

proportions of total payments from funds of each program: aid to families with dependent children, 8 percent; aid to the blind, 9.7 percent; aid to the permanently and totally disabled, 20.2 percent; and general assistance, 24.5 percent.

Among individual States, per inhabitant expenditures to vendors of medical care were generally small except for old-age assistance and general assistance. Of the States making vendor medical payments, expenditures were less than 50 cents in more than half the States for medical assistance for the aged, aid to families with dependent children, and aid to the permanently and totally disabled and in all the States for aid to the

blind. In contrast, payments were at least \$5 per capita for old-age assistance in five States, for medical assistance for the aged in two States, and for general assistance in two States. In 11 States,<sup>3</sup> payments to vendors of medical care accounted for more than half the total general assistance expenditures. Most of these States use general assistance funds for vendor payments to supplement expenditures from funds of the federally aided categories.

<sup>3</sup> Alaska, Arkansas, Colorado, Iowa, Maine, Montana, Nebraska, Nevada, North Carolina, South Dakota, and Wyoming.

## Notes and Brief Reports

### Estimated Expenditures for Medical Care of Aged Persons, 1961\*

This note presents estimates of public and private expenditures for health and medical care of aged persons by source of funds for 1961. The estimates of private expenditures are necessarily rough in the absence of recent survey data. Together with data on public outlays, however, they indicate (1) the general magnitude of the expenditures for medical care of the aged in relation to the amounts spent for the Nation as a whole and (2) the relative importance of the various sources of the funds expended.

#### AGGREGATE AND PER CAPITA EXPENDITURES

Total expenditures in 1961 for the medical care of the 17 million persons aged 65 and over are estimated at \$5.4 billion (table 1). The major portion—72 percent—of this aggregate outlay was from private sources. Included are expenditures by aged persons themselves or by relatives and friends on their behalf, benefit expenditures by health insurance organizations, and contributions by philanthropic institutions or by organized fund drives. The value of services provided without charge to the aged by private physicians is excluded. Public expenditures for the medical

care of aged persons are estimated at \$1.5 billion, or 28 percent of the total.

In per capita terms, an estimated \$315 was spent for each of the 17 million aged persons in the United States during 1961. Of this amount, \$226 came from private sources and the remaining \$89 from public funds.

It is estimated that total expenditures for all personal health services for the entire population in 1961 amounted to \$26.6 billion, of which \$5.4 billion was spent for the medical care of persons aged 65 and over. Thus, 20 percent of the Nation's entire bill for personal medical care services is currently going for the care of aged persons although only 9 percent of the population is in this age group. Average spending per aged person for health care is approximately two and one-half times that for younger persons—\$315 in contrast to \$128 (table 2).

The analysis of health care expenditures by source of funds reveals that outlays for aged persons from public funds are proportionately

TABLE 1.—Estimated expenditures for medical care of the aged, by source of funds, 1960 and 1961

[In millions]

Source of funds	1960	1961
Total.....	\$4,915	\$5,355
Private funds.....	1 3,585	3,850
Consumer.....	3,485	3,745
Philanthropy.....	100	105
Public funds.....	1,330	1,505
Public assistance.....	455	550
Veterans' programs.....	265	295
Other public programs.....	610	660

<sup>1</sup> Revised; see text for new estimating procedures.

\* Prepared by Dorothy Rice, Division of Research and Statistics.

higher than such outlays from private sources. Approximately 27 percent of all public funds spent for health care goes for health care of aged persons, but only 18 percent of private medical care expenditures is used for this group.

Estimated expenditures for the health care of aged persons were \$4.9 billion in 1960 and \$5.4 billion in 1961—a 9-percent increase. Public outlays for this purpose are estimated to have increased at a substantially higher rate than expenditures from private sources—13.2 percent compared with 7.4 percent.

The year's largest increase in medical care expenditures for the aged was reported for public assistance. These expenditures under public assistance programs increased 21 percent as a result of the new program of medical assistance for the aged, which became effective October 1, 1960, and of expanded programs under old-age assistance. Veterans Administration expenditures for the medical care of aged persons increased 11 percent as a result of the continuing growth in the number of older patients in Veterans Administration hospitals.

