

# Independent Health Insurance Plans, 1961 Survey

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*About 800 plans that directly provide or make benefit payments for specified health services on a group, prepayment, risk-spreading basis are neither Blue Cross or Blue Shield plans nor insurance companies. The following article summarizes the results of a survey of these so-called independent health insurance plans, made in the spring of 1962.*

THE SURVEY of independent health insurance plans that were active at the end of 1961 shows that they fall into two main groups.<sup>1</sup> A fifth are prepayment or health insurance plans that, with some minor qualifications, serve the general population of an area. With a few exceptions, these organizations make membership available to all individuals or groups that meet their enrollment requirements in the area served. Their basic purpose is to offer a health prepayment or insurance service to the public.

Four-fifths of the plans are different in nature. They are organizations of employed persons that have developed their own arrangements for providing or paying for the health care of members of the group and usually their dependents. Most of them are operated by jointly managed (employer-union) welfare funds; others are operated by industrial concerns for their employees, by employee beneficial associations, or by unions without employer participation.

The Division of Program Research has made periodic surveys of all known independent health insurance plans for about 20 years. The surveys are designed to obtain data on the number and characteristic features of the plans—their enrollment, benefits, income, and benefit expenditures—and are the only national source of such data on the independent plans. The enrollment data are used annually by the Health Insurance Association of America in compiling its annual estimates of

persons covered for hospital, surgical, and medical expense protection in the United States. The data on income and benefit expenditures of the independent plans, with data provided by the Blue Cross-Blue Shield Associations and the insurance industry, enable the Division to make estimates of total income and benefit expenditures of all health insurance carriers in the United States and the proportion of private medical care expenditures met by insurance.

The survey conducted in the spring of 1962 was along much the same lines as the previous surveys.<sup>2</sup> Questionnaires were sent to all plans known to be active for 6 months or more during 1961.<sup>3</sup> Data were requested on enrollment by type of health benefit being provided as of December 31, 1961, and on income and expenditures for the calendar year 1961 or for the fiscal year ended during 1961. The following article gives the summary results of the survey; a more detailed analysis will appear in a forthcoming monograph.

The list of independent plans used in the survey was developed from several sources and included plans responding to earlier surveys made by the Division, those noted in magazine articles and newspapers, and the employer-employee-union welfare plans that self-insure for health care benefits and report to the Division of Welfare and Pension Reports of the Department of Labor. Of the 802 plans identified as being active in 1961, questionnaire returns were obtained for 516, or two-thirds of the total. Data in this analysis are based on returns for these 516 reporting plans.<sup>4</sup>

<sup>2</sup> See Margaret C. Klem, *Prepayment Medical Care Organizations*, Bureau Memorandum No. 55, Bureau of Research and Statistics, 3d ed., January 1945; Agnes W. Brewster, *Independent Plans Providing Medical Care and Hospitalization Insurance in 1949 in the United States*, Bureau Memorandum No. 72, Division of Research and Statistics, 1952. See also the articles on the independent plan surveys by Agnes W. Brewster in the following issues of the *Bulletin*—May 1951, April 1955, April 1958, and February 1961.

<sup>3</sup> For a listing of the independent plans reported to be active as of June 1962, see Division of Program Research, *Independent Health Insurance Plans, A List by States, June 1962, 1962*.

<sup>4</sup> Estimates of enrollment, income, and expenditures made for all 802 plans are shown later in this article.

\* Division of Program Research, Office of the Commissioner. Robert E. Melia of the Division of Program Research assisted in the compilation and analyses of the data.

<sup>1</sup> Student health services, though meeting the definition of independent plan used, were excluded from the survey.

## INDEPENDENT PLANS REPORTING, 1961 SURVEY

The 516 independent plans reporting for 1961 represent a considerable increase from the number—almost 300—included in the 1959 survey. Most of the plans for which data were first obtained in the 1961 survey were employer-employee-union plans identified from the records of the Department of Labor.

### Enrollment

More than 8½ million persons were enrolled in the 516 plans reporting for 1961—about a million less than the total reported in the 1959 survey. The principal reason for the drop in enrollment was the shift of four large plans that had been independent in 1959 to affiliation with the Blue Cross or Blue Shield associations. One—the Connecticut Blue Cross—is now an affiliate of the Blue Cross Association; the others—the North Idaho District Medical Service Bureau, Medical Mutual of Cleveland, Ohio, and the Medical Society Physicians' Service of Rhode Island—are now affiliated with Blue Shield. They accounted for a total loss of almost 2.9 million enrollees in independent plans. This decline was partially offset, however, by the growth of enrollment in other plans and the larger number of plans included in the 1961 survey.

