Spending for health care in the United States grew to $604.1 billion in 1989, an increase of 11.1 percent from the 1988 level. Growth in national health expenditures has been edging upward since 1986, when the annual growth in the health care bill was 7.7 percent. Health care spending continues to command a larger and larger proportion of the resources of the Nation: In 1989, 11.6 percent of the Nation's output, as measured by the gross national product, was consumed by health care, up from 11.2 percent in 1988.

Highlights

Growth in health care expenditures in the United States accelerated during the previous 3 years, rising to a level of $604.1 billion in 1989. Other highlights from the 1989 National Health Accounts include:

- Health expenditures grew 11.1 percent from 1988 to 1989.
- National health expenditures (NHE) amounted to 11.6 percent of the gross national product (GNP) in 1989, up from 11.2 percent in 1988.
- Expenditures averaged $2,354 per capita. Of that amount, $2,068 was for personal health care; the remainder was for research, construction, program administration, the net cost of private health insurance, and public health activities.
- Hospital expenditures, which accounted for 39 percent of all health spending (Figure 1), increased 10.0 percent from 1988 to 1989. This growth was slower than growth in overall spending. However, growth in hospital spending continued to accelerate, as it has since 1986, when growth was 6.8 percent.
- Together, the Medicare and Medicaid programs financed three-tenths of all personal health care services. By service, these two programs paid for more than one-third of all hospital services, more than one-fourth of all physicians' services, and one-half of all nursing home care.
- Private health insurance has financed a steadily increasing proportion of personal health care expenditures during the 1980s; in 1989, it paid for almost one-third of all personal health care costs.
- Declining shares of out-of-pocket expenditures—the source of funding for 23.5 percent of all personal health care—have offset most of the increase in private health insurance shares during this decade.
- Out-of-pocket payments accounted for 44.4 percent of all nursing home care, although 41 percent of those out-of-pocket costs may be funded by social security payments.

Expenditures for health care for selected years 1960 through 1989, by type of service and by source of funds, are shown in detailed Tables 10-19 at the end of this article. Data figures from these tables are mentioned throughout the text of this article.

Definitions and methods used to develop the NHE estimates are presented in an earlier article, Office of National Cost Estimates (1990).

Reprint requests: Carol Pearson, Office of National Cost Estimates, L-1, EQUS, 6325 Security Boulevard, Baltimore, Maryland 21207.
health spending outpaced growth in the economy as a whole, as measured by the GNP. As a result, health expenditures as a percent of GNP has continued to rise, reaching 11.6 percent in 1989, up from 11.2 percent in 1988 (Figure 2).

Of the $2,354 average spent per person for NHE in 1989, 41.9 percent was financed by public programs; 58.1 percent came from private sources, primarily private health insurance and out-of-pocket spending.

National health expenditures are divided into two broad categories: health services and supplies (expenditures related to current health care) and research and construction of medical facilities (expenditures related to future health care). Health services and supplies, in turn, consist of personal health care (the direct provision of health care benefits, the public share of personal health care was 40.6 percent in 1989, with Medicare and Medicaid accounting for nearly three-quarters of that amount.

Private third-party payers financed more than one-third of all PHCE. Private health insurance benefits rose to $172.9 billion and continued to account for an increasing share (32.6 percent) of PHCE. In addition, another 3.3 percent of personal health care was spent by other private third-party payers, including business (through inplant health care services), philanthropic giving, and other nonpatient revenue sources of hospitals, nursing homes, and home health agencies.

Elements of personal health care

Expenditures for hospital care services in 1989 reached $232.8 billion, accounting for 43.9 percent of all PHCE. This represents an increase of 10.0 percent from 1988 to 1989, continuing the trend of accelerated growth that began in 1986. These expenditures include those for services delivered to inpatients and outpatients, for physician services billed through the hospitals (mainly anesthesiologists, radiologists, and pathologists, but also the services of medical residents), for drugs dispensed during hospitalization, and for services rendered by hospital-based home health agencies. Nursing home type care provided in a hospital facility is also counted here.

Hospital care expenditures are measured by total net revenue. Short term, acute care community hospitals accounted for 86 percent of all hospital revenue in 1989, mostly through inpatient services. However, revenues from care delivered through emergency rooms and outpatient clinics have been growing more rapidly than inpatient care revenues since 1967, and now account for 19 percent of all revenues (Table 2). Noncommunity non-Federal hospitals accounted for 7 percent of all hospital revenues in 1989, and Federal hospitals received the remaining 7 percent of hospital revenues.

Public funds financed 53.5 percent of all hospital services in 1989. Medicare alone paid for 26.7 percent, although its share has fallen from 29.0 percent in 1985, coinciding with the full implementation of the prospective payment system (PPS). Private health insurance paid for 36.2 percent of all hospital services in 1989, up from a 35.4-percent share in 1985. State and local tax subsidies have also financed an increased share during the same time period: 5.5 percent in 1989, up from 4.2 percent in 1985.

Expenditures for physician services reached $117.6 billion in 1989, an increase of 11.9 percent from 1988. In all but one year of the 1980s, physician services expenditures grew faster than overall expenditures. In 1989, spending for physician services accounted for 22.2 percent of PHCE.

Physicians have the largest share of PHCE. Private health insurance has funded an increasing share of physician services expenditures, paying for nearly one-half of all spending for physicians in 1989. Medicare financed almost one-fourth of all physician expenditures and is the second largest payer of physician expenditures. Offsetting the increased shares paid by private health insurance and Medicare, consumers are now paying a lower share out of pocket for physician services.
Figure 2
Percent growth in national health expenditures and gross national product, and national health expenditures as a percent of gross national product: Calendar years 1961-89

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates.
Figure 3
Factors in the increase of personal health care expenditures: 1988-89

| Amount in billions | 1988 | 1989 |
|-------------------|------|------|
| Economywide       | $480.0 | $530.7 |
| Industry-specific |       |       |
| Population        |       |       |
| Other factors     |       |       |

In 1989, expenditures for dental services grew to $31.4 billion, an increase of 6.7 percent from 1988. Spending for dental services exhibited the slowest growth among all of the personal health care categories. There have been shifts in the skill-mix of workers in dental offices toward a greater proportion of lower-skilled employees. Changes in the incidence of dental disease, including a reduction in caries, permit lower-skilled employees, such as hygienists, to deliver a greater proportion of services.

Most of the financing for dental care comes from private sources; public spending, primarily Medicaid, accounted for 2.4 percent of total dental expenditures in 1989. Private health insurance paid for 42.7 percent, and the remaining 54.9 percent came from out-of-pocket payments.

The category of other professional services includes spending for services of licensed health practitioners other than physicians and dentists and expenditures for services rendered in outpatient clinics. A total of $27.0 billion was spent in 1989 for all of these services, an increase of 13.7 percent from 1988. Private funds financed 79.8 percent of these expenditures, with 37.7 percent paid by private insurance, 31.5 percent paid directly by the consumer, and 10.6 percent from nonpatient revenues (primarily philanthropic funds). Public sources paid 20.2 percent of expenditures for other professional services.

In the National Health Account (NHA) category of home health care, expenditures for services and supplies furnished by non-facility-based home health agencies (HHAs) was $5.4 billion in 1989. An additional $1.3 billion, not included in the NHA home health category, was spent for home health care furnished by facility-based (primarily hospital-based) HHAs (those expenditures are included with hospital care in this article). Including the hospital share, $5.6 billion was spent for home health services in 1989.

Growth in spending for home health care increased 19.1 percent in 1989, doubling the growth experienced in 1988. This accelerated growth is primarily attributable to increased funding by the Medicare and Medicaid programs. Medicare clarified its home health coverage criteria in 1988 and fewer home health claims are being denied.

Public sources financed three-fourths of the home health services category in NHA. More than one-half of the public spending was paid by Medicare and most of the residual by Medicaid.

Out-of-pocket payments accounted for 11.4 percent of total spending, and the residual private share, 13.0 percent, was split between private health insurance and nonpatient revenue (income from sources other than those received for patient care, such as philanthropy, interest, and dividend income).

The home health segment of the NHA measures a portion of the Nation's annual expenditures for medical care services delivered in the home. These estimates are constructed from information reported to the Health Care Financing Administration by home health agencies participating in the Medicare and Medicaid programs. A broader home health industry definition of home health care would include services delivered by non-Medicare providers, facility-based agencies, and services currently beyond the scope of the NHA.

Drugs and other medical nondurables expenditures totaled $44.6 billion in 1989. These expenditures amount to 8.4 percent of PHCE and increased 7.5 percent from 1988 to 1989. This class of expenditure is limited to spending for products purchased from retail outlets. Purchases included are prescription drugs, over-the-counter medicines, and other nondurable medical sundries.

Expenditures for prescription drugs account for nearly two-thirds of drugs and other medical nondurables, reaching $29.0 billion in 1989. This share has increased during the 1980s, as expenditures for prescription drugs have grown more rapidly than have expenditures for nonprescription drugs and other medical nondurables. Almost all of the growth in both prescription drugs and over-the-counter medicines is attributable to price inflation.

Third parties typically pay for prescription drugs, but not for over-the-counter medicines. Assuming that all public and private insurance payments are for prescription drugs, third parties funded 42.3 percent of prescription drugs. In 1989, consumers paid the remainder—$16.7 billion—from out-of-pocket sources.
Table 1
Personal health care expenditures in current and constant dollars and associated price indexes, by type of service: Calendar years 1980-89

| Type of service                      | 1980   | 1981   | 1982   | 1983   | 1984   | 1985   | 1986   | 1987   | 1988   | 1989   |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Current dollars in billions          |        |        |        |        |        |        |        |        |        |        |
| Personal health care                 | $218.3 | $253.2 | $284.1 | $312.4 | $338.6 | $367.2 | $398.2 | $436.7 | $480.0 | $530.7 |
| Hospital care                        | 102.4  | 118.6  | 135.9  | 147.2  | 157.2  | 167.9  | 179.4  | 193.8  | 211.7  | 232.8  |
| Physician services                   | 41.3   | 48.8   | 53.8   | 63.6   | 67.1   | 74.0   | 82.1   | 93.0   | 106.1  | 117.6  |
| Dental services                      | 14.4   | 17.0   | 18.4   | 19.8   | 21.4   | 23.3   | 24.7   | 27.1   | 29.4   | 31.4   |
| Other professional services and home health | 10.0   | 11.9   | 14.0   | 16.2   | 18.5   | 20.5   | 22.6   | 25.3   | 28.3   | 32.4   |
| Drugs and other medical nondurables  | 20.1   | 22.3   | 24.5   | 27.5   | 29.8   | 32.3   | 35.6   | 38.7   | 41.5   | 44.6   |
| Vision products and other medical durables | 5.0    | 5.3    | 5.9    | 6.3    | 7.2    | 8.4    | 9.5    | 10.7   | 12.0   | 13.5   |
| Nursing home care                    | 20.0   | 23.3   | 26.1   | 28.9   | 31.2   | 34.1   | 36.7   | 39.8   | 42.8   | 47.9   |
| Other personal health care           | 4.6    | 5.1    | 5.6    | 6.0    | 6.3    | 6.8    | 7.6    | 8.3    | 9.3    | 10.5   |
| Hospital care                        | 81.70  | 91.10  | 100.00 | 106.60 | 112.50 | 118.00 | 122.30 | 128.17 | 136.76 | 145.65 |
| Physician services                   | 82.33  | 91.41  | 100.00 | 107.70 | 115.19 | 121.92 | 130.76 | 140.43 | 150.54 | 161.53 |
| Dental services                      | 84.70  | 92.84  | 100.00 | 106.73 | 115.41 | 122.67 | 129.51 | 138.19 | 147.59 | 156.74 |
| Other professional services and home health | 89.58  | 92.17  | 100.00 | 107.20 | 114.81 | 121.93 | 129.73 | 138.30 | 147.56 | 157.01 |
| Drugs and other medical nondurables  | 81.72  | 90.57  | 100.00 | 108.56 | 116.53 | 124.79 | 133.01 | 141.85 | 151.65 | 163.47 |
| Vision products and other medical durables | 86.67  | 94.23  | 100.00 | 105.44 | 109.82 | 116.56 | 122.25 | 126.55 | 133.00 | 137.53 |
| Nursing home care                    | 83.91  | 92.41  | 100.00 | 105.88 | 111.20 | 115.57 | 119.18 | 123.55 | 130.57 | 139.32 |
| Other personal health care           | 80.89  | 89.60  | 100.00 | 108.70 | 115.45 | 122.63 | 131.88 | 140.61 | 149.75 | 161.14 |
| Constant 1982 dollars in billions    |        |        |        |        |        |        |        |        |        |        |
| Personal health care                 | $265.0 | $276.9 | $284.1 | $292.1 | $298.2 | $306.8 | $317.0 | $329.2 | $339.0 | $351.3 |
| Hospital care                        | 125.3  | 131.2  | 135.9  | 138.1  | 139.7  | 142.3  | 146.7  | 151.2  | 154.8  | 159.8  |
| Physician services                   | 50.9   | 53.3   | 53.8   | 56.3   | 59.3   | 60.7   | 62.7   | 66.2   | 69.8   | 72.8   |
| Dental services                      | 17.0   | 18.3   | 18.4   | 18.5   | 18.5   | 19.0   | 19.1   | 19.8   | 19.9   | 20.0   |
| Other professional services and home health | 12.0   | 13.0   | 14.0   | 15.1   | 16.1   | 16.8   | 17.4   | 18.3   | 19.2   | 20.6   |
| Drugs and other medical nondurables  | 24.6   | 24.6   | 24.5   | 25.3   | 25.6   | 25.8   | 26.7   | 27.3   | 27.4   | 27.3   |
| Vision products and other medical durables | 5.7    | 5.6    | 5.9    | 6.0    | 6.5    | 7.2    | 7.8    | 8.4    | 9.0    | 9.8    |
| Nursing home care                    | 23.8   | 25.2   | 26.1   | 27.3   | 28.0   | 29.5   | 30.8   | 32.2   | 32.8   | 34.4   |
| Other personal health care           | 5.6    | 5.7    | 5.6    | 5.5    | 5.4    | 5.6    | 5.7    | 5.9    | 6.2    | 6.5    |
| Fixed-weight price index             | 82.4   | 91.4   | 100.0  | 107.0  | 113.5  | 119.7  | 125.6  | 132.6  | 141.5  | 151.0  |
| Growth in constant dollars           |        |        |        |        |        |        |        |        |        |        |

