

# Voluntary Health Insurance Coverage of Aged Beneficiaries of Old-Age and Survivors Insurance

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*In the national survey of the economic resources of aged beneficiaries conducted by the Bureau of Old-Age and Survivors Insurance in 1951, questions were asked about the voluntary health insurance coverage of the beneficiaries. The information collected forms the basis of the following article. Answers to questions on the beneficiaries' hospitalization during the survey year will be reported in an early issue of the Bulletin.*

WHAT insurance do aged beneficiaries of old-age and survivors insurance have against the costs of sickness and accidents? With the relatively greater need for medical care in old age and the low financial resources for paying hospital and doctor bills, what proportion of the beneficiaries are insured against these costs? What are the characteristics of those who have hospitalization insurance? How do they differ from those who lack protection against hospital bills? Answers to these and similar questions are provided by the 1951 national survey of aged beneficiaries.<sup>1</sup>

## Ownership of Some Voluntary Health Insurance

Three-tenths of the aged beneficiaries had voluntary health insurance of one or more of the following types: hospitalization, surgical-medical care in the hospital, surgical-medical care in the doctor's office or the patient's home, accident, and weekly indemnity for sickness. This was the situation at a time when almost 6 out of every 10 people in the United States were reported as participating

in some form of voluntary health insurance plan—most often a plan protecting against hospital bills.

The lower incidence of voluntary health insurance among aged beneficiaries as compared with the population in general was to be expected on *a priori* grounds. Relatively broad health insurance coverage has been achieved by the techniques of group enrollment, payroll deductions, and employer participation in the premiums. These are techniques not easily applicable when persons are no longer employed in industry and commerce, and fewer than 1 out of 10 aged beneficiaries had had earnings in covered employment that resulted in benefit suspensions during the survey year. Others had done work in noncovered employment or self-employment, but such work is not likely to be covered by a group health insurance plan.

Certain other facts about voluntary health insurance can readily be recognized as affecting the extent to which older persons may obtain or continue the protection for which they might have been eligible in their younger days. Group insurance obtained through a commercial insurance company stops altogether on retirement. While the Blue Cross and Blue Shield plans have, for the past few years, permitted those who leave an employed group to continue their hospitalization and surgical insurance on an individual basis, the premiums are raised to cover higher administrative costs and probable adverse selection of risk. Thus simul-

taneously the premium payment for a particular individual becomes higher and any employer contribution to the premium ceases, making the costs to the retired worker much greater than they had been when he had steady income from employment.

To avoid bad risks most insurance carriers, including Blue Cross and Blue Shield, will not enroll for the first time any person who has reached the age of 60 or 65. An exception to this rule is found among some writers of individual accident and health policies, but these policies are bound to be extremely costly unless they exclude preexisting conditions or provide for cancellation at the company's discretion.

These characteristics of voluntary health insurance explain why, among all old-age beneficiaries, relatively few have protection and why the protection is unevenly spread.

Male beneficiaries were somewhat more likely to own health insurance than were female beneficiaries. Thirty percent of the men and 27 percent of the women had some kind of insurance (table 1).

Much more significant differences, however, were associated with benefit status and beneficiary type. Ownership of health insurance among persons whose benefits were suspended during part of the survey year was almost twice as frequent as among beneficiaries drawing payments for all 12 months of the year. Since the reason for suspension was almost always earnings in work covered by old-age and survivors insurance, this difference reflects the extent to which beneficiaries who are working have an opportunity to acquire health insurance coverage as members of employed groups. Thus, 49 percent of the beneficiaries with suspensions but only 26 percent of those with no suspensions had health insurance

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<sup>1</sup>For survey methods and description and for findings from the preliminary data of the survey see the *Bulletin* for August 1952. For findings based on the final tabulations of selected data relating to income, see the *Bulletin* for June 1953; for those relating to assets, liabilities, and net worth, see the *Bulletin* for August 1953; and for an evaluation of the beneficiaries' economic resources, see the *Bulletin* for April 1954.

**Table 1.—Number and percent of aged beneficiaries with some kind of voluntary health insurance and percent with hospitalization insurance at end of survey year 1951, by benefit status**

Beneficiary type	Total			No benefit suspensions			Benefit suspensions		
	Number	Percent with		Number	Percent with		Number	Percent with	
		Some insurance	Hospital insurance		Some insurance	Hospital insurance		Some insurance	Hospital insurance
Total.....	22,174	28.7	22.7	19,982	26.5	20.8	2,192	49.0	40.1
<b>Men.....</b>	<b>12,364</b>	<b>29.9</b>	<b>22.7</b>	<b>10,864</b>	<b>27.1</b>	<b>20.3</b>	<b>1,500</b>	<b>50.3</b>	<b>40.3</b>
Nonmarried.....	4,769	22.6	16.8	4,358	21.2	15.6	411	38.2	31.6
Married, wife entitled.....	4,513	31.4	23.4	4,059	29.0	21.2	454	53.7	42.1
Married, wife not entitled.....	3,082	38.9	30.8	2,447	34.6	27.2	635	55.6	44.6
<b>Women.....</b>	<b>9,810</b>	<b>27.2</b>	<b>22.7</b>	<b>9,118</b>	<b>25.8</b>	<b>21.4</b>	<b>692</b>	<b>46.1</b>	<b>39.9</b>
Nonmarried retired worker.....	2,235	32.8	26.6	2,058	30.7	24.9	177	57.1	47.5
Married retired worker <sup>1</sup> .....	509	40.7	34.6	473	40.6	34.5	36	( <sup>2</sup> )	( <sup>2</sup> )
Entitled wife.....	4,513	26.0	22.1	4,059	24.2	20.3	454	42.7	37.9
Aged widow.....	2,553	21.9	18.1	2,528	21.7	18.0	25	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> Husband not entitled on wife's wage record but may be on his own.