### Plan Sponsorship

The independent plans have been classified, by type of sponsorship, in the following groups: (1) community plans, which are open to most persons in a community and are usually sponsored by a community or a local consumer group; (2) medical-society plans, which are sponsored by a State,

TABLE 1.—Distribution of 516 reporting independent plans and of enrollees for any health benefit, by type of sponsor, December 1961

Type of sponsor	Plans		Enrollees	
	Number	Percent	Number (in thousands) <sup>1</sup>	Percent
All plans.....	516	100.0	8,687.8	100.0
Community.....	55	10.7	3,232.3	37.2
Medical society <sup>1</sup> .....	22	4.3	346.2	4.0
Dental society.....	2	0.4	154.7	1.8
Private group clinic.....	23	4.5	225.2	2.6
Employer-employee-union.....	414	80.2	4,729.4	54.4

<sup>1</sup> Medical-society plans other than Blue Shield plans.

county, or local medical society but are not Blue Shield plans; (3) dental-society plans, reported for the first time in the current survey, which are pre-

TABLE 2.—Independent plans and enrollees eligible for any health benefit, by geographical division and State, December 1961

Geographical division and State	Plans with headquarters in State		Enrollees	
	Number	Percent	Number (in thousands) <sup>1</sup>	Percent
United States.....	516	100.0	8,687.8	100.0
New England.....	20	3.9	130.1	1.5
Maine.....	2	.....	7.7	.....
New Hampshire.....	( <sup>2</sup> )	.....	5.2	.....
Vermont.....	1	.....	6.7	.....
Massachusetts.....	9	.....	72.4	.....
Rhode Island.....	1	.....	7.1	.....
Connecticut.....	7	.....	31.0	.....
Middle Atlantic.....	135	26.2	3,675.9	42.3
New York.....	86	.....	2,753.3	.....
New Jersey.....	17	.....	152.0	.....
Pennsylvania.....	32	.....	770.6	.....
East North Central.....	82	15.9	940.0	10.8
Michigan.....	8	.....	179.8	.....
Ohio.....	20	.....	181.6	.....
Illinois.....	31	.....	381.9	.....
Indiana.....	4	.....	45.3	.....
Wisconsin.....	19	.....	151.4	.....
West North Central.....	36	7.0	358.7	4.1
Minnesota.....	14	.....	93.1	.....
Iowa.....	4	.....	29.1	.....
Missouri.....	12	.....	170.9	.....
North Dakota.....	( <sup>2</sup> )	.....	2.3	.....
South Dakota.....	2	.....	10.4	.....
Nebraska.....	2	.....	13.8	.....
Kansas.....	2	.....	39.1	.....
South Atlantic.....	58	11.2	739.6	8.5
Delaware.....	( <sup>2</sup> )	.....	2.6	.....
Maryland.....	8	.....	24.9	.....
District of Columbia.....	13	.....	106.4	.....
Virginia.....	8	.....	149.4	.....
West Virginia.....	3	.....	315.1	.....
North Carolina.....	7	.....	41.3	.....
South Carolina.....	1	.....	13.7	.....
Georgia.....	10	.....	42.6	.....
Florida.....	8	.....	43.6	.....
East South Central.....	13	2.5	364.3	4.2
Kentucky.....	3	.....	170.2	.....
Tennessee.....	( <sup>2</sup> )	.....	34.7	.....
Alabama.....	6	.....	117.8	.....
Mississippi.....	4	.....	35.6	.....
West South Central.....	32	6.2	161.0	1.9
Arkansas.....	4	.....	31.4	.....
Louisiana.....	6	.....	39.2	.....
Oklahoma.....	5	.....	17.9	.....
Texas.....	17	.....	72.5	.....
Mountain.....	29	5.6	199.4	2.3
Montana.....	( <sup>2</sup> )	.....	3.9	.....
Idaho.....	5	.....	5.0	.....
Wyoming.....	( <sup>2</sup> )	.....	4.0	.....
Colorado.....	6	.....	69.4	.....
New Mexico.....	1	.....	5.9	.....
Arizona.....	5	.....	35.3	.....
Utah.....	9	.....	64.1	.....
Nevada.....	3	.....	11.8	.....
Pacific.....	101	19.6	2,104.4	24.2
Washington.....	31	.....	595.0	.....
Oregon.....	8	.....	115.1	.....
California.....	49	.....	1,328.3	.....
Alaska.....	1	.....	.....	.....
Hawaii.....	12	.....	65.7	.....
Outlying areas.....	10	1.9	14.4	.2
Puerto Rico.....	10	.....	14.4	.....
Guam.....	.....	.....	.....	.....

<sup>1</sup> Includes reported enrollment by State for 9 independent plans with headquarters in 1 State but members in 1 or more other States.

<sup>2</sup> No plans reported with headquarters within the State, but enrollees of other plans reside in the State.

TABLE 3.—Independent plans, by size of plan and type of sponsor, December 1961

Size of plan (number of enrollees)	All plans	Type of sponsor				
		Com- munity	Medical society	Dental society	Private group clinic	Em- ployer- em- ployee- union
Number of plans						
Total.....	516	55	22	2	23	414
Less than 1,000....	195	8	2	-----	3	182
1,000-4,999.....	145	11	6	-----	13	115
5,000-9,999.....	66	10	6	1	3	46
10,000-24,999....	54	13	5	-----	3	33
25,000-49,999....	34	6	1	-----	-----	27
50,000 or more....	22	7	2	1	1	11
Percentage distribution						
Total.....	100.0	100.0	100.0	100.0	100.0	100.0
Less than 1,000....	37.8	14.5	9.1	-----	13.0	43.9
1,000-4,999.....	28.1	20.0	27.3	-----	56.5	27.8
5,000-9,999.....	12.8	18.2	27.3	50.0	13.1	11.1
10,000-24,999....	10.5	23.6	22.7	-----	13.0	8.0
25,000-49,999....	6.6	10.9	4.5	-----	-----	6.5
50,000 or more....	4.3	12.7	9.1	50.0	4.4	2.6

payment plans sponsored by a State, district, or county dental society; (4) private group clinic plans operated by physicians and/or dentists functioning as an organized group on a prepayment basis; and (5) the employer-employee-union plans, or industrial plans as they are often called, which serve a particular employee group and usually the dependents of such employees.

