

# Medical Care Costs of Aged OASI Beneficiaries: Highlights From Preliminary Data, 1957 Survey\*

**D**ATA on medical care costs over a 12-month period and on the way aged beneficiaries met these costs were collected in the national survey of a sample of beneficiaries conducted by the Bureau of Old-Age and Survivors Insurance in the fall of 1957. The following highlights on the medical care costs incurred by aged beneficiaries during the survey year are from the preliminary tabulations.

Earlier articles in this series presented data on the income of beneficiary groups, their assets and net worth, their ownership of health insurance, and their hospital utilization rate.<sup>1</sup> The number and types of beneficiaries included in the tabulations have varied somewhat from report to report, as dictated by the nature of the data. The highlights given here present information on married beneficiaries and their spouses (whether or not entitled to benefits) and on all aged nonmarried beneficiaries—that is, those widowed, separated, divorced, or never married—as of the end of the survey year. The two beneficiary groups are distributed by income in table 1. The brief section on the scope and method of the survey at the end of this report specifies the types of beneficiary represented in the survey and those included in the earlier reports.

## Total Medical Care Costs

In recent years there has been increasing awareness that the aged,

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<sup>1</sup> See "Income of Old-Age and Survivors Insurance Beneficiaries: Highlights From Preliminary Data, 1957 Survey," *Social Security Bulletin*, August 1958; "Aged Beneficiaries of Old-Age and Survivors Insurance: Highlights on Health Insurance and Hospitalization Utilization, 1957 Survey," *Social Security Bulletin*, December 1958; "Assets and Net Worth of Old-Age and Survivors Insurance Beneficiaries: Highlights From Preliminary Data, 1957 Survey," *Social Security Bulletin*, January 1959.

like other predominantly low-income groups, are apt to find the financing of their medical needs a heavy burden. Sometimes they forego necessary medical care entirely or defer it much longer than is desirable. In some instances they get the care they need but must rely on others to help pay for it. The degree to which aged persons fail to obtain adequate medical care can only be inferred. On the other hand, the degree to which they encounter difficulty in paying for the medical care they do receive—as well as the amount of these costs—can be illustrated by preliminary findings from the 1957 survey of old-age and survivors insurance beneficiaries. The article on hospital utilization presented data for individual beneficiaries aged 65 and over and elderly spouses of beneficiaries. For married persons, analyses of medical care costs, the relationship of costs to resources, and the means

**Table 1.—Money income: Percentage distribution of aged couples and nonmarried beneficiaries by amount of income during survey year, 1957<sup>1</sup>**

Money income <sup>2</sup>	Beneficiary couples	Non-married beneficiaries
Number in sample.....	1,849	2,280
Total percent.....	100.0	100.0
Less than \$600.....	1.4	13.9
\$600-1,199.....	12.0	43.9
1,200-1,799.....	21.5	21.8
1,800-2,399.....	20.2	10.2
2,400-2,999.....	14.2	4.0
3,000-4,999.....	21.0	3.8
5,000 or more.....	9.7	2.4

<sup>1</sup> A couple consists of a beneficiary drawing a retired worker's benefit and a spouse, whether or not entitled to benefits. Nonmarried persons include those never married, widowed, divorced, or separated, as of the end of the survey year. The survey year was a period of 12 consecutive calendar months ended in September, October, or November 1957, depending on the date of interview.

<sup>2</sup> Represents cash receipts from all sources except sale of property, tax refunds, large cash gifts, lump-sum inheritances and insurance payments, and cash contributions by relatives within the household. Includes, when the amount was known, the value of bills (except medical bills) paid by relatives outside the household.

of meeting costs are more meaningful when related to couples than to the individuals making up the couples. The data for medical care costs are therefore presented separately for nonmarried beneficiaries aged 65 and over and for beneficiary couples (some of which include a spouse under age 65).

**Table 2.—Medical costs: Percentage distribution of aged couples and nonmarried beneficiaries by amount incurred during survey year, 1957<sup>1</sup>**

Total medical costs	Beneficiary couples	Non-married beneficiaries
Total.....	100.0	100.0
None incurred.....	2.8	8.3
\$1-\$99.....	28.3	42.3
100-199.....	17.2	16.9
200-299.....	12.7	8.5
300-399.....	8.7	3.8
400-499.....	5.5	2.6
500-599.....	4.1	.9
600-799.....	3.5	1.7
800-999.....	2.3	1.0
1,000 or more.....	6.6	4.3
Some "free" care <sup>2</sup> .....	5.8	7.8
Unknown.....	2.5	1.9

<sup>1</sup> See footnote 1, table 1.

