

Assistance Expenditures Per Inhabitant, 1961-62

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EXPENDITURES from Federal, State, and local funds for assistance payments under all six public assistance programs during the fiscal year 1961-62 amounted to more than \$4¼ billion. The total was equal to \$22.66 for each person in the United States—\$1.43 or 6.7 percent per inhabitant more than expenditures in the preceding year. This moderate rise in the per capita cost of assistance payments occurred largely as a result of the 1960 and 1961 amendments to the Social Security Act that increased Federal sharing in aid to needy persons. As a result of these amendments, expenditures for assistance payments from Federal funds for all programs combined rose during the year by \$1.18 per inhabitant.

For ease in comparing assistance expenditures between years and among States, aggregate payments in each State and in the country as a whole are divided by the population in the particular State and the Nation. Interyear and interstate variations in the outlay for assistance payments result from differences in the combined effect of the proportion of the population aided (recipient rate), the average monthly amount of assistance paid, and the size of the population. By reducing expenditures to an amount per inhabitant, the effect of differences in population size is removed and variations in the per capita cost of assistance payments can be explained solely by the two remaining program factors—recipient rates and average payments.

The merits of using per capita amounts in comparing the outlay for assistance and the effect of population differences on aggregate expenditures are illustrated by an examination of the data for North Dakota and Virginia. In 1961-62, public assistance payments in Virginia were \$29.1 million—more than twice the \$13.7 million expended in North Dakota. When these amounts are divided by the population of each State, however, the cost per inhabitant in North Dakota (\$21.30) proves to be more than three times that in Vir-

ginia (\$6.97). Aggregate expenditures are greater in Virginia because its population is six and one-half times that of North Dakota. Per capita expenditures are greater in North Dakota because of (1) the operation of a program of medical assistance for the aged by North Dakota but not by Virginia and (2) higher average monthly payments and recipient rates in most of the other categories.

CHANGES FROM 1960-61

In 1961-62, significant rises in per capita expenditures for assistance in three programs more than offset generally small declines in the other three programs. The per capita cost of the new program of medical assistance for the aged, for which Federal participation was first authorized in October 1960, was almost four and one-half times what it had been in 1960-61. Increases also were substantial in aid to families with dependent children (17.9 percent) and aid to the permanently and totally disabled (9.9 percent). The largest percentage decrease occurred in general assistance (13.5 percent), and the smallest in old-age assistance (2.3 percent). In dollar amounts the largest rises took place in aid to families with dependent children (\$1.08) and medical assistance for the aged (81 cents). General assistance payments declined by 34 cents. Changes from 1960-61 to 1961-62 in per capita expenditures for each of the programs are shown in the following tabulation.

Program	Assistance expenditures per inhabitant, 1961-62	Change from 1960-61	
		Amount	Percent
All programs.....	\$22.66	+\$1.43	+6.7
OAA.....	10.08	-.24	-2.3
MAA ¹	1.04	+.81	+352.2
AFDC.....	7.11	+1.08	+17.9
AB.....	.49	-.02	-3.9
APTD.....	1.78	+.16	+9.9
GA.....	2.17	-.34	-13.5

¹ Program in operation less than a year in 1960-61.

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The 1960 and 1961 Amendments

The public assistance amendments of 1960 and 1961 had a significant effect on expenditures for assistance payments in all programs, including general assistance, which is financed entirely from State and local funds. The amendments raised the rate of Federal participation in the categories for adults, established Federal grants-in-aid for a new program of medical assistance for the aged, and broadened the coverage of the program of aid to families with dependent children to include families that, in some States, had been part of the general assistance caseload.

Of primary importance were the amendments that encouraged States to expand direct agency payments (vendor payments) to those who supply medical goods and services to the aged. Effective October 1, 1960, Federal sharing was authorized in a new vendor payment program of medical assistance for the aged. The Federal Government has participated in vendor payments for medical care in all programs since October 1950. In addition, the 1960 amendments increased the amount of Federal participation in old-age assistance based on vendor medical payments falling within a maximum average of \$12 per recipient. The 1961 amendments raised this average to \$15, effective July 1, 1961.

The 1961 amendments also liberalized slightly the formula¹ for computing the Federal share of assistance payments in the federally aided categories for adults, with the exception of medical assistance for the aged. The largest increase in Federal funds that any State could get as a result of the revised formula was 80 cents per recipient per month, but the increase could have been as small as 15 cents in some States if they failed to raise payments to recipients by the amount of the increase in the Federal share.

Aid to families with dependent children was expanded by another amendment, effective May 1, 1961, to provide for children who are in need because of a parent's unemployment. The program was also expanded on the same date by a pro-

¹ Effective October 1, 1961, the Federal maximum average payment in old-age assistance, aid to the blind, and aid to the permanently and totally disabled was raised from \$65 to \$66 per recipient, and the 80-percent Federal sharing in the first \$30 of the average monthly payment was extended to the first \$31. Federal sharing in the next \$35 of the average payment remained unchanged.

vision authorizing the continuation of assistance for certain children placed in foster-family homes as a result of a court order.