<sup>2</sup> Percentage not computed on base of fewer than

50 cases.

<sup>3</sup> Benefits suspended because of husband's earnings.

policies or were members of a plan providing health benefits.

Other analyses of data from the 1951 national beneficiary survey have excluded beneficiaries with suspensions in order to focus on the situation of the more truly retired worker. For purposes of the present analysis, however, the inclusion of beneficiaries with suspensions has certain advantages; it broadens the population base and increases comparability with other studies<sup>2</sup> of hospitalization and insurance of aged persons, including those still at work.

For the men, ownership of voluntary health insurance was most common among those with nonentitled wives—where the “younger” beneficiaries are found—and least common among the nonmarried—where the octogenarians are relatively numerous. Among those whose benefits were not suspended, 21 percent of the nonmarried men, 29 percent of the married men with entitled wives, and 35 percent of the married men with wives not yet entitled had some type of insurance. The proportions were consistently higher among male beneficiaries with suspensions:

<sup>2</sup> See, for example, 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, Division of Research and Statistics, Social Security Administration, April 1953. The findings are summarized in the *Bulletin* for November 1952.

38 percent, 54 percent, and 56 percent, respectively. The higher incidence of health insurance for men with nonentitled wives was coupled with a relatively high proportion whose earnings caused benefit suspensions; only one-tenth of all beneficiaries in the sample—but more than one-fifth of the men with nonentitled wives—had benefits suspended during the survey year. Hence, for all men (those with and those without benefit suspensions) the group with nonentitled wives decidedly outranked the other two groups in ownership of policies. The proportions were 39 percent for this group in contrast to 31 percent for all married men with entitled wives and only 23 percent for all nonmarried men.

The pattern of more ownership of insurance among beneficiaries who have had their benefits suspended also holds for the women. For all beneficiary types combined, and some of the types include so few cases with benefit suspensions that separate consideration is not warranted, only 26 percent of the women beneficiaries without suspensions but 46 percent with suspensions had health insurance.<sup>3</sup>

Of the women, those who were married and drawing benefits based

<sup>3</sup> The benefits of entitled wives were suspended because of their husbands' earnings rather than their own.

on their own wage records were more likely to be insured against sickness costs than were the other types of beneficiaries. Two out of every 5 of them had some form of protection. Many may have obtained their coverage through the husband's participation in group plans, because half of all the married women entitled on their own wage records were married to men who were in the labor force during the survey year. Widows were least likely to have health insurance; slightly more than one-fifth reported ownership of a health policy. Here again, advanced age was probably a factor. Perhaps more important, however, was their limited opportunity to obtain coverage; many widows never worked and so never obtained their own coverage as members of employed groups, and there is no longer opportunity to become covered as a dependent of the husband.

Health insurance was carried by only about 1 in every 4 entitled wives—those who were drawing benefits on the wage record of a husband who was an old-age beneficiary. Among such aged beneficiary couples, considerably fewer of the wives than of the husbands had protection—26 percent compared with 31 percent.

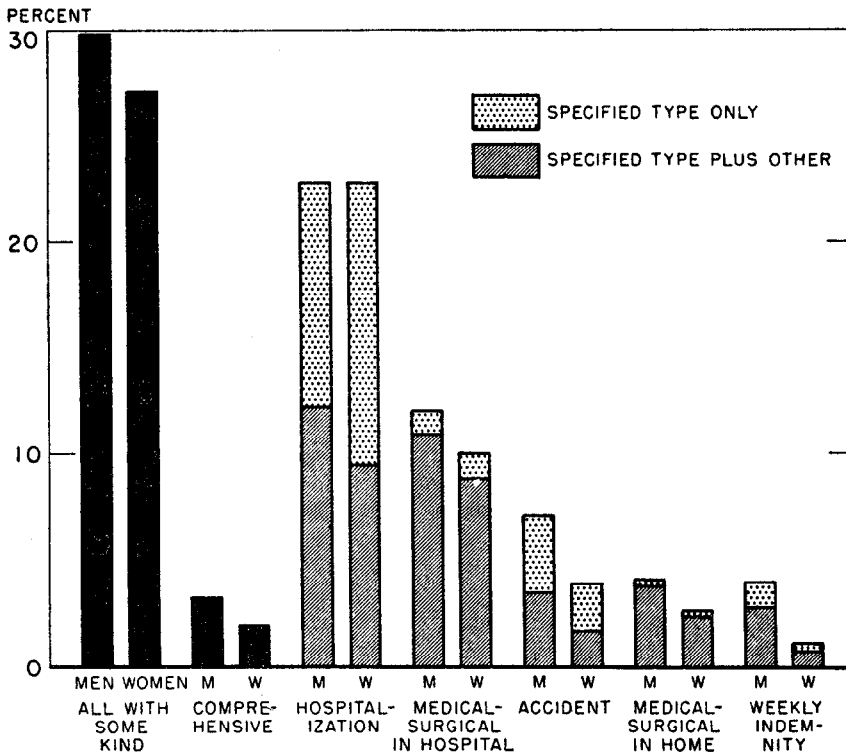
Proportionately more of the nonmarried women who had earned their own old-age benefits than of the nonmarried men, as a group, had health insurance. Thirty-three percent of these women but only 23 percent of the men were covered, a difference

**Table 2.—Median age at end of survey year 1951 of aged beneficiaries with and without hospitalization insurance**

Beneficiary type	Median age of beneficiaries		
	Total	With insurance	Without insurance
<b>Men.....</b>	<b>72.5</b>	<b>71.6</b>	<b>72.8</b>
Nonmarried.....	73.2	72.8	73.2
Married, wife entitled.....	73.6	72.9	73.9
Married, wife not entitled.....	69.8	69.4	7.00
<b>Women.....</b>	<b>71.3</b>	<b>70.3</b>	<b>71.6</b>
Nonmarried retired worker.....	71.7	70.7	72.0
Married retired worker <sup>1</sup> .....	69.1	68.9	69.2
Entitled wife.....	71.0	70.2	71.2
Aged widow.....	72.1	70.9	72.4

<sup>1</sup> Husband not entitled on wife's wage record but may be on his own.

