

Private Health Insurance Plans in 1977: Coverage, Enrollment, and Financial Experience

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The private health insurance industry collected \$47.1 billion in premiums in 1977 and returned \$41.6 billion in benefits to their subscribers. Premiums rose 16.3 percent as a direct consequence of rapid claims growth in 1976. After operating expenses were deducted, the industry showed a small, \$.4 billion underwriting loss. About 78 percent of the population were insured for hospital care, and about 76 percent for surgical services. Smaller percentages had coverage for other types of care. An estimated 61.8 percent of the aged bought private hospital insurance, and 47.1 percent bought surgical insurance, mostly to supplement Medicare benefits. About 12 percent of persons under age 65 had no protection against the cost of hospital care either through private insurance or a public program such as Medicare or Medicaid.

Extent of Health Insurance Coverage

Private Insurance Coverage of the Population

In 1977, 168 million persons—almost 4 million more persons than in 1976—were covered by private hospital insurance through an insurance company, a Blue Cross and/or a Blue Shield plan, or an independent prepaid or self-insured health plan. Surgical insurance was carried by 164 million persons—1.7 million more persons than in 1976. Thus the percentages of the privately insured population rose from 76.8 percent to 78.0 percent for hospital insurance and from 75.8 percent to 76.0 percent for private surgical insurance (Tables 1 and 2).

A smaller percentage of the population was protected against the costs of other health care services. About 70 percent had private insurance to help pay the cost of out-of-hospital X-ray and laboratory examinations, prescribed drugs, and nursing services. Only 23 percent of the population had private dental insurance, and only 31 percent were insured for nursing home care. Private insurance provided some level of payment for doctors' home and office visits for only 56 percent of the population, a slight decline from 1976.

The fastest growth occurred in hospital insurance and in coverage for dental care and visiting nurse service. Both employer-related and individually-purchased hospital insurance coverage rose in the effort

to meet expensive hospital bills. Collective bargaining settlements brought dental care to larger numbers of workers and their families. Visiting nurse services were added to many private insurance plans to help keep down the cost of hospital care.

Almost four-fifths of persons under age 65—the work force and their families—were insured for hospital-related services, and about three-fourths were protected against out-of-hospital X-ray and laboratory examinations, prescribed drugs (out-of-hospital, and nursing services. Many of the aged, virtually all of whom were covered by Medicare hospital insurance and supplementary medical insurance, also bought private insurance, most of it to supplement Medicare coverage. This coverage was purchased by individuals and to some extent by employers where unions had bargained for continued group coverage into retirement. Supplementary private insurance paid some or all of patient deductibles and co-insurance required by Medicare for hospital care, physicians' services, and nursing home care. Some insurance plans made partial payments for services excluded by Medicare—prescribed drugs and private duty nursing. The proportion of the aged population with private insurance coverage ranged from 62 percent for hospital care to 5 percent for dental care.

Gross Enrollments

Private insurers reported a record 218.6 million in enrollments for hospital care in 1977, of which 50.4 million or approximately 23 percent represented duplicate or multiple coverage (Table 3).

Multiple coverage occurs when both spouses are employed and both have group insurance through their employer, when a person with group insurance purchases an individual policy or policies to supplement group coverage, or when a person not eligible for group insurance holds two or more individual poli-

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cies in an effort to obtain some level of protection against the costs of health care.

The rate of duplication was lower for physicians' services (18 to 21 percent) and much lower for other types of care—8 percent for prescribed drugs and private duty nursing, 7 percent for visiting nurse service, 5 percent for nursing home care, and 1 percent for dental care. Rates of duplication were similar for both the under-age-65 and aged-65-and-over groups.

Table 3 also shows enrollments for the various kinds of health care, by type of private insurer and for each of the age groups.

Market Shares

Insurance Companies

Insurance companies continued to dominate the market for the work force and their families, insuring 54 percent of the hospital market. Persons covered by employer-related group policies for hospital care numbered 87.1 million; an additional 21.6 million had individual hospital policies for a total of 108.7 million persons, well above the 76.2 million hospital enrollments in Blue Cross and Blue Shield plans. Insurance companies covered 35 to 82 million more persons than did Blue Cross and Blue Shield plans for various physicians' services, and more than 66 million more for prescribed drugs and nursing services (Tables 3 and 4).

Insurance companies also made inroads in the insurance market for the elderly. For the first time they sold more coverage to this age group than did the Blue Cross and Blue Shield plans for hospital care, for prescribed drugs, and for visiting nurse service.

Blue Cross and Blue Shield Plans

The 69 Blue Cross plans enrolled 83.2 million persons—38 percent of the population that the plans served. About 85 percent of these persons were enrolled in groups. Of this number, 8.6 million persons aged 65 and over were enrolled for coverage beyond Medicare levels and/or for health care services not provided by Medicare. The 70 Blue Shield plans covered 70.5 million persons in 1977 (7.7 million of them aged 65 and over) or 33 percent of the population in the areas they served. Blue Cross and Blue Shield shares represented 46 percent of the hospital market for the elderly and 38 percent of the under-age-65 market. For surgical care, their shares accounted for 60 percent of the elderly market and 36 percent of the market for workers and their families. Blue Cross and Blue Shield plans continued to hold almost all the market for nursing home care, covering 4 million elderly, or 79 percent of the market.

Independent Plans

A small but growing share of the market is held by independent prepaid and self-insured health plans. These plans are not underwritten by Blue Cross or Blue Shield or an insurance company. They are sponsored by consumers, labor and/or management, and health professionals. Most are not for profit.

Most of these plans provided comprehensive health

care services, providing coverage for about 7 percent of the market for hospital insurance and 9-11 percent for various physicians' services, prescribed drugs, and nursing services. Dental coverage (largely by the dental service corporations) represented 25 percent of all persons with dental insurance.

Administrative Service Only (ASO) Agreements and Minimum Premium Plans (MPP)

The count of the number of persons enrolled in insurance company plans includes a number who are also reported by independent plans and other health insurers. These persons are in plans with Administrative Service Only (ASO) agreements. Under ASO agreements, an insurance company provides services to another insurance company or another health insurance organization—an HMO or a self-insured plan, for example. These services include such things as marketing, claims monitoring, premium collection, accounting, computing, or consulting for a designated fee. These persons have already been reported by the independent prepaid or self-insured plan that was at risk for and provided directly or arranged for health care services for its members in return for a fixed, monthly fee. Additional duplication occurred when third party administrators or other companies provided administrative services in plan areas where the issuing companies do not have regional offices.

According to The Health Insurance Association of America (HIAA), an estimated 12 million persons were represented by ASO and MPP agreements. The 1979 HIAA survey of companies will provide statistics for each of these businesses so that HIAA can eliminate the duplication for ASO agreements, thereby allowing the Health Care Financing Administration (HCFA) to unduplicate the health insurance business written by the companies. The enrollment of the companies with respect to stop loss, catastrophic, or out-of-area coverage can also be reported separately by HCFA.

Changes in the Industry

Growth in Total Enrollments

The growth in the number of enrollments reported by all private insurers for hospital care, surgical services, prescription drugs, and dental care is shown in Table 5. The growth of hospital and surgical insurance was most rapid in the fifties when the concept of health insurance was becoming an important fringe benefit in employer-employee negotiations. The growth rate moderated in the sixties when insurance for other types of care such as prescription drugs and dental care was being pursued in contract negotiations. The insurance companies experienced the same general trends in growth as the overall industry.

For Blue Cross-Blue Shield plans, however, the growth rate from 1950 to 1975 was slower, and in recent years they have actually experienced declines for many services. In 1977, enrollments fell for hospital care, physicians' services, and nursing home care, as the number of dependents in this age group declined because of fewer children and a growing number of complementary-to-Medicare contracts written. Growth

was concentrated in the more recently negotiated health care fringe benefits for the work force and their dependents—dental care (18 percent), vision care (112 percent), and visiting nurse service (7 percent).

The biggest losses were incurred by Blue Shield plans covering persons under age 65; enrollments for surgical and physicians' in-hospital visits dropped 2 to 3.5 million, and 9 million for physicians' home and office visits, representing loss rates of 3 to 29 percent for these services. Hospital coverage, provided by 11 Blue Shield plans in the United States, also fell for the under-age-65 group (22 percent) as well as for persons aged 65 and over (14 percent).

Growth in the independent plans has been slow but steady. Beginning in the mid-seventies, enrollments have increased, as more employers have turned away from insurance company coverage and have self-insured for the health care costs of their employees. The enactment of the Health Maintenance Organization Act of 1973 has also stimulated the expansion of consumer-sponsored plans and plans sponsored by health professionals.

Growth in Net Coverage

The growth in net coverage from 1974 to 1977 is shown in Table 2 for 10 types of health care services. The estimates for hospital and surgical coverage are based on household surveys conducted biennially by the National Center for Health Statistics. Estimates for other types of care are developed by HCFA from data reported by the industry. Trends in the growth of net coverage have been similar to those in the total enrollments reported by the various insurers. (Further details on the methodology employed can be found in the Technical Note following this article.)

Major Medical Coverage

Major medical plans provide broad protection against a wide range of health care expenses as well as substantial protection for large, unpredictable medical expenses. Supplementary major medical plans supplement basic health care plans; comprehensive major medical plans combine in one plan both basic protection and coverage against catastrophic expenses. Major medical coverage has grown rapidly over the years. It has also extended the range of services covered and raised the benefit levels.

In 1977, an estimated 162 million persons or 75 percent of the population had major medical protection either through insurance company supplementary major medical or comprehensive major medical policies, through Blue Cross and Blue Shield major medical plans, or through comprehensive independent prepaid and self-insured health plans (Table 6). In 1970, the insurance companies and Blue Cross and Blue Shield plans covered 109 million persons; in 1960 only 31 million were covered. No comparable figures are available for independent comprehensive plans for years before 1977.

The growth of supplementary major medical coverage by Blue Cross and Blue Shield has been more rapid than that of insurance companies. In 1970 Blue Cross and Blue Shield had only a fourth of such coverage; in 1977 they had more than a third.

In its annual survey of group insurance policies, the Health Insurance Institute (HII) found that major medical insurance had more than doubled from 1976 to 1977 and that 91 percent of the persons with such insurance had maximum benefits of \$100,000 or more, compared to less than 1 percent in 1972. HII also revealed that among the most typical size groups of employees (25-499), about half had benefits up to \$1 million or unlimited benefits.

In 1977, group major medical policies provided for about 100 million persons under age 65 some level of benefits for physicians' in-hospital visits and home and office visits. These policies covered about 76 million persons for prescription drugs and private duty nursing, and about 21 million for skilled nursing care. Individual major medical insurance policies provided benefits for physicians' services for 5.9 million persons in this age group, some benefits for prescribed drugs and private duty nursing for 4.7 million persons, and comprehensive hospital and surgical expense coverage for 3.2 million persons. Thus, for the under-age-65 group, total major medical coverage by insurance companies for physicians' services ran about 106 million, for prescribed drugs and private duty nursing about 81 million.

