

Private Health Insurance, 1968: Enrollment, Coverage, and Financial Experience

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AT THE END OF 1968, private health insurance organizations gave some protection against hospital costs to an estimated 152 million persons in the United States, or 77 percent of the civilian population. Some protection against surgical costs was given to 74 percent of the population and some coverage of in-hospital physician visits to 65 percent of the population.

For services or types of care not associated with hospitalization the proportions with some coverage through these organizations were considerably less: 49 percent for out-of-hospital X-ray and laboratory examinations, 43 percent for physician office and home visits, 40 percent for out-of-hospital prescribed drugs, 10 percent for nursing-home care, and 3 percent for dental care. Much of the insurance coverage of physician office and home visits and of drugs is subject to deductibles and other limitations; consequently only a small part of the costs incurred for these items is covered.

Since almost all persons aged 65 and over have a broad health insurance coverage through the Federal Government's program of health insurance for the aged (Medicare), interest centers on the number and percentage of the population under age 65 who have prepayment or insurance coverage of health costs through private health insurance. Household-interview surveys conducted by the National Center for Health Statistics of the Public Health Service reported that 80 percent of the civilian population under age 65 had some coverage of hospital care and 77 percent had some coverage of surgical services. An estimated 46 percent of the population under age 65 had some coverage of physician office and home visits, 43 percent were covered for drugs, and 3 percent for dental care.

The number and proportion of the population found by the household surveys to have health insurance coverage of hospital care and surgical services is somewhat lower than that estimated by the Health Insurance Association of America

(HIAA), an association of insurance companies. All estimates, however, show a continued growth during 1968 in number and percentage of the population covered.

Americans paid \$12.9 billion in 1968 to private health insurance organizations in premiums or subscription charges, almost 16 percent more than in 1967. Benefit expenditures under all private health insurance in 1968 amounted to \$11.3 billion, almost 20 percent higher than the 1967 total. In 1968 health insurance organizations paid out 87.7 percent of subscription or premium income in claims or benefit expense, had operating expenses of 14.8 percent, and showed a net underwriting loss of 2.7 percent of premium income.

POPULATION COVERED

Estimates of the net number (of different persons) and the percentage of the population with some health insurance coverage of the various main types of health care are summarized below. The figures for hospital care and surgical services are from household-interview surveys conducted during 1967 and 1968 by the National Center for

Type of service	All ages		Under age 65		Aged 65 and over	
	Number (in thousands)	Percent of civilian population	Number (in thousands)	Percent of civilian population	Number (in thousands)	Percent of civilian population
Hospital care.....	152,117	76.5	142,837	79.6	9,280	48.5
Physician services:						
Surgical services.....	146,295	73.6	137,274	76.5	9,021	46.7
In-hospital visits.....	128,174	64.6	121,104	67.5	7,070	36.6
X-ray and laboratory examinations.....	97,703	49.2	93,714	52.2	3,989	20.6
Office and home visits.....	85,311	42.9	82,295	45.9	3,016	15.6
Dental care.....	5,821	2.9	5,719	3.2	102	.5
Prescribed drugs (out-of-hospital).....	79,280	39.9	76,748	42.8	2,532	13.1
Private-duty nursing.....	83,485	42.0	81,309	45.3	2,176	11.3
Visiting-nurse service.....	90,523	45.5	87,697	48.9	2,826	14.6
Nursing-home care.....	19,046	9.6	16,921	9.4	2,125	11.0
HIAA Estimates						
Hospital care.....	169,497	85.3	159,335	88.8	10,162	52.6
Surgical services.....	155,725	78.3	147,252	82.1	8,473	43.8

* Division of Economic and Long-Range Studies.

Health Statistics. The figures for the other services are based on the gross total of enrollments reported by health insurance organizations, with estimated deductions for multiple or duplicatory coverages that are believed to be reasonable in the light of the extent of multiple coverages for hospital care and surgical services.

It should be emphasized that these are estimates of the net number of different persons with some coverage of the various services and that the extent of coverage of these services—as measured, for example, by the proportion of consumer expenditures met by insurance benefits—ranges from substantial protection to very little. For physician office and home visits, out-of-hospital prescribed drugs, private-duty nursing, and nursing-home care, the vast proportion of the coverage comes under major medical policies. As indicated later, private health insurance meets less than 5 percent of the consumer expenditures for all health services other than those for hospital care and physician service.

It will be noted that the estimates given here for the numbers of persons with some coverage of hospital care, surgical services, and physician in-hospital visits in almost all cases are lower than the corresponding HIAA estimates. The

HIAA bases its estimates on gross enrollments with deductions for multiple or duplicatory coverages.

Since most persons aged 65 and over had coverage at the end of 1968 for hospital care under Medicare and 96 percent had coverage of physician services under Medicare, any private health insurance coverage held by the aged is complementary to Medicare—that is, it pays in greater or lesser degree for health expenses not covered in full or at all by Medicare. At the end of 1968, about half of all the aged had some coverage of hospital care under private health insurance and a slightly smaller proportion had some coverage of surgical services.

The number of persons enrolled for each of 10 services by the different types of health insurance organizations are shown in tables 1 to 3, together with estimates of the net number of different persons having some coverage of each of these services.

Data in table 2 for those under age 65 show that the Blue Cross plans reported a total enrollment for hospital care at the end of 1968 of 62.8 million. Blue Shield plans not cooperating or affiliated with Blue Cross reported an enrollment of 2.3 million for hospital care. Total Blue Cross-Blue

TABLE 1.—Private health insurance enrollment as of December 31, 1968: Number of persons of all ages and estimates of net number of different persons covered by type of plan and specified type of care

[In thousands]

Type of plan	Hospital care	Physician services				Dental care	Pre-scribed drugs (out-of-hospital)	Private-duty nursing	Visiting-nurse service	Nursing-home care
		Surgical services	In-hospital visits	X-ray and laboratory examinations	Office and home visits					
Total gross enrollment.....	193,538	177,395	140,426	104,303	89,457	5,821	83,142	87,572	94,936	19,405
Blue Cross-Blue Shield.....	70,510	63,279	58,874	28,389	16,223	35	14,849	18,191	24,253	12,374
Blue Cross.....	67,958	3,464	3,291	1,880	1,079					
Blue Shield.....	2,552	59,815	55,583	26,509	15,144					
Insurance companies.....	115,768	105,616	73,552	67,534	66,034	3,124	64,523	64,874	64,874	5,581
Group policies.....	76,059	77,415	61,392	60,400	59,400	3,076	59,379	59,349	59,349	3,160
Individual policies.....	39,709	28,201	12,160	7,134	6,634	48	5,144	5,525	5,525	2,421
Independent plans.....	7,260	8,500	8,000	8,380	7,200	2,662	3,770	4,507	5,809	1,450
Community.....	2,500	4,100	4,100	4,000	3,900	175	1,350	2,500	4,900	150
Employer-employee-union.....	4,700	4,200	3,700	4,200	3,100	420	2,400	2,000	1,800	1,300
Private group clinic.....	60	200	200	180	200	600	20	7	9	
Dental society.....						1,467				
Net number of different persons covered, as estimated by—										
NCHS-ORS.....	152,117	146,295	128,174	97,703	85,311	5,821	79,280	83,485	90,523	19,046
Percent of civilian population ¹	76.5	73.6	64.5	49.2	42.9	2.9	39.9	42.0	45.5	9.6
HIAA.....	169,497	155,725	129,105							
Percent of civilian population ¹	85.3	78.3	65.0							
Gross enrollment as percent of net number of different persons covered, as estimated by—										
NCHS-ORS.....	127.2	121.2	109.6	106.7	104.8	100.0	104.8	104.9	104.8	101.8
HIAA.....	114.2	113.9	108.7							

¹ Based on Bureau of the Census estimate of 198,759,000 as of Jan. 1, 1969.

TABLE 2.—Private health insurance enrollment as of December 31, 1968: Number of persons under age 65 and estimates of net number of different persons covered

[In thousands]

Type of plan	Hospital care	Physician services				Dental care	Pre-scribed drugs (out-of-hospital)	Private-duty nursing	Visiting-nurse service	Nursing-home care
		Surgical services	In-hospital visits	X-ray and laboratory examinations	Office and home visits					
Total gross enrollment.....	182,490	168,344	133,215	100,274	86,410	5,719	80,585	85,374	92,082	17,259
Blue Cross-Blue Shield.....	65,086	58,390	54,345	26,389	15,085	35	14,077	17,807	23,258	10,533
Blue Cross.....	62,764	3,240	3,078	1,597	968					
Blue Shield.....	2,322	55,150	51,267	24,792	14,117					
Insurance companies.....	110,579	101,919	71,355	66,000	64,500	3,074	62,989	63,340	63,340	5,481
Group policies.....	74,128	75,619	59,898	59,000	58,000	3,026	57,979	57,949	57,949	3,060
Individual policies.....	36,451	26,300	11,457	7,000	6,500	48	5,010	5,391	5,391	2,421
Independent plans.....	6,825	8,035	7,515	7,885	6,825	2,610	3,519	4,227	5,484	1,245
Community.....	2,380	3,935	3,935	3,835	3,735	172	1,280	2,400	3,835	90
Employer-employee-union.....	4,390	3,910	3,900	3,880	2,900	410	2,220	1,820	1,640	1,155
Private group clinic.....	55	190	190	170	190	590	19	7	9	
Dental society.....						1,438				
Net number of different persons covered, as estimated by—										
NCHS-ORS.....	142,837	137,274	121,104	93,714	82,295	5,719	76,748	81,309	87,697	16,921
Percent of civilian population ¹	79.6	76.5	67.5	52.2	45.9	3.2	42.8	45.3	48.9	9.4
HIAA.....	159,335	147,252	122,054							
Percent of civilian population ¹	88.8	82.1	68.0							
Gross enrollment as percent of net number of different persons covered, as estimated by—										
NCHS-ORS.....	127.8	122.6	110.0	107.0	105.0	100.0	105.0	105.0	105.0	102.0
HIAA.....	114.5	114.3	109.1							

¹ Based on Bureau of the Census estimate of 179,433,000 as of Jan. 1, 1969.

