

file and the likelihood of denial; and (2) to the extent that such characteristics are not uniformly spread throughout geographic regions, State differences in denial rates will persist despite uniform application of standards.

Assistance Expenditures Per Inhabitant, 1960-61*

The per capita cost of public assistance payments went up moderately in the fiscal year 1960-61, largely as a result of that year's recession. Payments under all six categories combined, including the new program of medical assistance for the aged, amounted to \$3,939 million from Federal, State, and local funds; \$589 million was in the form of direct agency payments to suppliers of medical care for recipients. All assistance payments equaled \$21.44 per inhabitant for the country as a whole—an increase of \$1.06 per capita, or 5.2 percent, from costs a year earlier. The per capita expenditures for public assistance in both years represented one cent out of each dollar of per capita income in the United States.

Assistance expenditures per inhabitant are derived by dividing the total outlay for assistance payments from Federal, State, and local funds in a given State or in the Nation by the total population of that State or the Nation. Dividing aggregate amounts equally among all persons in the population is a common statistical device that is perhaps best known for its use in studying per capita income data. It is also useful, however, in analyzing assistance payments, because it facilitates a comparison of expenditures among programs, from year to year and from State to State.

The States vary in their total outlay for assistance payments because of differences in the average amount of assistance paid per recipient, the proportion of the population aided (recipient rates), and the size of their population. By reducing expenditures to an amount per inhabitant the effect of variations in population size is removed, and there remain only differences in the combined effect of variations in recipient rates and average monthly payments.

Underlying the variations among States in

* Prepared by Frank J. Hanmer, Division of Program Statistics and Analysis, Bureau of Family Services.

recipient rates and average monthly payments to recipients are differences in social and economic conditions and in the scope of the assistance programs that the States have established to alleviate need. Aggregate assistance payments in 1960-61 for all programs combined, for example, amounted to \$5.9 million in Nevada and to \$47.1 million, or eight times as much, in Indiana. Yet when differences in the population are removed, it can be readily seen that the cost per capita in Nevada (\$20.07) was about twice that in Indiana (\$9.91).

CHANGES FROM 1960

Two events with great significance for public assistance occurred during 1960-61. Of primary importance in raising per capita expenditures was the economic recession of the winter months, which brought about an increase in the need for assistance. The increase was more marked in aid to dependent children and general assistance—the two programs most keenly affected by economic changes—than in the other assistance programs.

Of secondary importance as far as expenditures for 1960-61 are concerned but of great long-term significance were the 1960 amendments that established a new program of medical assistance for the aged and, in old-age assistance, increased Federal participation in States making direct agency payments to suppliers of medical goods and services (vendor payments). The 1961 legislation amending the program of aid to dependent children did not become effective until May 1961 and therefore did not materially affect payments for 1960-61. These amendments extended the program to children of unemployed parents and provided for the continuation of assistance for selected children placed in foster homes as a result of a court order.

Per capita expenditures in 1960-61 rose noticeably in three of the five categories that were in existence in 1959-60 and remained about the same in the other two. The largest proportionate increase (10.1 percent) occurred in aid to the permanently and totally disabled, but sizable expansion (about 8.5 percent) also took place in aid to dependent children and in general assistance. The largest dollar rise (47 cents) occurred in aid to dependent children, and this increase together with that for general assistance (20 cents) accounted for 63 percent of the total for all programs.

Expenditures under the new program of medical

assistance for the aged, for which payments were first made in November 1960, amounted to \$42.9 million, or 23 cents per inhabitant. A good part of this amount, however, represents costs that would otherwise have occurred in old-age assistance since a significant number of recipients of old-age assistance were transferred to medical assistance for the aged. Nursing-home cases, for example, which are relatively high-cost cases, were transferred in some States from old-age assistance to medical assistance for the aged because under that program Federal funds are computed on total payments and are not limited by a maximum average amount as in the other categories. It is thus possible for some States to obtain greater Federal participation in medical assistance for the aged than in old-age assistance. Changes for the year are shown in the tabulation below.

Program	Assistance expenditures per inhabitant, 1960-61	Change from 1959-60	
		Amount	Percent
All programs.....	\$21.44	+\$1.06	+5.2
Old-age assistance.....	10.43	+.01	+.1
Medical assistance for the aged.....	.23	+ .23	(1)
Aid to dependent children.....	6.09	+.47	+8.4
Aid to the blind.....	.51	0	0
Aid to the permanently and totally disabled.....	1.64	+.15	+10.1
General assistance.....	2.54	+.20	+8.5

¹ No program in operation in 1959-60.

