

**BLUE CROSS AND OTHER PRIVATE HEALTH
INSURANCE FOR THE ELDERLY**

HEARINGS

BEFORE THE

SUBCOMMITTEE ON HEALTH OF THE ELDERLY

OF THE

SPECIAL COMMITTEE ON AGING

UNITED STATES SENATE

EIGHTY-EIGHTH CONGRESS

SECOND SESSION

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PART 4B
APPENDIX

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WASHINGTON, D.C.
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NOTE.—Three hearings on Blue Cross and other private health insurance were held as follows:

- Part 1—Washington, D.C., April 27, 1964.
- Part 2—Washington, D.C., April 28, 1964.
- Part 3—Washington, D.C., April 29, 1964.
- Part 4A—Appendix.
- Part 4B—Appendix.

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APPENDIXES

APPENDIX D

DATA PROVIDED BY BLUE CROSS ASSOCIATION IN RESPONSE TO SUBCOMMITTEE QUESTIONNAIRE:

1. ENROLLMENT OF PERSONS AGED 65 AND OVER.
2. BENEFIT SUMMARY OF BLUE CROSS CONTRACTS.
3. SUMMARY OF EXCLUSIONS AND RESTRICTIONS IN BLUE CROSS CONTRACTS.
4. SUMMARY OF RATE CHANGES AND CLAIMS EXPERIENCE.

1. TABLE I.—Blue Cross enrollment of persons aged 65 and over, by Blue Cross plan and type of contract, Jan. 1, 1963.

Plan	Total aged enrollment	Aged group enrollment	Aged nongroup enrollment	Senior citizens plan enrollment
Alabama.....	65,641	12,900	50,000	2,741
Arizona.....	15,303	3,689	10,043	1,571
Arkansas.....	19,339	4,903	8,240	6,196
California:				
Los Angeles.....	81,494	18,664	55,980	6,850
Oakland.....	55,986	16,738	36,352	2,896
Colorado.....	102,792	169,453	28,096	5,243
Connecticut.....	153,226	55,931	97,295	None
Delaware.....	22,515	(^a)	(^a)	(^a)
District of Columbia.....	43,312	16,735	26,577	(^a)
Florida.....	92,657	13,500	76,500	2,657
Georgia:				
Atlanta.....	10,762	4,978	5,784	(^a)
Columbus.....	10,931	5,071	4,675	1,185
Savannah.....	2,322	1,219	1,103	(^a)
Idaho.....	4,056	1,709	2,270	77
Illinois.....	226,075			
Indiana.....	155,328	44,698	110,630	(^a)
Iowa:				
Des Moines.....	62,807	15,273	42,010	5,519
Sioux City.....	15,467	6,392	7,519	1,556
Kansas.....	50,982	11,400	36,376	3,206
Kentucky.....	82,980	11,450	67,924	3,606
Louisiana:				
Baton Rouge.....	10,945	3,815	7,130	(^a)
New Orleans.....	14,752	9,538	5,140	74
Maine.....	33,470	9,035	24,435	None
Maryland.....	74,614	25,105	49,229	280
Massachusetts.....	295,665	128,494	167,171	(^a)
Michigan.....	254,553	127,854	108,424	18,275
Minnesota.....	82,971	29,210	53,761	(^a)
Mississippi.....	41,683	11,026	30,657	(^a)

See footnotes at end of table, p. 312.

1. TABLE I.—Blue Cross enrollment of persons aged 65 and over, by Blue Cross plan and type of contract, Jan. 1, 1963.—Continued

Plan	Total aged enrollment	Aged group enrollment	Aged nongroup enrollment	Senior citizens plan enrollment
Missouri:				
Kansas City.....	44,972	14,016	26,871	4,085
St. Louis.....	88,453	30,490	54,833	3,130
Montana.....	¹ 2,329	1,547	728	54
Nebraska.....	33,407	7,236	25,386	785
New Hampshire-Vermont.....	61,237	18,152	43,085	(²)
New Jersey.....	180,321	93,430	81,746	5,145
New Mexico.....	3,680	1,042	2,377	261
New York:				
Albany.....	44,608	16,527	20,126	7,955
Buffalo.....	81,773	41,626	36,421	3,726
Jamestown.....	4,720	1,150	3,570	None
New York City.....	583,371	277,545	294,856	10,970
Rochester.....	53,989	30,890	20,592	2,507
Syracuse.....	45,546	29,082	12,848	3,616
Utica.....	20,981	9,620	10,164	1,197
Watertown.....	3,253	997	2,016	240
North Carolina.....				
Chapel Hill.....	36,267	11,745	19,648	4,874
Durham.....	27,877	9,499	13,060	5,318
North Dakota.....	12,396	4,053	7,122	1,221
Ohio:				
Canton.....	26,807	8,496	17,504	807
Cincinnati.....	127,157	55,277	71,880	(³)
Cleveland.....	162,000	63,504	98,496	(⁴)
Columbus.....	58,191	17,543	38,778	1,870
Lima.....	18,941	3,527	15,075	339
Toledo.....	42,710	16,393	25,295	1,022
Youngstown.....	26,905	9,568	16,506	831
Oklahoma.....	44,831	9,868	28,462	6,501
Oregon.....	20,484	8,395	10,940	1,149
Pennsylvania:				
Allentown.....	46,357	29,792	15,113	1,482
Harrisburg.....	67,879	28,626	35,524	3,729
Philadelphia.....	206,587	71,101	118,120	17,366
Pittsburgh.....	181,333	59,674	90,660	30,999
Wilkes-Barre.....	39,972	26,017	10,714	3,241
Rhode Island.....	69,776	28,073	41,703	None
South Carolina.....	16,119	5,419	8,452	2,248
Tennessee:				
Chattanooga.....	48,452	22,611	23,015	2,826
Memphis.....	8,295	3,778	4,517	(⁵)
Texas.....	307,802	37,751	43,918	¹⁰ 226,133
Utah.....	11,525	7,296	4,229	(⁶)
Virginia:				
Lynchburg.....	1,282	360	796	136
Richmond.....	37,794	14,024	22,774	996
Roanoke.....	14,603	4,284	9,473	846
Washington-Alaska.....	18,177	4,825	12,892	480
West Virginia:				
Bluefield.....	1,913	358	1,555	(⁷)
Charleston.....	8,208	3,417	4,791	(⁸)
Parkersburg.....	3,031	769	2,153	109
Wheeling.....	7,746	3,174	4,484	88
Wisconsin.....	98,844	37,569	59,979	1,296
Wyoming.....	3,968	790	2,532	646

¹ Includes 49,117 persons who are enrolled through public assistance under the OAA program.

² Enrollment as of Sept. 1, 1963, was 19,362.

³ Not available.

⁴ The senior citizen plan was first offered after Apr. 1, 1963.

⁵ Senior citizen plan enrollment is included in nongroup enrollment.

⁶ Enrollment as of Apr. 1, 1964, was 274,308 total: 141,962 group; 39,106 nongroup; and 93,240 senior citizen.

⁷ Does not include OAA and AB recipients.

⁸ Includes 803 persons who are enrolled through public assistance under the OAA program.

⁹ Senior citizen plan was first offered Aug. 1, 1963. The enrollment in this plan as of Mar. 31, 1964, was 8,316.

¹⁰ Includes 223,232 persons who are enrolled through public assistance under the OAA program.

NOTE.—An additional 76,000 aged are enrolled under the program for Federal employees and another 8,000 are insured by a Blue Cross subsidiary, Health Insurance, Inc.

Source: Blue Cross Association.

2. TABLE II.—Benefit summary of Blue Cross contracts held by aged persons, by plan and type of contract

Plan	Hospital days	Room and board	Operating room	Drugs and medicine	Anesthesia supplies	Diagnostic X-ray	Laboratory	Oxygen	Visiting nurse service	Nursing home
Alabama: G, NG, and SC	70	SP	F	F	F	F	F	F	(-)	(-)
Arizona:										
G	120	SP	F	F	F	F	F	F	(-)	(-)
NG	30	\$20	F	F	F	P(R)	F	F	(-)	(-)
SC No. 1	30	\$16	F	F	F	F	F	F	(-)	(-)
SC No. 2	70	SP	F	F	F	F	F	F	\$4 per day.	\$8.
Arkansas:										
G and NG	120	\$8 to \$15.	F	F	F	F	F	F	(-)	(-)
SC No. 1	30	\$10	F	P	P	P	P	F	(-)	(-)
SC No. 2	70	\$10	F	P	P	P	P	F	F	P.
California:										
Los Angeles:										
G	100	W	F	F	F	F	F	F	(-)	(-)
NG	30 ¹	W	F	F	F	F	F	F	(-)	(-)
SC No. 1	70	(9)	F	F	F	F	F	F	P.	P.
SC No. 2	30	W	F	F	F	F	F	F	(-)	(-)
Oakland:										
G	70	F	F	F	F	F	(-)	F	(-)	(-)
NG	21 ²	F	F	F	F	P.	(-)	F	(-)	(-)
SC No. 1	31	W+80 percent charges.	P	P	P	(-)	P	P	(-)	(-)
SC No. 2	70	do.	P	P	P	(-)	P	P	\$3 per day, 140 days.	\$8.
Colorado:										
G	120	F	F	F	F	F	F	F	(-)	(-)
NG	120	\$14	F	F	F	F	F	F	(-)	(-)
SC No. 1	70	\$14	F	F	F	F	F	F	P.	P.
SC No. 2	70	\$10	F	F	F	F	F	F	P.	P.
Connecticut (no SC):										
G	120 ⁴	\$15	F	F	F	F	F	F	(-)	(-)
NG	30	\$15	F	F	F	F	F	F	(-)	(-)
Delaware:										
G and NG	70F+205P	SP	F	F	BS	P	F (routine)	F	(-)	\$10.
SC No. 1	30F+30P	\$18	F	F	BS	P	P	F	Covered.	\$8.
SC No. 2	70	\$18	F	F	BS	P	P	F	do.	Covered.
District of Columbia: ⁵										
G	180	SP	F	F	F	BS	BS	F	(-)	(-)
NG	31F+100P	SP	F	F	F	BS	BS	F	(-)	(-)
SC	90	SP	F	F	F	BS	BS	F	(9)	P.

See footnotes at end of table, p. 319.

2. TABLE II.—Benefit summary of Blue Cross contracts held by aged persons, by plan and type of contract—Continued

Plan	Hospital days	Room and board	Operating room	Drugs and medicine	Anesthesia supplies	Diagnostic X-ray	Laboratory	Oxygen	Visiting nurse service	Nursing home
Florida:										
G.....	31(R)	\$12	F	F	F	F	F	F	()	
NG.....	31	\$12	F	F	F	F	F	F	()	
SC No. 1.....	70	\$12	F	F	F	F	F	F	138 visits	138 days.
SC No. 2.....	31	\$12	F	F	F	F	F	F	()	()
Georgia:										
Atlanta:										
G and NG.....	30	SP	F	F	F	F	F	F	()	()
SC.....	30	\$16	F	F	F	F	F	F	()	()
Columbus:										
G and NG.....	30	\$8 to \$20	F	F	F	P	F	F	()	()
SC.....	30(R)	\$10	F	F	F	P	F	F	()	()
Savannah:										
G, NG, and SC.....	30	SP	F	P	F	()	F	F	()	()
Idaho:										
G.....	35-120	W to \$18	F	F	F	F	F	F	()	()
NG.....	35	W to \$14	F	F	F	F	F	F	()	()
SC No. 1.....	70	W to \$18	F	F	F	F	F	F	\$3 per day	\$3
SC No. 2.....	35	W to \$14	F	F	F	F	F	F	()	()
Illinois:										
G.....	120	SP	F	F	F	F	F	F	()	()
NG.....	120	SP	F	F	F	()	F	F	()	()
SC.....	30	SP	F	F	F	()	F	F	()	()
Indiana:										
G.....	120	SP	F	F	F	F	F	F	()	()
NG.....	30F+30P	\$12	F	F	F	F	F	F	()	()
SC.....	70	\$12	F	F	F	F	F	F	()	()
Iowa:										
Des Moines:										
G and NG.....	70	SP	F	F	F	BS	BS	F	()	()
SC No. 1.....	30	SP	F	F	F	BS	BS	F	()	()
SC No. 2.....	70	SP	F	F	F	BS	BS	F	()	()
Sloux City:										
G and NG.....	70	SP	F	F	F	F	F	F	()	()
SC No. 1.....	30	SP	F	F	F	F	F	F	()	()
SC No. 2.....	70	SP	F	F	F	F	F	F	()	8 percent.
Kansas:										
G and NG.....	120	SP	F	F	F	BS	F	F	()	()
SC.....	70	SP	F	F	F	BS	F	F	()	()
Kentucky:										
G and NG.....	70	\$10	F	F	()	()	F	F	()	()
SC.....	70	\$12	F	F	F	F	F	F	\$3 per visit	F

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Louisiana:											
Baton Rouge:											
G, NG, and SC No. 2	120	\$8	F	F	F	F	F	F	F	()	()
SC No. 1	80	\$8	F	F	F	P	P	F	F	()	()
New Orleans:											
G	125	\$10	F	F	()	F	F	F	F	()	()
NG	75	\$12	F	F	()	P	P	F	F	()	()
SC	70	\$12	F	F	()	F	F	F	F	()	()
Maine:											
G and NG (no SC)	21+100P	\$12 to \$24	F	P	F	P	P	P	P	()	()
Maryland:											
G and NG	30	SP	F	F	F	F	F	F	F	()	()
SC No. 1	70	SP	F	F	F	F	F	F	F	F (contracting)	P
SC No. 2	30	SP	F	F	F	F	F	F	F	()	()
Massachusetts:											
G	120	SP	F	F	F	F	F	F	F	()	()
(No SC); NG ¹⁰	40	\$18	F	F	F	F	F	F	F	()	()
Michigan:											
G and NG	120 (R)	F	F	F	F	BS	F	F	F	()	()
SC	30	F	F	F	F	BS	F	F	F	()	()
Minnesota:											
G and NG	70(R)	SP	F	F	F	F	F	F	F	()	()
SC No. 1	30	\$10	F	F	F	F	F	F	F	()	()
SC No. 2	70	SP	F	F	F	F	F	F	F	()	()
Mississippi:											
G	100	\$10	F	F	F	F	F	F	F	()	()
NG	70	\$12	F	F	F	F	F	F	F	()	()
SC No. 1	30	\$8	F	F	F	F	F	F	F	()	()
SC No. 2	30	\$12	F	F	F	F	F	F	F	()	()
Missouri:											
Kansas City:											
G	70	SP	F	F	F	BS	P	F	F	()	()
NG	70	\$12 ¹¹	F	F	F	BS	P	F	F	()	()
SC	70	SP	F	F	F	BS	P	F	F	()	()
St. Louis:											
G	70F+180P	SP	F	F	F	BS	F (routine)	F	F	()	()
NG	70F+180P	\$10	F	F	F	P(R)	P(R)	F	F	()	()
SC No. 1	70F+180P	\$14	F	F	F	P(R)	P(R)	F	F	()	()
SC No. 2	70F+180P	\$7	F	F	F	P(R)	P(R)	F	F	()	()
Montana:											
G	120	\$12	F	F	F	BS	F	F	F	()	()
NG	60F+30P	F	F	F	F	BS	F	F	F	()	()
SC No. 1	30F+40P	SP	F	F	F	BS	F	F	F	()	()
SC No. 2	30	\$10	P	P	P	BS	P	P	P	()	()
Nebraska:											
G	160	\$11	F	F	F	BS	BS	F	F	()	()
NG	120	\$8	F	P	P	BS	BS	P	P	()	()
SC	70	\$12	F	P	P	BS	BS	P	P	()	()

See footnotes at end of table, p. 319.

2. TABLE II.—Benefit summary of Blue Cross contracts held by aged persons, by plan and type of contract—Continued

Plan	Hospital days	Room and board	Operating room	Drugs and medicine	Anesthesia supplies	Diagnostic X-ray	Laboratory	Oxygen	Visiting nurse service	Nursing home
New Hampshire: (No. SC); G and NG...	60F+60P.....	\$15.....	F.....	F.....	F.....	P.....	F.....	F.....	(-)	(-)
New Jersey:										
G and NG.....	(¹²).....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
SC No. 1.....	70.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(S)	(S)
SC No. 2.....	30.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
New Mexico:										
G.....	385.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
NG.....	385.....	\$15.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
SC No. 1.....	70.....	\$15.....	F.....	F.....	F.....	F.....	F.....	F.....	P(R)	P(R)
SC No. 2.....	30.....	\$15.....	F.....	F.....	F.....	F.....	F.....	F.....	P(R)	P(R)
New York:										
Albany:										
G and NG.....	70.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
SC No. 1.....	70.....	75 percent SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
SC No. 2.....	30.....	do.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
Buffalo:										
G and NG.....	120.....	SF.....	F.....	F.....	F.....	BS.....	BS.....	F.....	(-)	(-)
SC No. 1.....	70.....	SP.....	F.....	F.....	F.....	BS.....	BS.....	F.....	Covered.....	Covered.....
SC No. 2.....	30.....	SP.....	F.....	F.....	F.....	BS.....	BS.....	F.....	(-)	(-)
Jamestown:										
G.....	21P+90P.....	SP.....	F.....	50 percent.....	F.....	\$15/yr.....	F.....	F.....	(-)	(-)
(No. SC); NG.....	30.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
New York:										
G and NG.....	21F+180P.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
SC.....	21F+180P.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
Rochester:										
G and NG.....	70F+50 at \$10.....	SP.....	F.....	F.....	F.....	(-)(R).....	F.....	F.....	(S)	(-)
SC.....	30F+60 at \$10.....	SP.....	F.....	F.....	F.....	(-)(R).....	F.....	F.....	(-)	(-)
Syracuse: G, NG, and SC.....	70.....	SP.....	F.....	F.....	F.....	(-)(R).....	F.....	F.....	(-)	(-)
Utica: G, NG, and SC.....	70F+80 at \$5.....	SP.....	F.....	F.....	F.....	(-)(R).....	F.....	\$20.....	(-)	(-)
Watertown:										
G.....	120.....	SP.....	F.....	F.....	F.....	(-)(R).....	F.....	F.....	(-)	(-)
NG and SC.....	30F+90 at \$10.....	SP.....	F.....	F.....	F.....	(-)(R).....	F.....	F.....	(-)	(-)
North Carolina:										
Chapel Hill:										
G and NG.....	70.....	\$10(R).....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
SC No. 1.....	31.....	\$10.....	F.....	P.....	F.....	P.....	P.....	F.....	(-)	(-)
SC No. 2.....	70.....	\$12.....	F.....	P.....	F.....	P.....	P.....	F.....	Covered.....	Covered.....
SC No. 3.....	30.....	\$9.....	F.....	P.....	F.....	P.....	P.....	F.....	(-)	(-)
Durham:										
G.....	70.....	\$10(R).....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
NG.....	70.....	\$8.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
SC No. 1.....	31.....	\$8 or \$10.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
SC No. 2.....	70.....	\$12.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)

Ohio:	SC No. 3.....	30.....	\$9.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
Canton:	G and SC.....	70.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
	NG.....	30.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
Cincinnati:	G.....	120.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
	(No SC); NG.....	70.....	W.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
Cleveland:	G and NG.....	120.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
	SC.....	70.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
Columbus:	G.....	70 or 120.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
	NG and SC.....	30.....	80 percent.....	P.....	P.....	(-)	\$15.....	P.....	P.....	(-)	(-)
Lima:	G, NG and SC No. 1.....	30.....	do.....	P.....	P.....	P.....	P.....	P.....	P.....	(-)	(-)
	SC No. 2.....	70.....	do.....	P.....	P.....	P.....	P.....	P.....	P.....	(-)	(-)
Toledo:	G.....	70.....	SP.....	F.....	F.....	(-)	F.....	F.....	F.....	(-)	(-)
	NG and SC.....	70.....	SP.....	P.....	P.....	(-)	P.....	P.....	P.....	(-)	(-)
Youngstown:	G and NG.....	120.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
	SC.....	70.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
Oklahoma:	G and NG.....	90.....	SP.....	F.....	F.....	F.....	BS.....	F.....	F.....	(-)	(-)
	SC.....	30.....	SP.....	F.....	F.....	F.....	BS.....	F.....	F.....	(-)	(-)
Oregon:	G.....	70.....	W to \$18.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
	NG.....	30 F and 30 P ¹⁵	W to \$24.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
	SD No. 1.....	70.....	W to \$18.....	F.....	F.....	F.....	F.....	F.....	F.....	P ¹⁷	P ¹⁷
	SC No. 2.....	30.....	W to \$15.....	F.....	F.....	F.....	F.....	F.....	F.....		
Pennsylvania:	Allentown:										
	G.....	30 to 70.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(15)	(15)
	NG.....	21 to 36.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(15)	(15)
	SC No. 1.....	21 to 30.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(15)	(15)
	SC No. 2.....	70.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(15)	(15)
	Harrisburg:										
	G.....	120.....	SP.....	F.....	F.....	F.....	P.....	P.....	F.....	(15)	(15)
	NG.....	70.....	SP.....	F.....	F.....	F.....	P.....	P.....	F.....	(15)	(15)
	SC No. 1.....	30.....	SP.....	F.....	F.....	F.....	BS.....	P.....	F.....	(15)	(15)
	SC No. 2.....	70.....	SP.....	F.....	F.....	F.....	BS.....	P.....	F.....	(15)	(15)
	Philadelphia:										
	G.....	30 to 70 ¹⁵	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(15)	(15)
	NG and SC No. 1.....	21 to 30 ²⁰	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(15)	(15)
	SC No. 2.....	70.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(15)	(15)
	Pittsburgh:										
	G.....	30 to 70.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	Covered.....	(15)
	NG.....	21 to 33.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	do.....	(15)
	SC No. 1.....	70.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	do.....	(15)
	SC No. 2.....	21 to 30.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	do.....	(15)

See footnotes at end of table, p. 319.

2. TABLE II.—Benefit summary of Blue Cross contracts held by aged persons, by plan and type of contract—Continued

Plan	Hospital days	Room and board	Operating room	Drugs and medicine	Anesthesia supplies	Diagnostic X-ray	Laboratory	Oxygen	Visiting nurse service	Nursing home
Pennsylvania—Continued										
Wilkes-Barre:										
G.....	120.....	SP.....	F.....	F.....	F.....	BS.....	F.....	F.....	(1)	(1)
NG.....	30.....	SP.....	F.....	F.....	F.....	BS.....	F.....	F.....	(1)	(1)
SC No. 1.....	70.....	SP.....	F.....	F.....	F.....	BS.....	F.....	F.....	(1)	(1)
SC No. 2.....	30.....	SP.....	F.....	F.....	F.....	().....	F.....	F.....	(1)	(1)
Rhode Island:										
G.....	120.....	\$20.....	F.....	F.....	().....	().....	F.....	F.....	(1)	(1)
(No SC) NG.....	120.....	\$14.....	F.....	F.....	().....	().....	F.....	F.....	(1)	(1)
South Carolina:										
G.....	70A.....	W.....	F.....	F.....	F.....	P #.....	P #.....	F.....	(1)	(1)
NG.....	70Y.....	\$10.....	F.....	F.....	F.....	P #.....	P #.....	F.....	(1)	(1)
SC No. 1.....	70A.....	SP.....	F.....	F.....	F.....	P #.....	P #.....	F.....	(1)	(1)
SC No. 2.....	70Y.....	\$10.....	F.....	F.....	F.....	P #.....	P #.....	F.....	(1)	(1)
Tennessee:										
Chattanooga:										
G and NG.....	70.....	\$8.....	F.....	F.....	().....	F.....	F.....	F.....	(1)	(1)
SC.....	30.....	\$10.....	F.....	F.....	().....	F.....	F.....	F.....	(1)	(1)
Memphis:										
G.....	30.....	\$8 to SP.....	F.....	F.....	F.....	F.....	F.....	F.....	(1)	(1)
NG.....	30.....	\$12.....	F.....	F.....	().....	P.....	F.....	\$500.....	(1)	(1)
SC.....	30.....	\$10.....	F.....	F.....	().....	F.....	F.....	F.....	(1)	(1)
Texas:										
G.....	70.....	\$10.....	F.....	F.....	F.....	P.....	F.....	F.....	(1)	(1)
NG.....	70.....	\$7.50.....	F.....	F.....	F.....	P.....	F.....	F.....	(1)	(1)
"Senior Texan".....	70.....	\$12.....	F.....	F.....	F.....	P.....	F.....	F.....	(1)	(1)
OAA.....	15 at \$10; unlimited at \$6.....	\$10.....	(*).....	(*).....	(*).....	(*).....	(*).....	(*).....	(1)	(1)
Utah:										
G.....	70.....	W.....	F.....	F.....	F.....	F.....	F.....	F.....	(1)	(1)
NG and SC No. 2.....	30.....	W.....	F.....	F.....	F.....	F.....	F.....	F.....	(1)	(1)
SC No. 1.....	70.....	W.....	F.....	F.....	F.....	F.....	F.....	F.....	(1)	(1)
Virginia:										
Lynchburg:										
G.....	30.....	SP.....	F.....	F.....	F.....	BS.....	F.....	F.....	(1)	(1)
NG and SC.....	70.....	SP.....	F.....	F.....	F.....	BS.....	F.....	F.....	(1)	(1)
Richmond:										
G and NG.....	60(R).....	\$12(R).....	F.....	F.....	F.....	().....	F.....	F.....	(1)	(1)
SC.....	60(R).....	SP.....	F.....	F.....	F.....	().....	F.....	F.....	(1)	(1)
Roanoke: G, NG, and SC.....	70.....	SP.....	F.....	F.....	F.....	P.....	F.....	F.....	(1)	(1)
Washington-Alaska:										
G.....	70.....	W to \$20.....	F.....	F.....	F.....	F.....	F.....	F.....	(1)	(1)
NG.....	35.....	W to \$18.....	F.....	F.....	F.....	F.....	P.....	F.....	(1)	(1)

SC No. 1.....	35.....	W to \$15.....	F.....	P.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
SC No. 2.....	70.....	W to \$22.....	F.....	F.....	F.....	F.....	F.....	F.....	F.....	Covered	Covered
West Virginia:											
Bluefield:											
G, NG, and SC.....	30.....	W.....	F.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
Charleston:											
G.....	70.....	\$12.....	F.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
(No SC) NG.....	70.....	\$8.....	F.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
Parkersburg:											
G and NG.....	70.....	\$10.....	F.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
SC No. 1.....	70.....	80 percent SP.....	80 percent.....	80 percent.....	80 percent.....	80 percent.....	80 percent.....	80 percent.....	80 percent.....	(-)	(-)
SC No. 2.....	30.....	do.....	do.....	do.....	do.....	do.....	do.....	do.....	do.....	(-)	(-)
Wheeling:											
G and NG.....	70.....	\$8 to \$16.....	F.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
SC.....	70.....	\$16.....	F.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
Wisconsin:											
G.....	120.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
NG and SC No.1.....	31.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
SC No. 2.....	70.....	SP.....	F.....	F.....	F.....	F.....	F.....	F.....	F.....	F.....	P.....
Wyoming:											
G.....	120.....	\$12.....	F.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
NG.....	120.....	\$10.....	F.....	F.....	F.....	F.....	F.....	F.....	F.....	(-)	(-)
SC No. 1.....	30.....	\$10.....	F.....	F.....	BS.....	BS.....	BS.....	BS.....	F.....	(-)	P.....
SC No. 2.....	70.....	\$10.....	F.....	F.....	BS.....	BS.....	BS.....	BS.....	F.....	(-)	P.....

Legend:

- G = Group plan.
 - NG = Nongroup plan.
 - SC = Senior citizen plan (No. 1 and No. 2 where given in data).
 - R = Rider available to extend coverage.
 - SP = Payment for semiprivate accommodations.
 - W = Payment for ward accommodations.
 - F = Full payment for covered items (no details on items covered beyond those in table).
 - P = Partial payment for covered items.
 - BS = Covered under Blue Shield or other surgical-medical plan.
 - (-) = Not covered under plan.
 - A = Per admission.
 - Y = Per year.
- ¹ 30 days for persons 65-plus; 50 days for persons under 65.
² 100 percent if ward charges are \$18 or less; 80 percent, but not less than \$18, if ward is over \$18.
³ 21 days for persons 65-plus; 55 days for those under 65.
⁴ 120 days for persons 65-plus; 485 days for those under 65.
⁵ Federal employees plan is most widely held, but is not available to general public.
⁶ Full for participating, partial for nonparticipating nurses.
⁷ 2 days or visits for each unused hospital day.
⁸ Excluded, but covered under an extended benefit endorsement.

⁹ 63 percent have extended benefit coverage, including visiting nurse services and unlimited days in general hospital, nursing home, and chronic disease hospital, subject to \$5,000 (for 31 percent of enrollees) or \$15,000 (32 percent of enrollees) maxima.

¹⁰ 41 percent have extended benefits providing additional 90 days at \$12 per day in general hospital, 120 days in nursing home, and visiting nurse services, to \$5,000 maximum.

¹¹ \$14 for persons under age 65.
¹² Persons under 65, 120 full days, 245 days at \$5; persons 65 to 69, 60 full days; 70 and over, 30 full days.

¹³ Contracting nurses, full: noncontracting, \$3 per visit.
¹⁴ Contracting, full: noncontracting, 80 percent of charges or \$8 per day.
¹⁵ Visiting nurses covered only through organized home care. If eligible for home care, visiting nurse service required in judgment of home care organization is covered in full.

