

52 TRENDS IN SUPPLY AND DEMAND OF MEDICAL CARE

TABLE 1.—*Private and public spending for health and medical care, selected fiscal years 1929–58*

[Dollars in millions]

	1929	1940	1950	1955	1956	1957	1958
Total spending.....	\$3,625.0	\$3,914.7	\$12,407.1	\$17,764.7	\$19,220.6	\$21,057.3	\$22,737.7
Private expenditures.....	3,112.0	3,023.0	9,042.0	13,455.0	14,711.0	16,082.0	17,294.0
Health and medical services.....	3,010.0	2,992.0	8,827.0	13,130.0	14,399.0	15,693.0	16,785.0
Direct payments.....	2,900.0	2,900.0	7,125.0	9,388.0	10,176.0	10,937.0	11,555.0
Insurance benefits.....	—	—	878.0	2,357.0	2,776.0	3,245.0	3,675.0
Expenses for prepayment.....	—	—	274.0	595.0	611.0	639.0	645.0
Industrial in-plant services.....	30.0	40.0	150.0	210.0	221.0	232.0	245.0
Philanthropy.....	80.0	52.0	400.0	580.0	615.0	640.0	665.0
Medical facilities construction.....	102.0	31.0	215.0	325.0	312.0	389.0	509.0
Public expenditures.....	513.0	891.7	3,365.1	4,309.7	4,509.6	4,975.3	5,443.7
Health and medical services.....	414.0	836.6	2,780.1	3,923.4	4,148.3	4,497.3	4,918.5
Medical facilities construction.....	99.0	55.1	585.0	386.3	361.3	478.0	525.2
Total expenditures as percent of gross national product.....	3.6	4.1	4.7	4.7	4.7	4.9	5.2
Public expenditures as percent of the total.....	14.2	22.8	27.1	24.3	23.5	23.6	23.9
Percent of personal health care spending from—							
Private spending.....	90.5	82.0	78.2	78.0	78.9	79.4	78.8
Insurance benefits.....	—	—	8.1	14.8	16.1	17.3	18.1
Public spending.....	9.5	18.0	21.8	22.0	21.1	20.6	21.2

Source: Social Security Administration, Research and Statistics Note No. 26-1959.

PRIVATE DEMAND

Total personal consumption spending

Total personal consumption spending for medical care gives a general view of effective private demand for health and medical care, although certainly not an accurate picture of needs or costs. Personal consumption spending for medical care rose 140 percent between 1947 and 1958, from \$6.8 billion to \$16.4 billion.⁵ During this same period, gross national product rose 88 percent, from \$234 billion to \$441 billion.

Private medical care spending rose from 2.9 percent of GNP in 1947 to 3.7 percent in 1958. In terms of total personal consumption spending, private medical care spending rose from 4.1 percent in 1947 to 5.5 percent in 1958, but remained about 15 percent of consumer spending on all services.

The greatest increases in private medical care spending were for hospital costs and health insurance payments. Spending for hospitalization rose about 280 percent, from \$1.1 billion in 1946 to \$4.3 billion in 1958. Insurance payments rose 205 percent, from \$444 million to \$1,359 million. Payments for drugs and prescriptions rose more than 150 percent, from \$1.2 billion to \$3.2 billion. Payments to doctors rose about 130 percent, from \$1.7 billion in 1947 to \$3.9 billion in 1958 and payments to dentists rose about 115 percent, from \$772 million to \$1,674 million. (See chart 2 and table 2.)

⁵ U.S. Commerce Department, "U.S. Income and Output, Supplement to Survey of Current Business, 1953." Also "Survey of Current Business, July 1959," tables II-4.