Effect of the 1960 Amendments

It was the intent of Congress in establishing the new program of medical assistance for the aged to provide assistance to those who could meet their ordinary living expenses but not the cost of medical care. The share paid by the Federal Government is the Federal "medical percentage" of the total amount of medical bills paid during the month on behalf of recipients eligible for aid under the program. The medical percentage for each State is determined by the relationship of the State's per capita income to the average per capita income for the Nation and varies from 50 percent in States with per capita income above the national average to 80 percent in the lowest-income States.

The amendments also provided additional Federal funds for old-age assistance, based on the average vendor medical payment per recipient. Within a maximum average of \$12, the States re-

ceived additional Federal funds equal to the larger of (1) 15 percent of the average vendor payment for medical care or (2) the Federal medical percentage (50-80 percent) of that part of the average vendor medical payments that exceeded \$65. Thus, in States with a total average of \$77 or more, including \$12 in vendor medical payments, the maximum Federal average used in computing Federal funds was, in effect, raised from \$65 to \$77. Since the Federal medical percentages range from 50 percent to 80 percent, the maximum increase in the Federal share per recipient could range from \$6.00 to \$9.60. In contrast, the additional Federal funds received by States with an average payment of \$65 or less could not exceed \$1.80 per recipient.¹

The increase of \$1.06 per inhabitant during 1960-61 resulted from a rise of more than \$233 million in the total outlay from Federal, State, and local funds. About 55 percent of the increase was in expenditures from Federal funds, which were higher than in 1959-60 for all federally aided categories except aid to the blind.

The total increase in Federal funds amounted to more than \$127 million, or 6.5 percent, and was largely the result of the 1960 amendments. From October 1960 through June 1961, 47 States received a total of \$62.4 million in additional Federal funds for old-age assistance and nine States got \$21.4 million in Federal funds for medical assistance for the aged. The State and local funds released in old-age assistance as a result of the increase in Federal funds were used in part by some States to initiate programs of medical assistance for the aged² and by many States to raise monthly payments to recipients in old-age assistance and other assistance programs as well. All but five of the 47 States with vendor payments spent more from State and local funds for all programs combined in 1960-61 than they had a year earlier.

In 1960-61 the States and localities increased the

¹ Some provisions in effect in 1960-61 were changed by the 1961 amendments. Permanent legislation effective July 1, 1961, raised the maximum average vendor medical payment on which additional Federal participation is based to \$15. Temporary legislation in effect October 1, 1961, through June 30, 1962, raised the maximum average used in computing Federal funds to \$66. Thus, in some States the maximum Federal average was raised to \$81 (\$66 plus \$15) and the additional Federal funds ranged from \$7.50 to \$12.00 (50 percent to 80 percent of \$15). The additional Federal funds in States with an average payment of \$65 or less, however, could not exceed \$2.25 (15 percent of \$15).

² Nine States reported payments of medical assistance for the aged in June 1961 and 23 in January 1962.

outlay from their own funds by \$106 million or 6 percent. These expenditures were higher for all programs except old-age assistance, where they declined by \$27.8 million or 3.6 percent. This reduction reflects a continued drop in the number of recipients and the fact that some States did not raise payments by the full amount of the increase in Federal funds for vendor medical payments in old-age assistance. State-local expenditures for aid to dependent children rose almost \$53.2 million, or 13 percent, and those for general assistance, in which there is no Federal participation, went up \$40.5 million, or 9.5 percent. Table 1 shows the change from 1959-60 to 1960-61 in expenditures from State-local and Federal funds.

Effect of the 1960-61 Recession

As in earlier recession periods, relatively large increases in expenditures occurred during 1960-61 as a result of adding recipients in aid to dependent children and general assistance, the two programs most sensitive to changes in the economy. Nevertheless, most (about two-thirds) of the increase in combined expenditures for the five programs in

TABLE 1.—Amount of change in expenditures for assistance payments, by source of funds, 1960-61 from 1959-60

[In thousands]

Program	Change from 1959-60 in expenditures from—		
	Total Federal, State, and local funds	Federal funds	State and local funds
Total.....	+ \$233, 437	+ \$127, 224	+ \$106, 213
OAA.....	+20, 306	+48, 127	-27, 821
MAA ¹	+42, 900	+21, 355	+21, 545
ADC.....	+97, 894	+44, 695	+53, 199
AB.....	+1, 682	-362	+2, 044
APTD.....	+30, 153	+13, 409	+16, 744
GA.....	+40, 502	-----	+40, 502

¹ Program initiated in October 1960 under the Social Security Amendments of 1960.

existence in both 1959-60 and 1960-61 was the result of higher monthly assistance payments to recipients. The average monthly payment per recipient rose in 1960-61 in all programs except general assistance, where it went down 9 cents because of the higher proportion of family cases on the rolls during the year. (The average payment per recipient is lower in family cases than in single-person cases consisting of adults only.)

