

The Growth of Voluntary Health Insurance: 1948-54*

VOLUNTARY insurance for medical care continued to expand in 1954. The number of persons with some form of protection passed the 100-million mark; the dollar value of the insurance benefits exceeded \$2 billion paid out for hospitalization and medical services. The proportion of medical care expenditures met by insurance advanced in the 12-month period. Looking back to 1948, voluntary insurance against these costs more than doubled, and in some fields it more than tripled its effectiveness.

Starting in 1950 the Division of Research and Statistics has prepared an annual summary of losses and expenditures caused by sickness and of the operations of voluntary insurance against these costs. This year the annual series, covering the years 1948-54, is presented for the first time in two parts; the second part will appear in the January BULLETIN. In preparing the 1955 analysis, the material dealing with income loss due to sickness and protection against such income loss was studied intensively; the summary figures were revised and refined on the basis of newly available data. Because of the major changes that were possible, this section appeared to warrant fuller treatment than is feasible in a single article covering both medical care expenditures and income loss arising from sickness. The present article has therefore been confined to a report on personal expenditures for medical care and voluntary insurance against such costs. The article to be published in January will include a description of the refinements in methodology in-

* Prepared in the Division of Research and Statistics, Office of the Commissioner. This year's article in the annual series on voluntary insurance against sickness covers only medical care expenditures and insurance. A second article will be published in the January *Bulletin* covering income loss from sickness and insurance against such losses, hitherto an integral part of the December article.

troduced in 1955 and will contain revised data, for each year 1948-54, dealing with income loss from sickness and income-loss protection.

In preparing the data on voluntary health insurance, the cooperation of the Health Insurance Council of America has made it possible for the Division to make more accurate adjustments for duplicate reporting among the various types of insurers. The Blue Cross Commission has furnished data that provided the basis for eliminating duplication between Blue Cross and Blue Shield plans and for accurately identifying their income and expenditures for hospital and surgical-medical care.

To measure certain quantitative aspects of voluntary health insurance an appraisal technique is used in this series of articles that avoids attempting to give simultaneous recognition to a number of constantly changing factors. These factors influence the volume of medical and hospital care received by the civilian population and account for changes in consumer expenditures for health purposes and the purchase of insurance against these costs. These analyses restrict the measurements to a particular year and to two items—(1) civilian expenditures for health in the given

~~~~~

THE SOCIAL SECURITY Administration sees constant evidence that the costs of illness may seriously undermine economic security. Many of our public assistance recipients and low-income families are in their disadvantaged situation today simply because they had had no protection against the costs of sickness. Hence, the Social Security Administration has a continuing interest in the growth of voluntary protection against these risks and in the methods of measuring this growth.

CHARLES I. SCHOTTLAND,  
Commissioner.

~~~~~

12 months and (2) insurance benefits received in connection with these expenditures. It is thus possible to restrict the comparisons of different years to percentage indexes of the Nation's health bill met through insurance.

Last year's article contained a summary of the many diverse forms that health insurance takes in the United States and pointed out that this very diversity makes difficult any evaluation in terms of the number of persons enrolled.¹ Certain factors that are inherent in the "consumption" of medical care further add to the complexities of measuring the impact of voluntary insurance on private expenditures for medical care from year to year. Recognition of the dearth of the definitive data that are required to take into account yearly changes in the impact of these factors lies behind the form of presentation used. Mention of a few of these factors will illustrate the difficulties encountered in attempting to measure their impact on medical care costs from year to year.

While it is readily recognizable that overall population growth affects expenditures for medical care, it may be less apparent that increases in the birth rate by themselves increase the volume of medical care—and especially hospital care—that the population receives. Similarly the lengthening span of life, in adding to the overall growth in the population, has also increased the number of persons in the very age groups where medical care is required in greater volume.

