

NATIONAL HEALTH EXPENDITURES, 1978

by Robert M. Gibson

Outlays for health care in the Nation reached \$192.4 billion in calendar year 1978--13 percent higher than in 1977, according to preliminary figures compiled by the Health Care Financing Administration. This estimate represented \$863 per person in the United States and was equal to 9.1 percent of the GNP. This latest report in the annual series representing national health expenditures provides detailed estimates of health care spending by type of service and method of financing. Revised estimates are presented extending back to 1965.

The Nation spent an estimated \$192 billion for health care in 1978, an amount equal to 9.1 percent of the Gross National Product. Highlights of the figures behind this estimate reveal that.

- o Health care expenditures amounted to \$192.4 billion in 1978, or \$863 per person. Health spending represented 9.1 percent of the Gross National Product.
- o Health spending in 1978 increased 13.2 percent over the previous year, a slight decrease from the 14.2 increase recorded in 1977.
- o Spending by all government programs (\$78.1 billion) increased 12.7 percent in 1978; private spending increased 13.5 percent.

Mr. Gibson is a statistician in the Division of National Cost Estimates, Office of Financial and Actuarial Analysis.

Public spending represented 41 percent of all 1978 money spent for health care.

- o All third parties combined--private health insurers, governments, philanthropy and industry--financed 67 percent of personal health care in 1978, ranging from 90 percent of hospital care services; 66 percent of physicians' services; and 37 percent of the remainder.
- o Outlays for health care benefits by the Medicare and Medicaid programs amounted to \$43.3 billion in 1978--26 percent of the \$167.9 billion spent for personal health care.
- o Expenditures for hospital care represented 40 percent of total health spending in 1978. These expenditures increased 11.9 percent in 1978 to a level of \$76.0 billion.

- o Spending for the services of physicians increased 12.8 percent to \$35.2 billion, 18 percent of all health spending in 1978.

This latest compilation of the dollars spent for health care in the Nation in 1978 is a continuation of the series of annual reports begun by the Office of Research and Statistics of the Social Security Administration and now the responsibility of the Office of Research, Demonstrations, and Statistics of the Health Care Financing Administration. It represents a departure from reports of recent years in that data are presented for calendar years, rather than for the Federal fiscal year. The data for the Federal fiscal year, along with data for years ending in March and June, will be presented in the forthcoming series, Health Care Financing Trends. The expenditures have been revised back to 1965 to reflect changes in some basic data sources as well as improvements in methodology.

Overview

Preliminary estimates show that health spending in the Nation reached \$192.4 billion in 1978, or an average of \$863 per person (table 1). The 1978 health bill was up 13.2 percent over the previous year, a slightly lower increase than the 14.2 percent increase registered for 1977.

Health care spending in 1978 represented an amount equal to 9.1 percent of a Gross National Product (GNP) that exceeded \$2 trillion. This percent has been increasing steadily since the period for which the first estimates of health spending were made--1929, when the percentage was 3.5. Health expenditures reached 6.2 percent of GNP by 1965. Since 1965, total

health spending has grown at an average of 12.2 percent per year while the economy as a whole has grown at a 9.0 percent annual rate. (See chart)