Effect of Higher Living Costs

Living costs, including the cost of medical care, continued to go up in 1960-61. As a result, one-third of the States raised cost standards in one or more programs and several States broadened the scope of the medical care provided through vendor payments. Nationally, increases in average monthly payments per recipient ranged from \$1.07 in aid to dependent children to \$2.62 in aid to the permanently and totally disabled. In old-age assistance and aid to the blind the increase was sufficient to more than offset slight declines in the average monthly number of recipients and cause total expenditures to rise. The largest increase in the average monthly number of persons aided (8.8 percent) occurred in general assistance, but increases for aid to dependent children and aid to the permanently and totally disabled exceeded 5 percent. Changes in number of recipients and average payments for each program are given in table 2.

STATE VARIATIONS IN EXPENDITURES

All but four States raised their per capita expenditures for all programs combined during 1960-61. Decreases were most common for old-age assistance and aid to the blind, the two programs with declining caseloads. Per inhabitant costs for these programs went down, however, in fewer than 2 out of every 5 States, as shown below.

Program	Number of States with specified change in expenditures per inhabitant		
	Increase	Decrease	No change
Total, all programs.....	50	4	-----
OAA.....	37	16	1
MAA ¹	9	-----	-----
ADC.....	49	5	-----
AB.....	24	20	10
APTD.....	46	4	-----
GA.....	41	12	1

¹ Program initiated in October 1960 under the Social Security Amendments of 1960.

Per capita expenditures for all categories combined and for each program varied widely among individual States. Total expenditures for all categories, for example, were \$2.31 in Guam and \$6.79 in Virginia, the lowest jurisdictions,³ but \$55.84 in

³ Comparisons within the individual programs exclude from consideration Guam, Puerto Rico, and the Virgin Islands, where expenditures usually are relatively low.

TABLE 2.—Average monthly number of assistance recipients and average monthly payments, by program, 1960-61

Program	Average monthly number of recipients		Average monthly payment per recipient	
	Number, 1960-61	Percentage change from 1959-60	Amount, 1960-61	Change from 1959-60
OAA-----	2,328,193	-2.5	\$68.59	+\$2.12
MAA-----	25,031	(¹)	200.67	(¹)
ADC-----	3,129,809	+5.6	29.98	+1.07
AB-----	107,043	-1.5	73.28	+2.34
APTD-----	373,890	+6.4	67.41	+2.62
GA-----	1,201,954	+8.8	24.76	-.09

¹ No program in operation in 1959-60.

Oklahoma, the highest State (table 3). Montana and South Dakota, with costs per capita of \$19.49 and \$19.67, respectively, were halfway between these extremes in expenditures. Two-thirds of the States, however, spent less than the national average of \$21.44.

Expenditures for Old-Age Assistance

Expenditures per capita for old-age assistance were larger than those for any other program in two-thirds of the States; for the Nation as a whole they accounted for almost half the total for all six programs. About a third of the States spent less than \$7.50; a third, \$7.50-\$9.99; and the remaining third, \$10.00 or more. As shown in the accompanying chart, Delaware, with the lowest expenditures (\$1.65), was one of seven States that spent less than \$4.00; and Oklahoma, with the highest expenditures (\$38.39), was one of nine States that spent at least \$15.00. Delaware's assistance payments accounted for about one-half mill out of each dollar of per capita income, compared with 3 cents per dollar in Oklahoma.

Variations among States in per capita expenditures for payments in old-age assistance (and the other programs as well) reflect differences in the combined effect of the proportion of the population that receives aid (recipient rate) and the average monthly amount of assistance paid. Both of these determinants of per capita expenditures reflect, in turn, variations among the States in their ability and willingness to finance adequate assistance programs.

The proportion of the population that is assisted depends on the proportion of the population with income below a State's own definition of need and on other eligibility requirements that the State may

set up. Each State defines the quantity, quality, and cost of the items it includes in its assistance standard, and persons whose income is insufficient to purchase these items, at prices set by the State, receive assistance if they meet other eligibility conditions that may be in effect. The number and kinds of conditions relating to eligibility vary among the States and may include maximum limits on the value of real and personal property (including life insurance policies held by the applicant), imposition of a lien on the recipient's property, and required contributions from relatives. Eligibility for medical assistance for the aged is usually governed by maximums on income and property holdings that are somewhat more liberal than those for old-age assistance.

The State's assistance standard and the amount of income, particularly any benefits under the old-age, survivors, and disability insurance program, also affect the amount of the average monthly payment per recipient. Other legal or administrative measures that affect the average amount of assistance paid are State maximums on the size of the payment to an individual recipient and percentage reductions in the amount of assistance that should be paid to a recipient according to the State's standard. The lowest-income States have difficulty in financing the non-Federal share of assistance and have to resort to such devices to reduce payments.