<sup>2</sup> Beneficiaries were classified as receiving "free" care whenever care was supplied by a hospital or doctor and no bill rendered to anyone, or when a public assistance or other agency made payment directly to the hospital, doctor, or other vendor and the beneficiary did not know the amount of such payment. Thus beneficiary couples and non-married beneficiaries were not necessarily classified as receiving "free" care because they themselves or their relatives did not pay for it. The dollar value of the medical care for which there was a charge was not tabulated if any care was received "free."

Since total medical costs include household medicine chest items as well as prescription medicines and the services rendered by hospitals, physicians, and others, it is to be expected that few beneficiary groups would have no costs during a period of a year. Of the married couples in the survey sample, for example, only 3 percent reported that they had incurred no medical costs during the survey year (table 2). At the other end of the range, 9 percent of the married couples had known costs

totaling \$800 or more. Six percent reported that some (or all) of their care was furnished "free." Beneficiary couples or nonmarried beneficiaries were not necessarily classified as receiving "free" care because they themselves or their relatives did not pay for it. In the survey, they were classified as receiving "free" care only when care was supplied by a hospital or physician and no bill was rendered to anyone, or when a public assistance or other agency made payment directly to the hospital, doctor, or other vendor and the beneficiary did not know the amount of such payment.<sup>2</sup> Under a less restrictive definition—for example, the fairly common one that considers as "free" any service furnished a patient without charge to himself, his spouse, or other family members—the pro-

<sup>2</sup> The dollar value of the medical care for which there was a charge was not tabulated if any of the care was received "free."

**Table 3.—Medical costs and money income: Percentage distribution of aged married beneficiaries and their spouses and nonmarried beneficiaries, by amount of costs per person incurred during survey year and by money income of beneficiary group, 1957<sup>1</sup>**

Money income <sup>2</sup>	Total medical costs per person					
	Total percent	None or less than \$100	\$100-499	\$500 or more	Some "free" care <sup>3</sup>	Unknown
Beneficiary couples						
All incomes:						
Husbands.....	100.0	60.8	26.9	5.8	4.9	1.6
Wives.....	100.0	57.6	31.5	7.4	2.4	1.0
Less than \$1,200:						
Husbands.....	100.0	69.8	19.3	3.6	6.5	.8
Wives.....	100.0	70.6	21.4	5.2	2.0	.8
1,200-1,799:						
Husbands.....	100.0	64.2	22.2	6.3	6.0	1.3
Wives.....	100.0	59.4	28.0	7.6	4.8	.2
1,800-2,399:						
Husbands.....	100.0	59.1	30.4	5.1	4.6	.8
Wives.....	100.0	57.5	33.6	4.6	3.0	1.3
2,400-2,999:						
Husbands.....	100.0	62.6	26.3	4.2	4.2	2.7
Wives.....	100.0	55.7	34.4	8.0	1.5	.4
3,000-4,999:						
Husbands.....	100.0	56.0	30.4	7.2	4.9	1.5
Wives.....	100.0	52.9	36.3	8.2	.5	2.1
5,000 or more:						
Husbands.....	100.0	51.4	34.1	8.4	2.2	3.9
Wives.....	100.0	49.2	34.6	12.8	1.7	1.7
Nonmarried beneficiaries						
All incomes.....	100.0	50.6	31.8	7.9	7.8	1.9
Less than \$600.....	100.0	50.2	34.8	7.3	5.4	2.2
600-1,199.....	100.0	54.4	28.2	7.2	8.6	1.6
1,200-1,799.....	100.0	47.9	33.8	6.6	10.3	1.4
1,800-2,399.....	100.0	45.7	35.8	9.9	6.9	1.7
2,400-2,999.....	100.0	51.1	33.7	7.6	5.4	2.2
3,000 or more.....	100.0	42.3	35.2	16.2	3.5	2.8

<sup>1</sup> See footnote 1, table 1.

<sup>2</sup> See footnote 2, table 1.

<sup>3</sup> See footnote 2, table 2.