- ¹⁶ 30 full plus 180 partial if person is under 65.
- ¹⁷ 6-month waiting period.
- ¹⁸ For persons 65 and over, full for unused days.
- ¹⁹ Ranges from 30 days in 1st year of enrollment to 70 days in 5th year.
- ²⁰ Ranges from 21 days in 1st year to 30 days in 4th year.
- ²¹ Full in contracting hospital, partial in noncontracting.
- ²² Full for 40 unused days.
- ²³ In contracting hospitals.

NOTE.—Deductibles and copay features are not considered when "full" payment is described. See table III.

3. TABLE III.—Summary of exclusions and restrictions in Blue Cross contracts held by aged persons, by plan and type of contract

	Deductible copay or coinsurance	Mental, nervous, and tuberculosis	Waiting period or coverage status for preexisting conditions	Health statement	Maximum age for new enrollment	Benefit reductions due to age	Rate increase due to age	Transfer required due to age	Conversion privileges different for aged from other subscribers	Post-underwriting through riders
Alabama:										
G.....	\$25.....	MN 30 days TB till diagnosed.	9 months.....	No.....	65.....	No.....	No.....	19.....	No.....	No.....
NG.....	\$50.....	do.....	do.....	Yes.....	65.....	do.....	do.....	19.....	(-)	Do.....
SC.....	\$50 deductible; \$5 copay.	do.....	do.....	do.....	No.....	do.....	do.....	No.....	(-)	Do.....
Arizona:										
G.....	None.....	Excluded.....	Covered.....	No.....	do.....	do.....	do.....	19.....	No.....	Do.....
NG.....	20 percent 1st \$500.	do.....	do.....	do.....	60 ¹	do.....	do.....	19.....	(-)	Do.....
SC No. 1.....	20 percent ancillaries.	do.....	Excluded.....	Yes.....	No.....	do.....	do.....	19.....	(-)	Do.....
SC No. 2.....	None.....	30 days after 3-day deductible.	6 months.....	No.....	do.....	do.....	do.....	19.....	(-)	Do.....
Arkansas:										
G.....	\$25.....	30 days.....	1 year.....	do.....	do.....	do.....	do.....	19.....	No.....	Do.....
NG.....	\$25.....	do.....	do.....	Yes.....	60.....	do.....	60.....	19.....	(-)	Do.....
SC No. 1.....	None.....	14 days.....	Excluded.....	do.....	No.....	do.....	No.....	19.....	(-)	Do.....
SC No. 2.....	do.....	30 days.....	6 months.....	No.....	do.....	do.....	do.....	19.....	(-)	Do.....
California:										
Los Angeles:										
G.....	do.....	Covered.....	Covered.....	do.....	do.....	do.....	do.....	19.....	No.....	Do.....
NG.....	20 percent.....	Excluded.....	8 months.....	do.....	do.....	65 ⁴	do.....	19.....	(-)	Do.....
SC No. 1.....	do.....	30 days (Y).....	do.....	do.....	do.....	No.....	do.....	19.....	(-)	Do.....
SC No. 2.....	\$50 and 20 percent.....	Excluded.....	11 months.....	Yes.....	do.....	do.....	do.....	19.....	(-)	Do.....
Oakland:										
G.....	None.....	do.....	None.....	No.....	do.....	do.....	do.....	19.....	No.....	Do.....
NG.....	do.....	do.....	11 months.....	do.....	65.....	65 ¹	do.....	19.....	(-)	Do.....
SC No. 1.....	20 percent.....	do.....	6 months.....	do.....	No.....	No.....	do.....	19.....	(-)	Do.....
SC No. 2.....	do.....	30 days.....	do.....	do.....	do.....	do.....	do.....	19.....	(-)	Do.....
Colorado:										
G.....	None.....	do.....	11 months ⁴	do.....	65 ¹	do.....	do.....	19.....	No.....	Do.....
NG.....	do.....	do.....	do.....	Yes.....	65.....	do.....	do.....	19.....	(-)	Do.....
SC Nos. 1 and 2.....	do.....	do.....	do.....	do.....	No.....	do.....	do.....	No.....	(-)	Do.....
Connecticut (no SC):										
G.....	do.....	Full.....	Covered.....	No.....	do.....	65 ¹	do.....	19.....	No.....	Do.....
NG.....	do.....	do.....	do.....	do.....	do.....	No.....	do.....	19.....	(-)	Do.....
Delaware:										
G.....	do.....	MN 60 days; TB excluded.	1 year.....	do.....	65.....	do.....	do.....	19.....	No.....	Do.....
NG.....	do.....	do.....	Excluded for other than conversion.	Yes ⁶	65.....	do.....	do.....	(10)	(-)	Do.....

SC No. 1	do	do	1 year	do	No	do	do	19	(-)	Do
SC No. 2	do	60 days	6 months	No	do	do	do	19	(-)	Do
District of Columbia:										
G	do	30 days	10 months	do	do	do	do	19	No	Do
NG	do	10 days	do	Yes	do	do	do	19	(-)	Do
SC	do	30 days	6 months	No	do	do	do	19	(-)	Do
Florida:										
G	do	31 days	Covered	do	do	do	do	19	No	Do
NG	do	do	9 months	Yes	65	do	do	19	(-)	Do
SC Nos. 1 and 2	do	do	6 months	No	No	do	do	19	(-)	Do
Georgia:										
Atlanta:										
G	do	Excluded	None	do	do	do	do	19	No	Do
NG	\$5 per day	do	do	do	do	do	do	19	(-)	Do
SC	do	MN 30 days; TB-F in general hospital.	6 months	do	do	do	do	19	(-)	Do
Columbus:										
G	None	30 days (R)	12 months	do	do	do	do	No	No	Do
NG	do	do	24 months	do	60	do	do	do	(-)	Do
SC	do	do	12 months	Yes	No	do	do	do	(-)	Do
Savannah:										
G	do	Excluded	do	do	65	do	do	19	No	Do
NG	do	do	do	do	65	do	do	19	(-)	Do
SC	do	do	do	do	No	do	do	19	(-)	Do
Idaho:										
G	do	20 days (Y)	11 months	No	do	do	do	No	No	Do
NG	80-percent ancillaries	Excluded	do	Yes	65	do	do	do	(-)	Do
SC No. 1	do	30 days (Y)	6 months	No	No	do	do	do	(-)	Do
SC No. 2	do	Excluded	11 months	do	do	do	do	do	(-)	Do
Illinois:										
G	None	120 days	270 days ¹¹	do	do	do	do	19	Yes	Do
NG	\$25 and 25 percent	do	None ¹²	do	64	(¹³)	(¹³)	(¹³)	(-)	Do
SC	\$3 or \$5 per day ¹⁴	30 days	180 days ¹⁴	do	No	No	No	No	(-)	Do
Indiana:										
G	None	do	9 months	do	do	do	do	do	No	Do
NG	do	do	365 days	do	do	do	do	do	(-)	Do
SC	do	do	180 days	do	do	do	do	do	(-)	Do
Iowa:										
Des Moines:										
G	do	do	11 months	do	do	do	do	19	No	Do
NG	do	do	do	Yes	65	do	do	19	(-)	Do
SC No. 1	\$25 1st day; \$3 per day thereafter	do	6 months	No	No	do	do	19	(-)	Do
SC No. 2	1st \$25 to \$125, then 20 percent	do	do	do	do	do	do	19	(-)	Do
Sioux City:										
G	\$25	do	11 months	do	do	do	do	No	No	Do
NG	\$25	do	do	Yes	65	do	do	do	(-)	Do
SC No. 1	\$50	do	do	do	No	do	do	do	(-)	Do
SC No. 2	\$25 or 20 percent	Excluded	6 months	No	do	do	do	do	(-)	Do

See footnotes at end of table, p. 320.

3. TABLE III.—Summary of exclusions and restrictions in Blue Cross contracts held by aged persons, by plan and type of contract—Con.

	Deductible copay or coinsurance	Mental, nervous, and tuberculosis	Waiting period or coverage status for preexisting conditions	Health statement	Maximum age for new enrollment	Benefit reductions due to age	Rate increase due to age	Transfer required due to age	Conversion privileges different for aged from other subscribers	Post-underwriting through riders
Kansas:										
G	\$10	MN 30 days	Covered ¹⁴	No	No	65	No	21	No	No
NG	\$10	do	240 days for specified conditions.	Yes	60	65 ⁴	do	21	(—)	Do.
SC	25 percent	do	6 months	No	No	No	do	21	(—)	Do.
Kentucky:										
G	None	M 31 days during life; TB excluded.	12 months	do	do	do	do	19	No	Do.
NG	do	do	do	Yes	64	do	do	19	(—)	Do.
SC	do	30 days	6 months	No	No	do	do	No	(—)	Do.
Louisiana:										
Baton Rouge:										
G	Initially \$25	do	1 year	do	do	do	do	19 or 24	No	Do.
NG	do	Excluded	do	Yes	65	do	do	do	(—)	Do.
SC No. 1	None	do	Excluded	do	No	do	do	do	(—)	Do.
SC No. 2	Initially \$25	do	1 year	do	do	do	do	do	(—)	Do.
New Orleans:										
G	\$25	30 days	Covered	No	do	do	do	No	No	Do.
NG	None	45 days	12 months	Yes	65	do	do	do	(—)	Do.
SC	25 percent	30 days	do	do	No	do	do	do	(—)	Do.
Maine:										
G	None	21 days	Covered if enrollment requirements are met.	No	do	do	do	19	No	Do.
NG	do	do	Not covered	Yes	65	do	do	19	(—)	Do.
Maryland:										
G	None	M and N 30 days (Y); TB excluded.	9 months	No	No	do	do	19	No	Do.
NG	do	do	do	Yes	65	do	do	19	(—)	Do.
SC Nos. 1 and 2	\$15 1st day, \$5 2d to 13th to \$75.	do	6 months	No	No	do	do	19	(—)	Do.
Massachusetts:										
G	None	M and N 10 days; TB full. ¹⁶	8 months	do	do	do	do	No	No	Do.
NG	do	do ¹⁷	do	Yes	do	do	do	do	(—)	Do.
Michigan:										
G	do	30 days (A)	Covered	No	do	do	do	19	No	Do.
NG	do	do	do	do	do	do	do	19	(—)	Do.
SC	\$25 or first 20 percent.	30 days in life of certificate.	180 days	do	do	do	do	19	(—)	Do.

Minnesota:											
G	None	70 days	Covered	do ¹⁸	Dependent on group.	do	do	19	No	Do.	
NG	20 percent	do	do	do ¹⁸	No	do	do	19	(-)	Do.	
SC No. 1	\$25	30 days	9 months	Yes	do	do	do	No	(-)	Do.	
SC No. 2	25 percent	70 days	do	do	do	do	do	do	(-)	Do.	
Mississippi:											
G	None	M and N 30 days; TB excluded.	Excluded	No	do	do	do	19	No	Do.	
NG	\$25	do	do	Yes	65	do	do	19	(-)	Do.	
SC	\$25	do	do	do	No	do	do	19	(-)	Do.	
Missouri:											
Kansas City:											
G	None	30 days	Covered in groups over 10.	No	do	do	do	19	No	Do. ¹	
NG	do	do	Excluded	Yes	do	\$14 day under 65, \$12 day 65+	do	19	(-)	Do. ¹⁹	
SC	do	do	6 months	No	do	No	do	19	(-)	Do. ¹⁹	
St. Louis:											
G	do	14 days or \$140.	Excluded	do	do	do	do	19	No	Do.	
NG	do	do	do	do	do	do	do	19	(-)	Do.	
SC	do	30 days or \$300.	6 months	do	do	do	do	19	(-)	Do.	
Montana:											
G	do	30 days (Y)	12 months	do	65	do	do	19	No	Do.	
NG	\$25	do	do	do	60	do	65	19	do	Do.	
SC No. 1	\$25	do	6 months	do	No	do	No	19	do	Do.	
SC No. 2	None	do	do	do	do	do	do	19	do	Do.	
Nebraska:											
G	do	30 days	12 months	do	do	do	do	19	do	Do.	
NG	do	do	do	Yes	60	do	do	19	(-)	Do.	
SC No. 1	do	10 days	do	do	No	do	do	19	(-)	Do.	
SC No. 2	do	30 days	(*)	(*)	do	do	do	19	(-)	Do.	
SC No. 3	do	10 days	6 months	No	do	do	do	19	(-)	Do.	
New Hampshire: G and NG	do	do	Full, GEN, hospital	do	do	do	do	19	No	Do.	
New Jersey:											
G	do	20 days (Y)	Covered	do	do	65 and 70 ²¹	do	19	do	Do. ²²	
NG	do	do	12 months	Yes	do	do ²¹	do	19	(-)	Do. ²²	
SC No. 1	do	30 days (A)	6 months	No	do	No	do	19	(-)	Do. ²²	
SC No. 2	Copay	20 days (A)	do	do	do	do	do	19	(-)	Do.	
New Mexico:											
G	None	30 days (AY)	180 to 270 days	do	do	do	do	23	No	Do.	
NG	do	30 days	do	Yes	65	do	do	23	(-)	Do.	
SC Nos. 1 and 2	do	30 days (Y)	6 months	No	No	do	do	23	(-)	Do.	

See footnotes at end of table, p. 329.

3. TABLE III.—Summary of exclusions and restrictions in Blue Cross contracts held by aged persons, by plan and type of contract—Con.

	Deductible copay or coinsurance	Mental, nervous, and tuberculosis	Waiting period or coverage status for preexisting conditions	Health statement	Maximum age for new enrollment	Benefit reductions due to age	Rate increase due to age	Transfer required due to age	Conversion privileges different for aged from other subscribers	Post-underwriting through riders
New York:										
Albany:										
G.....	None.....	M and N 30 days (Y); TB excluded.	Covered.....	No.....	65 ²²	No.....	No.....	19.....	No.....	No.
NG.....	do.....	do.....	11 months.....	do.....	65.....	do.....	do.....	19.....	(-)	Do.
SC Nos. 1 and 2.....	25 percent.....	do.....	do.....	do.....	No.....	do.....	do.....	19.....	(-)	Do.
Buffalo:										
G.....	None.....	Excluded (R)	11 months ²⁴	do.....	do.....	do.....	do.....	19.....	No.....	Do.
NG.....	do.....	Excluded.....	Excluded.....	Yes.....	65.....	do.....	do.....	19.....	(-)	Do.
SC No. 1.....	do.....	30 days (Y)	6 months.....	No.....	No.....	do.....	do.....	19.....	(-)	Do.
SC No. 2.....	do.....	Excluded.....	do.....	do.....	do.....	do.....	do.....	19.....	(-)	Do.
Jamestown:										
G.....	do.....	do.....	Not covered.....	Yes ²⁵	65.....	do.....	do.....	19.....	No.....	Do.
NG.....	do.....	30 days.....	11 months.....	do.....	65 days.....	do.....	do.....	19.....	(-)	Do.
New York:										
G.....	do.....	21 days + 9 days at 50 percent M and N.	do.....	No.....	65.....	do.....	do.....	19.....	No.....	Do.
NG.....	do.....	do.....	do.....	Yes.....	65.....	do.....	do.....	19.....	(-)	Do.
SC.....	do.....	do.....	do.....	do.....	No.....	do.....	do.....	No.....	(-)	Do.
Rochester:										
G.....	do.....	30 days M and N; TB full.	12 months.....	No.....	65.....	do.....	do.....	19 ²⁶	No.....	Do.
NG.....	do.....	do.....	do.....	Yes.....	65.....	do.....	do.....	19 ²⁶	(-)	Do.
SC.....	do.....	do.....	do.....	No.....	No.....	do.....	do.....	No.....	(-)	Do.
Syracuse:										
G.....	do.....	30 days (Y) M and N; TB excluded.	11 months.....	do.....	65.....	do.....	do.....	19 ²⁷	No.....	Do.
NG.....	do.....	do.....	do.....	Yes.....	65.....	do.....	do.....	19 ²⁷	(-)	Do.
SC.....	\$50.....	do.....	do.....	do.....	No.....	do.....	do.....	19 ²⁷	(-)	Do.
Utica:										
G.....	None.....	30 days M and N; TB excluded.	do.....	No.....	65 ²⁸	do.....	do.....	19.....	No.....	Do.
NG.....	do.....	do.....	do.....	(²⁹).....	65.....	do.....	do.....	19.....	do.....	(-)
SC.....	do.....	do.....	do.....	No.....	No.....	do.....	do.....	19.....	do.....	(-)
Watertown:										
G.....	\$50.....	Covered (general hospital).	12 months.....	do.....	65 ²⁸	do.....	do.....	19.....	do.....	No.
NG.....	\$50.....	do.....	do.....	Yes.....	60.....	do.....	do.....	19.....	(-)	Do.
SC No. 1.....	\$50.....	do.....	do.....	do.....	No.....	do.....	do.....	No.....	(-)	Do.
SC No. 2.....	\$50.....	do.....	do.....	do.....	do.....	do.....	do.....	do.....	(-)	Do.

North Carolina:										
Chapel Hill:										
G.....	None.....	30 days M and N; TB excluded.	24 months.....	No.....	65.....	do.....	do.....	19.....	No.....	Do.
NG.....	do.....	do.....	do.....	Yes.....	65.....	do.....	do.....	19.....	(-)	Do.
SC No. 1.....	do.....	21 days M and N; TB excluded.	do.....	do.....	No.....	do.....	do.....	No.....	(-)	Do.
SC No. 2.....	do.....	30 days.....	6 months.....	No.....	do.....	do.....	do.....	19.....	(-)	Do.
SC No. 3.....	do.....	10 days.....	do.....	do.....	do.....	do.....	do.....	19.....	(-)	Do.
Durham:										
G.....	do.....	30 days (A).....	24 months.....	do.....	64.....	do.....	do.....	19.....	No.....	Do.
NG.....	\$50 of first \$100 of ancillaries.	30 days.....	do.....	Yes.....	64.....	do.....	do.....	19.....	(-)	Do.
SC No. 1.....	50 percent of ancillaries.	do.....	Covered.....	do.....	No.....	do.....	do.....	No.....	(-)	Do.
SC No. 2.....	\$50 ancillaries deductible.	do.....	No benefit for illness 1st 6 months.	No.....	do.....	do.....	do.....	do.....	(-)	Do.
SC No. 3.....	\$100 ancillaries.	10 days.....	do.....	do.....	do.....	do.....	do.....	do.....	(-)	Do.
North Dakota:										
G.....	\$25.....	70 days (A).....	9 months (some con- ditions).	do.....	65.....	do.....	do.....	19.....	No.....	Do.
NG.....	\$25.....	do.....	do.....	Yes.....	60.....	do.....	do.....	19.....	(-)	Do.
SC No. 1.....	\$25.....	30 days (A).....	6 months.....	No.....	No.....	do.....	do.....	19.....	(-)	Do.
SC No. 2.....	\$25 and 20 percent.....	do.....	do.....	do.....	do.....	do.....	do.....	19.....	(-)	Do.
Ohio:										
Canton:										
G.....	None.....	Full.....	Full.....	do.....	do.....	do.....	do.....	19-23 (R)	No.....	Do.
NG.....	\$25.....	do.....	do.....	do.....	do.....	do.....	do.....	19.....	(-)	Do.
SC.....	None.....	do.....	do.....	do.....	do.....	do.....	do.....	19.....	(-)	Do.
Cincinnati: G and NG.....										
do.....	do.....	Full in general hos- pitals; limited in others.	Covered.....	do.....	do.....	do.....	do.....	19.....	No.....	Do.
Cleveland:										
G and NG.....	do.....	Full.....	Full.....	do.....	do.....	do.....	do.....	19.....	do.....	Do.
SC.....	do.....	do.....	do.....	do.....	do.....	do.....	do.....	No.....	(-)	Do.
Columbus:										
G.....	do.....	Excluded.....	do.....	do.....	do.....	do.....	do.....	19.....	No.....	Do.
NG.....	20 percent.....	do.....	9 months for some conditions.	do.....	65.....	do.....	do.....	19.....	(-)	Do.
SC.....	do.....	do.....	270 days for some conditions.	Yes.....	No.....	do.....	do.....	No.....	(-)	Do.
Lima:										
G.....	do.....	80/20 ⁹⁰	12 months.....	No.....	do.....	do.....	do.....	19.....	No.....	Do.
NG.....	do.....	80/20 ⁹⁰	do.....	do.....	65.....	do.....	do.....	19.....	(-)	Do.
SC No. 1.....	do.....	6-month waiting pe- riod.	6 months.....	Yes.....	No.....	do.....	do.....	19.....	(-)	Do.
SC No. 2.....	do.....	do.....	do.....	do.....	do.....	do.....	do.....	19.....	(-)	Do.
Toledo:										
G.....	None.....	M and N 31 days (A); TB 31 days (Y).	Covered.....	No.....	do.....	do.....	do.....	19.....	No.....	Do.
NG.....	20 percent.....	do.....	12 months.....	Yes.....	65.....	do.....	do.....	19.....	do.....	Do.
SC.....	do.....	do.....	do.....	do.....	No.....	do.....	do.....	No.....	do.....	Do.

See footnotes at end of table, p. 329.

3. TABLE III.—Summary of exclusions and restrictions in Blue Cross contracts held by aged persons, by plan and type of contract—Con.

	Deductible copay or coinsurance	Mental, nervous, and tuberculosis	Waiting period or coverage status for preexisting conditions	Health statement	Maximum age for new enrollment	Benefit reductions due to age	Rate increase due to age	Transfer required due to age	Conversion privileges different for aged from other subscribers	Post-underwriting through riders
Ohio—Continued Youngstown:										
G.....	None.....	N and M rider 30 days (Y); TB excluded.	Covered.....	No.....	No.....	No.....	No.....	19.....	No.....	No.
NG.....	do.....	do.....	do.....	do.....	64½.....	do.....	do.....	19.....	(-)	Do.
SC.....	do.....	Full.....	do.....	do.....	No.....	do.....	do.....	19.....	(-)	Do.
Oklahoma:										
G.....	do.....	M and N pulmonary TB excluded.	do.....	do.....	do.....	do.....	do.....	19.....	No.....	Do.
NG.....	\$25.....	do.....	Excluded.....	Yes.....	60.....	do.....	do.....	19.....	(-)	(ii).
SC.....	\$25.....	do.....	do.....	do.....	No.....	do.....	do.....	19.....	(-)	(ii).
Oregon:										
G.....	None.....	M and N 21 days; TB full.	6 months.....	No.....	do.....	do.....	do.....	19.....	No.....	No.
NG.....	do.....	M and N 30 days; TB full.	12 months *2.....	For new group only.	65.....	65 ½.....	do.....	19.....	(-)	Do.
SC No. 1.....	20 percent.....	do.....	6 months.....	No.....	No.....	No.....	do.....	19.....	(-)	Do.
SC No. 2.....	do.....	Full.....	6 months open; 12 months, continuous.	None open, yes, continuous.	do.....	do.....	do.....	19.....	(-)	Do.
Pennsylvania:										
Allentown:										
G.....	None.....	30 days.....	Covered.....	No.....	do.....	do.....	do.....	19 **.....	No.....	Do.
NG.....	do.....	do.....	6 months.....	Yes.....	65.....	do.....	do.....	19 **.....	do.....	Do.
SC No. 1.....	\$5 per day.....	do.....	do.....	do.....	No.....	do.....	do.....	19 **.....	do.....	Do.
SC No. 2.....	do.....	do.....	do.....	No.....	do.....	do.....	do.....	19 **.....	do.....	Do.
Harrisburg:										
G.....	None.....	30 days, lifetime.....	Covered.....	do.....	do.....	do.....	do.....	19.....	do.....	Do.
NG.....	do.....	do.....	12 months.....	Yes.....	65.....	do.....	do.....	19.....	(-)	Do.
SC No. 1.....	\$2.50 per day for 20 days.....	do.....	6 months.....	do.....	No.....	do.....	do.....	19.....	(-)	Do.
SC No. 2.....	\$5 per day 1st 15 days (Y).	M and N 30 days (Y), TB 30 (life).	do.....	No.....	do.....	do.....	do.....	19.....	(-)	Do.
Philadelphia:										
G.....	\$15 per day 1st 15 days; \$5 per day next 10 days.	20 days (Y).....	12 months.....	do.....	do.....	do.....	do.....	19.....	No.....	Do.

NG	do	do	do	Yes	65	do	do	19	()	Do.
SC No. 1	do	do	6 months	No	No	do	do	19	()	Do.
SC No. 2	None	M and N 30 days (Y), TB, full.	do	No	do	do	do	19	()	Do.
Pittsburgh:										
G	do	30 days (Y)	Covered ³⁴	do	do	do	do	19	No	Do.
NG	do	do	do ³⁴	Yes	65	do	do	19	()	Do.
SC	do	do	6 months	No	No	do	do	19	()	Do.
Wilkes-Barre:										
G	\$5 per day, 15 days (per 12 months).	30 days ³⁵	Excluded	do	do	do	do	19	No	Do.
NG	do	do ³⁵	do	Yes	do	do	do	19	()	Do.
SC No. 1	do	do ³⁵	6 months	No	do	do	do	19	()	Do.
SC No. 2	None	Full ³⁵	Excluded	do	do	do	do	19	()	Do.
Rhode Island:										
G	do	do	Full	do	do	do	do	No	No	Do.
NG	do	do	Excluded	do	do	do	do	do	()	Do.
South Carolina:										
G	\$20 deductible	15 days (Y)	12 months	do	do	do	do	19 ³⁶	No	Yes.
NG	\$50 deductible	15 days	do	Yes	65	do	do	19 ³⁶	()	Do.
SC Nos. 1 and 2	do	30 days (Y)	do	do	No	do	do	19 ³⁶	()	Do.
Tennessee:										
Chattanooga:										
G	None	Excluded (R)	1 year	No	do	do	do	19	No	No.
NG	do	Excluded	2 years	Yes	60	do	do	19	()	Do.
SC	\$25 deductible	do	6 months	No	No	do	do	19	()	Do.
Memphis:										
G	20 percent	M and TB 30 days; N—Full.	6 months (T and A12)	do	do	do	do	19	No	Do.
NG	None	Excluded	2 years ³⁷	Yes	60	do	do	19	()	Do.
SC	25 percent	30 days	do ³⁷	do	No	do	do	19	()	Do.
Texas:										
Dallas:										
G	None	Full	12 months	No	do	do	do	No	No	Do.
NG	do	do	do	Yes	do	do	do	do	()	Do.
SC No. 1	do	do	6 months	do	do	do	do	do	()	Do.
SC No. 2	do	Excluded	Covered	No	do	do	do	do	()	Do.
Utah:										
G	do	(³⁸)	do	do	No ³⁹	do	do	19	No	Do.
NG	20 percent	Excluded	11 months less time in group.	do	64	do	do	19	()	Do.
SC Nos. 1 and 2	(⁴⁰)	do	6 months	do	No	do	do	19	()	Do.
Virginia:										
Lynchburg:										
G	None	do	12 months	do	do	do	do	19	No	Do.
NG	\$50	do	do	Yes	64	do	do	19	()	Do.
SC	50	do	do	do	No	do	do	No	()	Do.
Richmond:										
G	None	Full	do	No	do	do	do	do	No	Do.
NG	\$50	do	do	Yes	65	do	do	65	()	Do.
SC	1st \$50 or \$4 per day	do	do	do	No	do	do	No	()	Do.

See footnotes at end of table, p. 329.

3. TABLE III.—Summary of exclusions and restrictions in Blue Cross contracts held by aged persons, by plan and type of contract—Continued

	Deductible copay or coinsurance	Mental, nervous, and tuberculosis	Waiting period or coverage status for preexisting conditions	Health statement	Maximum age for new enrollment	Benefit reductions due to age	Rate increase due to age	Transfer required due to age	Conversion privileges different for aged from other subscribers	Post-underwriting through riders
Virginia—Continued										
Roanoke:										
G	None	\$5 per day	12 months	No	No	No	No	19	No	No
NG	do	do	do	Yes	64	do	do	19	(-)	Do.
SC	do	Full, General hospital, limited institution.	do	do	No	do	do	No	(-)	Do.
Washington:										
G	do	M and N 7 days; TB 14 days.	6 months	No	do	Yes	do	19	No	Do.
NG	do	Excluded	12 months	do	do	No	do	19	(-)	Do.
SC No. 1	do	do	Excluded	Yes	do	do	do	No	(-)	Do.
SC No. 2	do	30 days	6 months	No	do	do	do	19	(-)	Do.
West Virginia:										
Bluefield:										
G	do	Full	270 days	do	60	do	do	19	No	Do.
NG	do	do	do	Yes	60	do	do	19	(-)	Do.
SC	do	30 days	do	do	No	do	do	19	(-)	Do.
Charleston:										
G	do	do	do, 4	No	65	do	do	19	No	Do.
NG	do	do	do, 4	Yes	65	do	do	19	(-)	Do.
Parkersburg:										
G	do	do	180 days	do	No	do	do	No	No	Do.
NG	do	do	6 months	do	65	do	do	do	(-)	Do.
SC Nos. 1 and 2	20 percent or \$10 per day.	do	180 days	No	No	do	do	do	(-)	Do.
Wheeling:										
G	None	Excluded (R)	270 days	do	do	do	do	19	No	Do.
NG	do	Excluded	Excluded	Yes	59	do	do	19	(-)	Do.
SC	do	do	Covered	do	No	do	do	19	(-)	Do.
Wisconsin:										
G	do	MN 120 days; TB excluded.	9 months	No	do	do	do	19	No	Do.
NG	\$25 and 20 percent	MN 31 days; TB excluded.	do	do	do	do	do	19	(-)	Do.
SC No. 1	\$50 and 20 percent	MN 31 days; TB excluded after diagnosis.	6 months	Yes	do	do	do	19	(-)	Do.
SC No. 2	20 percent	do	do	do	do	do	do	19	(-)	Do.