Changes in Expenditures From Federal and State-Local Funds

During 1961-62, per inhabitant expenditures from Federal funds for all programs combined went up \$1.18 or 11 percent; this increase accounted for almost five-sixths of the rise of \$1.43 in the total outlay from Federal, State, and local funds (table 1). Expenditures from State and local funds rose 25 cents or 2½ percent. The non-Federal share of assistance payments per inhabitant increased in three programs, declined in two, and remained about the same in the sixth. Expenditures from Federal funds, however, went up in all but one program.

Per capita expenditures from Federal and from State and local funds for the individual categories were affected by the increase in Federal participation provided by the 1960 and 1961 amendments and changes in the number of recipients aided under each program. Changes in the average monthly number of recipients in each category during 1961-62 reflect the combined effect of program trends and an interprogram transfer of recipients, as some States sought to take full advantage of the Federal funds made available by the amendments—particularly those relating to medical care for the aged.

Old-age assistance.—In old-age assistance the amendments were responsible for the rise of 16 cents per capita in expenditures from Federal

TABLE 1.—Amount of change in expenditures for assistance payments per inhabitant, by source of funds, 1961-62 from 1960-61

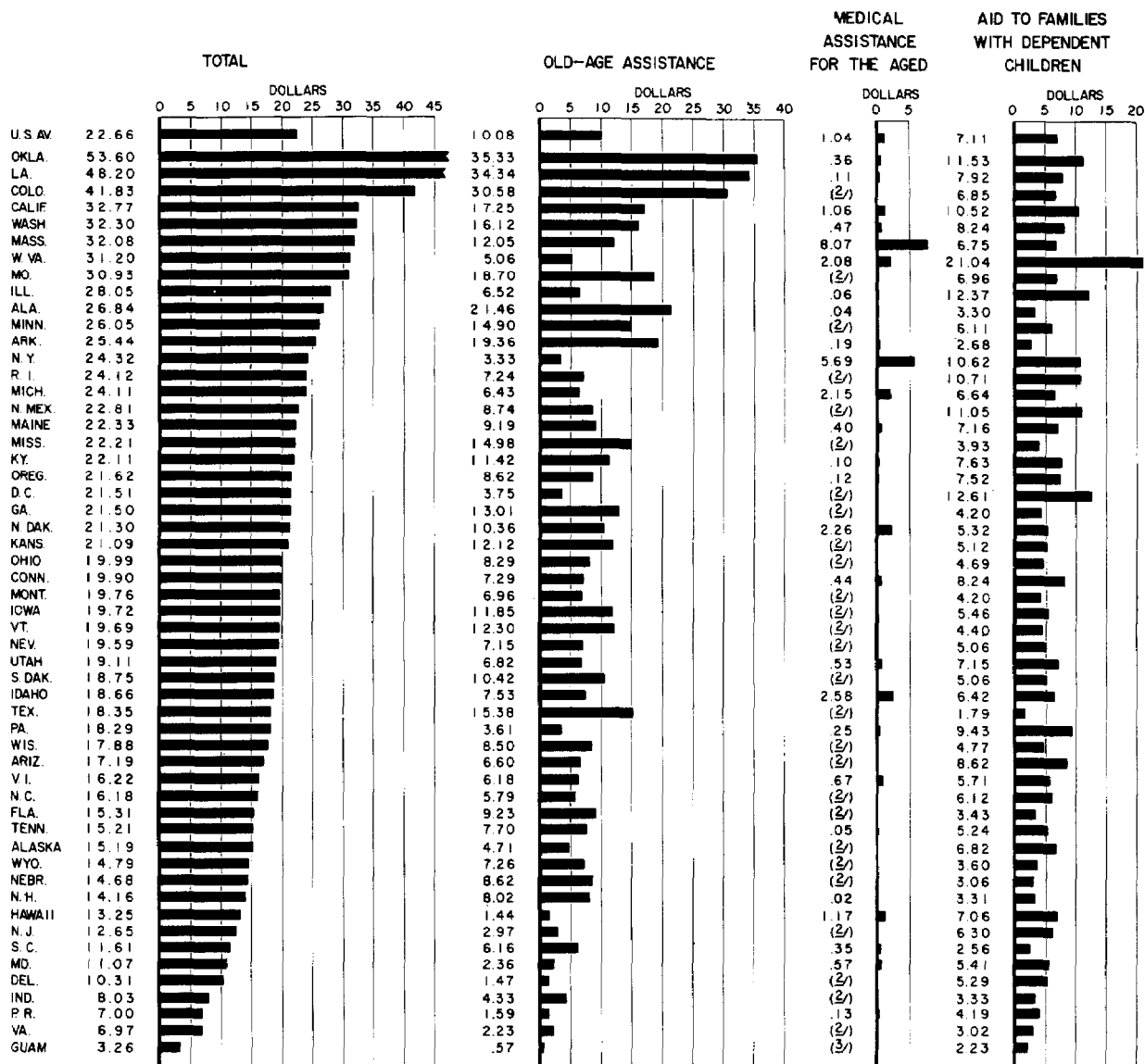
Program	Change from 1960-61 in expenditures per inhabitant from—		
	Total Federal, State, and local funds	Federal funds	State and local funds
Total.....	+\$1.43	+\$1.18	+\$0.25
OAA.....	-.24	+.16	-.40
MAA.....	+.81	+.41	+.39
AFDC.....	+1.08	+.56	+.52
AB.....	-.02	-.02	(¹)
APTD.....	+.16	+.07	+.08
GA.....	-.34	-.34