Chart 1.—Percent of aged beneficiaries with specified type of voluntary health insurance at end of survey year 1951



partly explainable by the somewhat lower average age of the women.

Four out of 5 of the beneficiaries with some form of voluntary health insurance were protected against the costs of hospitalization. Concentration on the risk of hospitalization was more marked for female beneficiaries—especially the married ones—than for the men. Of those with some form of health protection, 84 percent of the women and 76 percent of the men had hospitalization insurance. As a result of this somewhat greater concentration, as high a proportion of all women beneficiaries as of the men were insured against hospital care costs (23 percent). In other respects, what has already been said about differences in health insurance ownership associated with beneficiary type and with the suspension of benefits is equally applicable to the ownership of hospitalization insurance (table 1).

Detailed information on the extent to which old-age and survivors insurance beneficiaries are insured against the costs of sickness and accidents

was not available before the 1951 national survey. Earlier surveys in three cities did provide information, however, on the proportion of aged beneficiaries who incurred charges for health insurance premiums.<sup>4</sup> Of the beneficiaries included in the 1946 Boston survey and the 1949 Philadelphia-Baltimore survey, only 1 in 8 of the married couples and fewer than 1 in 10 of the nonmarried retired workers and aged widows paid premiums for hospitalization or medical care insurance. Only 1 in 50 of the married couples and an even smaller proportion of the other aged beneficiaries paid premiums on insurance against accidents or other health costs. These findings cannot be directly compared with the national survey's measurement of beneficiaries covered by insurance, whether or not the beneficiaries themselves pay the premiums. Nevertheless, the data certainly support the conclusion that insurance

<sup>4</sup> "Medical Care Expenditures of Beneficiaries in Three Cities," *Social Security Bulletin*, November 1951.

coverage of beneficiaries has increased markedly since the earlier surveys.

### Risk Covered

One in 6 of the beneficiaries who were counted as having health insurance of some kind (one-twentieth of all beneficiaries) had only the most limited protection. Most of these had nothing except an accident policy. Others reported nothing but a policy covering medical-surgical care in the hospital—without hospitalization insurance to cover the accompanying charges for room and board—or nothing but a weekly wage-loss indemnity policy.

Fewer than 1 in 10 of the group with voluntary health insurance (only 2.6 percent of all beneficiaries) had anything approaching comprehensive protection against medical bills. Policies, or combinations of policies, providing comprehensive protection by insuring against both hospitalization costs and costs of physician's services in the home, office, and hospital were held by 3.2 percent of the men and only 1.9 percent of the women (chart 1).

Between these extremes were beneficiaries who had protection against the costs of hospitalization—apt to be heavy for the old—or various combinations of policies falling short of comprehensive coverage.

Of all the beneficiaries insured against hospitalization costs, more than half—or 12 percent of the beneficiaries surveyed—had no other type of policy. The men, more frequently than the women, augmented their protection against hospital bills with some other form of health insurance. Almost always, this additional protection consisted of or included insurance against surgical-medical care in the hospital.<sup>5</sup> Thus, about one-tenth of the total group of aged beneficiaries had insurance against hospital care costs plus the cost of

<sup>5</sup> The survey questions did not distinguish between policies applicable only to surgery in the hospital and those also covering some in-hospital medical care. Since policies covering only surgery are much more widespread, it may be assumed that most of the insurance for in-hospital care that was available to beneficiaries was actually limited to surgical care.

**Table 3.—Percentage distribution of aged beneficiaries with and without hospitalization insurance, by age at end of survey year 1951**

Age	Total	With insurance	Without insurance
All aged beneficiaries:			
Number.....	22,174	5,034	17,140
Percent.....	100.0	100.0	100.0
Under 70.....	34.9	42.2	32.7
70-74.....	37.6	36.7	38.0
75-79.....	20.4	17.1	21.3
80 and over.....	7.1	4.0	8.0
Men:			
Number.....	12,364	2,803	9,561
Percent.....	100.0	100.0	100.0
Under 70.....	31.0	37.9	29.0
70-74.....	37.4	36.7	37.6
75-79.....	22.9	20.3	23.7
80 and over.....	8.7	5.1	9.7
Women:			
Number.....	9,810	2,231	7,579
Percent.....	100.0	100.0	100.0
Under 70.....	39.8	47.6	37.5
70-74.....	37.9	36.7	38.3
75-79.....	17.2	13.2	18.3
80 and over.....	5.1	2.5	5.9

in-hospital surgical-medical care, and some of them also had other protection.

Relatively few beneficiaries held policies for weekly indemnity or cash sickness insurance. This type of policy is usually contingent on employment, and aged beneficiaries are for the most part not employed. Less than 3 percent of all beneficiaries had weekly indemnity policies, but the proportion for the men was quadruple that for the women, reflecting the difference in attachment to the labor force. Similarly, the proportion of men with accident policies was about double that of the women. This greater incidence of weekly indemnity and accident policies among the men is partly responsible for the finding that male beneficiaries, more frequently than female beneficiaries, had some other form of health insurance in addition to their hospitalization policies.