Wyoming:											
G	None	30 days	T and A, 11 months	No.	(#)	do	do	19	No	Do.	
NG	do	do	11 months	Yes	55	do	do	19	(-)	Do.	
SC No. 1	do	30 days lifetime	do	do	No	do	do	19	(-)	Do.	
SC No. 2	do	30 days	6 months	do	do	do	do	19	(-)	Do.	

Legend:

- G=group plan.
- NG=nongroup plan.
- SC=senior citizen plan.
- (Y)=per year.
- (A)=per admission.
- M=mental condition.
- N=nervous condition.
- TB=tuberculosis.
- (-)=not applicable.

- ¹ If enrolled during a specified enrollment period, health statement is not required.
- ² For new business, not for persons converting or transferring within the plan.
- ³ Health statement if applying after original eligibility.
- ⁴ Benefits reduced to 30 hospital days.
- ⁵ Benefits reduced from 55 days to 21 days.
- ⁶ Waived for groups of 50 or more with 75 percent participation.
- ⁷ No maximum age for groups of 10 or more.
- ⁸ Days reduced to 120.
- ⁹ For other than conversion.
- ¹⁰ If enrolled after age 60 must convert to senior citizen plan (65 limited) at age 65.
- ¹¹ Applies only to groups of less than 25 contracts.
- ¹² Credit is given for prior Blue Cross coverage in satisfying waiting period.
- ¹³ Transfer to senior citizen plan (series 65) at age 65.
- ¹⁴ Amount of daily co-pay depends on county of hospital location.
- ¹⁵ Waiting period if employee does not join when first eligible.
- ¹⁶ 32 percent of enrollees have unlimited mental coverage; 31 percent have 60 days' mental coverage.
- ¹⁷ 41 percent of enrollees have a contract providing 30 days' mental coverage.
- ¹⁸ Health statement required from additions to existing groups subsequent to period of original eligibility.
- ¹⁹ Will consider postunderwriting as a future cost control mechanism in lieu of future rate increase.
- ²⁰ Initial open enrollment period: 6-month waiting period and no health statement.
- ²¹ Persons under 65, 120 full days, 245 days at \$6; persons 65 to 69, 60 full days; 70 and over, 30 full days.

- ²² Only if a preexisting condition not disclosed on application but which would have been ridered if existence had been known.
- ²³ Employees over 64 years of age may enroll in groups of 25 or more employees, where at least 75 percent of eligible employees are enrolled.
- ²⁴ May be waived, depending on size of group and percent excluded.
- ²⁵ If less than 25 members.
- ²⁶ Disabled or retarded children are covered as member of family after 19th birthday, if disability is incurred before 19th birthday.
- ²⁷ Transfer required due to age—children sponsored dependents 65.
- ²⁸ Waived for certain accounts such as with employer contributions.
- ²⁹ Require only name of physician.
- ³⁰ Care of TB, N and M disorders in specialized hospitals limited to 30 days per life of certificate and \$5 per day after 12-month waiting period.
- ³¹ Riders or exclusions issued after the effective date are limited to situations constituting obvious medical abuse and then only after consultation with the physician. These are extremely rare.
- ³² If certificate issued to replace prior certificate, clause of prior certificate re preexisting conditions applies.
- ³³ Exception: Unmarried children incapable of self-support and who are dependent on subscriber for over half their support, coverage may be extended to age 25.
- ³⁴ 12 months for associated group subscribers—groups not meeting underwriting requirements.
- ³⁵ In noncontracting hospitals up to \$10 per day for 30 days per certificate year. Care limited to 10 days in contracting hospitals of other BC plans; \$60 in noncontracting hospitals.
- ³⁶ Extended to age 23 if child is a dependent and is enrolled in an accredited school or is incapacitated.
- ³⁷ 1 year by administrative practice.
- ³⁸ 21 days per confinement in contracting hospital; \$12.50 per week in institutions for these conditions.
- ³⁹ For small groups there is a 65 maximum.
- ⁴⁰ 20 percent if charges exceed \$125; if charges under \$125, \$25 deductible.
- ⁴¹ May be removed by rider for groups.
- ⁴² Groups under 10—age 65. Groups 10 and over—nona. Sponsored dependents—aged 65 when enrolled.

Source: Blue Cross Association.

4. TABLE IV.—Summary of current rates, rate and benefit changes,

Plan	Monthly family rates			Anticipated rate or benefit changes
	Method	1964	1963		1960
Alabama:				
G	C	\$9.30	\$9.30	\$6.50
NG	C	9.50	9.50	6.15
SC	C	9.50	9.50	None
Arizona:				
G	E	13.04	13.04	9.14
NG	C	15.26	14.57	10.37
SC No. 1	C	15.00	11.35	11.35
SC No. 2	C	25.05	25.05	None
Arkansas:				
G	C	5.75	5.75	5.10
				As of May 1, 1964, nongroup 30 percent; group conversion, 40 percent; senior, 47 percent.
NG	C	7.40	7.40	7.40
SC No. 1	C	10.30	10.30	do
SC No. 2	C	17.90	17.90	7.85
California:				
Los Angeles:				
G	E	12.67	12.67	10.02
NG	C	13.65	13.65	11.17
SC No. 1	C	31.60	31.60	None
SC No. 2	C	8.75	8.75	None
Oakland:				
G	E	10.75	10.75	9.00
NG	C	12.09	12.09	9.39
SC No. 1	C	23.00	23.00	None
SC No. 2	C	31.60	31.60	None
Colorado:				
G	E	13.20	13.20	11.30
NG	C	15.00	15.00	11.90
SC No. 1	C	9.50	9.50	None
SC No. 2	C	8.05	8.05	None
Connecticut:				
G	C	8.70	8.70	7.80
NG	C	9.22	9.22	9.22
Delaware:				
G	C	7.96	7.96	None
				Rate increase of about 20 percent, early 1965.
NG	C	10.31	10.31	None
SC No. 1	C	11.04	11.04	None
SC No. 2	C	18.55	18.55	None
District of Columbia:				
G	(9)	9.50	9.20	6.72
NG	(9)	10.20	10.20	7.00
SC	(9)	24.00	24.00	None
Florida:				
G	(9)	9.00	9.00	6.55
NG	(9)	5.50	5.50	8.15
SC No. 1	(9)	24.00	24.00	None
SC No. 2	(9)	17.00	17.00	None
Georgia:				
Atlanta:				
G	E	9.82	7.25	6.67
NG	C	10.94	8.75	None
SC	C	18.90	18.90	None
Columbus:				
G	E	\$5.25-8.05	\$5.25-8.05	\$5.25-8.05
NG	C	6.90-17.05	6.90-17.05	6.05-10.20
SC	C	14.70	14.70	14.70
Savannah:				
G	C	9.50	9.50	5.70
NG	C	11.20	11.20	6.40
SC	C	10.20	10.20	None
Idaho:				
G	C	10.80	10.80	None
NG	C	12.50	12.50	None
SC No. 1	C	22.90	22.90	None
SC No. 2	C	15.20	15.20	None
Illinois:				
G	E	16.92	16.92	13.58
NG	C	17.84	17.84	None
SC	C	9.65	9.65	9.65
Indiana:				
G	E	13.00	11.92	9.48
NG	E	11.56	11.56	None
SC	E	15.75	15.75	None
				Rates reviewed annually
				do
				do

See footnotes at end of table, pp. 340-341.

and claims experience on Blue Cross contracts held by aged persons

Benefit changes, 1960-64	Premiums (earned policy described), 1963	Claims incurred (policy described), 1963	Premiums earned (policy described), 1962	Claims incurred (policy described), 1962	Premiums earned (all plans), 1963	Claims incurred (all plans) 1963
	NA \$3,152,547 311,173	NA \$3,177,941 202,312	NA NA NA	NA NA NA	NA \$6,313,719 311,173	NA \$6,612,202 202,368
Increased outpatient; added EKG, 1962.	4,492,216	4,247,616	\$3,823,147	\$3,910,625	5,543,742	5,241,868
Added EKG, 1962.	1,601,643	1,432,892	1,237,684	1,605,885	2,683,651	2,469,188
	138,016	135,800	90,157	88,338	138,016	135,800
			\$ 2,761,680	\$ 2,842,613	\$ 3,687,651	\$ 3,763,50
			\$ 4,056,606 \$ 663,370 None	\$ 4,327,101 \$ 688,409 None	\$ 6,138,480 \$ 663,370 51,838	\$ 6,380,734 \$ 688,409 31,275
\$7 room to \$10, 1961	51,838	31,275	None	None	51,838	31,275
	5,177,168 12,026,661 569,587 295,000	4,993,814 10,711,068 405,760 163,165	4,621,476 11,948,839 None 161,648	4,490,287 10,032,667 None 35,419	5,177,168 12,026,661 864,587	4,993,814 10,711,068 568,925
	None None None	None None None	\$ 47,387,453 \$ 23,116,259 \$ 672,345	\$ 42,925,464 \$ 21,367,853 \$ 540,633	\$ 56,839,797 \$ 28,031,178 \$ 672,345	\$ 51,236,402 \$ 25,556,250 \$ 540,633
Outpatient full (formerly \$50 limit) 1962.	15,686,740	15,801,228	14,063,541	13,721,600	17,904,961	17,870,889
do.	4,010,745	3,634,937	5,174,404	4,965,644	5,329,470	4,716,193
	545,373	526,015	328,594	363,130	545,373	526,015
	22,555,767 7,419,131	20,580,782 6,785,923	19,995,598 9,880,463	17,727,674 9,762,860	29,023,467 14,871,233	27,136,343 15,189,115
	5,675,677	4,914,955	5,091,218	4,562,221	5,908,606	5,117,488
	1,758,399 108,363 32,837	1,863,544 132,152 34,430	1,606,494 84,621	1,804,855 84,135	1,865,432 141,200	1,986,676 166,582
Several benefit increases, 1962.	33,228,807	32,035,952	28,971,701	28,917,328	3,328,807	32,035,952
Outpatient time limit lengthened, 1961.	¹⁰ 35,434,280	¹⁰ 33,709,400	¹⁰ 31,736,157	¹⁰ 50,879,810	¹⁰ 35,434,280	¹⁰ 33,709,400
	343,771 91,841	269,288 58,379	None None	None None	435,613	327,667
Added outpatient minor surgery.	2,821,106	2,905,740	2,718,175	2,375,841	3,933,330	4,050,300
do.	1,326,473 10,460	1,197,530 4,189	1,017,925 None	993,826 None	1,933,741 10,460	1,697,740 4,189
	¹³ 1,641,929 ¹⁴ 720,065 98,357	¹³ 1,377,140 ¹⁴ 719,815 88,017	¹³ 1,546,009 ¹⁴ 661,966 64,162	¹³ 1,255,629 ¹⁴ 601,562 42,013	1,641,929 720,065 98,357	1,377,140 719,815 88,017
	None None None	None None None	¹⁴ 142,003 ¹⁵ 179,200 ¹⁵ 3,933	¹⁵ 158,573 ¹⁵ 182,285 ¹⁵ 3,020	142,003 179,200 3,933	158,573 182,285 3,020
All new contracts, 1962.	1,151,138 429,109	¹³ 968,444 314,915	¹³ 867,172 433,021	702,824 341,864	1,359,202 429,109	1,127,208 314,915
do.	5,850	2,108	None	None	8,502	2,776
do.	2,652	668	None	None		
	45,147,780 25,178,630 2,512,233	41,662,091 24,460,725 2,429,625	39,097,947 23,604,838 1,882,390	35,879,529 23,470,099 1,641,087	72,339,909 33,847,937 2,512,233	67,753,363 32,397,741 2,429,625
	¹⁶ 8,207,814 ¹⁴ 16,843,492 (¹⁹)	¹⁵ 7,817,535 ¹⁶ 16,294,752 (¹⁹)	¹⁶ 6,902,729 ¹⁴ 16,341,903 (¹⁹)	¹⁶ 6,345,122 ¹⁴ 14,381,967 (¹⁹)	8,207,814 16,843,492 (¹⁹)	7,817,535 16,294,752 (¹⁹)

4. TABLE IV.—Summary of current rates, rate and benefit changes, and

Plan	Monthly family rates			Anticipated rate or benefit changes
	Method	1964	1963		1960
Iowa:				
Des Moines:				
G	G	\$9.65	\$9.65	\$7.15
NG	C	10.40	10.40	6.00
SC No. 1	C	\$ 5.70	\$ 5.70	\$ 3.30
SC No. 2	C	15.85	None	None
Stouls City:				
G	E	\$ 5.75	\$ 5.75	\$ 4.25
NG	C	\$ 10.10	\$ 10.10	\$ 8.60
SC No. 1	C	\$ 5.05	\$ 5.05	\$ 4.30
SC No. 2	C	\$ 15.85	\$ 15.85	None
Kansas:				
G	C and E	9.90	9.90	7.40
NG	C	14.00	12.60	None
SC	C	17.50	17.50	None
Kentucky:				
G	C	6.00	6.00	6.00
NG	C	6.68	6.68	6.68
SC	C	15.50	15.50	None
Louisiana:				
Baton Rouge:				
G	E	7.15	7.15	7.00
NG	C	12.17	10.67	10.67
SC No. 1	C	11.58	11.58	11.68
SC No. 2	C	12.17	10.67	None
New Orleans:				
G	C	8.25	8.25	6.75
NG	C	10.00	10.00	7.50
SC	C	20.00	20.00	None
Maine:				
G	C	7.85-12.85	7.85-12.85	6.60
NG	C	8.15-13.95	8.15-13.95	6.90
Maryland:				
G	C	10.10	10.10	7.20
NG	C	10.70	10.70	7.80
SC No. 1	C	\$ 10.90	\$ 10.90	None
SC No. 2	C	\$ 7.90	\$ 7.90	None
Massachusetts:				
G	E	\$ 9.92-11.36	\$ 9.92-11.36	\$ 9.92-11.36
NG	C	9.20	9.20	9.20
Michigan:				
G	C	16.91	16.91	11.48
NG	C	19.45	19.45	None
SC	C	\$ 6.45	\$ 6.45	\$ 5.23
Minnesota:				
FG	E	21.15	21.15	15.15
NG	C	19.80	16.20	13.95
SC No. 1	C	\$ 8.00	8.00	None
SC No. 2	C	\$ 12.50	12.50	None
Mississippi:				
G	E. (Mod.)	9.21/ 9.86	9.21/ 9.86	8.57/ 9.21
NG	E. (Mod.)	10.90	10.90	8.10
SC No. 1	E. (Mod.)	10.00	10.00	10.00
SC No. 2	E. (Mod.)	12.20	12.20	None

See footnotes at end of table, pp. 340-341.

claims experience on Blue Cross contracts held by aged persons—Continued

Benefit changes, 1960-64	Premiums earned (policy described), 1963	Claims incurred (policy described), 1963	Premiums earned (policy described), 1962	Claims incurred (policy described), 1962	Premiums earned (all plans), 1963	Claims incurred (all plans), 1963
	\$7,125,055	\$6,284,107	\$6,671,641	\$6,038,812	\$7,673,477	\$6,788,681
	4,274,710	3,963,786	3,961,706	3,471,006	5,744,334	5,324,137
	305,533	283,693	174,940	224,375	440,967	351,181
	75,434	67,488	NA	NA		
			\$ 5,024,000	\$ 4,191,000	\$ 6,630,000	\$ 5,503,000
			\$ 3,280,000	\$ 3,126,000	\$ 3,483,000	\$ 3,356,000
Made available room allowance, \$6 to \$12.			\$ 91,000	\$ 90,000	\$ 91,000	\$ 90,000
	7,092,497	6,383,921	6,697,488	5,923,704	8,222,629	7,461,650
	7,033,984	6,497,762	6,741,405	6,227,929	7,558,403	6,785,029
	162,852	92,228	None	None	762,852	92,228
	2,948,660	2,744,392	3,282,128	2,989,792	5,932,712	5,632,051
	2,998,945	2,975,326	2,940,172	2,884,737	4,251,940	4,275,794
	131,271	134,029	None	None	131,271	134,029
Benefits added, 1963	¹³ 1,196,078	¹³ 2,042,845	NA	NA	1,961,078	2,042,845
Benefits added, 1964	¹⁴ 1,830,453	¹⁴ 1,588,014	¹⁴ 1,532,743	¹⁴ 1,127,262	1,930,453	1,588,014
Benefits added, 1964	202,949	108,756	123,000	73,809	202,949	108,756
Days increased 60 to 75; room allowance, \$10 to \$12, 1961.	NA	NA	2,486,387	2,648,806	²⁴ 2,765,429	²⁴ 2,925,676
	NA	NA	1,037,795	793,588	²⁴ 1,037,795	²⁴ 793,588
	11,461	9,287	None	None	11,461	9,287
Added \$24 room, 1963	1,348,193	1,293,818	1,627,094	1,542,269	6,240,663	6,606,890
do.	3,674,261	3,732,673	3,347,285	3,209,142	4,548,564	4,546,619
	14,758,624	13,914,463	13,986,156	14,224,674	18,692,524	17,782,262
	¹⁴ 12,803,405	¹⁴ 13,742,718	¹⁴ 11,261,554	¹⁴ 12,363,927	¹⁴ 12,803,405	¹⁴ 13,742,718
	None	None	None	None	None	None
	None	None	None	None	None	None
Waiting period reduced to 8 months.	73,875,168	77,555,554	70,522,393	¹⁹ 69,719,127	73,875,168	77,555,554
Day limitation for TB removed; NG days increased 30 to 40, 1961.	24,000,269	27,475,516	21,324,232	¹⁴ 24,662,572	24,000,269	27,475,516
	149,219,467	142,816,953	131,335,377	¹³ 130,990,572	149,219,467	142,816,953
	17,190,971	20,861,925	15,834,983	19,618,715	24,772,975	27,853,751
	1,402,899	1,774,726	1,187,029	1,812,416	1,402,899	1,774,726
	6,285,306	5,547,968	6,858,846	6,181,053	8,168,761	7,132,789
	4,363,787	4,166,363	3,648,540	3,388,479	7,180,148	6,858,553
	18,896	5,311	None	None		
	24,001	10,586	None	None	42,897	16,897
			5,610,345	²⁰ 5,874,123	² 5,610,345	² 5,874,123
			5,551,053	²⁰ 4,676,640	² 5,551,053	² 4,676,640
			817,718	²⁰ 794,702	² 817,718	² 794,702

4. TABLE IV.—Summary of current rates, rate and benefit changes, and

Plan	Monthly family rates				Anticipated rate or benefit changes
	Method	1964	1963	1960	
Missouri: Kansas City: G.....	C.....	\$12.05	\$10.00	\$7.30	New rates, June 1, 1964; percent not given. Further increase anticipated June 1, 1965; 13 percent G, 10 percent NG.
NG.....	C.....	11.05	9.90	9.00	do.....
SC.....	C.....	18.55	17.40	None	do.....
St. Louis: G.....	C.....	8.50	8.50	6.90	20.9 percent rate increase Apr. 20, 1964.
NG.....	C.....	8.35	8.35	None	do.....
SC.....	C.....	19.70	19.70	None	do.....
Montana: G.....	C.....	13.51	11.60	11.60	do.....
NG.....	C.....	15.64	14.80	14.80	do.....
SC No. 1.....	C.....	29.60	29.60	None	do.....
SC No. 2.....	C.....	19.40	19.40	None	do.....
Nebraska: G.....	C.....	7.45	7.45	7.45	do.....
NG.....	C.....	6.05	6.05	6.05	do.....
SC No. 1.....	C.....	4.70	4.70	4.70	do.....
SC No. 2.....	C.....	7.90	7.90	None	do.....
SC No. 3.....	C.....	6.40	6.40	None	do.....
New Hampshire: G.....	C.....	8.75	8.75	8.20	do.....
NG.....	C.....	11.65	11.65	9.50	do.....
New Jersey: G.....	C.....	10.29	10.29	8.61	Approved for Aug. 1, 1964, \$12.30 rate.
NG.....	C.....	11.22	11.22	9.49	Approved for Aug. 1, 1964, \$12.93 rate.
SC No. 1.....	C.....	19.00	19.00	None	do.....
SC No. 2.....	C.....	14.48	14.48	None	do.....
New Mexico: G.....	C.....	14.95	14.95	8.85	Probable rate adjustment within 2 years.
NG.....	C.....	15.05	14.54	12.05	do.....
SC No. 1.....	C.....	22.50	22.50	None	do.....
SC No. 2.....	C.....	21.80	21.80	None	do.....
New York: Albany: G.....	C.....	15.40	15.40	10.12	January 1965 estimate 20 percent rate increase.
NG.....	C.....	19.60	19.60	11.31	do.....
SC No. 1.....	C.....	9.66	9.66	do.....	do.....
SC No. 2.....	C.....	8.00	8.00	do.....	do.....
Buffalo: G.....	C.....	10.15	10.15	8.40	Probable rate change early 1965.
NG.....	C.....	12.10	12.10	10.15	do.....
SC No. 1.....	C.....	20.85	20.85	do.....	do.....
SC No. 2.....	C.....	18.40	18.40	do.....	do.....
Jamestown: G.....	E.....	7.98	7.98	4.45	Merit rating.
NG.....	C.....	11.64	8.45	8.45	Just converted to merit rating.
New York: G.....	C.....	8.72	8.72	6.60	Changes anticipated.
NG.....	C.....	10.35	10.35	7.77	do.....
SC.....	C.....	10.80	10.80	None	do.....
Rochester: G.....	C.....	10.48	10.48	6.96	do.....
NG.....	C.....	13.50	13.50	8.60	do.....
SC.....	C.....	11.00	11.00	7.70	do.....

See footnotes at end of table, pp. 340-341.

claims experience on Blue Cross contracts held by aged persons—Continued

Benefit changes, 1960-64	Premiums earned (policy described), 1963	Claims incurred (policy described), 1963	Premiums earned (policy described), 1962	Claims incurred (policy described), 1962	Premiums earned (all plans), 1963	Claims incurred (all plans), 1963
	\$5,938,218	\$5,767,749	\$5,838,307	\$5,513,879	\$8,413,083	\$8,067,011
	2,443,566	2,506,363	2,091,108	2,184,414	3,745,507	3,517,241
	518,212	678,568	None	None	518,212	678,568
			* 20,387,662	* 18,304,757	* 27,248,654	* 24,427,813
			NA	NA	NA	NA
			* 348,240	* 296,187	* 348,240	* 296,187
Days increased 90 to 120, 1960.	NA	NA	NA	NA	NA	NA
Full loan EKG, 1964. TB, M. and N. covered 30 days (Y), formerly excluded, 1960.						
do.	NA	NA	NA	NA	NA	NA
do.	NA	NA	NA	NA	NA	NA
do.	NA	NA	NA	NA	NA	NA
	1,286,698	1,152,219	1,321,889	1,220,209	2,173,696	2,046,498
	423,916	391,345	455,240	430,881	1,130,742	1,054,575
	110,466	93,887	94,489	116,336	183,168	160,642
	67,986	62,072	11,004	57	None	None
	4,716	4,683	844	None	None	None
	2,850,382	2,277,898	2,856,306	2,511,947	6,049,679	4,747,438
	1,167,505	1,101,893	1,115,028	1,214,977	2,178,369	2,200,365
	65,983,000	66,801,000	60,120,000	61,622,000	70,074,000	70,491,000
	20,088,000	19,636,000	16,721,000	14,666,000	21,691,000	21,433,000
	497,000	577,000	None	None	497,000	577,000
SP room allowance (was \$15), plasma and OP preliminary tests included, 1961. \$50 deductible, 1964, plasma and OP tests included, 1961.	NA	NA	NA	NA	NA	NA
do.	NA	NA	NA	NA	NA	NA
	17,606	11,566	2,590	1,943	17,606	11,556
Full OP (formerly, \$15); 30 days.	7,223,846	6,455,584	6,564,218	6,448,193	8,928,967	7,936,897
M and N (formerly excluded).	4,160,551	4,004,575	4,528,269	4,718,458	5,899,201	5,665,695
do.	76,038	38,686	None	None	86,348	49,682
	10,310	10,996	None	None		
	18,484,831	17,368,680	18,004,410	16,157,337	18,484,831	17,368,680
	9,761,868	9,875,808	10,063,561	9,830,091	9,761,868	9,875,808
	504,901	415,544	None	None	504,901	415,544
Room increased to SP, 1961	¹³ 832,439	¹³ 705,348	¹³ 803,654	¹³ 663,400	832,439	705,348
	¹⁴ 646,991	¹⁴ 631,997	¹⁴ 639,106	¹⁴ 687,728	646,991	631,997
Increased private room allowance, noncontracting hospital benefits, M and N benefits.	119,487,400	115,096,863	122,428,359	107,360,619	143,713,890	140,612,674
do.	48,225,714	55,720,174	52,609,266	53,458,181	61,305,060	72,870,280
	1,520,039	1,201,040	1,139,366	691,655	1,520,039	1,201,040
Increased OP benefits, added home care, 1963.	NA	NA	14,422,692	13,517,691	²⁴ 15,267,974	²⁴ 14,305,359
do.	NA	NA	3,845,924	3,084,308	²⁴ 3,923,115	²⁴ 4,039,260
	NA	NA	180,457	188,549	²⁴ 180,457	²⁴ 186,549

4. TABLE IV.—Summary of current rates, rate and benefit changes, and

Plan	Monthly family rates			Anticipated rate or benefit changes	
	Method	1964	1963		1960
New York—Continued					
Syracuse:					
G.....	C.....	\$10.90	\$10.90	\$6.95	Probable benefit increase in next 2 years.
NG.....	C.....	11.80	11.80	7.80	do.....
SC.....	C.....	* 6.60	* 6.60	* 5.60	do.....
Utica:					
G.....	C.....	8.20	8.20	6.70	Some change anticipated.
NG.....	C.....	9.60	9.60	7.80	do.....
SC.....	C.....	** 10.66	** 10.66	** 10.66	do.....
Watertown:					
G.....	C.....	11.60	9.19	5.85	
NG.....	C.....	12.50	9.47	6.20	
SC No. 1.....	C.....	* 9.60	* 8.00	None	
SC No. 2.....	C.....	* 8.60	* 7.23	None	
North Carolina:					
Chapel Hill:					
G.....	E.....	6.60	6.60	6.60	
NG.....	C.....	9.55	9.55	9.55	Approximately 10 to 20 percent in fall, 1964.
SC No. 1.....	C.....	* 6.50	* 6.50	* 6.50	
SC No. 2.....	C.....	15.80	15.80	None	
SC No. 3.....	C.....	10.90	10.90	None	
Durham:					
G.....	C ⁽²⁾	8.58	8.58	8.58	Group experience rating.
NG.....	C.....	6.50	6.50	6.50	Rate increase, early 1965.
SC No. 1.....	C.....	** 6.50	** 6.50	** 6.50	Effective Nov. 15, 1965.
SC No. 2.....	C.....	15.80	15.80	None	do.....
SC No. 3.....	C.....	10.90	10.90	None	do.....
North Dakota:					
G.....	E.....	13.20	13.20	9.95	Possible rate increase, 1965.
NG.....	C.....	16.15	16.15	10.35	do.....
SC No. 1.....	C.....	21.20	21.20	None	do.....
SC No. 2.....	C.....	15.60	15.60	None	do.....
Ohio:					
Canton:					
G.....	C.....	12.20	10.80	9.25	
NG.....	C.....	11.90	10.80	9.00	
SC.....	C.....	* 11.50	* 11.50	None	
Cincinnati:					
G.....	C.....	11.10	11.10	9.60	Rate adjustment of approximately 22½ percent effective Oct. 1, 1964.
NG.....	C.....	10.90	10.90	9.00	do.....
Cleveland:					
G.....	By area	11.90-14.90	11.90-14.90	10.60	
NG.....	do	16.10-20.10	16.10-20.10	13.80	
SC.....	C.....	* 7.95-9.95	* 7.95-9.95	None	
Columbus:					
G.....	C.....	8.10- 8.20	8.10- 8.20	7.55- 7.85	Effective Apr. 1, 1964, \$12.30 to \$12.40 rate.
NG.....	C.....	7.25	7.25	5.95	
SC.....	C.....	* 5.00	* 5.00	None	
Lima:					
G.....	C.....	6.50	6.50	5.60	Anticipate 20-percent increase in next few months.
NG.....	C.....	7.50	7.50	6.40	do.....
SC No. 1.....	C.....	* 5.50	* 5.50	None	do.....
SC No. 2.....	C.....	14.00	14.00	None	do.....
Toledo:					
G.....	C.....	11.40	11.40	9.10	Anticipate 16- to 18-percent increase shortly. Also improvements in OP and M and N benefits.
NG.....	C.....	10.30	10.30	8.50	do.....
SC.....	C.....	* 7.00	* 7.00	* 7.00	do.....
Youngstown:					
G.....	C.....	13.55	13.55	12.00	
NG.....	C.....	20.75	20.75	16.75	Direct pay but not senior preferred rate, will probably be increased June 1, 1964.
SC.....	C.....	20.00	20.00	None	do.....
Oklahoma:					
G.....	County rating	7.80	7.80	7.80	
NG.....	do	5.20	5.20	5.20	
SC.....	do	6.80	6.80	6.80	
Oregon:					
G.....	C.....	7.75	7.75	7.75	Currently making benefit change and 8 percent rate increase.