**Table 4.—Hospital utilization and money income: Percent of aged married beneficiaries and their spouses and nonmarried beneficiaries hospitalized during survey year, by hospitalization insurance coverage and by money income of beneficiary groups, 1957<sup>1</sup>**

Money income <sup>2</sup>	Percent hospitalized <sup>3</sup>		
	Total	With hospitalization insurance	Without hospitalization insurance
Beneficiary couples			
All incomes:			
Husbands.....	11.4	15.0	8.2
Wives.....	11.5	12.5	10.5
Less than \$1,200:			
Husbands.....	9.7	13.7	8.6
Wives.....	11.3	15.8	9.9
1,200-1,799:			
Husbands.....	12.1	22.0	7.2
Wives.....	13.4	14.2	12.8
1,800-2,399:			
Husbands.....	11.6	15.0	9.0
Wives.....	10.5	12.4	8.7
2,400-2,999:			
Husbands.....	12.6	14.4	10.3
Wives.....	11.1	12.8	8.8
3,000-4,999:			
Husbands.....	10.5	12.2	7.5
Wives.....	9.7	10.3	8.7
5,000 or more:			
Husbands.....	11.7	14.3	6.7
Wives.....	14.0	13.4	15.0
Nonmarried beneficiaries			
All incomes.....	15.7	17.5	14.8
Less than \$600.....	17.7	24.1	15.4
600-1,199.....	15.7	19.0	14.2
1,200-1,799.....	13.7	10.8	15.6
1,800-2,399.....	20.7	22.1	18.5
2,400-2,999.....	16.3	20.0	9.1
3,000 or more.....	12.0	12.6	10.6

<sup>1</sup> See footnote 1, table 1.

<sup>2</sup> See footnote 2, table 1.

<sup>3</sup> In a general hospital or institution for long-term care, such as a nursing home or mental or tuberculosis hospital.

more) and 5 percent had some "free" care. In the group with income of \$1,800-\$2,399, high costs were reported by 10 percent and some "free" care by 7 percent (table 3).

This finding parallels the fact that very little relationship existed between the amount of income and the likelihood of a person's entering a hospital<sup>3</sup> during the year (table 4). There was, however, a definite relation between ownership of hospitalization and surgical insurance and the

<sup>3</sup> The data in this report cover the cost of stays not only in general hospitals but also in mental, tuberculosis, and other long-stay hospitals and in nursing homes, and the term "hospitalization" is used to relate to all such care, unless otherwise specified.

**Table 5.—Hospitalization insurance and money income: Percentage distribution of aged married beneficiaries and their spouses and nonmarried beneficiaries, by hospitalization insurance coverage during survey year and by money income of beneficiary group, 1957<sup>1</sup>**

Money income <sup>2</sup>	Total percent	With hospitalization insurance			Without insurance
		Total	Hospitalization and surgery	Hospitalization only	
<b>Beneficiary couples</b>					
All incomes:-----	100.0	46.1	32.9	13.2	53.9
Husbands-----	100.0	48.9	34.5	14.4	51.1
Wives-----					
Less than \$1,200:-----					
Husbands-----	100.0	20.5	15.3	5.2	79.5
Wives-----	100.0	20.8	15.2	5.6	79.2
1,200-1,799:-----					
Husbands-----	100.0	33.2	22.4	10.8	66.8
Wives-----	100.0	36.9	24.6	12.3	63.1
1,800-2,399:-----					
Husbands-----	100.0	43.1	27.2	15.9	56.9
Wives-----	100.0	49.1	32.7	16.4	50.9
2,400-2,999:-----					
Husbands-----	100.0	55.8	40.5	15.3	44.2
Wives-----	100.0	55.4	38.2	17.2	44.6
3,000-4,999:-----					
Husbands-----	100.0	62.6	45.0	17.6	37.4
Wives-----	100.0	67.4	47.7	19.7	32.6
5,000 or more:-----					
Husbands-----	100.0	66.5	55.3	11.2	33.5
Wives-----	100.0	70.1	58.9	11.2	29.9
<b>Nonmarried beneficiaries</b>					
All incomes-----	100.0	39.3	23.5	15.8	60.7
Less than \$600-----	100.0	26.3	14.3	12.0	73.7
600-1,199-----	100.0	31.6	16.7	14.9	68.4
1,200-1,799-----	100.0	40.8	23.9	16.9	59.2
1,800-2,399-----	100.0	60.3	42.2	18.1	39.7
2,400-2,999-----	100.0	65.2	46.7	18.5	34.8
3,000 or more-----	100.0	66.9	45.8	21.1	33.1

<sup>1</sup> See footnote 1, table 1.

<sup>2</sup> See footnote 2, table 1.