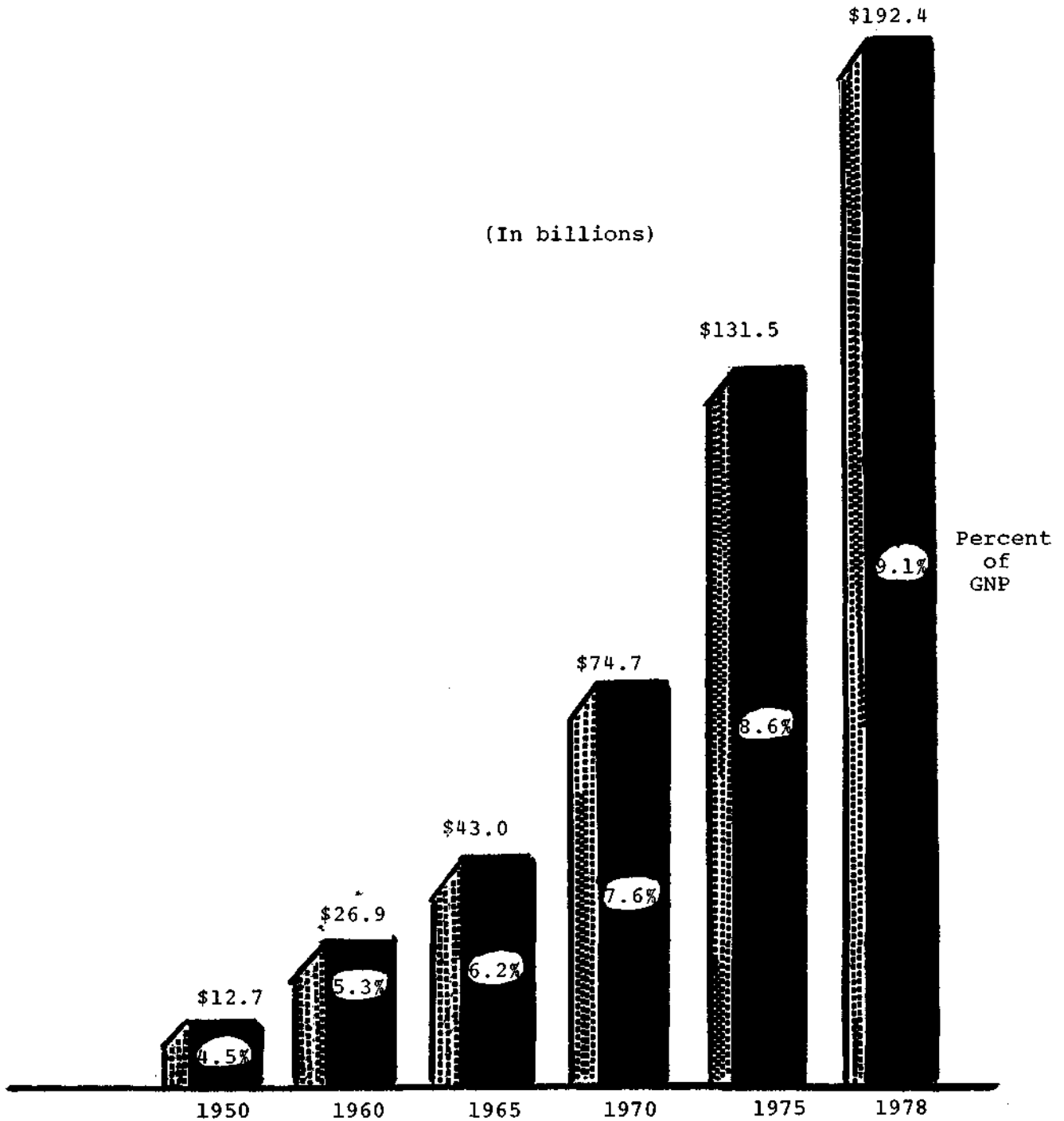
Spending by Government programs financed 41 percent of all health care--\$78 billion or \$350 per capita. This was virtually the same as the share in 1977 and down very slightly from the 42 percent seen in 1975 and 1976.

Private spending, reaching \$513 per capita in 1978, has been increasing at a greater rate than public spending for the past 3 years. This differential decreased in 1978, with private spending increasing 14 percent and public spending increasing 13 percent, only 1 percentage point less. Prior to 1976, public spending had increased at twice the rate as private on the average.

The growth in the major portion of health costs, personal health care, is the result of a variety of factors: population growth; changes in the use of goods and services; and changes in the kinds of goods and services being used. Although price has been considered the major contributor to expenditure growth, no accurate measure of medical care price change has been available. This year an implicit price deflator for personal health care expenditures has been developed. (See the section on concepts and definitions for a discussion of this deflator.)