## EXPENDITURES FOR HOSPITAL AND NURSING-HOME CARE

There is considerable current interest in the portion of the total outlay for medical care of

TABLE 2.—Estimated total and per capita expenditures for medical care, by age, source of funds, and type of expenditure, 1961

Source of funds and type of expenditure	Total expenditures <sup>1</sup> (in millions)			Per capita expenditures <sup>2</sup>		
	All persons	Under age 65	Aged 65 and over	All persons	Under age 65	Aged 65 and over
Total.....	\$26,645	\$21,290	\$5,355	\$146	\$128	\$315
Private funds.....	21,020	17,170	3,850	115	103	226
Hospital care.....	5,825	4,525	1,300	32	27	76
Nursing-home care.....	305	45	260	2	( <sup>3</sup> )	15
Other services and supplies <sup>4</sup> .....	14,890	12,600	2,290	81	76	135
Public funds.....	5,625	4,120	1,505	31	25	89
Hospital care.....	3,850	2,825	1,025	21	17	60
Nursing-home care.....	260	20	240	1	( <sup>3</sup> )	14
Other services and supplies.....	1,515	1,275	240	8	8	14

<sup>1</sup> Based on data for personal health care expenditures for the total population reported in "Social Welfare Expenditures, 1960-61," *Social Security Bulletin*, November 1962, which exclude prepayment expenses, one-fourth of philanthropy expenditures, medical research expenditures, and those for other public health activities.

<sup>2</sup> Based on the following population estimates, as of July 1, 1961: Total residing in the United States—182,943,000; persons aged 65 and over—17,011,000.

<sup>3</sup> Includes expenditures from philanthropic sources, part of which may have been for hospital and nursing-home care.

<sup>4</sup> Less than 50 cents.

TABLE 3.—Estimated expenditures for hospital and skilled nursing-home care of aged persons, by source of funds, 1961

[In millions]

Source of funds	Hospital and nursing-home care				
	Total	Hospital care			Skilled nursing-home care
		Total	General	Mental and tuberculosis	
Total.....	\$2,825	\$2,325	( <sup>1</sup> )	( <sup>1</sup> )	\$500
Private funds.....	1,560	1,300	( <sup>1</sup> )	( <sup>1</sup> )	260
Public funds.....	1,265	1,025	\$530	\$495	240
Public assistance.....	385	150	150		235
Veterans Administration.....	265	265	155	110	
Other.....	615	610	225	385	5

<sup>1</sup> Breakdown by type of hospital not available.

aged persons that goes for hospital and skilled nursing-home care. Data available from public agencies permit approximations of the expenditures from public funds for these services. Rough estimates of private expenditures for hospital care have been prepared on the basis of survey data for earlier years, adjusted for increased costs and utilization.

As shown in table 3, expenditures for the hospital care of aged persons amounted to an estimated \$2.3 billion in 1961, and expenditures for care in skilled nursing homes (excluding care in homes for the aged, rest homes, and personal care homes) are estimated at approximately \$0.5 billion. The amount spent for hospital care constituted approximately two-fifths of the total expenditures for medical care for aged persons, more than two-thirds of public expenditures, and about one-third of private expenditures.

## ESTIMATING PROCEDURES

Medical care expenditures for the aged from public funds in 1961 were estimated on the same basis as the 1960 estimates reported in *The Health Care of the Aged*.<sup>1</sup> The methodology used is summarized here; a detailed description is included in that report.

The figure shown for public expenditures was based on actual or estimated government expenditures for various types of health services. The

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<sup>1</sup> Social Security Administration, *The Health Care of the Aged*, Appendix C, 1962.

TABLE 14.—Number of recipients of public assistance in the United States, by month, March 1962-March 1963<sup>1</sup>

[Except for general assistance, includes cases receiving only vendor payments for medical care]