Price indexes for personal health care expenditures

| Personal health care expenditures | 1980   | 1981   | 1982   | 1983   | 1984   | 1985   | 1986   | 1987   | 1988   | 1989   |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed-weight price index          | 82.4   | 91.4   | 100.0  | 107.0  | 113.5  | 119.7  | 125.6  | 132.6  | 141.5  | 151.0  |
| Growth in constant dollars        | 4.5    | 2.6    | 2.8    | 2.1    | 2.9    | 3.3    | 3.8    | 3.0    | 3.6    |        |

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates.
Table 2
Hospital revenues, percent distribution, and annual percent growth: Calendar years 1980-89

| Type of hospital | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 |
|------------------|------|------|------|------|------|------|------|------|------|------|
|                  | Amount in millions |          |      |      |      |      |      |      |      |      |
|                  | 102,399 | 119,563 | 135,866 | 147,183 | 157,214 | 167,938 | 179,425 | 193,807 | 211,678 | 232,752 |
| Total            | 93,707 | 109,967 | 125,866 | 136,102 | 145,212 | 154,966 | 165,788 | 179,425 | 196,856 | 216,830 |
| Non-Federal      | 85,801 | 100,932 | 115,532 | 125,903 | 134,362 | 143,311 | 153,214 | 165,796 | 182,529 | 200,927 |
| Community        | 74,404 | 87,477 | 99,916 | 109,207 | 118,256 | 127,787 | 137,312 | 147,898 | 157,872 | 165,468 |
| Inpatient        | 11,197 | 13,452 | 15,616 | 17,656 | 19,280 | 21,465 | 23,524 | 25,910 | 27,984 | 29,384 |
| Noncommunity     | 7,106 | 9,038 | 9,951 | 10,199 | 10,850 | 11,645 | 12,574 | 13,655 | 14,827 | 15,903 |
| Federal          | 6,692 | 9,596 | 10,483 | 11,081 | 12,002 | 12,982 | 13,637 | 14,356 | 14,822 | 15,923 |
|                  | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Total            | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 93 | 93 | 93 |
| Non-Federal      | 84 | 84 | 85 | 86 | 85 | 85 | 85 | 86 | 86 | 86 |
| Community        | 73 | 73 | 74 | 74 | 73 | 71 | 70 | 69 | 68 | 67 |
| Inpatient        | 11 | 11 | 11 | 12 | 13 | 14 | 15 | 17 | 18 | 19 |
| Noncommunity     | 8 | 8 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Federal          | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 7 | 7 |

NOTE: Noncommunity non-Federal hospitals include long-term care hospitals (where the average length of stay is 30 days or longer), psychiatric hospitals, alcoholism and chemical dependency hospitals, units of institutions such as prison hospitals or college infirmaries, chronic disease hospitals, and some institutions for the mentally retarded.

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates.
A total of $13.5 billion was spent in 1989 for vision products and other medical durables. These expenditures grew 12.9 percent from 1988 to 1989. This category is largely funded through out-of-pocket spending (72.7 percent), because most third parties do not cover these items. In 1988, 23 percent of full-time workers in medium- and large-size firms, who participated in employer-sponsored health insurance, had insurance coverage for eyeglasses and contact lenses (Bureau of Labor Statistics, 1989).

The third largest component of personal health expenditures is nursing home care. Expenditures in 1989 for this service amounted to $47.9 billion, an increase of 12.0 percent from 1988 to 1989. This category of service will be discussed in detail later.

Other personal health care provides a catch-all for funds that are known to be spent for health care but for which the object is unknown or not classifiable elsewhere. In 1989, other personal health care totaled $10.5 billion. School health programs are an example of this type of spending. The majority of this category is financed by public funds. Industrial implant health services, providing health services directly to workers at employment sites or other locations, is the privately funded category in other personal health.

Program administration and the net cost of private health insurance amounted to $35.3 billion in 1989. The net cost of private health insurance, which is the difference between premiums earned and benefits paid, accounted for three-quarters of this category. This amount grew rapidly from 1987 to 1989 while private insurers were trying to recoup losses experienced in the prior 2 years.

Government public health activities grew to $17.5 billion in 1989, an increase of 8.1 percent from 1988. Public health activities are those functions carried out by Federal, State, and local governments, as opposed to care delivered to individuals. State and local health agencies spent $15.4 billion delivering community health services, primarily through State and local health departments. Federal Government spent $2.1 billion on its public health activities.

Expenditures for research were $11.0 billion in 1989 and include all spending for biomedical research and research in the delivery of health care by both private and public agencies. Research expenditures of drug and medical companies are not included in this category, but are included implicitly in the expenditure class in which the product falls. Spending for construction of medical facilities was $9.6 billion in 1989, an increase of 1.5 percent.

Nursing home care

The Nation spent $47.9 billion for nursing home care in 1989, an increase of 12.0 percent over 1988 spending. Data from the Bureau of Labor Statistics (1972-89) show that growth in aggregate hours worked by nonsupervisory personnel in nursing and related care facilities accelerated from 1.9 percent in 1988 to 5.0 percent in 1989, paralleling the strong growth in nursing home expenditures.

Nursing home expenditures are estimated in three parts: revenues of skilled and intermediate care facilities, Medicaid funding of intermediate care facilities for the mentally retarded (ICFs/MR), and Department of Veteran Affairs (DVA) funding for nursing care in DVA nursing homes.

Growth in spending for nursing home care other than ICFs/MR (90 percent of total estimated spending for nursing home care) accelerated from 7.7 percent in 1988 to 11.8 percent in 1989. Part of this acceleration is the result of the growth of input prices paid by nursing homes. The Health Care Financing Administration's national nursing home input price index grew at a rate of 6.7 percent in 1989, up from 5.7 percent in 1988.

From 1988 to 1989, 36 percent of the increase in expenditures for nursing home care other than for ICFs/MR was attributable to general price inflation and 22 percent to inflation specific to the nursing home industry. A 1.8 percent increase in the aged population in 1989 accounted for 16 percent of the growth in nursing home spending. The remaining 26 percent comes from changes in the amounts and mix of nursing home goods and services.

ICF/MR care is a Medicaid benefit first offered in 1973. In 1989, $4.2 billion in ICF/MR expenditures (60 percent of all ICF/MR) was spent in nursing homes; the remaining 40 percent of ICF/MR expenditures was spent in facilities classified as hospitals in the NHA. The average annual rate of growth in ICF/MR spending for nursing home care was 10.7 percent over the 7-year period 1982-89, compared with 44.5 percent annual growth from 1973 to 1981. The annual growth for 1982-89 was only slightly higher than the 9.0 percent rate of growth in total nursing home spending.

In 1985, 1.4 million people resided in non-Federal nursing homes on any given day (Table 3). Almost 90 percent (88.4) of these nursing home residents were 65 years of age or over, almost 4.4 percent of the total aged population. According to data from the 1985 National Nursing Home Survey, 1 percent of people age 65-74 were nursing home residents in 1985, compared with 22 percent of people age 85 or over (Hing, Sekscenski, and Strahan, 1989). With people living longer and the risk of institutionalization increasing with advancing age, concerns about the availability of resources to finance nursing home care intensifies.

In 1989, the share of nursing home care financed by public programs increased to 52.6 percent, causing the private share to drop below 50 percent for the first time since 1983. This increase in public spending was the result of provisions of the Medicare Catastrophic Coverage Act of 1988 (Public Law 100-360) that became effective in 1989. Although Medicaid still accounts for more than 80 percent of public spending for nursing home care, Medicare's share grew sharply from about 3 percent of public spending in 1987 to more than 14 percent in 1989. The Medicare Catastrophic Coverage Act, which expanded Medicare's coverage of skilled nursing facility care, was repealed in December 1989. As a result, by 1991, Medicare's share of public spending is expected to return to levels consistent with those calculated for 1988.
The table below shows the population receiving care in a nursing home: Selected calendar years, 1960-89:

| Year | Total population in millions | Population age 65 or over in millions | Nursing home residents age 65 or over in millions | Average daily census in millions | Number in millions | Percent of aged population | Percent of nursing home residents |
|-----|-----------------------------|--------------------------------------|-----------------------------------------------|--------------------------------|--------------------|------------------------|--------------------------------|
| 1960 | 190.1                       | 17.1                                 | 0.4                                           | 0.3                           | 1.9                | 75.3                   | 48.8                           |
| 1970 | 214.8                       | 20.9                                 | 0.9                                           | 0.8                           | 3.8                | 95.8                   | 48.8                           |
| 1980 | 235.2                       | 26.1                                 | 1.4                                           | 1.2                           | 4.5                | 98.4                   | 48.8                           |
| 1985 | 247.0                       | 29.0                                 | 1.4                                           | 1.3                           | 4.4                | 88.4                   | 48.8                           |

1 Social security area population.
2 Non-Federal nursing care facilities excluding ICFs/MSR.
3 Developed from counts of institutionalized persons in homes for the aged and dependent. Data from U.S. Bureau of the Census: 1960 census of population: Inmates of institutions. Subject Reports. Vol. II, PC(2)-4A; 1970 census of population: Persons in institutions and other group quarters. Subject Reports. Washington: U.S. Government Printing Office, June 1963, July 1973, Oct. 1984.
4 SOURCE: Health Care Financing Administration, Office of the Actuary: Data prepared by the Office of National Cost Estimates.

Expenditures for nursing home care and percent distribution, by source of funds: Selected calendar years, 1960-89:

| Year | Total | Third parties | Total | Social security |
|------|-------|---------------|-------|----------------|
| 1960 | 5,980 | $1,961        | 7,845 | $520          |
| 1965 | 6,695 | 2,523         | 9,218 | 432           |
| 1970 | 4,867 | 2,353         | 7,220 | 996           |
| 1975 | 9,943 | 5,757         | 15,690| 2,341         |
| 1980 | 19,969| 11,339        | 31,308| 4,565         |
| 1985 | 34,114| 17,542        | 51,656| 7,021         |
| 1986 | 36,716| 18,699        | 55,415| 7,274         |
| 1987 | 39,788| 20,676        | 60,464| 7,755         |
| 1988 | 42,789| 22,238        | 65,027| 8,078         |
| 1989 | 47,915| 26,660        | 74,575| 8,726         |

Percent distribution:

| Year | Total | Transported | Social security |
|------|-------|-------------|----------------|
| 1960 | 100.0 | 20.0        | 28.6           |
| 1965 | 100.0 | 35.4        | 25.4           |
| 1970 | 100.0 | 51.8        | 20.5           |
| 1975 | 100.0 | 57.9        | 23.5           |
| 1980 | 100.0 | 56.7        | 22.9           |
| 1985 | 100.0 | 51.4        | 20.6           |
| 1986 | 100.0 | 50.9        | 19.8           |
| 1987 | 100.0 | 52.0        | 19.5           |
| 1988 | 100.0 | 52.0        | 18.9           |
| 1989 | 100.0 | 55.6        | 18.2           |

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates.

Medicaid financed 43.1 percent of all nursing home expenditures in 1989. Data presented in the 1985 National Nursing Home Survey show that 41 percent of all nursing home residents in 1985 were admitted as Medicaid patients and another 10 percent qualified for Medicaid by the time the survey was taken. Aged and disabled patients with assets greater than the Medicaid-specified levels may become eligible for Medicaid after incurring medical care expenses which reduce their assets to below the Medicaid-specified levels. Therefore, the longer the length of nursing home stay, the more likely that Medicaid will become the primary payer.

Most of nursing home care financed from private sources is paid directly by patients or their families. These out-of-pocket expenditures totaled $21.3 billion in 1989.

Some nursing home patients are, or become, unable to pay the out-of-pocket costs for their care and seek assistance from the Medicaid program. There is a tendency to believe that when the Medicaid program assumes responsibility for a nursing home patient's care, the entire cost is borne by the public sector. This perception is not accurate. Patients qualifying for Medicaid must use their social security benefits to help defray the cost of care after allowing for the needs of a spouse at home. Monthly social security benefit payments are received by nursing homes either directly or from patients' families. After crediting a portion of the benefit to the patient's personal account for miscellaneous personal spending (newspapers, toothpaste, etc.), the remainder is applied to the patient's nursing home expense.

An estimated 41 percent or $8.7 billion of out-of-pocket spending for nursing home care was received as income by patients or their representatives from monthly social security benefits (Table 4).

Currently, most aged people have income from social security benefits. The share of aged households with social security income grew from 69 percent in 1962 to 91 percent in 1984 (Table 5). Social security accounted for 38 percent of the aggregate income of aged people in 1984, an increase of 7 percentage points from 1962. During the same period, pensions and assets became more important shares of income to the elderly, increasing 16 percentage points while the earnings share declined 12 percentage points.