By using the deflator, the relative contribution of the factors affecting the increase in personal health expenditures can be determined. As shown in table 2, between 1969 and 1978 price inflation accounted for 63 percent of the increase in expenditures; population growth accounted

Chart 1.--National health expenditures and percent of gross national product, selected calendar years, 1950-1978



for 7 percent; and "intensity," reflecting changes in use and/or composition of goods and services, accounted for the remaining 30 percent. Had there been no price growth between 1969 and 1978, personal health care expenditures in 1978 would have been \$69 billion lower. (See bar graph, next page.)

Use of Health Care Dollars

The most expensive type of care and the leading category of health spending is hospital services. Such services comprised two-fifths of total health spending in 1978.

Total	100.0
Hospital care	39.5
Physicians' svcs.	18.3
Dentists' svcs.	6.9
Other professional svcs.	2.2
Drugs and drug sundries	7.9
Eyeglasses and appliances	2.0
Nursing home care	8.2
Other personal health svcs.	2.3
Expense for prepayment and adm.	5.2
Government public health activities	2.6
Research and medical facilities const.	4.9

Hospital Care

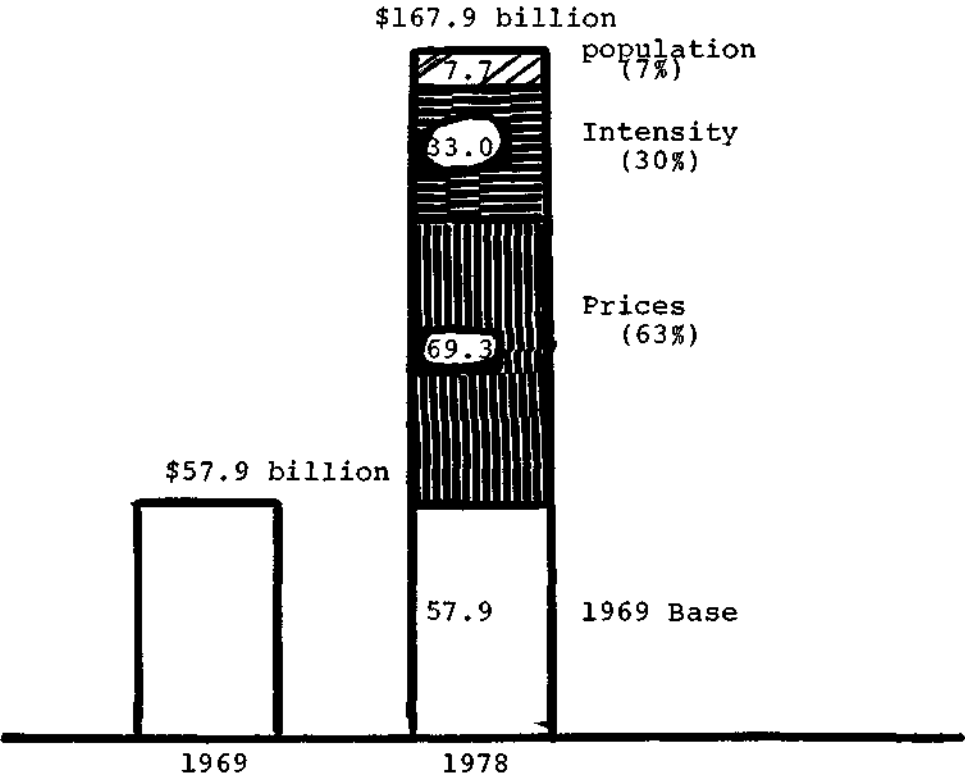
The \$76.0 billion spent for hospital care includes all inpatient and out-patient care in public and private hospitals and all services and supplies provided by hospitals (table 3). Expenditures for physicians' services rendered in hospitals are excluded, except for the services of those who are hospital staff.

Hospital care is one of the fastest growing expenditure categories, and the one receiving the most public attention in recent years. Spending has grown over 260 percent in the last 10 years, an

average 14 percent per year. The focal point of this attention is the community hospital. Primarily non-Federal short-term general hospitals, they account for more than 80 percent of all dollars spent for hospital care. The increase in such outlays has been rapid, averaging 14.5 percent per year since 1970. Using the national hospital input price index change $\frac{1}{2}$, 65 percent of the 1970-78 increase is due purely to inflation. Another 6 percent of the increase is related to population growth, and the remaining 29 percent is the result of increased "intensity," greater use and/or changes in the kinds and amounts of services provided.