Shield enrollment for hospital care was thus 65.1 million.¹

Under group policies, insurance companies reported 74.1 million persons covered for hospital care. Under individual policies they reported 36.4 million policyholders and family dependents. (Some policyholders held more than one policy covering hospital care with the same company and some had policies with more than one company, so the number of policyholder enrollments is considerably greater than the net number of different persons with coverage.)

Independent plans—all organizations providing health care benefits on a prepayment or insurance basis other than Blue Cross-Blue Shield plans or insurance companies—covered an estimated 6.8 million persons for hospital care, about one-third under community plans, and two-thirds under plans operated by welfare funds, employers, employee associations, or unions.

The gross total of enrollments for hospital care reported by or estimated for all organizations was

182.4 million. The National Center for Health Statistics in its 1968 household survey found that 142.8 million different persons had hospital care insurance (adjusted to reflect the end-of-year situation). Thus the gross enrollments were 127.8 percent of the number of net different persons covered—an indication that 40.7 million, or approximately 22.3 percent, of the 182.5 million gross enrollments were multiple or duplicatory—that is, coverages in excess of one held by any one person.

Most multiple coverage comes from a husband's covering his wife and children as dependents under the insurance at his place of work, with his wife covering him and the children as dependents under the insurance at her place of work. This situation, of course, occurs more frequently when the employer pays the full cost for both employee and dependents. A second major source of multiple coverage is that of a person with group coverage under a Blue Cross plan or an insurance company who purchases an insurance company individual policy to supplement his group coverage. The third major source of multiple coverages comes from persons not eligible for group coverage, who hold two or more insurance company individual policies. Often, a person whose individual policy taken out some years ago now

¹ Of this total enrollment, 82 percent is under group contracts and 18 percent is under nongroup contracts. A little more than half of the nongroup enrollment is under group conversion contracts, issued to persons who on leaving their group converted to a nongroup contract.

TABLE 3.—Private health insurance enrollment as of December 31, 1968: Number of persons aged 65 and over and estimates of net number of different persons covered

(In thousands)

Type of plan	Hospital care	Physician services				Dental care	Pre-scribed drugs (out-of-hospital)	Private-duty nursing	Visiting-nurse service	Nursing-home care
		Surgical services	In-hospital visits	X-ray and laboratory examinations	Office and home visits					
Total gross enrollment.....	11,048	9,051	7,211	4,029	3,047	102	2,557	2,198	2,854	2,146
Blue Cross-Blue Shield.....	5,424	4,889	4,529	2,000	1,138	-----	772	384	995	1,841
Blue Cross.....	5,194	225	213	283	111	-----	-----	-----	-----	-----
Blue Shield.....	230	4,664	4,316	1,717	1,027	-----	-----	-----	-----	-----
Insurance companies.....	5,189	3,697	2,197	1,534	1,534	50	1,534	1,534	1,534	100
Group policies.....	1,931	1,796	1,494	1,400	1,400	50	1,400	1,400	1,400	100
Individual policies.....	3,258	1,901	703	134	134	-----	134	134	134	-----
Independent plans.....	435	465	485	495	375	52	251	280	325	205
Community.....	120	165	165	165	165	3	70	100	165	60
Employer-employee-union.....	310	290	310	320	200	10	180	180	160	145
Private group clinic.....	5	10	10	10	10	-----	1	-----	-----	-----
Dental society.....	-----	-----	-----	-----	-----	29	-----	-----	-----	-----
Net number of different persons covered, as estimated by—										
NCHS-ORS.....	9,280	9,021	7,070	3,989	3,016	102	2,532	2,176	2,826	2,125
Percent of civilian population ¹	48.0	46.7	36.6	20.6	15.6	.5	13.1	11.3	14.6	11.0
HIAA.....	10,162	8,473	7,051	-----	-----	-----	-----	-----	-----	-----
Percent of civilian population ¹	52.6	43.8	36.5	-----	-----	-----	-----	-----	-----	-----
Gross enrollment as percent of net number of different persons covered, as estimated by—										
NCHS-ORS.....	119.1	100.3	102.0	101.0	101.0	100.0	101.0	101.0	101.0	101.0
HIAA.....	108.7	106.8	102.3	-----	-----	-----	-----	-----	-----	-----

¹ Based on Bureau of the Census estimate of 19,326,000 as of Jan. 1, 1969.

provides meager benefits against today's hospital and medical costs may find it better to supplement that policy with a new one, instead of cancelling the old and obtaining all his coverage under a new single policy. A considerable share of all insurance company individual policies are believed to be supplementary to other coverages.

Sources of the Data

The data for the Blue Cross and Blue Shield plans are those compiled by the Blue Cross Association and the National Association of Blue Shield plans from data reported by the individual plans.² The data for insurance companies are compiled by the HIAA from its annual surveys of the number of persons covered by insurance companies under group and individual policies. (The figures include estimates, based on their premium volume, for a small number of companies not responding to the HIAA.) The data for independent plans are

estimates of the Office of Research and Statistics based on its annual surveys of these plans. The last full survey of all known plans of this type was made in 1965 to obtain 1964 data. Estimates for the years since then, including 1968, have been made on the basis of year-to-year changes in a small number of the larger plans.³ The Office of Research and Statistics is currently making another survey of all known independent plans, but data from this survey are not yet available.

The NCHS-ORS estimate of the net number of persons under age 65 with hospital coverage at the end of 1968 (142.8 million or 79.6 percent of the civilian population) is based on the household survey conducted during 1968 by the National Center for Health Statistics. The sample for this survey included about 134,000 persons in 42,000 households. Detailed findings are to be published by the Center.

That survey found that 78.2 percent of the non-institutional population under age 65 reported that they had hospital insurance, 20.5 percent reported that they did not have such insurance, and 1.3 percent did not know whether they had

² For more detailed data, including data for the individual plans, see Louis S. Reed, Willine Carr, and Maureen Q. Dwyer, *Enrollment and Finances of Blue Cross and Blue Shield Plans, 1968*, Office of Research and Statistics, Research and Statistics Note No. 22, 1969.

³ Louis S. Reed and Willine Carr, *Independent Health Insurance Plans in 1968, Preliminary Estimates*, Office of Research and Statistics, Research and Statistics Note No. 17, 1969.

insurance or not. Analogous results for surgical insurance were: 76.6 percent with insurance, 21.9 percent without insurance, and 1.5 percent who did not know. In both cases the "don't knows" were distributed in the same proportion as those who reported having or not having insurance. The resulting data were then adjusted to apply to the total civilian population on the assumption that none of the institutional population had insurance. (This assumption, of course, is not fully valid since some of those in institutions, particularly those in nursing and rest homes have insurance. No reliable data on this point are available, but it is believed that the overall proportion is small.)⁴ The data were next adjusted to reflect the situation at the end of the year, with the probable growth in coverage during the year taken into account.

For insurance coverage of persons aged 65 and over, no data from the 1968 household survey are available. The 1968 figure for the aged shown here is an estimate based on the findings of the household survey during the period July-December 1967 and on the increase in gross total enrollments between the two periods.

It will be seen that the gross total enrollments for hospital care coverage among the population under age 65 is 128 percent of the number of persons with hospital insurance as found by the 1968 NCHS survey. The analogous ratio for surgical services is 123 percent. The estimates of the net number of persons with coverage of the other services have been made by assuming the ratios of gross enrollments to the net number covered. These ratios are believed to be reasonable, when one takes into account the fact that the extent of multiple coverage is apparently much greater for hospital care and surgical services than it is for the other items of health care. The ratios used were 110 percent for physician in-hospital visits, 107 percent for X-ray and laboratory examinations, 105 percent for physician office and home visits, drugs, private-duty nursing, and visiting-nurse service; it was assumed that there is as yet no multiple coverage of dental care.

The corresponding estimates of net number of persons aged 65 and over who have coverage of

services other than hospital care and surgery are developed in a similar manner but with a lower extent of multiple coverages assumed. The estimates for persons of all ages have been made by adding together the estimates for persons under age 65 and for persons aged 65 and over.

Comparison with the HIAA estimates is provided here since in the past they have been the only annual estimates of the net number of persons with health insurance coverage. The HIAA makes estimates only for hospital care, surgical expense, and what it calls "regular medical expense" or "nonsurgical medical expense"—that is, basic coverage of physician visits in the hospital, of physician visits in the office, home, and hospital, or out-of-hospital X-ray and/or laboratory examinations. In the past it has been assumed that the number with this coverage equaled the number with coverage of in-hospital physician visits, but this assumption is less certain now.

The HIAA estimates are based upon data on gross enrollments that approximate those reported here⁵ and on its own estimates of the extent of multiple or duplicatory coverages. Over the years, the HIAA estimates have generally run consistently higher than those based on household-interview surveys.⁶ It should be noted, however, that the recent HIAA estimates for persons aged 65 and over are lower than the estimates based on household-interview surveys.

The difference between gross enrollments and the estimate of the net number of persons covered could reflect (a) the extent of multiple or duplicatory coverages, (b) overestimation of their enrollment by Blue Cross-Blue Shield plans or in-

⁵ HIAA data for insurance companies are those given here; its data for Blue Cross-Blue Shield plans are not derived from official sources and differ from those provided to the Office of Research and Statistics by the Blue Cross and Blue Shield national associations; the data for independent plans are those provided by the Office of Research and Statistics, except that HIAA adds token estimates of the number of students covered under college and university health services. (The Office of Research and Statistics excludes these students because they are not covered the year around—only while on campus.)