See footnotes at end of table, pp. 340-341.

claims experience on Blue Cross contracts held by aged persons—Continued

Benefit changes, 1960-64	Premiums earned (policy described), 1963	Claims incurred (policy described), 1963	Premiums earned (policy described), 1962	Claims incurred (policy described), 1962	Premiums earned (all plans), 1963	Claims incurred (all plans), 1963
70 days (was 30+90), 30 days M and N (was excluded), 1960.	\$8,382,019	\$7,289,704	\$7,959,936	\$5,993,229	\$10,099,241	\$8,645,007
do.....	2,952,814 250,997	2,922,427 269,605	2,668,966 168,616	2,522,256 133,932	2,991,572 250,997	2,955,165 269,605
-----	1,296,032	1,232,136	1,606,847	1,360,895	2,400,510	2,224,236
-----	1,775,252	1,817,691	1,854,239	1,754,038	2,029,684	2,072,298
-----	106,886	121,104	69,917	76,464	106,886	121,104
-----	113,408	103,091	149,540	127,732	163,828	148,924
-----	139,877	150,987	125,729	111,554	156,638	169,079
-----	21,984	18,025	NA NA	NA NA	21,984	18,025
-----	4,293,574	4,057,795	3,796,454	3,534,642	6,700,396	6,176,677
-----	None	None	890,669	849,972	¹⁴ 1,560,261	¹⁴ 1,466,591
-----	80,338	56,302	81,567	36,041	252,981	168,674
-----	172,643	112,372	None	None		
-----	11,567,161	10,578,564	10,147,857	8,868,078	11,567,161	10,578,564
-----	3,923,930	3,589,266	3,507,296	3,054,336	3,923,930	3,589,266
-----	319,026	219,955	122,029	59,576	319,026	219,955
-----	3,007,719	2,584,016	2,966,610	2,464,287	3,202,457	2,731,246
-----	2,437,181	2,244,996	2,282,140	2,186,655	2,472,450	2,267,008
-----	79,714	67,817	5,131	1,401	83,398	68,373
-----	3,684	556	66	None		
-----	2,684,762	2,712,186	3,199,423	5,286,866	4,782,664	4,862,501
-----	¹⁴ 1,502,424	¹⁴ 617,772	¹⁴ 1,456,784	¹⁴ 1,543,458	1,502,424	1,617,772
-----	885,657	121,169	None	None	85,657	121,169
Various in- and out-patient benefit increases, 1960.	16,601,871	15,308,310	14,977,251	13,907,268	26,469,123	25,085,871
do.....	¹⁴ 16,208,143	¹⁴ 15,739,008	¹⁴ 14,492,160	¹⁴ 14,452,827	16,208,143	15,739,008
-----	49,174,085	44,791,970	47,108,793	45,957,520	57,523,367	52,700,978
-----	20,876,094	23,173,974	20,061,076	23,339,685	20,876,094	23,173,974
-----	None	None	None	None	None	None
-----	6,710,159	6,693,350	4,934,790	4,813,421	12,108,594	12,358,899
-----	2,326,088	2,660,154	2,456,331	2,557,039	2,974,379	3,286,142
-----	123,820	129,622	86,142	65,762	123,820	129,622
-----	1,234,401	1,266,937	None	None	1,582,130	1,594,124
-----	1,534,260	1,594,957	None	None		
-----	73,843	62,630	None	None		
-----	6,319,455	7,084,994	6,951,963	6,314,032	9,519,103	9,831,964
-----	NA 363,389	NA 348,967	NA 270,022	NA 220,236	NA 363,389	NA 348,967
-----	4,409,848	4,315,851	4,325,716	4,279,287	7,265,013	7,045,603
-----	2,295,196	2,466,471	1,913,856	2,191,474	3,061,647	3,265,489
-----	¹³ 107,317	¹³ 135,273	None	None	107,317	135,273
-----	¹³ 7,532,618	¹³ 6,561,555	¹³ 960,951	¹³ 5,837,759	7,532,618	6,561,553
-----	¹⁴ 8,300,615	¹⁴ 7,695,118	¹⁴ 8,280,091	¹⁴ 7,658,521	8,300,615	7,695,118
-----	(¹²)	(¹²)	(¹²)	(¹²)		
-----	1,043,069	867,561	908,689	759,392	2,150,676	1,960,523

4. TABLE IV.—Summary of current rates, rate and benefit changes, and

Plan	Monthly family rates			Anticipated rate or benefit changes	
	Method	1964	1963		1960
Oregon—Continued					
NG	C	\$13.90	\$9.50	\$9.50	Currently making benefit change and 17 percent rate increase.
SC No. 1	C	22.90	22.90	None	
SC No. 2	C	15.70	15.70	None	
Pennsylvania:					
Allentown:					
G	M	9.45	8.85	6.10	Based on merit rate changes...
NG	M	9.95	9.10	6.60	do
SC No. 1	M	11.14	11.14	None	do
SC No. 2	M	17.54	17.54	None	do
Harrisburg:					
G	M	\$9.80	\$9.70	\$8.70	do
NG	M	11.10	10.50	8.70	Estimated annual increase of 7 to 8 percent.
SC No. 1	M	\$7.00	\$7.00	\$6.00	do
SC No. 2	M	21.60	21.60	None	do
Philadelphia:					
G	M	13.35	13.35	7.92	Based on merit rate changes...
NG	M	12.50	12.50	8.08	do
SC No. 1	M	13.34	13.34	None	do
SC No. 2	M	20.84	20.84	None	do
Pittsburgh:					
G	C	\$12.15	12.15	10.10	Probably within 12 to 24 months, 15 to 20 percent increase and some benefit improvement.
NG	C	12.95	12.95	10.60	do
SC No. 1	Class	24.80	22.94	None	
SC No. 2	do	16.70	14.90	None	
Wilkes-Barre:					
G	M	\$9.50	\$9.50	6.00	
NG	C	12.60	12.60	8.15	
SC No. 1	C	19.20	19.20	None	
SC No. 2	C	10.70	10.70	None	
Rhode Island:					
G	E	\$8.30	\$8.30	7.95	Rate increase and increase in mental coverage in specialty hospitals, July 1, 1964.
NG	E	7.15	7.15	7.75	do
South Carolina:					
G	E	7.85	7.85	7.85	
NG	C	10.00	8.30	5.20	
SC No. 1	C	22.10	22.10	None	
SC No. 2	C	17.10	17.10	None	
Tennessee:					
Chattanooga:					
G	Self-adjusting	7.20	7.20	5.60	Probable increase in next 2 years.
NG	Rating formula	10.00	9.00	7.20	do
SC	do	\$25.00	\$25.00	None	do
Memphis:					
G	F	\$10.10	\$10.10	\$10.10	
NG	C	13.05	13.05	13.05	
SC	C	25.00	25.00	None	
Texas:					
G	E	7.70	7.70	7.70	Changes September 1964.
NG	C	9.43	9.45	7.45	do
SC No. 1	C	\$8.75	\$8.75	None	
SC No. 2	E	(17)	(17)	None	
Utah:					
G	C	11.95	9.56	8.40	A 10- to 14-percent increase, 1965.
NG	C	10.22	8.94	7.66	do
SC No. 1	C	19.80	19.80	None	do
SC No. 2	C	14.30	14.30	None	do
Virginia:					
Lynchburg:					
G	C	7.10	7.10	7.10	Undetermined rate increase in 1964.
NG	C	6.85	6.85	6.85	do
SC	C	\$6.50	\$6.50	None	do
Richmond:					
G	C	9.40	9.40	9.40	
NG	C	7.50	7.50	7.50	Yes
SC	C	\$8.44	\$8.44	None	

See footnotes at end of table, pp. 340-341.

claims experience on Blue Cross contracts held by aged persons—Continued

Benefit changes, 1960-64	Premiums earned (policy described), 1963	Claims incurred (policy described), 1963	Premiums earned (policy described), 1962	Claims incurred (policy described), 1962	Premiums earned (all plans), 1963	Claims incurred, (all plans) 1963
-----	\$1,364,890	\$1,213,841	\$1,313,301	\$1,171,137	\$1,364,890	\$1,213,841
-----	87,489	52,783	None	None	} 182,108	} 75,796
-----	44,619	23,013	None	None		
Waiting periods reduced, 1962; OP benefits included, 1963.	3,918,917	3,657,996	3,900,416	3,565,765	7,538,478	6,833,453
do.....	2,199,941	2,277,408	2,061,411	2,053,097	2,199,941	2,277,408
-----	76,557	51,610	62,417	34,774	} 104,656	} 75,450
-----	28,099	23,840	None	None		
-----	4,282,386	3,927,258	4,242,029	3,995,912	6,442,002	5,920,081
-----	3,658,082	3,765,835	3,065,109	3,283,055	5,329,493	5,574,086
-----	180,944	154,629	128,070	120,346	} 278,108	} 218,673
-----	87,164	64,044	None	None		
-----	27,225,585	25,069,582	23,627,025	22,613,845	51,170,480	46,303,048
-----	14,146,689	15,084,937	13,298,812	14,210,421	21,895,609	21,882,994
-----	1,113,518	1,114,579	432,540	326,253	1,113,518	1,114,579
MN service included 65+, 1962.	14,106,050	12,836,809	12,673,365	12,713,540	46,148,751	41,042,809
-----	10,801,055	11,625,153	9,031,224	10,253,495	16,941,548	17,626,353
-----	2,117,802	1,943,235	1,320,886	1,213,295	2,117,802	1,943,235
Number of days increased, 1963.	4,979,549	4,449,042	4,411,077	4,104,054	6,829,722	6,083,740
do.....	3,057,606	3,370,796	2,823,303	3,102,534	4,224,612	4,508,599
-----	60,872	50,583	None	None	} 104,627	} 79,067
-----	43,755	28,484	None	None		
Number of days increased, 1963.	6,864,714	6,829,027	6,760,717	6,194,111	9,952,796	9,827,643
do.....	2,034,990	2,092,067	2,074,840	2,012,316	4,695,647	4,915,518
-----	2,097,673	1,942,527	1,856,611	933,176	3,896,526	3,518,109
Room allowance increased \$8 to \$10, 1962.	250,153	232,586	209,891	203,673	474,285	399,411
-----	44,229	25,812	None	None	} 57,700	} 37,324
-----	13,561	11,512	None	None		
-----	¹³ 18,760,147	¹³ 18,243,272	¹³ 16,801,149	¹³ 15,901,929	18,760,147	18,243,272
-----	¹⁴ 5,902,132	¹⁴ 6,478,150	¹⁴ 5,730,505	¹⁴ 5,847,408	5,902,132	6,478,150
-----	138,901	¹³ 125,000	None	None	138,901	¹³ 125,000
-----	474,683	460,557	467,512	402,595	976,824	914,546
-----	756,787	780,028	782,069	787,420	756,787	780,028
-----	3,644	1,728	None	None	3,644	1,728
-----	3,500,376	3,253,281	3,171,079	2,977,104	6,555,909	6,085,184
-----	2,755,893	2,640,748	2,836,055	1,967,228	5,402,447	5,647,403
-----	382,576	355,787	128,371	69,150	} 18,315,417	} 17,941,632
-----	17,932,841	17,385,845	15,751,893	15,215,953		
Increased, 1963	1,533,251	1,607,611	2,199,407	2,227,417	2,506,080	2,713,250
Increased noncontracting hospital benefits, 1963.	408,286	476,828	549,005	600,317	484,399	542,445
do.....	36,415	35,407	43,925	47,618	36,415	35,407
-----	¹³ 350,760	¹³ 251,649	¹³ 346,151	¹³ 213,140	350,760	251,649
-----	¹⁴ 60,006	¹⁴ 125,536	¹⁴ 59,200	¹⁴ 111,234	60,006	125,536
-----	4,394	4,118	None	None	4,394	4,118
-----	5,188,962	4,904,146	4,535,768	3,961,253	7,357,076	6,875,709
-----	3,072,395	2,977,823	3,084,362	2,675,814	3,634,574	3,556,781
-----	69,059	39,119	23,878	16,008	69,059	39,119

4. TABLE IV.—Summary of current rates, rate and benefit changes, and

Plan	Monthly family rates			Anticipated rate or benefit changes	
	Method	1964	1963		1960
Virginia—Continued					
Roanoke:					
G.....	C.....	\$8.30	\$8.30	\$6.60	Rate changes anticipated within 1 year; amount of increase not established. No benefit changes.
NG.....	C.....	9.05	9.05	7.10	
SC.....	C.....	¹ 10.50	¹ 10.50	None	
Washington:					
G.....	C.....	² 8.75	8.75	8.75	Plan to introduce new contract.
NG.....	C.....	9.50	9.50	9.50	
SC No. 1.....	C.....	² 8.50	² 8.50	² 8.50	
SC No. 2.....	C.....	² 27.50	² 27.50	None	
West Virginia:					
Bluefield:					
G.....	C.....	9.20	9.20	6.85	
NG.....	C.....	10.00	10.00	7.55	
SC.....	C.....	¹ 23.60	¹ 23.60	None	
Charleston:					
G.....	C.....	9.10	9.10	9.10	Approximate 25 percent rate increase Aug. 1, 1964.
NG.....	C.....	8.40	8.40	8.40	
Parkersburg:					
G.....	C.....	8.30	8.30	7.75	
NG.....	C.....	10.35	10.35	9.05	
SC No. 1.....	C.....	21.20	21.20	None	
SC No. 2.....	C.....	19.70	19.70	None	
Wheeling:					
G.....	C.....	10.80	10.80	10.80	Possibly early 1965.
NG.....	C.....	12.85	12.85	12.85	
SC.....	C.....	23.30	23.30	None	
Wisconsin:					
G.....	E.....	⁴ 14.55	⁴ 14.55	⁴ 13.30	Anticipate rate increase, Sept. 11, 1964, for NG and SC. Undecided on community group. No benefit change.
NG.....	C.....	15.00	15.00	12.50	
SC No. 1.....	C.....	¹ 24.00	¹ 24.00	None	
SC No. 2.....	C.....	¹ 30.00	¹ 30.00	None	
Wyoming:					
G.....	C.....	4.85	4.85	4.85	Rate increase anticipated next 12 months.
NG.....	C.....	10.90	10.90	10.90	
SC No. 1.....	C.....	¹ 7.50	¹ 7.50	¹ 7.50	
SC No. 2.....	C.....	16.50	16.50	None	

Legend:

- G=group.
 NG=nongroup.
 SC=senior citizen plan (No. 1, No. 2, etc, where more than — plan offered).
 C=community rating.
 E=experience or group experience rating.
 E (mod.)=modified experience rating.
 M=merit rating by group or class.
 Class=rated as separate class.
 NA=not available.
 OP=outpatient benefits.

¹ Hospital-medical-surgical (usually Blue Cross-Blue Shield) combined.² 1962-63 combined data.³ Single, rather than family, rates.⁴ New groups.⁵ Still in effect in "low use" groups.⁶ Community rating through August 31, 1962; experience rating thereafter.⁷ Rate for groups under 50.⁸ Experience by group and classification after 1962.⁹ Groups of 35 to 99.¹⁰ Total for plan. (Plan does usually tabulate experience for each type of contract. Senior data given is included in totals.)¹¹ New group base rates.¹² Partial group experience rating.¹³ Total group experience.¹⁴ Total nongroup experience.¹⁵ 1962 and 1963 combined for each type of plan; premiums calculated.¹⁶ Groups of less than 100.

claims experience on Blue Cross contracts held by aged persons—Continued

Benefit changes, 1960-64	Premiums earned (policy described), 1963	Claims incurred (policy described), 1963	Premiums earned (policy described), 1962	Claims incurred (policy described), 1962	Premiums earned (all plans), 1963	Claims incurred (all plans), 1963
-----	¹⁸ \$4,867,175	¹⁸ \$4,281,146	¹⁸ \$4,547,410	¹⁸ \$3,845,151	\$4,867,175	\$4,281,146
-----	2,084,491	2,689,818	2,046,609	2,491,382	2,084,491	2,689,818
-----	33,950	23,520	None	None	33,950	23,520
Raised Alaska benefits \$4 per day; no rate increase.	⁴⁰ 1,819,412	⁴⁰ 1,631,341	⁴⁰ 1,733,944	⁴⁰ 1,466,440	⁴⁰ 1,819,412	⁴⁰ 1,631,341
do	⁴⁰ 3,241,220	⁴⁰ 2,796,380	⁴⁰ 3,058,754	⁴⁰ 2,632,927	⁴⁰ 3,241,220	⁴⁰ 2,796,380
-----	⁴⁰ 66,443	⁴⁰ 36,436	⁴⁰ 22,155	⁴⁰ 11,197	⁴⁰ 66,443	⁴⁰ 36,436
-----	NA	NA	NA	NA	NA	NA
Increased outpatient benefit and allowance to better accommodation.	NA	NA	NA	NA	NA	NA
do	NA	NA	NA	NA	NA	NA
-----	568,667	616,688	483,312	475,646	796,600	878,734
-----	402,002	475,834	419,582	440,903	728,618	811,394
Lengthened outpatient time limit. Added M.N. and TB coverage.	333,764	335,869	326,967	309,709	395,640	398,144
do	389,271	363,075	375,895	381,958	389,271	363,075
-----	7,953	6,530	None	None	7,953	6,530
-----	1,585,757	1,472,524	1,511,921	1,478,222	1,585,757	1,472,524
-----	510,726	⁴¹ 545,975	⁴¹ 477,131	⁴¹ 535,306	⁴¹ 1,044,072	⁴¹ 1,016,585
-----	533,346	⁴¹ 470,610	⁴¹ 517,878	⁴¹ 611,914		
-----	7,303,923	6,711,647	6,360,259	5,587,552	12,862,766	11,659,370
-----	2,787,915	2,323,414	1,064,055	999,355	3,336,547	2,703,467
-----	156,022	109,978	None	None	156,022	109,978
-----	668,247	641,561	637,935	581,428	834,494	787,563
-----	277,765	274,149	301,749	301,721	565,863	571,126
-----	36,570	24,779	27,277	13,811	42,237	27,862
-----	5,667	3,083	None	None		

¹⁷ First quarter rates, groups of 50 and over.

¹⁸ Total group. Several large groups having a common benefit pattern and average rates used to develop group experience.

¹⁹ Included in nongroup.

²⁰ Low utilization rates in Iowa.

²¹ Iowa rates (different in South Dakota).

²² Single rate, Iowa.

²³ Not a full year's experience.

²⁴ 1962 data only.

²⁵ Rate differential is due to area—low cost and high cost.

²⁶ Total 1962-63 experience for type of plan.

²⁷ \$13.59 if under age 65.

²⁸ \$12.85 if under age 65.

²⁹ Hospital-surgical-medical, single (rather than family) rate.

³⁰ Self-adjusting rate formula.

³¹ Feb. 1, 1963, to Feb. 28, 1964, experience.

³² Included in nongroup, since both categories pay same dues and are rated together.

³³ Initial rate for groups of 175 or more.

³⁴ Groups of 41 to 75 employees.

³⁵ Rates for less than 50 in group.

³⁶ SC coverage has not been in force long enough to estimate incurred claims to a high degree of accuracy.

³⁷ \$3.68 combined Blue Cross-Blue Shield per recipient, of which plans retain \$0.26 for administrative costs.

³⁸ 1963-64 Alaska rate, \$7.85.

³⁹ Hospital-medical-surgical, 1964 Alaska rate, \$31.50.

⁴⁰ Hospital-medical-surgical, total premium for type of plan (G, NG, SC).

⁴¹ NC includes conversion plans only; SC includes direct pay and senior plan.

⁴² Groups of 25-49.

Source: Blue Cross Association.

APPENDIX E

Income of the Aged in 1962: First Findings
of the 1963 Survey of the Aged

by LENORE A. EPSTEIN*

AMONG the richest persons in the United States, a few aged men and women are, of course, included. Yet families headed by a person aged 65 or over make up one-third of all families counted as poor in the 1964 *Annual Report of the Council of Economic Advisers*—a proportion much higher than the 1-in-7 frequency of aged families in the population. And the aged account for an even larger proportion of the adults living alone who are considered poor.

The incidence of poverty among the aged would be immeasurably higher and its severity much greater were it not for old-age, survivors, and disability insurance (OASDI). Under this program, payments were made to 70 percent of the 17½ million persons aged 65 and over at the end of 1962—four-fifths of the aged couples and more than three-fifths of all other persons aged 65 or older.

Despite the large number of aged persons who now can count on OASDI benefits, many still live on very low incomes. The nonmarried—the widowed, the divorced, the separated, and the never married—together make up about half the population aged 65 and over. Their median income was \$1,130 for the year 1962. For the married, who tend to be younger, the median income was \$2,875. Almost 3 in every 10 couples had less than \$2,000.

Aged persons who work are, of course, likely to have more income than those who do not. Hence, among the nonmarried aged, who only rarely are in the labor force, those drawing OASDI benefits had the higher income. By contrast, among the married couples, who often had substantial earnings if they were not on the beneficiary rolls, it was the nonbeneficiaries who had higher median income.

Benefits under OASDI were practically the sole source of cash income for almost one-fifth of the couples and for more than one-third of the nonmarried beneficiaries who had been entitled to benefits for a year or more.

Public assistance was important as a supplementary source of cash for 1 in 12 of the married couples and 1 in 6 of the nonmarried aged. The proportion receiving cash assistance payments was almost three times as large for nonbeneficiaries as for those on the OASDI rolls.

Nonbeneficiaries past age 65 are a particularly diverse group. At one extreme are persons with full-time employment throughout the year—37 percent of the married men and 13 percent of the nonmarried men—many of whom earn as much as or more than they had when they were younger. At the other extreme are persons totally dependent on relatives, public assistance, or care in a public institution. They tend to be older than beneficiaries, whereas those with full-time employment tend to be younger.

Although the great majority of the aged are at least partially retired, earnings still account for a sizable share of the income of the total aged population. In 1962, earnings accounted for 32 percent of the aggregate money income of all persons aged 65 and over and their spouses. Benefits under OASDI ran a close second to earnings as a proportion of their aggregate money income. Benefits from public and private retirement programs combined represented two-fifths of aggregate income. The aged received 15 percent of their income from interest, dividends, and rents. Public assistance and veterans' compensation accounted for the smallest proportion (5 percent and 4 percent, respectively).

The foregoing findings are the first from the nationwide 1963 Survey of the Aged undertaken by the Social Security Administration, with the Bureau of the Census acting as its agent in collecting and tabulating the data. This Survey will provide data on the income of the aged and their work experience, health care costs, and hospital utilization during 1962; their living arrangements, health insurance coverage, labor-force status, and assets and liabilities at the end of the year; and other aspects of their socio-economic status. The study is based on an area probability sample drawn to represent a cross section of per-

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persons aged 62 and over, as outlined in the brief note on source and reliability of the estimates at the end of this article.

Interviews were completed in January and February 1963 for 7,500 units—that is, married couples and nonmarried persons. The units contained more than 11,000 persons aged 62 and over—2,400 couples with head or wife aged 65 and over, 3,800 other persons of that age, and 1,300 units aged 62-64. The beneficiary status of respondents was verified by matching the sample against OASDI records, and selected data on beneficiaries were added to the Survey record.

Comparable data are thus available for the first time on the economic and social situation of aged beneficiaries of the OASDI program and aged persons not receiving such benefits. Most of the

data are presented for units as the most appropriate basis for analyzing income, expenses, and other aspects of the financial position of the aged.

This article presents the early findings from the 1963 Survey on income sources and size of income of aged couples and nonmarried persons 62 or older. The first section provides summary figures for all those aged 65 and over and their spouses. The second section focuses attention on differences between beneficiary and nonbeneficiary units aged 65 and over. The third section relates to differences by age and includes information for the age group 62-64. Further details on income, employment, and assets, to be available in subsequent reports, will throw additional light on some of the findings reported here.

The 1963 Survey of the Aged is unique in the

Chart 1
SHARES OF AGGREGATE MONEY INCOME, BY SOURCE, OF PERSONS
AGED 65 OR OVER*—1962

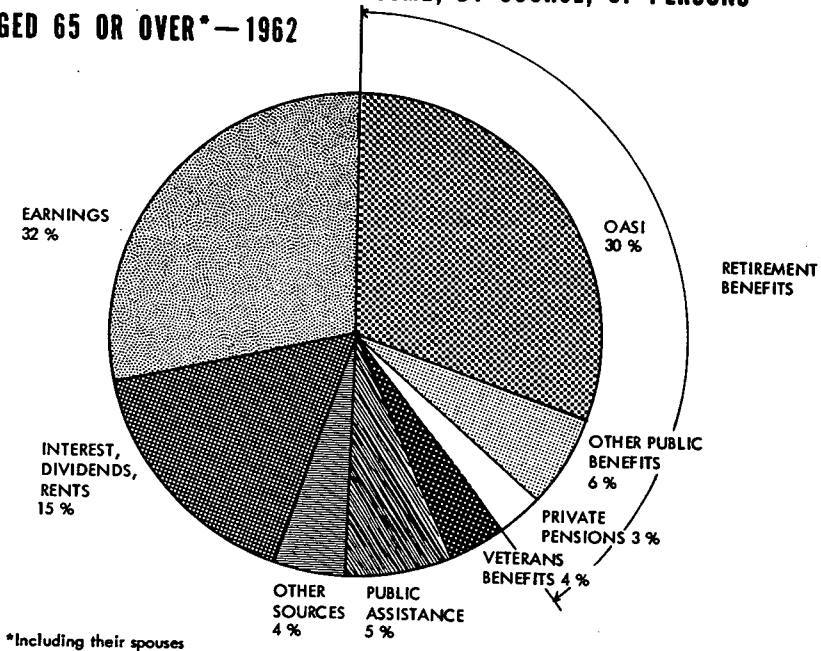
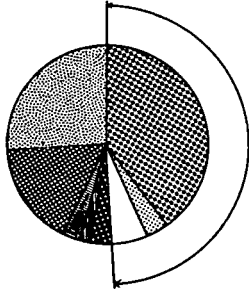


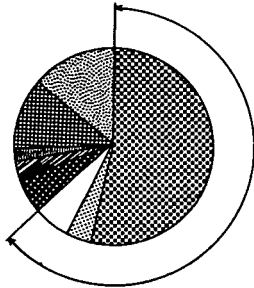
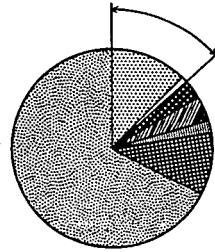
Chart 2
SHARES OF AGGREGATE MONEY INCOME, BY SOURCE, OF MARRIED COUPLES AND NONMARRIED MEN AND WOMEN 65 OR OVER - 1962

OASDI BENEFICIARIES*

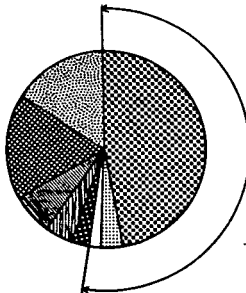
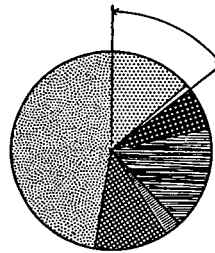


MARRIED COUPLES

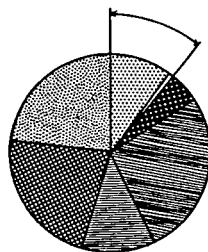
NONBENEFICIARIES



NONMARRIED MEN



NONMARRIED WOMEN



NOTE: For identification of sources, see Chart 1.

*Received First Benefit Before Start of Year

amount of information obtained on income sources. Because the type of income bears on its distribution by size and relative permanence and also the stability of its purchasing power, considerable attention is directed to the shares of aggregate income of the aged from various sources and the relative number of persons having some income from these sources. The second section of the article also suggests, for both beneficiary and nonbeneficiary units aged 65 and over, the effect on the size distribution of income of (1) the extent of employment in 1962, (2) the receipt of private pensions, and (3) the receipt of public assistance.

The article concludes with a brief discussion of the implications of these new data for the economic outlook for the aged in the years ahead.

THE POPULATION AGED 65 AND OVER

Sources of Income

In 1962 retirement programs provided two-fifths of the aggregate income of persons aged 65 and over and their spouses. Of these programs, OASDI alone accounted for 30 percent of their income, programs for railroad and government workers about 6 percent, and private group pension plans slightly more than 3 percent (chart 1).

It is perhaps surprising that an age group generally considered as out of the labor force had aggregate earnings four-fifths as large as their total benefits under public and private retirement programs combined. This relationship results in

large part from the low ratio of retirement benefits to preretirement earnings that is characteristic of most retirement programs.