**Table 6.—Medical costs and hospitalization: Percent of aged couples and nonmarried beneficiaries hospitalized during survey year, by amount of medical costs incurred during the year, 1957<sup>1</sup>**

Total medical costs	Beneficiary couples			Nonmarried beneficiaries		
	Percent hospitalized			Percent hospitalized		
	Total	General hospital <sup>2</sup>	Long-stay institution only <sup>3</sup>	Total	General hospital <sup>2</sup>	Long-stay institution only <sup>3</sup>
Total-----	21.3	20.2	1.1	15.7	12.7	3.0
None incurred-----						
\$1-99-----	.6	.6	0	.8	.8	0
100-199-----	4.1	4.1	0	8.3	8.3	0
200-299-----	9.4	9.4	0	13.9	13.4	.5
300-399-----	21.2	20.6	.6	24.1	21.8	2.3
400-499-----	34.3	33.3	1.0	40.0	36.7	3.3
500-599-----	45.3	45.3	0	57.1	57.1	0
600-799-----	54.7	53.1	1.6	69.2	64.1	5.1
800-999-----	74.4	74.4	0	82.6	82.2	0.4
1,000 or over-----	88.5	83.6	4.9	84.8	81.5	3.3
Some "free" care <sup>4</sup> -----	43.5	34.3	9.2	45.5	34.8	10.7
Unknown-----	66.0	63.9	2.1	57.1	50.0	7.1

<sup>1</sup> See footnote 1, table 1.

<sup>2</sup> Includes all persons who spent any time in a short-stay general hospital (including Veterans Administration general hospital) during the survey year.

<sup>3</sup> Includes persons who spent any time in institutions for long-term care, such as mental and tuberculosis hospitals and nursing homes, and who did not spend any time in a general hospital.

<sup>4</sup> See footnote 2, table 2.

income of the beneficiary group (table 5). Among married persons, the proportion having insurance was more than three times as high when the year's income of the couple was \$5,000 or more as when it was less than \$1,200. A similar tendency was noted among nonmarried beneficiaries: when total money income was less than \$600, only 26 percent had hospitalization insurance, but when income was \$3,000 or more, 67 percent had some insurance.

For both married and nonmarried beneficiaries, at a given income level, those with insurance were more likely to have been hospitalized some time during the year than those without insurance (table 4).

**Medical costs and hospitalization.**—Total medical costs during a year are, of course, likely to be much larger when there is a period of hospitalization than when there is not. The median costs, for example, for those couples reporting at least one episode of hospitalization for either member (excluding those receiving any "free" service or with unknown costs) were about \$700, compared with only \$140 for those couples whose medical costs for the year included no hospitalization. Corresponding figures for nonmarried beneficiaries are about \$625 and \$75, respectively. Moreover, 12 percent of the couples and 23 percent of the nonmarried beneficiaries with care in a hospital or nursing home had some "free" care. Table 6 shows the percentage within each cost group that had one or more stays during the year in any type of hospital or nursing home and the proportion with a stay in a general hospital.

Not only does the proportion with at least one period of hospitalization or nursing-home care rise sharply from only 1 percent among those reporting costs of less than \$100 to well over 80 percent of those reporting costs of \$1,000 or more, but it is significant that nearly half the beneficiary groups receiving some medical care "free" had had a period of hospitalization. Almost all the beneficiary couples with high medical costs and a period of hospitalization received care in general hospitals. In contrast, a substantial proportion of the nonmarried hospitalized beneficiaries with high costs were in long-

stay hospitals or in nursing homes.

The effect of a period of hospitalization on the size of the total medical bill can be demonstrated more directly (table 7). Among those couples having hospitalization or nursing-home care of one or both the members and able to report their total medical costs, the costs associated with such episodes averaged 64 percent of their total medical bills for the year; 41 percent represented charges made by a general hospital, 4 percent charges by institutions for the chronically ill, and 19 percent the fees for the surgeon and for in-hospital doctor's care.

Because nonmarried beneficiaries are older, on the average, than married beneficiaries, the costs associated with hospital and nursing-home care made up an even greater portion of total medical costs for them than for beneficiary couples—77 percent. Nursing-home charges alone represented more than one-fifth of their total medical bills, other long-stay institutions one-tenth, and general hospital fees one-third.<sup>4</sup> In fact, of the nonmarried beneficiaries reporting hospitalization, 1 in 6 was in a nursing home. One-third of the nonmarried beneficiaries in such homes were there the entire year, and an additional 5 percent were there all year except for a stay in a general hospital. Nearly one-third of all those in a nursing home during the year spent some time in a general hospital as well.

As might be expected, the higher the total medical cost the greater the share representing hospital or nursing-home and associated charges. The following tabulation shows for all beneficiary groups—married couples and nonmarried persons combined—who were able to report total medical costs and for those groups reporting costs of \$1,000 or more the per-

<sup>4</sup> The fact that beneficiaries were classified by marital status at the end of the year and that the medical costs of a spouse who died during the year were included with those of the survivor results in a slight inflation of the importance of hospitalization costs for nonmarried persons. The hospitalization rate was high for deceased spouses. Beneficiaries whose spouse had died, however, comprised only 1.6 percent of the beneficiaries classified as nonmarried; their total costs accounted for 5 percent of the aggregate costs of nonmarried beneficiaries.

centage of the aggregate costs associated with episodes of hospitalization.

