

February 2, 1970

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MEMORANDUM FOR DR. MORGAN

From: Dr. Finn

Re: Dr. Fortune's diagnosis

1. The U.S. total outlay for medical care in 1969 was \$63 billion:

38% hospital care (\$24 billion)

20% doctors' services (\$13 billion)

14% "other services" (\$9 billion)

11% drugs (\$7 billion)

6% dentists

4% construction

4% nursing homes

3% research

2. Use of hospital emergency rooms has increased; admissions there rose 250% since 1950. Estimated that only 1/3 of emergency room patients are true emergencies.

3. \$13 billion a year worth of medical bills are now paid by Blue Cross, Blue Shield, and other insurance companies. This is about 1/3 of non-governmental portion of health costs; individuals pay the other 2/3 themselves.

4. The private share is 60% of the total; government (all levels) pays 40%.

5. In 1950, the U.S. spent \$11.1 billion for "personal health services". Last year, the corresponding figure was \$54.2 billion. Population growth accounts for 18% of the increase, and additional medical services per capita for 35%, but inflation accounts for 47%.

6. Doctors' fees had been rising by about 3% a year before Medicare; now they increase at 6% annually.
7. There are 313,000 practicing physicians in the U.S.
8. About 8 million Americans presently participate in pre-paid group practice health care plans.
9. The Kaiser Foundation program is the largest, covering about 2 million people.
- caring for private patients declined 10% relative to population between 1950 and 1965. The figure now stands at 92 for each 100,000 Americans.
12. Due to increased specialization, the number of doctors engaged in "family care" fell by 1/3 in the same period -- to 50 per 100,000.
13. The geographical distribution of doctors is uneven. New York State in 1967 had 200 per 100,000, while Mississippi had 69.
14. There are 101 medical schools, 16 of them new in the 1960's. But they graduate only 8000 M.D.'s a year, up from 7000 in 1960.
15. By 1975, 10,000 will be graduated yearly; but the period of preparation is so long that if medical schools doubled their size tomorrow, there would be just 9000 more trained physicians 7 years hence.
16. There has been a rapid increase in the immigration of foreign-trained doctors, now about 20% of each year's newly licensed physicians, and more than 25% of the nation's hospital staff.
17. Only 12% of doctors engage in any kind of group practice, and just half of them are full-time.
18. There is a shortage of nurses, yet at least 500,000 qualified nurses are currently inactive, mostly because of low pay.
19. There is also evidence that many doctors don't practice good medicine, that far too many deaths result from "errors in judgement or technique".

20. There is little policing of doctors' competence. In 1968, only 64 physicians had their licenses revoked.
21. Most doctors come from middle class families; in 1968, 41% of all medical students come from families earning more than \$15,000.
22. Doctors earn a lot. In 1967, the median income of self-employed physicians was \$34,700.
23. Between 1955 and 1967, physicians' median income rose 117%.
24. The proportion of GNP devoted to medical care has risen from 4.5% in 1950 to 6.8% now.
25. Based on the Kaiser experience, all necessary medical care could be provided the non-poor, non-aged population for an average of \$175 per capita.
26. The average cost of hospitalization per patient per day rose from \$48.15 in 1966 to \$67.60 in 1969.
27. The average hospital stay is 8.4 days, a day longer than 8 years ago.
28. Hospitals presently need about \$10 billion in new capital for expansion and rehabilitation of facilities.
29. Despite inadequate hospital facilities, existing beds spend 20% of their time empty.

Have you any other symptoms you'd like diagnosed?