Most (four-fifths) of the plans reporting in 1961 were employer-employee-union plans, and slightly

TABLE 4.—Enrollees in independent plans, by size of plan and type of sponsor, December 1961

Size of plan (number of enrollees)	All plans	Type of sponsor				
		Com- munity	Medical society	Dental society	Private group clinic	Em- ployer- em- ployee- union
Number enrolled for any benefit (in thousands)						
Total.....	8,687.8	3,232.3	346.2	154.7	225.2	4,729.4
Less than 1,000....	74.6	3.9	1.1	-----	.8	68.8
1,000-4,999.....	358.6	30.1	18.8	-----	34.6	275.1
5,000-9,999.....	470.0	76.8	44.2	9.1	22.5	317.4
10,000-24,999....	829.6	203.2	67.6	-----	43.8	515.0
25,000-49,999....	1,227.2	238.2	30.8	-----	-----	958.2
50,000 or more....	5,727.8	2,680.1	183.7	145.6	123.5	2,594.9
Percentage distribution						
Total.....	100.0	100.0	100.0	100.0	100.0	100.0
Less than 1,000....	.9	.1	.3	-----	.4	1.5
1,000-4,999.....	4.1	.9	5.4	-----	15.4	5.8
5,000-9,999.....	5.4	2.4	12.8	5.9	10.0	6.7
10,000-24,999....	9.5	6.3	19.5	-----	19.4	10.9
25,000-49,999....	14.1	7.4	8.9	-----	-----	20.3
50,000 or more....	65.9	82.9	53.1	94.1	54.8	54.9

more than a tenth were community plans (table 1). Of the 8.7 million persons enrolled in the reporting plans, however, 37 percent were in community plans and 54 percent in employer-employee-union plans.

In 1959 the nonindustrial plans (community, medical-society, dental-society, and private group clinics), with 61 percent of the total enrollment, dominated the enrollment situation; the industrial plans, with 54 percent of total enrollment, now predominate. This change is largely the result of two sets of circumstances: (1) the four large plans (with 3 million enrollees) that shifted from the independent group in 1959 to Blue Cross or Blue Shield by 1961 were nonindustrial plans and (2) most of the new plans in the 1961 survey—that is, those reporting for the first time—were industrial plans.

### Geographical Distribution

All but six of the 50 States had one or more independent plans reporting in the 1961 survey (table 2). There was, however, a marked concentration of plans in California, Illinois, New York, Ohio, Pennsylvania, and Washington; these States had nearly half of all the reporting plans.

In each of the 50 States, the District of Columbia, and Puerto Rico some persons were enrolled in the independent plans. New York State with 2.7 million and California with 1.3 million led all the States in enrollment, and together they accounted for nearly half (47 percent) of the total enrollment in all plans. The Middle Atlantic States led both in number of plans and enrollment, with 42 percent of all enrollees. The Pacific States came next with a fourth, and the East North Central States had about a tenth of all enrollees.

### Size of Plan

Independent health insurance plans range in membership from small to fairly large organizations (table 3). There were 195 plans, or almost two-fifths of those reporting, with fewer than 1,000 members—and 31 of these plans had fewer than 100 members. At the other extreme, 22 plans had 50,000 or more members.

More than two-fifths of all the industrial plans and about a seventh of the community plans had fewer than 1,000 members. Conversely, about an eighth of the community plans but only 3 percent

of the employer-employee-union plans had 50,000 members or more. Plans sponsored by medical societies are generally similar to community-sponsored plans in their distribution by number of members. Most private group clinic plans had 1,000-4,999 members.

Plans having 50,000 or more members accounted for two-thirds of the total enrollment in all independent plans (table 4). The 22 community plans with 50,000 or more enrollees reported more than four-fifths of the total membership in this type of plan. Three plans with a combined enrollment of 2.2 million—the Kaiser Foundation Health Plans of California, Oregon, and Hawaii (considered here as a single plan), Group Health Insurance of New York, and the Health Insurance Plan of Greater New York—constituted 70 percent of the enrollment in all community plans.

Among employer-employee-union plans, the 11 with 50,000 or more members had 55 percent of the total enrollment. Four plans—the United Mine Workers of America, the International Ladies Garment Workers Union (the different benefit plans of this Union's many locals are here considered as a single plan), the National Association of Letter Carriers, and the United Federation of Postal Clerks—had an aggregate enrollment of 2.0 million or 43 percent of the enrollment in all employer-employee-union plans.