Type of cost	Total costs known	Costs of \$1,000 or more
Total.....	37	66
General hospital charges.....	20	33
Nursing-home charges.....	5	13
Other long-stay hospital charges.....	3	6
Surgeon's and other physician's fees.....	9	14

Almost all the surgeon's and other doctor's fees connected with hospital episodes were for care of beneficiaries during stays in general hospitals rather than in nursing homes or other long-stay institutions.

### Means of Meeting Medical Costs

Since large bills necessarily create more of a financial problem than small bills and a hospital stay is likely to result in large bills, it would be useful to find out how elderly beneficiaries pay for necessary hospitalization. Such a procedure is not feasible because of the difficulty of

separating available resources used to pay for hospitalization from those used to pay associated costs. Information is available, however, from the 1957 survey on the means by which beneficiaries met their total medical costs in the survey year.

More than four-fifths of all beneficiary groups incurring medical costs assumed responsibility themselves for all the medical costs they incurred during the year. Relatively few—14 percent of the couples and 9 percent of the nonmarried beneficiaries—had any of their expenses covered by insurance. Among the insured, as would be expected because the usual form of health insurance provides protection against hospitalization costs, beneficiaries who were hospitalized had a higher portion of their total medical costs met by health insurance than those who were not (table 8). For those insured persons aged 65 and over who received care (none of which was "free") in a general hospital during the year and who knew both the total bill rendered and the amount met by insurance, the insurance payments covered about two-thirds of the hospital's charges and one-fifth of the surgeon's and other doctor's fees.

Table 7.—Medical costs and hospitalization: Average amount and percentage distribution of total medical costs of aged couples and nonmarried beneficiaries hospitalized during survey year, by type of service, 1957<sup>1</sup>

Total medical costs	Average amount	Percentage distribution of medical costs					
		Total	Costs associated with hospitalization			All other costs	
			Total	General hospital	Long-stay institution		Surgeon's or physician's fees
Beneficiary couples							
Total hospitalized, all costs known <sup>2</sup> .....	\$993	100.0	64.3	40.8	4.5	19.0	35.7
\$1-299.....	202	100.0	53.4	35.6	0	17.8	46.6
300-499.....	400	100.0	55.7	38.2	1.2	16.3	44.3
500-799.....	627	100.0	58.5	36.4	.2	21.9	41.5
800 or more.....	1,680	100.0	66.8	42.1	5.8	18.9	33.2
Nonmarried beneficiaries							
Total hospitalized, all costs known <sup>2</sup> .....	\$884	100.0	75.9	32.9	30.7	13.3	23.1
\$1-299.....	187	100.0	59.1	42.1	1.7	15.3	40.9
300-499.....	409	100.0	63.7	43.7	5.6	19.4	31.3
500-799.....	629	100.0	68.5	44.6	3.1	20.5	31.5
800 or more.....	1,642	100.0	80.3	29.4	39.5	11.4	19.7

<sup>1</sup> See footnote 1, table 1.

<sup>2</sup> Excludes those unable to report costs and those

receiving some "free" care. See footnote 2, table 2.

More than 8 percent of all couples and 11 percent of all nonmarried beneficiaries had some or all of their costs met by a public or private health or welfare agency (table 9). For 6 percent of the couples and twice as large a proportion of the nonmarried persons, relatives were called upon to foot all or part of the medical bills. Six percent of the couples and 3 percent of the nonmarried persons had larger unpaid medical bills at the end of the year than at the beginning.

For beneficiaries with relatively high costs the situation was somewhat different. (In this analysis of

how costs were met, the married couples with medical costs of \$800 or more and the nonmarried individuals having costs of \$500 or more were singled out as having relatively high costs.) A considerable number of such beneficiaries—85 percent of the couples and 79 percent of the nonmarried persons—had a period of hospitalization. The beneficiaries with high costs were more likely than other beneficiaries to have some medical costs covered by insurance. They were somewhat less apt to assume sole responsibility for costs not covered by insurance and more likely to have relatives pay some bills, to draw on

their own assets, or to increase their outstanding medical debt. The percentages of beneficiaries incurring relatively high costs who used selected means of meeting some of their costs are shown below.