¹ Increase of less than \$0.005.

funds and, at the same time, for a large part of the 40-cent drop in the non-Federal share of assistance. Expenditures from State and local funds also went down because of the decrease in the number of recipients—mainly a continuation of a long-term trend. Each year, because of the growth in the number of persons receiving old-age, survivors, and disability insurance benefits and in the amount of the average benefit paid, fewer persons are added to the old-age assistance rolls than go off them.

The amendments played a significant part in bringing about changes in the old-age assistance caseload. They were entirely responsible for the transfer of recipients to the new program of medical assistance for the aged. Some States transferred high-cost cases, such as those in nursing homes or other medical institutions, to medical assistance for the aged because of more favorable Federal participation in large payments under the latter program. The Federal Government shares in the full amount of the payment under

CHART 1.—Amount expended per inhabitant¹ for public assistance payments (including vendor payments for medical care), total and selected programs, fiscal year ended June 30, 1962



¹ Based on population (excluding the Armed Forces overseas) as of July 1, 1962; estimated by the Bureau of the Census.

² No program.
³ Less than \$0.005.

medical assistance for the aged and is not limited to a maximum average amount per recipient, as in old-age assistance.

The rise in Federal funds for old-age assistance occurred despite the drop in the number of recipients, mainly because of the additional Federal funds for vendor payments for medical care. The \$1 increase in the maximum Federal average used in computing Federal funds contributed only slightly to the rise. The States received the additional Federal funds based on medical payments within a maximum average of \$15 per recipient for the full year 1961-62, compared with 9 months of 1960-61 when the maximum average of \$12 per recipient was in effect.

In addition, there was a sizable expansion in the volume of vendor medical payments and the Federal share thereof in the group of 27 States that did not have programs of medical assistance for the aged by June 1962. Of the increase of \$45.9 million in total expenditures for vendor medical payments from old-age assistance funds, \$42.5 million occurred in the States that did not have programs of medical assistance for the aged. These States received an increase in Federal funds for vendor medical payments of almost \$31 million.

Medical assistance for the aged.—In medical assistance for the aged, the increases in per inhabitant expenditures from Federal funds (41 cents) and from State-local funds (39 cents) were about the same. These increases resulted from the initiation of a program some time during 1961-62 in 18 States and from the operation of a program for a full year in nine other States that had programs only 1-8 months in 1960-61. Despite the spread of the programs to half of all the States by June 1962, 90 percent of total expenditures for the fiscal year were made by four States.

Part of the increase in expenditures for medical assistance for the aged from both Federal and State-local funds represents the transfer of some medical costs from other programs, particularly old-age assistance and general assistance. States that had aided the medically indigent from general assistance funds transferred aged persons who qualified to the new program of medical assistance for the aged, thereby reducing expenditures from State-local funds. As noted above, old-age assistance recipients with high medical costs also were transferred to the new program.

Because of these transfers, the increase in ex-

penditures for medical care of older persons under this program does not represent entirely an increase in the amount of medical care provided. Nevertheless, in the 27 States with programs of medical assistance for the aged, vendor payments for medical care under all three programs combined—old-age assistance, medical assistance for the aged, and general assistance—went up substantially. The total increase of about \$150 million included a rise of almost \$59 million in expenditures from State-local funds.

Aid to families with dependent children.—Increases of 56 cents and 52 cents in the Federal and the non-Federal shares of expenditures per inhabitant under aid to families with dependent children were the largest changes for any category. They resulted primarily from the growth in the average monthly number of recipients. Most of the recipients who were added to the children's program during 1961-62 were eligible under provisions in effect before the 1961 amendments. This part of the rise reflects the continuing increase in the child population and sizable additions to the rolls in the winter months, when the need for fuel and clothing is greater and unemployment is on the rise.

Families receiving aid because of a parent's unemployment were an important factor in the rise in Federal funds. It is estimated that, during 1961-62, 15 States made payments totaling \$90 million to such families and that, of this amount an estimated \$51 million came from Federal funds. The extension of the program to include the needy children of an unemployed parent was responsible for a rise of 208,600, or almost half of the total increase in the average monthly number of recipients. From May 1, 1961, the effective date of the program expansion, through June 1962, almost 123,800 families were added to the children's program for this reason. Of this total about one-third were transferred from general assistance.

