished by the Blue Cross Association and the National Association of Blue Shield Plans.

<sup>2</sup> Calculated from data in *Spectator Insurance by State*, adjusted to national totals estimated by Health Insurance Association of America.

<sup>3</sup> Data from 1965 survey by the Office of Research and Statistics of all independent plans. Income and benefit expense allocated by State of residence of covered persons.

<sup>4</sup> Less than \$500.

adjusted to the national estimates of HIAA.

The data on independent plans are from the 1965 survey of such plans made by the Office of Research and Statistics, with income and benefit expense allocated by State of residence of persons covered.

The total premium income of all health insurance organizations in 1964 amounted to \$47.09 per capita. Premium income per capita varies widely from region to region and State to State—from a high of \$56.99 in the East North Central region to a low of \$32.17 in the East South Central States and from \$67.60 in Michigan to \$24.46 in Mississippi.

In general, as might be expected, the variation pattern is similar to that of the proportion of the population with health insurance coverage. The East North Central States and the Middle Atlantic States lead in both premiums and population coverage, closely followed by the New England States. The Southern States are low in both instances, and the West North Central, Mountain, and Pacific States occupy middle positions.

The differences between high and low are much more pronounced, however, in the case of per capita premium income than for the proportion of the population with some health insurance coverage. Thus, per capita premium income in the East South Central States is only a little more than half that in the East North Central region, but the proportion of the population enrolled for hospital benefits in the East South Central region is three-fourths of the proportion enrolled in the East North Central region. Two factors probably explain the difference: those in the East North Central region with health insurance have a broader scope of benefits, and hospital and medical costs are higher, necessitating higher insurance premiums. There are other minor variations in the two patterns. The Pacific States are a little closer in per capita premiums to the East North Central States than they are in percentage of population enrolled for hospital benefits—again, a reflection of broader benefit patterns and higher hospital costs in the Pacific than in the East North Central States. Per capita premiums in the West North Central States are only 80 percent of those in the East North Central States, but the enrollment level in the former region is 92 percent of that in the latter.

The differences in range for per capita premi-

ums and proportion of the population enrolled are much more pronounced for individual States. Thus, per capita premiums in Michigan are more than two and one-half times the per capita premiums in Mississippi, but the proportion of the population having health insurance is only one and one-half times the proportion in Mississippi. Clearly, not only do more of the population in Michigan have health insurance than in Mississippi, but they have a much broader and better coverage.

In 1964, benefit expenditures of health insurance organizations per capita were \$41.05 for the country as a whole but ranged from \$49.68 in the East North Central States to \$27.25 in the East South Central States and, among the States, from \$60.28 in Michigan to \$20.08 in Mississippi. In general, the geographic pattern of benefit expenditures is similar to that for premium income. The differences between the high and low regions and among States are, however, slightly more pronounced in the case of benefit expenditures, reflecting the low benefit ratios under individual policies of insurance companies and the relative importance of this type of coverage in the South.

Again the contrast with enrollment is striking. Per capita health insurance benefit expenditures in Michigan are three times those of Mississippi, although the proportion of the population with health insurance is only 50 percent greater.

The following data compare per capita premium income and benefit expenditures in each region with per capita personal income. It is plain that per capita premium income (or consumer expenditure for health insurance) varies, in general, with the level of per capita income, being relatively high in the more prosperous areas and relatively low in the less prosperous ones.

Region	Per capita premium income	Per capita benefit expense	1964 per capita personal income <sup>1</sup>	Per capita premium income as percent of per capita income
United States.....	\$47.09	\$41.05	\$2,566	1.8
New England.....	53.18	49.33	2,866	1.9
Middle Atlantic.....	55.25	49.15	2,955	1.9
East North Central.....	56.99	49.68	2,750	2.1
West North Central.....	45.54	38.43	2,399	1.9
South Atlantic.....	36.69	30.71	2,205	1.7
East South Central.....	32.17	27.25	1,745	1.8
West South Central.....	33.44	28.90	2,058	1.6
Mountain.....	40.02	35.01	2,328	1.7
Pacific.....	50.07	43.71	2,990	1.7

<sup>1</sup> For the total resident population. Computed from data in the *Survey of Current Business*, July 1965.