Means of meeting costs <sup>1</sup>	Beneficiary couples with costs of \$800 or more	Nonmarried beneficiaries with costs of \$500 or more
Insurance covered some costs..	53	38
Beneficiary assumed entire responsibility <sup>2</sup> .....	84	61
Relatives assumed some responsibility.....	15	31
Health or welfare agency assumed some responsibility..	2	12
Medical debt increased.....	25	10

**Table 8.—Medical costs met by insurance: Percentage distribution of aged couples and nonmarried beneficiaries with hospitalization insurance by proportion of medical costs met by such insurance and by hospital utilization during survey year, 1957<sup>1</sup>**

Percent of total medical costs met by insurance	Beneficiary couples with hospitalization insurance			Nonmarried beneficiaries with hospitalization insurance		
	Total incurring costs	Hospitalized <sup>2</sup>	Not hospitalized	Total incurring costs	Hospitalized <sup>2</sup>	Not hospitalized
Total.....	100.0	100.0	100.0	100.0	100.0	100.0
None.....	72.6	15.8	92.5	80.3	12.7	95.8
1-24.....	10.6	28.3	4.4	5.5	19.1	2.3
25-49.....	8.8	29.2	1.6	7.1	35.8	.6
50-69.....	4.2	15.0	.4	2.6	12.7	.3
70 or more.....	2.2	7.1	.4	2.6	12.1	.4
Unknown.....	1.6	4.6	.6	1.9	7.6	.6

<sup>1</sup> Items are not mutually exclusive since beneficiaries frequently used more than one means to meet medical costs.

<sup>2</sup> That is, responsibility for all costs, exclusive of those met by insurance. May include payments from assets as well as from current income and any portion as yet unpaid.

The seeming paradox that beneficiaries incurring high costs were no more likely than others to have a health or welfare agency assume some of their costs is accounted for by the fact that some beneficiaries receiving relatively expensive medical care were not tabulated as having high costs. Some were charged reduced rates because of limited ability to pay, thus lowering their total reported costs. Others obtained some services entirely without charge and were therefore classified as having some care "free."

Although information is not available on beneficiaries' use of assets specifically to meet medical care bills, it is known that more than two-fifths of the beneficiary groups with high medical costs used some assets during the year for current living. Nearly one-third of the couples and more than one-fourth of the nonmarried beneficiaries with high medical costs used assets of \$500 or more to meet their living expenses.

As indicated earlier, 6 percent of the couples and 8 percent of the nonmarried beneficiaries were classified as receiving some "free" care. A number of other beneficiaries had to depend in part on others to finance the medical care they needed. The data show that 8 percent of the couples and 11 percent of the nonmarried beneficiaries had some of

<sup>1</sup> See footnote 1, table 1.

<sup>2</sup> In a general hospital or long-stay institution for long-term care, such as a nursing home or mental

or tuberculosis hospital. For couples hospitalized, cases include those with either or both members hospitalized.

**Table 9.—How medical costs were met: Percentage distribution of aged couples and nonmarried beneficiaries, by means of meeting costs not met by insurance during survey year, 1957<sup>1</sup>**

How medical costs were met	Beneficiary couples			Nonmarried beneficiaries		
	Total	No costs met by insurance	Some costs met by insurance	Total	No costs met by insurance	Some costs met by insurance
Total incurring costs.....	100.0	85.6	14.4	100.0	91.8	9.2
Total percent.....	100.0	100.0	100.0	100.0	100.0	100.0
Assumed entirely by beneficiary <sup>2</sup> .....	86.1	85.5	89.6	78.9	79.6	70.6
Paid in full.....	80.7	81.7	74.5	76.4	77.7	61.0
Medical debt increased.....	5.4	3.8	15.1	2.5	1.9	9.6
Assumed partly by others.....	11.8	12.1	10.4	15.2	13.9	29.4
Health or welfare agency.....	7.7	8.3	4.6	9.0	9.1	7.9
Relatives only.....	4.1	3.8	5.8	6.2	4.8	21.5
Assumed entirely by others.....	2.1	2.4	.....	5.9	6.5	.....
Health or welfare agency.....	.7	.8	.....	2.1	2.3	.....
Relatives only.....	1.4	1.6	.....	3.8	4.2	.....
Total with medical debt increased <sup>3</sup> .....	6.4	4.7	16.2	3.3	2.6	12.4
Total receiving help from relatives <sup>3</sup> .....	6.1	6.0	6.9	11.7	10.5	24.8

<sup>1</sup> See footnote 1, table 1.

<sup>2</sup> Beneficiary's share may include payments from assets as well as from current income and any portion as yet unpaid.