Aid to the blind.—An interprogram transfer of recipients as a result of the amendments was also significant in aid to the blind. The shifting in some States of recipients with medical needs from that program to old-age assistance was largely responsible for the drop of 2 cents in per inhabitant expenditures from Federal funds in the program for the blind but had a negligible effect in the much larger program of old-age assistance. Mississippi and Texas were among the

States that did not initiate a program of medical assistance for the aged but instead took advantage of the additional Federal funds based on vendor medical payments in old-age assistance by initiating or expanding vendor payments in the latter category. During 1961-62 these two States transferred from aid to the blind to old-age assistance a total of 2,622 persons, or 22 percent of their combined caseloads for aid to the blind immediately before the beginning of the fiscal year.

Per capita expenditures for aid to the blind from State and local funds remained about the same, even with the drop in the number of recipients, for two reasons. First, the transfer of recipients from aid to the blind to old-age assistance took place in low-payment States. Since State-local funds comprise a relatively small percentage of the total in these States, the reduction in State-local funds was small.

The second reason is that increases in the average monthly payment per recipient were financed in large part from State and local funds. This situation occurred because payments in aid to the blind were above the maximum Federal average in about two-thirds of the States; rises in the average payment in these States came entirely from State and local funds. Thus the drop in State-local expenditures resulting from fewer recipients was offset by increased State-local expenditures made to raise payments.

Aid to the permanently and totally disabled.—A continuing rise in the average monthly number of recipients in aid to the permanently and totally disabled was the chief reason for increases of 7 cents and 8 cents in the Federal and the State-local shares of per inhabitant expenditures for that category. An upward trend in the number of recipients has existed since the inauguration of the program for the disabled in October 1950.

During 1962 the net effect on aid to the permanently and totally disabled of the interprogram transfers was relatively small. Some States shifted recipients with high medical costs to medical assistance for the aged in order to obtain greater Federal participation. Still other States transferred recipients of old-age assistance to both aid to the permanently and totally disabled and medical assistance for the aged, since a person can be counted as a recipient under each of these programs for purposes of claiming Federal funds. The high-cost medical needs were met through

vendor medical payments under the program of medical assistance for the aged, and the personal, incidental needs were supplied through cash payments under the program of aid to the permanently and totally disabled. This arrangement tends to maximize the amount of Federal participation in assistance payments.

General assistance.—The decrease of 34 cents in per inhabitant expenditures for general assistance, in which there is no Federal participation, reflects a decline in the number of persons aided under this program. Under the amendments, States that assisted families with children in need because of a parent's unemployment could transfer such families to the program of aid to families with dependent children. Similarly, States that used general assistance to pay medical bills for aged persons who needed medical care but were not poor enough to qualify for old-age assistance could transfer such individuals to the program of medical assistance for the aged.

The amount of the drop in general assistance expenditures resulting from the extension of the children's category to include families with an unemployed parent is not known. Information on vendor payments for medical care shows that net decreases in such payments under the general assistance program in the 27 States with programs of medical assistance for the aged amounted to \$6.3 million.

Changes in Recipient Rates and Average Payments

Expenditures per inhabitant are determined by the proportion of the population that is aided (recipient rate) and the amount of the average payment per recipient. Underlying the shifts during 1961-62 in per capita costs for each program were rises in average monthly payments to recipients in all categories, combined with changes in recipient rates that were upward in three programs and downward in the other three.

Lower recipient rates in old-age assistance, aid to the blind, and general assistance—the result of decreases in the average monthly number of recipients—more than offset increases in average monthly payments to recipients and were responsible for the reduction in per inhabitant expenditures. In medical assistance for the aged, aid to families with dependent children, and aid to the

permanently and totally disabled the recipient rates went up because percentage increases in the average monthly number of recipients exceeded the 1.5-percent gain in the population of the Nation. Higher recipient rates were a primary reason for the rises in the per capita cost of assistance in these programs.

The changes in the average monthly number of recipients shown in table 2 reflect the combined effect of program trends and the interprogram transfers described earlier. The largest relative changes occurred in medical assistance for the aged and in aid to families with dependent children—increases of 203 percent and 15 percent, respectively—and in general assistance, where the number of recipients was down 18 percent partly because of the transfer of recipients to the other two programs.

Increases in the average monthly amount of assistance paid to recipients varied considerably among programs. The range was from a low of \$1.26 per recipient in aid to families with dependent children to highs of \$6.46 in medical assistance for the aged and \$5.82 in general assistance. The average monthly payment for medical assistance for the aged went up only 3 percent to \$207.13, however, while that for general assistance rose by almost a fourth to \$30.58.

The increase for general assistance in the average monthly payment per recipient occurred despite a drop of \$2 in the average payment per case. Changes in the two averages reflect a lower ratio of family cases to single-person cases in 1961-62. Although payments to families run considerably higher than payments to single persons, they average less per individual member of the family than do the payments to single persons. The drop in the ratio of family cases to single-person cases resulted from the transfer of cases

TABLE 2.—Average monthly number of assistance recipients and average monthly payments, by program, 1961-62

Program	Average monthly number of recipients		Average monthly payment per recipient	
	Number, 1961-62	Percentage change from 1960-61	Amount, 1961-62	Change from 1960-61
OAA.....	2,264,111	-2.8	\$70.28	+\$1.68
MAA.....	75,969	¹ +203.5	207.13	+6.46
AFDC.....	3,596,271	+14.9	31.24	+1.26
AB.....	102,841	-3.9	75.43	+2.15
APTD.....	368,924	+6.7	70.45	+3.04
GA.....	984,000	-18.1	30.58	+5.82

¹ Program in operation less than a year in 1960-61.

