

medical care that was met by insurance benefits is shown for the total and under five different groupings. The benchmarks representing expenditures have been calculated both to include and to omit the expenditures incurred in the purchase of the insurance protection being measured, so that the reader may select the concept of expenditures best suited to his particular needs.

Insurance was meeting 8.3 percent of the Nation's medical bill in 1948 and 22.6 percent 7 years later. Since 1951 this percentage has increased about 2 points a year; 1955 was no exception.

In the field of hospital care costs the peak year of growth in insurance protection was 1951 (6.9 percentage points); for each of the other years in the series about 2 percentage points of growth have been registered. The rate of expansion in providing protection against the costs of physicians' services was more rapid in the earlier years of the series—with 1951 again a peak year (5.2 percentage points)—but this rate too has leveled off to about 2 percentage points of increase a year.

Since most of the health insurance available today applies to the costs of hospitalization and physicians' services, the measurement of the impact of insurance benefits on the expenditures for these two items provides an index of the value of insurance where it has been most successful. The rise from 15 percent in 1948 to 36 percent (or 39 percent, if the expense to obtain insurance is omitted) is evi-

dence of the spread of voluntary insurance in these two fields.

In recognition of the fact that there are many items included in the Nation's medical care bill that are covered by few forms of health insurance, the present report includes two additional benchmarks, which have been prepared for each year in the series. The first of these—the amount “currently insurable under existing forms of health insurance”—omits the services of dentists, nurses, and other practitioners and nine-tenths of the Nation's expenditures for drugs and appliances. If prepaid dental care expands as much as it has in the past year or two, this benchmark may need revision. Insurance benefits were equivalent to 30–33 percent of this benchmark in 1955, and the index was two and one-half times what it had been in 1948.

The final benchmark provides a hypothetical measure of expenditures that may be considered potentially insurable; in this measure the items of expenditure included are those covered on a prepaid basis by some comprehensive plans and under some forms of insurance company policies—that is, major medical expense policies and comprehensive expense policies. Today all forms of health insurance are, by one or more approaches, meeting only 30 percent of this benchmark of potentially insurable costs.

What of the future? Is voluntary insurance going to continue its net expansion in the protection it provides at the rate of 2 or 3 percentage

points a year, with the remainder of its growth dollarwise absorbed by increases in population and rises in the cost of medical care? Are improvements in benefits, the newer forms of insurance—such as dental care, outpatient services, benefits payable in nursing homes, and the like—and the broader forms of coverage represented by the establishment of health centers and the sale of major medical expense insurance going to close the gap between actual and potential protection more rapidly than has been the case in the past 8 years?

The dollar volume of voluntary health insurance benefits—which rose 16 percent in 1955—must increase about 2 percent each year merely to keep up with population growth. If the costs of medical care continue to rise, the volume must increase even more if the same level of protection previously afforded is to be continued. To cover a greater proportion of the medical care bill than in the immediately preceding year, there must be an increase in the dollar volume of benefits paid over and above these two requirements. The 16-percent increase in 1955 in the dollar volume of health insurance benefits was only sufficient to increase by 1.8 percentage points the coverage of the national medical care bill. More rapid closing of the gap will require that the Nation assign still more of its medical care dollar to the insurance industry in return for prepaid protection for those parts of the medical bill inadequately insured at the present time.

Notes and Brief Reports

Money Income Sources for Persons Aged 65 and Over, June 1956*

By mid-1956, it is estimated, 9 out of 10 aged men in the United States and 2 in 3 of the aged women had some money income from employment, social insurance, and/or a program for veterans. When those re-

ceiving public assistance are taken into account, it appears that substantially all the 6.7 million aged men in the United States and more than four-fifths of the 7.8 million women aged 65 and over had some earnings or money from a public income-maintenance program (table 1). Since women outnumber men in the aged population, with about 116 women to every 100 men, one-tenth of all aged persons were still without income from employment or a pub-

lic income-maintenance program in June 1956.

Almost all the married women had income from one or more of the sources under consideration, either in their own right or as wives of earners or of beneficiaries. Most of those without any money income of the types specified were widowed before their husbands had been able to earn insured status under old-age and survivors insurance; some of them had income from private insurance policies, some were supported by relatives and some were maintained in institutions.

