

Total spending

Total public and private spending on health and medical care indicates aggregate effective demand for medical care. Such spending is currently about 5 percent of the gross national product, or close to \$25 billion annually in recent years. (See table 1.)

Combined private and public health care spending rose from 3.6 percent of gross national product in fiscal 1929 to 4.7 percent in fiscal 1950 and to 5.2 percent in fiscal 1958. Total spending rose from \$3.6 billion in 1929 to \$9 billion in 1950 and to \$22.7 billion in 1958.⁴ It is clear that health and medical care is taking vastly increased amounts of the Nation's output in absolute and relative terms.

A rising proportion of total spending on health care comes from public funds. In 1929, public spending, excluding funds for medical facilities, amounted to \$414 million. In 1958, public spending was more than \$4.9 billion, or about 13 times the 1929 level. On the other hand, private spending on health care in 1958 was more than five times the 1929 level, increasing from \$3.1 billion to \$17.2 billion.

In fiscal 1929, public expenditures by Federal, State, and local government units were about 15 percent of the total. Since 1946, public expenditures have been about 25 percent of the total, amounting to \$5.4 billion in fiscal 1958. (See chart 1.)

The rising amount of spending for health and medical care indicates that the American people want to raise their health standards. Even after allowance for changes in the purchasing power of the dollar, a substantial increase in total demand is indicated by the amount and proportion of medical care spending. Spending on medical care increases as national income rises, but the increase in the proportion of income devoted to medical care also reflects changes in distribution of income as well as new sophistication about the need for health care and about its social and economic value.

⁴Ida C. Merriam, "Expenditures for Health and Medical Care, 1928-29-1957-58." Department of Health, Education, and Welfare, Social Security Administration, Division of Program Research, Research and Statistics Note No. 26, Sept. 17, 1959.