⁶ For a detailed description of the sources and methodology of the HIAA estimates and possible explanations of the differences between these estimates and the findings of household surveys see Louis S. Reed, *The Extent of Health Insurance Coverage in the United States* (Research Report No. 10), Office of Research and Statistics, Social Security Administration, 1965.

⁴ The survey of the aged made by the Social Security Administration in 1963 found that less than 10 percent of aged persons in institutions had any health insurance.

TABLE 4.—Percentage distribution of total gross enrollment by age group, among carriers, 1968

Age group and type of plan	Hospital care	Physician services				Dental care	Pre-scribed drugs (out-of-hospital)	Private-duty nursing	Visiting-nurse service	Nursing-home care
		Surgical services	In-hospital visits	X-ray and laboratory examinations	Office and home visits					
Total, all ages.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Blue Cross-Blue Shield.....	36.4	35.7	41.9	27.2	18.1	.6	17.9	20.8	25.5	63.8
Insurance companies.....	59.8	59.5	52.4	64.7	73.8	53.7	77.6	74.1	68.3	28.8
Group policies.....	39.3	43.6	43.7	57.9	66.4	52.8	71.4	67.8	62.5	16.3
Individual policies.....	20.5	15.9	8.7	6.8	7.4	.8	6.2	6.3	5.8	12.5
Independent plans.....	3.8	4.8	5.7	8.0	8.0	45.7	4.5	5.1	6.1	7.5
Under age 65, total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Blue Cross-Blue Shield.....	35.7	34.7	40.8	26.3	17.5	.6	17.5	20.9	25.3	61.0
Insurance companies.....	60.6	60.5	53.6	65.8	74.6	53.7	78.2	74.2	68.3	31.8
Group policies.....	40.6	44.9	45.0	58.8	67.1	52.9	71.9	67.9	62.9	17.7
Individual policies.....	20.0	15.6	8.6	7.0	7.5	.8	6.2	6.3	5.9	14.0
Independent plans.....	3.7	4.8	5.6	7.9	7.9	45.6	4.4	5.0	6.0	7.2
Aged 65 and over, total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Blue Cross-Blue Shield.....	40.1	54.0	62.8	40.6	37.3	.....	30.2	17.5	34.9	85.8
Insurance companies.....	47.0	40.8	30.5	38.1	50.3	49.0	60.0	69.8	53.7	4.7
Group policies.....	17.5	19.8	20.7	34.7	45.9	49.0	54.8	63.7	49.1	4.7
Individual policies.....	29.5	21.0	9.7	3.3	4.4	.....	5.2	6.1	4.7	.....
Independent plans.....	3.9	5.1	6.7	12.3	12.3	51.0	9.8	12.7	11.4	9.6

insurance companies,⁷ or (c) underreporting under the household surveys.

It should be understood that exact precision in stating the number and percent of the population having health insurance is not now possible. All figures are approximations.

Table 4 shows the percentage distribution of gross total enrollment among the carriers in 1968. For persons of all ages, Blue Cross-Blue Shield has 36 percent of the total enrollment for hospital care, insurance companies 60 percent, and independent plans 4 percent, with enrollment under group policies of insurance companies about twice that under individual policies.

These relationships vary among the different services. The share of Blue Cross-Blue Shield plans in the total is smaller for most of the other services (except nursing-home care) than their share of hospital care enrollment; for insurance

companies the share for the other services is greater. Enrollment under individual policies of insurance companies is relatively small for services other than hospital care and surgical services. The share of the independent plans is larger for other services other than it is for hospital care. Almost half of the enrollment for dental care is in the dental society plans.

Among the aged, Blue Cross-Blue Shield plans have a larger proportion of the total enrollments for hospital care and surgical services than insurance companies have. The majority of insurance company enrollment is under individual policies. For most of the other services the carriers' shares of enrollment are different: the Blue Cross-Blue Shield plans have a smaller proportion, the percentage covered under group insurance policies is greater, and there is relatively little coverage under individual policies.

It will be noted that all these data are presented in a different way than they were in the earlier articles in this series. This year the gross enrollment for insurance companies is the total of the enrollments under group and individual policies; in previous years the total enrollment reported for insurance companies has been the HIAA's estimate of the net number of persons covered by insurance companies, after deduction for duplicating policies among insurance companies.

⁷ Most Blue Cross and Blue Shield plans do not maintain a precise count of the number of dependents under family contracts but make estimates on the basis of sample groups. Insurance companies under group policies never know the precise number of dependents covered but estimate the number on the basis of assumed factors of dependents per employee with dependent coverage. In both cases, enrollment figures are thus approximate. With respect to individual policies, some insurance companies do not maintain precise counts of the number of policy holders and family dependents and may overestimate enrollment by failing to take accurate account of lapsed policies.

Historical Data

Data on enrollment of health insurance organizations and estimates of the net number of persons who had some coverage of hospital care and surgical services during the period 1940-68 are presented in tables 5 and 6. These figures are different from those that were shown in previous years in two major respects: First, the gross enrollments are the total of enrollments for all carriers—that is, with no deduction for duplication among insurance companies; second, data are shown on net number of persons covered as shown by various household surveys from time to time during the entire period.

The major trends in enrollment have been repeatedly described in previous articles. Growth of Blue Cross-Blue Shield enrollment continues at about the same rate as in recent years, as does

enrollment under group policies of insurance companies. Growth in enrollment under individual policies of insurance companies seems to be slowing down. Enrollment under the community independent plans continues to expand slowly; under employer-employee plans, it appears to be declining. The current Office of Research and Statistics survey of independent plans has found that many formerly self-insured groups have taken out coverage with Blue Cross-Blue Shield plans or insurance companies.

The fairly constant difference of several percentage points between the proportions of the population with insurance as indicated by the household surveys and by the HIAA estimates stands out clearly. A new feature in the series is the ratio of the gross total enrollments to the estimates of net enrollment by HIAA.

The HIAA estimates made no adjustment for

TABLE 5.—Hospital benefits: Gross enrollment and estimates of net number of different persons covered, all ages, 1940-68

[In thousands]

End of year	Gross enrollments											Net number of different persons covered, as estimated by—				Gross enrollment as percent of net, as estimated by—		
	Total	Blue Cross-Blue Shield			Insurance companies			Independent plans					Household surveys ¹		HIAA		Household surveys	HIAA
		Total	Blue Cross	Blue Shield	Total	Group policies	Individual policies	Total	Community consumer	Employer-Employee union	Medical society	Private group clinic	Number	Percent of civilian population	Number ²	Percent of civilian population		
1940	12,022	6,072	6,012	60	3,700	2,500	1,200	2,250	140	1,560	110	440			12,312	9.3	97.6	
1941	16,089	8,469	8,399	70	5,350	3,850	1,500	2,270	140	1,560	130	440			16,349	12.4	98.4	
1942	19,465	10,295	10,215	80	6,880	5,080	1,800	2,290	140	1,560	150	440			19,695	15.3	98.8	
1943	23,915	12,696	12,600	96	8,900	6,800	2,100	2,319	144	1,560	170	445			24,160	19.0	99.0	
1944	29,123	15,828	15,748	80	10,800	8,400	2,400	2,495	280	1,610	185	420			29,232	23.0	99.6	
1945	32,135	18,961	18,881	80	10,504	7,804	2,700	2,670	420	1,660	200	390			32,068	24.0	100.2	
1946	41,477	24,342	24,250	92	14,315	11,315	3,000	2,820	560	1,700	200	360			42,112	29.9	98.5	
1947	52,460	27,646	27,489	157	21,774	14,190	7,584	3,040	700	1,760	250	330			52,584	36.5	99.8	
1948	61,926	30,619	30,448	171	28,027	16,741	11,286	3,280	840	1,810	330	300			60,999	41.7	101.5	
1949	69,625	33,576	33,381	195	32,426	17,697	14,729	3,623	977	1,870	508	268			66,044	44.3	105.4	
1950	81,691	37,645	37,435	210	39,601	22,305	17,296	4,445	1,445	2,280	500	220			76,639	50.7	106.6	
1951	92,167	39,412	38,424	988	47,465	26,663	20,802	5,290	1,910	2,700	500	180			85,348	55.9	108.0	
1952	98,340	41,353	40,495	858	50,867	29,455	21,412	6,120	2,380	3,120	490	130			90,965	58.5	108.1	
1953	106,092	43,684	42,837	827	55,435	33,575	21,860	6,973	2,851	3,541	493	88	90,205	57.0	96,206	60.8	117.6	
1954	109,297	45,355	44,243	1,112	57,262	35,090	22,172	6,680	2,890	3,380	340	70			98,771	61.2	110.7	
1955	119,629	48,924	47,719	1,205	63,160	39,029	24,131	6,545	2,920	3,220	360	45			105,452	64.1	112.5	
1956	129,066	51,455	50,108	1,347	70,781	45,211	25,570	6,430	2,956	3,066	388	20	105,682	63.0	114,044	68.0	121.7	
1957	134,469	53,282	51,869	1,413	74,776	48,439	26,337	6,411	2,920	3,090	371	30	114,478	67.0	119,610	70.0	117.5	
1958	136,304	53,623	52,258	1,365	76,292	49,508	26,784	6,389	2,880	3,120	354	35	112,990	65.0	121,018	69.6	120.6	
1959	141,660	55,054	53,673	1,381	80,226	51,255	28,971	6,380	2,846	3,153	337	44	118,490	67.0	125,753	71.1	119.6	
1960	148,863	57,464	55,938	1,526	85,405	55,218	30,187	5,994	1,604	4,000	340	50			130,007	72.3	114.5	
1961	153,026	57,960	56,489	1,471	87,964	57,013	30,951	7,102	1,851	4,850	344	57			134,417	73.7	113.8	
1962	158,629	59,618	58,133	1,485	92,074	59,153	32,921	6,937	1,830	4,703	344	60	129,800	70.0	138,890	74.9	122.2	
1963	165,142	60,698	59,141	1,557	97,279	62,817	34,462	7,165	1,947	4,814	344	60	126,057	67.0	144,575	76.8	131.0	
1964	169,632	62,429	60,478	1,951	100,368	64,506	35,857	6,840	1,859	4,785	8	188			148,338	77.8	114.4	
1965	175,122	63,662	61,651	2,012	104,476	67,104	37,372	6,984	1,954	4,971	8	51			153,133	79.4	114.4	
1966	180,482	65,638	63,408	2,230	108,211	69,570	38,641	6,633	1,964	4,618		51			158,022	81.1	114.2	
1967	185,822	67,513	65,188	2,325	111,259	73,351	37,908	7,050	2,300	4,700		50	146,131	74.3	162,853	82.8	127.2	
1968	193,538	70,510	67,958	2,552	115,768	76,059	39,709	7,260	2,500	4,700		60	152,117	76.5	169,497	85.3	127.3	