### Hospitalization Insurance

Hospitalization insurance, the leading form of voluntary health insurance among the aged as among the population of all ages, merits analysis in further detail. How do the beneficiaries insured against hospital care costs compare—with respect to such factors as age, marital status, retirement income, recency of entitlement, and residence—with beneficiaries who do not have this pro-

tection? Many of these factors are interrelated; beneficiaries who came on the rolls shortly before the survey year, for example, were apt to be younger and also better off economically. There is an interrelationship, too, between these factors and beneficiary type: married men with nontitled wives were, on the average, considerably younger than either the married men with entitled wives or the nonmarried male beneficiaries; beneficiaries whose benefits were suspended because of earnings had higher incomes than those who earned little or nothing in covered employment during the survey year<sup>6</sup>; retired women workers who were married had frequently had a twofold opportunity to acquire insurance—through their own and through their husband's employment. Hence, differences in insurance ownership among beneficiary types and by benefit status, already noted in relation to table 1, are also reflected in the following analyses; more precisely, differences associated with such factors as age, income, and marital status are responsible for the differences shown in table 1.

**Age.**—Consistently, the average age of beneficiaries with hospital insurance was somewhat less than the average for the unprotected beneficiaries of the same type. The difference in median age was less than a half year for nonmarried men and for married women entitled on their own wage records, but it was as great as a year and a half for aged widows (table 2).

Of the male beneficiaries with hospitalization insurance, almost four-tenths were under age 70 at the time of the interview and only one-fourth were aged 75 or older (table 3). Of the men not insured, three-tenths were in the youngest interval and a third were aged 75 or over. Similarly, among the women the proportion under age 70 was almost 5 in 10 for the group with protection against hospital costs and less than

<sup>6</sup> In the 1951 survey year, the maximum earnings a beneficiary under age 75 could have in covered employment without benefit suspension were wages of \$50 in a calendar month or net self-employment earnings of \$600 in the calendar year.

4 in 10 for the uninsured group. About 1 in 4 of the uninsured women, but less than 1 in 6 of the insured, had reached age 75. The somewhat lower age of the beneficiaries having hospitalization insurance is shown in the distribution in chart 2.

**Marital status.**—The proportion of beneficiaries covered by hospitalization insurance dropped steadily as age increased. In each age group relatively more married beneficiaries than nonmarried had hospitalization insurance, and the proportion insured among the older married beneficiaries tended to be about as high as among the somewhat younger nonmarried beneficiaries (table 4). Indeed, the proportion for married men with nontitled wives was higher in the age class 80 and over than for nonmarried men under age 70.

Marital status has a less clear-cut influence on insurance ownership by the women. In each age group, entitled wives had less protection than nonmarried women workers but more than aged widows. As previously noted, married women who were drawing benefits on their own wage record were the most likely to have hospitalization insurance; even at the higher ages the proportion insured equaled or exceeded that for other

**Table 4.—Percent of aged beneficiaries with hospitalization insurance by marital status and age at end of survey year 1951**

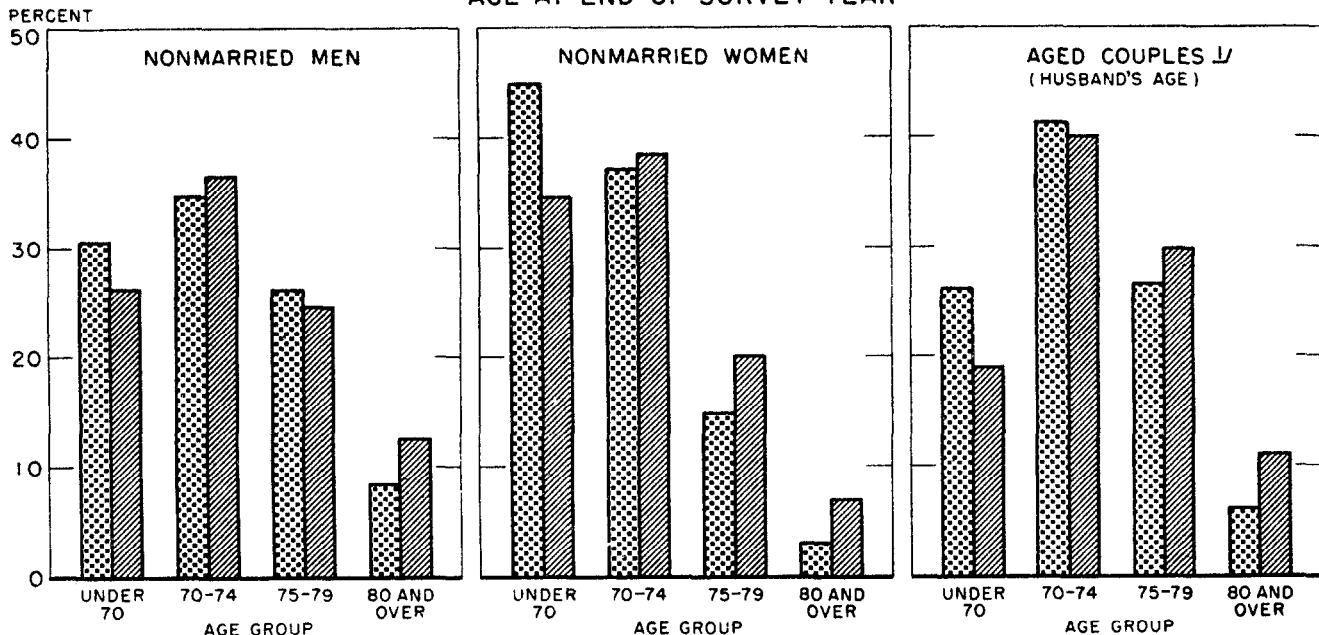
Marital status, sex, and beneficiary type	Total	Age			
		Under 70	70-74	75-79	80 and over
All aged beneficiaries.....	22.7	27.5	22.1	19.1	12.7
Married.....	25.2	29.6	24.4	20.8	14.9
Nonmarried.....	19.4	24.0	19.1	17.2	11.0
Men.....	22.7	27.8	22.2	20.1	13.4
Married.....	26.4	32.1	25.9	21.8	15.2
Wife entitled.....	23.4	29.6	23.9	21.3	14.4
Wife not entitled.....	30.8	33.6	29.1	24.0	21.1
Nonmarried.....	16.8	19.1	16.1	17.8	11.8
Women.....	22.7	27.2	22.0	17.5	11.1
Married.....	23.4	26.7	22.2	18.7	14.0
Retired worker <sup>1</sup> .....	34.6	36.7	30.9	32.1	(*)
Entitled wife.....	22.1	25.1	21.5	17.7	13.3
Nonmarried.....	22.1	27.8	21.9	16.6	9.4
Retired worker.....	26.6	32.0	26.0	21.3	13.6
Aged widow.....	18.1	23.6	18.4	12.6	6.5