Major medical policies covered 2.3 million of the aged. No separate figures for this age group are available for Blue Cross and Blue Shield plans or the independent plans.

Blue Cross generally offered in its basic policies many of the services found in major medical policies. Beyond their basic plans, Blue Cross offered supplementary coverage subject to deductibles and coinsurance with maximum benefits varying from \$5,000 to an unlimited amount of extended benefits for the following services: physicians and other health care professionals, prescribed drugs, diagnostic x-rays and laboratory services, nursing home care, home health services, ambulance transportation, prosthetic and orthopedic devices, durable medical equipment, medical supplies, blood, psychiatric treatment, drug addiction, and alcoholism.

Blue Shield plans were comprehensive health care programs consisting of 20 broad benefit areas. Dental care, vision care, and hearing care were new areas of coverage being developed. A majority of the plans also offered supplementary major medical coverage to help pay for the costs of prolonged or catastrophic illnesses.

Independent prepaid and self-insured health plans generally offered a comprehensive range of health care services. Health maintenance organizations for the most part fall in this independent plan category. Because of their comprehensive range of benefits and the prepaid delivery of health care services as needed, independent plans are considered to provide major medical protection. With the rapid growth of self-insured labor-management plans and the increasing number of health maintenance organizations, the number of persons with major medical protection in independent plans reached approximately 12 million in 1977. Among this 12 million were 6.8 million members of prepaid group practice plans. The slow but steady growth of these plans over the years is shown in Table 7. Their growth was stimulated by the enactment of the Health Maintenance Organizations Act of 1973.

Quality of Coverage

Coverage and enrollment statistics do not provide a total picture of health insurance protection. Coverage can mean a narrow or a comprehensive range of benefits, a large deductible and copayment, or 100 percent reimbursement by the insurer for health care costs. The range of services and the degree to which benefit payments meet the cost of these services provide a measure of the quality of insurance coverage. For some, the source of payment of insurance premiums is also an indicator of coverage quality.

Group Insurance Policies

The Health Insurance Institute's annual sample survey of group health insurance policies provides some measure of the quality of group policies sold by insurance companies. The sample included 33 companies that accounted for half the group business written in the United States in 1976. In 1977, 58 percent of the employees in the survey had their premiums paid entirely by their employers; 4 percent had to pay their own premiums. The cost was shared by the employer and the employee for the remaining 38 percent of the employees surveyed. This was a change from the previous year when employers paid the entire premium for 69 percent of the employees surveyed and only 31 percent had to pay all or part of their own premiums.

Probably most critical to the wage earner and his family is the level of insurance benefits for hospital room and board charges. Among all employees with hospital insurance who were surveyed only 3 percent had basic coverage only. Basic coverage insures a limited range of services and is generally characterized by minimum benefit levels. For example, the majority of those with only basic hospital coverage had a maximum daily room and board benefit of \$49 or less. The maximum number of hospital days was under 40, and full reimbursement for miscellaneous hospital expense benefits was under \$1,000. Thus, without major medical insurance the insured faced two risks: one, benefits provided might be exhausted, as for example the number of hospital days used might exceed the number of benefit days; and two, benefits paid by the basic plan might be less than actual charges for services.

The remaining 97 percent of the employees with hospital insurance had supplementary or comprehensive major medical coverage of hospital room and board expense. These persons were less likely to suffer catastrophic losses for these services. About half had full payment for semi-private room charges, but a number were subject to a maximum daily benefit of only \$59 or less, a maximum of 39 days or less, or a maximum payment of \$200 or less. For surgical services, the survey indicated that for 72 percent of employees with such insurance there were unlimited benefits, after a typical \$100 deductible and 20 percent co-payments.

Another measure of the adequacy of group insurance policies for workers and their families is afforded by looking at the coverage reported by HII for groups of 25-499 employees. These groups are regarded as having typical benefit patterns. Sixty-one percent of those with hospital coverage received full payment at the semi-private room rate. The average daily room and

board benefit for those who were not eligible for full payment was \$67. Twenty-one percent of those with surgical coverage were reimbursed at the physician's reasonable and customary rate. For others, the average maximum scheduled surgical benefit was \$1,141. The average maximum scheduled benefit for in-hospital physicians' visits was \$9, and the most common diagnostic x-ray and laboratory benefit was \$100.

Nervous and mental disorder benefits were provided for two out of three employees with comprehensive major medical coverage. Almost 70 percent of these employees had full plan benefits while confined in a hospital, but received reduced or limited benefits for out-of-hospital treatment.

Employees in groups of 25-499 had other benefit limitations as well. Only 54 percent had nursing home or extended care facility coverage, with more than a fourth of these subject to a maximum of less than 70 days coverage. While 92 percent of the employees in these groups had dependent-type coverage and 87 percent had medical care coverage, two out of five in the latter group had no maternity coverage and of those who did have such coverage more than a fourth were eligible for a flat benefit of less than \$500.

Although the extent of dental coverage was limited—only 21 percent had this type of coverage—the level of benefits was somewhat better. Forty-six percent of those with dental insurance had comprehensive coverage subject to deductibles and co-insurance, but with a maximum annual benefit of \$1,000 or more.

Individual Insurance Policies

Individual (nongroup) policies almost always provide less economic protection than that provided by group insurance. These policies are generally tied to hospitalization and pay fixed amounts per day in the hospital and/or fixed amounts per surgical procedure. As a result of low reimbursement limits and a narrow range of benefits, individual policy holders face relatively large out-of-pocket expenses.

The HIAA reported an estimated 18 million enrollment under age 65 in 1977 in individual basic hospital policies, and an estimated 9 million in basic surgical expense policies. An additional 5.9 million carried major medical coverage for these types of care, either in the form of supplementary major medical insurance or comprehensive major medical policies. These 5.9 million were unlikely to suffer catastrophic losses for hospital-related care and had some level of protection against the cost of physicians' office visits, x-ray and laboratory exams, prescribed drugs, and nursing services. It should be noted, however, that where major medical policies place no limit on policyholder cost-sharing, catastrophic expenses may be incurred through high co-payments. Heavy expenses may also be incurred for noninsured services such as nursing home care, psychiatric care, dental care, or prescribed drugs.

Blue Cross and Blue Shield plans

Blue Cross basic contracts provided service benefits rather than cash indemnities, i.e., hospitals and other providers were paid directly by the plan in lieu of payment to the subscriber of a fixed dollar amount.

In addition, most Blue Cross plans provided extended benefits with variable front-end deductibles and 80 percent co-insurance for physicians' services and other professional services, nursing home care, home health services, prescription drugs, durable medical equipment, nursing services, x-ray and laboratory services, blood transfusions, and treatment of mental conditions, alcoholism, and drug addiction.

Blue Shield plans covered more than half of their enrollees under their Usual, Customary and Reasonable (UCR) program, in which payments to physicians are based upon their usual and customary fee in the locality in which they practice, as opposed to the traditional indemnity payment—the allowance of a fixed dollar amount toward the physician's charge. Payments by these Blue Shield plans were usually subject to deductibles and coinsurance payments, however.

Persons Without Private Health Insurance

The Under-Age-65 Group

It is estimated that in 1977 about 38 million persons under age 65 had no private insurance against the costs of hospital-related illnesses. A large number of these persons were self-employed and chose not to buy insurance; others worked for small, low wage-paying employers and could not afford to buy insurance on their own; others were in bad health and could not obtain insurance. Some were unemployed or were receiving assistance in meeting their medical expenses through such public programs as Medicare, Medicaid, Champus, the Veterans Administration, and Workers' Compensation.

The Medicaid program made medical assistance payments to 20.2 million persons in fiscal year 1977. Medicare covered 2.6 million disabled persons for hospital insurance and 2.4 million disabled for supplementary medical insurance in 1977. State and federal workers' compensation programs covered 72.1 million persons for work-related medical expenses in 1977.

According to the 1976 Household Interview Survey conducted by the National Center for Health Statistics (NCHS), 22.8 million persons under age 65 had no public or private coverage of any kind.

The Elderly

An estimated 9 million of the aged had no private hospital insurance; 13 million had no private surgical insurance. As previously noted, virtually all of the aged had coverage for these services under the Medicare program. For prescription drugs or private duty nursing, more than 19 million (80 percent) of the aged had no insurance protection, either through private insurance or through the Medicare program. The NCHS Survey showed only 437,000 aged with no public or private protection at all.

Financial Experience

The discussion that follows provides financial information on three major types of insurers: insurance companies that sell health insurance, Blue Cross and

Blue Shield plans, and independent prepayment and self-insured or self-funded plans. Health maintenance organizations that provide and are at risk for health care services to their members are included in the independent plans category.¹

Claims expense and operating expenses are measured against premium and subscription income to show the net underwriting gain or loss and other operating results—the proportion of premiums returned as benefits (the claims ratio) and the amount retained for operating expenses, additions to reserves, and profits. Available data on investment income provide some insight into the net income of the insurers. All data are on an incurred or accrual basis.

Industrywide Experience

In 1977, the private health insurance industry collected \$47.1 billion in premiums and subscriptions, a 16.3 percent increase over the \$40.5 billion collected in 1976 (Table 8). An estimated \$36 billion, or 77.1 percent, represented employer contributions in 1977 compared with 74.9 percent contributed by employers in 1976. The insurers returned 88.3 percent of the 1977 premium total in the form of \$41.6 billion in benefits, a drop from the 94.8 percent claims ratio in 1976. Operating expenses for 1977 were \$5.9 billion and when added to benefit expenditures resulted in a relatively small (\$.4 billion) net underwriting loss, an improvement over the \$3.1 billion net underwriting loss of 1976. The net underwriting loss in 1975 was also large—\$2.5 billion.

The 1977 recovery was caused primarily by a slowing in the growth of benefits, which increased by only 8.3 percent as compared to a 20.4 percent increase in 1976 and a 23.4 percent increase in 1975. Premiums showed a somewhat different trend from 1975 to 1977 with increases in growth of 16.4, 19.8 and 16.3 percent, respectively. Operating expenses as a percent of premiums were fairly steady with a slight downward trend (12.9, 12.7, 12.6 percent) for the 1975-77 period. Net cost, the difference between premiums and benefits, increased by a dramatic 164.7 percent in 1977, going from \$2.1 billion in 1976 to \$5.5 billion in 1977. This kind of difference is normal in a recovery period when premium increases are outpacing benefit increases by a large margin.

Insurance Companies

Insurance companies reported a total of \$23.0 billion in premium income in 1977, almost half (48.7 percent) of the industry total and a 19.2 percent increase over their 1976 premium earnings of \$19.3 billion. Group policy premiums, which comprised 84.4 percent of the insurance company premium total, increased at an even faster pace (21.2 percent). Individual policy business rose 9.2 percent, a significant increase over the 1976 growth of 6.9 percent.