¹ Number of persons estimated by applying percentages to total civilian population. Percentages projected to end of year and rounded, except for 1967 and 1968 data.

² HIAA estimate exceeds gross enrollment for early years because HIAA data include estimated enrollment of college and university health services.

duplicatory coverages—more than one policy or contract held by any one individual—before 1947. The Association began making deductions for duplicatory coverage in arriving at its estimates in that year. Its estimate of the proportion of duplicatory coverages, as shown by the ratio of gross total enrollments to the estimated net number of covered persons, gradually increased until a level of about 114 percent was reached around 1960. This ratio, as found by the various household surveys, is much larger—running at the level of 120–130 percent for hospital care and 110–120 percent for surgery. As mentioned earlier, some of the difference between gross enrollments and net covered population found by household surveys may result from overstatement of enrollments.

Because of Medicare, the health insurance situation for persons under age 65 and aged 65 and over is greatly different. Separate data on

enrollments and estimates of net population covered for the two age groups are therefore supplied in tables 7 and 8. To provide a background for data since the inauguration of Medicare in mid-1966, figures since 1960 have been developed. For the population under age 65, gross total enrollments for hospital care rose 24 percent between 1962 and 1968, and enrollments for surgical care increased 25 percent. During the same period the increase in the net number of persons with coverage, as measured by the household surveys, was 19 percent for hospital care and 21 percent for surgical care.

The number and percentage of the population aged 65 and over with private health insurance reached its maximum in 1965; it fell off with the advent of Medicare. Total enrollments were, however, only 18 percent less at the end of 1966 than they were at the end of 1965—an indication that the great majority of older persons who

TABLE 6.—Surgical benefits: Gross enrollment and estimates of net number of different persons covered, all ages, 1940–68

(In thousands)

End of year	Gross enrollments												Net number of different persons covered, as estimated by—				Gross enrollment as percent of net, as estimated by—	
	Total	Blue Cross-Blue Shield			Insurance companies			Independent plans					Household surveys ¹		HIAA		Household surveys	HIAA
		Total	Blue Cross	Blue Shield	Total	Group policies	Individual policies	Total	Community-consumer	Employer-Employee union	Medical society	Private group clinic	Number	Percent of civilian population	Number ²	Percent of civilian population		
1940	4,790	260	260	2,280	1,430	850	2,250	200	1,480	110	460			5,350	4.1		89.5	
1941	6,215	645	645	3,300	2,300	1,000	2,270	200	1,480	130	460			6,775	5.1		91.7	
1942	7,580	815	815	4,475	3,275	1,200	2,290	200	1,480	150	460			8,140	6.3		93.1	
1943	9,488	1,065	1,065	6,100	4,700	1,400	2,323	205	1,481	170	467			10,069	7.9		94.2	
1944	11,183	1,583	1,583	7,225	5,625	1,600	2,375	280	1,470	185	440			11,713	9.2		95.5	
1945	12,692	2,335	2,335	8,337	6,537	1,800	2,420	350	1,460	200	410			12,890	9.6		93.8	
1946	17,357	4,236	4,236	10,661	8,661	2,000	2,460	430	1,450	200	380			18,609	13.2		93.3	
1947	24,715	6,187	6,187	15,978	11,103	4,875	2,550	500	1,450	250	350			26,247	18.2		94.2	
1948	34,329	10,516	10,516	21,143	14,199	6,944	2,670	580	1,440	330	320			34,060	23.3		100.8	
1949	40,773	12,842	12,842	24,905	15,590	9,315	3,026	653	1,438	643	292			41,143	27.6		99.1	
1950	55,950	17,253	17,253	34,937	21,219	13,718	3,760	940	1,950	600	270			54,156	35.8		103.3	
1951	68,561	22,052	22,052	41,999	26,376	15,623	4,510	1,230	2,470	570	240			64,892	42.5		105.7	
1952	79,008	25,775	25,775	47,975	29,621	18,354	5,258	1,520	2,990	538	210			72,459	46.6		109.0	
1953	86,612	29,527	29,527	51,078	34,039	17,039	6,007	1,803	3,516	502	186	75,962	48.0	78,321	49.5	114.0	110.6	
1954	91,599	33,081	33,081	52,548	35,723	16,825	5,970	1,970	3,350	470	180			81,900	50.8		111.8	
1955	101,819	37,395	37,395	58,494	39,725	18,769	5,930	2,130	3,200	430	170			88,856	54.0		114.6	
1956	111,178	40,542	40,542	64,737	45,906	18,831	5,899	2,298	3,040	401	160	92,262	55.0	97,713	58.2	120.5	113.8	
1957	118,599	43,305	43,305	69,304	48,955	20,349	5,990	2,360	3,070	390	170	105,934	62.0	105,359	61.7	112.0	112.6	
1958	121,136	44,331	44,331	70,725	49,917	20,808	6,080	2,430	3,100	370	180	106,037	61.0	107,527	61.9	114.2	112.7	
1959	126,528	46,386	46,386	73,954	51,756	22,198	6,188	2,496	3,138	360	194	109,647	62.0	112,842	63.8	115.4	112.1	
1960	134,118	48,266	48,266	78,516	55,504	23,012	7,336	2,760	4,020	346	210			117,304	65.2		114.3	
1961	140,103	49,374	49,374	82,235	57,373	24,862	8,494	3,026	4,891	346	231	116,788	64.0	122,951	67.4	120.0	114.0	
1962	144,441	50,876	50,876	85,278	59,787	25,491	8,287	3,003	4,695	346	243	120,528	65.0	126,900	68.4	119.8	113.8	
1963	151,240	52,371	52,371	89,631	63,288	26,973	8,608	3,206	4,806	346	250			131,954	70.1		114.6	
1964	155,215	54,473	54,473	92,445	64,039	27,506	8,297	3,111	4,968	10	208			135,433	71.0		114.6	
1965	161,810	56,330	56,330	96,796	67,557	29,239	8,684	3,400	5,068	10	206			140,462	72.8		115.2	
1966	165,810	57,916	57,916	99,569	70,268	29,301	8,325	3,526	4,601		198			144,715	74.3		114.6	
1967	172,050	60,433	60,433	103,037	74,318	28,719	8,580	3,900	4,500		180	142,437	72.4	150,396	76.4	120.8	114.4	
1968	177,395	63,279	63,279	105,616	77,415	28,201	8,500	4,100	4,200		200	146,295	73.6	155,725	78.3	121.3	113.9	

¹ See footnote 1, table 5.

² See footnote 2, table 5.

TABLE 7.—Hospital benefits: Gross enrollment and estimates of net number of different persons covered, by age group, 1960–68

(In thousands)

End of year	Gross enrollments					Net number of different persons covered, as estimated by—				Gross enrollment as percent of net, as estimated by—	
	Total	Blue Cross-Blue Shield	Insurance companies		Independent plans	Household surveys		HIAA			
			Group policies	Individual policies		Number	Percent of civilian population	Number	Percent of civilian population		
										Household surveys	HIAA
Under age 65											
1960	139,855	53,070	53,718	27,487	5,580			120,772	74.1		115.8
1961	142,576	52,750	55,263	27,951	6,612			124,595	75.4		114.4
1962	146,626	54,194	56,853	29,121	6,458	120,220	72.3	128,600	76.6	122.0	114.0
1963	152,822	55,072	60,417	30,662	6,671			133,267	78.2		114.7
1964	157,083	56,663	62,006	32,057	6,357			(1)	(1)		
1965	162,461	57,884	64,504	33,572	6,501			141,400	81.0		114.9
1966	170,053	60,575	67,546	35,729	6,203			148,589	84.4		114.4
1967	175,672	62,103	71,279	35,670	6,620	137,617	77.4	153,768	86.5	127.7	114.2
1968	182,490	65,086	74,128	36,451	6,825	142,837	79.6	159,335	88.8	127.8	114.5
Aged 65 and over											
1960	9,008	4,394	1,500	2,700	414			9,235	54.8		97.5
1961	10,450	5,210	1,750	3,000	490			9,822	57.2		106.4
1962	12,003	5,424	2,300	3,800	479	9,125	54.1	10,300	59.1	131.5	116.5
1963	12,320	5,626	2,400	3,800	494			11,308	63.8		108.9
1964	12,538	5,766	2,500	3,800	472			(1)	(1)		
1965	12,661	5,778	2,600	3,800	483			11,700	63.9		108.2
1966	10,439	5,073	2,024	2,912	430			9,433	50.6		110.7
1967	10,150	5,410	2,072	2,238	430	8,514	2 45.0	9,085	47.8	119.2	111.7
1968	11,048	5,424	1,931	3,258	435	3 9,280	3 48.5	10,162	52.6	119.1	108.7

¹ Data not available.