Retirement benefits were reported by 84 percent of the couples and earned income by 55 percent (table 1). For the nonmarried persons the corresponding figures were 67 percent and 24 percent, with men somewhat more likely than women to have both current earnings and benefits based on earlier employment. More than 9 in every 10 of the units with payments under public or private retirement programs received OASDI benefits. Private group pensions went to more than 16 percent of the couples and 5 percent of the nonmarried persons, most of whom were also OASDI beneficiaries. About half the persons receiving payments as retirees or as survivors of workers in railroad or government employment also received OASDI benefits.¹

Almost half the aggregate earnings of the aged was reported by couples and nonmarried persons aged 65-72 who were not on the OASDI rolls, although they represented only 14 percent of the units in the 65-and-over age group. Most of these workers could have drawn benefits had it not been for their employment. Nonbeneficiary units aged 73 or older, on the other hand, reported practically no earnings. Presumably they did not work because of health or other personal reasons or because no work was available to them. Of those whose benefits started in 1962, four-fifths of the men and two-fifths of the women had some earnings during the year, often for the period before they received benefits. As noted below, many whose OASDI benefits started before 1962 also had some earnings—for men, almost as many of those aged 73 and over as of those aged 65-72. Their employment was likely to be occasional or part time. A not inconsiderable portion of the aggregate earnings of beneficiary units came from the employment of spouses who were not themselves entitled to OASDI benefits.

Next in importance after OASDI and earnings as a source of funds for the aged was income from assets. Interest, dividends, and rents made up more

TABLE 1.—SOURCES OF MONEY INCOME FOR UNITS AGED 65 AND OVER: Percent having income from specified sources, 1962

Source of money income	Married couples ¹	Nonmarried persons		
		Total	Men	Women
Number (in thousands):				
Total	5,445	8,731	2,402	6,329
Reporting on sources	5,445	8,612	2,345	6,267
Earnings	55	24	28	23
Retirement benefits	84	67	72	64
OASDI	70	62	68	60
Other public	12	7	8	7
Private group pensions	16	5	10	3
Veterans' benefits	14	8	11	6
Interest, dividends, and rents	63	48	45	50
Private individual annuities	4	3	1	3
Unemployment insurance	3	1	1	1
Public assistance	9	17	18	17
Contributions by relatives ²	3	5	1	6
Payments under any public program	89	80	87	78

¹ With at least 1 member aged 65 or over.
² Relatives or friends not in households.

¹ Preliminary analysis of the number of persons (as distinct from units) receiving income from various sources suggests that the proportion with private pensions and government employees' benefits should be somewhat larger than reported. Some persons may have reported their private pensions as private annuities, however.

than 15 percent of the total money income in 1962 for persons aged 65 and over and their spouses. More than three-fifths of the couples and almost half the nonmarried reported some income of this type, but for about half of them it was less than \$150 for the year. Income from assets is often underreported in household interview surveys of the general population. The many to whom it comes in only small amounts and infrequently may forget, and the few with large holdings do not always wish to divulge the magnitude.

Because even small interest and dividend payments tend to be important, however, to those who have retired with small incomes, better-than-average reporting of asset income by the retired would be expected. In this Survey particular efforts were made to minimize underreporting. A self-enumeration form with questions about assets and income was left with each respondent to encourage reference to records, and it was checked later by a trained enumerator who returned to pick up the form and ask additional questions.

In the final editing, if schedules showed an asset but no entry for income from that asset, a 4-percent return was imputed and recorded as cash income. One measure of the results of this effort to obtain accurate data on asset income may be the rise from 1959 to 1962 shown in the median total money income of nonmarried women—for whom asset income characteristically is of special importance—when the 1963 Survey figure (\$1,015) is compared with that from the 1960 Census of population (\$670).²

Public assistance and veterans' programs, providing 5 percent and 4 percent, respectively, of the aggregate money income of persons aged 65 and over and their spouses, followed retirement benefits, earnings, and asset income in importance as an income source. If agency payments for medical care made directly to a hospital, nursing home, physician, or other vendor had been treated as cash income, the total for public assistance would have been about one-third larger, or somewhat more than 6 percent. Public assistance was reported more often by the nonmarried (17 percent) than the married (8 percent). The reverse was true of veterans' compensation and pension payments, which more often go to men than to women, although many widows do receive such benefits.

² See page 22 for a comparison of the median incomes of other aged persons.

Cash contributions by relatives not living in the same household, or by friends, amounted to barely 1 percent of the aggregate income. Only 3 percent of the couples and 5 percent of the nonmarried reported cash contributions, even though occasional contributions as well as those received regularly were included.³

Relatives may provide support by sharing a home or paying bills, as well as by cash contributions. A precise money value cannot be placed on the advantage of sharing a home. Yet more than one-fourth of the couples and more than two-fifths of the nonmarried aged were members of a household with children or other relatives present. For more than half these couples and almost one-fourth of the nonmarried who shared a home, nonmarried children were the only relatives in the home. In other words, there was a normal family situation, with a good chance that the older unit was contributing as well as receiving. In contrast, when the home is shared with married children, siblings, or other relatives, the support may go either way but is likely to favor the aged.

Later tabulations will not only compare the income of those who share a home with relatives and the income of those living by themselves, but they will relate the income of the aged who share to the income of the entire family. The extent to which relatives help with medical care bills will also become clear later, when medical care costs and the means of meeting them are analyzed.

In summary, it may be noted that about 46 percent of the total income of couples and nonmarried persons aged 65 and over came from public income-maintenance programs—social insurance, veterans', and public assistance programs. (Although information is not available on the exact amount received in the form of unemployment and temporary disability insurance or workmen's compensation, it is estimated that it was not more than 1 percent.) Nearly 90 percent of the couples and 80 percent of the nonmarried had some income from a public income-maintenance program. If about one-half million nonmarried persons who

³ Current money income excluded lump-sum inheritances and large cash gifts—as well as lump-sum payments from life insurance, tax refunds, awards for injury or damage, and proceeds from the sale of a car or other large item. Any income obtained from investment of the proceeds, however, is included. Information on the amount of such receipts will be available later.

reported no cash income at all are excluded from the total, the latter proportion rises to 86 percent.

Size of Income

Except for public assistance and contributions from relatives, the proportion with income from each of the sources discussed was smaller for the nonmarried persons than it was for aged couples. It follows, therefore, that the nonmarried were at a considerable disadvantage in terms of total cash income; their median income was \$1,130, compared with \$2,875 for couples. A third of the nonmarried persons aged 65 and over had less than \$810 during 1962, and a third of the couples had less than \$2,200.

There is diversity among the aged not only in sources of income but in the amount received. Thus, at the other end of the income scale, 5 percent of the married couples reported \$10,000 or more and 2 percent reported \$15,000 or more. Among the nonmarried, 4 percent had \$5,000 or more.

Aged widows and other nonmarried women account for the unfavorable income position of the nonmarried. They are two and one-half times as numerous as nonmarried men, because women tend to outlive their husbands and because widowers are more likely than widows to remarry. Roughly half the women, compared with one-third of the nonmarried men, had less than \$1,000. Two-thirds of the women and half the men had less than \$1,370.

TABLE 2.—SIZE OF MONEY INCOME FOR UNITS AGED 65 AND OVER: Percentage distribution by income interval, 1962

Total money income	Married couples ¹	Nonmarried persons		
		Total	Men	Women
Number (in thousands):				
Total.....	5,445	5,731	2,402	6,329
Reporting on income.....	4,719	7,709	2,173	5,536
Total percent.....	100	100	100	100
Less than \$1,000.....	5	44	32	49
1,000-1,499.....	10	22	25	21
1,500-1,999.....	14	13	12	12
2,000-2,499.....	13	8	11	7
2,500-2,999.....	12	4	5	3
3,000-3,999.....	16	4	6	3
4,000-4,999.....	11	2	3	1
5,000-9,999.....	15	4	6	3
10,000 and over.....	5	(*)	1	(*)
Median income.....	\$2,875	\$1,130	\$1,365	\$1,015

¹ With at least 1 member aged 65 or over.

² Less than 0.5 percent.

On a per capita basis the income position of nonmarried men was roughly equivalent to that of couples. For independent living, however, one person needs considerably more than half as much as two who share a home, and the lower the level of living the smaller the difference.

The Bureau of Labor Statistics has recently estimated the cost of a "modest but adequate" level of living for an aged person alone at \$1,800, compared with \$2,500 for a retired couple.⁴ The cost figures were adapted from those developed for retired couples renting their home in the fall of 1959⁵ in 20 large cities—to allow for reduced costs resulting from homeownership and somewhat lower costs in the smaller communities and to take account of the differences in costs for those living alone.

By this standard, at least 1.9 million of the 5.4 million couples with the husband or wife aged 65 or over and at least 5.7 million of the 8.7 million other aged persons could not be considered economically independent on the basis of the money income reported in the 1963 Survey. Those sharing a home with relatives—particularly common among widows and other nonmarried women—are included in the calculation in order to provide a measure of those who could live independently if they wished and their health permitted.

OASDI BENEFICIARIES AND NONBENEFICIARIES COMPARED

In general, OASDI beneficiaries are better off in terms of income than nonbeneficiaries if they are not married and worse off if they are. The difference reflects in large part the degree of attachment to the labor force. The median money income in 1962 of beneficiary couples (those with head or wife aged 65 or over whose benefits started before 1962) was \$2,710, compared with \$3,580 for

⁴ Willard Wirtz, statement in *Hearings Before the Ways and Means Committee, House of Representatives, Eighty-eighth Congress, on Medical Care for the Aged, November 18-22, 1963, and January 20-24, 1964.*

⁵ Margaret S. Stots, "The BLS Interim Budget for a Retired Couple," *Monthly Labor Review*, November 1960; Mollie Orshansky, "Budget for an Elderly Couple: Interim Revision by the Bureau of Labor Statistics," *Social Security Bulletin*, December 1960; "Technical Note: Estimating Equivalent Income or Budget Costs by Family Type," *Monthly Labor Review*, November 1960.

TABLE 3.—SIZE OF MONEY INCOME BY OASDI BENEFICIARY STATUS FOR UNITS AGED 65 AND OVER: Percentage distribution by income interval, 1962¹

Total money income	Married couples ²		Nonmarried men		Nonmarried women	
	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries ³	
					Retired	Widowed
Number (in thousands):						
Total.....	3,748	1,120	1,480	803	1,012	1,522
Reporting on income.....	3,286	932	1,384	1,050	1,325	2,192
Total percent.....	100	100	100	100	100	100
Less than \$1,000.....	4	10	26	45	38	44
1,000-1,499.....	9	12	23	13	23	27
1,500-1,999.....	15	11	14	10	17	16
2,000-2,499.....	16	8	13	6	9	6
2,500-2,999.....	14	6	6	3	5	3
3,000-3,499.....	16	12	5	4	4	2
3,500-3,999.....	11	10	9	4	2	1
4,000-4,999.....	12	24	2	12	4	2
5,000-9,999.....	3	11	(⁴)	1	(⁴)	(⁴)
10,000 and over.....						
Median income.....	\$2,710	\$3,690	\$1,375	\$1,185	\$1,800	\$1,105
						\$755

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.
² With at least 1 member aged 65 or over.
³ The retired women receive benefits based on their own wage record, regardless of eligibility as widows; the widowed receive benefits based on the husband's wage record.
⁴ Less than 0.5 percent.

couples not receiving benefits (table 3). Money income of less than \$1,000 was reported by 4 percent of the beneficiaries and 10 percent of the nonbeneficiaries, and incomes of \$5,000 or more by 15 percent and 35 percent.

Couples and nonmarried persons who received their first benefit in 1962 are excluded from these and subsequent comparisons of beneficiary and nonbeneficiary units in this article because income in the year of retirement is not meaningful in appraising the income of beneficiaries.⁴ Eight percent of the beneficiary units aged 65 and over who were on the rolls at the end of 1962 received their first benefit in that year.

Nonmarried men on the benefit rolls had a median income of \$1,375 (slightly more than half that of couples) and other nonmarried men had \$1,135. For nonmarried women the median money income in 1962 was about \$1,200 for those receiving OASDI, and only \$755 for the others. Women

⁴ Also excluded are a small number of units with benefits starting before 1962 who had entitled children or whose own entitlement was based on the record of a child and of couples when the husband's entitlement is based on his wife's work record. These exclusions were intended to maximize comparability with beneficiary data collected in late 1957.

whose benefits were based on their own work record were better off than those drawing widow's benefits based on the employment of a deceased husband; the median incomes were \$1,300 and \$1,100.

The difference in income between beneficiaries and nonbeneficiaries results in large part from differences in age and from source of income, which are, of course, interrelated.

The differences are epitomized by the data on the apportionment of their aggregate income by source (chart 2 and table 4). Beneficiary couples received half their income in the form of retirement benefits—40 percent from OASDI alone and 6 percent from private pensions. Earnings made

TABLE 4.—SHARES OF MONEY INCOME BY OASDI BENEFICIARY STATUS FOR UNITS AGED 65 AND OVER: Percentage distribution of aggregate money income by source, 1962¹

Source of money income	Married couples ²		Nonmarried men		Nonmarried women	
	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries ³	
					Retired	Widowed
Number (in thousands):						
Total.....	3,748	1,120	1,480	803	1,012	1,522
Reporting on income.....	3,286	932	1,384	1,050	1,325	2,192
Total percent.....	100	100	100	100	100	100
Earnings.....	25	89	14	48	21	7
Retirement benefits.....	50	13	63	14	53	54
OASDI.....	4	12	54	.....	46	52
Other public.....			4	13	6	1
Private group pensions.....	6	(⁴)	6	1	3	1
Veterans' benefits, interests, dividends, and rents.....	4	3	6	7	3	4
Public assistance.....	17	10	12	12	14	22
Contributions by relatives ⁵	1	4	3	16	4	4
Other.....	(⁴)	(⁴)	(⁴)	(⁴)	2	1
	3	2	2	3	3	8

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.
² With at least 1 member aged 65 or over.
³ The retired women receive benefits based on their own wage record, regardless of eligibility as widows; the widowed receive benefits based on the husband's wage record.
⁴ Less than 0.5 percent.
⁵ Relatives or friends not in household.

up one-fourth of the total. Nonbeneficiary couples, on the other hand, received more than two-thirds of their income from employment, only 12 percent from retirement benefits for railroad and government employees, and less than 1 percent from private pensions. Interest, dividends, and rents accounted for one-sixth of the income of beneficiary couples and one-tenth of that of nonbene-

fiary couples. Only 1 percent of the income of beneficiary couples came from public assistance and 4 percent of the income of nonbeneficiary couples. Because public programs are limited in what they can pay, groups relying on such payments for a substantial share of their support will have lower incomes, on the average, than those who still rely heavily on earnings.

Almost two-thirds of the nonbeneficiary couples had earnings, and half the beneficiary couples had some income from employment (table 5). Most of

TABLE 5.—SOURCES OF MONEY INCOME BY OASDI BENEFICIARY STATUS FOR UNITS AGED 65 AND OVER: Percent having income from specified sources, 1962¹

Source of money income	Married couples ²		Nonmarried men		Nonmarried women	
	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries ³	
					Retired	Widowed
Number (in thousands):						
Total.....	3,743	1,120	1,490	803	1,912	1,502
Reporting on sources.....	3,743	1,118	1,490	746	1,912	1,502
Earnings.....	50	84	24	31	34	17
Retirement benefits.....	100	25	100	16	100	100
OASDI.....	100		100		100	100
Other public.....	9	24	6	14	8	2
Private group pensions.....	20	3	13	3	7	2
Veterans' benefits.....	14	14	11	12	6	8
Interest, dividends, and rents.....	65	62	50	34	58	38
Private individual annuities.....	4	4	2	1	5	2
Unemployment insurance.....	2	2	1	(4)	2	(4)
Public assistance.....	6	14	10	35	10	8
Contributions by relatives ⁴	3	3	2	1	4	5
Payment under any public program.....	100	47	100	50	100	45

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.
² With at least 1 member aged 65 or over.
³ The retired women receive benefits based on their own wage record, regardless of eligibility as widows; the widowed receive benefits based on the husband's wage record.
⁴ Less than 0.5 percent.
⁵ Relatives or friends not in household.

the men beneficiaries who supplemented their retirement income by earnings had only part-time or occasional jobs; for a few, earnings were large enough to require suspension of their benefits. A few of the men had younger wives with sizable earnings, and a few married women aged 65 and over who were drawing benefits had younger husbands with full-time employment. The contribution made by the younger spouses is indicated by the fact that the median income other than benefits was twice as high for beneficiary couples with

TABLE 6.—SIZE OF MONEY INCOME OTHER THAN OASDI BENEFITS FOR BENEFICIARY UNITS AGED 65 AND OVER: Percentage distribution by income interval, 1962¹

Money income other than OASDI benefits	Beneficiary couples ²			Nonmarried women beneficiaries ³	
	Total	Both entitled all year	Others ⁴	Retired	Widowed
Number (in thousands):					
Total.....	3,743	2,607	1,136	1,490	1,912
Reporting on income.....	3,289	2,204	985	1,384	1,325
Total percent.....	100	100	100	100	100
Less than \$100.....	14	18	6	33	30
100-499.....	11	12	8	17	15
500-999.....	18	20	15	22	21
1,000-1,999.....	23	23	22	16	20
2,000-2,999.....	13	12	17	5	6
3,000 and over.....	20	14	33	4	3
Median.....	\$1,225	\$985	\$1,990	\$495	\$565

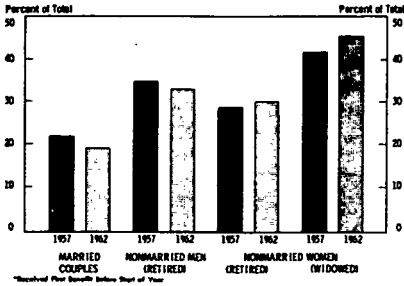
¹ Excludes beneficiaries who received their first benefit in February 1962 or later.
² With at least 1 member aged 65 or over.
³ Includes couples with husband entitled all year, wife part of the year or not at all, and cases where the wife is a retired worker but not the husband.
⁴ The retired women receive benefits based on their own wage record, regardless of eligibility as widows; the widowed receive benefits based on the husband's wage record.

only one spouse entitled all year as for couples with both husband and wife entitled all year—\$1,990 compared with \$985.⁷ Indeed, a third of the former group but only one-seventh of the latter had nonbenefit income of \$3,000 or more in 1962 (table 6).

Because nonmarried persons were older than the married, earnings were a much less important part of their income. For those not receiving OASDI benefits, public assistance was of great importance. Cash assistance payments made up 16 percent of total money income for the nonmarried men and 27 percent of that for the nonmarried women, and roughly one-third of the nonmarried reported some support in this form. By contrast, only one-tenth of the nonmarried beneficiaries received any cash payment from a public assistance agency, and such payments accounted for at least 4 percent of their income. (As indicated above, vendor payments for medical care are not included in money income. Their importance to different groups will be analyzed when data become available on the sources of payment for medical care.)

⁷ In some cases the spouse not entitled to OASDI benefits was past age 65 but still employed full-time, and in others the spouse was drawing a pension under another program. In most cases, however, the spouse was under age 65 and employed.

Chart 3
BENEFICIARY UNITS 65 AND OVER WITH LESS THAN \$150 PER PERSON
MONEY INCOME OTHER THAN BENEFITS—1957 AND 1962



The Role of OASDI Benefits

The importance of OASDI benefits in reducing the need for assistance is evident. It should not, however, be overemphasized. Nearly two-fifths of the persons now receiving old-age assistance and about three-fifths of all new applicants are already receiving OASDI benefits.* A considerable number of beneficiaries need public assistance because of medical care costs, others because their benefits are low. In 1962 a substantial number aged 65 and over received the minimum benefit of \$40 payable to a worker who retires at age 65 or to an aged widow, and some received even less than the usual minimum because they chose an actuarial reduction to obtain a benefit before they reached age 65.

A large number of beneficiaries have little cash income besides their benefit. In 1962 about one-third of the nonmarried beneficiaries received less than \$150 in money income other than benefits (including public assistance) during the entire year, and one-fifth of the couples had less than \$300 in addition to their benefits. There has been little improvement in this respect since 1957, when the income of beneficiaries was last studied (chart 3).

The median money income received by beneficiaries in 1962 in addition to their benefits is

compared in the following tabulation with the median amount received by nonbeneficiaries.

Aged unit	OASDI beneficiaries	Non-beneficiaries
Married couples.....	\$1,225	\$2,580
Nonmarried:		
Men.....	495	1,135
Women.....	420	755

Clearly, OASDI benefits are of particular importance for the nonmarried. In 1962 retirement income other than OASDI benefits of as much as \$150 per person was received by only 54 percent of the couples and 40 percent of the nonmarried beneficiaries, compared with 44 percent and 34 percent in 1957. The median total retirement income^a in 1962—that is, money income other than earnings, unemployment insurance, assistance, or personal contributions—was \$2,000 for couples and about \$1,000 for nonmarried beneficiaries. In 1957 the corresponding medians were \$1,580 and about \$800. A large proportion of the gain resulted from improvement in OASDI benefits.

Relation of Income Size to Source

Among the nonmarried aged, nonbeneficiaries have been shown to be at a considerable income disadvantage. For couples the reverse appears to be true because of differences in extent of employment.

Work experience.—When aged units are classified by their work experience in 1962, it is clear that beneficiaries, whatever their marital status, generally had higher income than nonbeneficiaries, except for those with full-time jobs—that is, jobs at which one usually works 35 or more hours per week (table 7).

Information is not now available on income according to the number of weeks worked in 1962. Preliminary analysis of data on the work experience in 1962, however, suggests that most of the

* Retirement income is defined to include all income from reasonably permanent sources—twelve times the monthly OASDI benefit, railroad and government employees' retirement benefits, private pensions, private annuities, interest, dividends, rents, and veterans' benefits (although there is an income test for veterans' pensions). If savings are drawn on, interest, dividends, and rents will, of course, be reduced.

^a Bureau of Family Services, *Reasons for Opening and Closing Public Assistance Cases, July to December 1962*. Data are for 31 States.

nonbeneficiary men with full-time jobs worked the greater part of the year but that beneficiary men with full-time jobs were much more likely to work only part of the year. Few men who expect to remain at work in full-time jobs the year around apply for benefits.

For couples with either or both husband and wife working in 1962 at jobs that were usually full-time, the median income was \$4,110 if one or both was a beneficiary and \$3,060 if neither was a beneficiary. When the jobs were part-time, the median was \$3,000 for beneficiary couples and \$2,400 for nonbeneficiaries. Among those with only part-time jobs the beneficiaries—married or not—did better, on the average, than the nonbeneficiaries. The advantage of beneficiary status was greatest for those with no work. The relatively small group of nonbeneficiary units with part-time jobs had median incomes much closer

to those of units that had not worked at all in 1962 than to those whose jobs were usually full-time.

Private pensions and public assistance.—Persons with private pensions constitute the economically elite among the retired OASDI beneficiaries: Their median total income of \$3,400 was only one-sixth less than that of beneficiary couples with at least one member working at a full-time job. And for nonmarried beneficiaries a private pension did as much as full-time employment to raise the average level of money income. At the other extreme among the beneficiaries were those who had turned to public assistance.

The median income for beneficiary couples with private pensions was about twice the median of \$1,730 for couples whose benefits were supplemented by public assistance money payments

TABLE 7.—SIZE OF MONEY INCOME BY WORK EXPERIENCE AND OASDI BENEFICIARY STATUS FOR UNITS AGED 65 AND OVER: Percentage distribution by income interval, 1962¹

Total money income	Married couples ²			Nonmarried men			Nonmarried women		
	Worked in 1962 ³		Did not work in 1962 ⁴	Worked in 1962 ³		Did not work in 1962 ⁴	Worked in 1962 ³		Did not work in 1962 ⁴
	Usually full time	Usually part time		Usually full time	Usually part time		Usually full time	Usually part time	
OASDI beneficiary units									
Number reporting work experience (in thousands):									
Total.....	773	800	2,170	181	181	1,178	279	849	2,787
Reporting on income.....	649	689	1,959	118	154	1,101	264	292	2,476
Total percent.....	100	100	100	100	100	100	100	100	100
Less than \$1,000.....	1	3	5	7	24	29	9	18	45
1,000-1,999.....	13	18	30	31	33	48	33	49	42
2,000-2,999.....	19	23	34	23	24	17	33	28	7
3,000-3,999.....	15	23	13	17	8	4	18	2	3
4,000-4,999.....	18	13	7	3	4	1	4	2	1
5,000-9,999.....	29	11	9	3	(⁵)	(⁵)	7	(⁵)	2
10,000 and over.....	6	3	2	3	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Median income.....	\$4,110	\$3,000	\$2,410	\$2,300	\$1,465	\$1,320	\$2,170	\$1,670	\$1,095
Nonbeneficiary units									
Number reporting work experience (in thousands):									
Total.....	570	62	450	150	54	600	174	64	2,205
Reporting on income.....	459	61	368	124	32	500	145	53	1,962
Total percent.....	100	100	100	100	100	100	100	100	100
Less than \$1,000.....	3	16	16	3	42	58	10	60	70
1,000-1,999.....	5	28	43	9	44	24	19	24	21
2,000-2,999.....	6	11	16	3	16	11	25	16	5
3,000-3,999.....	12	15	12	14	(⁵)	2	16	(⁵)	2
4,000-4,999.....	15	10	5	16	(⁵)	2	10	(⁵)	1
5,000-9,999.....	41	15	8	51	4	2	20	(⁵)	1
10,000 and over.....	19	5	3	4	(⁵)	1	(⁵)	(⁵)	(⁵)
Median income.....	\$5,080	\$2,400	\$1,800	\$5,380	\$1,200	\$285	\$2,650	\$785	\$710

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.
² With at least 1 member aged 65 or over.
³ Classification by amount of work is in terms of the length of the workweek when working—that is, less than 35 hours as part time. Some in each group worked throughout the year, others only a few weeks. Couples are classified as working if either husband or wife or both worked in 1962; if the husband

worked at all, the couple was classified as working full time or part time on the basis of his experience.
⁴ Includes units reporting income from farms or nonfarm businesses they owned but did not operate (treated as earnings on tables showing sources of income) and a small number of units that did not report on work experience.
⁵ Less than 0.5 percent.

(table 8). For the nonmarried the differences were similar. The median for those with a private pension was roughly \$2,200, and for those receiving public assistance it was about \$1,150, with only minor differences between men and women.

The vast majority of beneficiaries received neither a private pension nor assistance. They were a diverse group. Presumably they included almost all who had full-time jobs (and probably most of those with part-time jobs). But they also included those living on the margin of poverty, with or without help from relatives. Consequently, although almost one-sixth of the beneficiary couples with neither a private pension nor public assistance had incomes of \$5,000 or more, about twice as many (one-third) had less than \$2,000.

Few nonbeneficiaries have private pensions—so few that no analysis of the income of those who do, based on the sample study, would be statistically valid. It is significant, however, that—except for nonmarried women—among those not

receiving assistance nonbeneficiaries had more income than beneficiaries, on the average, presumably because of employment. Nonbeneficiary units receiving assistance, on the other hand, were at a considerable disadvantage compared with the beneficiary units receiving assistance to supplement benefits—at least in part because of the maximums placed on assistance payments by most States and the fact that limited funds make it impossible for some States to meet full need as determined under their own standard.¹⁰ On the other hand, some of the cash assistance received by the beneficiaries may have been to meet heavy medical expenses rather than merely for family living expenses. Nonmarried women receiving neither OASDI benefits nor public assistance had the smallest cash income of any group. A considerable proportion of them were maintained in

¹⁰ David Eppley, "Concurrent Receipt of PA and OASDI by Persons Aged 65 and Over, Early 1963," *Welfare in Review*, March 1964.

TABLE 8.—SIZE OF MONEY INCOME BY RECEIPT OF PRIVATE PENSION OR PUBLIC ASSISTANCE AND OASDI BENEFICIARY STATUS FOR UNITS AGED 65 AND OVER: Percentage distribution by income interval, 1962¹

Total money income	Married couples ²			Nonmarried men			Nonmarried women		
	With private pension, no public assistance ³	No private pension, no public assistance	With public assistance	With private pension, no public assistance ³	No private pension, no public assistance	With public assistance	With private pension, no public assistance ³	No private pension, no public assistance	With public assistance
OASDI beneficiary units									
Number (in thousands):									
Total.....	721	2,788	234	193	1,148	161	161	2,946	807
Reporting on income.....	641	2,440	206	172	1,067	145	130	2,559	726
Total percent.....	100	100	100	100	100	100	100	100	100
Less than \$1,000.....	(⁴)	5	11	1	29	38	5	42	31
1,000-1,999.....	4	27	34	32	46	29	40	39	67
2,000-2,999.....	35	28	29	48	17	4	32	12	2
3,000-3,999.....	23	18	5	15	5	(⁴)	8	3	(⁴)
4,000-4,999.....	14	11	(⁴)	3	2	(⁴)	8	1	(⁴)
5,000-9,999.....	16	13	(⁴)	1	2	(⁴)	12	3	(⁴)
10,000 and over.....	4	3	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
Median income.....	\$3,400	\$2,600	\$1,730	\$2,290	\$1,465	\$1,100	\$2,115	\$1,170	\$1,195
Nonbeneficiary units									
Number (in thousands):									
Total.....		909	151		543	200		1,794	749
Reporting on income.....		789	143		432	259		1,487	725
Total percent.....		100	100		100	100		100	100
Less than \$1,000.....		8	20		21	73		62	72
1,000-1,999.....		13	78		21	24		19	25
2,000-2,999.....		12	5		13	3		8	3
3,000-3,999.....		14	(⁴)		7			4	(⁴)
4,000-4,999.....		12	(⁴)		7			2	(⁴)
5,000-9,999.....		22	(⁴)		19			3	(⁴)
10,000 and over.....		13	(⁴)		2			4	(⁴)
Median income.....		\$4,255	\$1,820		\$1,880	\$905		\$2,630	\$320

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.