Year and month	Old-age assistance	Medical assistance for the aged	Aid to families with dependent children			Aid to the blind	Aid to the permanently and totally disabled	General assistance <sup>3</sup>	
			Families	Total recipients <sup>2</sup>	Children			Cases	Recipients
Number of recipients									
March 1962	2,248,781	88,264	955,615	3,730,868	2,884,969	101,401	404,687	415,000	1,091,000
April	2,245,080	93,146	955,896	3,737,358	2,887,635	100,975	408,604	379,000	961,000
May	2,243,796	102,378	952,091	3,724,301	2,875,357	100,668	413,493	359,000	876,000
June	2,236,717	102,586	943,000	3,687,927	2,848,855	100,419	417,049	341,000	813,000
July	2,233,379	101,921	930,037	3,638,447	2,811,352	100,183	418,980	329,000	795,000
August	2,228,434	109,312	928,503	3,635,693	2,808,942	100,016	420,476	329,000	797,000
September	2,225,954	105,217	925,179	3,633,155	2,810,053	100,010	423,385	321,000	778,000
October	2,229,059	114,657	926,851	3,732,081	2,809,210	99,928	427,312	326,000	790,000
November	2,227,041	111,828	931,408	3,771,844	2,838,650	99,808	434,735	333,000	821,000
December	2,226,194	109,732	942,661	3,823,283	2,870,242	99,583	437,453	333,000	897,000
Percentage change from previous month									
March 1962	-0.1	+12.6	+1.1	+1.2	+1.1	-0.6	+1.0	+0.4	-0.8
April	-0.2	+5.5	( <sup>4</sup> )	+2	+1	-4	+1.0	-8.7	-11.9
May	-1	+9.9	-4	-3	-4	-3	+1.2	-5.4	-8.9
June	-3	+2	-1.0	-1.0	-9	-2	+9	-5.1	-7.1
July	-1	-6	-1.4	-1.3	-1.3	-2	+5	-3.3	-2.2
August	-2	+7.3	-2	-1	-1	-2	+4	( <sup>5</sup> )	+3
September	-1	-3.7	-4	-1	( <sup>4</sup> )	( <sup>5</sup> )	+7	-2.7	-2.4
October	+1	+9.0	+2	+2.7	( <sup>5</sup> )	-1	+9	+1.5	+1.5
November	-1	-2.5	+5	+1.1	+1.0	-1	+1.7	+2.3	+3.9
December	( <sup>5</sup> )	-1.9	+1.2	+1.4	+1.1	-2	+6	+6.0	+9.3
1963									
January	-2	+6.2	+1.8	+2.3	+2.0	-1	+4	+8.9	+12.1
February	-2	+1	+8	+1.2	+1.1	-4	+6	+1.3	+3.1
March	-1	+8	+9	+8	+8	-3	+8	-5	-1.6

<sup>1</sup> All data subject to revision.

<sup>2</sup> Before October 1962, includes as recipients the children and 1 parent or caretaker relative other than a parent in families in which the requirements of at least 1 such adult were considered in determining the amount of assistance; beginning October 1962, may include both parents or 1 caretaker

relative other than a parent.

<sup>3</sup> Partly estimated. Excludes Idaho and Indiana for all months; data not available.

<sup>4</sup> Increase of less than 0.05 percent.

<sup>5</sup> Decrease of less than 0.05 percent.

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public assistance total includes all vendor payments for medical care under old-age assistance and medical assistance for the aged, half of those under the program of aid to the blind, and estimated expenditures for medical care provided through money payments under old-age assistance.

The estimate for Veterans Administration expenditures for medical care of aged veterans was based on the per diem costs of caring for the various types of patients and on the age distribution of the patient load by type of condition on the day of the annual census survey of patients made by the Administration. Estimates of expenditures for contract hospitalization for outpatient care of the aged were added to this amount.

The total shown for expenditures under other public programs includes estimated amounts spent for care of aged patients in general, tuberculosis,

and mental hospitals operated by State and local governments, based on total estimated operating costs of these hospitals and the estimated aged patient load. They also include estimated government payments to nongovernment hospitals for care of the aged (other than recipients of public assistance), expenditures of health departments incurred in providing medical services to the aged, the cost of care of aged patients in Public Health Service hospitals and in publicly owned nursing homes and infirmaries, and government expenditures incurred in providing care to aged Indians.

Private consumer expenditures for the medical care of the aged (other than nursing-home care) were estimated as a proportion of the Nation's total private medical care expenditures, as shown in the BULLETIN for December 1962. The ratios of per capita expenditures for persons aged 65 and over and for persons under age 65 were as-

TABLE 15.—Amount of public assistance payments in the United States, by month, March 1962–March 1963<sup>1</sup>

[Except for general assistance, includes vendor payments for medical care]