The above-mentioned factors are reflected in the States with relatively low or high per capita expenditures per inhabitant for old-age assistance. The proportion of the aged population that received assistance was comparatively high in all nine States that spent more than \$15, and the proportion with old-age, survivors, and disability insurance benefits was usually relatively low. In contrast, in the seven States that spent less than \$4, recipient rates for old-age assistance were comparatively low without exception, but beneficiary rates under old-age, survivors, and disability insurance and the civil-service annuitant rate in the District of Columbia were, in general, high.

Fiscal effort for public assistance, as measured by the relationship between expenditures for assistance payments from State and local funds for all programs combined and personal income, was high in all but two of the States with relatively high expenditures and low in all but one of the States with comparatively low expenditures. Among the States with relatively high expenditures were five low-

income States and one middle-income State with assistance standards and average old-age assistance payments that were generally low or in the middle range. High expenditures in these States are mainly the result of their high recipient rates. The three remaining States in this group are high-income States with relatively liberal eligibility requirements and high average payments that helped to contribute to their comparatively high per capita costs.

In contrast, the States with low expenditures

had relatively stringent eligibility requirements and assistance standards and average payments that were either low or in the middle range. All but one of these States have relatively high per capita incomes.

Expenditures for Other Programs

For the country as a whole, the per capita cost for aid to dependent children (\$6.09) was less than

TABLE 3.—Amount expended per inhabitant¹ for assistance payments, including vendor payments for medical care, by State and by program, fiscal years 1960-1961 and 1959-1960

