TABLE 5.—*Growth of health insurance coverage, number of people protected against hospital expenses, surgical expenses, and regular medical expenses*

[In thousands]

End of year	Hospital expense	Surgical expense	Regular expense medical	End of year	Hospital expense	Surgical expense	Regular medical expense
1940	12,312	5,350	3,000	1950	76,639	54,156	21,589
1941	16,349	6,775	3,100	1951	85,348	64,892	27,723
1942	19,695	8,140	3,200	1952	90,965	72,459	35,670
1943	24,160	10,069	3,411	1953	97,303	80,982	42,684
1944	29,232	11,713	3,840	1954	101,493	85,890	47,248
1945	32,068	12,890	4,713	1955	107,662	91,927	55,506
1946	42,112	18,609	6,421	1956	115,949	101,325	64,891
1947	52,584	26,247	8,898	1957	121,432	108,931	71,813
1948	60,995	34,060	12,895	1958	123,038	111,435	75,395
1949	66,044	41,143	16,892				

Source: Health Insurance Council.

Insurance benefits now pay almost a quarter of all private medical care bills. Direct "out of pocket" private spending for medical care dropped from 88.7 percent in 1948 to 72.5 percent of total private medical care spending in 1957. Insurance benefits for hospital services rose from 6 to 15.3 percent of private medical care spending, and insurance benefits for physicians' services rose from 2 to 7.8 percent.[11]

Private medical care spending rose from 4 percent in 1948 to 4.9 percent of per capita disposable income in 1957. During this period, direct "out of pocket" per capita payments for medical care remained fairly stable, but insurance benefit payments for medical care rose more than 250 percent, from 0.3 percent in 1948 to 1.1 percent of per capita disposable income in 1957.[12]

Direct "out of pocket" payments for doctors' services as a percentage of per capita disposable income dropped 26 percent from 1948 to 1957, but insurance payments to doctors rose 375 percent. In 1948 insurance benefits were only 6.4 percent of private spending for doctors' services; by 1957 insurance benefits were paying 30 percent.[13]

Voluntary health insurance, which accounted for about one-quarter of private hospital service spending in 1948, covered more than half of private spending for hospital care in 1957. Insurance benefits paid for more than 40 percent of private spending for hospital and doctor services in 1957 compared to 15 percent in 1948.

One dramatic indication of the growth of prepayment programs appears in the 470-percent increase in benefit payments made by voluntary health insurance, from $606 million in 1948 to $3,474 million in 1957. Payments into voluntary health insurance programs rose 380 percent, from $862 million in 1948 to $4,144 million in 1957.[14] The declining rate of overhead expenses, which represents the cost of getting the insurance protection, reflects in part the savings achieved by enrollment of large groups in health insurance programs but pressures of rising utilization and opposition to increases in health insurance premiums have also forced insurance carriers to reduce the gap between earned income from prepayments and outgoing benefit payments.

[11] Agnes W. Brewster, "Voluntary Health Insurance and Medical Care Expenditures: A 10-Year Review," Social Security Bulletin, December 1958, p. 9.
[12] Ibid., table 2, p. 10.
[13] Ibid., table 6, p. 13.
[14] Ibid., table 3, p. 11.