Year and month	Total <sup>2</sup>	Old-age assistance	Medical assistance for the aged	Aid to families with dependent children	Aid to the blind	Aid to the permanently and totally disabled	General assistance <sup>3</sup>
Amount of assistance							
1962							
March.....	\$372,913,000	\$162,193,342	\$17,561,531	\$118,209,517	\$7,742,902	\$28,848,711	\$28,835,000
April.....	374,798,000	162,303,241	21,391,748	118,574,329	7,818,966	29,373,121	26,467,000
May.....	376,901,000	163,129,573	23,220,666	118,166,990	7,824,354	29,970,384	24,690,000
June.....	365,457,000	162,451,937	17,579,383	116,430,356	7,790,368	30,085,699	22,399,000
July.....	367,391,000	163,387,430	21,099,730	114,305,460	7,763,255	29,930,692	22,016,000
August.....	370,572,000	162,742,516	23,431,488	114,946,953	7,848,529	30,314,645	22,404,000
September.....	365,411,000	161,920,146	21,240,639	114,373,330	7,678,694	30,390,687	21,085,000
October.....	378,265,000	167,937,837	24,225,415	116,120,821	7,920,447	31,664,230	21,813,000
November.....	376,922,000	167,138,102	22,712,013	116,451,727	7,942,394	31,862,827	22,314,000
December.....	381,729,000	167,755,010	22,514,900	118,739,002	7,987,423	32,146,961	23,770,000
1963							
January.....	391,209,000	168,828,792	25,036,154	121,309,540	7,970,875	32,589,133	26,354,000
February.....	389,906,000	168,449,501	22,695,611	122,423,404	7,971,860	32,893,060	26,198,000
March.....	396,460,000	169,787,849	23,828,803	125,231,635	8,054,287	33,436,879	26,354,000
Percentage change from previous month							
1962							
March.....	+2.4	+1.3	+9.6	+2.3	+0.1	+1.5	+2.8
April.....	+1.5	+1	+21.8	+3	+1.0	+1.8	+3.2
May.....	+6	+5	+8.5	-3	+1	+2.0	+6.7
June.....	-3.0	-4	-24.3	-1.5	-4	+4	-9.3
July.....	+5	+6	+20.0	-1.8	-3	-5	-1.7
August.....	+9	-4	+11.1	-6	+1.1	+1.3	+1.8
September.....	-1.4	-5	-9.4	-5	-2.2	+3	+5.9
October.....	+3.5	+3.7	+14.1	+1.5	+3.1	+4.2	+3.4
November.....	-4	-5	-6.2	+3	+3	+6	+2.3
December.....	+1.3	+4	-9	+2.0	+6	+9	+6.1
1963							
January.....	+2.5	+6	+11.2	+2.2	-2	+1.4	+11.3
February.....	-3	-2	-9.3	+9	( <sup>4</sup> )	+9	-6
March.....	+1.7	+8	+5.0	+2.3	+1.0	+1.7	+6

<sup>1</sup> All data subject to revision.

<sup>2</sup> Total exceeds sum of columns because of inclusion of vendor payments for medical care from general assistance funds and from special medical funds; data for such expenditures partly estimated for some States.

<sup>3</sup> Partly estimated. Excludes Idaho and Indiana for all months; data not available.

<sup>4</sup> Increase of less than 0.05 percent.

sumed to be the same as those reported by the Health Information Foundation (HIF) for three major components of medical care—hospital care, physicians' services, and other medical care (excluding nursing-home care).<sup>2</sup> This procedure represents a departure from the method of estimation previously used by this Division.<sup>3</sup> Previous estimates were based on the ratio of per capita total expenditures for persons aged 65 and over and for those under age 65 as found by the HIF study. The present method takes account of differences in utilization as well as in costs for each of the major components.

It is recognized that there are some differences between the distribution of the per capita medical

care expenditures by type of service in the HIF study and those estimated by the Social Security Administration for the same period. These differences may be attributed to differences in coverage and definitions. In the absence of more recent survey data, the HIF study was used as the basis for estimating this portion of the medical care expenditures of the aged.

Consumer expenditures for nursing-home care were based on estimated average per diem costs and estimated patient days of care in skilled nursing homes, from the 1961 Survey of Nursing Homes and Related Facilities conducted by the Public Health Service.

Philanthropic expenditures for medical care of the aged were estimated as a portion of the total philanthropic expenditures, as reported in the November 1962 issue of the BULLETIN and adjusted to a calendar-year basis.

<sup>2</sup> Health Information Foundation, *Family Expenditure Patterns for Personal Health Services, 1953 and 1958* (Research Series, No. 14).

<sup>3</sup> Social Security Administration, *op. cit.*