Policymakers concerned with financing expanded long-term care coverage need to determine the potential liability that public payers could face. If social security payments already being paid for nursing home care were combined with third-party payments, the magnitude of the potential burden faced by public payers can be quantified. Third-party payments, including estimated social security

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Table 5

Percentage of aged households' by source of income, and shares of aggregate income from these sources: 1962 and 1984

| Income source                | 1962 | 1984 |
|------------------------------|------|------|
| Percentage of households with income from: |      |      |
| Social security              | 69   | 91   |
| Private pensions             | 9    | 24   |
| Government employee pensions | 5.4  | 6.9  |
| Assets                       | 54   | 69   |
| Earnings                     | 36   | 21   |

Percentage of aggregate household income provided by:

- Social security: 31% in 1962, 38% in 1984
- Private pensions: 3% in 1962, 6% in 1984
- Government employee pensions: 6% in 1962, 7% in 1984
- Assets: 16% in 1962, 28% in 1984
- Earnings: 28% in 1962, 16% in 1984
- All other sources of income: 16% in 1962, 5% in 1984

1. An aged household is either a married couple living together with one or both members age 65 or over, or an individual age 65 or over who does not live with a spouse.

SOURCE: Ycas, M. A., and Grad, F.: Social Security Bulletin, Vol. 50, No. 7, Pub. No. 13-11700. Office of Research and Statistics, Social Security Administration. Washington, U.S. Government Printing Office, July 1987.

Benefit payments, are currently financing almost three-fourths (73.9 percent) of all nursing home care (Table 6). Out-of-pocket payments, adjusted to exclude estimated payments from social security, would account for 26.1 percent of the cost of nursing home care.

Estimates of social security income potentially available to pay for nursing home care were obtained by subtracting an estimated monthly personal allowance from the average monthly social security benefit for retired workers and widows presented in Table 7 by age and sex for selected periods to demonstrate the range of benefits considered in these estimates. The average monthly benefit for retired workers was $537 in 1988.

In almost all years presented, females age 62-64 years received the highest monthly benefit and males age 65-74 received the highest benefit amount. The average monthly benefit for females (retired females and widows) age 65 years or over, the age and sex cohort most likely to use nursing home care, was $473 in 1988; average monthly benefit ranged from $466.74 for retired female workers to $474.28 for widows. Females age 85 or over accounted for 28 percent of nursing home residents and days of care in 1976 and almost 33 percent of all residents in 1985 (Van Nostrand et al., 1979).

Sources of funding

In the past decade, the proportion of NHE funded by public and private sources has remained stable. Since 1979, government has funded two-fifths of all health spending, with private sources funding the remainder. Within the private share, however, a shift between out-of-pocket and private health insurance shares has occurred.

Private funds include private health insurance, out-of-pocket payments, and other private funds (e.g., philanthropy, interest and dividend income, income from rental of office space, etc.). These other private funds include nonpatient revenues, industrial inpatient spending, and privately financed construction. In 1989, other private funds amounted to $26.3 billion and accounted for 4.4 percent of all spending.

In 1989, private health insurance paid for 33.1 percent of all health spending, up from 29.2 percent in 1979. Offsetting this increase was a decline in the out-of-pocket financing of health care. Private health insurance financed $199.7 billion in 1989, while out-of-pocket spending amounted to $124.8 billion.

Although government funds have maintained a constant share of total health spending, health spending has accounted for an increasing share of government expenditures. In 1989, Federal funding for health accounted for 14.7 percent of Federal Government spending, up from 14.1 percent in 1988. State and local

Table 6

Expenditures for nursing home care by source of payment, adjusted to include social security benefits with other third-party payments: Selected calendar years, 1960-89

| Year | Total in millions | Total in millions | Percent of nursing home expenditures | Total in millions | Percent of nursing home expenditures |
|------|-------------------|-------------------|--------------------------------------|-------------------|--------------------------------------|
| 1960 | $980              | $475              | 48.6                                 | $504              | 51.4                                 |
| 1961 | 1,699             | 1,034             | 60.8                                 | 685               | 39.2                                 |
| 1970 | 4,867             | 3,519             | 72.3                                 | 1,348             | 27.7                                 |
| 1975 | 9,943             | 8,068             | 81.4                                 | 1,845             | 18.6                                 |
| 1980 | 19,989            | 15,904            | 79.6                                 | 4,085             | 20.4                                 |
| 1985 | 34,114            | 24,563            | 72.0                                 | 9,551             | 28.0                                 |
| 1988 | 39,788            | 28,431            | 71.5                                 | 11,357            | 28.5                                 |
| 1989 | 42,789            | 30,316            | 70.8                                 | 12,473            | 29.2                                 |

1. Includes estimated social security income.

2. Excludes estimated social security income.

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates.
Table 7
Average monthly social security benefit1 for retired workers and widows, by age and sex:
Selected yearends, 1960-88

| Yearend | Retired worker | | | |
|---------|----------------|-----------------|-----------------|-----------------|
|         | Average | Males | Females | Widows |
| 1960    |         |       |       |       |
| All ages | $74.04 | $81.87 | $59.67 | $57.69 |
| 62-64 years | 54.23 | — | 54.23 | 63.85 |
| 65-74 years | 78.19 | 88.73 | 62.15 | 59.43 |
| 75-84 years | 68.29 | 73.02 | 55.56 | 52.82 |
| 85 years or over | 60.63 | 62.93 | 52.34 | 49.23 |
| 1970    |         |       |       |       |
| All ages | $118.10 | $130.53 | $101.22 | $102.04 |
| 62-64 years | 96.99 | 110.26 | 85.20 | 104.43 |
| 65-74 years | 122.88 | 135.01 | 105.97 | 107.56 |
| 75-84 years | 118.51 | 130.90 | 100.73 | 98.60 |
| 85 years or over | 100.25 | 108.86 | 86.32 | 86.45 |
| 1980    |         |       |       |       |
| All ages | $341.40 | $380.20 | $296.80 | $312.46 |
| 62-64 years | 302.20 | 364.10 | 241.90 | 295.30 |
| 65-74 years | 355.55 | 395.27 | 305.95 | 316.92 |
| 75-84 years | 338.30 | 364.65 | 309.55 | 320.22 |
| 85 years or over | 297.31 | 329.11 | 266.36 | 293.70 |
| 1988    |         |       |       |       |
| All ages | $537.00 | $584.90 | $462.30 | $495.00 |
| 62-64 years | 456.30 | 552.20 | 349.10 | 470.30 |
| 65-74 years | 545.40 | 617.44 | 466.71 | 505.71 |
| 75-84 years | 561.48 | 614.13 | 508.98 | 500.41 |
| 85 years or over | 498.40 | 542.74 | 466.74 | 474.28 |

1Benefits in current-pay status.

SOURCES: Social Security Administration: Social Security Bulletin: Annual Statistical Supplement, 1960, 1970, 1982, 1989. Pub. No. 13-11700. Office of Research and Statistics. Social Security Administration. Washington, U.S. Government Printing Office, 1960, 1970, 1982, 1989.

Government expenditures for health care amounted to 11.2 percent of their total spending in 1989, up from 11.0 percent in the previous year.

Medicare and Medicaid

Medicare and Medicaid are the two largest government programs financing health care. Between them, they financed three-tenths of all PHCE in 1989 and accounted for almost three-fourths of all public PHCE.

Medicare

Medicare, a Federal insurance program created by title XVIII of the Social Security Act of 1965, was originally designed to protect people 65 years of age or over from the high cost of health care. In 1972, the program was expanded to cover permanently disabled workers and their dependents eligible for old age, survivors, and disability insurance benefits, as well as people with end stage renal disease.

Medicare has two parts, each with its own trust fund. The hospital insurance (HI) program pays for inpatient hospital services, post-hospital skilled nursing services, home health services, and hospice care. The supplementary medical insurance (SMI) program covers physician services, outpatient hospital services and therapy, and a few other services.

Unlike other Federal health programs, Medicare is not financed solely by general revenue (appropriations from general tax receipts). In 1989, 89.6 percent of the income for the HI program came from a 1.45-percent payroll tax levied on employers and on employees for the first $48,000 of wages (Table 8). (Self-employed people were required to contribute 2.9 percent, the equivalent of both the employer's and the employee's share of the HI tax.)

In 1989, the SMI program was financed by monthly premium payments of $27.90 per enrollee and by general revenue. The general revenue share of SMI receipts (Table 8) grew from 49.5 percent in 1972 to 73.1 percent in 1988. In 1989, the general revenue share declined to 69.6 percent because of increased premium income designed to finance benefits enacted by the Medicare Catastrophic Coverage Act of 1988. The Act and its catastrophic coverage monthly premium were repealed in December 1989—before expanded SMI and prescription drug benefits were implemented. A portion of these increased premiums were refunded to beneficiaries in 1990.

In 1989, 33.6 million aged and disabled people were enrolled in Medicare. The program spent $99.8 billion in personal health care (benefit) payments for expenses incurred in 1989 by the 25.7 million users who received benefits (Table 9). Growth in Medicare spending for personal health care accelerated to 12.8 percent in 1989 from the 9.0 percent growth experienced in 1988.

In 1989, Medicare financed 46.3 percent of the public share of personal health care expenditures and 18.8 percent of total spending for personal health care.
| Year and source of income | Total | Hospital insurance trust fund | Supplementary medical insurance trust fund |
|--------------------------|-------|-------------------------------|-------------------------------------------|
|                          | Amount in billions | Percent distribution | Amount in billions | Percent distribution | Amount in billions | Percent distribution |
| 1967 Total               | $5.2  | 100.0                        | $3.6  | 100.0                        | $1.6  | 100.0                        |
| Payroll taxes           | 3.2   | 62.0                         | 3.2   | 89.9                         | —     | —                            |
| General revenues        | 1.2   | 24.1                         | 0.3   | 8.8                          | 0.9   | 58.4                         |
| Premiums                | 0.6   | 12.4                         | —     | —                            | 0.8   | 40.1                         |
| Interest                | 0.1   | 1.5                          | 0.1   | 1.4                          | 0.0   | 1.5                          |
| 1972 Total              | $9.2  | 100.0                        | $6.4  | 100.0                        | $2.8  | 100.0                        |
| Payroll taxes           | 5.8   | 62.9                         | 5.8   | 90.5                         | —     | —                            |
| General revenues        | 1.3   | 19.7                         | 0.4   | 6.7                          | 1.4   | 49.5                         |
| Premiums                | 1.4   | 15.0                         | —     | —                            | 1.4   | 49.2                         |
| Interest                | 0.2   | 2.4                          | 0.2   | 2.8                          | 0.0   | 1.3                          |
| 1980 Total              | $37.0 | 100.0                        | $28.1 | 100.0                        | $10.9 | 100.0                        |
| Payroll taxes           | 24.1  | 65.2                         | 24.1  | 92.9                         | —     | —                            |
| General revenues        | 6.3   | 17.2                         | 0.6   | 2.8                          | 7.5   | 66.8                         |
| Premiums                | 3.2   | 8.7                          | 0.0   | 0.1                          | 3.0   | 27.7                         |
| Interest                | 1.6   | 4.4                          | 1.1   | 4.4                          | 0.4   | 3.8                          |
| 1988 Total              | $105.1| 100.0                        | $69.2 | 100.0                        | $35.8 | 100.0                        |
| Payroll taxes           | 62.8  | 59.8                         | 62.8  | 90.7                         | —     | —                            |
| General revenues        | 26.8  | 25.5                         | 0.6   | 0.8                          | 26.2  | 73.1                         |
| Premiums                | 8.8   | 8.4                          | 0.0   | 0.1                          | 8.8   | 24.5                         |
| Interest                | 6.7   | 6.4                          | 5.8   | 8.4                          | 0.9   | 2.4                          |
| 1989 Total              | $121.1| 100.0                        | $76.7 | 100.0                        | $44.3 | 100.0                        |
| Payroll taxes           | 68.7  | 56.8                         | 68.7  | 89.6                         | —     | —                            |
| General revenues        | 31.5  | 26.1                         | 0.6   | 0.8                          | 32.9  | 69.8                         |
| Premiums                | 12.3  | 10.2                         | 0.1   | 0.1                          | 12.3  | 27.7                         |
| Interest                | 8.5   | 7.1                          | 7.5   | 6.5                          | 1.2   | 2.7                          |

1 Includes premiums paid into the Medicare Catastrophic Coverage Account. The Medicare Catastrophic Coverage Account, created by the Medicare Catastrophic Coverage Act of 1988, was closed when the Act was repealed in December 1989. Monies accumulated in this account were transferred to the supplementary medical insurance trust fund.

NOTES: 0.0 denotes less than $50 million. Numbers and percents may not add to totals because of rounding.

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates.

Sixty-two percent of Medicare benefits was for hospital care, another 27.5 percent was paid for physician services.

Medicare’s prospective payment system, other cost containment measures, and a slowdown in the general economy slowed the growth in Medicare spending for hospital care from double digits in the early 1980s to 4.6 percent in 1986. Since then, growth in Medicare expenditures for hospital care has accelerated, reaching 8.0 percent in 1989. Medicare spent $62.1 billion in 1989 for all hospital care services, including inpatient, outpatient, and hospital-based home health agency services.

Medicare spending for physician services grew 70 percent faster than program spending for hospital care in 1989, reaching a total of $27.5 billion. Despite all efforts to restrain the growth in Medicare spending for physician services, Medicare’s share of total expenditures continued to increase, paying for 23.4 percent of all physician services in 1989.

In 1989, Medicaid spent $59.3 billion of combined Federal and State funds, which accounted for 11.2 percent of the Nation’s personal health care spending. Medicaid expenditures are largely institutional, with 38.6 percent spent on hospital care and 34.8 percent spent on nursing home care. Medicaid continues to be the largest third-party payer of long-term care expenditures, financing 43.1 percent of nursing home care in 1989. Medicaid benefit expenditures were 14.0 percent higher in 1989 than in 1988.