<sup>1</sup> Husband not entitled on wife's wage record but may be on his own.

(\*) Percentage not computed on base of fewer than 50 cases.

Chart 2.—Comparison of aged beneficiaries with and without hospitalization insurance at end of survey year 1951

AGE AT END OF SURVEY YEAR



INDEPENDENT MONEY RETIREMENT INCOME DURING YEAR



<sup>1</sup> Both members entitled to old-age benefits on husband's wage record; classified as with or without hospitalization insurance on basis of husband's insurance.

female beneficiaries in the lowest age grouping.

As might be expected, both members of a beneficiary couple usually have the same coverage of health

risks. Among the married men who had no protection against any risk, 97 percent of their aged wives were unprotected; among those whose protection was limited to insurance

against hospitalization costs, 89 percent of the wives had only this protection; and among those with hospitalization insurance plus insurance against medical-surgical care in the

**Table 5.—Median independent money retirement income<sup>1</sup> for survey year 1951 of aged beneficiaries with and without hospitalization insurance**

Beneficiary type	Median retirement income of beneficiaries	
	With insurance	Without insurance
Nonmarried:		
Retired men workers.....	\$778	\$554
Retired women workers.....	576	458
Aged widows.....	532	493
Married:		
Retired men workers and entitled wives.....	1,256	1,065
Retired men workers and nonentitled wives.....	866	712
Retired women workers and husbands <sup>2</sup> .....	803	756

<sup>1</sup> For beneficiary (and spouse, if any) represents, in addition to 12 months' OASI benefits, income from employer and union pensions, veterans' pensions, and private annuities and from trust funds, rents, interest, and dividends.

<sup>2</sup> Husband not entitled on wife's wage record but may be on his own.

hospital, 88 percent of the wives had the same combination.

Does this identity of protection extend to wives who have not yet reached the eligibility age for old-age and survivors insurance benefits? The 1951 national survey provides the answer to this question through a special analysis of the health insurance protection of nonentitled wives of old-age beneficiaries, a group not included in the other tabulations of this analysis. In general, their health insurance followed the pattern of their husbands', but not so closely as did the insurance held by entitled wives. When the husband had no insurance, 90 percent of the nonentitled wives had no insurance; the slightly lower proportion perhaps indicates that some of them were still working and had obtained their health insurance coverage as part of an employed group.

Regardless of whether the wife was entitled to old-age and survivors insurance benefits, she was very likely to have hospitalization insurance if the husband's health insurance coverage included this form of protection. Among all married men covered for hospitalization insurance, with and without other policies, the wife too had hospitalization insurance in 86 percent of the cases. The proportion was the same whether the wife was

entitled to old-age and survivors insurance benefits or not.

**Retirement income.**—The measure of income used in relating ownership of hospitalization insurance to financial well-being is independent money retirement income—income from independent sources that can be expected to continue for the lifetime of the beneficiary. Thus it includes, in addition to 12 months' old-age and survivors insurance benefits,<sup>7</sup> employer and union pensions, veterans' pensions, private annuities, and income from trust funds, rents, interest, and dividends. It does not include earnings both because, when beneficiaries are earning more than specified amounts, they do not receive either benefits or some types of pensions and because employment as a source of income for aged persons can hardly be thought of as continuing indefinitely. Neither does it include nonindependent sources, such as public assistance and contributions and gifts from relatives or friends. For married beneficiaries, retirement income is the income of the couple and not of one beneficiary separately.

Because retirement income can be expected to continue, it may well be the income a retired beneficiary looks to when he considers whether he can meet hospitalization insurance premiums month after month. On the other hand, some beneficiaries have

<sup>7</sup> For beneficiaries whose benefits were suspended for one or more months in the benefit year, the benefit amount was imputed for such months to arrive at a full year's retirement income.

insurance policies on which the premiums are paid by relatives; their retirement incomes would not necessarily reflect ability to purchase insurance. Similarly, if the health insurance protection is provided through a union or employer plan without cost to pensioners, it would not depend directly on the amount of retirement income; such health protection would, however, be associated with somewhat higher incomes since the inclusion of the pension serves to raise total retirement income.