*Prepared by Lenore A. Epstein, Division of Program Research, Office of the Commissioner.

These estimates relate to all aged persons living in the continental United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands,¹ whereas estimates presented in previous notes and articles in this series related to the continental United States only. Since aged persons in these four Territories and possessions number only about 122,000, the findings on income sources are essentially the same for the total as for the continental United States.² Most of the differences are within the margin of error of the estimates. The number of aged old-age and survivors insurance beneficiaries per 1,000 aged population is slightly higher for the continental United States than for the total, however, and the old-age assistance recipient rate is slightly lower. Puerto Rico and the Virgin Islands, which account for almost three-fourths of the aged population in the four Territories and possessions, were not covered under the Social Security Act until 1950. As a result, many of their men and women who are now aged had no opportunity to qualify for old-age and survivors insurance, and large numbers need assistance.

The broader data used for these reports on money income sources beginning with June 1956 correspond more closely than did those for the continental United States with the summary statistics regularly issued on Social Security Administration program operations. They are still slightly smaller, however, than the totals shown for aged beneficiaries in the program statistics issued regularly. The reasons are that the series used in this note (1) excludes aged beneficiaries living abroad (some 43,000 in June) and wives under age 65

¹ The size and age distribution of the civilian population in the four Territories and possessions are estimated by the Bureau of Public Assistance on the basis of the most recent data available from the Bureau of the Census. It has been assumed for purposes of this analysis that the sex and marital-status distributions of the aged in these areas are the same as shown by the 1950 Census and that changes since 1950 in the relative number of the aged with employment have paralleled those in the continental United States.

² Estimates for the continental United States for June 1956 have also been prepared by the Division of Program Research.

Table 1.—Estimated number of persons aged 65 and over receiving money income from specified sources, by sex, June 1956¹

Source of money income ²	Number of persons (in thousands)			Percentage distribution		
	Total	Men	Women	Total	Men	Women
Total aged 65 and over ³	14,550	6,720	7,830	100.0	100.0	100.0
Employment.....	4,260	2,570	1,690	29.3	38.2	21.6
Earners.....	3,310	2,570	740	22.7	38.2	9.5
Earners' wives not themselves employed.....	950		950	6.5		12.1
Social insurance and related programs ⁴	8,090	4,150	3,940	55.6	61.8	50.3
Old-age and survivors insurance.....	6,600	3,390	3,210	45.4	50.4	41.0
Railroad retirement insurance.....	520	270	250	3.6	4.0	3.2
Government employees' retirement programs.....	480	290	190	3.3	4.3	2.4
Veterans' compensation and pension programs.....	710	450	260	4.9	6.7	3.3
Beneficiaries' wives not in direct receipt of benefits.....	220		220	1.5		2.8
Public assistance ⁵	2,570	1,000	1,570	17.7	14.9	20.1
No money income or income solely from other sources.....	1,520	70	1,450	10.4	1.0	18.5
Income from more than one of specified sources.....	1,890	1,070	820	13.0	15.9	10.5
Employment and social insurance or assistance.....	1,340	760	580	9.2	11.3	7.4
Social insurance and public assistance.....	550	310	240	3.8	4.6	3.1

¹ Persons with income from sources specified may also have received money income from other sources, such as interest, dividends, private pensions or annuities, or cash contributions from relatives.

² The sum of the persons shown under the 4 categories exceeds the number in the population by the estimated number with income from more than 1 of the 3 main sources. The estimates of persons with income from more than 1 source, developed from survey data, are subject to sampling variability (which may be relatively large for the smaller estimates) and to such errors as may result from attempts to adjust for developments since the sample surveys were conducted. They are not entirely consistent with those previously published in the *Bulletin* because of the availability of some new data and slight changes in methodology.