Medicaid is funded jointly by Federal and State and local governments. The Federal Government sets minimum requirements for eligibility and services, allowing State governments considerable flexibility in designing the total scope of the program within the

Medicare’s share of national spending for nursing home care grew from 2.3 percent in 1988 to 7.5 percent in 1989. Medicare paid $3.6 billion for skilled nursing facility care in 1989, a 270-percent increase over 1988 spending. This growth was largely a result of provisions of the Medicare Catastrophic Coverage Act of 1988 which became effective in 1989. The Act was repealed in December 1989; lingering effects of these provisions are expected in 1990.

Medicaid

In 1989, Medicaid spent $59.3 billion of combined Federal and State funds, which accounted for 11.2 percent of the Nation’s personal health care spending. Medicaid expenditures are largely institutional, with 38.6 percent spent on hospital care and 34.8 percent spent on nursing home care. Medicaid continues to be the largest third-party payer of long-term care expenditures, financing 43.1 percent of nursing home care in 1989. Medicaid benefit expenditures were 14.0 percent higher in 1989 than in 1988.

Medicaid is funded jointly by Federal and State and local governments. The Federal Government sets minimum requirements for eligibility and services, allowing State governments considerable flexibility in designing the total scope of the program within the...
Table 9
Personal health care expenditures under Medicare and Medicaid and sources of Medicare financing: Calendar years 1966-89

| Medicare and Medicaid | Medicare | Medicaid down to 1973 | Medicaid down to 1974 | Inpatient deductible | Enrollees | Users | Amount in billions | Number in millions | Amount in dollars | Percent |
|----------------------|----------|----------------------|----------------------|---------------------|-----------|-------|-------------------|-------------------|------------------|--------|
| Year                 |          |                      |                      |                     |           |       |                   |                   |                   |        |
| 1966                 | $2.9     | $1.6                 | $1.3                 | $40                 | 19.1      | 3.7   | 19.1              | 3.7               | 19.1             | 3.7    |
| 1967                 | 7.9      | 4.9                  | 3.0                  | 40                  | 19.5      | 7.2   | 19.5              | 7.2               | 19.5             | 7.2    |
| 1968                 | 9.3      | 5.9                  | 3.4                  | 40                  | 19.8      | 7.9   | 19.8              | 7.9               | 19.8             | 7.9    |
| 1969                 | 10.8     | 6.8                  | 4.0                  | 40                  | 20.1      | 8.8   | 20.1              | 8.8               | 20.1             | 8.8    |
| 1970                 | 12.3     | 7.2                  | 5.1                  | 44                  | 20.5      | 9.4   | 20.5              | 9.4               | 20.5             | 9.4    |
| 1971                 | 14.5     | 8.1                  | 6.4                  | 40                  | 20.9      | 9.4   | 20.9              | 9.4               | 20.9             | 9.4    |
| 1972                 | 16.8     | 8.8                  | 8.0                  | 40                  | 21.3      | 10.0  | 21.3              | 10.0              | 21.3             | 10.0   |
| 1973                 | 19.2     | 10.2                 | 9.1                  | 44                  | 23.5      | 10.2  | 23.5              | 10.2              | 23.5             | 10.2   |
| 1974                 | 23.4     | 12.8                 | 10.6                 | 40                  | 24.2      | 11.8  | 24.2              | 11.8              | 24.2             | 11.8   |
| 1975                 | 28.6     | 15.7                 | 12.9                 | 40                  | 25.0      | 13.0  | 25.0              | 13.0              | 25.0             | 13.0   |
| 1976                 | 33.4     | 18.9                 | 14.5                 | 40                  | 25.7      | 14.1  | 25.7              | 14.1              | 25.7             | 14.1   |
| 1977                 | 38.6     | 22.1                 | 16.5                 | 40                  | 26.5      | 14.9  | 26.5              | 14.9              | 26.5             | 14.9   |
| 1978                 | 44.3     | 25.8                 | 18.5                 | 44                  | 27.2      | 15.9  | 27.2              | 15.9              | 27.2             | 15.9   |
| 1979                 | 51.3     | 30.1                 | 21.2                 | 44                  | 27.9      | 16.9  | 27.9              | 16.9              | 27.9             | 16.9   |
| 1980                 | 61.2     | 38.4                 | 24.8                 | 44                  | 28.5      | 18.0  | 28.5              | 18.0              | 28.5             | 18.0   |
| 1981                 | 72.7     | 43.8                 | 28.9                 | 44                  | 29.0      | 18.9  | 29.0              | 18.9              | 29.0             | 18.9   |
| 1982                 | 81.9     | 51.4                 | 33.6                 | 44                  | 29.5      | 18.8  | 29.5              | 18.8              | 29.5             | 18.8   |
| 1983                 | 92.0     | 58.5                 | 33.6                 | 44                  | 30.0      | 19.7  | 30.0              | 19.7              | 30.0             | 19.7   |
| 1984                 | 100.4    | 64.4                 | 36.0                 | 44                  | 30.5      | 20.7  | 30.5              | 20.7              | 30.5             | 20.7   |
| 1985                 | 109.9    | 70.3                 | 39.7                 | 44                  | 31.1      | 22.3  | 31.1              | 22.3              | 31.1             | 22.3   |
| 1986                 | 118.0    | 75.1                 | 42.9                 | 44                  | 31.7      | 23.1  | 31.7              | 23.1              | 31.7             | 23.1   |
| 1987                 | 129.4    | 81.2                 | 48.2                 | 44                  | 32.4      | 24.3  | 32.4              | 24.3              | 32.4             | 24.3   |
| 1988                 | 140.5    | 86.5                 | 52.1                 | 44                  | 33.0      | 25.1  | 33.0              | 25.1              | 33.0             | 25.1   |
| 1989                 | 159.2    | 90.8                 | 59.3                 | 44                  | 33.6      | 26.7  | 33.6              | 26.7              | 33.6             | 26.7   |

1. Excludes "buy-in" premiums paid by Medicaid for SMI coverage of aged and disabled Medicaid recipients eligible for coverage.
2. Hospital insurance and/or supplementary medical insurance.
3. Enrollees as of July 1 of specified year.
4. Enrollees with some reimbursement under Medicare during calendar year. Data through 1973 reflect aged users only. Data for 1974 and later includes aged and disabled users.
5. Uncapped count of Medicaid recipients during fiscal year.
6. As of January of specified year with the exception of 1966, for which July data are used.
7. As of July for 1968-83 and as of January for 1984-89.
8. Employer and employee (each) and self-employed people through 1983. Effective in 1984, self-employed people pay double this rate, the equivalent of both the employer and the employee share.
9. Monthly premium for July and August 1973 was reduced to $5.80 and $6.10, respectively, by the Cost of Living Council.
10. Estimated.

NOTES: SMI is supplementary medical insurance. Numbers may not add to totals because of rounding.

SOURCE: Health Care Financing Administration, Office of the Actuary; Data from the Office of National Cost Estimates.

The Federal Government requires that all people receiving income benefits under the Supplemental Security Income (SSI) program (covering aged, blind, and disabled individuals) and families qualifying for Aid to Families with Dependent Children (AFDC) automatically qualify for Medicaid benefits. Certain individuals with income too high to qualify for SSI or AFDC cash benefits (pregnant women, children under age 6, Medicare enrollees, and social security title IV-E recipients of foster care and adoption assistance) are also mandatorily eligible for Medicaid. State governments may, at their option, extend the program to cover "medically indigent" individuals or families, recipients of State supplementary payments, and other people with income or resources below specified levels.

Aged and disabled Medicare enrollees with incomes below certain levels were mandatorily covered by Medicaid under the Medicare Catastrophic Coverage Act of 1988. These Medicaid recipients are not eligible for full Medicaid benefits; Medicaid is required to pay only the Medicare premiums, deductibles, and coinsurance amounts. This provision of the Catastrophic Coverage Act was not repealed when the Act was repealed in 1989.

The Federal Government also defines minimum services which must be provided to Medicaid recipients. These services include inpatient and outpatient hospital services; physician care; rural health clinic services; laboratory and X-ray services; skilled nursing home and home health care to people over 21 years of age; early and periodic screening, diagnosis, and treatment to children under 21 years of age; prenatal care and nurse-midwife services; and family planning services. States may elect to provide additional services such as prescribed drugs, eyeglasses, dental care, and intermediate care facility services.
Through State “buy-in” agreements, Medicaid purchases Medicare supplementary medical insurance (Part B) coverage for people who are eligible for both programs. For these “dual-eligibles,” Medicare is the primary payer for Medicare-covered services, and Medicaid pays deductibles and coinsurance amounts and provides additional Medicaid-covered health care services. To avoid double counting, the Medicaid estimates presented here do not include the $1.0 billion paid to Medicare by Medicaid in 1989 for buy-in premiums. Therefore, actual Medicaid program expenditures for personal health care were $60.4 billion in 1989.

In fiscal year 1989, 24.1 million people received some type of Medicaid benefit (Table 9). The number of Medicaid recipients has increased in recent years because of program expansions. Although two-thirds of Medicaid recipients in fiscal year 1989 qualified because they were members of an AFDC family, they consumed only one-fourth of program benefits. Conversely, the aged, blind, and disabled, who represented less than one-third of Medicaid recipients, consumed nearly three-fourths of Medicaid benefits.

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Table 10
National health expenditures aggregate and per capita amounts, percent distribution, and average annual percent growth, by source of funds:
Selected calendar years 1960-89

| Item                      | 1960  | 1965  | 1970  | 1975  | 1980  | 1985  | 1986  | 1987  | 1988  | 1989  |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| National health expenditures | $27.1 | $41.6 | $74.4 | $132.9| $249.1| $420.1| $452.3| $492.5| $544.0| $604.1|
| Private                   | 20.5  | 31.3  | 46.7  | 77.8  | 143.9 | 245.0 | 260.9 | 282.9 | 315.8 | 350.9 |
| Public                    | 6.7   | 10.3  | 27.7  | 55.1  | 105.2 | 175.1 | 191.3 | 209.6 | 228.2 | 253.3 |
| Federal                   | 2.0   | 4.8   | 17.7  | 36.4  | 72.0  | 123.6 | 132.6 | 143.5 | 156.7 | 174.4 |
| State and local           | 3.7   | 5.5   | 9.9   | 18.7  | 33.2  | 51.5  | 58.8  | 66.2  | 71.5  | 78.8  |
| Number in millions        |       |       |       |       |       |       |       |       |       |       |
| U.S. population\(^1\)     | 190.1 | 204.0 | 214.8 | 224.7 | 235.2 | 247.0 | 251.9 | 254.3 | 256.6 |       |
| Gross national product    | $515  | $705  | $1,015| $1,598| $2,732| $4,015| $4,232| $4,516| $4,874| $5,201|
| Private                   | 108   | 154   | 217   | 346   | 612   | 992   | 1,046 | 1,123 | 1,242 | 1,367 |
| Public                    | 35    | 50    | 129   | 245   | 447   | 709   | 757   | 832   | 898   | 957   |
| Federal                   | 15    | 24    | 83    | 162   | 306   | 500   | 532   | 570   | 616   | 680   |
| State and local           | 20    | 27    | 46    | 83    | 141   | 208   | 236   | 263   | 281   | 307   |
| Percent distribution      |       |       |       |       |       |       |       |       |       |       |
| National health expenditures | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Private                   | 75.5  | 75.3  | 62.8  | 58.5  | 57.8  | 58.3  | 57.7  | 58.0  | 58.1  | 58.1  |
| Public                    | 24.5  | 24.7  | 37.2  | 41.5  | 42.2  | 41.7  | 42.3  | 42.6  | 41.9  | 41.9  |
| Federal                   | 10.7  | 11.6  | 23.9  | 27.4  | 28.9  | 29.4  | 29.3  | 29.1  | 28.8  | 28.9  |
| State and local           | 13.8  | 13.2  | 13.3  | 14.1  | 13.3  | 12.3  | 13.0  | 13.4  | 13.1  | 13.0  |
| Percent of gross national product | 5.3  | 5.9   | 7.3   | 8.3   | 9.1   | 10.5  | 10.7  | 10.9  | 11.2  | 11.6  |
| Average annual percent growth from previous year shown |     |       |       |       |       |       |       |       |       |       |

\(^1\) July 1 social security area population estimates.

NOTE: Numbers and percents may not add to totals because of rounding.