The medical-society and private group clinic plans are similar to the industrial plans in their distribution by size of enrollment. One dental-society plan had fewer than 50,000 enrollees, and the other had more than that number.

### Benefits Provided

Some independent plans maintain their own health facilities with a full-time or part-time staff of physicians and/or dentists and actually provide direct health services for their membership. Others make benefit payments for hospitalization, physicians' services, and other health care provided to covered persons. In this report, the term "health benefits" includes both the services furnished directly and the payments toward specified types of health care.

There is a wide range in the benefits provided by the plans—from relatively limited care to fairly comprehensive. About four-fifths of the 516 reporting plans provided surgical and/or obstetrical

care in 1961, and about the same proportion, but not necessarily the same plans, provided a hospitalization benefit. Seven-tenths of the plans provided in-hospital medical care, and nearly two-thirds provided for physicians' office and/or home calls. Most plans offering physicians' office and/or home calls also provide surgical and in-hospital medical care—that is, they give comprehensive physicians' services. A fifth of all the plans provided some benefits for drugs used outside hospitals, and nearly as high a proportion had dental benefits.

About a sixth of the plans provided some nursing-service benefit, either special private-duty nursing care in the hospital and/or home or visiting-nurse services, or both. A few plans (25) provide nursing-home benefits, and 134 reported other benefits such as ambulance service, optical care, or health care appliances.

More of the enrollees in independent plans could receive surgical and/or obstetrical care (87 percent) than any other type of benefit (table 6). In-hospital medical care and physicians' office and/or home services were provided to 83 percent and 79 percent,

TABLE 5.—Independent plans, by type of benefit and type of sponsor, December 1961

Type of benefit	All plans	Type of sponsor				
		Community	Medical society	Dental society	Private group clinic	Employer-employee-union
Number of plans						
Any benefit...	516	55	22	2	23	414
Hospitalization...	407	43	21	-----	9	334
Surgical	416	42	22	-----	18	334
In-hospital medical	361	37	22	-----	20	282
Physicians' office and/or home calls	335	33	22	-----	22	258
Dental	96	10	-----	2	2	82
Nursing	86	10	1	-----	2	73
Drugs outside hospital	106	8	1	-----	4	93
Nursing-home care	25	-----	-----	-----	-----	25
Other health benefit	134	6	1	-----	5	122
Percent providing specified benefit						
Hospitalization...	78.9	78.2	95.5	-----	39.1	80.7
Surgical	80.6	76.4	100.0	-----	78.3	80.7
In-hospital medical	70.0	67.3	100.0	-----	87.0	68.1
Physicians' office and/or home calls	64.9	60.0	100.0	-----	95.7	62.3
Dental	18.6	18.2	-----	100.0	8.7	19.8
Nursing	16.7	18.2	4.5	-----	8.7	17.6
Drugs outside hospital	20.5	14.5	4.5	-----	17.4	22.5
Nursing-home care	4.8	-----	-----	-----	-----	6.0
Other health benefit	26.0	10.9	4.5	-----	21.7	29.5

respectively. About 71 percent of all persons covered were enrolled for hospital care.

The principal reason that a smaller proportion of the enrollees were covered for hospitalization is that four of the large plans provide physicians' services but not hospital care. These plans are Group Health Insurance of New York, the Health Insurance Plan of Greater New York, the Ross-Loos Medical Group of Los Angeles, and the U. S. Rubber Company, headquartered in New York. Although these plans do not provide hospitalization benefits, they stress the need for their enrollees to carry hospitalization insurance with Blue Cross or a commercial company or require that they carry it.

About a seventh of all enrollees were covered for drug benefits, and about a tenth for dental services. Six percent were eligible for nursing-home care—a relatively new benefit in the health insurance area.

Most independent plans provide two or more types of health care benefits. Surgical benefits, in-hospital medical care, and physicians' office and/

or home services are considered as separate benefits. Of all persons covered for any health benefit in 1961, about nine-tenths were protected against two or more risks (table 7).

Twenty-seven percent of all enrollees were covered for hospitalization and comprehensive physicians' services—that is, surgical care, in-hospital medical services, and office and/or home calls. About 10 percent had these benefits plus nursing services (special or visiting) and "other" benefits. Seven percent had comprehensive physicians' services, nursing services, and "other" benefits.

### Income and Benefit Expenditures

The 516 independent plans had a total earned income of \$395 million in 1961. They spent \$362 million during the year for health care benefits.

"Earned income" refers to income derived from enrollees in the independent health insurance plans.