¹ The 1973-76 data for independent plans are provisional estimates subject to revisions after completion of the 1978 Nationwide Survey of Independent Prepaid and Self-insured plans.

Conversely, insurance company claims slowed very little growth in 1977. The overall claims in 1977 were \$19.5 billion with group claims of \$17.6 billion and individual claims of \$1.9 billion. The respective growth rates over 1976 were 6.3, 5.8 and 11.0 percent for all policies, group policies, and individual policies.²

The weak growth rate in claims contrasted strongly with the strong growth in premiums in 1977. Nonetheless, insurance companies suffered a net underwriting loss in 1977. When claims expenses were combined with \$4.3 billion in operating expenses and deducted from premiums, the result was a net underwriting loss of \$.8 billion. However, 1977 was a distinct improvement over the \$2.8 billion underwriting loss in 1976 and the \$1.6 billion loss in 1975. Operating expenses rose at a rate of 16.0 percent between 1976 and 1977, yet actually declined as a percent of premiums from 19.1 in 1976 to 18.6 in 1977.

ADMINISTRATIVE SERVICE ONLY AGREEMENTS (ASO) AND MINI-PREMIUM PLANS (MPP)

Insurance company premiums and claims data reported by HIAA for the years 1975 and later include Administrative Service Only Agreements and Minimum Premium Plans.

As explained earlier, under ASO agreements the insurance company provides administrative services to another health insurance organization, but it is not at risk for the provision of health benefits to the persons covered by that plan. Minimum premium plans are risk sharing agreements under which an insurance company assumes responsibility for another health insurance organization's health care costs, at some pre-determined point, in return for an actuarially-determined premium payment. Or, the company may underwrite the cost of out-of-area services for a health plan. This type of coverage is typically used by relatively small health plans to protect against some unusually heavy loss or for out-of-area services.

The inclusion of ASO business results in an overstatement of the private health insurance premiums and claims. The companies count the enrollees of the prepaid or self-insured plans and/or the enrollees of the insurance company plans they administer as regularly insured and report the business of such persons under their ASO business. These persons are also reported by the administered plans and/or

² Insurance company claims are reported by HIAA on a paid rather than incurred basis. Claims incurred in any given year are equal to the claims paid for that year plus thirty percent of the difference between claims paid in the current year and in the preceding years. HIAA developed and derived this conversion method based on several years of data. It is subject to the variability inherent in a static formula applied to a dynamic environment.

companies as part of their income and expense. The result is double accounting for the industry as a whole.

As noted earlier in this article, for the years 1975, 1976, and 1977 ASO business was not separated from MPP business in reports by the companies to HIAA. Beginning in 1978, reports from the companies are expected to make this distinction, and the ASO business will not be duplicated in HCFA reports.

For the purpose of measuring the companies' health insurance benefits, it is appropriate to include MPP premiums and benefits for that portion of the risk borne by the carriers. By the same standard, ASO should not be included in the insurance companies' premium and benefit totals because no health coverage risk is involved with these services.

Although it began in the mid-sixties, the ASO-MPP business has not been significant for insurance companies until recent years when it grew very rapidly. For the period 1975 through 1977 ASO-MPP represented 8.2, 14.3, and 17.2 percent of insurance company premium earnings for hospital-medical expenses policies as reported by HIAA. Between 1975 and 1976 the ASO-MPP business grew at a rate of 109.9 percent, and from 1976 to 1977 it grew at a rate of 43.1 percent. ASO-MPP claims showed the same trends as premiums, comprising 8.5, 13.6, and 18.8 percent of insurance company benefits for the 1975-77 period and growing at 102.3 percent from 1975 to 1976 and 46.8 percent from 1976 to 1977.

While it is not yet possible to measure ASO separately from MPP, ASO is reported to be much the larger of the two. Assuming that to be true, its impact on insurance company experience can be gleaned by comparing company data with and without ASO-MPP. The following comparison shows that both income and expense grew faster with the ASO-MPP data included.

Insurance Company Premium Income

	Including ASO-MPP	Percent Change	Excluding ASO-MPP	Percent Change
1975 ...	\$16,032		\$14,721	
1976 ...	19,267	20.2	16,515	12.2
1977 ...	22,958	19.2	19,019	15.2

Insurance Company Claims Expense

	Including ASO-MPP	Percent Change	Excluding ASO-MPP	Percent Change
1975 ...	\$14,525.6		\$13,204.6	
1976 ...	18,365.0	26.4	15,711.0	19.0
1977 ...	19,514.3	6.3	15,611.3	-0.6

The ASO-MPP values are large enough to affect the overall health insurance industry premium and benefit totals, as shown below:

Premium and Benefit Growth Rates With and Without ASO-MPP

	All private insurers			
	Premiums		Benefits	
	With ASO-MPP	Less ASO-MPP	With ASO-MPP	Less ASO-MPP
1975	—	—	—	—
1976	19.8	16.2	20.4	16.9
1977	16.3	14.4	8.3	5.4

As in the case of insurance companies alone, when ASO-MPP is removed from the industry totals the growth rates of both premiums and benefits are significantly attenuated. As discussed earlier, it is appropriate to include MPP premiums and benefits for that portion of risk insured. The effect on the industry totals will be mitigated when it is possible to remove only the ASO business.

PROFITS OF THE INSURANCE COMPANIES

It is difficult to determine the profits made by the commercial carriers from the health insurance segment of their business. Carriers typically sell a package of insurance (health, life, accident, death and dismemberment, and wage loss), and determining the cost of selling and the income from reserves for health insurance alone is not possible. In addition, company reports to the State insurance departments are not required to separate hospital and medical expense business from loss of income insurance business.

For these reasons it is useful to look at the overall operating results of the companies to determine the net income from underwriting gain and income from investment of reserves. HCFA analyzed the 1974-77 financial experience of 20 of the top 30 insurers representing 56 percent of the industry (based on earned premiums in 1977). The sample reflected the industry-wide split between group and individual policywriters.

As shown in the following table, earned premiums for health and wage loss insurance combined rose 38.2 percent while benefits incurred rose 33.6 percent. The companies showed a net gain in all years except 1975.

Claims ratios went from 88.3 percent in 1975 (a net loss year) to 81.0 percent in 1977 (a profitable year). Operating expenses remained stable relative to earned premiums and fluctuated between 15.1 and 15.2 percent. (About 60 percent of operating expense can be attributed to general insurance expenses—underwriting, policy issues, premium collection, claims processing, and legal fees. The remaining 40 percent consists of commissions, state premium taxes, licenses, and fees.)

Net gain (after dividends and income tax) went from a loss of 1.4 percent of earned premiums in 1975 to a gain of 1.9 percent in 1977. When additions to reserves were added to net gain, however, the net loss in 1975 was eliminated. This measure of profitability—the increase in reserves plus the net gain—shows a high of 5.2 percent of earned premiums in 1977. When analyzing profit margins, however, there is a concern in valuating additions to reserves. There are no hard regulations established for determining reserves; the rapidly changing nature of claims negates retrospective experience in calculating prospective reserves, and the States have varying reserve requirements. Thus the valuation of reserves tends to rely on actuarial computations that do not have standardized guidelines.

Health Plus Wage-loss Financial Statistics of Selected Commercial Health Insurers, 1974-77¹

Item	Amounts in Millions			
	1974	1975	1976	1977
Income, total	10,658.9	11,948.8	13,309.4	14,841.3
Premiums	10,326.4	11,590.0	12,874.6	14,269.2
Investment income	309.6	301.8	343.5	414.6
Other income	22.9	57.0	91.3	157.5
Benefit expense, total	8,744.4	10,227.3	11,032.0	11,929.2
Benefits incurred	8,648.8	10,231.0	10,723.7	11,556.1
Increases in reserves	184.8	192.7	153.7	463.3
Other loss items	16.1	17.3	232.1	(27.1)
Transfers	(75.3)	(213.7)	(77.5)	(63.1)
Operating expense	1,567.7	1,744.6	1,947.8	2,165.3
Gain before dividends	346.7	(23.1)	329.6	746.8
Dividends	97.2	71.7	169.1	324.8
Gain after dividends before income taxes	249.5	(94.8)	160.5	422.0
Income tax	76.5	69.5	109.2	146.9
Net gain	173.0	(164.3)	51.3	275.1
Aggregate reserves	2,451.6	2,645.6	2,769.5	2,701.5

¹ 20 of top 30 commercial health insurers representing 56 percent of the industry based on earned premiums for 1977. (National Underwriter, June 17, 1978).

In 1977, the net underwriting gain of the 20 companies was 3.8 percent of earned premiums. Income from reserves after Federal income taxes was 1.9 percent of premiums, giving the companies an estimated profit rate after taxes of 5.7 percent. Thus, 5.7 cents plus the 1 cent profit paid to the government as Federal income tax, accounted for about 7 cents of each premium dollar. In 1976 the profit rate for the 20 companies was an estimated 3.4 percent, and in 1975 there was a loss rate of 1.3 percent. Over the 3-year period the profit rate averaged 2.6 percent.

Blue Cross and Blue Shield Plans

The Blue Cross and Blue Shield experience was somewhat different from the remainder of the industry. Their slight enrollment decline was accompanied by an attenuation in the growth of both subscription income and claims expense. In 1977, Blue Cross and Blue Shield plans received a combined total of \$19.6 billion from subscribers, which was 41.5 percent of all premiums and subscriptions collected by the industry for the year. In 1977, subscription income increased 13.2 percent over the 1976 total, while in 1976 it increased 19.5 percent over the 1975 total.

Blue Cross and Blue Shield plans incurred claims expenses of \$17.6 billion in 1977, or 90.1 percent of their subscription income. In 1976 their benefit payments were 94.0 percent of subscriptions, and in 1975 their claims ratio was 98.2 percent. Both 1975 and 1976 were underwriting loss years for these plans.

The 1977 administrative expense of Blue Cross and Blue Shield plans totaled \$1.3 billion or 6.8 percent of subscription income. The 1976 administrative expense ratio was almost the same—6.9 percent. After deducting claims and administrative expenses from subscription income, Blue Cross and Blue Shield plans were left with a net underwriting gain of \$.6 billion in 1977, while the remainder of the industry was still experiencing losses. Their 1977 gain is an improvement over their underwriting loss of \$.2 billion in 1976, a year when insurance companies experienced heavy underwriting losses.

Independent Plans

The 1977 independent plan data have been estimated on the basis of a new survey sample drawn from the 1978 Nationwide Survey of Independent Prepaid and Self-insured Health Plans being conducted by HCFA. Final data from the survey are not yet available; the 1977 estimates are therefore preliminary. Also preliminary are the revisions made to the data for the 1973 to 1976 period. Thus, the year to year comparisons shown here represent only general trends.