² With at least 1 member aged 65 or over.

³ The number of nonbeneficiary units with private pensions insufficient

to show separately; the small number is included in next column with others not receiving public assistance.

⁴ Less than 0.5 percent.

institutions at public expense or were supported entirely by the relatives with whom they lived.

The Number With "Too Little" Income

What do these wide disparities mean in terms of the number of persons who do not get "enough" for their needs? Although there is no agreement on a precise standard of poverty or of adequacy, the budgets developed by the Bureau of Labor Statistics to provide a "modest but adequate" level of living have been widely used as a benchmark that it would be desirable to meet. It was noted above that at least 1.9 million aged couples and 5.7 million nonmarried persons aged 65 and over had cash income in 1962 that was less than the amount required to live independently at this "modest but adequate" level of living—\$2,500 for a couple and \$1,800 for an individual alone.

When those whose benefits started in 1962 are omitted, it is found that total money income in 1962 was less than the amount needed under the BLS definition of "modest but adequate" for 44 percent of the beneficiary couples and 72 percent of the nonmarried beneficiaries, compared with 37 percent of the nonbeneficiary couples and 79 percent of the nonmarried nonbeneficiaries aged 65 and over (chart 4). Total retirement money income, as defined earlier, was too small to provide this level of living for roughly two-thirds of the beneficiary couples and four-fifths of the other aged beneficiaries.

Even among the elite of the retired OASDI beneficiaries who received a private pension as well as an OASDI benefit, there was a substantial

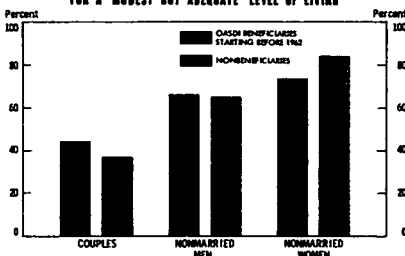
number whose money income was less than the amount required for the "modest but adequate" budget—17 percent of the couples and 29 percent of the nonmarried aged.

As would be expected, only a small proportion of the aged who received any public assistance had as much income as the BLS budget would require. On the other hand, only 10 percent of the nonbeneficiary couples and nonmarried men with full-time jobs had cash income below the cost standards of \$2,500 and \$1,800. Some of them were probably rural residents with opportunity to supplement cash earnings by homegrown food.

The standard for the retired couple's budget has been translated into specific quantities to permit pricing.¹¹ Although no couple would buy in exactly the manner of the budget, these quantities make it possible to visualize the level provided. The budget provides, for example, not quite an egg a day per person for the table and for use in cooking and about a half-pound of meat, poultry, or fish—barely enough for two small servings per day. For the entire year, it provides for a total of 15 restaurant meals. Since the couple was assumed to be in good health for their age, there was no provision for a special diet and practically none for household help or the expensive types of medical care that are all too often associated with the terminal illness that strikes 1 in 10 aged couples every year.

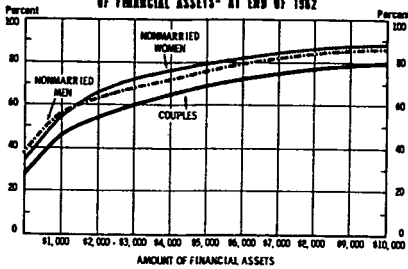
Five-sixths of the couples were assumed to have a telephone for which they paid the minimum rate. The budget assumes the couple has an average inventory of clothing and house furnishings. Following are examples of certain types of clothing that could be purchased to maintain their inventory: The man can replace his topcoat only every ninth year, and his wife can buy three dresses each year, including housedresses. Ownership of an automobile was assumed for about one-fifth of the couples—with the percentage varying somewhat with the size of the city—and replacement was allowed every 7 or 8 years. For those without automobiles, four bus or trolley fares a week were included. Husband and wife could thus ride together to church, or to visit friends, or to shop, or to go to the movies in the 1 week in 4 that they had the cash to pay the admission fee.

Chart 4
AGED UNITS 65 AND OVER WITH 1962 MONEY INCOMES LESS THAN NEEDED
FOR A "MODEST BUT ADEQUATE" LEVEL OF LIVING



¹¹ Margaret S. Stots, *op. cit.*

Chart 5
BENEFICIARY UNITS 65 AND OVER WITH LESS THAN SPECIFIED AMOUNTS OF FINANCIAL ASSETS^{1/2} AT END OF 1962



^{1/2}Includes Savings and Checking Accounts, Stocks, Bonds, Money Lent to Others
²Excludes First Spouse Before Start of Year

Resources Supplementing Income

A common question is whether it is either appropriate or realistic to judge the economic well-being of aged persons solely in terms of current money income. If the aged had saved before retirement, it is argued, they should draw on those savings. But the vast majority of the aged have only modest holdings. They either found it impossible to put much aside during their working years, or they used up retirement savings for emergencies, for educating their children, or to help out when their children established homes and started their own families.

Homeownership (farm and nonfarm) at the end of 1962 was reported by three-fourths of the couples with head or wife aged 65 or over and by more than two-fifths of the nonmarried aged, beneficiaries and nonbeneficiaries alike. (Information is not yet available on the proportion having full title to their home; in 1957 for beneficiary units it was about 80 percent of the owners.)

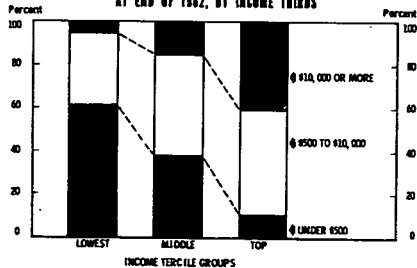
According to preliminary data from the 1963 Survey of the Aged, the value of all assets (including real property) other than the home amounted to less than \$1,000 for two-fifths of the aged couples. Likewise, more than one-half of the nonmarried aged beneficiaries and more than three-fifths of the other nonmarried persons aged 65 and over had less than \$1,000 in total assets other than an owned home. Only about 30 percent of the couples had holdings worth \$10,000 or more, and an even smaller proportion of the nonmarried had as much as \$5,000.

Even fewer of the aged units had financial assets (including all types of savings and checking accounts, stocks, bonds, and money loaned to others but not real property) that could readily be drawn on in an emergency or for current living. Of the beneficiary couples, for example, nearly half had less than \$1,000 in financial assets at the end of 1962 and barely one-fifth had \$10,000 or more (chart 5). Of the nonmarried beneficiaries, about half reported financial assets of less than \$500 and roughly one-fifth had \$5,000 or more. Nonmarried persons not entitled to OASDI benefits had even less.

Even though some income in the form of interest, dividends, or rents accrued to a substantial proportion of the aged, in many cases the amounts were very small. (Information will be available later on the size distribution of income in this form.) Moreover, those most in need of a supplement to current income are least likely to have assets on which they can draw to provide such a supplement.

Chart 6 shows the inverse correlation when beneficiary units are classified in three groups on the basis of current income. Of the beneficiary couples in the lowest third of the income range, about three-fifths had less than \$500 in financial assets; of those in the middle third, about two-fifths had so little (chart 6). Only 5 percent of the couples in the lowest third and 15 percent of those in the middle third had \$10,000 or more in financial assets. For those with only a few years of life left, \$10,000, or even \$3,000, would contribute greatly to ease of living, but for those with

Chart 6
BENEFICIARY COUPLES' 65 AND OVER BY AMOUNT OF FINANCIAL ASSETS^{1/2} AT END OF 1962, BY INCOME THIRDS



^{1/2}Includes Savings and Checking Accounts, Stocks, Bonds, Money Lent to Others
²Excludes First Spouse Before Start of Year

10, 15, or even 20 years ahead, even \$10,000 would do little.

Some refinements in interpretation of these figures must await further analysis of the Survey data on income and assets. Account will be taken of the additional resources that might be currently available to the aged if it were assumed that they could prorate their assets over the years of life remaining to them.

AGE DIFFERENCES IN INCOME

Much of the disparity in income position between beneficiary and nonbeneficiary units or between the married and nonmarried as a group has been attributed to a difference in age distribution. Age is, of course, associated in turn with the extent of labor-force participation.

The differences between the income situation of the group aged 65-72 and of that aged 73 and over are discussed in the following paragraphs. The comparison also takes in the group aged 62-64—not discussed earlier in this article. Persons in this age group are eligible for OASDI benefits, but the amount of the benefit is actuarially reduced, except for widows and disabled workers, for each month before attainment of age 65 for which a benefit is drawn. The maximum reduction is 20 percent for retired workers and 25 percent for wives.

The 65-and-over population was classified in only two age groups so that the sample would be adequate in size when further cross-classified by

marital and benefit status and, for the nonmarried, by sex. The rather unorthodox breaking point divides the aged population roughly in two, with 46 percent of the total in the older group. It was used because the retirement test under the Social Security Act no longer applies after the beneficiary reaches age 72. With respondents classified by age as of birthday in 1962, only those aged 73 and over would have been eligible for full OASDI benefits regardless of their earnings throughout the 1962 survey year.

Three-fifths of the couples were in the age group 65-72, but almost three-fifths of the nonmarried (66 percent) were aged 73 or older (table 9). Relatively more nonbeneficiary than beneficiary couples were in the younger age group (72 percent compared with 59 percent). For nonmarried men, the difference between beneficiaries and nonbeneficiaries was insignificant, with slightly less than half under age 73. Among the women, however, half of those with OASDI benefits but only a third of the nonbeneficiaries were under age 73.

Median incomes were smaller for the 73-and-over group than for the 65-72 age group, for each marital and beneficiary status classification, but the disparity was substantial only for couples and nonmarried men not on the OASDI rolls: \$4,750 compared with \$1,680 for couples, and \$2,000 compared with \$860 for the men without wives (table 10 and charts 7 and 8). These figures clearly reflect the fact that employment provided three-fourths of the income of the younger nonbeneficiary couples but only 18 percent for the older ones; the corresponding figures for the nonmarried men were two-thirds and 9 percent (table 11). Presumably most of the younger workers could have drawn OASDI benefits were it not for their employment, but those aged 73 and over were apparently not eligible.

Public assistance provided about one-fifth and two-fifths, respectively, of the aggregate income of the older couples and older nonmarried men. Clearly these persons did not qualify for OASDI benefits. Other public retirement programs were important to them, but of the nonmarried relatively fewer received retirement benefits than public assistance (table 12).

As previously noted, nonbeneficiary widows and other nonmarried women not receiving OASDI benefits were the most seriously disadvantaged of

TABLE 9.—AGE AND OASDI BENEFICIARY STATUS FOR UNITS AGED 65 AND OVER: Percentage distribution by beneficiary status and by age group, 1962¹

Benefit and marital status and sex	Age		
	65 and over	65-72	73 and over
Married couples, total.....	100	61	39
OASDI beneficiaries.....	79	47	23
Nonbeneficiaries.....	21	15	6
Nonmarried persons, total.....	100	44	56
OASDI beneficiaries.....	62	31	21
Nonbeneficiaries.....	38	14	25
Men, total.....	28	12	15
OASDI beneficiaries.....	18	6	10
Nonbeneficiaries.....	9	4	6
Women, total.....	72	32	40
OASDI beneficiaries.....	44	26	21
Nonbeneficiaries.....	29	9	20

¹ Includes all OASDI beneficiaries.

² With at least 1 member aged 65 or over.

all groups with respect to cash income. Moreover, those aged 65-72 were not much better off than those who were older. Because neither age group had much employment, the median cash incomes were \$855 and \$720.

Among the beneficiaries aged 65 and over, those under age 73 were somewhat better off than the older ones. The difference is not great because so much of their income is in the form of benefits. Some difference in favor of the younger units might be expected, however, for the following reasons. First, the benefits of the younger units generally started later and consequently were based on employment at higher average earnings. Second, they would have had less time to use up any assets with which they entered retirement—an action that often reduces current income in later years. Third, they presumably have an ad-

vantage in the current labor market over older persons.

In fact, earnings made up the same proportion of aggregate income for each of the two age groups for beneficiary couples (about one-fourth) and for nonmarried men beneficiaries (one-seventh). Interest, dividends, and rents formed about one-sixth of the aggregate income of beneficiary couples and of nonmarried women beneficiaries. Moreover, almost as large a proportion of the older as of the younger men beneficiaries had earnings, as shown in table 12. This lack of difference probably reflects the effect of the retirement test provisions, which permit payment of benefits, regardless of earnings, to beneficiaries aged 72 or over. The proportion with asset income was likewise as high—or higher—for the oldest beneficiaries as for those aged 65-72, presumably

TABLE 10.—SIZE OF MONEY INCOME BY AGE AND OASDI BENEFICIARY STATUS FOR UNITS AGED 62 AND OVER: Percentage distribution by income interval, 1962¹

Total money income and age	Married couples *		Nonmarried men		Nonmarried women		
	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries ²		Non-beneficiaries
					Retired	Widowed	
Number (in thousands):							
62-64:							
Total	224	1,819	73	226	84	147	407
Reporting on income	196	1,100	72	225	78	133	370
65-72:							
Total	3,029	804	630	353	1,026	734	826
Reporting on income	1,775	681	589	310	915	646	713
73 and over:							
Total	1,715	810	800	480	684	778	1,715
Reporting on income	1,515	281	793	376	774	679	1,470
Percent with income—							
Less than \$1,000:							
62-64:							
62-64:	5	4	21	32	34	26	24
65-72:	4	6	19	30	29	34	26
73 and over:	5	17	32	60	44	54	70
\$1,000-\$1,999:							
62-64:	29	6	57	13	44	26	13
65-72:	30	13	45	20	43	51	23
73 and over:	30	47	46	24	35	37	21
\$2,000-\$3,999:							
62-64:	34	6	8	10	13	12	11
65-72:	30	8	27	9	19	10	9
73 and over:	30	10	14	10	10	10	6
\$4,000-\$9,999:							
62-64:	9	9	6	12	4	4	13
65-72:	15	14	6	7	3	2	4
73 and over:	18	8	3	4	4	1	2
\$10,000-\$24,999:							
62-64:	9	13	(³)	11	1	1	11
65-72:	12	13	2	8	2	1	3
73 and over:	9	4	2	1	2	(⁴)	1
\$25,000-\$49,999:							
62-64:	22	45	(³)	21	4	2	18
65-72:	16	32	2	24	6	3	4
73 and over:	9	6	2	3	1	1	1
\$50,000 and over:							
62-64:	2	17	(³)	2	(⁴)	(⁴)	1
65-72:	3	15	(³)	2	(⁴)	(⁴)	1
73 and over:	4	2	1	1	(⁴)	1	(⁴)
Median income:							
62-64:	\$2,470	\$3,900	\$1,265	\$2,655	\$1,220	\$1,350	\$2,205
65-72:	2,800	4,750	1,610	2,000	1,455	1,235	255
73 and over:	2,480	1,680	1,200	500	1,130	880	730

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.

² With at least 1 member aged 62 or over.

³ The retired women receive benefits based on their own wage record,

regardless of eligibility as widows; the widowed receive benefits based on the husband's wage record.

⁴ Less than .05 percent.

CHART 7

MEDIAN INCOME AND EARNINGS, MARRIED COUPLES 62 AND OVER,
BY AGE OF HEAD—1962

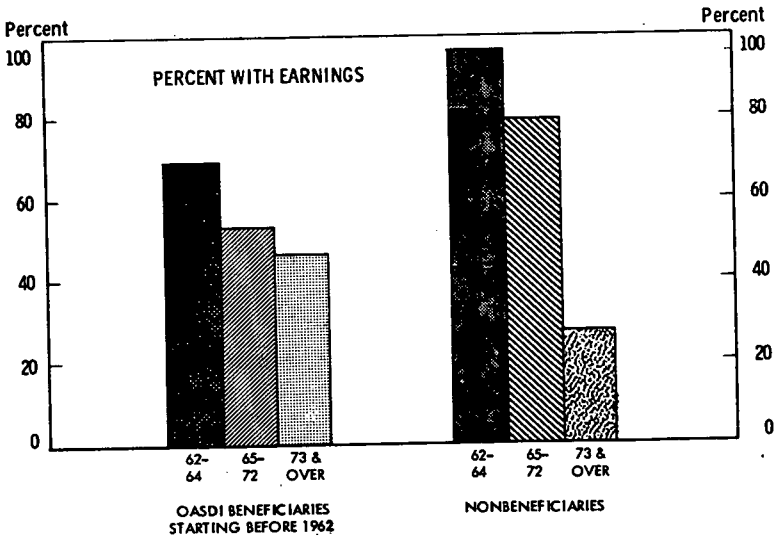
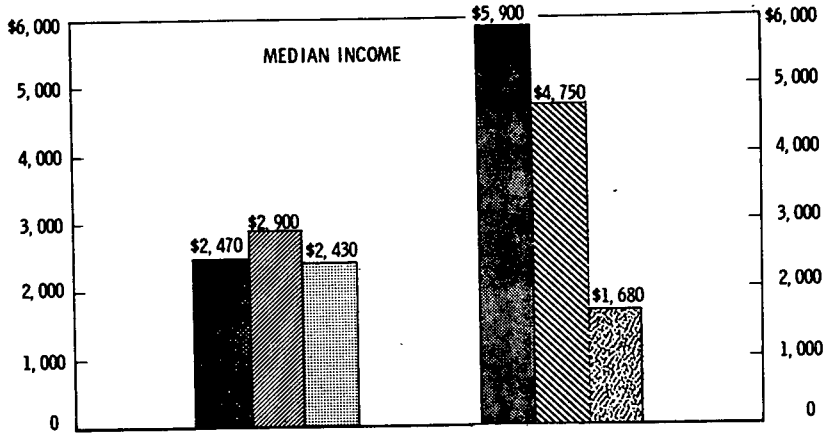
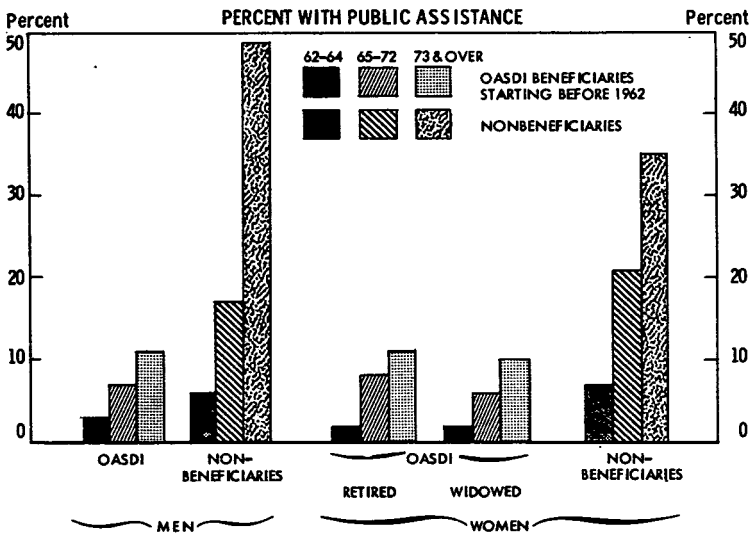
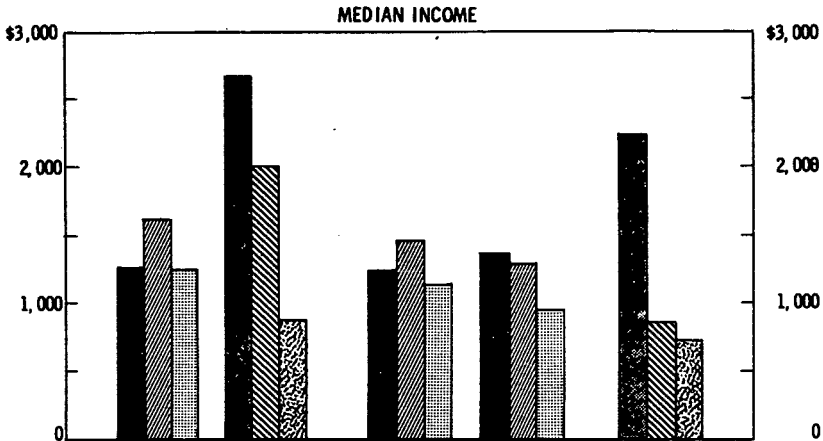


Chart 8

**MEDIAN INCOME AND RECEIPT OF PUBLIC ASSISTANCE,
NONMARRIED PERSONS 62 AND OVER, BY AGE — 1962**



because the great majority of older persons make every effort to hold on to some assets for the final emergency.

Nonmarried women aged 65 and over who were drawing OASDI benefits as retired workers had total incomes almost the same as the nonmarried men beneficiaries of that age. Examination of data by age group shows that this similarity reflects to some extent a difference in age distribution: 58 percent of the men were aged 73 or older, compared with 46 percent of the women retired workers. Within each of the two age groups, women retired workers received less than men but more than women who received benefits as widows (chart 8). Many of the widows had never worked, or the benefits they could have drawn on their own

earnings record were smaller than those to which they were entitled as dependents. (Almost three-fourths of the nonmarried women retired workers were widows.)

Among nonmarried retired workers, the differences in income between men and women were actually less than might have been expected on the basis of characteristic differences between the sexes in earnings. Partly responsible is the OASDI benefit formula, which is weighted in favor of the worker with low average earnings. There is some evidence, also, that the retired men had slightly less than the retired women in income other than benefits (table 6).

When the age group 62-64 is compared with the two older groups, it is immediately apparent that

TABLE 11.—SHARES OF MONEY INCOME BY AGE AND OASDI BENEFICIARY STATUS FOR UNITS AGED 62 AND OVER: Percentage distribution of aggregate money income by source, 1962¹

Source of money income and age	Married couples ²		Nonmarried men		Nonmarried women		
	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries ³		Non-beneficiaries
					Retired	Widowed	
Number (in thousands):							
62-64:							
Total.....	224	1,810	78	256	94	147	407
Reporting on income.....	106	1,100	77	223	78	123	370
65-72:							
Total.....	2,029	804	630	353	1,026	724	828
Reporting on income.....	1,775	651	569	310	915	645	718
73 and over:							
Total.....	1,715	316	860	450	884	778	1,714
Reporting on income.....	1,515	281	785	376	774	679	1,479
Percent of aggregate from—							
Earnings:							
62-64.....	48	89	4	87	34	10	63
65-72.....	25	76	13	66	22	8	45
73 and over.....	26	18	14	9	18	5	7
Retirement benefits:							
62-64.....	38	2	74	4	26	63	2
65-72.....	48	9	64	11	33	56	9
73 and over.....	51	36	63	22	54	50	10
OASDI:							
62-64.....	37		63		30	58	
65-72.....	37		55		43	56	
73 and over.....	42		54		50	48	
Other public:							
62-64.....		1		3	15	5	2
65-72.....		9		10	6	1	9
73 and over.....		25		21	2	1	10
Private group pensions:							
62-64.....	8	(⁴)	7	1	1	(⁴)	(⁴)
65-72.....	6	(⁴)	6	1	3	1	
73 and over.....	0	1	5	1	2	1	1
Veterans' benefits:							
62-64.....	3	(⁴)	13	1	(⁴)	9	2
65-72.....	5	3	10	8	3	6	6
73 and over.....	2	4	3	5	2	1	5
Interest, dividends, and rents:							
62-64.....	8	8	8	5	7	14	8
65-72.....	17	10	9	8	14	21	15
73 and over.....	16	12	15	21	15	22	29
Public assistance:							
62-64.....	1	(⁴)	1	2	(⁴)	1	2
65-72.....	1	1	2	6	3	3	13
73 and over.....	9	22	3	39	5	5	37
Other:							
62-64.....	2	1	(⁴)	1	3	3	3
65-72.....	3	1	2	2	4	4	12
73 and over.....	3	8	2	5	6	16	12

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.

² With at least 1 member aged 62 or over.

³ The retired women receive benefits based on their own wage record,

regardless of eligibility as widows; the widowed receive benefits based on the husband's wage record.

⁴ Less than 0.5 percent.

the nonbeneficiaries aged 62-64 are, in the main, regular members of the labor force. Even among nonmarried women, 70 percent had worked in 1962, so that earnings represented more than four-fifths of the total income of the group. It is equally clear that those who claimed OASDI benefits before they reached age 65 did so because they needed the benefit. In other words, their limited earnings apparently made even a reduced benefit attractive—despite the fact that 7 out of 10 couples reported some income from employment.

The median cash income of the group aged 62-64 is approximately the same as that of the 73-and-over age group for both beneficiary couples and nonmarried men and only moderately larger for women retired workers. The contrary is true of the women beneficiaries whose benefits are based on their rights as widows; there is no actu-

arial reduction imposed for taking a widow's benefit at age 62: As a result, median income is slightly higher for the widow beneficiaries aged 62-64 than for those aged 65-72 and substantially higher than it is for those aged 73 and over. It is somewhat higher also than the median for all nonmarried retired workers—men as well as women—in the same age group.

Except among widow beneficiaries, those who claim OASDI benefits before they attain age 65 are much less likely than the other beneficiaries to have income from assets. Among these early retirees, only two-thirds as many of the couples and half as many of the nonmarried men had any income from interest, dividends, or rents. Fewer had private group pensions, even though the growth of private pension plans might lead one to expect that a larger proportion of each succes-

TABLE 12.—SOURCES OF MONEY INCOME BY AGE AND OASDI BENEFICIARY STATUS FOR UNITS AGED 65 AND OVER: Percent having income from specified source, 1962¹

Source of money income and age	Married couples ¹		Nonmarried men		Nonmarried women		
	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries	Non-beneficiaries	OASDI beneficiaries ²		Non-beneficiaries
					Retired	Widowed	
Number (in thousands):							
62-64:							
Total.....	224	1,210	78	256	84	147	407
Reporting on sources.....	224	1,210	78	248	84	147	396
65-72:							
Total.....	2,029	804	630	253	1,028	724	828
Reporting on sources.....	2,029	802	630	238	1,028	724	815
73 and over:							
Total.....	1,715	216	850	450	884	778	1,715
Reporting on sources.....	1,715	216	850	406	884	778	1,566
Percent having—							
Earnings:							
62-64 years.....	62	96	15	75	35	22	70
65-72 years.....	63	79	27	53	43	21	30
73 and over.....	46	37	23	12	25	12	9
Public retirement benefits (not OASDI):							
62-64 years.....	7	8	5	4	19	7	4
65-72 years.....	9	21	8	14	10	2	11
73 and over.....	8	30	4	14	6	1	10
Private group pensions:							
62-64 years.....	17	2	5	2	4	1	1
65-72 years.....	23	2	13	4	9	1	1
73 and over.....	17	2	13	2	5	2	2
Veterans' benefits:							
62-64 years.....	10	3	18	1	(³)	19	7
65-72 years.....	20	16	30	20	6	12	7
73 and over.....	7	10	5	6	5	3	3
Interest, dividends, and rents:							
62-64 years.....	43	63	26	42	45	53	55
65-72 years.....	64	67	43	41	52	58	40
73 and over.....	66	51	52	28	59	56	37
Private individual annuities:							
62-64 years.....	1	2	(³)	(³)	(³)	(³)	2
65-72 years.....	4	4	3	1	5	2	2
73 and over.....	2	5	1	(³)	6	2	2
Public assistance:							
62-64 years.....	6	2	3	6	2	2	7
65-72 years.....	5	5	7	17	8	6	21
73 and over.....	7	24	11	49	11	10	35
Contributions by relatives⁴:							
62-64 years.....	2	(³)	(³)	1	4	5	3
65-72 years.....	1	2	1	(³)	4	4	6
73 and over.....	4	6	2	1	5	6	9

¹ Excludes beneficiaries who received their first benefit in February 1962 or later.

² With at least 1 member aged 62 or over.

³ The retired women receive benefits based on their own wage record,

regardless of eligibility as widows; the widowed receive benefits based on the husband's wage record.

⁴ Less than 0.5 percent.

⁵ Relatives or friends not in household.

sive age cohort reaching retirement would have rights to a private pension.

For the nonmarried in each age group—even the group aged 62-64—public assistance payments were reported more frequently by nonbeneficiaries than by those receiving an OASDI check. The heavy reliance on public assistance was, of course, particularly striking among those aged 73 and older (chart 8). It is significant, however, that the public assistance recipient rate was almost twice as high for nonbeneficiaries aged 65-72 as for beneficiaries aged 73 and over.

A LOOK AHEAD

Today's problems are clear: Even with four-fifths of the aged now eligible for an OASDI benefit, a considerable number have income insufficient for their needs. But many concerned with programs to lighten the financial burden of old age will seek out the implications of these new data for the aged in the years ahead. How can data from the 1963 Survey of the Aged be used for that purpose?

It is known that a growing proportion of the aged will be eligible for OASDI benefits. As the proportion of all those aged 65 and over who are eligible for benefits approaches 90 percent—as it will by 1975—there will be fewer with cash incomes as pitifully small as those reported in 1962 by most nonbeneficiaries aged 73 and over. And fewer should need public assistance—unless it is to meet medical needs.

If, on the other hand, the labor-force participation rate for aged men continues downward, there may be relatively fewer past age 65 who do as well as the nonbeneficiary couples and nonmarried men aged 65-72 did in 1962. Although some of them received retirement benefits under other programs, the great majority were at work. Today OASDI benefits represent only about 30 percent of average factory earnings—less for the higher-paid worker and more for the worker in a lower-paid job.