This "intensity" increase is reflected in a number of ways. First, the number of inpatient days has increased 8 percent since 1970 (table 9). Because the average number of days per stay has declined, it also appears that more resources per day are being utilized. For example, the number of hospital laboratory tests nearly doubled in 6 years, growing from 2.2 billion in 1972 to over 4 billion in 1977. In addition, surgical operations, which generally require more resources than medical stays, grew nearly 18 percent in that same 6-year period. The number of out-patient visits also increased dramatically in this same period--22 percent. As a result, outpatient expenses represent nearly 10 percent of the community hospital bill. To the extent that these outpatient visits provide services that would otherwise be provided on an inpatient basis, they could have a moderating effect on all overall costs. Frequently, however, they are providing services that substitute for services in a physician's office where they would be less expensive.

Sources of increase in personal health care expenditures, 1969-78



The growth in patient days has not kept pace with the growth in hospital beds. As a result, average occupancy rates have declined, dropping from a high of nearly 79 percent in 1969 to 74 percent in 1977--an indication that hospitals are maintaining more unused beds, with the attendant overhead costs.

Physicians' Services

The second largest expenditure item is physicians' services. Spending for these services accounted for 18 percent of all health care spending in 1978, or \$35.2 billion. This amount included the cost of all services and supplies provided in physicians' offices, expenditures for services by private practitioners in hospitals and other institutions, and physician-ordered diagnostic laboratory work in independent clinical laboratories. Laboratory work both in physicians' offices and in independent laboratories amounted to over \$4.2 billion in 1978.

Expenditures for physicians' services have been growing at a rapid pace. In 1965 they amounted to 8.5 billion or \$43 per person; in 1978 they had jumped to \$35.2 billion or \$158 per person. The increasing numbers of physicians and increasing specialization of physicians have contributed to this growth. It has been suggested that physicians generate their own demand so that an increase in the supply of physicians increases the demand for their services as well. In calendar year 1975, for example, the number of office-based physicians rose 5 percent. According to one study, the growing trend toward specialization is a significant contributor to increased expenditures for physicians' services. 2/

In addition, increased concern over liability for malpractice has no doubt contributed to the number and complexity of diagnostic tests performed, adding to the cost of physicians' services. Finally, as third parties assume the financing of a larger share of these services, there is less "discounting" of charges for persons who are less able to pay, and greater proportionate reimbursement for services. 3/

The total volume and per capita number of physician office visits have changed very little in recent years, but the number of services provided to patients has increased rapidly. For example, the National Center for Health Statistics' Health Interview Survey shows that total physician visits remained relatively constant from 1972, when 1,016 million visits were provided to the noninstitutional population, through 1977, when 1,020 million visits were provided. Per capita visits actually decreased over this period from 5.0 to 4.8. However, during the same period, out-of-hospital laboratory tests (excluding x-rays and radiation therapy) increased from less than 900 million to over 1.5 billion--from 850 tests per 1,000 physicians visits to 1,510. The increased testing, along with the increased surgery discussed earlier, contributed substantially to growing intensity, and therefore costs of physician services.

Physicians influence health spending levels to a much greater extent than is indicated by the 19 percent share of spending devoted to their services. Physicians are the most important determinant in the process of deciding who will receive hospital care, what care shall be provided, and what the duration of care will be.

Nursing Home care

The third largest category of spending, and the fastest growing, is nursing home care. Amounting to \$15.8 billion in 1978, this care is provided in skilled-nursing facilities, intermediate-care facilities, and personal-care homes with provision for nursing care. The relatively small amount of nursing home type care provided in hospitals is included with expenditures for hospital care.

Expenditures for nursing home care have experienced annual increases averaging 16 percent since 1970. Nursing home input price increases alone have risen 8 percent per year in that 8-year period. The large wage component subject to the new minimum wage law requirements along with the relatively large food and fuel components indicate that price increases will continue to be rapid in the near future. The growing size and increasing age of the elderly population also contributes to the growth of this category. In recent years, nursing home use, measured by days of care, has been growing from 4 to 6 percent annually and is not likely to abate soon.