Although rising medical care costs are reflected in the changes in the cost of living, the various items in the medical bill of the Nation have advanced at uneven rates. Hospital costs have risen much more sharply than other costs. Any adjustment made for these factors should also take into account the change in the

¹ For the previous articles in this series see the *Bulletin* for January-February 1950 and December of 1951, 1952, 1953, and 1954.

nature of the medical care purchased by the consumer.

The volume of services the population is receiving in any given year is also affected by the enhanced ability of growing sectors of the population to afford medical care because of increases in (1) personal income and (2) prepayment of medical care costs. The development of voluntary health insurance has added an item to the medical care bill that has become larger each year as expansion in enrollment, premiums, and benefits continued. This item represents the difference between expenditures for premiums and the value of the benefits received by the insured population in the given year. It is the amount required by the insurance carriers to cover (1) the costs of collecting the premiums, (2) expenses connected with paying the benefits, (3) reserves against fluctuations in experience, (4) the cost of licenses, (5) State taxes on the insurance written, and (6) underwriting gains.

Private Expenditures for Medical Care

Data from the Department of Commerce provide the basis for most of the figures shown in table 1. The figure for expenditures for physicians' services has been increased from the estimate of the Department of Commerce by an addition for the services of salaried physicians in group-practice prepayment plans. Data for this purpose were obtained in the course of the 1954 and 1955 surveys of independent medical care plans made by the Division of Research and Statistics. Data derived by the Division have been substituted for the Commerce Department's figure for expenditures for hospital services. The figures representing the operating costs of prepayment for medical care come directly from table 2, with the sources indicated there.

Table 1 shows that the civilian population spent a total of \$10.3 billion for medical care in 1954. Personal expenditures for medical care amounted to \$9.7 billion; the costs of providing for prepayment, \$577 million. The expansion of \$291 million in the total medical care bill since

1953 represents an increase of 2.9 percent, which may be compared with an increase of at least 7.5 percent in each of the 2 preceding years. Since 1948, as a result of the combination of the many forces mentioned above, expenditures for medical care have shown a 43-percent increase. Expenditures for hospital services have gone up 79 percent, while those for physicians' services have advanced by only 33 percent. If the respective expenditures for providing insurance are included with the personal expenditures, the aggregate expenditures for hospitalization show an advance of 78 percent in the 7 years and those for physicians' services 40 percent.

Insurance Against Medical Care Costs

Table 2 provides in summary form the dollar indexes of growth among all forms of medical care insurance from 1948 through 1954. Premium income reached \$2.8 billion, and expenditures for benefits for the first time passed the \$2-billion mark in 1954, reaching \$2.2 billion. The difference between these two figures was \$577 million, entered in table 1 as the net amount spent in the purchase of medical care insurance that was

not returned in benefits in that year; some of it will, of course, be returned in future years. This sum was the equivalent of 21 percent of each dollar of premiums paid in 1954.

No change was recorded in the proportion of total insurance benefits going for hospital services. As in recent years, about 66 percent of all benefits paid applied to the costs of hospital care. The ratio of expenditures for immediate benefits to income (the loss ratio) was about 74 cents of each premium dollar of benefits for physicians' services, compared with 82 cents for hospitalization.

The bulk of the insurance operations represented in table 2 applied to hospitalization alone, or surgical care alone, or a combination of these two, with very limited provision for nonsurgical medical care (usually only in the hospital). Slightly less than 5 percent of total income and total benefit expenditures among all carriers in 1954 was related to plans and policies affording more comprehensive forms of protection. Several Blue Shield plans and a large number of independent plans (in particular those using medical group practice) include among these benefits office and home care by physicians