State	Total		Old-age assistance		Medical assistance for the aged, 1960-61 ²	Aid to dependent children		Aid to the blind		Aid to the permanently and totally disabled		General assistance	
	1960-61	1959-60	1960-61	1959-60		1960-61	1959-60	1960-61	1959-60	1960-61	1959-60	1960-61	1959-60
U. S. average.....	\$21.44	\$20.38	\$10.43	\$10.42	\$0.23	\$6.09	\$5.62	\$0.51	\$0.51	\$1.64	\$1.49	\$2.54	\$2.34
Ala.....	24.35	22.32	19.34	17.80	(³)	3.12	2.71	.24	.22	1.65	1.59	(⁴)	(⁴)
Alaska.....	17.46	14.87	5.41	4.89	(³)	7.79	6.86	.44	.38	(³)	(³)	3.82	2.74
Ariz.....	18.19	17.64	7.59	7.95	(³)	8.51	7.76	.55	.56	(³)	(³)	1.54	1.37
Ark.....	26.04	24.39	19.97	18.70	(³)	2.91	2.90	.78	.74	2.01	1.78	.37	.27
Calif.....	30.83	29.50	17.04	17.23	(³)	10.11	8.98	1.09	1.12	.77	.55	1.82	1.62
Colo.....	45.74	45.13	34.13	34.65	(³)	6.72	6.04	.15	.15	2.65	2.55	2.09	1.74
Conn.....	18.07	17.53	7.92	7.68	(³)	6.10	5.58	.14	.15	1.29	1.36	2.62	2.76
Del.....	9.77	9.55	1.65	1.80	(³)	3.85	3.70	.47	.48	.64	.65	3.16	2.92
D. C.....	21.07	17.97	3.37	3.19	(³)	12.28	9.72	.24	.25	3.40	3.16	1.78	1.65
Fla.....	15.28	15.61	9.38	9.32	(³)	3.34	3.89	.36	.37	1.45	1.31	5.75	5.72
Ga.....	22.24	21.95	13.77	13.96	(³)	4.17	4.07	.57	.56	3.51	3.19	.22	.17
Guam.....	2.31	1.46	.42	.23	(³)	1.62	1.05	.02	.01	.24	.16	.01	.01
Hawaii.....	12.13	11.09	2.04	1.72	(³)	6.72	6.13	.13	.11	1.66	1.52	1.58	1.61
Idaho.....	17.66	15.62	9.79	8.75	(³)	6.11	5.34	.20	.22	1.47	1.28	6.09	6.03
Ill.....	23.11	21.89	6.50	6.44	(³)	7.42	6.72	.29	.29	1.90	1.74	7.00	6.70
Ind.....	9.91	9.75	4.35	4.47	(³)	3.10	2.99	.35	.35	(³)	(³)	2.11	1.94
Iowa.....	20.66	18.77	12.35	11.41	(³)	5.65	5.02	.60	.56	.20	7.04	1.86	1.74
Kans.....	21.25	20.49	12.54	12.55	(³)	4.91	4.53	.28	.27	1.99	1.93	1.53	1.21
Ky.....	20.81	18.16	11.17	10.01	(⁴)	7.11	6.00	.50	.49	1.68	1.38	.35	.28
La.....	45.41	45.43	32.37	31.42	(³)	7.34	8.42	.81	.77	3.33	3.20	1.56	1.62
Maine.....	21.82	21.35	9.55	9.53	(³)	6.94	6.83	.35	.37	1.84	1.68	3.14	2.94
Md.....	9.27	8.63	2.29	2.22	.01	4.38	4.10	.11	.11	1.57	1.50	.91	.70
Mass.....	30.11	28.83	14.70	18.68	4.49	5.52	5.02	.60	.59	3.09	2.81	1.71	1.73
Mich.....	21.24	19.58	6.84	6.34	.93	5.33	5.26	.21	.21	.74	.58	7.19	6.69
Minn.....	25.06	24.19	14.70	14.47	(³)	5.57	5.16	.38	.38	.52	.50	3.89	3.68
Miss.....	23.34	20.65	15.49	13.15	(³)	4.07	4.36	1.31	1.33	2.39	1.72	.08	.09
Mo.....	30.83	30.80	19.22	19.24	(³)	6.52	6.56	.90	.93	2.70	2.62	1.49	1.45
Mont.....	19.49	20.14	7.51	7.98	(³)	4.15	4.10	.42	.47	1.60	1.75	5.81	5.84
Nebr.....	15.40	14.45	9.33	9.05	(³)	2.97	2.64	.63	.65	1.25	1.03	1.22	1.08
Nev.....	20.07	16.62	8.03	7.74	(³)	4.69	4.05	.73	.74	(³)	(³)	6.62	4.09
N. H.....	14.07	12.98	7.84	7.50	(³)	3.29	3.02	.41	.39	.83	.74	1.70	1.33
N. J.....	11.93	10.41	3.25	3.24	(³)	5.16	3.92	.16	.16	1.29	1.16	2.07	1.93
N. Mex.....	24.91	22.72	9.44	8.98	(³)	12.38	10.97	.28	.30	2.22	1.97	.59	.50
N. Y.....	20.81	20.10	5.67	6.28	.57	8.59	7.92	.29	.31	2.71	2.70	2.98	2.89
N. C.....	15.47	14.42	5.62	5.34	(³)	5.66	5.32	.74	.71	2.58	2.29	.87	.76
N. Dak.....	21.05	20.11	12.43	11.99	(³)	5.36	4.95	.13	.14	2.10	2.03	1.03	1.00
Ohio.....	19.29	17.72	8.12	7.84	(³)	4.09	3.56	.32	.30	1.13	.98	5.63	5.04
Okla.....	55.84	51.76	38.39	36.11	.09	11.15	10.11	.96	.91	4.70	4.10	.55	.53
Oreg.....	21.95	19.33	9.32	9.07	(³)	6.43	5.44	.16	.15	3.05	2.83	2.99	1.84
Pa.....	16.65	16.13	3.56	3.64	(³)	7.03	6.33	1.38	1.31	1.11	1.08	3.57	3.77
P. R.....	6.97	6.94	1.61	1.66	(³)	4.26	4.15	.08	.08	.96	.98	.06	.07
R. I.....	24.67	22.66	7.65	7.37	(³)	9.48	8.07	.14	.13	3.57	3.23	3.83	3.86
S. C.....	11.84	11.44	6.58	6.55	(³)	2.72	2.68	.40	.37	1.80	1.59	.34	.25
S. Dak.....	19.67	19.24	9.61	9.60	(³)	6.11	5.84	.18	.17	1.30	1.24	2.47	2.39
Tenn.....	15.07	14.95	7.82	7.97	(³)	5.16	5.09	.43	.45	1.51	1.32	.15	.12
Tex.....	17.56	17.77	14.54	14.68	(³)	1.77	1.93	.46	.46	.47	.39	5.32	5.31
Utah.....	18.83	17.93	7.47	7.33	(³)	6.63	6.02	.20	.19	2.67	2.29	1.86	2.10
Vt.....	19.21	18.05	11.62	10.38	(³)	4.21	4.07	.24	.25	1.71	1.61	5.43	5.74
V. I.....	13.32	11.43	5.56	5.06	.06	5.14	4.17	.19	.19	1.16	1.06	1.21	.95
Va.....	6.79	5.69	2.25	1.93	(³)	2.83	2.34	.22	.20	1.15	.91	.34	.31
Wash.....	37.29	32.52	18.99	18.10	.33	8.62	7.53	.30	.29	3.03	2.70	6.02	3.90
W. Va.....	21.01	19.40	4.82	4.65	.79	12.46	12.02	.28	.27	1.99	1.86	.67	.60
Wis.....	17.56	16.24	8.72	8.61	(³)	4.40	4.16	.24	.25	1.16	.70	3.04	2.52
Wyo.....	16.84	16.10	8.55	8.61	(³)	3.70	3.56	.16	.17	1.52	1.38	2.82	2.38

¹ Data for 1959-60 based on population estimated by the Bureau of the Census for April 1960; for 1960-61 on data estimated by the Social Security Administration for July 1961; excludes Armed Forces overseas.

