

TABLE 17.—*Medical service prices, 1947-58*

Item	Relative importance, December 1952	Price index		Percent increase	Average annual rate of increase		
		1947	1958		1947-58	1947-53	1953-58
Medical services.....	4.2	94.5	149.2	57.9	4.2	4.6	3.8
General practitioner fees.....	1.6	96.9	139.3	43.7	3.4	3.1	2.1
Surgeon fees.....	.3	96.2	122.7	27.2	2.2	2.8	1.5
Dentist fees.....	.8	95.2	131.4	38.0	3.0	3.5	2.3
Optometrist.....	.3	96.2	116.7	21.3	1.8	2.2	1.3
Hospital room rates.....	.2	87.4	198.0	126.5	7.7	9.2	6.0
Group hospitalization.....	1.0	85.6	142.2	35.7	-----	-----	6.3
Professional service plus drugs ¹	3.9	96.3	129.7	34.7	2.7	2.9	2.6
Medical care ⁴	5.1	94.9	144.6	52.4	3.9	4.2	3.6
All items.....	100.0	95.5	123.5	29.3	2.3	3.1	1.5
Service less shelter.....	16.7	94.7	143.8	51.8	3.8	4.7	2.8

¹ Index for 1953 annual average; item first included in index December 1950. Base: December 1952=100.

² Percent change 1953 to 1958.

³ Medical services less hospital rates and group hospitalization.

⁴ Includes drugs and prescriptions in addition to the services detailed above.

Source: BLS, Consumer Price Index.

Table 18 presents the record of consumer expenditures for medical care.

TABLE 18.—*Current dollar consumer expenditure for medical care, 1947-58*

	Percent increase	
	Aggregate expenditures	Per capita expenditures
Total medical care.....	125.4	86.5
Physicians.....	93.1	59.9
Dentists.....	113.5	76.8
Hospital care.....	209.2	156.0
Health insurance.....	165.0	119.4

Source: Data from "U.S. Income and Output," table I-4.

B. HOSPITAL CARE

The price-setting mechanism in hospitals is probably more nearly a cost-based system than it is a system of demand oriented profit maximization.¹⁰ Few private, nonprofit, voluntary hospitals make a surplus on current operation; fewer still cover depreciation. Most are, at best, pleased to cover out-of-pocket costs.

The major cost item is personnel. On a per-patient-day basis, payroll costs accounted for 60.8 percent of total costs in 1958, for 60.7 percent in 1954, and 54 percent in 1947.¹¹ About two-thirds of the employees of hospitals are in nonprofessional, nontechnical grade occupations.¹²

Employment costs have risen tremendously since 1947. The table below shows the increase in employment and payroll costs for all private, general and special short-term hospitals in the United States.

TABLE 19.—*Increase in employment and costs, private short-term hospitals, 1947-58*

	Percentage
Total expense per patient-day.....	154.0
Payroll per patient-day.....	186.0
Full-time equivalent employees, number.....	82.7
Full-time equivalent employees, per patient-day.....	44.4

Source: "Hospitals," the Journal of the American Hospital Association, XXVII, pt. 2, p. 23 (June 1953) and XXXIII, pt. 2, p. 384 (August 1959).

¹⁰ See pt. 3 below. Multiple regression analysis suggests a significant association between the level of unskilled wages and the level of hospital rates.

¹¹ See sources cited in table 19.

¹² Ray E. Brown, "The nature of hospital costs," reprint from "Hospitals," the Journal of the American Hospital Association, Apr. 1, 1956. Brown, does, however, mention a trend toward more professionalism among technicians. The following section draws heavily on his article.