TABLE 20.—Percentage distribution of premium income and benefit expense of private health insurance organizations, by region, 1964

Region	Premium income					Benefit expense				
	Blue Cross-Blue Shield	Insurance companies			Independent plans	Blue Cross-Blue Shield plans	Insurance companies			Independent plans
		Total	Group policies	Individual policies			Total	Group policies	Individual policies	
United States.....	42.1	51.8	36.7	15.1	6.1	45.6	48.0	38.6	9.4	6.3
New England.....	57.1	41.4	32.8	8.6	1.5	61.7	36.8	32.1	4.7	1.5
Middle Atlantic.....	53.6	37.6	28.8	8.8	8.8	57.4	34.0	28.8	5.2	8.6
East North Central.....	46.0	50.8	37.5	13.4	3.1	49.3	47.4	39.0	8.4	3.3
West North Central.....	36.2	60.6	35.7	25.0	3.1	39.8	56.8	38.9	17.9	3.4
South Atlantic.....	34.0	61.7	40.0	21.7	4.3	37.9	57.3	44.0	13.3	4.8
East South Central.....	37.1	58.0	34.6	23.4	4.9	41.1	53.4	38.5	14.9	5.5
West South Central.....	30.2	67.3	43.8	23.5	2.5	33.5	63.8	48.3	15.5	2.8
Mountain.....	38.2	54.1	36.4	17.7	7.7	41.5	50.2	38.8	11.4	8.3
Pacific.....	27.8	57.9	45.4	12.4	14.3	29.0	56.0	48.6	7.5	14.9

The percent of personal income spent on health insurance is fairly constant from one region to another. It ranges from 2.1 percent in the East North Central States, where the per capita expenditures for health insurance are greatest, to 1.6 percent in the West South Central States where the per capita health insurance expenditures are next to the lowest.

The data in the tabulation below show the distribution of the States by amount of per capita premium income and benefit expense. For 16 of the 50 States, per capita premium income is less than \$35 a year, for 28 States it ranges from \$35 to \$55, and for six it is more than \$55. The corresponding figures for benefit expenditures per capita are 26 States, 23 States, and 1 State.

Amount	Subscription or premium income	Benefit expense
	Number of States	
Total <sup>1</sup> .....	50	50
Under \$25.00.....	1	5
25-29.99.....	4	11
30-34.99.....	11	10
35-39.99.....	6	7
40-44.99.....	9	7
45-49.99.....	8	6
50-54.99.....	5	3
55-59.99.....	5	.....
60-64.99.....	.....	1
65-69.99.....	1	.....

<sup>1</sup> Excludes the District of Columbia.

Table 20 shows the percentage distributions of premium income and benefit expense among the types of health insurance organizations, by region and State. In the New England region, Blue Cross-Blue Shield plans received 57 percent of the premium income of all health insurance organ-

izations, insurance companies received 41.4 percent, and independent plans 1.5 percent. By contrast, in the West South Central States, Blue Cross-Blue Shield plans received only 30.2 percent of premium income, the insurance companies 67.3 percent, and the independent plans 2.5 percent. In the Pacific region, where Blue Cross-Blue Shield plans received 27.8 percent of premium income, the insurance companies obtain 57.9 percent and the independent plans get 14.3 percent. The importance of the Kaiser plan in California, Oregon, and Hawaii is largely responsible for the larger share of the independent plans.

The differences in relative shares of the various types of organization from State to State are, of course, even greater. Thus, in Rhode Island, Blue Cross-Blue Shield plans received 81 percent of all premium income, but in South Dakota they had only 15.7 percent. Insurance companies received 92 percent of all the premium income in Nevada (where there is no Blue Cross or Blue Shield plan) but only 18 percent in Rhode Island. The share of independent plans in premium income varies from 26.3 percent in West Virginia, reflecting largely the importance of the United Mine Workers Welfare and Retirement Fund, to 0.5 of one percent in Delaware.