The independent plan subscription income was \$4.6 billion in 1977, up 16.1 percent from the 1976 level of \$4.0 billion. Benefit expense, \$4.5 billion, grew slightly faster at 16.4 percent. The independent plans' benefits ratio was the highest in the industry in 1977 at 96.6 percent. Benefits (\$4.5 billion) combined with an operating expense of \$.3 billion and deducted from premium income resulted in a net underwriting

loss of \$.2 billion in 1977. However, net income for 1977 was on the plus side at about \$.2 billion. Independent plans did almost 10 percent of all health insurance business in 1977. Within the plan types, labor-management plans grew most rapidly and in 1977 represented 58.7 percent of the business done by independent plans.

Claims Ratios

Both the Blue Cross and Blue Shield plans and the insurance companies showed a decline in their claims ratios in 1977. The insurance companies' drop was particularly strong, going from 95.3 percent in 1976 to 85.0 in 1977, while Blue Cross and Blue Shield moved from 94.0 percent to 90.1 for the same years. These changes were caused by a sharp deceleration in the growth of benefit payments rather than any major change in premium growth. The claims ratio for the independent plans remained at a high level—96.6 percent.

Trends

Benefit expenditures grew from \$8.7 billion in 1965 to \$41.6 billion in 1977, an annual average growth rate of 13.9 percent (Table 9). Chart 1 illustrates the behavior of premiums and benefits from 1965 to 1977. As shown in the table below, in the three years prior to 1977, the rates were 18.1, 23.4, and 20.4 percent. The growth rate of 8.3 percent in 1977 is considerably slower than that of immediately preceding years and also slower than the 12.9 percent 1977 growth in overall health expenditures. The reasons for the significant deceleration are not apparent.

Premium and Claims Growth Rates

		Industry Totals		Insurance Companies		Blue Cross Blue Shield	
		Premiums	Claims	Premiums	Claims	Premiums	Claims
1974	...	13.9	18.1	12.8	17.0	11.8	16.3
1975	...	16.4	23.4	14.5	24.6	16.8	21.9
1976	...	19.8	20.4	20.2	26.4	19.5	14.3
1977	...	16.3	8.3	19.2	6.3	13.2	8.6

Premium growth outpaced claims growth in 1977 for the first year since 1973 (See Chart 2). Premium growth is a natural consequence of rapidly growing claims, which in turn reflect health care costs and an increase in the range of health care benefits covered by insurance. Though premiums grew faster than benefits in 1977, the industry in general still suffered a net underwriting loss. Thus, it may be expected that premiums, particularly for insurance companies, will show strong growth relative to benefits again in 1978. However, if the moderation in price increases continues, as shown in the table below, then premiums may show some deceleration in growth rate for 1978.

Chart 1. All Private Health Insurance Premiums and Benefits 1966 - 77

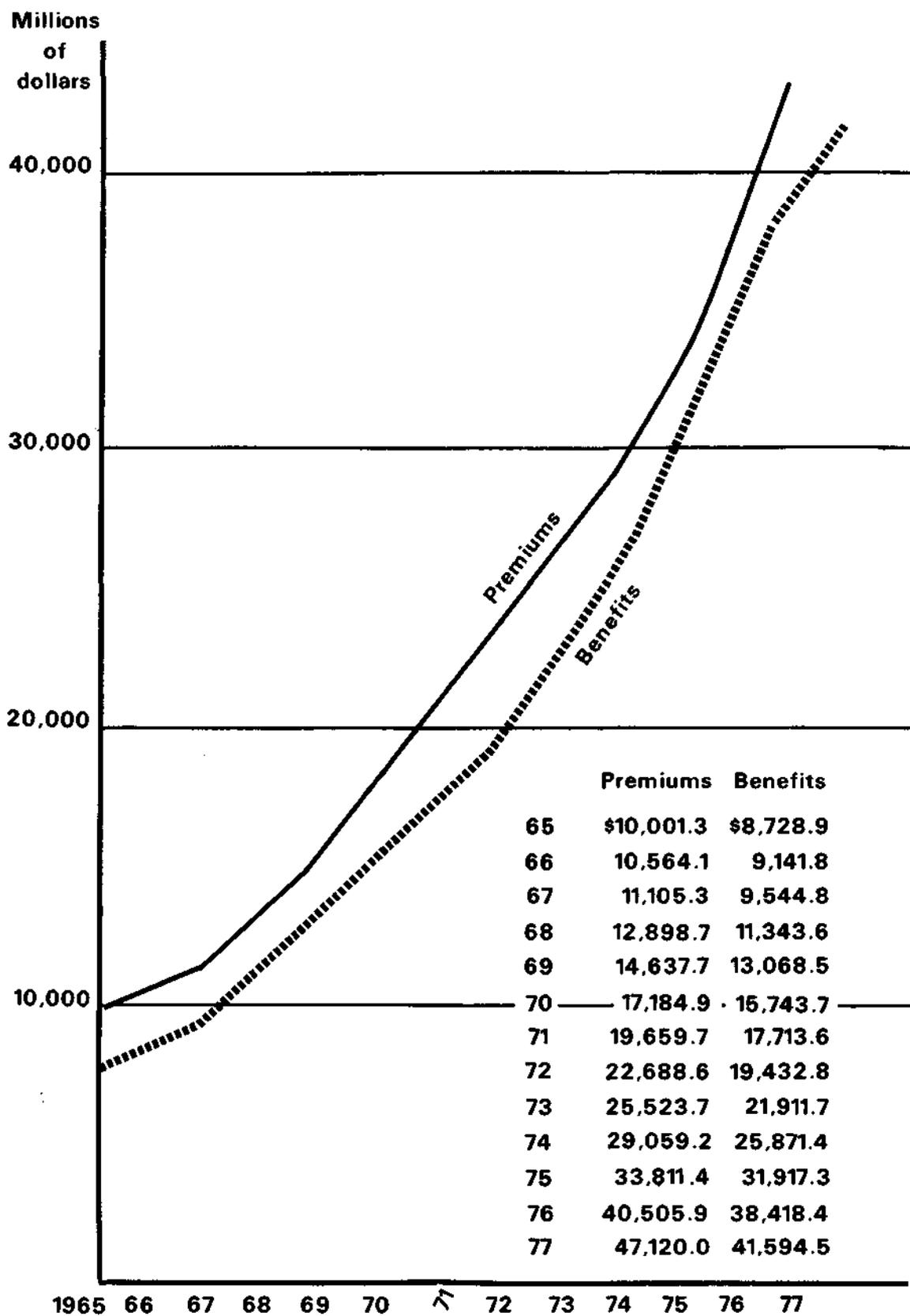
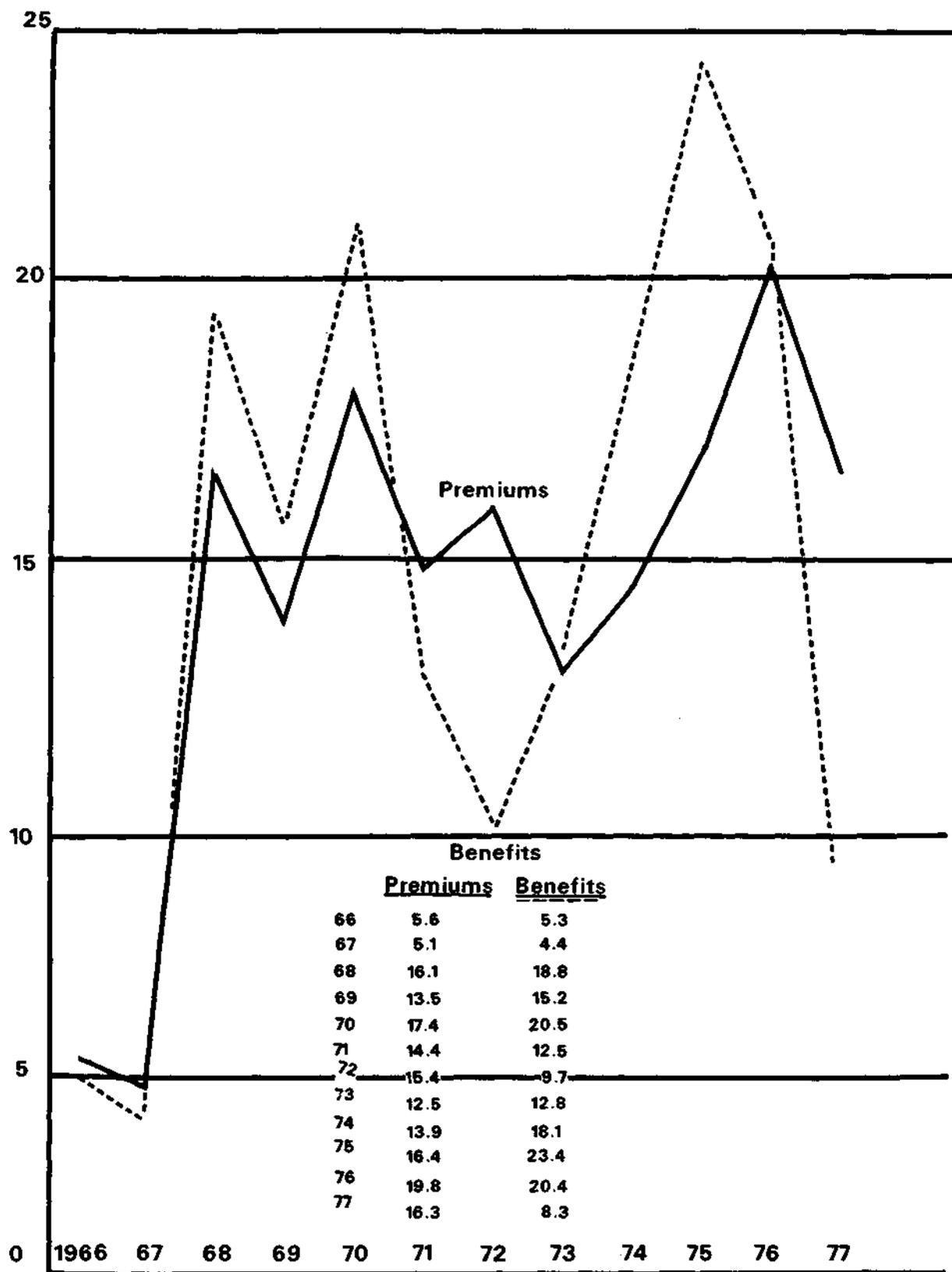


Chart 2. Percent Change In Private Health Premiums and Benefits 1966 - 77



Annual Percentage Change for Selected Consumer Price Indexes ¹

Year	1973	1974	1975	1976	1977	1978
All items	6.2	11.0	9.1	5.8	6.5	7.7
Medical care	3.9	9.3	12.0	9.5	9.6	8.4
Medical care services	4.4	10.3	12.6	10.1	9.9	8.6
Professional services	3.3	8.7	11.0	9.1	8.2	7.6
Physicians' services	3.3	9.2	12.3	11.3	9.3	8.3
Dental services	3.1	7.6	10.3	6.4	7.5	7.0
Other medical care services	5.7	12.0	14.3	11.0	11.8	9.6
Hospital room	4.7	10.7	17.2	13.8	11.5	11.0

¹ Based on data from the Bureau of Labor Statistics, Department of Labor.