Coverage of private pension plans has grown sharply during the past 10-15 years. Aged persons with private pensions in addition to OASDI benefits make out comparatively well. Their numbers are still small, however, in relation to the size of the aged population. Even 10 or 15 years

from now it is expected that no more than 25-30 percent of the aged will be drawing income from a private pension.

Average OASDI benefits will continue to increase—slowly under present legislation—because of rising earnings levels. In addition, as a progressively larger proportion of women become eligible for benefits on their own work record, married couples and nonmarried women alike should enjoy some improvement in income position.

From 1951 to 1959 there was a substantial improvement in the income status of the aged. Even in constant (1959) dollars, the median incomes more than doubled for nonmarried women, increased two-thirds for couples, and advanced more than 50 percent for nonmarried men.¹² Since 1959 there has been further improvement, as shown below.

Aged unit	Median income	
	1962	1969
Married couples.....	\$2,375	\$2,050
Nonmarried men.....	1,385	1,150
Nonmarried women.....	1,015	670

Though some of the gain may be more apparent than real (resulting from the emphasis in the 1963 Survey on collection of detailed income data by source), some is attributable to the maturing of the OASDI system and to a series of liberalizations in the program. What future program changes there may be the analyst cannot project.

Since all but about 10 percent of those aged 65 and over will be eligible for OASDI benefits by 1975, the probable trend in the amount of income that beneficiaries receive in addition to benefits is also important. In this respect there was little improvement from 1957 to 1962. In general, those with the smallest benefits are least likely to have other sources of income. Limited work experience, which results in small benefits, likewise precludes much in the way of individual savings and usually means that the retired worker has not earned a private pension and will find it hard to obtain any work to supplement his benefit.

It has been customary to look to the characteristics of the younger beneficiaries for an indica-

¹² Lenore A. Epstein, "Living Arrangements and Income of the Aged, 1959," *Social Security Bulletin*, September 1963, page 6.

tion of the shape of things to come. The oldest have always been in the worst financial plight. It has been assumed that as the older beneficiaries die and as others enter retirement with years of high wage levels behind them, beneficiaries as a group would be much better off. The small income advantage enjoyed by the age group 65-72 compared with beneficiaries aged 73 and over raises some question concerning this assumption.

Furthermore, by the close of 1962 almost one-third of the women aged 65 and over who were drawing benefits as retired workers, and more than two-fifths of the retired women beneficiaries aged 62 and over (married plus nonmarried), had taken an actuarially reduced benefit. This action has been possible for women since late 1956. Of the women drawing benefits as dependent wives of retired workers at the end of 1962, the proportion with actuarially reduced benefits was 34 percent for those aged 65 and over, 45 percent for the entire group aged 62 and over.¹³

It was not until August 1961 that men were eligible for a reduced benefit at age 62 and then on even less favorable terms than women because of the method of computing their benefit. By the end of that year, however, there were 273,000 men with actuarially reduced benefits. By the end of 1962 the number had advanced to 657,000, or one-tenth of the retired men receiving OASDI benefits. Nearly one-fourth of all men aged 62-64 in the Nation were receiving OASDI benefits at that time. Although some workers may take advantage of the OASDI provision for retirement at ages 62-64 because they can also draw a private pension, it is clear that many of the men who retire before age 65 are unemployed at the time or have had a history of low earnings or intermittent employment.

In considering adequacy of benefits, thought must be given to the reduced amounts for which many beneficiaries will settle. One may well wonder whether a provision intended to ease the way for workers forced out of the labor force prematurely may not be creating a new group of poor—people who will have many years with little income but a benefit, and that a small one.

There seems little doubt that OASDI will re-

¹³ The average benefit of retired women whose benefits were actuarially reduced was \$58 a month, compared with the \$66 that would have been payable as a benefit were it not for the actuarial reduction. For aged wives the corresponding averages were \$37 and \$45 a month.

main the major source of retirement income. The level of protection afforded by the program becomes a measure of what our society intends for its aged members.

Technical Note on Source and Reliability of the Estimates

SOURCE OF THE DATA

In 1962 the Social Security Administration of the Department of Health, Education, and Welfare undertook a nationwide survey of the socio-economic characteristics of the aged, with the Bureau of the Census responsible for collecting and tabulating the information.

SURVEY DESIGN

1. Interview unit

The basic interview unit for the Survey was an "aged unit," which was defined as a married couple living together, either member of which was aged 62 or older, or a nonmarried person (including persons whose spouse had a usual residence elsewhere) who was aged 62 or older.

2. Sample design

A representative multistage area probability sample of the universe was used as the basis for the Survey. (The universe was composed of the civilian population aged 62 and over residing in the 50 States and the District of Columbia.) Ultimate sample units consisted of a representative subsample (one-half) of the Current Population Survey (CPS) sample¹⁴ and the full Quarterly Household Survey (QHS), to create the sample for the 1963 Survey of the Aged. The ultimate sample units in the 1963 Survey sample, therefore, were selected after the following stages of sampling:

- a. The standard metropolitan statistical areas and counties of the United States were grouped into about 1,900 primary sampling units (PSU).
- b. These primary sampling units were then grouped into strata of one or more primary sampling units that are relatively homogeneous according to socio-economic characteristics. (There were 357 strata for the CPS and 333 for the QHS. The 333 represent an earlier phase of the evolution of the first-stage design of the CPS.)
- c. Within each of the strata a single primary sampling unit was selected to represent the stratum. The 357 area CPS design is composed of 701 counties and independent cities and the 333 area QHS design of 641 counties and independent cities—with very substantial overlap between the two sets.
- d. Within each of the primary sampling units a sample of housing units with addresses from the 1960 Census

¹⁴ For a complete description of the CPS sample see Bureau of the Census, *The Current Population Survey—A Report on Methodology*, Technical Paper No. 7, 1963. The QHS sample design is similar to the CPS design.

listing books and building permit records was selected. A procedure was also used to provide a sample from units that were missed in the Census and for additional units that would not be covered in the building permit records.

e. Within the sample units about 8,500 aged units consisting of about 11,000 aged persons was the expected sample size for the 1963 Survey of the Aged.

3. Survey stages

Because of the amount and complexity of the information being requested, the field survey was conducted in two stages. In the first stage, begun early in January 1963, respondents were identified and the Survey was explained to them. They were asked to provide their social security account number and such identifying information (not already available from the CPS or QHS interview) as is usually obtained on an application for an account number. Respondents were then given a questionnaire to complete and hold for an interviewer to pick up at a subsequent visit. In the second stage, completed in February 1963, the interviewer reviewed the answers on the self-administered form and filled in a second questionnaire relating to additional topics. Altogether, useful questionnaires were completed for 7,515 aged units, a completion rate of about 88 percent.

Persons in institutions were included (at half the sampling ratio used for the aged units in households). Only a limited amount of information—primarily on income and medical care—was requested. Where feasible, the answers were obtained directly from the respondent; in other cases, personnel of the institution and/or hospital records provided the needed detail.

4. Nature of information

Information was collected on such topics as income by source, work experience, assets and liabilities, health care costs, health insurance coverage, and living arrangements, as well as other facets of socio-economic status of persons aged 62 and over. Information in this detail will be available for the first time for a representative sample of all aged persons in the United States rather than only of OASDI beneficiaries.

The first-stage questionnaire covered health insurance, medical care costs, assets and debts, and income. The follow-up interview obtained more detail on these subjects and included additional questions on other subjects such as home tenure, living arrangements, housing and food expenses for those living alone, and on labor-force participation and work experience, as well as special questions for recent widows.

The information obtained from these two questionnaires was supplemented by information on household composition and family income from the CPS and QHS interviews as well as the Social Security Administration's record data described below.

5. Match with social security records

All cases were checked against the Social Security Administration's National Employee Index and other records to determine if the individual respondent had an account number or, by cross reference, if he had any possible claim status. All cases with a social security account number or a possible claim were then further screened to determine if a claim had been filed. Information was abstracted on type of benefit, primary insurance

amount, benefits received during the survey year, year of first benefit, and other factors. Of the 8,878 units screened against OASDI records, positive identification as beneficiaries or nonbeneficiaries was completed on all but about 10, for which there was no evidence of a claim. Benefit record data were compiled on all but five of the 5,238 units identified as beneficiaries. Anyone who had received at least one benefit by the end of 1962 on an existing claim was classified as a beneficiary.

ESTIMATION

The estimates presented in this report are therefore derived from both the field collection and the OASDI program information. The basic data for each unit were weighted as follows:

1. Adjustment for noninterview

Some of the sample units did not provide usable questionnaires. For most households, however, there was some limited information that could be utilized in the noninterview adjustment process. Interviewed units having characteristics similar to those of noninterviewed units were selected at random and given a weighting factor of 2 to adjust for units not interviewed. The characteristics used in identifying similarities between interviewed and noninterviewed units were geographic area, size of aged unit (1 or 2 persons), age and race of the head of the unit, and sex for one-person units.

2. First-stage ratio estimation

The first stage of ratio estimation takes into account differences at the time of the last Census in the distribution by race and residence of the population estimated from the sample PSU's and that of the total population in each of the four major regions of the country. This stage of estimation has the effect of reducing somewhat the contribution to sampling variability arising from the selection of sample areas in the first stage of sampling.

3. Second-stage ratio estimation

The second-stage ratio estimation used the results of the 1963 Survey of the Aged after the noninterview adjustment and the first-stage ratio estimation to provide distribution of characteristics within age and race groups. Independent estimates of the civilian population aged 62 and over by race, sex, and age groups were then multiplied by the distributions derived from the Survey to create the estimates shown in this report. The number of OASDI beneficiaries calculated in this way was found to be less than 2 percent below the Social Security Administration estimate of the number with benefits in current-payment status and within 5 percent of the number with benefits in force—that is, on the rolls, whether or not a benefit had ever been received. At the end of 1962, more than 400,000 of the 14.5 million persons aged 62 or over with benefits in force were not actually receiving payments.

RELIABILITY OF THE ESTIMATES

Since the estimates in this report are based on a sample, they may differ somewhat from the figures that would have been obtained if all aged persons in the United States had been surveyed and the same schedules, instructions, and interviewers used. Estimates of the sampling variability of the Survey results will be available in the detailed report on the 1963 Survey of the Aged.

In addition to sampling variability, as in any survey work, the results are also subject to errors of response and nonreporting. In many cases the data were based on memory rather than on records. In most income and expenditure data derived from field surveys the memory factor probably produces underestimates because of the tendency to forget minor or irregular sources of income and outlays. There are indications, however, that the tendency to underestimate income was less in this Survey. Other errors of reporting result from misrepresentation or misunderstanding as to the scope of a concept.

Incomplete responses to questions were handled in a variety of ways, depending on the question. Every effort, short of mechanical imputation, was made to obtain for each schedule a total income and a total medical expense figure, each built up from a detailed series of questions. In the case of income, for example, when an asset was reported and there was no entry for income accruing from assets of that type, income at the rate of

4 percent was recorded. If, on the other hand, the respondent reported on most income items but failed to make an entry (of an amount, "None," or "Don't Know") for certain infrequent income sources, such as unemployment insurance or individual annuities, this was tabulated as a zero entry. In the case of medical care, if the cost of care by doctors, dentists, and care in hospitals was recorded, but there was no entry at all for "Other" (miscellaneous) medical care, this item too was tabulated as a zero.

In addition to the results available from the match against the social security records, a series of comparisons with other reports on the number receiving income from specified sources is in process. Data on size of income, amount of assets, health insurance coverage, and hospital utilization are also being compared with those yielded by other field surveys. The results of these comparisons will be published in the detailed report on the Survey.

APPENDIX F

NATIONAL INDUSTRIAL CONFERENCE BOARD, "STUDIES IN PERSONNEL POLICY,
No. 190,"* APRIL 1964

CHAPTER 6

Health Insurance for Retired Employees

LIKE GROUP life insurance, group health insurance now is an almost universal element of corporate employee benefit plan structures for active employees. By 1960, more than 80% of plant and office workers in private employment in the urban labor force were covered by hospital insurance; in addition, 42% of the office workers and 20% of the plant workers were covered by major medical insurance.¹

Judging from the information obtained from the companies in this study, an important segment of private corporations extend health insurance coverage to employees after they retire. However, the general pattern of this postretirement health insurance protection is much different than that of group life insurance:

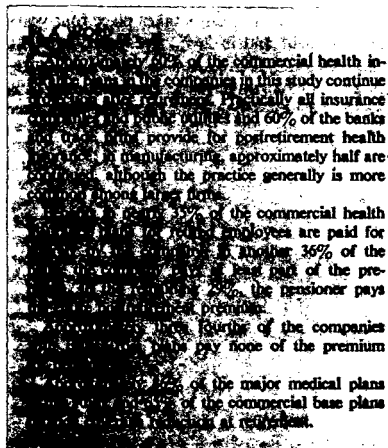
- The extension of health insurance is significantly less common than the continuation of group life insurance to retired employees. It is also a more recent development.

- Postretirement group life insurance generally is paid by the company. A minority requires pensioner contributions, and relatively few place the entire burden on the pensioner.

Postretirement health insurance is fully financed by only one third of the companies. Another third shares the premium cost, and the final third, pays nothing.

The basic argument for noncontributory group life insurance after retirement (page 48) also applies to health insurance: the retired worker has substantially reduced income from which to pay premiums. That a majority of the companies requires the pensioner to pay part or all of the health insurance premium implies that the program is too costly to totally finance.

¹ "Supplementary Wage Benefits in Metropolitan Areas, 1959-60," *Monthly Labor Review*, April, 1961, p. 386.



* This is reinforced by the one practice in the continuation of health insurance that is similar to that under group life insurance. Practically all companies that continue group life after retirement reduce the benefit levels; so do a sizable majority of companies that continue the group health insurance coverage.

A case can be made (page 49) for reducing group life at retirement, based on equity and on the reduced need for life insurance after retirement. But neither principle holds for health insurance. As a rule, the amount of health insurance protection for a particular group of active employees is not geared to salary levels, as is the case in group life insurance; thus the argument that a reduction in salary at retirement should lead to a reduction in insurance benefits has little force for health insurance. More important, the need for health insurance unquestionably tends to be greater after retirement, not only because of reduced income, but also because of the greater incidence of illness and disability among older persons.¹

The greater incidence of disability among pensioners means that the cost of health insurance will be a good deal more than for younger employees. Furthermore, the past decade, at least, has been one of general increases in the price of group health insurance.²

Unquestionably, this combination of increasing costs for health insurance and the specific higher cost of health insurance for the aged has been a key factor in the extent to which health insurance is continued after retirement, the extent to which benefit levels are reduced for retired employees, and the way in which the postretirement benefits are paid for among the companies in this study.

These basic characteristics of the procedure for

extending health insurance to retired employees are described in the following sections of this chapter. *The analysis is limited almost exclusively to the continuation of commercial group health insurance, however*; continuation of Blue Cross-Blue Shield protection after retirement is a much different matter and, in important respects, is not under the control of the company but results from the particular way in which these nonprofit arrangements operate.

As a rule, a company with a Blue Cross or Blue Shield plan *automatically* insures that an employee has available after retirement essentially the same coverage at group rates. For example, under Blue Cross an employee who leaves the company, at any age, usually can continue the identical protection by paying the premium directly to the Blue Cross organization; the premium he pays under this group conversion provision is only slightly larger than the premium charged a member of the company group.³

The company can prevent even this increase in premium after retirement if it is willing to assume the administrative costs of collecting the retired employee's premium—for example, by deducting it from his pension check. Furthermore, by doing this—that is, by allowing the retired employee to remain a member of the company group—the company is not likely to be faced with higher costs that are attributable directly to the addition of retired employees to the group. The Blue Cross premium usually is a *community* rate and does not vary according to the age distribution in each company.

Commercial Health Insurance Coverages

With the development of major medical insurance, three different types of commercial health insurance plans are used to provide medical-expense protection for active employees: plans that cover *basic* medical expenses; supplementary major medical plans that cover expenses over and above those paid for by the base plan; and comprehensive major medical plans that replace the

¹ The National Health Survey (1958-1960) provides documentation of the higher incidence of disability among older persons and of their greater utilization of medical services. Comparative medical expenditures in 1957-1958 by persons under and over 65 have been compiled by the Health Information Foundation. Pertinent statistics from both sources have been assembled by the Department of Health, Education and Welfare in "Medical Care Financing and Utilization," *Public Health Service Publication No. 947, Health Economics Series No. 1*, 1962.

² A recent study estimates that the price of group hospital insurance increased from 7% to 8% annually between 1949 and 1959. H. M. Somers and A. R. Somers, "Doctors, Patients and Health Insurance," Washington, D. C.: The Brookings Institution, 1961, p. 287.

³ For example, in 1959, the median monthly cost of a Blue Cross family plan was \$6.35 for a group member and \$7.58 under a group conversion contract. *Ibid.*, p. 312.

PREVALENCE OF BLUE CROSS PLANS

Relatively few companies in this study use Blue Cross to provide hospital benefits for *all* employees in the company. Only 16% (109) of the 673 manufacturers that provided information do so, although this depends to some extent on the size of the company.

Twenty-three per cent (48) of the 210 manufacturers with less than 1,000 employees use Blue Cross as the sole method for providing hospital benefits.

Seventeen per cent (44) of the 264 companies with 1,000 to 5,000 employees do so.

Nine per cent (17) of the 199 manufacturers with 5,000 or more workers do so.

Only two of the 67 insurance companies provide hospital benefits for *all* employees through Blue Cross, as well as 12% (11) of the 90 public utilities, 20% (12) of the 59 banks and 30% (13) of the 43 wholesale and retail trade firms.

However, a somewhat larger group of companies use Blue Cross for some groups of employees (particularly union or hourly workers), but not other employees. For example, one third (204) of the 673 manufacturers have this arrangement, especially in the larger companies.

Twenty-four per cent (50) of the 210 manufacturers with less than 1,000 employees use Blue Cross for some employees, but commercial insurance for others.

Thirty per cent (79) of the 264 companies with 1,000 to 2,500 workers do so.

Thirty-eight per cent (75) of the 199 manufacturers with 5,000 or more employees do so.

Ten per cent (7) of the 67 insurance companies, 14% (13) of the 90 public utilities and 19% (8) of the 43 trade firms use this dual arrangement. On the other hand, 41% (24) of the 59 banks have both Blue Cross and a commercial group insurance program; however, the group insurance coverage tends to be a supplemental major medical plan superimposed on the basic Blue Cross plan for all employees.

base plan and provide typical base plan benefits, as well as major medical-expense benefits.

Because of essential differences in these arrangements, this analysis of the continuation of group health insurance after retirement is in terms of the continuation of each type of plan. For this purpose, unless otherwise noted, the supplemental major medical plan and the base plan that it supplements are considered as one plan. Table 22, page 59, shows the prevalence of each type of plan in the companies that use commercial health

insurance for any group of employees in the company.¹

About one third of the companies covers some group of employees only by a base plan, almost half has supplemental major medical protection and somewhat more than one quarter has a comprehensive major medical plan. The incidence of each type of arrangement varies somewhat from one industry to another.

A relatively high proportion of insurance companies (45%) and public utilities (42%) has a comprehensive major medical plan, as compared with trade firms (33%), manufacturers (24%) and banks (21%).

A relatively high proportion of banks (70%) has a supplemental major medical program. About half of the companies in the other industries use this arrangement, although only 41% of the public utilities do.

Very few banks and insurance companies have any group of employees covered only by a base plan (that is, have no major medical program), as compared with utilities (28%), trade firms (33%) and manufacturers (39%).

The prevalence of base plans and supplemental major medical plans varies with the size of the company, at least in manufacturing—the only industry in which the number of cases is large enough to measure the relationship.

Somewhat more than half of the companies with less than 500 employees covers a group only by a base plan, as compared with 40% of those with 500 to 5,000 workers and 32% of the companies with 5,000 or more employees.

In contrast, supplemental major medical programs are more common in larger companies. About one third of the companies with less than 500 employees use this arrangement, as compared with 44% employing 500 to 5,000 workers and 57% with 5,000 or more employees.

The incidence of comprehensive major medical plans apparently does not vary significantly according to the size of the company.

As already noted, not all of the plans shown on Table 22, page 59, cover all employees in the company, but many are limited to specific employee groups. This is particularly true in manufacturing companies.

For example, of the 136 comprehensive major medical plans, somewhat less than half (62) cover all employees in

¹ Some companies use different arrangements for different employee groups, so that the total number of plans usually is somewhat larger than the number of companies involved. In addition, some companies use Blue Cross exclusively or for specific groups in the company, as shown in the box above.

these manufacturing companies. The other plans, for the most part, are limited to salaried employees.¹

Similarly, among the 269 supplemental major medical programs, somewhat more than half (143) cover all employees, but the other plans are limited largely to salaried employees.²

Somewhat more than half (116) of the 221 base plans cover all employees in the company with another 22% (49) limited to salaried employees³ and the remaining 26% (56) limited largely to hourly employees⁴.

Although similar variations in coverage exist in the plans in the nonmanufacturing industries, the bulk of the plans cover all employees in the company.

Continuation of Coverage after Retirement

Employees covered by approximately 60% of the plans are eligible for some type of health in-

¹ Specifically, 51 of these 74 plans cover only those employees not under the Blue Cross plan, the only other type of health insurance program in the company.

² Thirteen plans cover employees not in the base plan, the other commercial coverage used by the company.

³ Ten plans cover employees not in either the base plan or Blue Cross plan in operation in the company.

⁴ Specifically, 82 of these 126 plans cover only those employees not under the Blue Cross plan and 16, employees not under the regular base plan. The other 28 plans cover employees not in either the base plan or Blue Cross plan.

⁵ Specifically, the 49 plans cover all employees not under the Blue Cross plan.

⁶ Specifically, these 56 plans are limited to employees not covered by the major medical plan.

urance protection upon retirement (Table 23, page 60). The type defines only the maximum benefits, of course, because most reduce coverage after retirement.

The extension of some type of coverage after retirement varies significantly from one type of business to another.

Practically all insurance companies and public utilities in the study provide for postretirement protection, whatever the type of preretirement plan.

Banks and trade firms are closer to average. Some 60% of the plans in these companies are continued for retired employees.

In manufacturing, the extension of health insurance varies somewhat with the type of plan and the size of the company.⁵ The proportion of base plans that extend coverage is larger than of major medical, regardless of company size (Table 23, page 60). But as the size increases, benefit extensions also increase. This relationship is not entirely clear cut, but, at a minimum, plans in the smallest companies (less than 1,000 employees) are less likely to extend some type of coverage to retired employees than those in the largest companies (5,000 or more employees).

The data above suggest that the extension of health insurance coverage to retired employees has become increasingly common over the years. Sixty per cent of plans in the current study con-

⁷ The number of cases is not large enough to determine if (for a specific type of plan in a specific company size group) plans limited to salaried employees are more likely to be continued than those that cover all employees.

Table 22: Prevalence of Types of Commercial Health Insurance (785 Companies)

Industry	Total Companies ¹	Companies with a Base Plan ²		Companies with Major Medical Plans			
		Number	Per Cent of Total	Supplemental		Comprehensive	
				Number	Per Cent of Total	Number	Per Cent of Total
MANUFACTURING.....	564	221	39	269	48	136	24
Less than 500 employees.....	83	44	53	28	34	20	24
500-999.....	79	30	38	35	44	20	25
1,000-2,499.....	128	53	41	58	45	27	21
2,500-4,999.....	92	35	38	44	48	25	27
5,000-9,999.....	80	28	35	44	55	22	28
10,000 or more.....	102	31	30	60	59	22	22
PUBLIC UTILITIES.....	79	22	28	32	41	33	42
INSURANCE.....	65	3	5	34	52	29	45
BANKS.....	47	5	11	33	70	10	21
TRADE.....	30	10	33	15	50	10	33
TOTAL.....	785	261	33	383	49	218	28

¹ Excluding those that use Blue Cross for all employees.

² Other than those used in conjunction with supplemental major medical plans.

Table 23: Continuation of Health Insurance at Retirement by Type of Plan
(862 Plans)

Industry	Base Plans ¹			Major Medical Plans						
	Total Plans	Continued at Retirement		Total Plans	Supplemental			Total Plans	Comprehensive	
		Number	Per Cent		Continued at Retirement	Number	Per Cent		Continued at Retirement	Number	Per Cent
MANUFACTURING.....	221	131	59	269	138	51	136	61	45	
Less than 1,000 employees.....	74	37	50	63	28	44	40	12	30	
1,000-4,999.....	88	53	60	102	48	47	52	28	54	
5,000 or more.....	59	41	70	104	62	60	44	21	48	
PUBLIC UTILITIES.....	22	21	95	32	28	88	33	32	97	
INSURANCE.....	3	3	100	34	29	85	29	27	93	
BANKS.....	5	3	60	33	19	58	10	6	60	
TRADE.....	10	4	40	15	11	74	10	6	60	
TOTAL.....	261	162	62	383	225	59	218	132	61	

¹ Base plans other than those used in conjunction with supplemental major medical.

tinue coverage, as compared with only 40% of the 327 companies studied by THE CONFERENCE BOARD in 1955 and, in a 1944 Conference Board study, "there was no indication that hospital and surgical benefits were extended to retired employees."¹

This trend also is indicated by two Bureau of Labor Statistics studies of negotiated hospital benefits in large bargaining units (those with at least 1,000 employees). In 1955, only 22% of the 293 plans studied continued hospital coverage for retired employees;² by 1959, 38% of the 298 plans studied did so.³

It might be noted that one implication of the 1959 BLS study is that negotiated base⁴ plans are less likely to continue benefits for retired employees than Table 23, above, might suggest. This is also borne out by data from the small group (56) of base plans in this study that apply primarily to hourly employees; 53% (23) of the 43 plans in manufacturing companies with more than 1,000 employees continue the coverage, as compared to

64% of the comparable manufacturers in Table 23, above. Similarly, a recent BLS study of negotiated major medical plans indicated that only 21% (9) of the 43 plans studied extended *major medical benefits* to retired employees.⁵ In part, this percentage is lower than comparable figures in Table 23 because, as will be noted, some major medical plans drop the major medical coverage at retirement and merely continue base plan benefits.

Who Pays the Premium?

In general, benefits under 35% of the commercial health insurance plans that are continued after retirement are paid for entirely by the company, and in another 36% of the plans, the company pays at least part of the premium. In the other 29%, the pensioner must pay the entire postretirement premium.

This is the general picture when all plans are combined, regardless of the type of coverage or the type of business. However, Table 24, page 61, suggests that the financing of postretirement coverage differs significantly between manufacturing and nonmanufacturing companies.⁶

Most important, relatively few utilities (13%), insurance companies (17%) or banks (18%) require the pensioner to

¹ "Retirement of Employees," *Studies in Personnel Policy*, No. 148, New York: National Industrial Conference Board, 1955, p. 41.

² "Health and Insurance Plans Under Collective Bargaining, Late 1955," *Bulletin No. 1221*, U. S. Bureau of Labor Statistics, 1957, p. 49.

³ "Health and Insurance Plans Under Collective Bargaining, Hospital Benefits, Early 1959," *Bulletin No. 1274*, U. S. Bureau of Labor Statistics, 1960, p. 25.

⁴ The base plans in this study include Blue Cross plans, as well as commercial group insurance plans.

⁵ "Health and Insurance Plans Under Collective Bargaining, Major Medical Expense Benefits, Fall 1960," *Bulletin No. 1293*, U. S. Bureau of Labor Statistics, 1961, p. 5.

⁶ Excluded from the table are 21 plans for which information was not available.

pay the full premium, as compared with the manufacturers (36%).¹

With the notable exception of the insurance companies, about the same proportion of plans in the nonmanufacturing companies call for the company to pay the full premium as in manufacturing. Only 14% of the insurance companies pick up the full tab, however, as compared with one third or more of the plans in other types of business.

Thus, among insurance company plans, particularly, and in nonmanufacturing, generally, a somewhat larger proportion of the plans is financed by joint company-pensioner contributions than in manufacturing.

By and large, these differences between manufacturers and nonmanufacturers in financing postretirement health insurance hold whatever the type of plan, although the number of cases in nonmanufacturing is too small to allow an extensive analysis. More important, within a particular industry, the financing pattern apparently is much the same for each type of plan.

Within manufacturing, the way in which postretirement health insurance is paid is related somewhat to the size of the company.

The pensioner pays the full premium in 43% of the companies with less than 1,000 workers, as compared with 34% of larger companies.

¹ Because of the small number of cases, the proportion (29%) of plans in trade firms that requires the pensioner to pay the full premium probably is not practically different from manufacturing.

The company pays the full premium in 32% of the companies with less than 1,000 workers, as compared with 37% of the larger manufacturers.

The company and pensioner share costs in 25% of the companies with less than 1,000 workers, as compared with 29% of the larger manufacturers.

Although these differences are in the expected direction, they probably are too small to have practical significance.

One final point about the general pattern of financing postretirement health insurance: apparently there has been no significant change, at least since 1955. Thus, the financing of base plans in manufacturing companies in this study follows much the same pattern as that found in the 1955 Conference Board study.² This is shown below:

Type of Financing	Per Cent of Plans in NICB Studies	
	1955 Study (131 Plans)	Current Study (122 Plans)
Company pays entire premium..	37	37
Pensioner pays entire premium..	26	41
Joint contributions.....	37	22

There are some differences, of course, but not significant, considering the differences in the samples of companies in the two studies. (E. g., the 1955 study includes nonmanufacturing companies).

² NICB Studies in Personnel Policy, No. 148, p. 43.