² In the Current Medicare Survey of the Social Security Administration, 50 percent of those enrolled for supplementary medical insurance were re-

ported as having private hospital insurance at end of 1967.

³ NCHS data not available; figure estimated on basis of percentage increase in gross enrollment between 1967 and 1968.

had health insurance before Medicare retained their private coverage, shifting in the main to special contracts or policies that complemented Medicare's benefits. After a further slight decline in 1967, total enrollments increased in 1968, and the percentage of the aged with private coverage also increased.

The figures in tables 5–8 on the number and percentage of the population with private health insurance coverage as shown by household surveys have been provided, for the most part, without identification of the particular surveys. In table 9, however, a listing is provided of all household surveys of the extent of health insurance known to the writer, and the precise period of the survey and the findings are given.

The trend toward broader coverage under health insurance is shown in table 10, which gives data on enrollment and estimated net population covered for each of the 10 main types of health care in 1962 and in each of the past 4 years. Although the estimated net number of different persons of all ages covered for hospital care (as found by the household surveys) rose 17 percent from 1962 to 1968, the net number of persons

estimated to have coverage of X-ray and laboratory examinations increased almost 50 percent. Coverage for physician office and home visits was 50 percent higher in 1968 than it was 6 years earlier and that for drugs was 66 percent higher.

The number of persons with some coverage of dental care has increased during this 6-year period almost 500 percent, and the number with some coverage of nursing-home care has almost quadrupled. Much of the expansion in the number of persons covered for physician office and home visits, prescribed drugs, and private-duty nursing reflects the growth of major medical coverages of insurance companies or supplementary major medical or extended-benefit contracts written by Blue Cross-Blue Shield plans. Not all the increase is of this nature, however. All health insurance organizations are tending to broaden the scope of their basic coverage.

Table 11 shows for persons of all ages the growth since 1955 in the number of persons covered under major medical policies of insurance companies and under supplementary major medical and comprehensive extended-benefit contracts of Blue Cross-Blue Shield plans. Most of the

TABLE 8.—Surgical benefits: Gross enrollment and estimates of net number of different persons covered, by age, 1960-68

[In thousands]

End of year	Gross enrollments					Net number of different persons covered, as estimated by—				Gross enrollment as percent of net, as estimated by—	
	Total	Blue Cross-Blue Shield	Insurance companies		Independent plans	Household surveys		HIAA		Household surveys	HIAA
			Group policies	Individual policies		Number	Percent of civilian population	Number	Percent of civilian population		
Under age 65											
1960	127,386	45,226	54,104	21,212	6,844			109,452	67.2		116.4
1961	132,209	45,649	55,673	22,962	7,925			114,645	69.3		115.3
1962	134,609	46,599	57,487	22,791	7,732	113,569	68.3	(1)	(1)	118.5	
1963	139,278	46,086	60,888	24,273	8,031			122,112	71.6		114.1
1964	144,811	49,825	62,439	24,806	7,741			(1)	(1)		
1965	150,946	51,348	64,957	26,539	8,102			130,100	74.5		116.0
1966	157,504	53,613	68,574	27,479	7,838			137,448	78.1		114.6
1967	163,643	56,020	72,583	26,965	8,075	134,061	75.4	142,828	80.3	122.9	114.6
1968	168,344	58,390	75,619	26,300	8,035	137,224	76.5	147,252	82.1	122.6	114.3
Aged 65 and over											
1960	6,732	3,040	1,400	1,800	492			7,852	46.6		85.7
1961	7,894	3,725	1,700	1,900	569			8,306	48.4		95.0
1962	9,832	4,277	2,300	2,700	555	7,792	46.2	(1)	(1)	126.2	(1)
1963	9,982	4,285	2,400	2,700	577			9,842	55.6		101.2
1964	10,404	4,648	2,500	2,700	556			(1)	(1)		(1)
1965	10,864	4,982	2,600	2,700	582			10,400	56.8		104.5
1966	8,307	4,304	1,694	1,822	487			7,267	39.0		114.3
1967	8,407	4,413	1,735	1,754	505	8,376	² 44.1	7,568	39.8	100.4	111.1
1968	9,051	4,889	1,796	1,901	465	³ 9,021	³ 46.7	8,473	43.8	100.3	106.8

¹ Data not available.
² In the Current Medicare Survey of the Social Security Administration, 42 percent of those enrolled for supplementary medical insurance were reported

as having private surgical insurance at end of 1967.
³ NCHS data not available; figure estimated on basis of percentage increase in gross enrollment between 1967 and 1968.

growth in insurance company major medical coverage has been in group policies. The number of persons covered under group supplementary major medical policies exceeds the number under group comprehensive major medical policies by almost 3 to 1, with the margin apparently increasing. There are various indications that possibly as much as one-fourth of the persons covered under group supplementary major medical policies of insurance companies have basic coverage through Blue Cross-Blue Shield plans of hospital care and probably of surgical care too.

Enrollment under individual policies of the major medical type grows but slowly. Many policies of this type are purchased by those who wish to supplement their basic coverage under Blue Cross-Blue Shield plans or under an insurance group policy. Enrollment under Blue Cross-Blue Shield supplementary major medical or comprehensive extended-benefit coverage continues to expand though not as rapidly as under insurance company major-medical policies.

With minor exceptions the independent plans have not chosen to develop coverage of the major medical type. The community plans, especially

those that provide service through group practice, generally provide comprehensive coverage of physician service and complete or virtually complete coverage of hospital care. Their aim is to provide directly a comprehensive health service. Some of the employer-employee union plans (but only a small minority) have coverages of the major medical type.

FINANCIAL EXPERIENCE

In 1968, the earned subscription or premium income of all private health insurance organizations was \$12.9 billion (table 12). The organizations incurred claims or benefit expenses of \$11.3 billion (87.9 percent of premium income), used \$1.9 billion (14.8 percent of premium income) for operating expense, and had a net underwriting loss of \$356 million, equal to 2.8 percent of premium income. Some of this underwriting loss was made up by income from investment of reserves.

The Blue Cross-Blue Shield plans together had a subscription income of \$5.2 billion. Of this

TABLE 9.—Household surveys of the extent of health insurance: Findings on percent of population with hospital insurance and with surgical insurance

Organization	Survey period	Percent with—			
		Hospital insurance		Surgical insurance	
		Non-institutional population	Total civilian population	Non-institutional population	Total civilian population
Surveys of persons of all ages:					
Health Information Foundation ¹	July 1953	57.0	56.4	48.0	47.3
Public Health Service ²	September 1956	63.3	62.9	55.2	54.6
Health Insurance Institute ³	October 1957	67.0	66.6	62.0	61.4
Health Information Foundation ⁴	July 1958	65.0	64.3	61.0	60.4
Public Health Service ⁵	July-December 1959	67.1	66.4	62.0	61.4
National Center for Health Statistics, Public Health Service ⁶	July 1962-June 1963	70.7	69.4	66.3	64.4
Health Information Foundation ⁷	December 31, 1963	68.0	67.2	66.0	65.2
National Center for Health Statistics, Public Health Service ⁸	July-December 1967	73.3	72.5	71.6	70.8
National Center for Health Statistics, Public Health Service ⁹	January-December 1968	(10)	(10)	(10)	(10)
Surveys of persons aged 65 and over:					
Social Security Administration ¹¹	March 1952	26.3			
Social Security Administration ¹²	End of 1962		51.0		43.0
Social Security Administration ¹³	End of 1967		50.3		42.0
Social Security Administration ¹⁴	March 1968		49.3		41.9

¹ Odin W. Anderson with Jacob J. Feldman, *Family Medical Costs and Voluntary Health Insurance: A Nationwide Survey*, McGraw-Hill Book Co. 1956.

² Maurice E. Odoroff and Leslie M. Abbe, "Patterns of Hospital Prepayment Coverage in the United States, 1956," *Public Health Reports*, July 1959.

³ Health Insurance Institute, *A Profile of the Health Insurance Public: A National Study of the Pattern of Health Insurance Coverage, Public Attitudes and Knowledge*, New York, 1959.

⁴ Odin W. Anderson, Patricia Collette, and Jacob J. Feldman, *Changes in Medical Care Expenditures and Voluntary Health Insurance, A Five-Year Resurvey*, Harvard University Press, 1963.

⁵ *Health Statistics from the U.S. National Health Survey, Interim Report on Health Insurance, United States, July-December 1959* (Series B, No. 26), December 1960.

⁶ *Health Insurance Coverage, United States, July 1962-June 1963* (Series 10, No. 11), National Center for Health Statistics, 1964.

⁷ Ronald Andersen and Odin W. Anderson, *A Decade of Health Services: Social Survey Trends in Use and Expenditure*, University of Chicago Press, 1967.

⁸ "Hospital and Surgical Insurance Coverage in the United States, July-December 1967," *Monthly Vital Statistics Report: Health Interview Survey—Provisional Data from the National Center for Health Statistics*, June 23, 1969; supplemented by unpublished data provided by the Center.

⁹ Unpublished data provided by the National Center for Health Statistics (only for persons under age 65).

¹⁰ Findings for persons of all ages not available. The survey found that of

the noninstitutional population under age 65, 79.2 percent (after prorating "don't know") had hospital insurance and 77.8 percent had surgical insurance. In terms of the total civilian population the percentages were 78.6 and 77.2, respectively.