Within each beneficiary type, beneficiaries who were insured against hospitalization costs had higher average retirement incomes than those without insurance (table 5). The difference was especially great for the nonmarried men. The median income of those without hospitalization insurance was not much more than two-thirds that of the nonmarried men with insurance. The differential was least for married women beneficiaries, where the uninsured group had a median retirement income that was 95 percent of the median for the insured group. This is the beneficiary type most likely to derive hospitalization insurance coverage through the husband's participation in the labor force. In addition, the retirement income of these couples may be considerably less than the total money income they received during the survey year.

Ownership of hospitalization insurance increased markedly as re-

**Table 6.—Percent of aged beneficiaries with hospitalization insurance by independent money retirement income<sup>1</sup> for survey year 1951**

Beneficiary type	Retirement income					
	Total	Less than \$300	\$300-599	\$600-1,199	\$1,200-1,799	\$1,800 and over
Nonmarried:						
Retired men workers.....	16.8	7.5	10.9	20.5	27.5	40.4
Retired women workers.....	26.6	18.9	22.5	33.9	45.0	48.4
Aged widows.....	18.1	10.2	17.0	22.2	25.2	22.2
Married:						
Retired men workers and entitled wives.....	23.4	( <sup>2</sup> )	10.6	19.4	29.8	35.1
Retired men workers and nonentitled wives.....	30.8	13.5	21.4	33.9	39.4	41.2
Retired women workers and husbands <sup>2</sup> .....	34.6	34.6	31.0	38.3	26.4	( <sup>2</sup> )

<sup>1</sup> For beneficiary (and spouse, if any) represents, in addition to 12 months' OASI benefits, income from employer and union pensions, veterans' pensions and private annuities and from trust funds, rents, interest, and dividends.

<sup>2</sup> Percentage not computed on base of fewer than 50 cases.

<sup>3</sup> Husband not entitled on wife's wage record but may be on his own.

irement income rose (table 6). Among nonmarried men who had reasonably permanent income of \$150 a month or more, the proportion with policies was quadruple that found for those with incomes less than \$50 a month. The contrast, although less marked for the other beneficiary types, was nevertheless significant.

*Receipt of employer or union pension.*—When the retirement income of the beneficiary and his spouse, if any, included pensions from former employer or union plans, the beneficiary was more likely to have hospitalization insurance than when such pensions were not received. More than a third of the beneficiaries who, with their spouses, had pension income were insured against hospitalization costs, in contrast to 1 out of 5 of the others.

The greater incidence of hospitalization insurance among pensioners

**Table 7.—Percent of aged beneficiaries receiving income from employer or union pensions during survey year 1951, among beneficiaries with and without hospitalization insurance**

Beneficiary type	Percent receiving pensions		
	Total	Among beneficiaries—	
		With insurance	Without insurance
Total .....	16.6	25.9	13.8
Men.....	20.6	32.7	17.1
Nonmarried.....	15.6	30.6	12.6
Married, wife entitled.....	23.3	34.1	20.1
Married, wife not entitled.....	24.4	33.0	20.5
Women.....	7.2	10.5	6.2
Nonmarried retired worker.....	11.5	16.4	9.7
Married retired worker <sup>1</sup> .....	14.3	13.1	15.0
Aged widow.....	2.0	2.0	2.0

<sup>1</sup> Husband not entitled on wife's wage record but may be on his own.

may be due in part to the larger incomes assured to them during retirement. It undoubtedly also reflects arrangements such as those made by some companies or unions (for example, the United Mine Workers' Health and Welfare Fund) for continuing health benefit coverage after retirement.

In only 1 out of 6 cases did the income of the beneficiary or the

**Table 8.—Percent of aged beneficiaries with hospitalization insurance at end of survey year 1951 by year of first benefit payment**

Beneficiary type	Year of first benefit payment							
	1940-41	1942-43	1944-45	1946-47	1948-49	1950		
						Total	1939 eligibles <sup>1</sup>	1950 eligibles <sup>2</sup>
Men:								
Nonmarried.....	13.6	13.3	14.2	15.5	19.9	17.8	24.0	12.5
Married, wife entitled.....	15.6	18.3	19.1	22.0	27.9	27.0	33.5	17.6
Married, wife not entitled.....	24.6	22.4	28.4	29.2	32.3	31.7	38.7	23.1
Women:								
Nonmarried retired worker.....	15.5	14.6	24.3	24.0	32.7	28.4	36.1	23.9
Married retired worker <sup>3</sup> .....	(4)	(4)	(4)	24.2	41.1	34.0	34.7	33.7
Aged widow.....	15.2	15.7	16.0	17.6	18.6	21.5	21.5	-----

<sup>1</sup> Represents beneficiaries whose benefits were awarded under terms of the 1939 amendments to the Social Security Act.

<sup>2</sup> Represents beneficiaries whose benefits were awarded under terms of the 1950 amendments to the

Social Security Act.

<sup>3</sup> Husband not entitled on wife's wage record but may be on his own.

<sup>4</sup> Percentage not computed on base of fewer than 50 cases.

couple include a pension. Hence, it would not be expected that the overall impact of this factor could greatly increase the proportion insured against hospitalization costs. The proportion receiving pension income varied widely among the different beneficiary types, ranging from about 1 in 4 of the married men down to only 1 in 50 of the aged widows.

Among all beneficiaries insured against hospital care costs, the proportion receiving employer or union pensions was almost double that for the noninsured group (table 7). Again, married women drawing benefits on their own wage records are a notable exception; a smaller proportion of the insured than of the noninsured reported pension income. Here is another indication that the hospitalization insurance of these women may derive from the coverage of their husbands; it also reflects the fact that the pension that forms a part of the couple's income is quite likely to be the husband's. Much less likely is the possibility that, among beneficiary types classified as "men, married" and analyzed here with respect to the husband's hospitalization insurance, the pension included in the couple's income is attributable to the wife.