Table 24: Financing Postretirement Coverage by Type of Plan and Industry (498 Plans)

Type of Plan and Financing	All Plans		Manufacturing		Public Utilities		Insurance		Banks		Trade	
	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent
ALL PLANS.....	498	100	311	100	79	100	59	100	28	100	21	100
Retiree pays all.....	143	29	112	36	10	13	10	17	5	18	6	29
Joint contributions.....	182	36	87	28	34	43	41	69	12	43	8	38
Company pays all.....	173	35	112	36	35	44	8	14	11	39	7	33
Base plans ¹	151	100	122	100	19	100	3	*	3	*	4	*
Retiree pays all.....	59	39	50	41	6	32	2	...	...	...	1	...
Joint contributions.....	37	25	27	22	5	26	1	...	1	...	3	...
Company pays all.....	55	36	45	37	8	42	...	...	2	...	...	...
Supplemental major medical plans....	217	100	130	100	28	100	29	100	19	100	11	*
Retiree pays all.....	55	25	43	33	2	7	4	4	3	16	3	...
Joint contributions.....	90	41	42	33	14	50	23	79	8	42	3	...
Company pays all.....	72	33	45	34	12	43	2	7	8	42	5	...
Comprehensive major medical plans....	130	100	59	100	32	100	27	100	6	*	6	*
Retiree pays all.....	29	22	19	32	2	6	4	15	2	...	2	...
Joint contributions.....	55	43	18	31	15	47	17	63	3	...	2	...
Company pays all.....	46	35	22	37	15	47	6	22	1	...	2	...

¹ Base plans other than those used in conjunction with supplemental major medical.
² Too few for comparison.

A similar absence of change is indicated by a comparison of data in the 1955 and 1959 BLS studies of health insurance plans in larger bargaining units:¹

Type of Financing	Per Cent of Plans in BLS Studies	
	1955 Study (67 Plans)	1959 Study (115 Plans)
Company pays entire premium...	43	49
Pensioner pays entire premium..	34	26
Joint contributions.....	22	25

Although differences are not large, these two studies imply that fewer plans require the employee to pay the entire premium, with a subsequent increase in plans where the company pays the entire premium or some part of it.

Sharing the Premium Cost

As indicated in Table 24, page 61, 182 of the health insurance plans that apply to retired employees require the pensioner and company to share the postretirement premium cost. Information about the proportion of the premium paid by each was obtained for 149 of these plans. This is summarized below in terms of the percentage of premium paid by the company:

Per Cent Paid by Company	Plans	
	Number	Per Cent
LESS THAN 50.....	24	16
25 or less.....	9	6
30-33.....	9	6
40-45.....	6	4
50.....	55	37
MORE THAN 50.....	69	47
60.....	20	14
61-69.....	11	7
70-79.....	20	14
80-90.....	18	12
TOTAL PLANS.....	148	100

Obviously, the most common arrangement (37% of the plans) is for the company and pensioner each to pay half of the premium. Relatively few plans (16%) require a company contribution of less than half of the premium. Thus, in almost half of the plans, the company pays more than half of premium, with one quarter of the plans setting the company's share at 70% or more.

¹ BLS Bulletin No. 1221, p. 19 and BLS Bulletin No. 1274, p. 7. In both cases, data are for financing hospital benefits specifically.

The 50-50 split in the postretirement premium is approximately the same in base plans (39%), supplementary major medical plans (39%) and comprehensive major medical plans (33%). However, the company pays over half of the premium in relatively more of the comprehensive plans (58%) than of the supplementary major medical plans (44%) or base plans (36%). Thus, the company's share is less than half of the premium cost in relatively few comprehensive plans (9%), as compared with the supplementary major medical plans (17%) and the base plans (25%).

Financing Blue Cross

Because of the technical operation of the typical Blue Cross program, "continuation" means that the company pays some part or all of the postretirement premium. As the tabulation below indicates, the bulk of companies pays none of the premium for an employee who remains in the Blue Cross program after retirement:

Industry ¹	Total Blue Cross Plans	Part of Premium Company-paid after Retirement					
		None		Some		All	
		Number	Per Cent	Number	Per Cent	Number	Per Cent
Manufacturing..	313	240	75	30	10	43	15
Banks.....	36	20	56	5	14	11	30
Public utilities...	24	12	50	8	33	4	17
Trade.....	21	18	86	..	..	3	14

¹ Excluded are nine insurance companies that apparently use Blue Cross coverage for some or all employees.

In manufacturing approximately three fourths of the companies pay none of the postretirement premium, with 10% paying part of the cost and 15%, all of it. This pattern does not vary to any great extent according to the size of the company. Thus, 80% of the 98 manufacturers with less than 1,000 employees pay none of the premium, and 15% pay all of it; similarly, 76% of the 123 companies with 1,000 to 5,000 employees pay none, and 11%, all; 74% of the 92 companies with 5,000 or more employees pay none and 16%, all.

Among the three nonmanufacturing industries the number of plans is too small to support any conclusion other than the general proposition that the majority of companies with Blue Cross for some or all employees do not pay any part of the cost of postretirement coverage. However, the limited data suggest that this is particularly true among trade

Table 25: Reduction of Benefits for Retired Employees by Type of Plan
(519 Plans)

Industry	Base Plans ¹			Major Medical Plans					
	For Retired	Reduced Benefits		For Retired	Supplemental		For Retired	Comprehensive	
		Number	Per Cent		Number	Per Cent		Number	Per Cent
MANUFACTURING.....	131	90	69	138	119	86	61	52	85
Less than 1,000 employees.....	37	25	68	28	22	79	12	9	75
1,000-4,999.....	53	35	66	48	40	84	28	24	86
5,000 and over.....	41	30	73	62	57	92	21	19	90
PUBLIC UTILITIES.....	21	12	57	28	20	71	32	26	81
INSURANCE.....	3	2	..	29	28	97	27	24	89
BANKS.....	3	..	..	19	17	89	6	6	..
TRADE.....	4	1	..	11	9	82	6	5	..
TOTAL.....	162	105	65	225	193	86	132	113	86

¹ Base plans other than those used in conjunction with supplemental major medical.

firms; that a relatively large proportion of banks pay the full cost of Blue Cross after retirement; and that a relatively large proportion of public utilities pay some part of the premium.¹

Reduced Benefits

By and large companies that continue commercial health insurance for retired employees do not extend the full scale of benefits provided by the program that covered the employee prior to retirement. As Table 25, above, indicates, 65% of the base plans and 86% of the major medical programs in this study reduce coverage at retirement.

- Although the differences are not very great, data in Table 25 suggest that in manufacturing, reduction of benefit levels is somewhat more common as the size of the company increases, particularly under major medical plans.

- Differences in the percentage of plans that provide reduced benefits are small and probably not significant from one type of business to another.

Apparently the reduction of health insurance coverage at retirement is more widespread now than some years ago, at least under base plans, the only type for which data are available. Thus, in the 1955 Conference Board study, only 50% of the 71 companies that continued hospital coverage after retirement reduced benefits,² as compared with

65% in the current study. Similarly the 1955 and 1959 BLS studies of base plans in larger bargaining units suggest that the practice of reducing benefits at retirement has not become more prevalent in negotiated plans; in both studies, somewhat more than 40% of the plans reduced hospital benefits at retirement.³

To analyse the detailed changes in these plans that result in reduced benefits after retirement clearly is outside the scope of this study. Therefore, only the general principles in reducing benefit levels under base plans and the two types of major medical programs are illustrated here.

How Base Plan Benefits Are Reduced

Commercial base plans typically provide benefits for three general types of medical expenses: in-hospital care (a daily room allowance for a specified period plus an allowance for extras); specified types of surgery; and other medical expenses, such as doctor, home and office calls and diagnostic procedures. The following section, based on 82 commercial base plans that reduce benefits at retirement, illustrates the three basic ways in which limits are put on postretirement benefits.

Disability Ceilings

As a general rule, benefits for active employees under a commercial base plan apply to *each separate disability*, regardless of how many unrelated

¹ Of the 43 companies in all industries paying part of the premium, 60% (20) of the 34 that provided data pay half of the postretirement coverage; of the other 14, eight paid 55%-75% and six, 25%-45%.

² NICB Studies in Personnel Policy, No. 148, p. 42.

³ In BLS Bulletin No. 1221, p. 49 and BLS Bulletin No. 1274, p. 6 base plans include Blue Cross plans.

disabilities occur over any period of time. One group of 17 base plans reduce benefits at retirement by limiting the benefits available for each disability.

For example, under one plan a retired employee is limited to 75% of the benefits available to active employees for any disability. In a similar plan the pensioner can receive 90% of regular benefits, but he must pay the first \$25 of hospital expenses connected with each disability.

The other 15 plans do not apply a flat percentage reduction to all benefits. Rather, specific kinds of benefits are reduced, but not others (13 plans) or all types of benefits are reduced, but not by a constant percentage.

For example, ten plans reduce the number of days of hospital stay for one disability. In one case the retired employee is covered for 60 days, rather than the 120 days available to active employees for each disability. In the other plans retired employees are provided 31 days of care, as compared with active employee coverage for 70 days (four plans); 120 days (two plans); and (in one plan each) 60 days, 150 days and 365 days.

In addition to restricting the number of days of hospital stay per disability, five plans also reduce the daily room and board benefit for retired employees. For example, two cut the \$15 rate to \$10; another, from \$20 to \$15. Two others set the rate at \$10 and \$12, respectively, for retired employees; active employees receive the actual rate for a semi-private room.

Five plans reduce benefits for hospital extras. For example, in two cases all extras are paid for active employees, but in the first retired employees are limited to 75% of these charges and in the second, to no more than \$240 for each disability. Two other plans allow \$200 for retired employees, but for active employees, \$300. In the fifth case, the pensioner allowance is \$300, but \$600 for active employees for each disability.

As a rule, the surgical expense schedule for active employees is continued for retired employees, although three plans reduce these benefits. For example, in one plan the retired employee is eligible for two thirds of the benefits available to active employees; in another the pensioner schedule has a maximum of \$300, as compared with \$400 for active employees; in the other plan the maximum is \$200 for pensioners and \$300 for active employees.

Among the 12 plans that provide allowances for medical expenses other than hospital-surgical fees six drop this coverage for retired employees entirely, two reduce the benefit and four provide the same benefit for each disability, as for active employees.

It might be noted that, in most cases, post retirement benefits apply not only to the retired employee but also to his dependents. However, in a

few (three) of the 17 plans, only the spouse of the pensioner is covered—no other dependents.

Calendar Year Ceilings

A second way of restricting medical-expense coverage for retired employees is to set limits on the amounts available during each calendar year (for all disabilities), rather than to apply limits to each disability (regardless of the number during a calendar year). Of the 82 base plans analyzed here, 35 shift to this calendar year arrangement for pensioners.

In 15 cases, the benefits available for a calendar year are the *same* benefits available for each *disability* for active employees. In these plans, only two other changes are made for postretirement benefits. The surgical allowance is not a schedule of payments for specified types of surgery; rather the retired employee receives a maximum amount for all surgery that usually is the maximum allowed for the most expensive procedure on the schedule. Typically, this is \$250 (seven plans) or \$300 (seven plans) in a calendar year. In four plans, benefits are available only for the pensioner's spouse, rather than all of his dependents.

In other companies (two) that use calendar year maximums, some or all of the benefits for each disability are reduced to set the calendar year limits. For example, in three plans, benefits available for a calendar year are 75% of benefits for each disability for active employees. The other 17 plans in this group make reductions in the per disability maximums similar to the above.

For example, all but four set a calendar year maximum on the days of hospital stay that is smaller than the per disability maximum for active employees. In most (11) of these plans the calendar year maximum for retired employees is 31 days, as compared with a per disability top for active employees of 70 days (five plans), 120 days (three plans) and 180 days (three plans). In the other two plans the calendar year maximum is 45 days and 120 days, respectively, as compared with per disability maximums of 70 days and 365 days for active employees.

Seven plans reduce the daily room and aboard allowance for retired employees. For example, four plans pay the full fee in a semiprivate ward for active employees but limit retired employees to \$10 a day (three plans) or \$15 a day. Two plans use \$12 a day for pensioners but \$18 and \$14, respectively, for active employees. In the other plan, the daily rate of \$15 for active employees is cut to \$9.

Ten plans reduce the per disability allowance for hospital extras in setting calendar year maximums for pensioners. For example, in three plans all extras are paid for active employees: only 75% of the per disability allowance is paid during a calendar year by one plan; in the other two, the allowance for extras is included in the daily room and board benefit specified for retired employees. Similarly, extras are included in the room allowance in a plan with a \$300 limit per disability for active employees. Three other plans set a \$200 maximum per calendar year for retired employees, although the per disability limit for active employees is \$300, \$300 plus three quarters of the excess and \$200 plus three quarters of the excess, respectively. In the other three plans, the calendar year maximum for pensioners is \$120, \$160 and \$180, respectively; the respective per disability limits for active employees is \$180 plus three quarters of the next \$2,000, \$240 and \$270.

As a rule, the most expensive procedure on the surgical schedule for active employees becomes the annual maximum for pensioners. However, in two plans the annual limit of \$200 and \$250, respectively, is smaller than the \$300 limit for active employees for each disability. Also, in another two plans benefits for surgical expenses are dropped entirely for retired employees.

Among the 12 plans that provide allowances for medical expenses other than hospital-surgical fees five drop this coverage for retired employees, three cut the benefit and some four use the per disability benefit for active employees as the calendar year maximum for retired employees.

In most cases the postretirement benefits based on a calendar year apply not only to the pensioner but also to his dependents. However, in 11 of the 35 plans only the spouse and no other dependents of the retiree are covered. In one other plan, no postretirement benefits are extended to any dependents, including the pensioner's spouse.

Lifetime Ceilings

The third basic method for reducing medical insurance protection at retirement is to set limits on the amounts available for the remaining lifetime of the retired employee (for all disability in all years), rather than applying limits to each calendar year (for all disabilities) or to each disability (for all postretirement years). Of the 82 base plans analyzed here, 30 shift to this lifetime maximum arrangement.

Ten plans with a lifetime ceiling set the lifetime maximum for each type of covered medical expense.

In some cases (six) the per disability benefits for active employees become the lifetime maximums for retired employees. (Again, the surgical benefit for the most costly

procedure becomes the lifetime top for retired employees.)

In one plan the per disability benefits are increased in setting lifetime ceilings for pensioners. Active employees receive 30 days of hospital care per disability; pensioners, 120 days for life.

In three plans per disability benefits are decreased in setting lifetime maximums for each type of covered expense. The changes made apparently are very similar to those described above.

Except for one plan that limits coverage to the retired employee, these plans provide benefits to the pensioner and his dependents, as well.

The other 20 plans with a lifetime maximum do not set a specific maximum for each type of covered medical expense. Rather, an over-all maximum is specified for all covered expenses. These maximums are shown below; it will be noted that in most cases the maximum applies separately to the employee and to each of his dependents or to his spouse:

Over-all Maximum	Coverage	Plans
\$4,000.....	employee; each dependent	1
2,500.....	employee; each dependent	3
2,500.....	employee; spouse only	2
2,000.....	employee; spouse only	1
2,000.....	employee only	1
1,500.....	employee; each dependent	1
1,500.....	employee; spouse only	1
1,400.....	employee; each dependent	1
1,200.....	employee only	1
1,000.....	employee; each dependent	1
1,000.....	employee; spouse only	2
750.....	employee only	1
5,000 (10 years' service) or } 2,500 (less than } 10 years) }	employee; each dependent	1
1,500 (\$50 for each } years' service) }	employee; each dependent	1
1,000 (\$40 for each } years' service) }	employee only	1
2,500 (35 years' } service or more) }	total for employee and spouse together	1
2,000 (25 to 35 years) }		
1,500 (10 to 25 years) }		

As a rule, these plans also set a ceiling for each disability, usually the same maximum for active employees. Of the seven that do not use the same per disability schedule, five drop completely the coverage for nonhospital surgical expenses, four

cut the daily room allowance and the number of days covered for each disability and four cut the amount available for hospital extras for each disability.

Restricting Supplemental Major Medical Programs

As previously noted, a supplemental major medical program consists of two separate plans: a base plan (either commercial insurance or Blue Cross-Blue Shield) and a major medical plan. Thus, to reduce protection at retirement, either one or both can be discontinued or reduced. For example, among 90 programs in which benefits are continued for retired employees, the following patterns are apparent:

- In somewhat more than half (48) the supplemental major medical plan is dropped entirely at retirement: only base plan benefits are available. In 17 cases no change is made in base plan benefits but 31 are reduced (as illustrated in the previous section).
- In almost one third (29) of the programs supplemental major medical benefits are reduced, but not discontinued. In some cases (15) base plan benefits also are reduced; in others (ten), no change is made in the base plan, and in a few programs (four) the base plan is dropped entirely.
- In 15% (13) of the programs the supplemental major medical plan, unchanged, is available to pensioners. In some cases (nine) base plan benefits are extended unchanged and in others (four) they are reduced.

As an illustration of the general types of changes that are made when supplemental major medical plan benefits are reduced at retirement, reductions under 37 plans are outlined below,¹ in terms of the three basic features of supplemental major medical insurance. It might be noted that, in addition, seven plans reduce benefits by covering only the retired employee and his spouse and no other dependents and (in one case) by setting a maximum for husband and wife together, rather than as individuals.

¹ Included are the 29 plans noted above that are supplements to commercial base plans and another eight that supplement Blue Cross-Blue Shield plans.

Maximum Benefits

In all 37 plans the maximum amount paid for each covered individual by the supplemental major medical plan is reduced at retirement.

For example, in one group of 23 plans a *lifetime maximum* is set for active employees and is continued for pensioners, but reduced.* The variations in this procedure are shown below:[†]

Lifetime Maximum for Active Employees	Lifetime Maximum for Retired Employees	Number of Plans
\$ 5,000	Unused portion of active employee maximum	1
5,000	\$2,500	4
10,000	Unused portion of active; minimum: \$2,500	1
10,000	\$5,000	5
10,000	4,000	1
10,000	2,500	4
10,000	2,000	1
10,000	50 for each year of service	1
10,000	2,500 combined expenses of pensioner and spouse	1
15,000	\$2,500	1
20,000	2,000	1
20,000	2,500	1
30,000	5,000	1

In another group of 13 plans a lifetime maximum also is set for retired employees, but maximum benefits for active employees are stated for each disability. In two cases the per disability maximum for active employees becomes the lifetime maximum for pensioners (\$5,000 and \$7,500, respectively). In the other 11 plans the lifetime dollar amount is smaller than the per disability maximum, as illustrated below:

Per Disability Maximum for Active Employees	Lifetime Maximum for Retired Employees	Number of Plans
\$ 5,000	\$2,500	3
10,000	2,500	3
10,000	3,000	1
10,000	5,000	3
15,000	5,000	1

Finally, one plan with a per disability maximum for active employees (of \$5,000) also uses a per dis-

* Invariably for active employees the lifetime maximum can be reinstated after a specified amount of benefits (usually \$1,000) has been used. This reinstatement provision never applies to retired employees.

[†] In some cases the unused portion of the active employee's maximum is the maximum for retired employees if it is *smaller* than that shown in the tabulation.

ability maximum for retired employees, but reduced (to \$1,500).

The Deductible

As a rule, the deductible under these 37 supplemental major medical plans is the same for retired employees and active employees; only nine plans change the amount that must be paid (after base plan benefits have been exhausted) before the major medical plan comes into play.¹

In one group of five plans the deductible for active employees (and retired employees) is not related to salary; the deductible is increased for retired employees.

In one plan the deductible for active employees is \$75 for each disability; for pensioners, \$150 per disability.

In three plans the deductible for active employees is \$100 per calendar year; for pensioners, \$200 per calendar year.

In one plan the calendar year deductible of \$100 for active employees becomes \$500 for pensioners.

In the other four plans the deductible for active employees varies according to salary level; the deductible for pensioners is shown as follows:

In one plan the deductible for active employees is \$75 to \$150 per calendar year depending on salary; for pensioners, \$150 to \$300 depending on salary at retirement.²

In two plans the deductible for active employees varies according to salary. In one case the deductible for retired employees is \$300 for each disability; for active employees it is \$100 to \$400 depending on salary. In the other case pensioners pay \$100 per disability; active employees, \$100 to \$300 according to salary.

In one plan the deductible of \$50 to \$200 for active employees applies to each calendar year; the \$100 deductible for pensioners applies to each disability.

Coinsurance

Only three of the 37 plans change the coinsurance feature of the supplemental major medical plan at retirement. In two cases the plan pays 75% of all expenses (after the deductible has been met) and retired employees, 25%; for active employees the split is 80%-20%. The other plan pays 80% of expenses for retired employees, but for active

employees, 80% of the first \$1,000 and 90% of the excess.

How Comprehensive Major Medical Plans Are Reduced

Like supplemental major medical plans, comprehensive major medical plans are characterized by deductibles, coinsurance and substantial dollar maximums. However, comprehensive plans draw no distinction between base and supplemental benefits; instead the plan applies to the entire range of expenses, minor as well as major. To illustrate how benefits are reduced at retirement, the provisions of 37 comprehensive plans that cut benefits are detailed below.

Benefits are reduced in two ways other than those shown below. In ten plans, benefits are not provided for certain expenses that are covered prior to retirement. Retired employees are covered only for in-hospital expenses (including surgeon fees); no benefits are provided for other expenses, such as prescription drugs, home nursing care and doctor visits.

Ten plans limit benefits only to the pensioner and his spouse and to no other dependents. Another plan covers only the pensioner and not his wife.

Maximum Benefits

All 37 plans reduce the maximum benefits available to retired employees. For example, most (33) set a lifetime maximum for active employees and continue a reduced lifetime maximum for pensioners.³ These reductions follow on page 68.⁴

The other four plans reduce the maximum somewhat differently. One has a maximum for active employees of \$5,000 per disability; for pensioners, \$2,500. Another has a ceiling for active employees of \$10,000 per calendar year; for pensioners, \$1,500. The remaining two plans have a maximum for active employees of \$10,000 per disability; for pensioners, a lifetime maximum (\$2,500 and \$5,500, respectively).

¹ This does not include one plan that drops the base plan at retirement; therefore, the deductible for pensioners is \$300 for each disability, as compared with \$100 for active employees.

² Three other plans that base the deductible for active employees on salary continue this arrangement for pensioners, except that "salary" is the amount of pension.

³ Invariably, for active employees, the lifetime maximum can be reinstated after a certain amount of benefits has been used; this reinstatement provision does not apply to retired employees.

⁴ In some cases, the unused portion of the active employee's maximum is the maximum for retired employees if it is smaller than that shown in the tabulation.

Lifetime Maximum for Active Employees	Lifetime Maximum for Retired Employees	Number of Plans
\$ 5,000	\$2,500	2
7,500	2,500	1
10,000	2,000 for pensioner and spouse combined	1
10,000	2,000	1
10,000	2,500	7
10,000	3,000	1
10,000	5,000	7
5,000-12,500	2,500	1
15,000	1,000 for pensioner and spouse combined	1
15,000	2,500	1
15,000	5,000	2
15,000	7,500	2
15,000	5,000-10,000, depending on service	1
20,000	1,500	1
20,000	2,500	1
20,000	3,000	1
20,000	5,000	1
20,000	10,000	1

The Deductible

Relatively few (11) of the comprehensive plans change the deductible at retirement.

One group of three plans drops the deductible entirely for retired employees.

Another group of three plans sets the deductible at \$50 per calendar year for retired employees; for active employees it depends on salary (\$50-\$75, \$50-\$125 and \$50-\$150, respectively).¹

Four plans do not apply the deductible for active employees to in-hospital expenses, except at retirement and three increase it as well. In these three plans the deductible for retired employees is \$100 per calendar year; for active employees, \$50 per calendar year (for nonhospital expenses). The fourth retains the \$50 per calendar year deductible but applies it to all types of expenses for retired employees.

The \$50 deductible per calendar year for active employees in the remaining plan is increased to \$100 for retired employees; the deductible applies to all types of medical expense.

Coinsurance

Of the 37 plans that reduce benefits at retirement, 17 change the coinsurance feature.

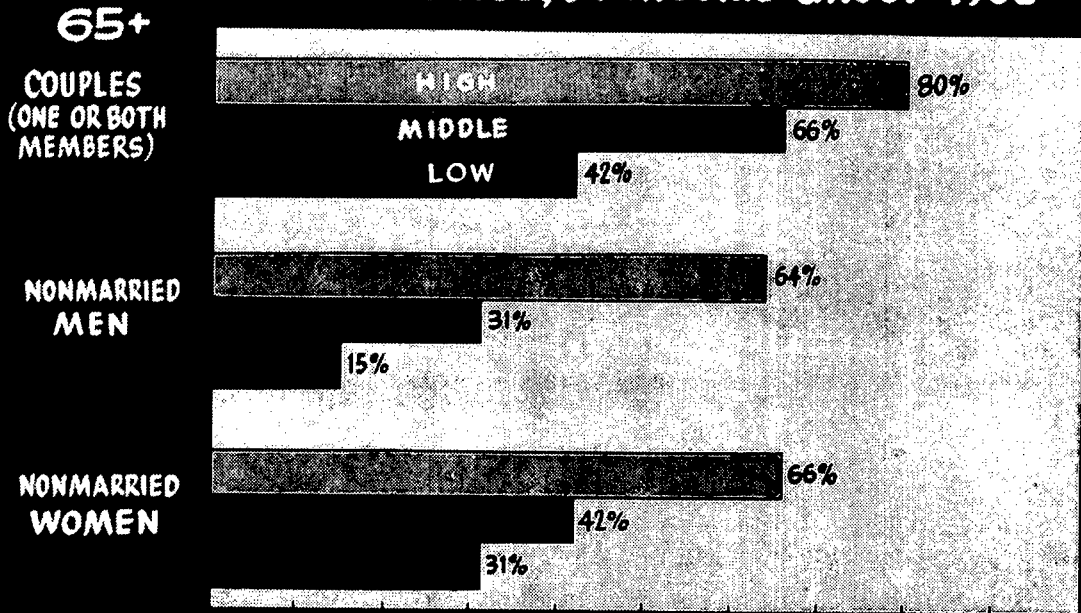
¹ Three other plans that base the deductible for active employees on salary continue this arrangement for pensioners, except that "salary" is the amount of pension.

In 13 plans, this change means that the retired employee pays a larger share of hospital expenses than the active employee. Under them *all* hospital expenses up to a specified amount for active employees are paid before the coinsurance feature comes into play; however, the coinsurance percentage for retired employees applies to *all* hospital expenses. The details of this procedure are as follows:

Active Employees		Retired Employees	
Per Cent Hospital Expenses	Per Cent Other (after deductible)	Per Cent All Expenses (after deductible)	Number of Plans
100 of 1st \$200	80	70	1
80 of excess			
100 of 1st \$250	80	80	2
80 of excess			
100 of 1st \$250	75	75	1
75 of excess			
100 of 1st \$300	80	80	2
80 of excess			
100 of 1st \$300	80	80 of 1st \$250	1
80 of excess		50 of excess	
100 of 1st \$500	75	75	2
75 of excess			
100 of 1st \$500	80	75	1
80 of excess			
100 of 1st \$500	80	70	1
80 of excess			
100 of 1st 7 days	80	80	1
80 of excess			
100 of all expenses	80	80	1

The other four plans are variations of this pattern. For example, in one plan 100% of the first \$500 of hospital charges are paid for active employees, but only the first \$250, for pensioners; the plan pays 80% of all other expenses to both active and pensioned employees. In another plan 75% of all expenses are paid for active employees but only 50%, for retired employees. The last two plans pay 100% of the first \$500 of all expenses for active employees and 75% of the excess; for pensioners, 75% of all expenses.

PERCENT OF PERSONS 65 AND OVER WITH HEALTH INSURANCE, BY INCOME GROUP-1962



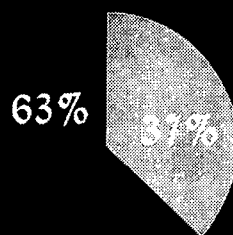
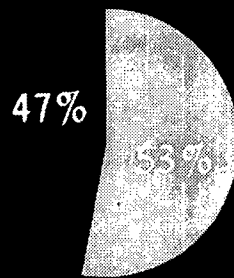
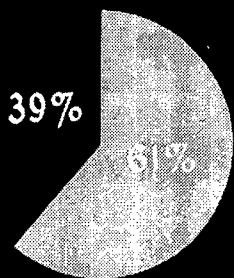
HEALTH INSURANCE COVERAGE OF PERSONS 65 AND OVER, BY HEALTH STATUS-1962

Persons classifying themselves —

IN GOOD HEALTH

IN FAIR HEALTH

IN POOR HEALTH



ANY HEALTH INSURANCE

NO HEALTH INSURANCE

HEALTH INSURANCE COVERAGE OF PERSONS 65 AND OVER

Percent covered by type of insurance and sex, 1962

TYPE OF INSURANCE	TOTAL	MEN	WOMEN
<i>Number in Thousands:</i>			
TOTAL	17,469	7,763	9,706
REPORTING INSURANCE STATUS	17,301	7,680	9,621
<i>Percent of total reporting:</i>			
WITH ANY HEALTH INSURANCE^{1/}	52	52	52
WITH HOSPITAL INSURANCE	51	51	52
WITH SURGICAL INSURANCE	43	43	42

^{1/}Includes any plan which pays all or part of the hospital, surgical and/or other medical expenses of the insured individual.

1963 SURVEY OF THE AGED