² Program initiated in October 1960 under the Social Security Amendments of 1960.

³ No program.

⁴ Less than 1 cent.

⁵ Estimated.

⁶ Data incomplete.

⁷ Program not in operation for full year; first payments made in January 1960.

three-fifths of that for old-age assistance. Although in an average month 3.1 million persons were aided through aid to dependent children, compared with 2.3 million receiving old-age assistance, much lower average payments in the children's program resulted in lower expenditures. Per inhabitant expenditures ranged from a low of \$1.77 in Texas to a high of \$12.46 in West Virginia. Half the States spent less than Minnesota's expenditure of \$5.57, and half spent more than that amount.

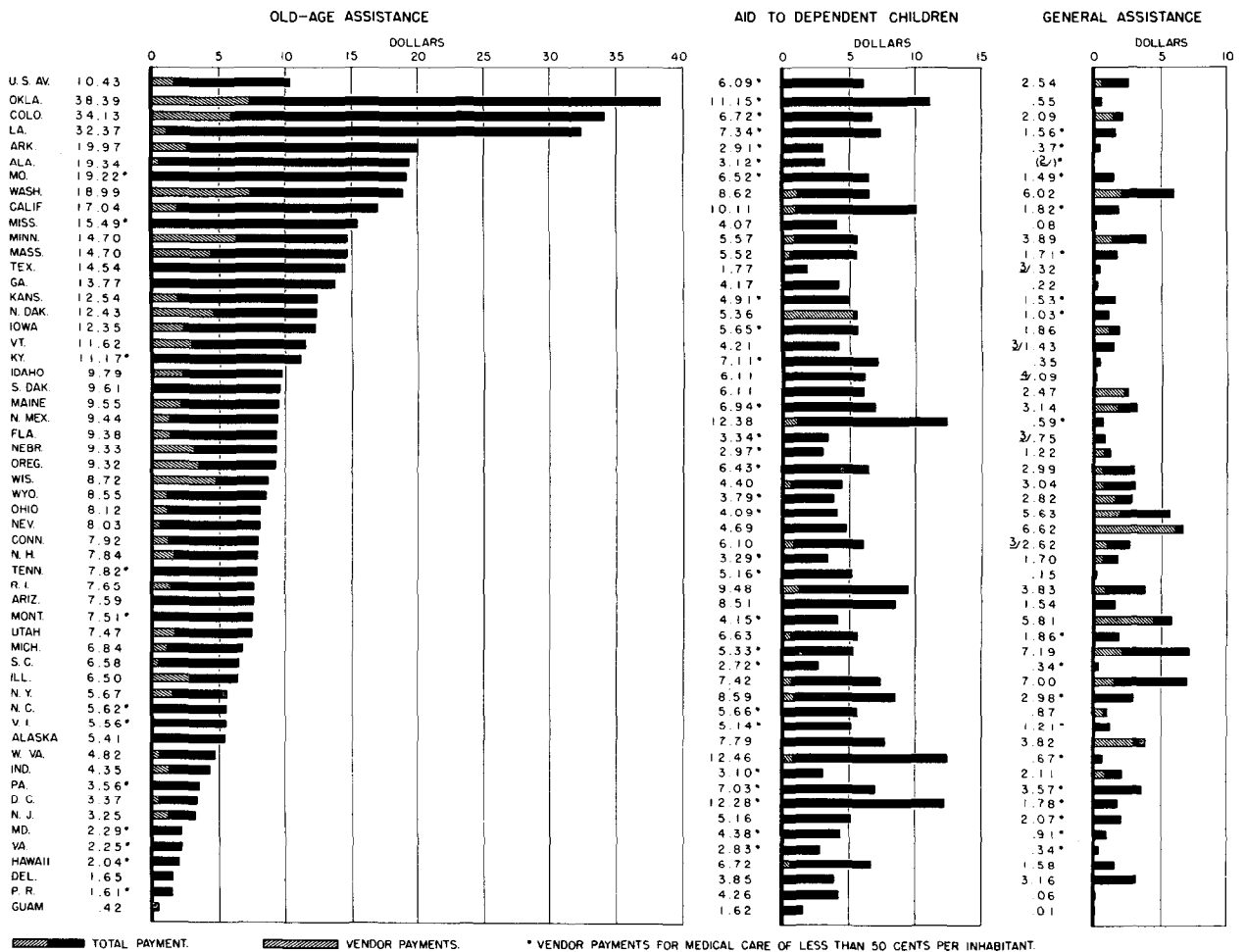
Variation among the individual States in per capita expenditures for assistance was greatest for general assistance. Expenditures of \$7.19 in Michigan, the highest State, were many times those in Alabama (less than 1 cent) and Mississippi (8 cents), the lowest States. Costs were \$1.70 per

capita in the median State. Expenditures for this program were lowest in the low-income States, which have limited fiscal resources and prefer to channel their money into the federally aided categories.