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates.
### Table 11
National health expenditures aggregate amounts and average annual percent growth, by type of expenditure: Selected calendar years 1960-89

| Type of expenditure | 1960 | 1965 | 1970 | 1975 | 1980 | 1985 | 1986 | 1987 | 1988 | 1989 |
|---------------------|------|------|------|------|------|------|------|------|------|------|
| National health expenditures | $27.1 | $41.6 | $74.4 | $132.9 | $249.1 | $420.1 | $452.3 | $492.5 | $544.0 | $604.1 |
| Health services and supplies | 25.4 | 38.2 | 69.1 | 124.7 | 237.8 | 404.7 | 436.3 | 475.2 | 524.1 | 583.5 |
| Personal health care | 23.9 | 35.6 | 54.9 | 116.6 | 218.3 | 367.2 | 399.2 | 436.7 | 480.0 | 530.7 |
| Hospital care | 9.3 | 14.0 | 27.9 | 52.4 | 102.4 | 167.9 | 179.4 | 193.8 | 211.7 | 232.8 |
| Physician services | 5.3 | 8.2 | 13.6 | 23.3 | 41.9 | 74.0 | 82.1 | 93.0 | 105.1 | 117.6 |
| Dental services | 2.0 | 2.8 | 4.7 | 8.2 | 14.4 | 23.3 | 24.7 | 27.1 | 29.4 | 31.4 |
| Other professional services | 0.6 | 0.9 | 1.5 | 3.5 | 8.7 | 16.6 | 18.6 | 21.2 | 22.9 | 27.0 |
| Home health care | 0.0 | 0.1 | 0.1 | 0.4 | 1.3 | 3.8 | 4.0 | 4.1 | 4.5 | 5.4 |
| Drugs and other medical nondurables | 4.2 | 5.9 | 8.8 | 13.0 | 20.1 | 32.3 | 35.6 | 38.7 | 41.5 | 44.6 |
| Vision products and other medical durables | 0.8 | 1.2 | 2.0 | 3.1 | 5.0 | 8.4 | 9.5 | 10.7 | 12.0 | 13.5 |
| Nursing home care | 1.0 | 1.7 | 4.9 | 9.9 | 20.0 | 34.1 | 38.7 | 39.8 | 42.8 | 47.9 |
| Other personal health care | 0.7 | 0.8 | 1.4 | 2.7 | 4.6 | 8.8 | 7.6 | 8.3 | 9.3 | 10.5 |
| Program administration and net cost of private health insurance | 1.2 | 1.9 | 2.8 | 5.1 | 12.2 | 25.2 | 24.7 | 23.9 | 27.9 | 35.3 |
| Government public health activities | 0.4 | 0.8 | 1.4 | 3.0 | 7.2 | 12.3 | 13.5 | 14.7 | 16.2 | 17.5 |
| Research and construction | 1.7 | 3.5 | 5.3 | 8.3 | 11.3 | 15.4 | 18.0 | 17.3 | 19.8 | 20.6 |
| Research | 0.7 | 1.5 | 2.0 | 3.3 | 5.4 | 7.8 | 8.5 | 9.0 | 10.3 | 11.0 |
| Construction | 1.0 | 1.9 | 3.4 | 5.0 | 5.8 | 7.6 | 7.4 | 8.2 | 9.5 | 9.6 |

Average annual percent growth from previous year shown:

| Type of expenditure | 1960 | 1965 | 1970 | 1975 | 1980 | 1985 | 1986 | 1987 | 1988 | 1989 |
|---------------------|------|------|------|------|------|------|------|------|------|------|
| National health expenditures | — | 8.9 | 12.3 | 12.3 | 13.4 | 11.0 | 7.7 | 8.9 | 10.5 | 11.1 |
| Health services and supplies | — | 8.5 | 12.6 | 12.5 | 13.8 | 11.2 | 7.8 | 8.9 | 10.3 | 11.3 |
| Personal health care | — | 8.3 | 12.8 | 12.4 | 13.4 | 11.0 | 8.4 | 9.7 | 9.9 | 10.8 |
| Hospital care | — | 8.6 | 14.7 | 13.4 | 14.3 | 10.4 | 6.8 | 8.0 | 9.2 | 10.0 |
| Physician services | — | 9.2 | 10.6 | 11.4 | 12.5 | 12.1 | 10.9 | 13.3 | 13.1 | 11.9 |
| Dental services | — | 7.3 | 10.8 | 12.1 | 11.7 | 10.1 | 6.4 | 9.6 | 8.5 | 6.7 |
| Other professional services | — | 7.4 | 11.8 | 18.3 | 19.9 | 13.8 | 12.0 | 13.6 | 12.3 | 13.7 |
| Home health care | — | 9.6 | 19.7 | 23.2 | 27.2 | 23.3 | 3.7 | 3.4 | 9.5 | 19.1 |
| Drugs and other medical nondurables | — | 6.8 | 8.4 | 8.1 | 8.1 | 9.9 | 10.2 | 8.7 | 7.4 | 7.5 |
| Vision products and other medical durables | — | 9.0 | 10.1 | 8.8 | 10.1 | 11.0 | 13.6 | 12.5 | 11.8 | 12.9 |
| Nursing home care | — | 11.6 | 23.4 | 15.4 | 15.0 | 11.3 | 7.6 | 8.4 | 7.5 | 12.0 |
| Other personal health care | — | 3.5 | 10.7 | 14.6 | 11.0 | 8.4 | 10.9 | 9.9 | 11.4 | 12.8 |
| Program administration and net cost of private health insurance | — | 10.5 | 7.5 | 12.9 | 19.3 | 15.5 | -2.0 | -3.1 | 16.8 | 28.5 |
| Government public health activities | — | 10.8 | 17.1 | 17.0 | 18.9 | 11.3 | 9.6 | 8.6 | 10.5 | 8.1 |
| Research and construction | — | 15.2 | 9.0 | 9.2 | 6.4 | 8.4 | 4.3 | 8.2 | 14.9 | 3.9 |
| Research | — | 17.1 | 5.1 | 11.2 | 10.4 | 7.4 | 9.5 | 5.7 | 14.5 | 6.2 |
| Construction | — | 13.9 | 11.8 | 8.0 | 3.3 | 5.4 | -2.4 | 11.1 | 15.3 | 1.5 |

1Research and development expenditures of drug companies and other manufacturers and providers of medical equipment and supplies are excluded from “research expenditures,” but they are included in the expenditure class in which the product falls.

**NOTE:** Numbers may not add to totals because of rounding.

**SOURCE:** Health Care Financing Administration, Office of the Actuary; Data from the Office of National Cost Estimates.
Table 12
National health expenditures, by source of funds and type of expenditure: Selected calendar years 1980-89

| Year and type of expenditure | 1980 | 1986 | 1987 |
|-----------------------------|------|------|------|
|                             | Total | All | Private |
|                             | Funds | Out | Consumer |
|                             |       |    | Insurance |
|                             |       |    | Other |
|                             |       |    | Government |
|                             |       |    | State | Federal | Local |
| National health expenditures | $249.1 | $143.9 | $131.8 | $58.4 | $73.4 | $12.1 | $105.2 | $72.0 | $33.2 |
| Health services and supplies | 237.8 | 139.7 | 131.8 | 58.4 | 73.4 | 7.8 | 98.1 | 66.8 | 31.4 |
| Personal health care | 218.3 | 131.3 | 123.7 | 58.4 | 65.3 | 7.6 | 87.1 | 63.5 | 23.6 |
| Hospital care | 192.4 | 118.6 | 102.6 | 53.7 | 53.7 | 7.0 | 76.4 | 50.1 | 24.3 |
| Physician services | 41.9 | 29.2 | 22.0 | 11.3 | 12.3 | 5.0 | 12.3 | 7.5 | 4.8 |
| Dental services | 14.4 | 13.7 | 9.4 | 4.8 | 4.8 | 0.0 | 4.8 | 3.0 | 1.8 |
| Other professional services | 8.7 | 7.2 | 4.7 | 2.3 | 2.3 | 0.0 | 2.3 | 1.5 | 0.8 |
| Home health care | 1.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.0 | 0.2 | 0.0 | 0.0 |
| Drugs and other medical nondurables | 20.1 | 18.5 | 16.0 | 2.5 | 2.5 | 0.0 | 2.5 | 0.8 | 0.8 |
| Vision products and other medical durables | 5.0 | 4.4 | 4.4 | 0.8 | 0.8 | 0.0 | 0.8 | 0.5 | 0.5 |
| Nursing home care | 20.0 | 9.9 | 8.8 | 1.7 | 1.7 | 0.0 | 1.7 | 1.0 | 0.5 |
| Other personal health care | 4.6 | 0.9 | 0.9 | 0.1 | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 |
| Program administration and net cost of private health insurance | 12.2 | 8.4 | 8.4 | 0.8 | 0.8 | 0.0 | 0.8 | 0.4 | 0.4 |
| Government public health activities | 7.2 | 6.4 | 6.4 | 0.4 | 0.4 | 0.0 | 0.4 | 0.3 | 0.3 |
| Research and construction | 11.3 | 4.2 | 4.2 | 0.2 | 0.2 | 0.0 | 0.2 | 0.2 | 0.2 |
| Research | 5.4 | 3.1 | 3.1 | 0.2 | 0.2 | 0.0 | 0.2 | 0.1 | 0.1 |
| Construction | 5.8 | 4.0 | 4.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

See footnotes at end of table.
Table 12—Continued
National health expenditures, by source of funds and type of expenditure: Selected calendar years 1980-89

| Year and type of expenditure | All private funds | Total Out of pocket | Private insurance | Other | Total Federal | State and local |
|------------------------------|------------------|---------------------|------------------|-------|--------------|----------------|
| **1988**                     |                  |                     |                  |       | $226.2       | $156.7         | $71.5 |
| National health expenditures | $544.0           | $915.8              | $291.5           | $115.5| $176.0       | $24.3          |
| Health services and supplies | 524.1            | 307.9               | 291.5            | 115.5 | 176.0        | 18.5           |
| Personal health care         | 480.0            | 287.4               | 271.4            | 115.5 | 159.9        | 18.0           |
| Hospital care                | 211.7            | 97.8                | 87.5             | 11.3  | 16.5         | 10.3           |
| Physician services           | 105.1            | 70.2                | 70.2             | 20.1  | 50.1         | 0.0            |
| Dental services              | 29.4             | 28.7                | 28.7             | 16.3  | 12.4         | —              |
| Other professional services  | 23.8             | 19.2                | 16.6             | 7.6   | 6.9          | 2.6            |
| Home health care             | 4.5              | 1.2                 | 0.8              | 0.5   | 0.3          | 0.3            |
| Drugs and other medical nondurables | 41.5 | 36.8 | 36.8 | 30.4 | 6.5 | 4.7 | 2.2 | 2.5 |
| Vision products and other medical durables | 12.0 | 9.7 | 9.7 | 8.7 | 1.0 | 2.2 | 2.0 | 0.3 |
| Nursing home care            | 42.8             | 21.8                | 21.0             | 20.6  | 0.5          | 0.8            |
| Other personal health care   | 9.3              | 1.9                 | —                | —     | 1.9          | 7.4            |
| Program administration and net cost of private health insurance | 27.9 | 20.6 | 20.1 | — | 20.1 | 0.5 | 7.3 | 3.9 | 3.4 |
| Government public health activities | 16.2 | — | — | — | — | 16.2 | 1.9 | 14.3 |
| Research and construction    | 19.8             | 7.8                 | —                | —     | 7.6          | 12.0           |
| Research                     | 10.3             | 0.7                 | —                | —     | 0.7          | 9.8            |
| Construction                 | 9.5              | 7.1                 | —                | —     | 7.1          | 2.4            |

| **1989**                     |                  |                     |                  |       | $276.2       | $156.7         | $71.5 |
| National health expenditures | 604.1            | 350.9               | 324.5            | 124.8 | 199.7        | 26.3           |
| Health services and supplies | 583.5            | 342.7               | 324.5            | 124.8 | 199.7        | 18.2           |
| Personal health care         | 530.7            | 315.3               | 297.7            | 124.8 | 172.9        | 17.6           |
| Hospital care                | 232.8            | 108.3               | 96.9             | 12.7  | 84.2         | 11.4           |
| Physician services           | 117.6            | 78.5                | 78.4             | 22.4  | 55.1         | 0.0            |
| Dental services              | 31.4             | 30.7                | 30.7             | 17.2  | 13.4         | —              |
| Other professional services  | 27.0             | 21.6                | 18.7             | 8.5   | 10.2         | 2.9            |
| Home health care             | 5.4              | 1.3                 | 1.0              | 0.6   | 0.4          | 0.3            |
| Drugs and other medical nondurables | 44.6 | 39.3 | 39.3 | 32.3 | 7.0 | 5.3 | 2.5 | 2.8 |
| Vision products and other medical durables | 13.5 | 11.0 | 11.0 | 9.8 | 1.2 | 2.5 | 2.2 | 0.3 |
| Nursing home care            | 47.9             | 22.7                | 21.8             | 21.3  | 0.5          | 0.9            |
| Other personal health care   | 10.5             | 2.1                 | —                | —     | 2.1          | 8.4            |
| Program administration and net cost of private health insurance | 35.3 | 27.4 | 26.8 | — | 25.8 | 0.5 | 8.0 | 4.3 | 3.6 |
| Government public health activities | 17.5 | — | — | — | — | 17.5 | 2.1 | 15.4 |
| Research and construction    | 20.6             | 8.2                 | —                | —     | 8.2          | 12.4           |
| Research                     | 11.0             | 0.8                 | —                | —     | 0.8          | 10.2           |
| Construction                 | 9.6              | 7.4                 | —                | —     | 7.4          | 2.2            |

NOTES: 0.0 denotes less than $50 million. Research and development expenditures of drug companies and other manufacturers and providers of medical equipment and supplies are included in the expenditure class in which the product falls. Numbers may not add to totals because of rounding.

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates.
### Table 13

Personal health care expenditures aggregate and per capita amounts and percent distribution, by source of funds: Calendar years 1980-89

| Year | Total | Out-of-pocket payments | Private health insurance | Other private funds | Total | Federal | State and local | Medicare¹ | Medicaid² |
|------|-------|------------------------|--------------------------|-------------------|-------|---------|----------------|-----------|----------|
|      | Amount in billions | Per capita amount | Percent distribution |      |      |      |      |      |      |      |
| 1980 | $218.3 | $59.4 | $159.9 | $65.3 | $7.6 | $87.1 | $63.5 | $23.6 | $36.4 | $24.8 |
| 1981 | 253.2 | 66.5 | 187.7 | 77.1 | 9.9 | 101.6 | 74.9 | 26.7 | 43.9 | 28.9 |
| 1982 | 264.1 | 71.9 | 212.2 | 88.5 | 10.2 | 113.5 | 84.0 | 29.5 | 51.4 | 30.6 |
| 1983 | 312.4 | 78.8 | 233.6 | 97.4 | 11.0 | 125.3 | 93.4 | 31.8 | 58.5 | 33.6 |
| 1984 | 338.6 | 85.0 | 239.6 | 106.3 | 11.4 | 135.9 | 101.8 | 34.1 | 64.4 | 36.0 |
| 1985 | 367.2 | 91.7 | 275.5 | 114.0 | 12.9 | 148.7 | 111.8 | 36.9 | 70.3 | 39.7 |
| 1986 | 396.2 | 97.4 | 300.7 | 125.2 | 13.5 | 162.0 | 120.2 | 41.7 | 75.1 | 42.9 |
| 1987 | 436.7 | 104.7 | 331.9 | 139.4 | 14.7 | 177.8 | 130.3 | 47.5 | 81.2 | 48.2 |
| 1988 | 480.0 | 115.5 | 364.5 | 155.9 | 16.0 | 192.7 | 141.7 | 51.0 | 88.5 | 52.1 |
| 1989 | 530.7 | 124.8 | 405.9 | 172.9 | 17.6 | 215.4 | 158.4 | 57.0 | 99.8 | 59.3 |

### Notes:
- **¹** Subset of federal funds.
- **²** Subset of federal and state and local funds.
- **Calculation of per capita estimates is inappropriate.**

**NOTES:** Per capita amounts based on July 1 social security area population estimates. Numbers and percents may not add to totals because of rounding.