³ Number of aged persons in the continental United States, Alaska, Hawaii, Puerto Rico, and the

(about 60,000 in June) who receive benefits because they have child beneficiaries in their care, and (2) counts only once aged persons receiving a benefit both as a retired worker and as the spouse of a retired worker (54,000, mostly women, in June).³

Benefits under the old-age and survivors insurance program provided a basic resource in June 1956 for about 3.4 million aged men and 3.2 million aged women. In 1956, for the first time, old-age and survivors insurance beneficiaries represented half of all aged men and two-fifths of all aged women in the population. It is noteworthy, also, that at the beginning of the year an additional 1 million aged men and 200,000 aged women were fully insured under the program but not drawing benefits, characteristically because of employ-

³ Beginning December 1955, persons receiving both an old-age benefit and a widow's, widower's, or parent's secondary benefit have been included in the summary program statistics only in the count of old-age beneficiaries.

ment. The number of benefits withheld because of employment has been declining, however, as a result of the liberalized retirement test provisions of the 1954 amendments. In June 1956, for example, benefits were withheld because of employment from only 141,000 male old-age beneficiaries, or less than 4 percent of the number entitled, whereas 2 years earlier about 188,000 benefits, or 7 percent, were suspended because of employment.

⁴ Persons with income from more than one of the programs listed are counted only once. In addition to the programs shown, unemployment insurance programs provided benefits for some 65,000 men aged 65 and over and 15,000 aged women. Workmen's compensation and temporary disability insurance programs also provided income for some, but information is lacking as to the number. There is no basis for estimating the overlap with other programs.

⁵ Old-age assistance recipients and persons aged 65 and over receiving aid to the blind. Includes some 15,000 persons receiving vendor payments for medical care but no direct cash payment.

Source: Estimated in the Division of Program Research on the basis of published and unpublished data from the Bureau of the Census and agencies administering income-maintenance programs.

ment. The number of benefits withheld because of employment has been declining, however, as a result of the liberalized retirement test provisions of the 1954 amendments. In June 1956, for example, benefits were withheld because of employment from only 141,000 male old-age beneficiaries, or less than 4 percent of the number entitled, whereas 2 years earlier about 188,000 benefits, or 7 percent, were suspended because of employment.

Information on the proportion of old-age and survivors insurance beneficiaries who are employed or self-employed in any given month has unfortunately not been collected since the national survey of beneficiaries in 1951. A rough estimate has been developed for mid-1956 from data on the decline in the number with benefits suspended because of employment, from Bureau of the Census reports on changes in the labor-force participation rate, and from data on income sources for aged veterans and their survivors compiled in 1955 for the President's Commission on Vet-

erans' Pensions (Staff Report Numbers VIII and X). It appears probable that about one-sixth of the aged men and nearly one-seventh of the aged women receiving payments under one or more of the social insurance or related programs in June 1956 also had some income from employment. The new calculations suggest that estimates of the size of this group at the end of 1955, as previously published, were probably understated by as much as one-fifth and possibly by more.

There is no current estimate of the number of persons receiving benefits under private retirement plans. Available evidence suggests, however, that considerably more than 1 million aged persons (including aged wives of pensioners) were receiving private pension income in mid-1956 and that almost all of them were old-age and survivors insurance beneficiaries. Thus roughly 1 out of every 6 old-age and survivors insurance beneficiaries received benefits under a private retirement plan to supplement his social security check.

Compensation and pension programs administered by the Veterans Administration in June 1956 provided direct benefits for about 450,000 aged men and 250,000 aged widows and dependent mothers of veterans. The wives of veterans, unlike the aged wives of old-age and survivors insurance and railroad retirement beneficiaries, do not receive benefit checks, but veterans receiving compensation for service-connected disabilities receive additional compensation for dependents if the disability is rated 50 percent or more. In this analysis it is assumed that the wives of other married veterans share in their income, as do the nonemployed wives of earners and of retired government employees.

The Railroad Retirement Act and retirement programs for Federal, State, and local government employees each provided direct benefits for roughly half a million aged persons in June 1956. The rate of increase in the number of aged persons receiving benefits under these programs has been much slower than the rate of increase in the number benefiting under the programs for veterans be-

cause of the large number of World War I veterans reaching age 65 each year and the liberal qualifications for receipt of non-service-connected disability pensions when a veteran passes age 65. Between mid-1950 and mid-1956 the number of World War I veterans aged 65 and over in receipt of compensation or pension benefits expanded more than tenfold, from 30,000 to almost 330,000. During the past 2 years, the percentage increase in the number of aged persons receiving veterans' compensation or pension benefits has even outpaced the percentage growth in the number of aged beneficiaries of old-age and survivors insurance.