TABLE 6.—Enrollees in independent plans, by type of benefit and type of sponsor, December 1961

Type of benefit	All plans	Type of sponsor				
		Community	Medical society	Dental society	Private group clinic	Employer-employee union
Number enrolled for specified benefit (in thousands)						
Any benefit.....	8,687.8	3,232.3	346.2	154.7	225.2	4,729.4
Hospitalization.....	6,134.0	1,628.2	344.3	-----	40.8	4,120.7
Surgical.....	7,563.9	2,804.8	346.2	-----	211.0	4,201.9
In-hospital medical.....	7,226.7	2,708.6	345.7	-----	217.2	3,955.2
Physicians' office and/or home calls.....	6,889.6	2,447.6	341.6	-----	222.3	3,878.1
Dental.....	952.6	189.0	-----	154.7	3.1	605.9
Nursing.....	3,487.1	2,361.2	3.9	-----	6.3	1,115.7
Drugs outside hospital.....	1,300.5	122.9	3.6	-----	20.4	1,153.7
Nursing-home care.....	489.9	-----	-----	-----	-----	489.8
Other health benefit.....	2,581.1	1,666.9	8.0	-----	7.7	898.4
Percent eligible for specified benefit						
Hospitalization.....	70.6	50.4	99.5	-----	18.1	87.1
Surgical.....	87.1	86.8	100.0	-----	93.7	88.8
In-hospital medical.....	83.2	83.8	99.9	-----	96.4	83.6
Physicians' office and/or home calls.....	79.3	75.7	98.7	-----	98.7	82.0
Dental.....	11.0	5.8	-----	100.0	1.4	12.8
Nursing.....	40.1	73.1	1.1	-----	2.8	23.6
Drugs outside hospital.....	15.0	3.8	1.0	-----	9.1	24.4
Nursing-home care.....	5.6	-----	-----	-----	-----	10.4
Other health benefit.....	29.7	51.6	2.3	-----	3.4	19.0
Percentage distribution of enrollees						
Any benefit.....	100.0	37.2	4.0	1.8	2.6	54.2
Hospitalization.....	100.0	26.5	5.6	-----	0.7	67.2
Surgical.....	100.0	37.1	4.6	-----	2.8	55.6
In-hospital medical.....	100.0	37.5	4.8	-----	3.0	54.7
Physicians' office and/or home calls.....	100.0	35.5	5.0	-----	3.2	56.3
Dental.....	100.0	19.8	-----	16.2	.3	63.6
Nursing.....	100.0	67.7	.1	-----	.2	32.0
Drugs outside hospital.....	100.0	9.5	.3	-----	1.6	88.7
Nursing-home care.....	100.0	-----	-----	-----	-----	100.0
Other health benefit.....	100.0	64.6	.3	-----	.3	34.8

It includes subscription charges or dues from enrollees; contributions from employer and employee organizations for covered persons, including dependents and any retirees; and additional charges paid by enrollees for services not covered by prepayment.

The 1961 survey, like those made earlier, faced the problem of segregating earned income from other types of plan income, such as income from nonmembers. A few plans receive income from nonmembers for services provided in the plan's hospital and/or by its medical and other professional staff. In some plans this type of income is important; in fact, it may occasionally be the reason that the plan can afford to serve its prepaid members at the rates being charged. This income, however, cannot properly be considered as part of plan income earned from members, and information concerning it was not solicited from the plans themselves or knowingly included in this survey.

In an entirely different category are such income items as interest, special charges, and fees derived from plan members. Many plans require a member to pay, for example, a special fee for doctors' calls at night. Still more have other coinsurance features that, unlike those of most other forms of health insurance, represent actual receipt of income. Income derived from such sources is properly construed as being earned directly or indirectly from the members themselves. The major source of earned income for all plans, of course, remains the premium or subscription dues of the members and the amounts provided by employers or paid into a welfare fund by employers and/or employees or employee organizations for the provision of health benefits. About 93 percent of the earned income of the reporting plans came from such sources.

Half the total spent for health benefits went for physicians' services, 42 percent for hospitalization, 3 percent for drugs, 3 percent for dental services, and 2 percent for nursing services, nursing-home care, and "other" health benefits.

The pattern of health benefit expenditures among the independent plans follows their enrollment pattern very closely. The employer-employee-union plans, which had 54 percent of the aggregate enrollment in 1961, were responsible for 57 percent of all expenditures for health benefits. In general, it can be said that employer-employee-union plans tend to use more of their total health expenditures for hospital care than do the other independent plans.

The employer-employee-union plans, especially the larger ones, have also played a significant role in the movement toward a wide range of health benefits. They led all the other independent plans in expenditures for dental services, nursing services, drugs, nursing-home care, and "other" health benefits (table 8).

Community plans spent \$42 million in 1961 for hospital care and twice as much for physicians' services. The explanation of the higher share for physicians' services is that two large community plans—Group Health Insurance, Inc., and the Health Insurance Plan of Greater New York—offer physicians' and other health services but not hospital care. For many of the other community plans offering both hospitalization benefits and physicians' services, the expenditures for hospital care exceeded those for physicians' services.

All benefit expenditures by dental-society plans are, of course, for dental care, and in 1961 they amounted to \$1 million. It is likely that these plans will have greater expenditures in the future.

### Group-Practice Plans

Of the 516 reporting plans, 143 or 28 percent provided service through group-practice<sup>5</sup> units of physicians and/or dentists. The 143 plans had an enrollment of 3.8 million eligible for some type of health benefit, or 44 percent of the total enrollment. In 1959, plans providing services through group-practice units had 40 percent of the enrollment in independent plans.

Group-practice plans include those that maintain their own health facilities, such as a hospital, clinic, or health center with a full-time or part-time staff of physicians and/or dentists, and plans that contract with one or more organized groups of physicians and/or dentists for health care services.