**SOURCE:** Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates.
### Table 14
Hospital care expenditures aggregate and per capita amounts and percent distribution, by source of funds: Calendar years 1980-89

| Year | Total | Out-of-pocket payments | Third-party payments | Other private funds | Total | Federal and local | Medicare | Medicaid |
|------|-------|------------------------|----------------------|--------------------|-------|-------------------|----------|-----------|
|      | Amount in billions |                  |                      |                    |       |                    |          |           |
| 1980 | $102.4 | $5.3 | $97.1 | $37.5 | $5.0 | $54.6 | $41.3 | $13.3 | $26.4 | $9.7 |
| 1981 | 119.6 | 6.2 | 113.3 | 43.6 | 6.0 | 83.6 | 48.5 | 15.1 | 31.6 | 11.2 |
| 1982 | 135.9 | 7.2 | 128.7 | 50.1 | 6.9 | 71.7 | 55.1 | 16.6 | 36.8 | 12.0 |
| 1983 | 147.2 | 7.6 | 139.6 | 53.9 | 7.2 | 78.4 | 60.6 | 17.8 | 41.1 | 13.3 |
| 1984 | 157.2 | 8.1 | 149.1 | 56.9 | 7.3 | 84.9 | 66.3 | 18.7 | 45.3 | 14.3 |
| 1985 | 167.9 | 8.8 | 159.1 | 59.4 | 8.2 | 91.5 | 71.6 | 19.9 | 48.6 | 15.5 |
| 1986 | 179.4 | 8.6 | 170.8 | 63.8 | 8.5 | 96.3 | 75.4 | 23.0 | 50.9 | 16.5 |
| 1987 | 193.8 | 8.7 | 185.1 | 69.5 | 9.4 | 106.2 | 80.1 | 26.0 | 53.7 | 18.5 |
| 1988 | 211.7 | 11.3 | 200.4 | 76.2 | 10.3 | 113.9 | 85.7 | 26.2 | 57.5 | 20.0 |
| 1989 | 232.8 | 12.7 | 220.1 | 84.2 | 11.4 | 124.5 | 92.9 | 31.6 | 62.1 | 22.9 |

| Year | Per capita amount |
|------|-------------------|
| 1980 | $435 | $23 | $413 | $159 | $21 | $232 | $176 | $55 |
| 1981 | 503 | 26 | 477 | 184 | 25 | 268 | 204 | 64 |
| 1982 | 566 | 30 | 536 | 209 | 29 | 299 | 230 | 69 |
| 1983 | 607 | 31 | 576 | 223 | 30 | 323 | 250 | 73 |
| 1984 | 642 | 33 | 609 | 232 | 30 | 347 | 271 | 76 |
| 1985 | 689 | 36 | 644 | 240 | 33 | 370 | 290 | 81 |
| 1986 | 719 | 35 | 685 | 256 | 35 | 394 | 302 | 92 |
| 1987 | 769 | 35 | 735 | 276 | 37 | 422 | 318 | 103 |
| 1988 | 833 | 44 | 788 | 300 | 41 | 448 | 337 | 111 |
| 1989 | 907 | 49 | 858 | 328 | 44 | 485 | 352 | 123 |

| Year | Percent distribution |
|------|----------------------|
| 1980 | 100.0 | 5.2 | 94.8 | 36.6 | 4.9 | 53.3 | 40.4 | 12.9 | 25.8 | 9.4 |
| 1981 | 100.0 | 5.2 | 94.8 | 36.5 | 5.0 | 53.2 | 40.6 | 12.7 | 26.4 | 9.4 |
| 1982 | 100.0 | 5.3 | 94.7 | 36.8 | 5.1 | 52.8 | 40.5 | 12.2 | 27.1 | 8.8 |
| 1983 | 100.0 | 5.2 | 94.8 | 36.6 | 4.9 | 53.3 | 41.2 | 12.1 | 27.9 | 9.0 |
| 1984 | 100.0 | 5.1 | 94.9 | 36.2 | 4.6 | 54.0 | 42.2 | 11.9 | 28.8 | 9.1 |
| 1985 | 100.0 | 5.2 | 94.8 | 35.4 | 4.9 | 54.5 | 42.6 | 11.9 | 29.0 | 9.2 |
| 1986 | 100.0 | 4.8 | 95.2 | 35.6 | 4.8 | 54.8 | 42.0 | 12.8 | 28.3 | 9.2 |
| 1987 | 100.0 | 4.5 | 95.5 | 35.8 | 4.9 | 54.8 | 41.3 | 13.4 | 27.7 | 9.6 |
| 1988 | 100.0 | 5.3 | 94.7 | 36.0 | 4.9 | 53.8 | 40.5 | 13.3 | 27.2 | 9.5 |
| 1989 | 100.0 | 5.5 | 94.5 | 36.2 | 4.9 | 53.5 | 39.9 | 13.6 | 26.7 | 9.8 |

1 Subset of Federal funds.
2 Subset of Federal and State and local funds.
3 Calculation of per capita estimates is inappropriate.

NOTES: Per capita amounts based on July 1 social security area population estimates. Numbers and percents may not add to totals because of rounding.

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates.
Table 15
Physician care expenditures aggregate and per capita amounts and percent distribution, by source of funds: Calendar years 1980-89

| Year | Total | Out-of-pocket | Private health insurance | Other private funds | Total | Federal | State and local | Medicare1 | Medicaid2 |
|------|-------|---------------|---------------------------|--------------------|-------|---------|----------------|-----------|-----------|
|      |       | payments      |                           |                    |       |         |                |           |           |
| 1980 | $41.9 | $11.3         | $30.6                     | $18.0              | $0    | $12.6   | $9.7           | $3.0      | $7.9      | $2.1 |
| 1981 | 48.8  | 12.8          | 35.9                      | 21.0               | 0.0   | 14.9    | 11.6           | 3.2       | 9.7       | 2.4 |
| 1982 | 53.8  | 13.5          | 40.3                      | 23.4               | 0.0   | 16.8    | 13.3           | 3.5       | 11.3      | 2.3 |
| 1983 | 60.6  | 14.8          | 46.1                      | 26.6               | 0.0   | 19.4    | 15.5           | 3.9       | 13.4      | 2.4 |
| 1984 | 67.1  | 15.7          | 51.5                      | 30.4               | 0.0   | 21.1    | 16.8           | 4.3       | 14.5      | 2.5 |
| 1985 | 74.0  | 16.1          | 57.9                      | 33.7               | 0.0   | 24.1    | 19.2           | 4.9       | 16.6      | 2.8 |
| 1986 | 82.1  | 16.3          | 65.7                      | 38.3               | 0.0   | 27.4    | 21.8           | 5.5       | 18.6      | 3.2 |
| 1987 | 95.0  | 17.8          | 75.1                      | 43.8               | 0.0   | 31.3    | 24.9           | 6.3       | 21.6      | 3.5 |
| 1988 | 105.1 | 20.1          | 85.0                      | 50.1               | 0.0   | 34.9    | 28.1           | 6.8       | 24.2      | 3.7 |
| 1989 | 117.6 | 22.4          | 95.3                      | 56.1               | 0.0   | 39.2    | 31.8           | 7.4       | 27.5      | 4.2 |

Per capita amount

| Year | Amount in billions | Per capita estimates |
|------|--------------------|----------------------|
| 1980 | $179               | $48                  |
| 1981 | 205                | 54                   |
| 1982 | 224                | 56                   |
| 1983 | 250                | 60                   |
| 1984 | 274                | 64                   |
| 1985 | 299                | 65                   |
| 1986 | 329                | 65                   |
| 1987 | 369                | 71                   |
| 1988 | 413                | 79                   |
| 1989 | 458                | 87                   |

Percent distribution

| Year | Total | Out-of-pocket | Private health insurance | Other private funds | Total | Federal | State and local | Medicare1 | Medicaid2 |
|------|-------|---------------|---------------------------|--------------------|-------|---------|----------------|-----------|-----------|
| 1980 | 100.0 | 26.9          | 73.1                      | 42.9               | 0.1   | 30.2    | 23.1           | 7.1       | 19.0      | 5.1 |
| 1981 | 100.0 | 28.3          | 73.7                      | 43.1               | 0.1   | 30.5    | 23.9           | 6.6       | 19.6      | 4.8 |
| 1982 | 100.0 | 25.1          | 74.9                      | 43.5               | 0.1   | 31.3    | 24.7           | 6.6       | 21.1      | 4.2 |
| 1983 | 100.0 | 24.0          | 75.0                      | 43.9               | 0.1   | 32.0    | 25.6           | 6.4       | 22.0      | 4.0 |
| 1984 | 100.0 | 23.3          | 75.7                      | 45.2               | 0.0   | 31.4    | 25.0           | 6.4       | 21.6      | 3.8 |
| 1985 | 100.0 | 21.8          | 78.2                      | 45.6               | 0.0   | 32.6    | 26.0           | 6.6       | 22.5      | 3.9 |
| 1986 | 100.0 | 19.9          | 80.1                      | 46.7               | 0.0   | 33.4    | 26.6           | 6.7       | 23.0      | 3.9 |
| 1987 | 100.0 | 19.2          | 80.8                      | 47.1               | 0.0   | 33.6    | 26.8           | 6.8       | 23.2      | 3.8 |
| 1988 | 100.0 | 19.1          | 80.9                      | 47.6               | 0.0   | 33.2    | 26.7           | 6.5       | 23.0      | 3.6 |
| 1989 | 100.0 | 19.0          | 81.0                      | 47.6               | 0.0   | 33.3    | 27.0           | 6.3       | 23.4      | 3.8 |

1Subset of Federal funds.
2Subset of Federal and State and local funds.
3Calculation of per capita estimates is inappropriate.

NOTES: 0.0 denotes less than $50 million for aggregate amounts, and 0 denotes less than $.50 for per capita amounts. Per capita amounts based on July 1 social security area population estimates. Numbers and percents may not add to totals because of rounding.

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates.
### Table 16

**Nursing home care expenditures aggregate and per capita amounts and percent distribution, by source of funds: Calendar years 1980-89**

| Year | Total | Out-of-pocket payments | Total | Private health insurance | Other private funds | Total | Federal | State and local | Medicare | Medicaid |
|------|-------|------------------------|-------|--------------------------|--------------------|-------|---------|----------------|----------|----------|
|      |       |                        |       |                          |                    |       |         |               |          |          |
|      | Amount in billions |                          |       |                          |                    |       |         |               |          |          |
| 1980 | $20.0 | $8.7                   | $11.3 | $0.2                     | $0.6              | $10.5 | $6.1    | $4.4          | $0.4     | $9.7     |
| 1981 | 23.3  | 10.0                   | 13.3  | 0.2                      | 0.7               | 12.4  | 7.4     | 5.0           | 0.5      | 11.5     |
| 1982 | 28.1  | 11.9                   | 14.2  | 0.3                      | 0.7               | 13.3  | 7.6     | 5.8           | 0.5      | 12.2     |
| 1983 | 28.9  | 13.6                   | 15.3  | 0.3                      | 0.7               | 14.3  | 8.3     | 6.0           | 0.5      | 13.2     |
| 1984 | 31.2  | 14.9                   | 16.2  | 0.3                      | 0.7               | 15.2  | 8.7     | 6.5           | 0.5      | 14.0     |
| 1985 | 34.1  | 16.6                   | 17.5  | 0.3                      | 0.7               | 18.5  | 9.7     | 6.8           | 0.6      | 15.2     |
| 1986 | 36.7  | 18.0                   | 18.7  | 0.4                      | 0.7               | 17.6  | 10.4    | 7.2           | 0.6      | 16.2     |
| 1987 | 39.8  | 19.1                   | 20.7  | 0.4                      | 0.8               | 19.5  | 11.4    | 8.1           | 0.6      | 17.9     |
| 1988 | 42.8  | 20.6                   | 22.2  | 0.5                      | 0.8               | 20.9  | 12.6    | 8.3           | 1.0      | 19.0     |
| 1989 | 47.9  | 21.3                   | 26.7  | 0.5                      | 0.9               | 25.2  | 16.2    | 9.0           | 3.6      | 20.6     |