Table 1.—Private expenditures for medical care, 1948-54¹

Expenditure	[In millions]						
	1948	1949	1950	1951	1952	1953	1954
Total.....	\$7,193	\$7,552	\$8,117	\$8,586	\$9,233	\$9,974	\$10,265
Personal expenditure.....	6,937	7,303	7,818	8,279	8,844	9,476	9,688
Hospital services ²	1,663	1,858	2,121	2,283	2,561	2,920	2,970
Physicians' services ³	2,233	2,342	2,467	2,562	2,718	2,862	2,963
Dentists' services.....	833	857	869	888	906	943	975
Other professional services ⁴	423	448	476	498	529	559	583
Medicines and appliances.....	1,785	1,798	1,885	2,048	2,130	2,192	2,197
Expenditure for obtaining prepayment insurance ⁵	256	249	299	307	389	498	577
Of hospital services.....	192	168	189	188	232	283	325
Of physicians' services.....	64	81	110	119	157	215	252

¹ Except where otherwise noted, data are from the Department of Commerce, *1954 National Income Supplement to Survey of Current Business*, table 30, and *Survey of Current Business*, July 1955, table 30. Consumer expenditures include employer contributions to health insurance premiums. Excludes medical care expenditures for the Armed Forces and veterans, those made by public health and other government agencies and under workmen's compensation laws, and direct expenditures for services by private philanthropic organizations. No attempt has been made to identify and exclude expenditures made by individuals from payments received by them under the public assistance programs.

² Computed from data in *Hospitals*, June of each year 1949-54 and September 1955. Based on income from patients for each year ending September 30 in all types of general and special short-term hospitals. Data are projected to December 31 of each year, and additions have been made for (1) nonregistered hospitals, and (2) estimated income received from patients by general and special long-term hospitals, mental and allied hospitals, and tuberculosis sanatoriums. Amount of private expenditures is over-

stated by an unknown amount recorded by the hospital as patient income in some instances where a government or welfare agency or workmen's compensation carrier actually made payment or reimbursed the patient. Data are understated in that no estimate has been included for private expenditures for care in private nursing homes.

³ Addition made each year to figure reported in *Survey of Current Business* for salaries of physicians employed in prepayment medical service plans. Excludes amounts private practitioners received from nonconsumer sources (equal to about 10 percent of the amounts shown) such as those for workmen's compensation cases and physical examinations connected with writing life insurance and so forth.

⁴ Services of osteopathic physicians, chiropractors and podiatrists, private-duty trained nurses, and miscellaneous curative and healing professions.

⁵ Data from table 2. Represents the difference between expenditures for health insurance premiums and amounts returned to consumers as benefits. The benefit amounts are embodied in the other items in the table.

and outpatient diagnostic and preventive services. Such plans had a combined income in 1954 of approximately \$100.3 million and combined benefit expenses of about \$90.4 million. Two Blue Cross-Blue Shield plans and a number of group and individual accident and health insurance plans wrote another form of insurance, which covered a wider range of services than hospitalization, surgical care, and in-hospital medical care. For this form of insurance, called major medical expense insurance, the carriers received premiums roughly estimated at \$30.3 million and paid out approximately \$16.3 million in immediate benefits. The low loss ratio for major medical expense coverage may be more apparent than real since not all of the losses incurred in this type of insurance may be paid out in 1 year.

The sources of the insurance protection are shown for 1954 in table 3. As in 1953, the total earned premiums of group accident and health insurance companies exceeded those of plans affiliated with the Blue Cross Commission, but their benefits were a trifle less than those of all the Blue Cross plans combined. Blue Cross continued to be the major provider of hospitalization insurance; 49 percent of all hospital benefits and 44 percent of total hospitalization premium income was attributed to the Blue Cross plans. In fact the Blue Cross benefits of \$718 million represented a third of all the benefits received with respect to any form of insurance. Commercial group insurance plans continued to be the leading source of insurance against the costs of physicians' services, affording 37 percent of the total benefits of \$736 million; Blue Shield plans were second, with 34 percent; and individual accident and health insurance plans were third, with 14 percent. The remaining 15 percent of surgical-medical benefits came from certain Blue Cross plans, independent plans of various types, and student health services. There has been little change in these interrelationships in the past year.