TABLE 3.—Distribution of States by amount of expenditures per inhabitant for assistance payments, fiscal year 1961-62

Expenditures per inhabitant	All programs	OAA	MAA	AFDC	AB	APTD	GA
Total number of States.....	54	54	27	54	54	50	53
Less than \$0.50.....	0	0	16	0	39	3	13
0.50-0.99.....	0	1	3	0	13	5	4
1.00-1.49.....	0	2	2	0	2	11	7
1.50-1.99.....	0	1	0	1	0	11	11
2.00-2.99.....	1	3	4	3	0	12	8
3.00-3.99.....	0	3	0	8	0	7	3
4.00-4.99.....	2	2	0	6	0	0	2
5.00-7.49.....	1	13	1	21	0	1	4
7.50-9.99.....	1	10	1	7	0	0	1
10.00-14.99.....	8	10	0	7	0	0	0
15.00-19.99.....	18	5	0	0	0	0	0
20.00 or more.....	24	4	0	1	0	0	0

with children in need because of a parent's unemployment to the program of aid to families with dependent children.

States With Changes

During 1961-62, per inhabitant expenditures from Federal, State, and local funds for all categories combined went up in 41 States and dropped in 13 States. Decreases were more numerous than increases, however, for old-age assistance, aid to the blind, and general assistance—the three programs for which expenditures declined nationally. In contrast, the per capita outlay for aid to families with dependent children went down in only eight States and for aid to the permanently and totally disabled in 10 States, as shown below.

Program	Number of States with specified change in expenditures per inhabitant		
	Increase	Decrease	No change
Total, all programs.....	41	13	-----
OAA.....	20	34	-----
MAA.....	27	-----	-----
AFDC.....	46	8	-----
AB.....	15	30	9
APTD.....	39	10	1
GA.....	17	32	5

VARIATIONS AMONG STATES, 1961-62

The States varied considerably in the amounts spent per inhabitant for each program and for all programs combined. Expenditures for all categories, for example, ranged from lows of \$3.26 in Guam and \$6.97 in Virginia to a high of \$53.60

in Oklahoma (chart 1). Oklahoma was one of 24 States where the per capita cost was at least \$20 (table 3). Half the States expended less than \$19.17, and half spent more than that amount. Relatively high payments per capita in a few States pulled the national average up to a level (\$22.66) that was higher than expenditures in more than two-thirds of the States.

Nationally and in most States, per capita expenditures for the aged have always been greater than those for any other group of recipients. In 1961-62, payments per inhabitant in the two programs for the aged accounted for almost half the total for all categories combined. The per capita cost for old-age assistance alone was larger than that for any other program in about two-thirds of the States (table 4). The cost for old-age assistance payments ranged from a low of \$1.44 in Hawaii² to a high of \$35.33, or about 25 times as much, in Oklahoma. One-third of the States expended \$10 or more for old-age assistance, and the average for the Nation was \$10.08.

The cost per inhabitant for aid to families with dependent children for all States averaged \$7.11 or almost \$3 less than that for old-age assistance, even though the average monthly number of recipients was 1.3 million greater in the children's program (3.6 million) than in old-age assistance. The smaller per capita expenditure in aid to families with dependent children is attributable to the fact that average monthly payments per recipient were considerably lower than those in the adult programs.

The per inhabitant outlay for assistance is larger, however, in the children's category than in old-age assistance in 20 States. In these States, the ratio of the number of persons receiving aid to families with dependent children to those receiving old-age assistance is relatively high. One of these States, West Virginia, leads the Nation in per capita costs for aid to families with dependent children, with an expenditure of \$21.04. West Virginia has a comparatively large number of families whose eligibility is based on the incapacity or unemployment of a parent. In contrast, Texas expended \$1.79, or about one-twelfth of the amount in West Virginia. Expenditures fell between \$4.99 and \$7.50 in 21 States (table 3).

² Comparisons within the individual programs exclude from consideration Guam, Puerto Rico, and the Virgin Islands, where expenditures usually are relatively low.

Expenditures for the other public assistance categories were generally considerably smaller than those for old-age assistance and aid to families with dependent children. Per capita costs for general assistance averaged \$2.17 nationally, but State variation was greater in this program than in any other; the data are, however, affected by incomplete reporting by some States. Alabama, Idaho, and Mississippi reported expenditures of less than 1/2 cent, 2 cents, and 8 cents, respectively. In contrast, Michigan expended more for general assistance (\$7.90) than for any other category and more than any other State.

For all States combined, the cost of aid to the permanently and totally disabled averaged \$1.78—somewhat less than the cost for general assistance. In 34 of the 50 States with programs for the disabled, expenditures were \$1.00-\$3.00. Payments in medical assistance for the aged and in aid to the blind were less than 50 cents in most States and, for the country as a whole, averaged \$1.04 and 49 cents, respectively.