### Premium Income Per Enrollee

Some useful comparisons can be made on a regional basis concerning the total premium income of health insurance organizations per person enrolled for hospital benefits. Since hospital bene-

(Continued on page 45)

TABLE M-2.—Selected social insurance and related programs: Beneficiaries, 1940-66

[In thousands. For explanatory footnotes on programs, see table M-1]

At end of selected month	Retirement and disability					Survivor				Railroad temporary disability <sup>2</sup>	Unemployment		
	OASDHI		Railroad	Federal civil service	Veterans	OASDHI	Railroad	Federal civil service	Veterans <sup>1</sup>		State laws <sup>3</sup>	Railroad <sup>2</sup>	Training allowances
	Retirement	Disability											
December:													
1940.....	148	-----	146	65	610	74	3	-----	323	-----	667	74	-----
1945.....	691	-----	173	92	1,534	597	4	-----	698	-----	1,743	13	-----
1950.....	2,326	-----	256	161	2,366	1,152	142	-----	1,010	-----	838	35	-----
1955.....	5,788	-----	427	234	2,707	2,172	206	-----	1,156	-----	912	48	-----
1960.....	10,599	687	553	379	3,064	3,558	256	-----	1,393	-----	2,165	102	-----
1961.....	11,655	1,027	567	408	3,137	3,812	262	-----	1,547	-----	1,993	75	(4)
1962.....	12,675	1,275	585	438	3,177	4,103	270	-----	1,653	-----	1,585	59	3
1963.....	13,262	1,452	594	465	3,195	4,321	278	-----	1,750	-----	1,609	49	21
1964.....	13,697	1,563	600	494	3,204	4,539	286	-----	1,848	-----	1,351	41	51
1965.....	14,177	1,739	620	522	3,216	4,951	291	-----	227	-----	1,035	30	75
1965													
July.....	13,927	1,662	601	508	3,218	4,654	290	-----	221	-----	977	22	45
August.....	13,902	1,668	602	510	3,219	4,641	290	-----	223	-----	952	24	48
September.....	14,000	1,684	604	513	3,219	4,707	290	-----	224	1,896	879	24	52
October.....	14,057	1,698	604	516	3,216	4,708	291	-----	225	-----	786	23	54
November.....	14,122	1,723	616	518	3,217	4,875	291	-----	225	-----	834	24	72
December.....	14,177	1,739	620	522	3,216	4,951	291	-----	227	-----	1,035	30	75
1966													
January.....	14,274	1,763	621	527	3,211	5,016	292	-----	227	-----	1,384	31	76
February.....	14,338	1,799	625	540	3,208	5,079	293	-----	228	-----	1,470	27	83
March.....	14,387	1,830	626	548	3,205	5,131	293	-----	230	1,955	1,324	31	84
April.....	14,416	1,849	626	557	3,204	5,159	293	-----	231	-----	973	25	83
May.....	14,534	1,872	627	559	3,202	5,228	294	-----	234	-----	843	35	81
June.....	14,608	1,887	626	560	3,201	5,242	295	-----	235	1,970	736	25	78
July.....	14,655	1,904	626	559	3,199	5,264	295	-----	235	-----	750	14	81

<sup>1</sup> Monthly number at end of quarter.

<sup>2</sup> Average number during 14-day registration period.

<sup>3</sup> Average weekly number.

<sup>4</sup> Less than 500.

Source: Based on reports of administrative agencies.

## PRIVATE HEALTH INSURANCE

(Continued from page 19)

fits are the most common type of health insurance, hospital enrollment is roughly equivalent to the number of persons with any health insurance coverage.

The data in the tabulation below show, for 1964, total insurance premium income and benefit expenditures of all health insurance organizations by region, divided by the estimated net number of persons with hospital insurance (the second estimate, described earlier). It is apparent that the regions with the largest percentage of their population with some health insurance coverage also tend to be those in which enrolled persons spend most for health insurance. The only exception is the Pacific region, which leads all others in premium income and benefit expense per person enrolled. The data reflect too the variations in hospital care costs in the different regions. Per diem hospital costs are, for example, relatively high in

the Pacific States and the northeastern section of the country and lower in the South.

Region	Per person with hospital insurance	
	Subscription or premium income	Benefit expense
United States.....	\$65.20	\$56.83
New England.....	68.31	63.86
Middle Atlantic.....	69.16	61.52
East North Central.....	71.32	62.18
West North Central.....	61.45	51.86
South Atlantic.....	55.21	46.21
East South Central.....	53.56	45.37
West South Central.....	53.40	46.15
Mountain.....	64.56	56.48
Pacific.....	73.02	63.73

These regional variations, though they reflect in part the regional variations in the cost of hospital care, mainly indicate that those parts of the country that lead in proportion of population with health insurance also lead in the content or adequacy of health insurance coverage.