Of the 1.9 million aged persons who benefited under a program for railroad workers, government employees, or veterans, it is estimated that more than 400,000 were also receiving old-age and survivors insurance benefits in June 1956. The number of aged persons receiving benefits under one or more of the social insurance or veterans' programs therefore totaled about 8.1 million, representing more than three-fifths of the men aged 65 and over and half of the aged women.

Unemployment insurance benefits under State and Federal programs were paid in June to some 80,000 aged persons, of whom about four-fifths were men. Some aged persons also received benefits under temporary disability insurance and workmen's compensation programs, but statistics are not available as to the number, and consequently they cannot be included in table 1. Moreover, information is lacking as to the proportion of beneficiaries under these programs who also had income from other sources.

While the old-age assistance rolls have been dropping fractionally month by month since late 1955, old-age assistance remains an important resource for aged persons, particularly those without insurance rights under old-age and survivors insurance. In mid-1956 about 2,520,000 aged persons received some or all of their income under this Federal-State program, and some 50,000 received payments under other public assistance programs, principally aid to the blind. There has been a steady in-

crease, however, in the proportion of the aged for whom assistance payments are provided as a supplement to old-age and survivors insurance benefits that are at or near the minimum or are insufficient to cover special needs, such as need for medical care. It is estimated that, in June 1956, only 10 percent of all aged men and 17 percent of the aged women in the United States were on the public assistance rolls and did not also receive a social insurance benefit.

The significant gains during recent years in the relative number of aged persons with some money income from employment or a public income-maintenance program are encouraging but should not be misinterpreted as indicating that the income problems of the aged have been resolved. Almost by definition the more than 2.5 million receiving old-age assistance have a marginal level of living. The earnings of many of those with income from employment are relatively small—necessarily so, of course, for those drawing retirement benefits—but others too have low earnings; relatively large numbers are employed in agriculture, and many have part-time or irregular employment. According to the Bureau of the Census survey of the labor force, 26 percent of the aged men and 41 percent of the aged women who were at work in non-agricultural industries during the week of June 10-16, 1956, worked fewer than 35 hours. Although attention here is directed at income sources in 1 month, it is worth noting that many aged persons work only part of the year. Of those who worked at some time during 1955, more than one-fifth of the aged men and more than one-fourth of the aged women reported employment (even part-time) for less than 27 weeks during the year.⁴

Of the aged persons receiving retirement benefits under old-age and survivors insurance in December 1955 (when the average payment was less than 2 percent smaller than the average benefit received in June 1956), one-third, or about 1.5 million, had a monthly benefit of less than \$50, and three-fourths had less than \$80. Of

⁴ Bureau of the Census, *Current Population Reports*, Series P-50, No. 68.

the aged women who received widow's benefits, more than half (some 400,000) received less than \$50, and more than three-fourths less than \$60. Though old-age assistance provided supplementary income for some of those with small benefits, only about 500,000 aged insurance beneficiaries also received an old-age assistance payment. An estimated 200,000 old-age and survivors insurance beneficiaries also received compensation or pension payments under the programs for veterans and their survivors. For non-service-connected disability and death pensions there is an income limitation, but the largest old-age benefit payable under old-age and survivors insurance is less than the allowable income limit. There is no income limitation for service-connected disability compensation and survivor benefits, but relatively few of the veterans entitled to service-connected disability compensation are aged 65 and over.

As noted above, roughly one-sixth of the old-age and survivors insurance beneficiaries had private pension income in mid-1956, but available evidence suggests that persons entitled to benefits under a private retirement plan characteristically receive old-age and survivors insurance benefits that fall in the upper portion of the benefit range. The private plans seldom provide separately for dependents or survivors.

According to the most recent data from the Bureau of the Census on the annual income of persons,⁵ half of all men aged 65 and over who had some money income in 1955 received less than \$1,337 from all sources. The effect of full and partial retirement on size of income is highlighted by the fact that the median income in 1955 of aged men with year-round, full-time employment—comprising barely one-fourth of the aged men with income—was two and one-quarter times as large as the median for all men, or more than \$3,000. For women aged 65 and over, who rarely work full time the year around, the median money income, apart from support provided by their husbands, was only \$700 in 1955. For the pre-

ceding year (the latest for which there are Bureau of the Census data on the incomes of families and unrelated individuals) 55 percent of the families with money income entirely from sources other than earnings reported income of less than \$1,500 and 38 percent reported less than \$1,000.⁶ Of all persons living alone (or with nonrelatives) who had no earnings but had some nonearned income in 1954, half received income of less than \$800. Though these data are for all families and for persons living alone, or with nonrelatives, who had some money income but no earnings in 1954, they are suggestive of the money income position of the retired aged.

