

Appendix II: Private Social Insurance Expenditures

SSA's private social welfare expenditures series provides estimates of private sector financing of social welfare programs in the United States. The data presented here are from that series and cover the period 1972 to 1994 (the latest year for which complete data are available).

Private expenditures are grouped in four categories: health and medical care, welfare services, education, and income maintenance.

Viewed as a gross domestic product (GDP), private sector social welfare has gradually but substantially increased from 7.7% in 1972 to 13.3% in 1994. In the latter year, total expenditures were \$921,465 billion.

In 1994, health and medical care expenditures claimed the largest dollar amount—\$528.6 billion (57.4% of total private spending). Private sector funds paid 5.5% of all personal health care expenditures, mostly private health insurance and out-of-pocket spending. From 1972 through 1994, health expenditures declined slightly from 58.5% to 57.4% of total private social welfare spending.

The welfare services category includes individual and family social services, residential care, child day care, recreation and group work, and job training and vocational rehabilitation. In 1994, expenditures for these items were \$86.3 billion, or 9.4% of the year's private social welfare total.

Private social welfare expenditures,¹ by category: Public and private social welfare expenditures as a percent of gross domestic product, selected years, 1972-94

[Amounts in millions]

Year	Public spending total ²	Total	Private spending ³				Percent of gross domestic product		
			Health	Income maintenance	Education	Welfare services	Total ⁴	Public spending ⁵	Private spending ⁶
1972	\$190,315	\$95,362	\$55,800	\$17,123	\$14,894	\$7,545	23.5	16.6	7.7
1975	288,458	128,556	75,700	23,336	19,453	10,067	25.2	18.2	7.9
1980	491,598	250,534	142,500	53,564	31,694	22,776	26.1	18.1	9.0
1985	730,897	462,283	253,900	118,871	50,513	38,999	27.6	17.8	11.1
1990	1,046,355	720,718	413,100	164,772	78,263	64,583	29.7	18.5	12.5
1994	...	921,465	528,600	204,736	101,832	86,297	13.3

¹In current dollars.

²Fiscal year basis.

³Calendar year basis.

⁴Sum of public and private expenditures as a percent of gross domestic product, after adjustment to eliminate overlap that occurs when payments received under public or private income-maintenance programs are used to purchase medical care, educational services, or residential care.

⁵Represents fiscal year expenditures as a percent of Federal fiscal year gross domestic product.

⁶Represents calendar year expenditures as a percent of calendar year gross domestic product.

Source: *Social Security Bulletin*, Vol. 60, No. 1, 1997.

Private expenditures for education were \$101.8 billion, or 11.1% of all private social welfare expenditures. Of this amount, \$59.7 billion was spent on higher education, \$21.2 billion on elementary and secondary school education, and \$15.5 billion on commercial and vocational schools. Outlays for education have declined from 15.6% of total private sector spending in 1972 to 11.1% in 1994.

Income-maintenance expenditures are payments made by private sector employee benefit plans. These include private plans, group life insurance, cash disability insurance, paid sick leave, and supplemental unemployment benefits. Of the \$204.7 billion in such expenditures, pension benefits accounted for \$174.5 billion.

Health and medical care: Expenditures under private and public programs, by source of expenditure and percent of gross domestic product, selected calendar years, 1972-94

[Amounts in billions]						
Expenditure	1972	1975	1980	1985	1990	1994
Source						
National health expenditures	\$90.9	\$130.7	\$247.2	\$428.2	\$697.5	\$949.4
Private expenditures	55.8	75.7	142.5	253.9	413.1	528.6
Health services and supplies	52.5	72.3	138.0	247.4	402.9	517.1
Noncommercial medical research	.2	.3	.3	.5	1.0	1.3
Medical facilities construction	3.1	3.2	4.2	6.0	9.3	10.3
Public expenditures	35.1	55.0	104.8	174.3	284.3	420.8
Percent of gross domestic product						
National health expenditures	7.4	8.0	8.9	10.2	12.1	13.7
Private expenditures	4.5	4.6	5.1	6.1	7.2	7.6
Public expenditures	2.8	3.4	3.8	4.2	4.9	6.1

Note: Numbers and percents may not add to totals because of rounding.

Source: Health Care Financing Administration, Office of the Actuary, Office of National Health Statistics.