The data in table 3 are not entirely confined to nongovernmental programs, since they include about \$16.3 million in premium income and \$13.5

Table 2.—*Earned income, benefit payments, and loss ratios for voluntary insurance against the costs of medical care, 1948-54*¹

Item	[Amounts in millions]						
	1948	1949	1950	1951	1952	1953	1954
Earned income							
Total.....	\$862	\$1,016	\$1,291	\$1,660	\$1,993	\$2,420	\$2,756
Hospital services.....	647	707	869	1,085	1,306	1,556	1,767
Physicians' services.....	215	309	422	575	687	863	989
Expenditures for benefits							
Total.....	\$606	\$767	\$992	\$1,353	\$1,604	\$1,921	\$2,179
Hospital services.....	455	539	680	897	1,074	1,273	1,442
Physicians' services.....	151	228	312	456	530	648	737
Loss ratios (percent)							
Total.....	70.3	75.5	76.8	81.5	80.5	79.4	79.1
Hospital services.....	70.3	76.2	78.3	82.7	82.2	81.8	81.6
Physicians' services.....	70.2	73.8	73.9	79.3	77.1	75.1	74.4

¹ Data for 1948-52 summarize detailed presentations in earlier articles in this series; data for 1953 revised on the basis of new data on insurance company operations furnished by the Life Insurance Association of America; data for 1954 from table 3. The term "hospital services" covers some services other than those received from hospitals, such as X-ray services

not furnished as part of the hospital services, emergency accident care, and a small amount of nursing-home services. The term "physicians' services" covers the services of surgeons (the largest component) and other types of physicians, including roentgenologists, and a small amount of dental, nursing, and related services and appliances.

Table 3.—*Earned income and expenditures for medical care benefits of voluntary insurance, by type of carrier or plan, 1954*

Type of insurance carrier or plan	Earned income			Expenditures for benefits ¹			Benefits as percent of income
	Total	For hospital services ²	For physicians' services ³	Total	For hospital services ²	For physicians' services ³	
Total.....	\$2,756.3	\$1,766.8	\$989.5	\$2,178.9	\$1,442.4	\$736.5	79.1
Blue Cross plans ⁴	803.7	787.2	16.5	718.1	704.1	14.0	89.3
Blue Shield plans ⁵	330.0	15.6	314.4	266.5	13.9	252.6	80.8
Other medical society sponsored plans ⁶	6.7	1.1	5.6	5.9	.9	5.0	88.1
Other nonprofit plans:							
Community.....	64.9	37.8	27.1	54.3	32.4	21.9	83.7
Consumer-sponsored.....	8.2	4.2	4.0	6.8	3.4	3.4	82.9
Fraternal societies ⁷	1.8	.8	1.0	2.0	1.0	1.0	111.1
Employer and/or employee.....	56.3	31.5	24.8	54.1	30.7	23.4	96.1
Union health and welfare ⁸	71.5	41.1	30.4	65.2	39.0	26.2	91.2
Student health services ⁹	5.2	2.1	3.1	5.1	2.0	3.1	98.1
Private group clinics with prepayment.....	18.4	7.0	11.4	17.9	6.0	11.9	97.3
Commercial plans: ¹⁰							
Group insurance.....	867.3	516.4	350.9	716.6	443.2	273.4	82.6
Individual insurance.....	522.3	322.0	200.3	266.4	165.8	100.6	51.0

¹ Benefits paid, for nonprofit and other organizations; losses incurred, for commercial insurance.

² Includes some income or expenditures for outpatient services.

³ Includes some income or expenditures for services other than those received from physicians (nurses, dentists, laboratories, etc.).

⁴ Includes premiums or benefits for hospitalization and physicians' services among private plans under the State temporary disability laws of California and New York (see table 4).

⁵ Addition made to the data reported by the Blue Cross Commission for Health Services, Inc. Data for medical-surgical insurance for 4 combined Blue Cross-Blue Shield plans shown under Blue Shield plans. Distribution between hospital and physicians' services for the 4 combined plans and for the 7 Blue Cross plans that write both types of insurance furnished by Blue Cross Commission.