These plans, for the purposes of the present survey, were defined to include any group having the equivalent of three or more full-time physicians and/or dentists; enrollment was credited to the plan

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<sup>5</sup> In this survey, group practice is defined as the equivalent of three or more full-time physicians and/or dentists formally organized to provide general medical or dental care, consultation, or diagnosis, with income from group practice distributed according to some prearranged plan. See S. David Pomrinse and Marcus S. Goldstein, *A Preliminary Directory of Medical Groups in the United States, 1959*, Public Health Service Publication 817, January 1961, page 1.

TABLE 7.—Enrollees in independent plans, by pattern of benefits, December 1961

Pattern of benefits	Enrollees	
	Number (in thousands)	Percent
Any benefit.....	8,687.8	100.0
Hospitalization, surgical, and in-hospital medical care and physicians' office and/or home calls.....	2,343.4	27.0
Hospitalization, surgical, and in-hospital medical care, physicians' office and/or home calls, nursing, and "other" benefit.....	910.3	10.5
Surgical and in-hospital medical care, physicians' office and/or home calls, nursing, and "other" benefit.....	634.0	7.3
Surgical and in-hospital medical care, physicians' office and/or home calls, and nursing care.....	506.4	5.8
Hospitalization, surgical, and in-hospital medical care, physicians' office and/or home calls, nursing, drugs, and nursing-home care.....	415.2	4.8
Hospitalization, surgical, and in-hospital medical care, physicians' office and/or home calls, nursing, drugs, and "other" benefit.....	382.5	4.4
Surgical and in-hospital medical care, and nursing.....	227.1	2.6
Hospitalization, surgical, and in-hospital medical care, physicians' office and/or home calls, and dental care.....	222.6	2.6
Hospitalization and surgical care.....	197.2	2.3
Hospitalization, surgical, and in-hospital medical care.....	193.4	2.2
Surgical and in-hospital medical care, and physicians' office and/or home calls.....	177.8	2.0
Other combinations of benefits.....	1,545.2	17.8
Hospitalization only.....	359.2	4.1
Surgical care only.....	70.5	.8
In-hospital medical care only.....	.9	( <sup>1</sup> )
Physicians' office and/or home calls only.....	111.8	1.3
Dental care only.....	341.3	3.9
"Other" benefit only.....	49.0	.6

<sup>1</sup> Less than 0.05 percent.

if the group practice served all or a substantial part of the plan members. This definition was more conservative than that used in earlier surveys. In previous surveys, membership was credited to group practice if some or all of the members were served

through group practice. As an illustration, in the current survey only those enrollees of the International Ladies Garment Workers Union who were served by the Union's health centers were credited to group practice.

As a result, the number of persons served by the prepaid group-practice plans reporting in 1961 is slightly less than that reported in the 1959 survey. When the definition and classification procedures used in the 1959 survey are applied, however, an increase of 137,200 (4 percent) is found.

Two-thirds of the plans providing service through group practice were employer-employee-union plans, 18 percent were community plans, and the balance were private group clinic plans. Of the enrollees served by prepaid group-practice organizations, 47 percent were in community plans, the same percentage in employer-employee-union plans, and 6 percent in private group clinic plans. Community and private group clinics together accounted for slightly more than half (53 percent) of all enrollees—a pronounced gain from the 43 percent reported for 1959.

As shown in table 9, more enrollees (95 percent) in prepaid group-practice plans were covered for physicians' office and/or home calls than for any other type of health benefit. Generally, plans providing service through group practice have comprehensive physicians' services—that is, surgical care, in-hospital medical care, and office and/or home calls. Some plans, however—notably union welfare plans—maintain health centers with direct medical

TABLE 8.—Income and benefit expenditures for independent plans, by type of sponsor and type of benefit, 1961

Type of sponsor	Earned income	Benefit expenditures							
		Total	Hospitalization	Physicians' services	Dental service	Nursing services	Drugs	Nursing-home care	Other health benefit
Amount (in millions)									
All plans.....	\$394.7	\$361.9	\$151.8	\$181.4	\$9.4	\$1.2	\$12.4	\$0.1	\$5.7
Community.....	144.1	132.5	41.8	85.3	2.3		.4		2.4
Medical society.....	18.9	15.5	6.7	8.7		( <sup>1</sup> ) .3	( <sup>1</sup> ) .4		( <sup>1</sup> )
Dental society.....	1.3	1.0			1.0				
Private group clinic.....	10.1	8.4	.7	7.2	.3	( <sup>1</sup> )	.1		( <sup>1</sup> )
Employer-employee-union.....	220.4	204.5	102.6	80.1	5.8	.8	11.9	.1	3.2
Percentage distribution									
All plans.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Community.....	36.5	36.6	27.5	47.0	24.5		3.2		42.1
Medical society.....	4.8	4.3	4.4	4.8					
Dental society.....	.3	.3			10.6				
Private group clinic.....	2.6	2.3	.5	4.0	3.2		.8		
Employer-employee-union.....	55.8	56.5	67.6	44.2	61.7		66.7	96.0	56.1

<sup>1</sup> Less than \$50,000.

service through group practice only at the centers; surgical and in-hospital medical care are provided through physicians in individual practice.