Factors Affecting State Variation

As noted above, the amount expended for assistance per inhabitant is determined by the combined effect of the proportion of the population that is aided (the recipient rate) and the average monthly amount of assistance paid to recipients. Variations among States in their per capita outlay for assistance can, therefore, be traced to differences in recipient rates and average monthly payments per recipient. The amount that a State is willing and able to appropriate for public assistance determines the amount of Federal dollars that it will receive under the formulas for computing the Federal share of assistance and, hence, the total amount that will be paid to recipients. The amount of State and local funds needed for public assistance may vary slightly from year to year, of course, because of fluctuations in economic conditions. A State can, however, predict and control the basic cost of its programs through legal and administrative policies that define who will be eligible for assistance and the amount of assistance that will be paid.

The recipient rate for public assistance depends upon the interaction of a State's assistance standard, other eligibility requirements, and economic

factors. Each State defines need by determining the quantity, quality, and price of the items it will provide under its assistance program (the State's assistance standard). Persons with income below the amount needed to meet the State assistance standard may qualify for assistance if they meet other eligibility requirements, such as limitations on the amount of property and income that a recipient may possess; a minimum length of residence in the State; a possible provision for a lien

on the recipient's property; and the definitions of disability, incapacity, and absence of a parent from the home.

The number of persons with income below the State assistance standard depends on such economic factors as the proportion of the population with low incomes, the amount of unemployment, and the proportion of the population with payments from old-age, survivors, and disability insurance. Because the States differ in the level of

TABLE 4.—Amount expended per inhabitant¹ for assistance payments, including vendor payments for medical care, by State and by program, fiscal years 1961-62 and 1960-61