¹¹ I. S. Falk and Agnes W. Brewster, *Hospitalization and Insurance Among Aged Persons. A Study Based on a Census Survey in March 1952*, Bureau Report No. 18, Research and Statistics, April 1953.

¹² Lenore A. Epstein and Janet H. Murray, *The Aged Population of the United States: The 1963 Social Security Survey of the Aged* (Research Report No. 19), Office of Research and Statistics, 1967, chapter 11.

¹³ Unpublished data from the Current Medicare Survey; data relate only to persons enrolled for supplementary medical insurance under Medicare.

¹⁴ Unpublished data from Current Medicare Survey; data relate to all aged persons covered for hospital benefits under Medicare (substantially all aged persons).

NOTE: For all surveys, the percentages of persons who did not know whether they had or did not have insurance have been prorated between those who had and those who did not have insurance. Most of the surveys were limited to the noninstitutional population. Estimates in terms of the total civilian population have been made for these surveys on the assumption—not fully valid, but only producing slight underestimation—that none of the institutional populations (mainly persons in nursing and old-age homes, mental and tuberculosis hospitals, prisons, and institutions for the mentally retarded) had health insurance. (The ORS 1963 Survey of the Aged found that less than 10 percent of aged persons in institutions had health insurance.)

amount, \$4.8 billion, or 93.3 percent, was used for payments to hospitals, doctors, etc., for services to subscribers, and \$0.4 billion (7.2 percent) was used for operating expense. Thus the plans had a net underwriting loss of \$28.6 million. This loss was offset by investment income of approximately \$98 million; the plans therefore had a net income of \$70 million or 1.3 percent of total income.

Of the total Blue Cross-Blue Shield subscription income, 70 percent represented Blue Cross and 30 percent Blue Shield. In 1968, Blue Cross plans used 96.3 percent of premium income for claims expense, had operating expenses of 5.7 percent, and a net underwriting loss of 2.0 percent. Blue Shield plans used 86.2 percent of premium income for claims and had operating expenses of 10.9 percent and a net underwriting gain of 2.9 percent.⁸

⁸ For greater detail see Louis S. Reed, Willine Carr, and Maureen Dwyer, *op. cit.*

Insurance companies had total earned premium income (less dividends to policyholders) of \$6.9 billion, of which almost three-fourths came from group business and one-fourth from individual business. Under group business, the companies used 93.8 percent of premium income for claims expense, 12.8 percent for operating expense (including State premium taxes and fees of 2-3 percent of premiums), and sustained a net underwriting loss of 6.6 percent. Part of this loss was offset by income from investment of reserves; part was made up by gains on disability and life insurance business. On individual policies, the companies used 53.6 percent of premium income for claims, had an operating expense ratio of 46.7 percent, and a net underwriting loss of 0.2 percent. Investment income gave them an overall gain.

The independent plans, it is estimated, had a total income from subscriber, employers, employees, and union members of \$740 million.

TABLE 10.—Estimates of net number and percent of population covered for specified health care benefits, 1962–68

End of year	Hospital care	Physician services				Dental care	Pre-scribed drugs	Private-duty nursing	Visiting-nurse service	Nursing-home care
		Surgical services	In-hospital visits	X-ray and laboratory examinations	Office and home visits					
All ages										
Number (in thousands):										
1962	129,800	120,528	(1)	65,671	56,986	1,006	47,907	46,143	43,203	4,975
1965	(1)	(1)	(1)	79,500	63,400	3,100	53,200	56,000	60,100	9,900
1966	(1)	(1)	(1)	90,000	73,706	4,227	65,544	68,722	79,004	17,814
1967	146,131	142,437	(1)	92,480	78,565	4,679	71,201	76,080	81,771	18,754
1968	152,117	146,295	128,174	97,703	85,311	5,821	79,280	83,485	90,523	19,046
Percent of civilian population:										
1962	70.0	65.0	(1)	35.0	31.0	0.5	26.0	25.0	23.0	3.0
1965	(1)	(1)	(1)	41.2	32.9	1.6	37.6	29.0	31.2	5.1
1966	(1)	(1)	(1)	48.0	37.9	2.2	33.7	35.0	40.6	9.2
1967	74.3	72.4	(1)	47.0	39.9	2.4	36.2	38.7	41.6	9.2
1968	76.5	73.6	64.5	49.2	42.9	2.9	39.9	42.0	45.5	9.6
Under age 65										
Number (in thousands):										
1967	137,617	134,061	116,656	88,926	75,785	4,596	69,363	73,857	79,302	15,873
1968	142,837	137,274	121,104	93,714	82,295	5,719	76,748	81,309	87,697	16,921
Percent of civilian population:										
1967	77.4	75.4	65.6	50.0	42.6	2.6	39.0	41.5	44.6	8.9
1968	79.6	76.5	67.5	52.2	45.9	3.2	42.8	45.3	48.9	9.4
Aged 65 and over										
Number (in thousands):										
1967	8,514	8,376	5,905	3,554	2,780	83	1,838	2,223	2,470	2,881
1968	9,280	9,021	7,070	3,989	3,016	102	2,532	2,176	2,826	2,125
Percent of civilian population:										
1967	45.0	44.0	31.1	18.7	14.6	0.4	9.7	11.7	13.0	15.2
1968	48.5	46.7	36.6	20.6	15.6	0.5	13.1	11.3	14.6	11.0

¹ Data not available.

TABLE 11.—Number of persons covered under major medical policies of insurance companies and under supplementary major medical and comprehensive extended-benefit contracts of Blue Cross-Blue Shield plans, 1955–68

[In thousands]

End of year	Insurance companies					Blue Cross-Blue Shield plans ¹		
	Total	Group policies			Individual policies	Total	Supplementary major medical	Comprehensive extended benefit
		Total	Supplementary	Comprehensive				
1955	5,241	4,759	3,928	831	482			
1960	27,448	25,608	17,285	8,323	1,840	3,713	3,020	693
1961	34,138	31,517	22,281	9,236	2,621	5,059	4,015	1,044
1962	38,250	35,053	25,301	9,752	3,197	7,501	5,068	1,735
1963	42,441	38,699	28,248	10,451	3,742	(2)	(2)	(2)
1964	47,001	42,579	31,772	10,807	4,422	(2)	(2)	(2)
1965	51,946	47,269	35,988	11,281	4,677	³ 14,600	(2)	(2)
1966	56,742	52,002	39,685	12,317	4,740	⁴ 14,352	⁴ 10,409	⁴ 3,943
1967	62,226	57,447	43,899	13,548	4,779	⁴ 16,279	⁴ 12,408	⁴ 3,871
1968	66,841	61,738	46,935	14,803	5,103	⁴ 17,807	⁴ 14,078	⁴ 3,729

¹ Comparable data not available for earlier years; data shown are for Blue Cross plans only, except for 1965–68. Data exclude persons covered under polio and dread-disease and prolonged-illness contracts offering coverage only for diseases specified.

² Data not available.

³ Data for Blue Cross plans plus an estimated 1,600,000 in Blue Shield plans not affiliated with Blue Cross.

⁴ Data jointly developed by Blue Cross Association and National Association of Blue Shield plans on unduplicated number of persons covered.

They used 91.6 percent for provision of services or payment of claims and had operating expenses of 5.8 percent and a net underwriting gain of

2.6 percent. As mentioned earlier, 1968 data for the independent plans are preliminary and will be revised when findings from the current Office

TABLE 12.—Financial experience of private health insurance organizations, 1968

[Amounts in millions]

Type of plan	Total income	Sub- scription or premium income	Claims expense		Operating expense		Net underwriting gain		Net income	
			Amount	Percent of premium income	Amount	Percent of premium income	Amount	Percent of premium income	Amount	Percent of total income
Total	(1)	\$12,860.6	\$11,309.6	87.9	\$1,907.2	14.8	-\$356.2	-2.8	(1)	-----
Blue Cross-Blue Shield	\$5,285.1	5,187.1	4,840.6	93.3	375.1	7.2	-28.6	-.5	\$69.5	1.3
Blue Cross	3,728.9	3,665.0	3,529.2	96.3	208.6	5.7	-72.8	-2.0	-8.9	-.2
Blue Shield	1,556.2	1,522.1	1,311.4	86.2	166.5	10.9	44.2	2.9	78.4	5.0
Insurance companies	(1)	6,933.0	5,791.0	83.5	1,488.8	21.5	-346.8	-5.0	(1)	-----
Group policies	(1)	5,159.0	4,841.0	93.8	660.4	12.8	-342.4	-6.6	(1)	-----
Individual policies	(1)	1,774.0	950.0	53.6	828.4	46.7	-4.4	-.2	(1)	-----
Independent plans	740.5	740.5	678.0	91.6	43.3	5.8	19.2	2.6	19.2	2.6
Community	310.0	310.0	290.0	93.5	20.0	6.5	0	0	(1)	-----
Employer-employee-union	380.0	380.0	345.0	90.8	20.0	5.3	15.0	3.9	15.0	3.9
Private group clinic	16.0	16.0	14.5	90.6	1.0	6.2	.5	3.1	.5	3.1
Dental Society	34.5	34.5	28.5	82.6	2.3	6.7	3.7	10.7	3.7	10.7

¹ Data not available.

of Research and Statistics survey become available.

Sources of Data

The data for Blue Cross and Blue Shield plans are based on financial statements for all plans furnished to the Office of Research and Statistics by the Blue Cross Association and the National Association of Blue Shield plans. Duplication resulting from the fact that six joint Blue Cross-Blue Shield plans report identical data to both national organizations has been eliminated. Data for Health Services, Incorporated, and for Medical Indemnity of America—insurance companies owned by the Blue Cross and Blue Shield Associations, respectively—have been included.