⁶ *Current Population Reports*, Series P-60, No. 20 (December 1955).

Family Benefits in Current-Payment Status, June 30, 1956

During the year ended June 30, 1956, the number of families receive-

ing monthly benefits under old-age and survivors insurance increased more than 620,000. At the close of the fiscal year, monthly benefits were being paid to at least one person in each of 6.2 million families (table 1). Retired-worker families, which made up 77 percent of the total, numbered 4.7 million—about 517,000 more than a year earlier. The number of survivor families increased 103,000 to 1.4 million.

Average family benefits at the end of June 1956 showed moderate increases from the corresponding averages a year earlier, because of (1) the rising proportion of benefits computed on the basis of earnings after 1950 and (2) the increasing number computed under the provisions of the 1954 amendments that permit, in the computation of the average monthly wage, the dropping of up to 5 years of lowest covered earnings and, in addition, any period of total disability.

Payments to retired workers without dependents also receiving benefits averaged \$65.60 for men and \$50.70 for women. The average for

Table 1.—Estimated number of families and beneficiaries in receipt of benefits, and average monthly benefit in current-payment status, by family group, end of June 1956 and 1955

[In thousands, except for average benefits; data corrected to Nov. 8, 1956]

Family classification of beneficiaries	June 30, 1956			June 30, 1955		
	Number of families	Number of beneficiaries	Average monthly amount per family	Number of families	Number of beneficiaries	Average monthly amount per family
Total	6,160.2	8,374.5	-----	5,539.7	7,563.5	-----
Retired-worker families	4,731.9	6,114.4	-----	4,214.8	5,462.3	-----
Worker only	3,460.3	3,460.3	\$60.00	3,067.7	3,067.7	\$58.10
Male	2,148.4	2,148.4	65.60	1,962.3	1,962.3	63.50
Female	1,311.8	1,311.8	50.70	1,105.4	1,105.4	48.40
Worker and wife aged 65 or over	1,182.6	2,365.2	104.80	1,066.4	2,132.8	102.20
Worker and wife under age 65 ¹	.3	.6	113.30	.4	.8	102.50
Worker and aged dependent husband	10.7	21.4	88.20	9.2	18.5	87.00
Worker and 1 or more children	16.6	42.7	101.00	15.8	41.1	98.10
Worker, wife aged 65 or over, and 1 or more children	1.3	4.0	132.30	1.2	3.6	123.30
Worker, wife under age 65, and 1 or more children	60.1	220.1	121.10	54.0	197.7	117.00
Survivor families	1,428.3	2,260.1	-----	1,324.9	2,101.2	-----
Aged widow	746.3	746.3	49.00	688.3	688.3	46.60
Aged dependent widower	1.1	1.1	48.20	1.2	1.2	40.00
Widowed mother only ¹	.8	.8	51.20	1.4	1.4	48.60
Widowed mother and 1 child	128.4	256.8	108.50	120.8	241.6	105.10
Widowed mother and 2 children	85.7	257.2	137.80	83.6	250.7	132.60
Widowed mother and 3 or more children	82.4	389.8	136.40	75.6	356.1	129.90
Divorced wife and 1 or more children	.3	.7	135.70	.2	.6	130.00
1 child only	217.0	217.0	48.50	200.3	200.3	47.80
2 children	90.0	179.9	83.80	80.9	161.9	81.60
3 children	31.8	95.3	105.20	29.1	87.2	101.00
4 or more children	20.2	89.3	112.20	19.6	86.3	105.60
1 aged dependent parent	22.8	22.8	50.50	22.2	22.2	48.10
2 aged dependent parents	1.5	2.9	95.30	1.7	3.3	92.90

¹ Benefits of children were being withheld.

⁵ *Current Population Reports*, Series P-60, No. 23 (November 1956).