Benefit Expenditures

Blue Cross and Blue Shield plans had the largest amount of hospital care expenditures in 1977, 46.8 percent of the \$24.6 billion total (Table 10). Insurance companies expended almost as much, with 45.8 percent of the total. Independent plans had 7.4 percent of total insurance for hospital care. For physicians' care, the companies' expenditures represented 47.6 percent of the industry total of \$12.5 billion; Blue Cross and Blue Shield plans had 38.6 percent; and independent plans supplied the remaining 13.8 percent. Independent plans had an even larger share of the \$1.1 billion expended in 1977 by the industry for prescribed drugs (out-of-hospital), with 25.2 percent of the total. Blue Cross and Blue Shield plans had a 31.3 percent share of drug expenditures, and insurance companies had the largest share for drug expenditures with 43.5 percent of the total.

Dental care benefits in 1977 were \$2.2 billion. Of this total, insurance companies accounted for 68.2 percent. Independent plans were next with 21.2 percent of the total, and Blue Cross and Blue Shield accounted for the remainder, 10.6 percent. Finally, for all other types of care in 1977, the industry total of \$1.1 billion was shared at \$.7, \$.3 and \$.1 billion respectively for Blue Cross and Blue Shield plans, insurance companies, and independent plans. They represented 62.6, 24.8, and 12.6 percent of the total expenditures on all other types of care in 1977.

No new trends have appeared in the percent distribution of benefit expenditures (Table 11). Almost ninety percent (89.2) of all benefit expenditures in 1977 went for hospital (59.1) and physicians' care (30.1). Another five percent (5.4) was paid for dental care, and almost three percent (2.7) was paid for prescribed drugs (out-of-hospital). The remaining three percent (2.7) went for private duty nursing (.6), visiting nurse services (.1), nursing home care (.2), vision care (.3), and other types of health care (1.5).

Although hospital care continued its gradual decline as a share of total expenditures, it still accounted for almost sixty percent of total benefits in 1977. Prescribed drugs (out-of-hospital) and dental care continued to gain in their shares of the expenditure distribution, while physicians' care remained fairly constant. Nonhospital, nonphysician care has grown from 5.3 percent in 1970 to 10.8 percent in 1977, reflecting the increased coverage for these types of care.

Like benefit expenditures in general, each type of

benefit showed a deceleration in growth rate in 1977, as the table below shows.

	1976	1977
Total	20.4	8.3
Hospital care	19.5	7.0
Physicians' services	16.8	9.0
Prescribed drugs (out-of-hospital)	27.8	15.4
Dental care	46.8	7.6 ¹
Other types of care	33.3	23.2

¹ The sharp drop in dental care is accentuated by a correction in the 1977 data from Delta Dental Association. The data for earlier years included significant amounts of reimbursements from public programs. Efforts are being made to remove the public money from the years prior to 1977, but for now an inconsistency exists.

It is not clear how the 1978 moderation in medical care price increases indicated by the Consumer Price Index for medical care will affect the distribution of benefit expenditures in the future. At this point there is no reason to expect any major shift.

Operating Expense Ratios

Although operating expenses in dollars rose at a 15.0 percent rate in 1977, as a percent of premium income it continued the gradual declining trend begun in 1975 (Table 12). This decline was not surprising in view of the rapid growth of premium income in recent years.

As in years past, there was wide variation in the operating expense ratio for the various types of insurers. Such features as the complexity of claims processed, acquisition costs, and other expenses of doing business—commissions, taxes, licenses and fees—caused these differences. Blue Cross plans have historically had the lowest operating expense ratio, just above 5 percent for all of the seventies, largely because hospital claims are not as complex as other kinds of claims, and hospital claims comprise most of the Blue Cross business. Blue Shield, which handles surgical-medical claims, has consistently had an expense ratio about twice as large as that of Blue Cross.

The operating expense ratio of insurance company group business continued to be slightly higher than Blue Shield's, the difference stemming from the taxes the companies pay. The operating expense ratio of

insurance company individual policy business was the highest for the industry at 45.8 percent. The reason for this high operating expense ratio is that individual policies are expensive to sell and administer. The operating expenses of independent plans have always been relatively low (7.0 percent of subscription income in 1977) primarily because they tend to deal with group situations which are less costly to administer.

The Consumer

Consumer Net Cost

Private health insurance cost consumers \$5.5 billion above the amounts they received from insurers for claims or benefits in 1977. This \$5.5 billion was retained by insurers to cover operating expenses, profits, and additions to reserves. As the table below shows, the 1977 net costs were more than double the 1976 level. Preliminary estimates for 1978 indicate that the same trend will continue, although not as strongly. The series shown below also indicates that net cost fluctuates quite a bit over time, usually reflecting the general business conditions in the health insurance industry, and in turn affecting the yearly increases in reserves and net gain of the insurers.

Year	Total	Blue Cross and Blue Shield	Insurance companies	Independent plans
1970	1,441.2	310.7	1,090.0	40.5
1971	1,946.1	611.5	1,260.1	74.5
1972	3,255.8	932.4	2,222.1	101.3
1973	3,612.0	1,054.9	2,445.1	112.0
1974	3,187.8	727.5	2,337.7	122.6
1975	1,894.1	254.4	1,506.4	133.3
1976	2,087.5	1,041.6	902.0	143.9
1977	5,525.5	1,927.2	3,443.7	154.6

Portion of Consumer Expenditures Met by Insurance

Private health insurance met 45.5 percent of the \$89.1 billion spent by consumers in 1977 for health care, a drop from the 47.0 percent covered in 1976. The remaining 54.5 percent was direct out-of-pocket expense for noncovered and partially covered personal health care services. Employer payments for health insurance premiums are counted here as consumer expenses since the payments are considered to be part of employee income.

As the table below shows, the drop in the percent of consumer health care paid for by private health insurance was most notable in hospital care where the percent went from 84.6 to 79.3. This is the lowest percent since 1974 and the largest decline in the period from 1960 to 1977. The reason for this decline can be seen in Table 11. Benefit expenditures for hospital care increased only 7.0 percent in 1977 compared to a 19.5 percent increase in 1976. Physicians' services, which showed a slight drop in the percent of cost met by private health insurance (53.1 to 52.9), shows a benefit expenditure trend similar to hospital care; growth slowed from 16.8 in 1976 to 9.0 percent in 1977. The drop in overall costs met by insurance in 1977 is explained by these two types of care which comprise almost ninety percent of all benefit expenditures.

The portion of consumer expenditures for dental care met by insurance has risen to 20.2 percent, a trend of steady growth since 1965 when virtually no costs (1.6 percent) were paid by insurance. While the insurance share of payments for drugs and all other types of care have also grown over time, consumer out-of-pocket expenditures are still 92.1 and 91.2 percent, respectively, for these two types of care.

Acknowledgment: Robert J. Henkel, Summer Intern from the University of Pittsburgh, contributed to this article.

Year	Total	Hospital care	Physicians' services	Prescribed drugs (out-of-hospital)	Dental care	Other types of care
1950	12.2	37.1	12.0	(1)	(1)	(1)
1960	27.8	64.7	30.0	(1)	(1)	5.0
1965	30.5	70.1	34.0	2.4	1.6	2.0
1966	30.4	71.0	34.0	2.7	2.0	2.2
1967	31.8	76.7	36.7	3.5	2.5	3.4
1968	34.5	78.8	40.5	3.6	3.1	3.8
1969	35.5	77.7	41.1	4.0	3.9	4.7
1970	37.2	77.7	43.7	3.9	5.3	4.9
1971	39.1	80.9	43.7	4.9	6.3	5.3
1972	39.0	76.5	45.8	5.0	7.2	5.4
1973	39.0	75.4	46.0	5.6	8.1	6.1
1974	41.4	77.3	49.8	6.2	11.0	7.2
1975	45.0	82.6	51.3	6.7	15.8	7.2
1976	47.0	84.6	53.1	7.9	19.6	8.2
1977	45.5	79.3	52.9	7.9	20.2	8.8

Source: Robert Gibson, the Division of National Cost Estimates, Office of Financial and Actuarial Analysis.

Technical Note

Sources of Gross Enrollment Data

Gross enrollment figures are total enrollments reported by the various insurers, by type of care. No deductions are made for duplication among insurers or for both group and individual policies of insurance companies.

Blue Cross and Blue Shield data were supplied by the Blue Cross and Blue Shield Associations from data reported to them by their various plans in the United States. Gross enrollments for hospital and surgical care, for physicians' in-hospital visits, and home and office visits were provided separately by Blue Cross and Blue Shield plans for two age groups: (1) Regular membership (under age 65), and (2) coverage complementary to Medicare (for those aged 65 and over and disabled members under age 65 eligible for Medicare). For all other types of care, enrollments were reported jointly by the Blue Cross and Blue Shield Associations. Major-medical coverage was also reported jointly, but information was available only for the combined age groups. The Office of Research, Demonstrations, and Statistics (ORDS) of HCFA adjusted the data to exclude enrollments for underwritten welfare programs.

The data for insurance companies were compiled by the Health Insurance Association of America (HIAA) from its annual survey of the number of persons in the United States covered under group and individual insurance policies. Gross enrollments for hospital, surgical, regular medical, and major-medical (supplementary and comprehensive) policies were reported for persons under age 65 and those aged 65 and over. The enrollments for persons under age 65 included some 12 million persons covered under insurance company administrative service agreements and minimum premium plans.

Since 1974, HIAA has used the gross enrollments under major-medical plans for both age groups to represent gross enrollments for prescribed drugs and nursing services. Major-medical coverage is also the primary determinant of enrollment of persons under age 65 and aged 65 and over for the following services: physicians' in-hospital visits and home and office visits, and x-ray and laboratory examinations. Dental enrollment was reported by HIAA for the combined age groups.

For the independent health insurance plans, the 1977 data were based on estimates from the ORDS annual survey of such plans. The 1978 Nationwide Survey of Independent Prepaid and Self-insured Health Plans has served as the sampling frame for this year's survey. A stratified, random sample of 151 plans was drawn based on enrollment size. When the 1978 survey is complete it will serve as a benchmark for the years between 1972 and 1977. As a temporary measure, data for 1973 through 1976 have been adjusted to the 1978 sample level by a linear interpolation.