<sup>3</sup> Items not mutually exclusive since beneficiaries frequently used more than one means to meet medical costs.

their medical costs met by a health or welfare agency. In all, 14 percent of the couples and 21 percent of the nonmarried beneficiaries reported that some of their medical costs were assumed by others, a health or welfare agency, and/or relatives or that they received some care entirely without charge from a private physician. It is not possible to determine how many beneficiaries there were in addition who used an out-patient clinic, where the charge was nominal, or the number who were billed for hospital or medical services at a reduced rate because of limited ability to pay.

About half the cases classified as receiving some medical service "free" involved hospitalization. It is highly likely that, if the costs of such hospital care could be estimated, the number of beneficiaries with large total medical costs would be considerably greater. Only 9 percent of the married couples or nonmarried beneficiaries classified as receiving some "free" care had any medical costs covered by insurance. A hospital or other health or welfare agency assumed at least some responsibility for medical costs in most of these cases of "free" care, and relatives contributed a share for 14 percent of the couples and 28 percent of the non-married persons.

Those receiving some "free" medical care were considerably more likely than others to be on public assistance rolls during all or part of the year. For groups of beneficiaries with specified medical costs the percentage receiving assistance was as follows:

Type of medical costs	Bene- ficiary couples	Non- married bene- ficiaries
All beneficiaries.....	7	13
Some "free" care.....	27	37
High medical costs <sup>1</sup> .....	5	14
Low or intermediate costs <sup>2</sup> .....	7	10
Cost unknown.....	2	14
No medical costs.....	2	10

<sup>1</sup> For couples, \$800 or more; for nonmarried individuals, \$500 or more.

<sup>2</sup> For couples, \$1-\$799; for nonmarried individuals, \$1-\$499.

### Costs of Terminal Illness

In one important respect the beneficiary survey data are incomplete.

They include no information on medical costs incurred by retired-worker or widow beneficiaries who died during the survey year. Data obtained, however, on persons who died leaving a spouse drawing a retired worker's benefit give some indication of the cost of terminal illness. Such cases made up less than 1 percent of all the beneficiary groups studied, and the data therefore must be used with care. In almost all these cases the survivor was the husband, because the sample design did not include women drawing widows' benefits unless their husbands had died before the beginning of the survey year.

Total medical costs were much higher, on the average, for the couples in which one of the partners died than when both survived, because the costs incurred by the dying spouse were high. The spouses who died were also more likely to receive some "free" care, partly because they were likely to have had some hospitalization during the year. As shown earlier, an episode of hospitalization is likely to be associated with high medical costs or need for "free" care. The following tabulation compares the experience of the deceased spouses with that of all nonmarried beneficiaries.

	Average medical costs <sup>1</sup>	Percent receiving some "free" care	Percent hospital- ized
Spouses dying during survey year.....	\$550	14	54
All nonmarried bene- ficiaries.....	209	8	16

<sup>1</sup> Based on data for those with known costs and receiving no "free" item.

The survivors of these deceased spouses also tended to have greater-than-average medical costs—with more than a fourth requiring some hospitalization themselves—so that total expenses for the couple averaged higher than when both partners survived the entire survey year, as illustrated by the tabulation in the next column.

The high costs associated with the death of a spouse meant that the survivors had greater difficulty in meeting their total medical costs than other beneficiaries. Insurance

	Average medical costs <sup>1</sup>	Percent receiving some "free" care	Percent with one or both members hospital- ized
Beneficiary couples with spouse dying during year.....	\$783	19	65
Other beneficiary cou- ples.....	339	6	21

<sup>1</sup> Based on data for those with known costs and receiving no "free" item.

covered some of the costs in only one-fourth of the cases where one of the partners had died. Nearly one-third received some help from relatives, and a fourth still had medical bills remaining unpaid at the end of the survey year.

To the extent that old-age beneficiaries who died during the survey year (and were therefore not included in the survey) incurred greater expenses than those who survived, the survey statistics understate average medical costs for all beneficiaries; to the extent that some of those who died left insufficient funds to cover all their bills, the statistics understate the extent to which medical costs must be assumed by others.

### Scope and Method of the Survey

The 1957 survey of the resources of beneficiaries was the second national survey of its kind made by the Bureau of Old-Age and Survivors Insurance. The previous national survey made in 1951 had been preceded by eight spot surveys in 20 large and medium-sized cities between 1941 and 1949.