| Year | Per capita amount |       |       |       |       |       |       |       |       |       |       |
|------|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|      | Amount in billions |       |       |       |       |       |       |       |       |       |       |
| 1980 | $85              | $37   | $48   | $1   | $3   | $45   | $26   | $19   | (i)   | (i)   |        |
| 1981 | 98               | 42    | 56    | 1    | 3    | 52    | 31    | 21    | (i)   | (i)   |        |
| 1982 | 109              | 50    | 59    | 1    | 3    | 55    | 32    | 23    | (i)   | (i)   |        |
| 1983 | 119              | 56    | 63    | 1    | 3    | 59    | 34    | 25    | (i)   | (i)   |        |
| 1984 | 127              | 61    | 66    | 1    | 3    | 62    | 36    | 27    | (i)   | (i)   |        |
| 1985 | 138              | 67    | 71    | 1    | 3    | 67    | 39    | 28    | (i)   | (i)   |        |
| 1986 | 147              | 72    | 75    | 1    | 3    | 71    | 42    | 29    | (i)   | (i)   |        |
| 1987 | 158              | 75    | 82    | 2    | 3    | 77    | 45    | 32    | (i)   | (i)   |        |
| 1988 | 168              | 81    | 87    | 2    | 3    | 82    | 60    | 33    | (i)   | (i)   |        |
| 1989 | 187              | 83    | 104   | 2    | 4    | 98    | 63    | 35    | (i)   | (i)   |        |

| Year | Percent distribution |       |       |       |       |       |       |       |       |       |       |
|------|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1980 | 100.0                | 43.3  | 56.7  | 0.9  | 3.1  | 52.7  | 30.7  | 21.9  | 2.1   | 48.6  |        |
| 1981 | 100.0                | 42.8  | 57.2  | 1.0  | 2.8  | 53.4  | 31.9  | 21.5  | 1.9   | 49.6  |        |
| 1982 | 100.0                | 45.6  | 54.4  | 1.1  | 2.6  | 50.7  | 28.1  | 21.5  | 1.9   | 48.8  |        |
| 1983 | 100.0                | 47.1  | 52.9  | 1.0  | 2.3  | 49.5  | 28.6  | 20.9  | 1.8   | 45.7  |        |
| 1984 | 100.0                | 47.9  | 52.1  | 1.1  | 2.1  | 48.9  | 28.0  | 20.9  | 1.8   | 44.9  |        |
| 1985 | 100.0                | 48.6  | 51.4  | 1.0  | 1.9  | 48.5  | 28.5  | 20.0  | 1.7   | 44.6  |        |
| 1986 | 100.0                | 49.1  | 50.9  | 1.0  | 1.9  | 48.0  | 28.4  | 19.5  | 1.6   | 44.1  |        |
| 1987 | 100.0                | 48.0  | 52.0  | 1.1  | 1.9  | 48.9  | 29.5  | 19.5  | 2.3   | 44.4  |        |
| 1988 | 100.0                | 48.0  | 52.0  | 1.1  | 1.9  | 48.9  | 29.5  | 19.5  | 2.3   | 44.4  |        |
| 1989 | 100.0                | 44.4  | 55.6  | 1.1  | 1.9  | 52.6  | 33.8  | 18.8  | 7.5   | 43.1  |        |

1 Subset of Federal funds.
2 Subset of Federal and State and local funds.
3 Calculation of per capita estimates is inappropriate.

NOTES: Per capita amounts based on July 1 social security area population estimates. Numbers and percents may not add to totals because of rounding.

SOURCE: Health Care Financing Administration, Office of the Actuary; Data from the Office of National Cost Estimates.
### Table 17

Other personal health care expenditures\(^{1}\) aggregate and per capita amounts and percent distribution, by source of funds: Calendar years 1980-89

| Year | Total | Out-of-pocket payments | Total | Private health \(^{2}\) | Other private funds | Total | Federal | Local |
|------|-------|------------------------|-------|------------------------|---------------------|-------|---------|-------|
|      |       |                        |       |                        |                     |       |         |       |
| 1980 | $54.1 | $33.2                  | $20.9 | $6.7                   | $1.9               | $5.3  | $3.0    | $1.7  |
| 1981 | 61.6  | 36.5                   | 25.1  | 12.2                   | 2.2                | 10.6  | 7.3     | 3.3   |
| 1982 | 63.3  | 39.3                   | 29.0  | 14.7                   | 2.6                | 11.7  | 8.0     | 3.7   |
| 1983 | 75.8  | 43.1                   | 32.7  | 16.5                   | 3.0                | 13.2  | 9.1     | 4.1   |
| 1984 | 83.1  | 46.3                   | 36.8  | 18.7                   | 3.4                | 14.6  | 10.0    | 4.6   |
| 1985 | 91.2  | 50.2                   | 41.0  | 20.5                   | 4.0                | 16.5  | 11.3    | 5.2   |
| 1986 | 100.0 | 54.5                   | 45.5  | 22.7                   | 4.2                | 18.7  | 12.6    | 5.1   |
| 1987 | 110.1 | 59.0                   | 51.0  | 25.7                   | 4.4                | 20.9  | 13.9    | 7.0   |
| 1988 | 120.4 | 63.5                   | 56.9  | 28.1                   | 4.8                | 23.0  | 15.4    | 7.6   |
| 1989 | 132.4 | 68.5                   | 63.9  | 32.1                   | 5.3                | 26.5  | 17.5    | 8.9   |

Amount in billions

| Year | Total | Out-of-pocket payments | Total | Private health \(^{2}\) | Other private funds | Total | Federal | Local |
|------|-------|------------------------|-------|------------------------|---------------------|-------|---------|-------|
|      |       |                        |       |                        |                     |       |         |       |
| 1980 | $230  | $141                   | $89   | $41                    | $8                  | $40   | $27     | $13   |
| 1981 | 259   | 153                    | 106   | 52                     | 9                   | 45    | 31      | 14    |
| 1982 | 285   | 184                    | 121   | 61                     | 11                  | 49    | 33      | 15    |
| 1983 | 313   | 178                    | 135   | 68                     | 12                  | 54    | 37      | 17    |
| 1984 | 340   | 189                    | 150   | 77                     | 14                  | 60    | 41      | 19    |
| 1985 | 369   | 203                    | 166   | 83                     | 16                  | 67    | 46      | 21    |
| 1986 | 401   | 218                    | 182   | 91                     | 17                  | 75    | 51      | 24    |
| 1987 | 437   | 234                    | 203   | 102                    | 18                  | 83    | 55      | 28    |
| 1988 | 474   | 250                    | 224   | 115                    | 19                  | 90    | 60      | 30    |
| 1989 | 516   | 267                    | 249   | 125                    | 20                  | 103   | 68      | 35    |

Per capita amount

| Year | Total | Out-of-pocket payments | Total | Private health \(^{2}\) | Other private funds | Total | Federal | Local |
|------|-------|------------------------|-------|------------------------|---------------------|-------|---------|-------|
|      |       |                        |       |                        |                     |       |         |       |
| 1980 | $230  | $141                   | $89   | $41                    | $8                  | $40   | $27     | $13   |
| 1981 | 259   | 153                    | 106   | 52                     | 9                   | 45    | 31      | 14    |
| 1982 | 285   | 184                    | 121   | 61                     | 11                  | 49    | 33      | 15    |
| 1983 | 313   | 178                    | 135   | 68                     | 12                  | 54    | 37      | 17    |
| 1984 | 340   | 189                    | 150   | 77                     | 14                  | 60    | 41      | 19    |
| 1985 | 369   | 203                    | 166   | 83                     | 16                  | 67    | 46      | 21    |
| 1986 | 401   | 218                    | 182   | 91                     | 17                  | 75    | 51      | 24    |
| 1987 | 437   | 234                    | 203   | 102                    | 18                  | 83    | 55      | 28    |
| 1988 | 474   | 250                    | 224   | 115                    | 19                  | 90    | 60      | 30    |
| 1989 | 516   | 267                    | 249   | 125                    | 20                  | 103   | 68      | 35    |

Percent distribution

| Year | Total | Out-of-pocket payments | Total | Private health \(^{2}\) | Other private funds | Total | Federal | Local |
|------|-------|------------------------|-------|------------------------|---------------------|-------|---------|-------|
|      |       |                        |       |                        |                     |       |         |       |
| 1980 | $230  | $141                   | $89   | $41                    | $8                  | $40   | $27     | $13   |
| 1981 | 259   | 153                    | 106   | 52                     | 9                   | 45    | 31      | 14    |
| 1982 | 285   | 184                    | 121   | 61                     | 11                  | 49    | 33      | 15    |
| 1983 | 313   | 178                    | 135   | 68                     | 12                  | 54    | 37      | 17    |
| 1984 | 340   | 189                    | 150   | 77                     | 14                  | 60    | 41      | 19    |
| 1985 | 369   | 203                    | 166   | 83                     | 16                  | 67    | 46      | 21    |
| 1986 | 401   | 218                    | 182   | 91                     | 17                  | 75    | 51      | 24    |
| 1987 | 437   | 234                    | 203   | 102                    | 18                  | 83    | 55      | 28    |
| 1988 | 474   | 250                    | 224   | 115                    | 19                  | 90    | 60      | 30    |
| 1989 | 516   | 267                    | 249   | 125                    | 20                  | 103   | 68      | 35    |

\(^{1}\)Personal health care expenditures other than those for hospital care, physician services, and nursing home care.

\(^{2}\)Subset of Federal funds.

\(^{3}\)Subset of Federal and State and local funds.

\(^{4}\)Calculation of per capita estimates is inappropriate.

NOTES: Per capita amounts based on July 1 social security area population estimates. Numbers and percents may not add to totals because of rounding.

SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates.

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### Table 18
Personal health care expenditures, by type of expenditure and selected sources of payment: Selected calendar years 1980-89

| Source of payment | Total | Hospital care | Physician services | Dental services | Other professional services | Home health care | Drugs and other medical nondurables | Vision products and other medical durables | Nursing home care | Other personal care |
|-------------------|-------|---------------|--------------------|----------------|-----------------------------|----------------|-----------------------------------|-----------------------------------------------|------------------|---------------------|
| **1980**          |       |               |                    |                |                             |                |                                   |                                               |                  |                     |
| Personal health care expenditures | $218.3 | $102.4 | $41.9 | $14.4 | $8.7 | $1.3 | $20.1 | $5.0 | $20.0 | $4.6 |
| Out-of-pocket payments | 58.4 | 5.3 | 11.3 | 9.4 | 3.8 | 0.1 | 18.0 | 3.9 | 8.7 | — |
| Third-party payments | 159.9 | 97.1 | 30.6 | 5.0 | 4.9 | 1.2 | 4.2 | 1.0 | 11.3 | 4.6 |
| Private health insurance | 65.3 | 37.5 | 18.0 | 4.4 | 2.2 | 0.1 | 2.5 | 0.4 | 0.2 | — |
| Other private | 7.6 | 5.0 | 0.0 | — | 0.9 | 0.1 | — | — | — | 0.9 |
| Government | 87.1 | 54.6 | 12.6 | 0.6 | 1.7 | 1.0 | 1.7 | 0.6 | 10.5 | 3.7 |
| Federal | 63.5 | 41.3 | 9.7 | 0.4 | 1.3 | 0.8 | 0.8 | 0.5 | 6.1 | 2.5 |
| Medicare | 38.4 | 26.4 | 7.9 | — | 0.5 | 0.7 | — | 0.4 | 0.4 | — |
| Medicaid | 13.7 | 5.3 | 1.2 | 0.3 | 0.3 | 0.2 | 0.8 | — | 5.4 | 0.3 |
| Other | 13.4 | 9.7 | 0.5 | 0.1 | 0.4 | — | 0.0 | 0.1 | 0.4 | 2.2 |
| State and local | 23.6 | 13.3 | 3.0 | 0.3 | 0.4 | 0.1 | 0.8 | 0.1 | 4.4 | 1.2 |
| Medicaid | 11.1 | 4.4 | 1.0 | 0.2 | 0.2 | 0.1 | 0.6 | — | 4.4 | 0.3 |
| Other | 12.5 | 8.9 | 2.0 | 0.1 | 0.2 | 0.0 | 0.2 | 0.1 | 0.0 | 0.9 |
| Total Medicaid | 24.8 | 9.7 | 2.1 | 0.5 | 0.5 | 0.3 | 1.4 | — | 9.7 | 0.6 |
| **1986**          |       |               |                    |                |                             |                |                                   |                                               |                  |                     |
| Personal health care expenditures | 398.2 | 179.4 | 82.1 | 24.7 | 18.6 | 4.0 | 35.6 | 9.5 | 36.7 | 7.6 |
| Out-of-pocket payments | 97.4 | 8.6 | 16.3 | 14.2 | 6.6 | 0.4 | 28.3 | 6.9 | 18.0 | — |
| Third-party payments | 300.7 | 170.8 | 65.7 | 10.6 | 12.0 | 3.5 | 9.2 | 2.6 | 18.7 | 7.6 |
| Private health insurance | 125.2 | 63.8 | 38.3 | 9.9 | 6.1 | 0.3 | 5.5 | 0.6 | 0.4 | — |
| Other private | 13.5 | 8.6 | 0.0 | — | 2.2 | 0.4 | — | — | 0.7 | 1.6 |
| Government | 162.0 | 98.3 | 27.4 | 0.7 | 3.8 | 2.9 | 3.7 | 1.8 | 17.6 | 6.0 |
| Federal | 120.2 | 75.4 | 21.8 | 0.3 | 2.7 | 2.3 | 1.7 | 1.6 | 10.4 | 3.8 |
| Medicare | 75.1 | 50.9 | 18.8 | — | 1.7 | 1.8 | — | 1.4 | 0.6 | — |
| Medicaid | 24.0 | 13.2 | 1.0 | — | 0.6 | 0.6 | 1.7 | — | 9.0 | 0.8 |
| Other | 21.1 | 15.4 | 1.2 | 0.0 | 0.5 | — | 0.1 | 0.1 | 0.0 | 3.0 |
| State and local | 41.7 | 23.0 | 3.5 | 0.3 | 0.9 | 0.5 | 1.9 | 0.2 | 7.2 | 2.2 |
| Medicaid | 18.9 | 7.4 | 1.3 | 0.2 | 0.5 | 0.5 | 1.2 | — | 7.1 | 0.6 |
| Other | 22.8 | 15.6 | 4.2 | 0.1 | 0.4 | 0.0 | 0.7 | 0.2 | 0.0 | 1.6 |
| Total Medicaid | 42.9 | 16.5 | 3.2 | 0.5 | 1.0 | 1.1 | 2.9 | — | 16.2 | 1.4 |
| **1987**          |       |               |                    |                |                             |                |                                   |                                               |                  |                     |
| Personal health care expenditures | 438.7 | 193.8 | 93.0 | 27.1 | 21.2 | 4.1 | 38.7 | 10.7 | 39.8 | 8.3 |
| Out-of-pocket payments | 104.7 | 8.7 | 17.8 | 15.4 | 7.0 | 0.5 | 28.5 | 7.7 | 19.1 | — |
| Third-party payments | 331.9 | 185.1 | 75.1 | 11.7 | 14.2 | 3.6 | 10.2 | 3.0 | 20.7 | 8.3 |
| Private health insurance | 139.4 | 69.5 | 43.8 | 11.0 | 7.1 | 0.3 | 5.0 | 0.9 | 0.4 | — |
| Other private | 14.7 | 9.4 | 0.0 | — | 2.4 | 0.3 | — | — | 0.8 | 1.7 |
| Government | 177.8 | 108.2 | 31.3 | 0.7 | 4.3 | 3.1 | 4.2 | 2.0 | 19.5 | 6.6 |
| Federal | 130.3 | 80.1 | 24.9 | 0.4 | 3.2 | 2.4 | 2.0 | 1.8 | 11.4 | 4.2 |
| Medicare | 81.2 | 53.7 | 21.6 | — | 1.9 | 1.7 | — | 1.7 | 0.6 | — |
| Medicaid | 26.4 | 10.1 | 2.0 | 0.3 | 0.7 | 0.7 | 1.9 | — | 9.6 | 1.0 |
| Other | 22.7 | 16.3 | 1.4 | 0.1 | 0.6 | — | 0.1 | 0.1 | 0.8 | 3.2 |
| State and local | 47.5 | 26.0 | 6.3 | 0.3 | 1.1 | 0.7 | 2.3 | 0.2 | 8.1 | 2.4 |
| Medicaid | 21.8 | 8.5 | 1.5 | 0.3 | 0.6 | 0.6 | 1.4 | — | 8.1 | 0.8 |
| Other | 25.7 | 17.6 | 4.8 | 0.1 | 0.5 | 0.0 | 0.9 | 0.2 | 0.0 | 1.7 |
| Total Medicaid | 48.2 | 18.5 | 3.5 | 0.6 | 1.3 | 1.3 | 3.3 | — | 17.9 | 1.7 |