For aid to the permanently and totally disabled the median expenditure per inhabitant amounted to \$1.82. One-third of the 50 States with programs spent more than \$2.00, however, and in Oklahoma expenditures reached \$4.70. In contrast, payments were as low as 20 cents per capita in Iowa.

Per inhabitant expenditures in aid to the blind and medical assistance for the aged were relatively small; the respective medians were 51 cents and 23 cents. Costs for aid to the blind were less than 50 cents in 7 out of every 10 States and did not

Amount expended per inhabitant¹ for assistance payments (including vendor payments for medical care) under old-age assistance, aid to dependent children, and general assistance, fiscal year 1960-61



¹ Based on population (excluding the Armed Forces overseas) as of July 1, 1961; estimated by the Social Security Administration.

² Less than 1 cent.

³ Estimated.

TABLE 4.—Distribution of States by amount of expenditures per inhabitant for assistance payments, fiscal year 1960-61

Expenditures per inhabitant	All programs	OAA	MAA	ADC	AB	APTD	GA
Total number of States.....	54	54	9	54	54	50	54
Less than \$0.50.....	0	1	5	0	39	3	12
0.50-0.99.....	0	0	3	0	12	6	6
1.00-1.49.....	0	0	0	0	3	11	5
1.50-1.99.....	0	2	0	2	0	13	10
2.00-2.99.....	1	3	0	4	0	9	8
3.00-3.99.....	0	3	0	6	0	7	7
4.00-4.99.....	0	2	1	10	0	1	0
5.00-7.49.....	2	8	0	22	0	0	6
7.50-9.99.....	3	17	0	5	0	0	0
10.00-14.99.....	5	9	0	5	0	0	0
15.00-19.99.....	17	6	0	0	0	0	0
20.00 or more.....	26	3	0	0	0	0	0

exceed \$1.50 in any State. In medical assistance for the aged, however, costs were as much as \$4.49 in Massachusetts but less than \$1.00 in the rest of the nine States with programs. Massachusetts, which began payments in November 1960, accounted for more than half the total expenditures of \$42.9 million for all nine States combined. Nursing-home cases transferred in Massachusetts from old-age assistance represented 69 percent of the State total for all types of care under the new program.

VENDOR PAYMENTS FOR MEDICAL CARE

The States pay for medical care furnished to recipients by either or both of two methods. Before October 1950, the cost of medical care usually was included in the requirements on which the money payments to the recipients were based; Federal funds could not be used for assistance in the form of payments to suppliers of medical services. The 1950 amendments permitted use of Federal funds to pay doctors, hospitals, and other suppliers of medical services directly. Since then there have been a number of changes in the formula governing Federal participation in assistance payments made to medical vendors. As a result some States shifted the method of paying for medical care in order to obtain the maximum amount of Federal participation.

When a monetary advantage is not a factor in determining the method of payment, however, most State agencies find it more practicable to pay the medical vendor directly for most if not all of the medical care provided through the assistance programs. As explained earlier, the 1960 amendments established a new vendor payment program of medical assistance for the aged and gave further impetus to the expansion of vendor payments in

old-age assistance by providing for additional Federal participation in assistance in States that use this method of payment.

For all programs combined, expenditures per inhabitant for vendor payments for medical care amounted to \$3.20 in 1960-61. Slightly more than half the total (\$1.65) came from old-age assistance funds. Per inhabitant expenditures were much smaller in the other categories, amounting to 61 cents in general assistance, 37 cents in aid to dependent children, 30 cents in aid to the permanently and totally disabled, 23 cents in medical assistance for the aged, and 4 cents in aid to the blind. The national average for each category and the distribution of States by size of per inhabitant expenditures for vendor medical payments in each program during 1960-61 were as follows:

Expenditures per inhabitant for vendor payments for medical care	All programs	OAA	MAA	ADC	AB	APTD	GA
Average, all States..	\$3.20	\$1.65	\$0.23	\$0.37	\$0.04	\$0.30	\$0.61
Total number of States.....	54	54	9	54	54	50	54
No vendor payments	4	7	-----	13	9	7	14
Vendor payments.....	50	47	9	41	45	43	40
Less than \$0.50.....	6	12	5	27	45	33	19
0.50-0.99.....	7	5	3	11	0	8	8
1.00-1.49.....	3	10	0	3	0	1	3
1.50-1.99.....	1	5	0	0	0	1	4
2.00 or more.....	33	15	1	0	0	0	6

In 1960-61, total vendor medical payments in all categories combined amounted to almost \$589 million, an increase of about \$96 million from the 1959-60 amount.⁴ Old-age assistance and medical assistance for the aged together accounted for more than \$345 million, or almost 60 percent of the total vendor payments for all categories. Some of the increase undoubtedly represents a shift in the method of paying for medical care from money to vendor payments.