ORDS Estimates of Net Coverage

Net figures are enrollments by type of care after deductions for duplicate coverage for persons protected by more than one type of insurer or by more than one insurance company plan. Net coverage has been projected on the basis of the 1976 to 1977 movement in gross enrollment. The 1976 net enrollment used as the base for the projection was developed from the National Center for Health Statistics (NCHS) household interview data, from HCFA's Current Medicare Survey, and from other sources. The assumption underlying the use of gross enrollment for the 1977 estimates is that a strong correlation exists between gross and net enrollments.

The split for net enrollment of those under age 65 and those age 65 and over was also estimated on the basis of gross enrollments. The exception to this method was physicians' in-hospital visits, which was estimated by using data on net regular medical-expense coverage for HIAA.

Sources of Financial Data

The data for Blue Cross and Blue Shield plans shown in Table 8 are based on financial statements supplied by the Blue Cross and Blue Shield Associations for all plans. Duplication resulting from the fact that 22 joint Blue Cross-Blue Shield plans report identical data to both national organizations has been eliminated. Data for Health Services, Inc., and for Medical Indemnity of America, Inc. (insurance companies owned by the Blue Cross and Blue Shield Associations, respectively) have been included.

Data on premium income and benefit expense of insurance companies were provided by HIAA, based on figures published by the National Underwriter Company. The data are adjusted by HIAA to eliminate premiums and estimated losses for accidental death and dismemberment insurance and to include any companies that do not appear in the National Underwriter figures.

Premium income and claims reported by HIAA for 1975, 1976, and 1977 include business for administrative service agreements and minimum premium plans. In previous years, only portions of this business were included in HIAA statistics, but a new data-collection mechanism initiated by HIAA in 1975 makes fuller reporting possible. The HIAA has estimated the premiums for this category of business (for companies reporting these items) at about \$1.3, \$2.8 and \$3.9 billion in 1975, 1976, and 1977 respectively. Benefits for those years were \$1.3, \$2.7, and \$3.9 billion.

Operating expenses were estimated by applying the ratio of operating expense to premium income derived from the National Underwriter aggregates to the figures for premium income provided by HIAA.¹

The data for independent plans are ORDS estimates based on its 1978 survey.

¹ National Underwriter Company, 1978 Argus Chart of Health Insurance, 1978, page 3.

Table 1

Estimates of net number of different persons under private health insurance plans and percent of population covered, by age and specific type of care as of December 31, 1977

	All ages		Under age 65		Aged 65 and over	
	Number (in thousands)	Percent of civilian population ¹	Number (in thousands)	Percent of civilian population ²	Number (in thousands)	Percent of civilian population ³
Hospital care	168,212	78.0	153,505	80.0	14,707	61.8
Physicians' services						
Surgical services	163,864	76.0	152,651	79.6	11,213	47.1
In-hospital visits	156,607	72.6	146,327	76.3	10,280	43.2
X-ray and laboratory examinations	150,399	69.8	142,630	74.4	7,769	32.6
Office and home visits	121,711	56.4	115,697	60.3	6,014	25.3
Dental care	49,250	22.8	48,093	25.1	1,157	4.9
Prescribed drugs (out-of-hospital)	149,896	69.5	145,323	75.8	4,573	19.2
Private duty nursing	148,584	68.9	144,552	75.4	4,032	16.9
Visiting nurse service	151,788	70.4	147,063	76.7	4,725	19.9
Nursing home care	65,889	30.6	61,029	31.8	4,860	20.4

¹ Based on Bureau of Census estimates of 215,618,000 as of Jan. 1, 1978.

² Based on Bureau of Census estimate of 191,823,000 as of Jan. 1, 1978.

³ Based on Bureau of Census estimate of 23,795,000 as of Jan. 1, 1978.

Table 2

Estimates of net number of different persons under private health insurance plans and percent of population covered, by specified type of care, 1974, 1976 and 1977

End of year	Physicians' services									
	Hospital care	Surgical services	In-hospital visits	X-ray and laboratory examinations	Office and home visits	Dental care	Prescribed drugs (out-of-hospital)	Private duty nursing	Visiting nurse service	Nursing home care
	Number (in thousands)									
1974	162,693	158,928	146,494	152,206	126,235	32,896	142,246	140,353	135,751	69,601
1976	164,235	162,179	155,548	150,897	134,124	46,578	150,222	147,311	145,863	70,422
1977	168,212	163,864	156,607	150,399	121,711	49,250	149,896	148,584	151,788	65,889
	Percent									
1974	77.3	75.5	69.6	72.3	59.5	15.6	67.5	66.6	64.5	33.0
1976	76.8	75.8	72.7	70.6	58.0	21.8	70.2	68.9	68.2	32.9
1977	78.0	76.0	72.6	69.8	56.4	22.8	69.5	68.9	70.4	30.6

Table 3

Gross enrollment under private health insurance plans, by age, type of plan and specified type of care, as of December 31, 1977

[In thousands]

Type of plan	Physicians' Services										
	Hospital care	Surgical services	In-hospital visits	X-ray and laboratory examinations	Office and home visits	Dental care	Prescribed drugs (out-of-hospital)	Private duty nursing	Visiting nurse service	Nursing home care	Vision care
All Ages											
Total	218,607	200,568	197,548	189,549	153,986	49,734	163,486	161,415	162,403	69,429	(1)
Blue Cross and Blue Shield	85,101	75,379	71,261	63,284	28,372	5,283	41,208	38,249	39,108	32,066	1,593
Blue Cross	83,153	4,848	4,017	(1)	2,327	(1)	(1)	(1)	(1)	(1)	(1)
Blue Shield	1,948	70,531	67,244	(1)	26,045	(1)	(1)	(1)	(1)	(1)	(1)
Insurance companies	117,906	106,313	108,026	108,026	108,026	32,215	108,026	108,026	108,026	27,567	(1)
Group policies	89,219	91,904	101,925	101,925	101,925	32,215	101,925	101,925	101,925	22,511	(1)
Individual policies	28,687	14,409	6,101	6,101	6,101	0	6,101	6,101	6,101	5,056	(1)
Independent plans ²	15,600	18,876	18,261	18,239	17,588	12,236	14,252	15,140	15,269	9,796	12,574
Consumer	4,892	6,939	6,923	6,890	6,786	1,207	3,517	5,786	6,675	3,915	5,340
Labor-Management	10,355	11,237	10,763	10,774	10,206	5,028	10,381	8,933	8,109	5,420	3,498
Health professional	553	700	575	575	596	749	384	421	485	461	679
Dental service corporation	.....	.....	.....	.....	.....	5,252	.....	.....	.....	.....	.....
Vision service corporation	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	3,057
Under age 65											
Total	199,494	186,843	186,397	179,758	146,377	48,566	158,498	157,035	157,348	64,308	(1)
Blue Cross and Blue Shield	76,228	67,170	63,766	57,187	24,353	5,147	39,631	37,156	37,496	28,038	1,575
Blue Cross	74,514	4,318	3,661	(1)	2,187	(1)	(1)	(1)	(1)	(1)	(1)
Blue Shield	1,713	62,852	60,105	(1)	22,166	(1)	(1)	(1)	(1)	(1)	(1)
Insurance companies	108,733	102,238	105,695	105,695	105,695	31,706	105,695	105,695	105,695	27,000	(1)
Group policies	87,104	89,808	97,766	99,766	99,766	31,706	99,766	99,766	99,766	22,091	(1)
Individual policies	21,629	12,430	5,929	5,929	5,929	0	5,929	5,929	5,929	4,909	(1)
Independent plans ²	14,533	17,435	16,936	16,876	16,329	11,713	13,172	14,184	14,157	9,270	11,987
Consumer	4,455	6,457	6,444	6,420	6,324	1,184	3,296	5,477	6,254	3,721	5,000
Labor-Management	9,567	10,338	9,952	9,916	9,444	4,893	9,549	8,320	7,450	5,120	3,309
Health professional	511	640	540	540	561	694	327	387	453	429	629
Dental service corporation	.....	.....	.....	.....	.....	4,942	.....	.....	.....	.....	.....
Vision service corporation	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	3,049
Aged 65 and over											
Total	19,113	13,725	11,151	9,791	7,609	1,168	4,988	4,380	³ 5,055	³ 5,121	(1)
Blue Cross and Blue Shield	¹ 8,873	² 8,209	² 7,495	² 6,097	² 4,019	136	1,577	1,093	1,612	4,028	18
Blue Cross	² 8,638	² 530	² 356	(1)	² 140	(1)	(1)	(1)	(1)	(1)	(1)
Blue Shield	² 235	² 7,679	² 7,139	(1)	² 3,879	(1)	(1)	(1)	(1)	(1)	(1)
Insurance companies	9,173	4,075	2,331	2,331	2,331	509	2,331	2,331	2,331	567	(1)
Group policies	2,115	2,096	2,159	2,159	2,159	509	2,159	2,159	2,159	420	(1)
Individual policies	7,058	1,979	172	172	172	0	172	172	172	147	(1)
Independent plans ²	1,067	1,441	1,325	1,363	1,259	523	1,080	956	1,112	526	587
Consumer	237	482	479	470	462	23	220	308	421	195	339
Labor-Management	788	899	810	858	762	134	832	614	659	300	189
Health professional	42	60	36	35	35	56	28	34	32	31	50
Dental service corporation	.....	.....	.....	.....	.....	310	.....	.....	.....	.....	.....
Vision service corporation	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	9

¹ Data not available² In earlier series, consumer plans were titled community, labor management plans were titled employer-employee-union, and health professional plans were titled

private group clinic.