See footnotes at end of table.
### Table 18—Continued

Personal health care expenditures, by type of expenditure and selected sources of payment: Selected calendar years 1980-89

| Source of payment | Total | Hospital care | Physician services | Dental services | Other professional services | Home health care | Drugs and other medical nondurables | Vision products and other medical durables | Nursing home care | Other personal care |
|-------------------|-------|---------------|--------------------|----------------|--------------------------|----------------|-------------------------------------|---------------------------------------------|------------------|-------------------|
| **1980** |       |               |                    |                |                          |                |                                     |                                             |                  |                   |
| Personal health care expenditures | $480.0 | $211.7 | $105.1 | $29.4 | $23.8 | $41.5 | $12.0 | $42.8 | $9.3 |       |
| Out-of-pocket payments | 115.5 | 11.3 | 20.1 | 16.3 | 7.6 | 0.5 | 30.4 | 8.7 | 20.6 |       |
| Third-party payments | 364.5 | 200.4 | 85.0 | 13.1 | 16.1 | 4.0 | 11.1 | 3.3 | 22.2 | 9.3 |       |
| Private health insurance | 155.9 | 76.2 | 50.1 | 12.4 | 8.9 | 0.3 | 6.5 | 1.0 | 0.5 |       |
| Other private | 16.0 | 10.3 | 0.0 | — | 2.6 | 0.3 | — | — | 0.8 | 1.9 |       |
| Government | 192.7 | 113.9 | 34.9 | 0.7 | 4.6 | 3.4 | 4.7 | 2.2 | 20.9 | 7.4 |       |
| Federal | 141.7 | 85.7 | 28.1 | 0.4 | 3.5 | 2.6 | 2.2 | 2.0 | 12.6 | 4.7 |       |
| Medicare | 68.5 | 57.5 | 24.2 | — | 2.1 | 1.8 | — | 1.8 | 1.0 |       |
| Medicaid | 29.4 | 11.2 | 2.2 | 0.3 | 0.8 | 0.8 | 2.1 | — | 10.7 | 1.3 |       |
| Other | 23.9 | 17.0 | 1.7 | 0.1 | 0.6 | — | 0.1 | 0.2 | 0.9 | 3.4 |       |
| State and local | 51.0 | 28.2 | 6.8 | 0.3 | 1.1 | 0.7 | 2.5 | 0.3 | 8.3 | 2.7 |       |
| Medicaid | 22.7 | 8.8 | 1.5 | 0.3 | 0.6 | 0.7 | 1.5 | — | 8.3 | 1.0 |       |
| Other | 28.3 | 19.3 | 5.3 | 0.1 | 0.5 | 0.0 | 0.9 | 0.3 | 9.0 | 1.8 |       |
| Total Medicaid | 52.1 | 20.0 | 3.7 | 0.6 | 1.4 | 1.5 | 3.6 | — | 19.0 | 2.2 |       |
| **1989** |       |               |                    |                |                          |                |                                     |                                             |                  |                   |
| Personal health care expenditures | 530.7 | 232.8 | 117.6 | 31.4 | 27.0 | 5.4 | 44.6 | 13.5 | 47.9 | 10.5 |       |
| Out-of-pocket payments | 124.8 | 12.7 | 22.4 | 17.2 | 8.5 | 0.6 | 32.3 | 9.8 | 21.3 |       |
| Third-party payments | 405.9 | 220.1 | 95.3 | 14.2 | 18.5 | 4.8 | 12.3 | 3.7 | 26.7 | 10.5 |       |
| Private health insurance | 172.9 | 84.2 | 56.1 | 13.4 | 10.2 | 0.4 | 7.0 | 1.2 | 0.5 |       |
| Other private | 17.6 | 11.4 | 0.0 | — | 2.9 | 0.3 | — | — | 0.9 | 2.1 |       |
| Government | 215.4 | 124.5 | 39.2 | 0.7 | 5.4 | 4.1 | 5.3 | 2.5 | 25.2 | 8.4 |       |
| Federal | 156.4 | 92.9 | 31.8 | 0.4 | 4.1 | 3.1 | 2.5 | 2.2 | 16.2 | 5.2 |       |
| Medicare | 69.8 | 62.1 | 7.5 | — | 2.5 | 2.1 | — | 2.1 | 3.6 |       |
| Medicaid | 33.7 | 12.9 | 2.6 | 0.4 | 1.0 | 1.0 | 2.4 | — | 11.7 | 1.6 |       |
| Other | 24.8 | 17.9 | 1.7 | 0.1 | 0.6 | — | 0.1 | 0.2 | 0.9 | 3.4 |       |
| State and local | 57.0 | 31.6 | 7.4 | 0.3 | 1.4 | 0.9 | 2.6 | 0.3 | 9.0 | 3.3 |       |
| Medicaid | 25.6 | 10.0 | 1.6 | 0.3 | 0.7 | 0.9 | 1.7 | — | 9.0 | 1.4 |       |
| Other | 31.4 | 21.6 | 5.8 | 0.1 | 0.6 | 0.0 | 1.1 | 0.3 | 0.1 | 1.9 |       |
| Total Medicaid | 59.3 | 22.9 | 4.2 | 0.6 | 1.7 | 1.9 | 4.1 | — | 20.6 | 3.2 |       |

**NOTES:** 0.0 denotes less than $50 million. Medicaid expenditures exclude Part B premium payments to Medicare by States under "buy-in" agreements to cover premiums for eligible Medicaid recipients. Numbers may not add to totals because of rounding.

**SOURCE:** Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates.
Table 19
Expenditures for health services and supplies under public programs, by type of expenditure and program: Calendar year 1989

| Program area                        | All expenditures | Total | Hospital care | Physician services | Dental services | Other professional services | Home health care | Drugs and other medical durables | Vision products and other medical durables | Nursing home care | Other Administration | Public health activities |
|-------------------------------------|-----------------|-------|--------------|-------------------|----------------|-----------------------------|----------------|-------------------------------|---------------------------------|-----------------|---------------------|---------------------|
| 1989                                |                 |       |              |                   |                |                             |                |                               |                                 |                 |                     |                     |
| Public and private spending         | $583.5          | $530.7| $232.8       | $117.8            | $31.4          | $27.0                       | $5.4           | $44.6                         | $13.5              | $47.9           | $10.5              | $35.3              | $17.5               |
| All public programs                 | 240.8           | 215.4 | 124.5        | 39.2              | 0.7            | 5.4                         | 4.1            | 5.3                           | 2.5                | 25.2            | 8.4                | 8.0                | 17.5               |
| Federal funds                       | 164.8           | 156.4 | 92.9         | 31.8              | 0.4            | 4.1                         | 3.1            | 2.5                           | 2.2                | 16.2            | 5.2                | 4.3                | 2.1                |
| State and local funds               | 70.1            | 57.0  | 31.6         | 7.4               | 0.3            | 1.4                         | 0.9            | 2.8                           | 0.3                | 9.0             | 3.3                | 3.6                | 15.4               |
| Medicare                            | 102.1           | 99.8  | 62.1         | 27.5              | —              | 2.5                         | 2.1            | —                            | 2.1                | 3.6             | —                  | 2.3                | —                  |
| Medicaid                            | 62.5            | 59.3  | 22.9         | 4.2               | 0.6            | 1.7                         | 1.9            | 4.1                           | —                  | 20.6            | 3.2                | 3.1                | —                  |
| Federal                             | 35.5            | 33.7  | 12.9         | 2.8               | 0.4            | 1.0                         | 1.0            | 2.4                           | —                  | 11.7            | 1.8                | 1.8                | —                  |
| State and local                     | 26.9            | 25.6  | 10.0         | 1.6               | 0.3            | 0.7                         | 0.9            | 1.7                           | —                  | 9.0             | 1.4                | 1.3                | —                  |
| Other State and local public        |                |       |              |                   |                |                             |                |                               |                                 |                 |                     |                     |                    |
| assistance programs                 | 4.2             | 4.2   | 2.5          | 0.5               | 0.1            | 0.1                         | 0.0            | 0.8                           | —                  | 0.1             | 0.1                | —                  | —                  |
| Veterans Administration             | 10.8            | 10.5  | 8.3          | 0.1               | 0.0            | —                           | 0.0            | 0.0                           | 0.1                | 0.9             | 1.1                | 0.0                | —                  |
| Department of Defense               | 10.4            | 10.2  | 8.3          | 1.2               | 0.0            | —                           | 0.1            | —                            | 0.6                | 0.6             | 0.1                | —                  | —                  |
| Workers' compensation               | 14.5            | 12.2  | 6.2          | 5.2               | —              | 0.4                         | 0.2            | 0.2                           | 0.2                | 2.2             | 2.2                | —                  | —                  |
| Federal                             | 0.4             | 0.4   | 0.3          | 0.1               | —              | 0.0                         | 0.0            | —                            | 0.0                | —               | —                  | —                  | —                  |
| State and local                     | 14.1            | 11.9  | 6.0          | 5.1               | —              | 0.4                         | 0.2            | 0.2                           | 0.2                | 2.2             | 2.2                | —                  | —                  |
| State and local hospitals1          | 12.9            | 12.9  | 12.9         | —                 | —              | —                           | —              | —                            | —                  | —               | —                  | —                  | —                  |
| Other public programs for           |                |       |              |                   |                |                             |                |                               |                                 |                 |                     |                     |                    |
| personal health care2               | 0.2             | 0.2   | 0.3          | 0.0               | 0.0            | 0.7                         | 0.0            | 0.1                           | 0.4                | 3.4             | 0.2                | 3.4                | —                  |
| Federal                             | 3.7             | 3.6   | 1.0          | 0.3               | 0.0            | 0.6                         | 0.0            | 0.1                           | 0.1                | 1.6             | 0.0                | 1.6                | 0.0                |
| State and local                     | 2.5             | 2.4   | 0.3          | 0.1               | 0.0            | 0.1                         | 0.0            | 0.0                           | 0.0                | 1.8             | 0.1                | 1.8                | 0.1                |
| Government public health activities | 17.5            | —     | —            | —                 | —              | —                           | —              | —                            | —                  | —               | 17.5               | —                  | —                  |
| Medicare and Medicaid               | 164.6           | 159.2 | 85.0         | 31.7              | 0.6            | 4.2                         | 4.0            | 4.1                           | 2.1                | 24.2            | 3.2                | 5.4                | 15.4               |

1 Excludes funds paid into the Medicare trust funds by States under "buy-in" agreements to cover premiums for public assistance recipients and for people who are medically indigent.
2 Includes care for retirees and military dependents.
3 Expenditures not offset by revenues.
4 Includes program spending for maternal and child health; vocational rehabilitation medical payments; temporary disability insurance medical payments; Public Health Service and other Federal hospitals; Indian health services; alcoholism, drug abuse, and mental health; and school health.
NOTES: 0.0 denotes less than $50 million. Numbers may not add to totals because of rounding.
SOURCE: Health Care Financing Administration, Office of the Actuary: Data from the Office of National Cost Estimates.
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