The 1957 survey covered a cross-section sample of the major types of beneficiaries on the rolls in December 1956: nonmarried retired-worker beneficiaries (men and women); married couples with the husband the retired-worker beneficiary and with the wife either a beneficiary or a nonbeneficiary; married couples with the wife the retired-worker beneficiary and the husband a nonbeneficiary; aged-widow beneficiaries; and widowed mothers with entitled minor children. Because they were relatively few in number and would have created difficulties in statistical analysis if combined with the types se-

lected for the study, the following beneficiary types were excluded from the survey sample: retired-worker or aged-widow beneficiaries with entitled children; women retired workers with husband receiving benefits based on his wife's earnings record; parents; widowers receiving benefits based on the deceased wife's earnings record; and children not living with their mothers. The aged beneficiaries of the types included in the sample comprised 98 percent of all aged beneficiaries with benefits in current-payment status in December 1956.<sup>5</sup>

The sample for the survey was drawn from 70 sampling areas, which were selected in such a way as to produce a national probability sample when combined. It is a cross section of beneficiaries who became entitled to benefits from 1940 through Septem-

<sup>5</sup> Old-age beneficiaries married during the year were not included unless the marriage occurred in the first 4 weeks or the last 4 weeks of the survey year. In the latter instance, only the beneficiary was included in the survey; in the former, both beneficiary and spouse were included for the entire year.

ber 1956 and represents different races, cultures, and types of communities in the United States.

The data were obtained in personal interviews in the homes of the beneficiaries by district office staff of the Bureau of Old-Age and Survivors Insurance. The survey year was defined as the 12 months preceding the month of the interview, which was made in the fall of 1957. Information was obtained on the source and amount of beneficiary group income, amount and type of assets, liabilities and life insurance, health status of the beneficiaries at the time of the interview, health insurance coverage, medical care costs during the survey year and means of meeting these costs, longest and last regular occupation, and employment during the survey year.

The previously published articles on income during the survey year and assets at the end of the year included data for young survivor families as well as aged beneficiaries but omitted those few beneficiary groups separated during the year, those in which one member of a

couple was hospitalized for the entire year, or those in which the spouse of the beneficiary died during the year.<sup>6</sup> The article on health insurance and hospital utilization did not exclude such beneficiary groups but was limited to persons aged 65 years or over at the end of the survey year.

The present article includes data on the medical care costs of all persons covered in the report on health insurance and hospitalization—that is, all persons aged 65 years or over; it also includes information on spouses under age 65 and spouses dying during the year, omitted from that report. Women aged 62–64 became eligible for benefits for the first time during the survey year, but since the study procedure specified that beneficiaries, to be included, had to have received at least one benefit before October 1956, women aged 62–64 are not represented except for the newly eligible wives of beneficiaries already on the rolls.

<sup>6</sup> By definition, women drawing widow's benefits for less than a year were not in the survey.

## SOCIAL SECURITY IN REVIEW

*(Continued from page 2)*

ance, \$1.06 in aid to dependent children, \$4.16 in aid to the blind, and \$2.73 in aid to the permanently and totally disabled. When Colorado removed its maximum in aid to the permanently and totally disabled the average payment rose \$3.73. In Alabama, payments to recipients of old-age assistance averaged \$5.15 more in January than in the preceding month as a result of that State's meeting, on a temporary basis, 90 percent instead of 78 percent of the budget deficit. When Virginia began during January to meet need in full for aged and disabled recipients the average payment increased \$2.04 in old-age assistance and \$2.70 in aid to the permanently and totally disabled. The State also initiated changes in aid to dependent children,

but the full effects of the changes will not be reflected for 3 or 4 months.

● Insured unemployment under the regular State programs of unemployment insurance and the program for Federal workers rose 19.3 percent in January to a weekly average of 2.5 million; the average was 12.5 percent less, however, than that a year earlier. Almost 1.8 million workers insured under these programs became newly unemployed during January, as indicated by the number of initial claims filed for benefits. The total was 7.0 percent less than that in the preceding month and 21.6 percent less than the number filed during January 1958.

The January total of \$279 million paid under the regular programs in benefits to unemployed workers was \$45 million more than the amount paid in December but \$33 million less than that in January 1958. The aver-

age benefit was \$30.40; in the preceding month it was \$30.41, and in January 1958 it was \$30.11. Checks were sent in an average week to 2.2 million beneficiaries—24.6 percent more than the preceding month's average and 7.5 percent less than that a year earlier.

Under the new program of unemployment compensation for ex-service-men, insured unemployment increased by 17,000 to a weekly average of 59,000 in January. Benefits paid under this program totaled \$7.1 million, about \$2.0 million more than in December. Under the temporary unemployment compensation programs, which pay benefits to workers exhausting their rights to benefits under the regular programs, insured unemployment averaged 382,000—about 15,000 less than in the preceding month; benefits dropped approximately \$3.6 million from the December total to about \$52.2 million.