³ Includes disabled persons under age 65 who are eligible for Medicare

Table 4

Percentage distribution of total gross enrollment under private health insurance plans, by age, type of plan and specified type of care, as of December 31, 1977

Type of plan	Hospital care	Physicians' Services				Dental care	Prescribed drugs (out-of-hospital)	Private-duty nursing	Visiting nurse service	Nursing-home care
		Surgical services	In-hospital visits	X-ray and laboratory examinations	Office and home visits					
All ages										
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Blue Cross and Blue Shield Insurance companies	38.9	37.6	36.1	33.4	18.4	10.6	25.2	23.7	24.1	46.2
Group policies	53.9	53.0	54.7	57.0	70.2	64.8	66.1	66.9	66.5	39.7
Individual policies	40.8	45.8	51.6	53.8	66.2	64.8	62.3	63.1	62.8	32.4
Independent plans	13.1	7.2	3.1	3.2	4.0	.0	3.7	3.8	3.8	7.3
Independent plans	7.1	9.4	9.2	9.6	11.4	24.6	8.7	9.4	9.4	14.1
Under age 65										
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Blue Cross and Blue Shield Insurance companies	38.2	35.9	34.2	31.8	16.6	10.6	25.0	23.7	23.8	43.6
Group policies	54.5	54.8	56.7	58.8	72.2	65.3	66.7	67.3	67.2	42.0
Individual policies	43.7	48.1	53.5	55.5	68.2	65.3	62.9	63.5	63.4	34.4
Independent plans	10.8	6.7	3.2	3.3	4.1	.0	3.7	3.8	3.8	7.6
Independent plans	7.3	9.3	9.1	9.4	11.2	24.1	8.3	9.0	9.0	14.4
Aged 65 and over										
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Blue Cross and Blue Shield Insurance companies	46.4	59.8	67.2	62.3	52.8	11.6	31.6	25.0	31.9	78.7
Group policies	48.0	29.7	20.9	23.8	30.7	43.6	46.7	53.2	46.1	11.1
Individual policies	11.1	15.3	19.4	22.1	28.4	43.6	43.3	49.3	42.7	8.2
Independent plans	36.9	14.4	1.5	1.8	2.3	.0	3.4	3.9	3.4	2.9
Independent plans	5.6	10.5	11.9	13.9	16.5	44.8	21.7	21.8	22.0	10.3

Table 5

Gross enrollment under private health insurance plans, by type of care and type of plan, 1950-1977

[In thousands]

End of year	All plans	Blue Cross and Blue Shield			Insurance companies			Independent plans
		Total	Blue Cross	Blue Shield	Total	Group policies	Individual policies	
Hospital care								
1950	81,891	37,645	37,432	210	39,601	22,305	17,296	4,445
1960	140,055	57,464	55,938	1,526	76,597	54,416	22,181	5,994
1970	190,758	75,464	72,942	2,522	107,163	80,505	26,658	8,131
1975	212,154	85,782	83,179	2,583	117,300	87,185	30,115	12,581
1976	208,575	85,528	83,054	2,474	113,820	86,825	26,996	14,091
1977	219,570	85,101	83,153	1,948	117,906	89,219	28,687	15,600
Surgical services								
1950	55,950	17,253	1,151	16,102	34,937	21,219	13,718	3,760
1960	127,091	48,266	3,773	44,493	71,489	55,464	16,025	7,336
1970	179,152	69,110	3,874	65,236	99,510	81,549	17,961	10,532
1975	195,624	77,803	4,699	73,104	106,426	87,958	18,468	15,435
1976	192,812	76,952	4,629	72,323	104,399	88,327	16,072	17,155
1977	200,568	75,379	4,848	70,531	106,313	91,904	14,409	18,876
Prescribed drugs (out-of-hospital)								
1950	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
1960	69,632	10,800	(2)	(2)	56,100	51,700	4,400	2,732
1970	105,885	25,627	(2)	(2)	75,437	70,396	5,041	4,821
1975	156,592	46,122	(2)	(2)	104,033	96,718	7,315	10,870
1976	157,591	46,253	(2)	(2)	105,027	98,355	6,672	12,561
1977	163,485	41,208	(2)	(2)	108,026	101,925	6,101	14,252
Dental care								
1950	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
1960	4,227	16	(2)	(2)	2,000	2,000	.	2,211
1970	12,977	273	(2)	(2)	7,454	7,383	71	5,250
1975	34,815	3,320	(2)	(2)	19,020	18,936	84	10,289
1976	47,036	4,363	(2)	(2)	26,662	26,562	100	11,262
1977	49,734	5,283	(2)	(2)	32,215	32,215	0	12,236

¹ Data for 1977 are based on a new sample drawn from the 1978 Nationwide Survey of Independent Prepaid and Self-insured Health Plans being conducted by HCFA. Data for earlier years are provided on a provisional basis and will be revised upon

completion of the survey
² Data not available.

Table 6

Gross enrollment in supplementary major medical and comprehensive major medical policies of insurance companies, in Blue Cross and Blue Shield major medical plans and in comprehensive prepaid and self-insured independent plans, 1960-1977

[In thousands]

End of year	All plans	Insurance companies				Blue Cross and Blue Shield Supplementary Plans	Independent Plans
		Total	Group Policies		Individual policies ¹		
			Supplementary	Comprehensive			
1960	(2)	28,061	17,991	8,463	1,607	² 3,020	(2)
1965	(2)	59,888	42,450	12,962	4,456	(2)	(2)
1970	(2)	87,376	61,718	20,244	5,414	21,658	(2)
1975	(2)	104,033	87,310	29,408	7,315	39,172	(2)
1976	(2)	105,027	86,753	31,602	6,672	37,026	(2)
1977	161,835	106,026	68,349	33,576	6,101	39,390	12,419

¹ Includes both supplementary major medical and comprehensive major medical policies.

² Data not available.

³ Data jointly developed by Blue Cross Association and National Association of Blue Shield plans on unduplicated number of persons covered.

Table 7

Gross enrollment under independent group practice prepayment plans, by specified type of care, 1961-1977

[In thousands]

End of year	Hospital care	Physicians' services			Dental care
		Surgical services	In-hospital visits	Office, clinic or health center visits	
1961	2,586	3,484	3,643	3,643	398
1964	2,695	3,504	3,196	3,894	438
1967	3,060	4,130	3,760	4,480	(1)
1970	4,131	5,032	4,532	5,432	910
1972	3,984	5,080	4,553	5,476	791
1973 ²	4,338	5,427	4,974	5,716	843
1974 ²	4,692	5,774	5,394	5,956	896
1975 ²	5,047	6,120	5,815	6,197	948
1976 ²	5,401	6,467	6,235	6,437	1,001
1977	5,755	6,614	6,656	6,677	1,053

¹ Data not available.

² Data for 1977 are based on a new sample drawn from the 1978 Nationwide Survey of Independent Prepaid and Self-insured Health Plans being conducted by HCFA. Data for earlier years are provided on a provisional basis and will be revised upon completion of the survey.

Table 8

Financial experience of private insurance organizations, 1975-1977

[In millions]

Type of plan	Total income	Subscription or premium income	Claims expense		Operating expense		Net underwriting gain		Net income	
			Amount	Percent of premium income	Amount	Percent of premium income	Amount	Percent of premium income	Amount	Percent of total income
1977										
Total	(1)	\$47,120.0	\$41,594.9	88.3	\$5,933.0	12.6	\$ -407.9	-.9	(1)	(1)
Blue Cross and Blue Shield	\$19,857.8	19,553.4	17,626.2	90.1	1,330.3	6.8	596.9	3.1	\$ 901.3	4.5
Blue Cross	13,801.6	13,606.3	12,473.7	91.7	693.9	5.1	438.7	3.2	634.0	4.6
Blue Shield	6,056.2	5,947.1	5,152.5	86.6	636.4	10.7	158.2	2.7	267.3	4.4
Insurance companies	(1)	22,958.0	19,514.3	85.0	4,280.0	18.6	-836.3	-3.6	(1)	(1)
Group policies	(1)	19,375.0	17,591.9	90.8	2,638.6	13.6	-855.5	-4.4	(1)	(1)
Individual policies	(1)	3,583.0	1,922.4	53.7	1,641.4	45.8	19.2	.5	(1)	(1)
Independent plans ^{2,3}	4,938.2	4,608.6	4,454.0	96.6	322.7	7.0	-168.1	-3.6	161.5	3.3
Consumer	1,551.0	1,445.0	1,375.4	95.2	102.9	7.1	-33.3	-2.3	72.7	4.7
Labor-Management	2,918.3	2,706.9	2,672.4	98.7	160.6	5.9	-126.1	-4.7	85.3	2.9
Health Professional	219.2	212.6	187.0	88.0	31.7	14.9	-6.1	-2.9	.5	.2
Dental service corporation	201.7	196.2	178.2	90.8	21.1	10.8	-3.1	-1.6	2.4	1.2
Vision service corporation	48.0	47.9	41.0	85.6	6.4	13.4	.5	1.0	.6	1.3
1976										
Total	(1)	\$40,505.9	\$38,418.4	94.8	\$5,161.3	12.7	\$-3,073.8	-7.6	(1)	(1)
Blue Cross and Blue Shield	\$17,560.1	17,268.1	16,226.5	94.0	1,192.8	6.9	-151.2	-.9	\$ 140.8	.8
Blue Cross	12,242.9	12,037.4	11,624.9	96.6	623.3	5.2	-210.8	-1.8	-5.3	-.0
Blue Shield	5,317.2	5,230.7	4,601.6	88.0	569.5	10.9	59.6	1.1	146.1	2.7
Insurance companies	(1)	19,267.0	18,365.0	95.3	3,689.0	19.1	-2,787.0	-14.5	(1)	(1)
Group policies	(1)	15,985.0	16,633.8	104.1	2,154.3	13.5	-2,803.1	-17.5	(1)	(1)
Individual policies	(1)	3,282.0	1,731.2	52.7	1,534.7	46.8	16.1	.5	(1)	(1)
Independent plans ^{2,3}	(1)	3,970.8	3,826.9	96.4	279.5	7.0	-135.6	-3.4	(1)	(1)
Consumer	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Labor-Management	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Health Professional	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Dental service corporation	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Vision service corporation	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
1975										
Total	(1)	\$33,811.4	\$31,917.3	94.4	\$4,373.0	12.9	\$-2,478.9	-7.3	(1)	(1)
Blue Cross and Blue Shield	\$14,684.7	14,446.4	14,192.0	98.2	1,063.0	7.4	-808.6	-5.6	\$-570.3	-3.9
Blue Cross	10,225.0	10,060.5	10,075.9	100.2	557.1	5.5	-572.5	-5.7	-408.0	-4.0
Blue Shield	4,459.7	4,385.8	4,116.1	93.9	505.9	11.5	-236.2	-5.4	-162.3	-3.6
Insurance companies	(1)	16,032.0	14,525.6	90.6	3,073.8	19.2	-1,567.4	-9.8	(1)	(1)
Group policies	(1)	12,962.0	12,956.6	100.0	1,658.5	12.8	-1,653.1	-12.8	(1)	(1)
Individual policies	(1)	3,070.0	1,569.0	51.1	1,415.3	46.1	85.7	2.8	(1)	(1)
Independent plans ^{2,3}	(1)	3,333.0	3,199.7	96.0	236.2	7.1	-102.9	-3.1	(1)	(1)
Consumer	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Labor-Management	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Health Professional	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Dental service corporation	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Vision service corporation	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

¹ Data not available.² Data for 1977 are based on a new sample drawn from the 1978 Nationwide Survey of Independent Prepaid and Self-insured Health Plans being conducted by HCFA. Data for earlier years are provided on a provisional basis and will be revised

upon completion of the survey.

³ In earlier series, consumer plans were titled community, labor-management plans were titled employer-employee-union, and health professional plans were titled private group clinic.

