

and price ranges in labor and materials in various localities are influencing factors.

Under the Hill-Burton program, applicants must perform actual construction work by the lump sum (fixed price) contract method. These methods must be employed to obtain competitive bidding prior to awarding the construction contract. Also, applicants must assure certain minimum requirements for construction and equipment to assure properly planned and well constructed facilities which can be efficiently maintained and operated to furnish adequate services. Data on nursing home construction costs are compiled periodically by the Division of Hospital and Medical Facilities, Public Health Service, which administers the Hill-Burton program. Average unit cost figures for nursing home projects approved under the program show the upward trend in building costs over the past several years. Data are available only on a square footage and per bed basis and not available on a per-person-served basis.

TABLE 5.—Nursing homes: New construction costs

Year	Building and fixed equipment average cost	
	Per square foot	Per bed
1961-62	\$18.17	\$8,476
1960-61	18.92	9,421
1959-60	19.96	10,712
1958-59	19.25	9,207

Source: U.S. Department of Health, Education, and Welfare, Public Health Service, Division of Hospital Facilities, Architectural, Engineering, and Equipment Branch. "Representative Construction Costs for Hill-Burton Hospitals and Related Health Facilities," January-April 1965, p. 1. Processed.

A study of 40 nursing homes, conducted in 1961-62 by the Division of Hospital and Medical Facilities, Public Health Service, in cooperation with the American Nursing Home Association, provided limited information on construction costs. Of the 40 homes selected for study, 20 were proprietary in ownership and 20 were under nonprofit ownership and built with Hill-Burton assistance. Construction costs were difficult to analyze since precise information, particularly among Hill-Burton homes, was sometimes lacking and some owners participated in construction without full contractual procedures. Moreover, there were wide differences among the homes in overall area per bed. In the 20 homes built without Hill-Burton aid the total space ranged from a minimum of 147 square feet per bed to a maximum of 740 square feet per bed. The trend value of unit cost per bed for these homes rose steadily over this range from \$1,500 per bed to about \$4,500 per bed. At the median area of 236 square feet, the unit cost per bed approximated \$3,125. Areas in homes receiving Hill-Burton assistance ranged from 300 to 740 square feet per bed. In these homes, the unit cost per bed extended from \$4,500 to about \$14,000. At the median area of 400 square feet per bed, the unit cost was about \$10,000 per bed.