⁶ Includes Medical Indemnity of America. Excludes amounts for hospital insurance of 4 Blue Cross-Blue Shield plans. Includes hospital insurance among 8 Blue Shield plans. Data furnished by Blue Cross Commission.

⁷ Covers 6 nonprofit plans sponsored or controlled by medical societies; excludes plans underwritten by commercial insurance companies.

⁸ Represents amounts reported in 1955 survey of such plans by Social Security Administration and estimates for nonrespondents.

⁹ Covers only those funds or portions of funds used for the direct purchase of medical care without an intermediary insurance company or plan.

¹⁰ Estimated.

¹¹ Estimated by Health Insurance Council and adjusted for plans shown here as "other nonprofit plans."

Table 4.—Benefits from hospital and medical care insurance under California and New York State temporary disability insurance laws, 1948-54

[In millions]

Year	Benefits		
	Total	Under public plans ¹	Under private plans ²
1950.....	\$6.5	\$2.7	\$3.8
1951.....	11.0	2.6	8.4
1952.....	13.4	3.3	10.1
1953.....	16.2	3.7	12.5
1954.....	19.2	5.7	13.5

¹ Hospital benefits in California.
² Hospital benefits in California; hospital, surgical, and medical benefits in New York.

million in expenditures for hospital and medical benefits resulting from insurance provided through private carriers under the public temporary disability insurance laws in California and New York. Not included, however, in table 3 is the \$5.7 million paid in 1954 from the State fund in California for hospitalization under its public program. The extent of medical care benefits provided under the two public laws is shown in table 4, separately for private carriers and the public program.

Trends in Insurance Protection

Table 5 summarizes the basic data on medical care expenditures and insurance benefits in such a way that the value of the prevailing insurance

can be measured. For each of the 3 years 1948, 1953, and 1954 the percentage of private expenditures for medical care that were met by insurance is shown.

Private expenditures for medical care of all types, including the expense of providing for prepayment, have risen from \$7,193 million in 1948 to \$10,265 million in 1954, or 43 percent. In the same period voluntary insurance benefits went from \$606 million to \$2,179 million, a rise of 260 percent. Insurance, which provided benefits equaling 8.4 percent of the medical bill in 1948, covered two and one-half times as much by 1954 (21.2 percent). The increase in the extent of protection was relatively less than the expansion in benefit amounts on a dollar basis because of the factors discussed at the beginning of the article—rising costs, expanding population, and changes in medical practice—and the impact of the insurance itself. Insurance benefits met about 2 percent more of total medical costs in 1954 than in 1953, continuing their upward trend by about the same number of percentage points as noted for earlier years in the series.

Expenditures for hospital care (line 2) advanced only \$92 million in 1954, and insurance benefits rose \$169 million. By 1954 insurance equaled nearly 44 percent of the Nation's private hospital bill (including expenditures for the operation of the in-

urance programs). If the \$325 million paid out to provide the mechanism of insurance for hospital services is omitted from the Nation's hospital bill of \$3,295 million, it can be seen that insurance covered 49 percent of the amounts going directly to hospitals for care given the civilian population.

In 1948 insurance payments had equaled 24.5 percent of the expenditures for hospital services. They have expanded by an average of 3.2 percentage points annually to their present level of 44 percent. In 1954 there was a better-than-average rate of expansion—4.1 percentage points. If expenditures for purchasing prepayment of hospital care are omitted from the series, insurance, which met 27 percent of the 1948 hospital bill and 49 percent of that in 1954, nearly doubled its effectiveness during the 7 years.

Physicians' services and the cost of providing insurance against those services accounted for \$3,215 million of the medical bill of the country in 1954. Insurance benefits amounted to 22.9 percent of this expenditure (24.9 percent if the expenditures of \$252 million to provide the insurance mechanism are omitted).