The data on insurance company premium income and benefit expense were provided by the Health Insurance Association of America. Premium income is based upon the National Underwriter Company's annual survey of accident and health insurance and on HIAA's annual surveys of companies in this field. The division of group accident and health business between health care and wage loss is based on the HIAA's annual survey of enrollment, premium income, and benefits paid under group business. For individual business, the distribution was based on the HIAA's annual survey of benefits paid. Operating expenses are estimated by the Office of Research and Statistics by applying operating expense ratios for all group and individual accident and health insurance business, respectively,

TABLE 13.—Percentage distribution of subscription or premium income, claims expense, and operating expense by type of private health insurance organizations, 1968

Type of plan	Sub- scription income	Claims expense	Operating expense
Total	100.0	100.0	100.0
Blue Cross-Blue Shield	40.3	42.8	19.6
Blue Cross	28.5	31.2	10.9
Blue Shield	11.8	11.6	8.7
Insurance companies	53.9	51.2	78.0
Group policies	40.1	42.8	34.6
Individual policies	13.8	8.4	43.4
Independent plans	5.7	5.9	2.2
Community	2.4	2.6	1.0
Employer-employee-union	2.9	3.0	1.0
Private group clinic .....	.1	.1	(1)
Dental society .....	.3	.2	.1

¹ Less than 0.05 percent.

derived from the National Underwriter Company aggregates.⁹

Of the total premium or subscription income of all health insurance organizations in 1968, 40.3 percent was received by Blue Cross-Blue Shield plans, 53.9 percent by insurance companies (40.1 percent under group and 13.8 under individual policies), and 5.7 percent by the independent plans (table 13). The Blue Cross-Blue Shield share of the total benefit expense was larger than their share of subscription income, and the insurance companies' share was somewhat smaller.

Benefit Expenditures and Types of Care

As the data in table 14 show, 65 percent of the total benefit expenditures of all organizations in

⁹ *Argus 1969 Chart of Health Insurance*, page 96.

TABLE 14.—Benefit expenditures of private health insurance organizations, by type of service, 1968

[Amounts in millions]

Type of plan	Total benefit expenditures		Hospital care		Physician service		Dental care		Other types of care	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Total.....	\$11,309.6	100.0	\$7,307.8	64.6	\$3,472.1	30.7	\$104.6	0.9	\$426.1	3.8
Blue Cross-Blue Shield.....	4,840.6	100.0	3,462.8	71.5	1,242.3	25.7	6.1	.1	129.4	2.7
Blue Cross.....	3,529.2	100.0	3,373.7	95.6	56.7	1.6	3.5	.1	95.3	2.7
Blue Shield.....	1,311.4	100.0	89.1	6.8	1,185.6	90.4	2.6	.2	34.1	2.6
Insurance Companies.....	5,791.0	100.0	3,573.5	61.7	1,890.8	32.7	59.0	1.0	267.7	4.6
Group policies.....	4,841.0	100.0	2,900.4	59.9	1,656.1	34.2	59.0	1.2	225.5	4.7
Individual policies.....	950.0	100.0	673.1	70.9	234.7	24.7	(¹)	(¹)	42.2	4.4
Independent plans.....	678.0	100.0	271.5	40.0	339.0	50.0	39.5	5.8	28.0	4.1
Community.....	290.0	100.0	90.0	31.0	197.0	67.9	² 1.6	.6	1.4	.5
Employer-employee-union.....	345.0	100.0	180.0	52.2	130.0	37.7	² 8.8	2.6	26.2	7.6
Private group clinic.....	14.5	100.0	1.5	10.3	12.0	82.8	² .6	4.1	.4	2.8
Dental society.....	28.5	100.0					28.5	100.0		

¹ Less than 0.05 percent.

² Minimum estimate based on 1964 data.

1968 were for hospital care, 31 percent for physician service, almost 1 percent for dental care, and 4 percent for other types of benefits—mainly, private-duty nursing, and drugs. The Blue Cross-Blue Shield plans spent a larger proportion of the total for hospital care than insurance companies spent and less for physician service and other types of care. The independent plans used 40 percent of benefit expenditures for hospital care, 50 percent for physician services, 6 percent for dental care, and 4 percent for other types of care. Health insurance benefit expenditures for dental care exceeded \$100 million in 1968; almost 60 percent of these expenditures were made by insurance companies, and most of the rest were made by the dental-service prepayment plans sponsored by dental societies.

or comprehensiveness of coverage of the service in question. Blue Cross-Blue Shield plans, with a benefit expenditure for hospital care of \$49.12 per person enrolled, lead the other carriers in expenditures per enrollee for this type of care.

The benefit expenditure for hospital care per person covered for hospital care are relatively modest for the community plans though most of these plans provide a relatively comprehensive coverage. The explanation is that the figures largely reflect the experience of the prepaid group-practice plans; they have relatively low expenditures for hospital care because their hospital utilization rates are low.

The independent plans lead in benefit expenditures for physician care per person covered for this service (the enrollment for surgical service was used in making these calculations). The community independent plans spend most per person enrolled, since most of them provide complete or virtually complete coverage of physician service.

The very low benefit expenditures per enrollee under individual policies of insurance companies reflect the meager coverage provided under many of the policies.

Benefit Expenditures Per Enrollee

Table 15 shows the benefit expenditures of the three groups of organizations for hospital care and physician service per person enrolled for these services. These benefit expenditures per enrollee tend to give a general indication of the breadth

TABLE 15.—Benefit expenditures of private health insurance organizations per person enrolled for specified benefits, 1968

Type of plan	Hospital care	Physician service
Blue Cross-Blue Shield.....	\$49.11	\$19.63
Insurance companies:		
Group policies.....	38.13	21.39
Individual policies.....	16.95	8.32
Independent plans.....	37.40	39.88
Community-consumer.....	36.00	48.05
Employer-employee-union.....	38.30	30.95

TRENDS

Tables 16 and 17 provide historical data on the subscription or premium income and the benefit expenditures of private health insurance organizations since 1945 and give the percentage distribution of the total among the three types

TABLE 16.—Subscription or premium income and benefit expenditures of private health insurance organizations, 1948–68

(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
1950	1,291.5	574.0	436.7	137.3	605.0	333.0	272.0	112.5
1955	3,149.6	1,292.4	910.7	381.7	1,626.9	1,022.5	604.4	230.3
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	4,622.0	3,297.0	1,355.0	546.5
1965	10,001.3	4,169.0	2,903.7	1,175.3	5,224.0	3,665.0	1,559.0	608.3
1966	10,564.1	4,327.8	3,085.9	1,241.9	5,595.0	3,987.0	1,608.0	641.3
1967	11,105.3	4,555.3	3,230.0	1,325.3	5,858.0	4,270.0	1,888.0	692.0
1968	12,860.6	5,187.1	3,665.0	1,522.1	6,933.0	5,159.0	1,774.0	740.5
Benefit expenditures								
1948	\$606.0	\$308.0	\$269.0	\$39.0	\$228.0	\$148.0	\$80.0	\$70.0
1950	991.9	490.6	382.9	107.7	400.0	257.0	143.0	101.3
1955	2,535.7	1,146.7	832.2	314.5	1,179.0	858.0	321.0	210.0
1960	4,996.3	2,287.1	1,646.2	640.9	2,389.0	1,901.0	488.0	320.2
1961	5,965.4	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
1966	9,141.8	3,975.4	2,882.2	1,093.2	4,585.0	3,711.0	874.0	581.4
1967	9,544.8	4,082.8	2,963.1	1,119.7	4,837.0	3,998.0	839.0	625.0
1968	11,309.6	4,840.6	3,529.2	1,311.4	5,791.0	4,841.0	950.0	678.0

TABLE 17.—Percentage distribution of subscription or premium income and benefit expenditures of private health insurance organizations, 1948–68

(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
1950	100.0	44.4	33.8	10.6	46.8	25.8	21.1	8.7
1955	100.0	41.0	28.9	12.1	51.7	32.5	19.2	7.3
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
1966	100.0	41.0	29.2	11.8	53.0	37.7	15.2	6.1
1967	100.0	41.0	29.1	11.9	52.7	38.5	14.3	6.2
1968	100.0	40.3	28.5	11.8	53.9	40.1	13.8	5.7
Benefit expenditures								
1948	100.0	50.8	44.4	6.4	37.6	24.4	13.2	11.6
1950	100.0	49.5	38.6	10.9	40.3	25.9	14.4	10.2
1955	100.0	45.2	32.8	12.4	46.5	33.8	12.7	8.3
1960	100.0	45.8	32.9	12.8	47.8	38.0	9.8	6.4
1961	100.0	45.4	32.8	12.6	47.5	38.1	9.4	7.1
1962	100.0	45.6	32.5	13.1	47.5	38.7	8.8	6.9
1963	100.0	45.6	33.2	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
1966	100.0	43.5	31.5	12.0	50.2	40.6	9.6	6.4
1967	100.0	42.8	31.0	11.7	50.7	41.9	8.8	6.5
1968	100.0	42.8	31.2	11.6	51.2	42.8	8.4	5.9

of organizations. In general, the trends manifested in previous years continued in 1968. Total

premium or subscription income of all organizations rose 15 percent above the 1967 figure and benefit expenditures by almost 19 percent. Blue Cross and Blue Shield premium income increased approximately 13 percent from the preceding year and their benefit expenditures were 20 percent higher.