State	Total		Old-age assistance		Medical assistance for the aged ²		Aid to families with dependent children		Aid to the blind		Aid to the permanently and totally disabled		General assistance	
	1961-62	1960-61	1961-62	1960-61	1961-62	1960-61	1961-62	1960-61	1961-62	1960-61	1961-62	1960-61	1962-61	1960-61
U.S. average.....	\$22.66	\$21.23	\$10.08	\$10.32	\$1.04	\$0.23	\$7.11	\$6.03	\$0.49	\$0.51	\$1.78	\$1.62	\$2.17	\$2.51
Ala.....	26.84	23.90	21.46	18.98	³ .04	(⁴)	3.30	3.06	.25	.23	1.79	1.62	(⁵)	(⁵)
Alaska.....	15.19	15.10	4.71	4.68	(⁴)	(⁴)	6.82	6.74	.36	.38	(⁴)	(⁴)	3.30	3.30
Ariz.....	17.19	17.31	6.60	7.23	(⁴)	(⁴)	8.62	8.10	.50	.52	(⁴)	(⁴)	1.46	1.47
Ark.....	25.44	25.39	19.36	19.47	³ .19	(⁴)	2.68	2.83	.74	.76	2.14	1.96	.32	.36
Calif.....	32.77	30.25	17.25	16.73	³ 1.06	(⁴)	10.52	9.92	1.06	1.07	1.25	.75	1.63	1.78
Colo.....	41.83	44.23	30.58	33.00	(⁴)	(⁴)	6.85	6.50	.13	.15	2.47	2.56	1.80	2.02
Conn.....	19.90	18.63	7.29	8.03	³ .44	(⁴)	8.24	6.18	.15	.15	1.39	1.31	⁶ 2.38	⁶ 2.96
Del.....	10.31	9.66	1.47	1.63	(⁴)	(⁴)	5.29	3.81	.47	.46	.73	.63	2.34	3.12
D. C.....	21.51	20.23	3.75	3.24	(⁴)	(⁴)	12.61	11.80	.22	.23	3.19	3.26	1.75	1.70
Fla.....	15.31	15.02	9.23	9.22	(⁴)	(⁴)	3.43	3.28	.34	.35	1.68	1.43	⁶ .63	⁶ .74
Ga.....	21.50	21.66	13.01	13.41	(⁴)	(⁴)	4.20	4.06	.53	.56	3.55	3.42	.21	.21
Guam.....	3.26	2.42	.57	.44	(^{3,5})	(⁴)	2.23	1.69	.03	.02	.40	.25	.02	.01
Hawaii.....	13.25	10.78	1.44	1.81	1.17	(⁴)	7.06	5.98	.12	.11	1.68	1.48	1.78	1.40
Idaho.....	18.66	17.32	7.53	9.60	³ 2.58	(⁴)	6.42	6.00	.17	.20	1.93	1.45	⁷ .02	⁷ .08
Ill.....	28.05	23.44	6.52	6.59	³ .06	(⁴)	12.37	7.52	.31	.30	2.59	1.93	6.20	7.10
Ind.....	8.03	10.03	4.33	4.40	(⁴)	(⁴)	3.33	3.13	.36	.35	(⁴)	(⁴)	(⁸)	2.14
Iowa.....	19.72	20.67	11.85	12.35	(⁴)	(⁴)	5.46	5.65	.58	.60	.22	.20	1.61	1.86
Kans.....	21.09	21.06	12.12	12.42	(⁴)	(⁴)	5.12	4.87	.27	.27	1.99	1.97	1.60	1.52
Ky.....	22.11	20.39	11.42	10.94	.10	(⁴)	7.63	6.96	.56	.49	2.03	1.65	.36	.34
La.....	48.20	45.82	34.34	32.66	³ .11	(⁴)	7.92	7.41	.80	.82	3.45	3.36	1.58	1.58
Maine.....	22.33	21.21	9.19	9.29	³ .40	(⁴)	7.16	6.75	.34	.34	1.89	1.79	3.35	3.05
Md.....	11.07	9.28	2.36	2.29	.57	.01	5.41	4.38	.10	.11	1.59	1.57	1.03	.91
Mass.....	32.08	30.30	12.05	14.79	8.07	4.52	6.75	5.55	.63	.60	3.10	3.11	1.48	1.72
Mich.....	24.11	21.42	6.43	6.89	2.15	.94	6.64	5.38	.21	.22	.79	.75	7.90	7.25
Minn.....	26.05	25.21	14.90	14.79	(⁴)	(⁴)	6.11	5.60	.39	.38	.56	.53	4.09	3.92
Miss.....	22.21	22.66	14.98	15.03	(⁴)	(⁴)	3.93	3.95	.84	1.27	2.38	2.32	.08	.08
Mo.....	30.93	30.92	18.70	19.28	(⁴)	(⁴)	6.96	6.54	.88	.91	2.67	2.70	1.73	1.49
Mont.....	19.76	18.89	6.96	7.29	(⁴)	(⁴)	4.20	4.02	.38	.40	1.57	1.55	6.63	5.63
Nebr.....	14.68	14.79	8.62	8.96	(⁴)	(⁴)	3.06	2.86	.55	.60	1.35	1.20	1.09	1.17
Nev.....	19.59	18.62	7.15	7.45	(⁴)	(⁴)	5.06	4.35	.62	.68	(⁴)	(⁴)	6.76	6.14
N. H.....	14.16	13.80	8.02	7.69	³ .02	(⁴)	3.31	3.23	.42	.40	.89	.82	1.50	1.66
N. J.....	12.65	11.99	2.97	3.27	(⁴)	(⁴)	6.30	5.18	.15	.16	1.20	1.29	2.02	2.08
N. Mex.....	22.81	24.28	8.74	9.20	(⁴)	(⁴)	11.05	12.07	.28	.27	2.34	2.17	.40	.57
N. Y.....	24.32	20.60	3.33	5.61	5.69	.56	10.62	8.50	.23	.29	2.70	2.69	1.74	2.95
N. C.....	16.18	15.04	5.79	5.46	(⁴)	(⁴)	6.12	5.50	.72	.72	3.06	2.50	.50	.85
N. Dak.....	21.30	20.69	10.36	12.22	³ 2.26	(⁴)	5.32	5.27	.13	.13	2.22	2.07	1.02	1.01
Ohio.....	19.99	19.27	8.29	8.11	(⁴)	(⁴)	4.69	4.08	.32	.32	1.29	1.13	5.41	5.63
Okla.....	53.60	53.70	35.33	36.92	.36	.09	11.53	10.72	.84	.93	5.05	4.52	.50	.53
Oreg.....	21.62	21.43	8.62	9.10	³ .12	(⁴)	7.52	6.28	.16	.15	2.87	2.98	2.32	2.92
Pa.....	18.29	16.72	3.61	3.57	³ .25	(⁴)	9.43	7.06	1.41	1.39	1.17	1.11	2.41	3.58
P. R.....	7.00	6.94	1.59	1.60	³ .13	(⁴)	4.19	4.24	.07	.08	.95	.95	.07	.06
R. I.....	24.12	24.36	7.24	7.55	(⁴)	(⁴)	10.71	9.36	.13	.14	3.43	3.53	2.60	3.78
S. C.....	11.61	11.53	6.16	6.41	³ .35	(⁴)	2.56	2.65	.41	.39	1.82	1.75	.31	.33
S. Dak.....	18.75	18.84	10.42	9.20	(⁴)	(⁴)	5.06	5.85	.16	.17	1.19	1.25	1.91	2.37
Tenn.....	15.21	14.97	7.70	7.76	³ .05	(⁴)	5.24	5.12	.40	.43	1.69	1.50	.13	.15
Tex.....	18.35	17.07	15.38	14.14	(⁴)	(⁴)	1.79	1.72	.43	.45	.49	.45	⁶ .27	⁶ .31
Utah.....	19.11	18.33	6.82	7.27	³ .53	(⁴)	7.15	6.46	.18	.19	3.27	2.60	1.16	1.81
Vt.....	19.69	19.30	12.30	11.68	(⁴)	(⁴)	4.40	4.23	.20	.24	1.68	1.71	⁶ 1.10	⁶ 1.43
V. I.....	16.22	12.56	6.18	5.24	.67	.06	5.71	4.85	.18	.18	1.13	1.10	2.37	1.14
Va.....	6.97	6.48	2.23	2.15	(⁴)	(⁴)	3.02	2.71	.21	.21	1.16	1.10	.36	.32
Wash.....	32.30	36.12	16.12	18.39	.47	.32	8.24	8.35	.27	.29	2.65	2.94	4.66	5.83
W. Va.....	31.20	21.38	5.06	4.91	2.08	.80	21.04	12.68	.29	.28	2.16	2.03	.56	.68
Wis.....	17.88	17.47	8.50	8.67	(⁴)	(⁴)	4.77	4.38	.23	.24	1.33	1.15	3.05	3.03
Wyo.....	14.79	15.84	7.26	8.04	(⁴)	(⁴)	3.60	3.56	.15	.15	1.48	1.43	2.30	2.66