It is interesting to note that the community plans having group-practice and private group clinic plans are generally alike in the proportions of their enrollees eligible for comprehensive physicians' services—office or home calls, in-hospital medical care, and surgical benefits. Among the industrial plans having group practice, more of their members than of those enrolled with community or private group clinic plans could receive dental and drug benefits. Coverage for special-duty or visiting-nurse services is most frequent for enrollees of the community plans (table 9).

*Income and expenditures of group-practice plans.*—As shown in table 10, independent plans providing service through group-practice arrangements reported earned income of \$215 million in 1961, or

TABLE 9.—Enrollees in prepaid group-practice plans, by type of benefit and type of sponsor, December 1961

Type of benefit	All plans	Type of sponsor		
		Com-munity	Private group clinic	Em-employer-employee-union
Number enrolled for specified benefit (in thousands)				
Any benefit.....	3,842.4	1,805.2	225.2	1,812.0
Hospitalization.....	2,586.4	1,108.6	40.8	1,436.9
Surgical.....	3,484.0	1,796.6	211.0	1,476.4
In-hospital medical.....	3,504.2	1,794.5	217.2	1,492.5
Physicians' office and/or home calls.....	3,643.2	1,786.1	222.3	1,634.7
Dental.....	397.8	71.2	2.9	323.7
Nursing.....	1,901.5	1,622.7	6.3	272.5
Drugs outside hospital.....	518.4	108.4	20.4	389.7
Nursing-home care.....	41.5	-----	-----	41.5
Other health benefit.....	2,033.6	1,642.4	7.7	383.5
Percent eligible for specified benefit				
Hospitalization.....	67.3	61.4	18.1	79.3
Surgical.....	90.7	99.5	93.7	81.5
In-hospital medical.....	91.2	99.4	96.4	82.4
Physicians' office and/or home calls.....	94.8	98.9	98.7	90.2
Dental.....	10.4	3.9	1.3	17.9
Nursing.....	49.5	89.9	2.8	15.0
Drugs outside hospital.....	13.5	6.0	9.1	21.5
Nursing-home care.....	1.1	-----	-----	2.3
Other health benefit.....	52.9	91.0	3.4	21.2
Percentage distribution of enrollees				
Any benefit.....	100.0	47.0	5.9	47.2
Hospitalization.....	100.0	42.9	1.6	55.6
Surgical.....	100.0	51.6	6.1	42.4
In-hospital medical.....	100.0	51.2	6.2	42.6
Physicians' office and/or home calls.....	100.0	49.0	6.1	44.9
Dental.....	100.0	17.9	.7	81.4
Nursing.....	100.0	85.3	.3	14.3
Drugs outside hospital.....	100.0	20.9	3.9	75.2
Nursing-home care.....	100.0	-----	-----	100.0
Other health benefit.....	100.0	80.8	.4	18.9

TABLE 10.—Income and benefit expenditures of prepaid group-practice plans, by type of sponsor and type of benefit, 1961

Type of sponsor	Earned income	Benefit expenditures							
		Total	Hos-pital-ization	Physi-cians' services	Dental services	Nursing services	Drugs	Nursing-home care	Other health benefits
Amount (in millions)									
All plans.....	\$214.9	\$201.9	\$80.3	\$106.6	\$4.9	\$0.7	\$4.9	( <sup>1</sup> )	\$4.5
Community... Private group clinic.....	102.7	96.2	29.9	62.7	.7	.2	.3	-----	2.4
Employer-employee-union.....	10.1	8.4	.7	7.2	.3	( <sup>1</sup> )	.1	-----	( <sup>1</sup> )
Employer-employee-union.....	102.1	97.3	49.6	36.7	3.9	.5	4.5	( <sup>1</sup> )	2.1
Percentage distribution									
All plans.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Community... Private group clinic.....	47.8	47.6	37.2	58.8	14.3	28.6	6.1	-----	53.3
Employer-employee-union.....	4.7	4.2	.9	6.8	8.2	-----	2.0	-----	-----
Employer-employee-union.....	47.5	48.2	61.8	34.4	79.6	71.4	91.8	100.0	46.7

<sup>1</sup> Less than \$50,000.

about 54 percent of the total earned income of all independent plans. Community plans and employer-employee-union plans each received 48 percent of the earned income, and private group clinic plans about 4 percent. Total benefit expenditures show a similar distribution by plan sponsors. Fifty-three percent of the total expenditures went for physicians' services, 40 percent for hospital care, 2 percent for dental service, 2 percent for drugs, and 3 percent for nursing services, nursing-home care, and "other" health benefits.