Drugs and Drug Sundries

The aging of the population also affects the growth of expenditures for drugs and drug sundries. This category accounted for over 8 percent of health spending (\$15.1 billion) in 1978 and has been increasing 7.6 percent annually since 1970. It should be pointed out that this figure represents prescription drugs, over-the-counter drugs, and medical sundries dispensed through retail channels. Expenditures for drugs dispensed in inpatient settings, through outpatient clinics, and directly by physicians are reported within those

cost categories. About 56 percent of all dollars for drugs and drug sundries are estimated to be spent for prescription drugs alone.

Other

The remaining 13 percent of personal health care expenditures were for dentists, services of other health professionals, eyeglasses and orthopedic appliances, and the cost of providing care in industrial plants.

About 13 percent more, \$24.5 billion, was spent for nonpersonal health care services--to cover the prepayment and administrative expense of private health insurance and public programs, for funding government public health programs, for research, and for construction of medical facilities. Expenditures for research (both biomedical and health care delivery) include only government funds for research and expenditures by research and development organizations. Research and development expenditures by drug companies and by other manufacturers, and providers of medical equipment and supplies (estimated at \$1.8 billion in 1978) are not included with research expenditures but are included in the expenditure class in which the product or service falls. (See "Definitions" section for further description on nonpersonal care categories.)

Financing of Health Care

Unlike other goods and services in which the consumer pays the provider directly, health care payments are frequently handled by a financial agent--a "third party." In 1978, more than two-thirds of the funds spent for personal health care were supplied by third parties of various kinds, principally private

health insurers or public agencies acting as insurers or, in some cases, as providers of health services. The details of the payment method vary--the private health insurance organization may reimburse the provider in whole or in part for the cost of service, or the consumer is reimbursed for money he has paid out for insured services. Public agencies may employ the private insurance industry to disburse provider payments on behalf of entitled beneficiaries, or government agencies may provide health care services directly to selected groups.

Third-party Payments

In 1978 all third parties combined financed \$112.6 billion of the \$167.9 billion in personal health expenditures or 67 percent (table 5). All levels of government--Federal, State, and local--financed the largest portion of that amount, \$65.0 billion or 39 percent of the total. Private health insurance benefit payments covered an additional 27 percent of personal health care. Care financed by private philanthropic organizations and amounts spent by industry for maintenance of implant health services amounted to a little over 1 percent of the total.

Third-party involvement has been growing dramatically. In 1965, less than half (47 percent) of all personal health care funds were handled by third parties, contrasted with two-thirds in 1978 (table 7). The insurance share increased moderately from 23 to 27 percent over these 14 years. Public spending, on the other hand, nearly doubled--from 21 to 39 percent.

Both insurance and government concentrate on hospital care and physicians services. These two

third parties dominate the financing of hospital care. In 1978 they paid 90 percent (including a 1 percent contribution from philanthropy). The increase in this percentage since 1965, 82 percent, has not been dramatic, but the mix has changed: government payments increased from 39 to 54 percent of all hospital care during the period 1965-78 (table 8), but the share paid by private insurance declined from 42 to 35 percent.

Physicians' services are not reimbursed by third parties to as great an extent as hospital care, but the overall growth since 1965 has been greater. Government payments rose from 7 to 27 percent of doctors' bills in that period; insurance benefits rose from 32 to 39 percent. All third-party payments for physicians rose from 39 to 66 percent of the total.

For the remaining personal health care services, third parties pay a smaller, but growing, proportion. Payments by government and insurance doubled from 18 to 37 percent between 1965 and 1978. This growth was primarily due to growth in government payments.