¹ Data based on population estimated by the Bureau of the Census, Series P-25, No. 259; excludes Armed Forces overseas.
² Program initiated in October 1960 under the Social Security Amendments of 1960.
³ Program not in operation for full year.

⁴ No program.
⁵ Less than 0.005 cents.
⁶ Estimated.
⁷ Data incomplete.
⁸ Data not available.

their assistance standards, in stringency of other eligibility requirements, and in economic conditions, State recipient rates vary widely.

The average monthly payment per recipient is affected by the level of a State's assistance standard and the amount of income that recipients have. In some States, the average is depressed by maximums on the amount of assistance that can be paid to an individual recipient and/or reductions in assistance payments to all recipients because State-local funds are inadequate to meet need in full.

VENDOR PAYMENTS FOR MEDICAL CARE

Medical care provided through assistance payments in all programs (except medical assistance for the aged) may be paid for in two ways. An amount for the purpose may be included in the money payment to the recipient, or direct payment may be made by the assistance agency to the supplier of medical goods and services (vendor payments). Some States use both methods of payment.

The vendor-payment method was widely used even before October 1, 1960. Since that date, choice of this method in old-age assistance results in greater Federal participation in assistance. In the programs for dependent children, the blind, and the disabled the Federal share is the same under either method of payment. In the program of medical assistance for the aged, Federal participation is allowed only in vendor medical payments.

For the country as a whole, payments to vendors of medical care in 1961-62 amounted to \$812 million and represented \$4.32 per inhabitant. These medical payments had increased from those made in the preceding year by a total of \$223 million or \$1.10 per inhabitant for all programs combined. The payments went up in each category except general assistance, where a decline of 3 cents per inhabitant is attributable to the transfer of some costs to medical assistance for the aged and the inability of one State to report for 1961-62. Vendor payments for medical care in both programs for the aged increased by \$1.03 per inhabitant, or 55 percent, to a total of \$2.89. The payments in old-age assistance alone rose 22 cents per capita, despite the transfer of many high-cost

cases to medical assistance for the aged. How much of this increase represents a shift in method of payment is not known.

About two-thirds of the cost of vendor medical payments was met from funds of the two categories for the aged. The per capita cost was \$1.86 for old-age assistance and \$1.03 for medical assistance for the aged. During the year, four States initiated vendor medical payments in old-age assistance, bringing the total number making such payments to 51, the largest number for any category. The payments comprised 18.4 percent of total per capita costs for old-age assistance in 1961-62. Although half the States operated programs of medical assistance for the aged during 1961-62, almost 90 percent of the total payments were made in four States—California, Massachusetts, Michigan, and New York. The following tabulation shows for each program the per capita costs of vendor medical payments for the United States and the number of States making per inhabitant expenditures of the indicated amount.

Expenditures per inhabitant for vendor payments for medical care	All programs	O A A	MAA	AFDC	AB	APTD	GA
Average, all States...	\$4.32	\$1.86	\$1.03	\$0.48	\$0.05	\$0.36	\$0.53
Total number of States.....	54	54	27	54	54	50	54
No vendor payments....	1	3	-----	13	9	7	14
Vendor payments.....	53	51	27	41	45	43	40
Less than \$0.50.....	4	7	16	24	45	31	19
0.50-0.99.....	4	11	3	11	0	9	8
1.00-1.49.....	4	8	2	5	0	2	5
1.50-1.99.....	6	5	0	1	0	1	5
2.00-2.99.....	5	7	4	0	0	0	1
3.00-3.99.....	5	5	0	0	0	0	0
4.00-4.99.....	9	3	0	0	0	0	0
5.00 or more.....	16	5	2	0	0	0	2

Except in old-age assistance and medical assistance for the aged, per capita expenditures for vendor payments for medical care were relatively small in dollar amounts. They formed a large part, however, of the total assistance payment in general assistance and the program for the disabled. Nationally, the vendor payments for medical care per inhabitant amounted to 53 cents in general assistance, 48 cents in aid to families with dependent children, 36 cents in aid to the permanently and totally disabled, and 5 cents in aid to the blind. The relative importance of these payments was least in aid to families with dependent children and greatest in general assistance. Vendor payments constituted the following

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,³ 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.

³ 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.....	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

¹ Revised; see text for new estimating procedures.

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