The same general expenditure patterns noted earlier for all independent plans apply to those using the group-practice mechanism. Thus the industrial plans having group practice lay out a greater proportion of their total health benefit

TABLE 11.—Estimated distribution of all 802 independent plans and of enrollees for any health benefit, by type of sponsor, December 1961

Type of sponsor	Plans		Enrollees	
	Number	Percent	Number (in thousands)	Percent
All plans.....	802	100	9,809	100
Community.....	75	9	3,473	35
Medical society.....	22	3	346	4
Dental society.....	5	1	162	2
Private group clinic.....	32	4	247	2
Employer-employee-union.....	668	83	5,581	57



TABLE 12.—Estimated number of enrollees <sup>1</sup> in all 802 independent plans, by type of benefit and type of sponsor, December 1961

Type of benefit	All plans	Type of sponsor				
		Com-munity	Medical society	Dental society	Private group clinic	Em-ployer-em-mployee-union
Number enrolled for specified benefit (in thousands)						
Any benefit...	9,809	3,473	346	162	247	5,581
Hospitalization...	7,123	1,858	344	-----	57	4,864
Surgical.....	8,515	3,033	346	-----	231	4,905
In-hospital medi-cal.....	8,049	2,930	346	-----	237	4,536
Physicians' office and/or home calls.....	7,670	2,675	342	-----	243	4,410
Dental <sup>2</sup> .....	1,124	195	-----	162	7	760
Nursing.....	3,864	2,572	4	-----	9	1,279
Drugs outside hos-pital.....	1,417	125	4	-----	23	1,265
Nursing-home care.....	526	-----	-----	-----	-----	526
Other health bene-fit.....	3,027	1,880	8	-----	11	1,128
Percent eligible for specified benefit						
Hospitalization...	73	54	99	-----	23	87
Surgical.....	87	87	100	-----	94	88
In-hospital medi-cal.....	82	84	100	-----	96	81
Physicians' office and/or home calls.....	78	77	99	-----	98	79
Dental.....	12	6	-----	100	3	14
Nursing.....	39	74	1	-----	4	23
Drugs outside hos-pital.....	14	4	1	-----	9	23
Nursing-home care.....	5	-----	-----	-----	-----	9
Other health bene-fit.....	31	54	2	-----	4	20

<sup>1</sup> The base for estimates for all plans and by type of sponsor is given in table 6.

<sup>2</sup> For enrollment for dental benefits, data for some of the 286 nonreporting plans were obtained from the Division of Dental Public Health and Resources, Public Health Service.

expenditures for hospital care than do the community and private group clinic plans. This situation is reversed among the community plans chiefly because, as indicated earlier, one large community group-practice plan provides physicians' and other health services but not hospitalization. The private group clinic plans, all 23 of which are also group-practice plans, paid out 86 percent (about \$7 million) of their total 1961 expenditures in the form of physicians' services.

### ESTIMATES FOR ALL INDEPENDENT PLANS

By using enrollment information from other sources for the 286 nonreporting plans and by projecting data for the 516 reporting plans, estimates may be made of enrollment, income, and

TABLE 13.—Estimated income and benefit expenditures for all 802 independent plans, by type of sponsor and type of benefit, 1961

Type of sponsor	Earned income	Benefit expenditures							
		Total	Hos-pital-ization	Phy-si-cians' serv-ices	Dental serv-ices	Nurs-ing serv-ices	Drugs	Nurs-ing-home care	Other health benefits
Amount (in millions)									
All plans...	\$434	\$397	\$171	\$194	\$11	\$2	\$14	( <sup>1</sup> )	\$7
Community...	148	139	46	87	2	1	( <sup>1</sup> )	-----	3
Medical society.....	19	16	7	9	-----	( <sup>1</sup> )	( <sup>1</sup> )	-----	( <sup>1</sup> )
Dental society.....	3	1	-----	-----	1	-----	-----	-----	-----
Private group clinic.....	11	9	1	8	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	-----	( <sup>1</sup> )
Employer-employee-union.....	253	232	117	90	7	1	13	( <sup>1</sup> )	4
Percentage distribution									
All plans...	100	100	100	100	100	100	100	100	100
Community...	34	35	27	45	18	50	3	-----	43
Medical society.....	4	4	4	5	-----	( <sup>2</sup> )	( <sup>2</sup> )	-----	( <sup>2</sup> )
Dental society.....	1	( <sup>2</sup> )	-----	-----	9	-----	-----	-----	-----
Private group clinic.....	3	2	1	4	4	( <sup>2</sup> )	1	-----	( <sup>2</sup> )
Employer-employee-union.....	58	58	68	46	64	50	93	100	57

<sup>1</sup> Less than \$1 million.

<sup>2</sup> Less than 1 percent.

expenditures of all 802 independent plans indicated as active in 1961.

Most of the nonreporting plans were employer-employee-union plans, and information was available on the number of employees covered by such plans from the Division of Welfare and Pension Reports, Department of Labor. Since this source did not provide information on the coverage of dependents, the enrollment estimates are based only on the number of employees and are therefore conservative. For other nonreporting plans, earlier surveys made by the Division of Program Research were the principal source of information on enrollment.

The returns for the 516 reporting plans showed that enrollment for the types of health benefits, as well as income and benefit expenditures, varied with the size of plan, type of sponsor, and group-practice status. The reporting plans were accordingly stratified by size, type of sponsor, and group-practice status; the enrollment and financial data thus determined were used to make estimates for the 286 nonreporting plans, similarly stratified. The resulting estimates for all 802 independent plans are shown in tables 11, 12, and 13.