In 1948 insurance was meeting 6.6 percent of private expenditures for physicians' services (6.8 percent if the amount representing the difference between premiums and benefit pay-

(Continued on page 29)

Table 5.—Private expenditures for medical care, and insurance benefits through all voluntary health insurance carriers 1948, 1953, and 1954

[Amounts in millions]

Item ¹	1948		1953		1954		Percentage of medical expenditures met by insurance		
	Medical care expenditures	Voluntary insurance benefits	Medical care expenditures	Voluntary insurance benefits	Medical care expenditures	Voluntary insurance benefits	1948	1953	1954
1 Total medical care expenditures ²	\$7,193	\$606	\$9,974	\$1,921	\$10,265	\$2,179	8.4	19.3	21.2
2 Hospital services only ^{2,3}	1,855	455	3,203	1,273	3,295	1,442	24.5	39.7	43.8
3 Physicians' services only ⁴	2,297	151	3,077	648	3,215	737	6.6	21.1	22.9
4 Hospital and physicians' services only ^{2,3}	4,152	606	6,280	1,921	6,510	2,179	14.6	30.6	33.5
5 Medical care expenditures currently insurable under some comprehensive plans ⁵	4,878	606	6,943	1,921	7,128	2,179	12.4	27.7	30.6
6 Medical care expenditures potentially insurable under present forms of voluntary health insurance ⁶	5,466	606	7,654	1,921	7,850	2,179	11.1	25.1	27.8

¹ Except as noted, represents estimated private expenditure for medical care (from table 1).

² Includes the net expenditure to obtain prepaid benefits.

³ Both expenditures and insurance benefits contain some expenditures included as hospital services that were outpatient services.

⁴ Slight overstatement because total benefit payments—but not the benchmark—unavoidably include some payments for services other than those received from physicians (nurses, dentists, laboratories).

⁵ Includes total expenditures for services of physicians, hospitals, and dentists and one-tenth of the expenditures for drugs and appliances. Excludes the net expenditure to obtain medical care insurance; the benchmark differs in this respect from the previously published figures in this series.

⁶ Includes total expenditures for services of physicians, hospitals, dentists, and nurses plus one-third the expenditures for drugs and appliances. Excludes the net expenditure to obtain medical care insurance; the benchmark differs in this respect from the previously published figures in this series.

Table 6.—Old-age and survivors insurance: Number of monthly benefits awarded, by type of benefit, number of lump-sum death payments awarded, and number of deceased workers represented for the first time in awards of lump-sum death payments, 1940-55

[Corrected to Oct. 18, 1955]