*Year of first benefit.*—Almost half the beneficiaries who had no protection against hospital costs, but only 38 percent of those with insurance, had received their first old-age and survivors insurance benefit before 1948.

Beneficiaries coming on the rolls

in 1950<sup>8</sup> made up 29 percent of the group with hospitalization insurance and 25 percent of the uninsured group. The additions in 1950 were of two kinds—those who met the eligibility requirements contained in the 1939 legislation and those who qualified for benefits under the liberalized provisions of the 1950 amendments—and they were unevenly divided between the group with hospitalization and those without. Persons eligible by virtue of the 1950 amendments—many of whom had been out of the labor force but unable to draw benefits until the eligibility requirements were liberalized—were relatively more numerous among the uninsured group. Of all entitlements in 1950, a little more than half of the group without hospitalization insurance and only a little more than a third of the group with hospital insurance owed their eligibility to the 1950 amendments.

Unless separate account is taken of beneficiaries qualifying under the 1950 amendments, the proportion with hospitalization insurance would appear to drop for beneficiaries added in 1950, in comparison with those coming on the rolls in the immediately preceding years (table 8). For the beneficiaries receiving the first benefit in 1950 under the eligibility provisions of the act before the 1950 amendments, however, the proportion with hospital insurance showed

<sup>8</sup> To be included in the survey, beneficiaries had to receive their first benefit for a month no later than September 1950.



a continuation of the relatively steady increase by recency of entitlement—an increase associated with recency of employment as well as with age.

*Urban-rural residence.*—For the most part, old-age and survivors insurance beneficiaries come originally from an urban setting where the employment covered by the program is concentrated. This was the situation particularly for the beneficiaries surveyed in 1951, since all of them had become entitled before the coverage of agricultural workers.

After retirement, some beneficiaries become farm dwellers or move to smaller, less industrialized towns, but the great majority continue to live in urban areas. Of the retired-worker and aged-widow beneficiaries included in the survey, 84 percent were living in urban places (population of 2,500 or more); 13 percent were in small, rural, nonfarm areas; and as few as 3 percent resided on farms.

The size of the community in which beneficiaries live after retirement apparently has little or no effect on the ownership of hospitalization insurance—unlike the situation for the total population or for all persons aged 65 and over. The proportion with hospitalization policies was 23 percent for those in urban areas (24 percent when the city had 10,000 or more population and 21 percent when the population was 2,500–9,999), 19 percent for beneficiaries living in rural nonfarm areas, and 20 percent for farm dwellers.

### Comparison With All Aged Persons

How do the aged beneficiaries compare with the aged population generally in ownership of hospitalization insurance? The basis for the comparison is provided by the survey of the noninstitutional population aged 65 and over made in March 1952 by the Bureau of the Census.<sup>9</sup>

Twenty-six percent of all aged persons had insurance against hospitalization costs. At first glance, the inclusion of persons still employed—almost one-fourth of the aged popula-

tion in March 1952—might have been expected to pull this proportion much farther above the 23 percent found for aged beneficiaries. The total aged population, however, also includes a much higher proportion of women at the most advanced ages. Many of the population's oldest women were already widowed when the old-age and survivors insurance system began, or were wives (many of whom are now widowed) of men who were already out of the labor force. Thus, almost one-fifth of all persons aged 65 and over are women aged at least 75, while fewer than one-tenth of the beneficiaries are women of such advanced age.

Old-age and survivors insurance beneficiaries who were under age 70 at the end of 1951 had slightly less hospitalization insurance than did all persons aged 65–69 classified as not in the labor force (table 9). Undoubtedly the beneficiaries were concentrated at the upper end of this age interval, since the age at which workers start drawing old-age benefits has averaged well above 65 (almost 69), and all beneficiaries included in the survey had been on the rolls for at least a year. In the age groups 70–74 and 75 and over, however, the proportion of insured beneficiaries—men and women—with hospitalization insurance exceeded the proportion in the corresponding age and sex group of the total population not in the labor force.

Beneficiaries whose benefits had been suspended during the year—almost always because of employment—were about as likely to have protection against costs of hospital care as were all aged persons in the labor force. Hospitalization policies were held by 40 percent of both the men beneficiaries and the women beneficiaries with benefit suspensions—a figure close to the 44 percent and the 41 percent found for all men and all women over age 65 and still in the labor force.

It has been noted that whether the beneficiary lived in an urban or rural area had little effect on the ownership of hospitalization insurance. Not so with the aged population in general; here the proportion of urban residents with insurance (30 percent) was double that of farm

residents (15 percent) and considerably greater than that of rural nonfarm residents (22 percent). Old-age and survivors insurance beneficiaries, drawn from predominantly urban groups, are found in urban areas after retirement in proportionately greater numbers than the aged population in general. Eighty-four percent of the beneficiaries in contrast to 64 percent of all old people were urban dwellers; only 3 percent of the beneficiaries but 15 percent of the total aged population lived on farms. Beneficiaries, in comparison with all aged persons, have not only worked in areas where there is more opportunity to acquire hospitalization insurance, but they live after retirement in areas where the value of their protection is not diminished by the unavailability or remoteness of hospitals and other medical resources. Despite this advantage, the proportion of all beneficiaries with hospitalization policies was no higher than that for all aged persons living in rural-nonfarm communities (23 percent as against 22 percent).