Group premium income of insurance companies shows an increase of 21 percent in 1968; individual policy premium income shows a rise of 12 percent. Some of the increase is not real but results from a change in the basic source of these data.¹⁰

¹⁰ The 1967 HIAA estimates were based on the aggregates for 558 insurers, compiled by the Spectator Company and published in its 1968 *Health Insurance Index*. To provide data at an earlier period for the purposes of this series, HIAA based its 1968 estimates on the aggregates for 985 insurers, compiled by the National Underwriter Company and published in its *Argus 1969 Chart of Health Insurance*. Data for 1967 from the two sources show the effect of the change: Earned premiums, before dividends, were \$6.1 billion for group insurance and \$2.7 billion for individual policies, according to the *Argus* figures; the comparable figures from Spectator were \$5.9 billion and \$2.5 billion. The *Argus* data showed incurred claims as \$5.2 billion for group insurance and \$1.4 billion for individual policies, and the comparable figures from Spectator were \$5.1 billion and \$1.3 billion. All these figures included wage loss and disability insurance, as well as hospital and medical care insurance.

TABLE 18.—Financial experience of Blue Cross plans, 1950–68¹

[Amounts in thousands]

Year	Reserves	Earned sub- scription income	Total earned income	Claims expense	Operating expense	Total net income or loss	As percent of subscription income			Net income as percent of total income
							Claims expense	Operating expense	Under- writing gain or loss	
1950.....	\$116,531	\$433,770	\$436,984	\$383,331	\$36,281	\$17,371	88.4	8.4	3.3	4.0
1955.....	254,407	916,690	925,197	836,546	58,368	30,283	91.3	6.4	2.4	3.3
1960.....	363,253	1,753,172	1,802,789	1,654,951	90,821	57,017	92.8	5.1	2.1	3.2
1961.....	410,658	2,011,062	2,035,740	1,872,939	99,269	63,591	93.1	4.9	1.9	3.1
1962.....	454,626	2,230,747	2,257,523	2,103,084	107,204	47,235	94.3	4.8	.9	2.1
1963.....	492,872	2,467,195	2,497,377	2,343,231	115,228	38,918	95.0	4.7	.4	1.6
1964 ²	511,112	2,731,380	2,766,829	2,624,302	124,969	17,558	96.1	4.6	-.7	.6
1965 ²	561,006	3,031,470	3,074,551	2,837,187	134,559	52,605	95.2	4.5	.3	1.7
1966.....	649,633	3,121,111	3,168,187	2,912,733	154,132	101,322	93.3	4.9	1.7	3.2
1967.....	797,575	3,270,022	3,327,677	2,996,779	177,632	153,266	91.6	5.4	3.0	4.6
1968.....	801,389	3,711,798	3,776,487	3,571,797	211,698	-7,006	96.2	5.7	-1.9	-2.2

¹ Data in all years exclude Health Services, Inc., and are not adjusted for duplication between Blue Cross and Blue Shield.² Includes Puerto Rico.

Blue Cross-Blue Shield plans received 40 percent of the total premium income of all organizations, insurance companies received 51 percent, and independent plans 6 percent. These shares have changed little from those in previous years.

The most striking change in the financial experience of Blue Cross plans in 1968, compared with that in 1967, was a much larger increase in claims expense than in subscription income (table 18). The result was that the claims expense ratio for these plans rose from 91.6 percent to 96.2 percent and that the 3-percent underwriting gain in 1967 changed to a 1.9-percent underwriting loss in 1968. The 20-percent increase in claims expense largely reflects increases in hospital costs.

The operating-expense ratio of the Blue Cross plans continued the upward trend that has been evident during the past 4 years (table 19).

Blue Shield subscription income rose 16 percent and claims expense 18 percent over the

amount in the preceding year. The claims-expense ratio increased from 84.7 to 86.7 percent, the operating-expense ratio increased slightly (from 10.0 to 10.5 percent of subscription income) and the underwriting gain dropped from 5.3 percent in 1967 to 2.8 percent in 1968.

In general the financial experience of insurance companies was similar to that of the past few years. Under group business, claims expense amounted to 93.8 percent of earned premium income and operating expense to 12.8 percent of premium income, with a net loss from underwriting of 6.6 percent. This loss is partly made up by income from investment of reserves; largely, however, the continued losses on this sector of their business are made up through gains on group disability and group life insurance. Under individual policies the claims ratio of 53.6 percent was slightly higher than the 1967 ratio; the operating-expense ratio was 46.7 percent,

TABLE 19.—Financial experience of Blue Shield plans, 1950–68¹

[Amounts in thousands]

Year	Reserves	Earned sub- scription income	Total earned income	Claims expense	Operating expense	Total net income or loss	As percent of subscription income			Net income as percent of total income
							Claims expense	Operating expense	Under- writing gain or loss	
1950.....	\$34,954	\$140,817	\$141,594	\$111,039	\$18,653	\$11,902	78.8	13.2	7.9	8.4
1955.....	164,705	399,781	404,294	331,068	43,610	29,616	82.8	10.9	6.3	7.3
1960.....	228,634	741,104	761,529	670,776	76,245	4,508	90.5	10.3	-.8	.6
1961.....	236,101	837,773	848,992	752,695	82,741	13,556	89.8	9.9	.3	1.6
1962 ²	266,536	974,086	985,373	868,816	91,136	25,421	89.2	9.4	1.5	2.6
1963 ²	289,440	1,086,356	1,101,745	977,147	99,662	24,936	89.9	9.2	.9	2.3
1964 ³	317,528	1,209,304	1,227,557	1,095,713	108,691	23,153	90.6	9.0	.4	1.9
1965 ³	347,266	1,318,915	1,338,907	1,190,488	115,940	32,481	90.3	8.8	.9	2.4
1966.....	398,374	1,390,890	1,413,185	1,226,383	129,864	56,938	88.2	9.3	2.5	4.0
1967.....	509,094	1,489,640	1,519,309	1,261,650	148,750	108,909	84.7	10.0	5.3	7.2
1968.....	578,390	1,709,548	1,747,867	1,481,070	180,154	86,643	86.6	10.5	2.8	5.0

¹ Data in all years exclude Medical Indemnity of America and are not adjusted for duplication between Blue Cross and Blue Shield.² Includes Jamaica.³ Includes Puerto Rico but excludes Jamaica.

TABLE 20.—Benefit expenditures of all private health insurance organizations, by type of care, 1950–68

Year	Total	Hospital care	Physician service	Other types of care
Amount (in millions)				
1950.....	\$992	\$680	\$312	(1)
1955.....	2,536	1,679	857	(1)
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
1966.....	9,142	5,993	2,831	318
1967.....	9,545	6,133	2,964	447
1968.....	11,310	7,308	3,472	530
Percentage distribution				
1950.....	100.0	68.5	31.5	(1)
1955.....	100.0	66.2	33.8	(1)
1960.....	100.0	66.1	31.9	2.0
1961.....	100.0	66.1	31.5	2.3
1962.....	100.0	66.2	31.4	2.4
1963.....	100.0	66.5	30.8	2.7
1964.....	100.0	66.2	31.0	2.8
1965.....	100.0	66.3	30.7	3.0
1966.....	100.0	65.6	31.0	3.5
1967.....	100.0	64.3	31.1	4.7
1968.....	100.0	64.6	30.7	4.7

¹ Included in physician service.

compared with 43.7 percent in 1967. There was a small underwriting loss in 1968 and a slight gain in 1967. (Data on investment income are not available.)

Table 20 shows the trend in distribution of benefit expenditures of private health insurance organizations in the period 1950–68. The distribution is little changed from that of the immediate preceding years. The trend toward the broadening of health insurance coverage is not yet strongly manifested in these figures.

Proportion of Consumer Expenditures Met by Insurance

Of all consumer expenditures for personal health care in 1968, private health insurance benefits met 35.7 percent.¹¹ This figure excludes the net cost of obtaining health insurance protection—the

¹¹ The data for 1968 are from Dorothy P. Rice and Barbara Cooper, "National Health Expenditures, 1959–68," an article that is to appear in the *Social Security Bulletin* for January 1970.

difference between health insurance premiums and benefit expenditures. Insurance benefits met 73.7 percent of consumer expenditures for hospital care, 38.4 percent of those for physician services, and 4.2 percent of those for all other types of care. These proportions are higher than those for 1967, continuing the trend of the previous years, as shown below.

Year	Total	Hospital care	Physician services	Other types of care
1950.....	12.1	34.6	12.0	(1)
1955.....	21.5	51.8	25.0	(1)
1960.....	27.7	63.7	30.0	1.3
1961.....	29.9	66.2	32.7	1.7
1962.....	30.9	68.2	33.0	1.9
1963.....	31.7	67.2	33.6	2.1
1964.....	31.5	68.1	32.2	2.3
1965.....	32.4	70.2	32.7	2.5
1966.....	32.0	67.6	33.8	2.8
1967.....	33.1	70.1	36.2	3.8
1968.....	35.7	73.7	38.4	4.2

¹ Included in physician services.

Consumer expenditures for health care, as estimated by the Office of Research and Statistics, includes some expenditures that should not, in any case, be covered by health insurance: notably, expenditures for nonprescribed drugs, various drug sundries, and sunglasses purchased or required for reasons other than health. There is some question as to whether it is desirable for health insurance to cover the difference in the cost of private and semiprivate accommodations, at least when a private room is not medically necessary. If the estimated expenditures for these items were deducted from consumer health care expenditures, the proportion of such expenditures met by insurance would be slightly higher—perhaps by three or four percentage points—than that shown above.

In 1968 private payments by consumers, directly or through private health insurance, comprised approximately 63 percent of the total national expenditures for personal health care, as estimated by the Office of Research and Statistics. The remainder came mainly from public funds (tax sources), with a small proportion coming from philanthropy. Of the total estimated expenditures for personal health care, private health insurance met 23 percent in 1968, and 22 percent in 1967.