Year and quarter ¹	Monthly benefits						Lump-sum awards ²		
	Total	Old-age	Wife's or husband's	Child's	Widow's or widower's	Mother's	Parent's	Number of payments	Number of deceased workers
1940.....	254,984	132,335	34,555	59,382	4,600	23,260	852	75,095	61,080
1941.....	269,286	114,660	36,213	75,619	11,020	30,502	1,272	117,303	90,941
1942.....	258,116	99,622	33,250	77,384	14,774	31,820	1,266	134,991	103,332
1943.....	262,865	89,070	31,916	85,619	19,576	35,420	1,264	163,011	122,185
1944.....	318,949	110,097	40,349	99,676	24,759	42,649	1,419	205,177	151,869
1945.....	462,463	185,174	63,068	127,514	29,844	55,108	1,755	247,012	178,813
1946.....	547,150	258,980	88,515	114,875	38,823	44,190	1,767	250,706	179,588
1947.....	572,909	271,488	94,189	115,754	45,249	42,807	3,422	218,787	181,992
1948.....	596,201	275,903	98,554	118,955	55,667	44,276	2,846	213,096	200,090
1949.....	682,241	337,273	117,356	118,922	62,928	43,087	2,675	212,614	202,154
1950.....	962,628	567,131	162,768	122,641	66,735	41,101	2,252	209,960	200,411
1951.....	1,336,432	702,984	228,887	230,500	89,591	78,323	6,147	431,229	414,470
1952.....	1,053,303	531,206	177,707	183,345	92,302	64,875	3,868	456,531	437,896
1953.....	1,419,462	771,671	246,856	212,178	112,866	71,945	3,946	532,846	511,986
1954.....	1,401,733	749,911	236,764	212,796	123,026	70,775	3,461	536,341	516,158
1952									
January-March.....	237,941	107,497	37,791	48,924	24,993	17,602	1,134	122,712	118,059
April-June.....	203,357	84,464	30,994	46,369	23,698	16,736	1,096	118,607	113,792
July-September.....	291,437	165,438	53,600	38,578	19,648	13,418	755	98,109	93,066
October-December.....	320,568	173,807	55,322	49,474	23,963	17,119	883	117,103	112,979
1953									
January-March.....	370,800	206,775	66,868	51,041	27,700	17,496	920	127,557	122,779
April-June.....	402,570	222,130	70,609	58,877	30,146	19,701	1,107	147,502	141,611
July-September.....	331,370	178,283	56,684	50,993	26,987	17,456	967	127,877	122,604
October-December.....	314,722	164,483	52,695	51,267	28,033	17,292	952	129,910	124,992
1954									
January-March.....	346,440	187,531	59,037	52,257	29,091	17,634	890	136,587	131,749
April-June.....	380,542	209,201	64,266	56,167	31,480	18,464	964	145,660	140,211
July-September.....	326,154	176,190	55,495	49,217	28,177	16,265	810	127,417	122,338
October-December.....	348,597	176,989	57,966	55,155	39,278	18,412	797	126,677	121,860
1955									
January-March.....	396,719	219,209	75,936	50,547	34,389	15,917	721	127,646	122,660
April-June.....	504,709	291,587	86,914	67,375	36,663	21,263	907	165,082	159,272
July-September.....	402,163	217,647	67,327	61,535	34,849	19,636	969	149,649	142,806

¹ Quarterly data for 1940-44 were presented in the *Bulletin* for February 1947, p. 29; for 1945-48, in the *Bulletin* for February 1949, p. 29; for 1949-51, in the *Bulletin* for March 1954, p. 29.

² Effective Sept. 1, 1950, a lump-sum death payment is payable with respect to every insured individual who dies after August 1950.

VOLUNTARY HEALTH INSURANCE

(Continued from page 14)

ments is omitted). This relatively small amount contrasts sharply with the 1954 picture. The percentage met by insurance has expanded three and one-half times in the period under review.

Hospitalization and physicians' services are the main items in the medical care bill against which insurance is purchased. Insurance benefits amounted to 33.5 percent of this combination in 1954, 14.6 percent in 1948 (line 4).

Certain prepayment plans—including those classified as private group clinics in table 2 and in addition some consumer, community, union, fraternal, and employer-employee plans and some medical society sponsored

plans (of which part are members of Blue Shield)—provided a wide range of benefits. Line 5 of table 5 suggests a benchmark made up of items currently insurable under such comprehensive prepayment plans, with the expenditures for providing the prepayment mechanism excluded. In 1948 some 12.4 percent of this aggregate was met by all forms of health insurance benefits, and in 1954 a percentage of 30.6 was recorded.

The benchmark shown in line 6 includes, in addition, a measure approximating services insured through "major medical expenses" or "catastrophic illness" insurance policies; it also excludes the net expenditure for providing health insurance. Under the terms of some of these insurance arrangements, some benefits would be

provided for the costs of nursing services, expensive drugs and appliances, and physical restoration, as well as hospitalization and the payments for physicians' services in the home, office, or hospital. At the end of 1954 insurance was meeting nearly 28 percent of this theoretical benchmark.

This yearly analysis affords a means of measuring the present extent and the growth of voluntary health insurance divorced from considerations of the various factors that affect the volume of medical care and the costs of providing it. The detailed tables cover each year, so that students of any aspect of the subject may derive estimates appropriate to their specific benchmarks or goals by making necessary adjustments in the data.