### Conclusions

Various reasons why only 1 out of

Table 9.—Percent with hospitalization insurance among the aged noninstitutional population in March 1952, by age, sex, and employment status, and among aged OASI beneficiaries, by age at end of survey year 1951 and sex

Aged group	Percent with insurance			
	Total	Age		
		65–69 <sup>1</sup>	70–74	75 and over
Aged noninstitutional population, <sup>2</sup> total	26.3	36.4	24.8	15.0
In the labor force	43.9	49.6	39.0	28.3
Not in the labor force	21.0	29.4	20.7	13.6
Men	30.2	42.3	28.2	15.8
In the labor force	44.5	50.9	38.3	29.3
Not in the labor force	20.4	30.5	21.4	12.8
Women	22.8	30.9	21.7	14.4
In the labor force	41.2	44.0	43.1	23.3
Not in the labor force	21.3	28.9	20.3	14.1
Aged OASI beneficiaries, total	22.7	27.5	22.1	17.5
Men	22.7	27.8	22.2	18.3
Women	22.7	27.2	22.0	16.0

<sup>1</sup> No aged OASI beneficiary was under age 66 at end of survey year.

<sup>2</sup> Data from *Hospitalization and Insurance Among Aged Persons* (Bureau Report No. 18, Division of Research and Statistics), table 30.

<sup>9</sup> Falk and Brewster, op. cit.



every 4 or 5 aged old-age and survivors insurance beneficiaries has any form of hospitalization insurance are immediately apparent, although the 1951 national beneficiary study did not attempt to explore this matter directly. The interrelationships established in the accompanying tables indicate that many of the beneficiaries cannot afford to pay premiums on voluntary health insurance. Even if they could afford the premiums, many older people are not considered sufficiently good risks to be offered insurance on an individual basis; if they had formerly been insured, their policies may have been cancelled because they had proved to be poor risks. Since they are no longer members of employed groups, few of them can obtain insurance

through any sort of group enrollment. The older beneficiaries had left the labor force before hospitalization insurance had become as widespread among employed groups as it has been in the past few years; it is probable that they had no insurance before retirement, and a number of factors—unawareness of insurance, advanced age or other disqualifying conditions, and reduced income—would combine to make it unlikely that they would acquire insurance thereafter.

Of those who have hospitalization insurance, some have continued their membership on a nongroup basis after retirement. Such continuation is not usually possible with commercial insurance, but it has been increasingly possible under Blue Cross,

especially since 1948, for those able to pay the nongroup rate. Others are covered through protection offered pensioners of industrial organizations or through the policy held by a family member who is younger or still employed.

The fact that there is more insurance among the younger beneficiaries and recent additions to the benefit rolls gives hope for more widespread protection of the beneficiaries of the future. It is still true, however, that the vast majority of present beneficiaries, and of those for some years to come, will lack protection at a time of life when their need for hospital care is greater than ever before and their resources for paying hospital bills are at low-est ebb.

#### PROGRAM OPERATIONS (Continued from page 2)

An increase in the average payment for aid to dependent children occurred in Arizona when additional items were included in the budget for certain Indian children who returned from publicly supported boarding schools for the summer. While these children are in school they receive an assistance allowance for clothing and personal incidentals only.

In Ohio the total payments for aid to dependent children rose 7 percent when a part of the payments representing supplementation from general assistance was paid out of funds for aid to dependent children; the average payment to families from both funds combined, however, remained about the same.

Amounts included as vendor payments for medical care, which fluctuate monthly in some States because of the uneven lags between service and payment, brought about sizable changes in total payments in four States. Substantial changes in payments for this reason were reported in aid to the blind by Minnesota, New York, and North Dakota and in aid to the permanently and totally disabled by Wisconsin.

- The number of orphaned children

in receipt of monthly benefits under old-age and survivors insurance passed the 1-million mark in May 1954. Beneficiaries of all types numbered 6.4 million—75,000 more than in April. While the increase was less than that a month earlier, May was the twenty-second consecutive month in which the rise exceeded 60,000. Benefit payments at the end of the month totaled \$275.1 million.

At the end of May, monthly benefits were going to almost 5 million persons aged 65 or over, three-fourths of a million more than in May 1953. Retired workers accounted for 70 percent of all aged beneficiaries; their average monthly benefit was \$51.72, an increase of \$1.45 from the average a year earlier. Persons receiving wife's or husband's benefits made up 18 percent of the group aged 65 or over; those receiving widow's or widower's benefits, 12 percent; and those receiving parent's benefits, less than 1 percent. In addition to the more than 1 million orphaned children receiving monthly benefits, almost 100,000 children of old-age beneficiaries, more than a quarter of a million mothers of orphaned child beneficiaries, and about 45,600 wives (under age 65) of old-age beneficiaries, with child beneficiaries in their care, also were receiving monthly benefits.

Monthly benefit awards in May totaled 121,000—a drop of 20,000 from the April total. All types of benefits shared in the decline. Lump-sum death benefits awarded in May amounted to \$7.7 million; these awards were based on the wage records of 44,200 deceased workers. The average lump-sum amount per worker represented in the awards during May reached an all-time high of \$175.10.

- Initial claims filed for benefits under the State unemployment insurance programs showed a seasonal decline somewhat sharper than that usual for May. The total of 1.2 million was 14.9 percent less than that in April but 57.3 percent higher than the number in May 1953. The number of weeks claimed, which represent continuing unemployment, fell off 8.1 percent from the April total to 8.8 million.

During an average week in May, 1.8 million workers received unemployment insurance benefits—a decline of 2.3 percent from the April average. Benefits paid during the month showed a proportionately greater decline (7.6 percent) but were still \$39.4 million greater than the previous high for the month reached in 1950. The average weekly check paid for total unemployment was \$24.70.