and in some cases capital requirements are not taken into account at all in cost reimbursement formulas. A recent poll of all American and Canadian Blue Cross plans showed that 12 percent (7 out of 59 replying) did not consider depreciation in their reimbursement cost schedules.[8] An additional factor is the almost unanimous complaint by hospitals that public authorities do not adequately reimburse even operational expenses for public charge patients.

Average annual depreciation costs on a straight line method depend on the expected number of years of useful life. A facility having an expected life of 50 years would depreciate 2 percent yearly.

Depending on the age of the facility or equipment, average annual straight line depreciation costs for existing general hospitals would probably fall within the following limits:

Buildings, 2 to 5 percent.
Fixed equipment, 3 to 6 percent.
Movable equipment, 6 to 10 percent.

Illinois requires that depreciation be based upon historical costs and ...t permit "interest cost" to be included as a cost. Among 199 hospitals reporting to the Illinois State Health Department, depreciation averaged 5.8 percent in 1964, varying from 5 percent for the 300-bed-and-over hospitals to 6.3 percent for hospitals from 100 to 199 beds in size.[9] On a per-patient-day cost basis, depreciation added an average of $2.47 to the daily cost, which came to $42.61 for all 199 hospitals. The range by size of hospitals was from $1.90 to $2.78 per patient-day.

Capital cost expenditures by State and local governments for general hospitals alone are not available. Based upon 1964 construction data for all health facilities, State and local governments are now meeting about 18 percent of the capital costs of all such facilities. This is considerably lower than the 40- to 45-percent range of the early and ...0's. Since that time the national volume of health facility construction has almost tripled while construction by State and local ...ients increased by approximately 10 percent. Public non-... outlays are obviously relatively stable and assume a lesser proportion of hospital construction when the volume is high, as is the ...v and seemingly will be for the near future.

C. Trend of Capital Outlays

1. ANNUAL CAPITAL OUTLAY

During the 20 years 1946–65 a total of $18.2 billion of hospital and health facility construction was put in place. This amount ... the value of construction for general hospitals, other types of ...s, nursing homes, diagnostic and treatment centers and other ... facilities. No breakdown is available for each category of ... Publicly owned construction accounted for $7.4 billion of ... and privately owned projects came to $10.8 billion. (See table

[8] Barbatelli, Ettore. *Hospital Plant and Equipment Records.* American Appraisal Co., New York, N.Y. ...irtesy of Foundation for Economic and Business Studies, Indiana University.) 24 pages.
[9] Unpublished material.