By October 1961, all but 13 States had acted to broaden the medical care provided through the vendor-payment method, either by establishing a program of medical assistance for the aged or by expanding the services provided under old-age assistance or both. Of the 13 States that had taken no action by October 1961, however, six had been providing relatively extensive medical care through their public assistance programs. Moreover, almost

⁴ The increase for 1958-59 was \$90 million and for 1959-60 it was \$83 million.

half of the 44 States that used the vendor-payment method in paying for medical care before the 1960 amendments provided a comparatively broad scope of services without important limitations on their use by assistance recipients.

Of the 41 States that took some action to expand their vendor medical provisions by October 1961, 21 began to provide care under medical assistance for the aged (including the nine States that made payments at some time during the fiscal year 1960-61) and 24 States broadened the scope of services. Eleven States added one or more services to the types previously provided, and 13 other States expanded one or more existing services. Expansion in the medical services provided through the vendor payment were frequently carried over into the other public assistance programs also.

Per capita expenditures for vendor payments for medical care rose substantially in all programs during 1960-61. Because of the transfer by some States of high-cost cases from old-age assistance to medical assistance for the aged and the resulting drop in direct agency payments to medical vendors from old-age assistance funds, the percentage increase in vendor payments was considerably less for old-age assistance (8.4 percent) than for aid to the permanently and totally disabled (18.3 percent), aid to dependent children (16.0 percent), and general assistance (12.1 percent). Vendor payments for aid to the blind went up 8.3 percent.

In the five programs that provide money payments to recipients, vendor medical payments were most important in general assistance and least important in aid to dependent children. Vendor payments for medical care represented only 6.2 percent of total payments under aid to dependent children but almost 25 percent of general assistance payments. In general assistance, vendor medical payments represented more than half the total assistance payments in more than one-fourth of the 40 States that reported such payments. Vendor medical payments also made up a substantial part of total assistance payments in aid to the permanently and totally disabled (18.1 percent) and old-age assistance (15.9 percent) and averaged almost 15 percent for all six programs combined.

In the individual States, per capita expenditures for vendor medical payments in 1960-61 were generally small for each program and for all programs combined. Of the States that made vendor payments for medical care, expenditures were less than 50 cents per inhabitant in all States under aid

to the blind, in about three-fourths of the States under aid to the permanently and totally disabled, in two-thirds of the States under aid to dependent children, and in about half the States under medical assistance for the aged and general assistance. Per capita payments were considerably larger under old-age assistance, however, amounting to \$2 or more in 15 of the 47 States that used vendor payments. Payments for all programs combined were at least \$2 per capita in about two-thirds of the 50 States that made vendor medical payments.

Recent Publications*

SOCIAL SECURITY ADMINISTRATION

CHILDREN'S BUREAU. *World-Wide Frontiers in Child Welfare*, by Mildred Arnold. (Child Welfare Report No. 11.) Washington: The Bureau, 1962. 9 pp. Limited free distribution; apply to the Children's Bureau, Social Security Administration, Washington 25, D.C.

GENERAL

ACKERMAN, NATHAN W. *Prejudice, Mental Health and Family Life*. New York: The American Jewish Committee, Institute of Human Relations, 1961. 26 pp. 50 cents.

Discusses the effects of emotion in family relations.

BRIDGES, BERNICE. "The Values of Volunteer Youth Programs." *The American Child*, vol. 44, Mar. 1962, pp. 1-5. \$2 a year.

Lists six cautions and guides to aid community leaders in developing youth programs.

"Developments and Trends in Social Security (1958-1960)." *Bulletin of the International Social Security Association*, vol. 14, Nov.-Dec. 1961, pp. 644-674. \$4 a year.

Report to the Fourteenth General Meeting of the Association.

DUGGAR, GEORGE S., editor. *New Renewal: Proceedings of a Civic Seminar on the Next Big Tasks in Urban Renewal*. Berkeley: University of California, Bureau of Public Administration, 1961. 158 pp. \$3.75.

FOSTER, GEORGE M. *Traditional Cultures and the Impact of Technological Change*. New York: Harper and Brothers, 1962. 292 pp. \$4.75.

GREAT BRITAIN. INTERDEPARTMENTAL COMMITTEE ON SOCIAL AND ECONOMIC RESEARCH. *Social Security Statistics: Material Collected by the Ministry of Pensions and National Insurance and the National Assistance Board*. (Guide to Official Sources: No. 5.) London: Her Majesty's Stationery Off., 1961. 171 pp. 8s.

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