Table 9

Subscription or premium income and benefit expenditures of private health insurance organizations, 1970-1977

[In millions]

Year	All plans	Blue Cross and Blue Shield			Insurance Companies			Independent plans ¹
		Total	Blue Cross	Blue Shield	Total	Group policies	Individual policies	
Income								
1950	\$ 1,291.5	\$ 574.0	\$ 436.7	\$ 137.3	\$ 605.0	\$ 333.0	\$ 272.0	\$ 112.5
1955	3,149.6	1,292.4	910.7	381.7	1,626.9	1,022.5	604.4	230.3
1960	5,841.0	2,482.0	1,773.0	709.1	3,027.0	2,104.0	923.0	331.9
1965	10,001.3	4,169.0	2,993.7	1,175.3	5,224.0	3,665.0	1,559.0	608.3
1966	10,564.1	4,327.8	3,085.9	1,241.9	5,595.0	3,987.0	1,608.0	641.3
1967	11,105.3	4,555.3	3,230.0	1,325.3	5,858.0	4,270.0	1,588.0	692.0
1968	12,898.7	5,187.1	3,665.0	1,522.1	6,933.0	5,159.0	1,774.0	778.6
1969	14,657.7	6,155.6	4,365.2	1,790.4	7,569.0	5,685.0	1,884.0	933.1
1970	17,184.9	7,370.9	5,147.1	2,223.8	8,746.1	6,774.1	1,972.0	1,067.9
1971	19,659.7	8,790.2	6,239.6	2,550.6	9,601.6	7,231.6	2,370.0	1,267.9
1972	22,688.6	9,923.3	7,066.9	2,856.4	11,345.7	8,617.7	2,728.0	1,419.6
1973	25,523.7	11,059.1	7,862.1	3,197.0	12,407.2	9,414.2	2,993.0	2,057.4
1974	29,059.2	12,367.0	8,647.6	3,719.4	13,997.0	10,720.0	3,277.0	2,695.2
1975	33,811.4	14,446.4	10,060.5	4,385.8	16,032.0	12,962.0	3,070.0	3,333.0
1976	40,505.9	17,268.1	12,037.4	5,230.7	19,267.0	15,985.0	3,282.0	3,970.8
1977	47,120.0	19,553.4	13,606.3	5,947.1	22,958.0	19,375.0	3,583.0	4,608.6
Benefit expenditures								
1950	\$ 991.9	\$ 490.6	\$ 382.9	\$ 107.7	\$ 400.0	\$ 257.0	\$ 143.0	\$ 101.3
1955	2,535.7	1,146.7	832.2	314.5	1,179.0	858.0	321.0	210.0
1960	4,996.3	2,287.1	1,646.2	640.9	2,389.0	1,901.0	488.0	320.2
1965	8,728.9	3,912.9	2,853.4	1,059.5	4,265.0	3,413.0	852.0	551.0
1966	9,141.8	3,975.4	2,882.2	1,093.2	4,585.0	3,711.0	874.0	581.4
1967	9,544.8	4,082.8	2,963.1	1,119.7	4,837.0	3,996.0	839.0	625.0
1968	11,343.6	4,840.6	3,529.2	1,311.4	5,791.0	4,841.0	950.0	712.0
1969	13,068.5	5,903.1	4,271.4	1,631.7	6,306.0	5,349.0	957.0	859.4
1970	15,743.7	7,060.2	5,009.3	2,050.9	7,656.1	6,510.1	1,146.0	1,027.4
1971	17,713.6	8,178.7	5,906.9	2,271.8	8,341.5	7,067.5	1,274.0	1,193.4
1972	19,432.8	8,990.9	6,501.3	2,489.6	9,123.6	7,757.5	1,366.0	1,318.3
1973	21,911.7	10,004.2	7,187.3	2,816.9	9,962.1	8,405.9	1,556.2	1,945.4
1974	25,871.4	11,639.5	8,311.1	3,328.4	11,659.3	10,125.8	1,533.5	2,572.6
1975	31,917.3	14,192.0	10,075.9	4,116.1	14,525.6	12,956.6	1,569.0	3,199.7
1976	38,418.4	16,226.5	11,624.9	4,601.6	18,365.0	16,633.8	1,731.2	3,826.9
1977	41,594.5	17,626.2	12,473.7	5,152.5	19,514.3	17,591.9	1,922.4	4,454.0

¹ Data for 1977 are based on a new sample drawn from the 1978 Nationwide Survey of Independent Prepaid and Self-insured Health Plans being conducted by

HCFA. Data for 1973 to 1976 are provided on a provisional basis and will be revised upon completion of the survey.

Table 10

Benefit expenditures of private health insurance organizations, by specified type of care, 1977

[In millions]

Type of plan	Total	Hospital care	Physicians' services	Dental care	Prescribed drugs (out-of-hospital)	Private duty nursing	Visiting nurse service	Nursing home care	Vision care	Other types of care
Total	\$41,594.5	\$24,570.8	\$12,535.4	\$2,245.9	\$1,132.3	\$236.7	\$22.6	\$98.4	\$110.8	\$641.6
Blue Cross and Blue Shield	17,626.2	11,505.2	4,834.6	237.4	354.0	25.6	15.7	33.9	11.5	608.3
Blue Cross	12,473.7	11,280.2	451.3	96.7	210.2	21.7	14.1	31.0	4.0	364.5
Blue Shield	5,152.5	225.0	4,383.3	140.7	143.8	3.9	1.6	2.9	7.5	243.8
Insurance companies	19,514.3	11,244.9	5,970.3	1,531.5	492.6	201.7	(1)	54.9	(1)	18.4
Group policies	17,591.9	9,983.2	5,356.1	1,531.5	488.2	186.3	(1)	30.5	(1)	16.1
Individual policies	1,992.4	1,261.7	614.2	0	4.4	15.4	(1)	24.4	(1)	2.3
Independent plans ^{2,3}	4,454.0	1,820.7	1,730.5	477.0	285.7	9.4	6.9	9.6	99.3	14.9
Consumer	1,375.4	441.4	786.6	35.3	72.3	4.3	1.3	.6	23.2	10.4
Labor-Management	2,672.4	1,315.6	864.2	232.7	207.6	4.8	5.5	8.9	29.1	4.0
Health Professional	187.0	63.7	79.7	30.8	5.8	.3	.1	.1	6.0	.5
Dental service corporation	178.2	.....	.....	.....	.....	.....	.....	.....	.....	.....
Vision service corporation	41.0	.....	.....	178.2	.....	.....	.....	.....	41.0	.....

¹ Included in "other types of care."

² Data for 1977 are based on a new sample drawn from the 1978 Nationwide Survey of Independent Prepaid and Self-insured Health Plans being conducted by HCFA.

³ In earlier series, consumer plans were titled community, labor-management plans were titled employer-employee-union, and health professional plans were titled private group clinic.

Table 11

Amount and percentage distribution of benefit expenditures of all private health insurance organizations, by specified type of care, 1950-1977

Year	Total	Hospital care	Physicians' services	Prescribed drugs(out-of-hospital)	Dental care	Other types of care
1950	\$ 992	\$ 680	\$ 312	(1)	(1)	(2)
1955	2,536	1,679	857	(1)	(1)	(2)
1960	4,996	3,304	1,593	(1)	(1)	\$ 99
1965	8,729	5,790	2,680	(1)	(1)	259
1966	9,142	5,993	2,831	(1)	(1)	318
1967	9,545	6,134	2,964	(1)	(1)	447
1968	11,344	7,329	3,477	(1)	(1)	538
1969	13,069	8,356	4,029	(1)	(1)	684
1970	15,744	10,008	4,908	\$ 310	\$ 240	278
1971	17,713	11,279	5,430	402	304	298
1972	19,429	12,162	6,062	427	389	389
1973 ¹	21,912	(1)	(1)	(1)	(1)	(1)
1974 ²	25,871	(1)	(1)	(1)	(1)	(1)
1975 ³	31,917	19,207	9,845	768	1,421	676
1976 ³	38,418	22,954	11,495	981	2,087	901
1977	41,594	24,571	12,535	1,132	2,246	1,110
Percentage distribution						
1950	100.0	68.5	31.5	(1)	(1)	(2)
1955	100.0	66.2	33.8	(1)	(1)	(2)
1960	100.0	66.1	31.9	(1)	(1)	2.0
1965	100.0	66.3	30.7	(1)	(1)	3.0
1966	100.0	65.5	31.0	(1)	(1)	3.5
1967	100.0	64.3	31.0	(1)	(1)	4.7
1968	100.0	64.6	30.7	(1)	(1)	4.7
1969	100.0	63.9	30.8	(1)	(1)	5.3
1970	100.0	63.6	31.2	2.0	1.5	1.8
1971	100.0	63.7	30.7	2.3	1.7	1.7
1972	100.0	62.6	31.2	2.2	2.0	2.0
1973	100.0	(1)	(1)	(1)	(1)	(1)
1974	100.0	(1)	(1)	(1)	(1)	(1)
1975	100.0	60.2	30.8	2.4	4.5	2.1
1976	100.0	59.7	29.9	2.6	5.4	2.3
1977	100.0	59.1	30.1	2.7	5.4	2.7

¹ Data not available.² Included in "physicians' services."³ Data for 1977 are based on a new sample drawn from the 1978 Nationwide Sur-

vey of Independent Prepaid and Self-insured Health Plans being conducted by HCFA. Data for earlier years are provided on a provisional basis and will be revised upon completion of the survey.

Table 12

Operating expense of private health organizations as a percentage of premium income, 1970-1977

Type of plan	1970	1971	1972	1973	1974	1975	1976	1977
Total	14.0	13.3	14.2	13.8	13.9	12.9	12.7	12.6
Blue Cross and Blue Shield	7.2	6.9	6.9	7.0	7.4	7.4	6.9	6.8
Blue Cross	5.6	5.3	5.2	5.2	5.4	5.5	5.2	5.1
Blue Shield	11.0	10.5	11.3	11.5	11.8	11.5	10.9	10.7
Insurance companies	20.4	19.9	21.5	20.9	21.0	19.2	19.1	18.6
Group policies	12.8	12.7	13.4	13.0	13.0	12.8	13.5	13.6
Individual policies	46.6	47.1	47.0	47.0	47.0	46.1	46.8	45.8
Independent plans ^{1,2}	7.7	7.5	7.0	7.3	7.2	7.1	7.0	7.0
Consumer	7.2	6.7	6.9	(3)	(3)	(3)	(3)	7.1
Labor-Management	7.7	7.8	6.0	(3)	(3)	(3)	(3)	5.9
Health Professional	(3)	(3)	(3)	(3)	(3)	(3)	(3)	14.9
Dental service corporation	(3)	(3)	(3)	(3)	(3)	(3)	(3)	10.8
Vision service corporation	(3)	(3)	(3)	(3)	(3)	(3)	(3)	13.4

¹ In earlier series, consumer plans were titled community, labor-management plans were titled employer-employee-union, and health professional plans were titled private group practice.² Data for 1977 are based on a new sample drawn from the 1978 Nationwide Sur-

vey of Independent Prepaid and Self-insured Health Plans being conducted by HCFA. Data for earlier years are provided on a provisional basis and will be revised upon completion of the survey.

³ Data not available.