Private Health Insurance

Private insurers, including the Blue Cross-Blue Shield Associations, commercial insurance companies, and independent plans, paid benefits amounting to \$45.4 billion, or 27 percent of personal health care expenditures, in 1978. Normally, the premiums collected by private health insurers exceed the amounts paid out in benefits. This allows the insurer to cover the administrative cost of paying claims, to maintain appropriate and required reserves to cover anticipated claims, and to profit, in the case of for-profit companies. The

difference between the premiums and benefit payments, the "net cost," is included in the national health expenditure estimates under "Expenditures for Prepayment and Administration." It is not classified in personal health care. Of the total \$53.0 billion in premiums collected in 1978, \$45.4 billion were paid in benefits and the remaining \$7.7 billion represented the "net cost." (For a detailed discussion of the private health industry, see Private Health Insurance in 1977: An evaluation by Marjorie Smith Carroll and Ross Arnett; in a future issue of the Health Care Financing Review).

The period of the 1950's was a time of rapid expansion for private health insurance. By 1960, 21 percent of personal health care was covered by private insurance; by 1965 the share reached 23 percent. With the enactment of Medicare and Medicaid in 1965, Government expenditures began to increase significantly and the growth of the insurance share began to slow. In the last few years, it has stabilized at about 27 percent.

The impact of private health insurance has varied by type of care. Hospital care was the first type of service to be extensively covered by insurance. In 1960, private insurance covered 36 percent of hospital care expenditures. That share reached 42 percent by 1965 and has hovered around 35 percent in recent years. Extensions of coverage beyond just surgical procedures in recent years has led to a higher share of physicians' services being reimbursed by private insurance. This share rose from 29 percent in 1967 to 39 percent in 1978.

For all other services, insurance coverage has been extremely limited. Dental care is the only

other category with any significant private insurance share; about 19 percent of dental expenditures are paid for by insurance.

Public Spending

Government-sponsored programs spent \$65.0 billion and provided 39 percent of personal health care spending in 1978. All expenditures under programs established by public law are included here. Amounts spent under workers' compensation programs, for example, are counted as government expenditures, although they involve benefits paid by private insurers from premiums collected from private sources. Federal funds financed more than two-thirds of the public outlay, \$46.5 billion. State and local governments provided the remaining \$18.5 billion.

The two largest Government programs involved in the financing of health care are Medicare and Medicaid, which together paid \$43 billion in benefits in 1978. This amount financed over one-quarter of the total expenditures and two-thirds of all public spending for personal health care. In 1977 the administration of these two programs was consolidated under a new Federal agency--the Health Care Financing Administration--in the Department of Health, Education, and Welfare.

Medicare. More than 27 million persons are enrolled under the Medicare program, 90 percent of whom are aged 65 or older. In 1978 program expenditures totaled \$25.9 billion, of which \$24.9 billion represented benefit payments. An average of \$1,557 per person was paid in 1978 for the approximately 16 million persons receiving benefits.

The Medicare program, established under Title XVIII of the Social Security Act, became effective July 1, 1966. Initially, it was designed as a Federal insurance program to protect the elderly (those aged 65 years and older) from the high cost of obtaining adequate acute medical care. On July 1, 1973, permanently disabled workers (and their dependents) eligible for OASDHI disability benefits, and persons suffering from end-stage renal disease became eligible for Medicare benefits.

Medicare payments for hospital care, \$18.3 billion, represented 73 percent of program benefit payments and paid for 24 percent of all hospital care in the Nation. Nearly all Medicare hospital benefits (98 percent) are for care in community hospitals with most of that amount for acute care. Reimbursements for physicians' services were 22 percent of Medicare payments and 16 percent of all physician revenues. Payments for long-term care such as nursing home care are only made if it is required for convalescence and only if skilled-nursing care is provided. Less than 3 percent of all nursing home expenditures were covered by this program in 1978.

Growth in total personal health care spending by Medicare was nearly 15 percent in 1978, down from 18 percent the previous year. Slight moderation in hospital costs may be a factor here, as well as a leveling off in expenditure growth which resulted from the inclusion of the new enrollment groups in 1973.

Unlike other Federal programs, Medicare is not financed solely by general revenues. The Hospital Insurance Program is financed largely through a payroll tax on employers and employees. The Supplemental Medical Insurance

Program (SMI) is financed through premium payments and general revenues. The general revenue share of SMI has grown significantly from about 50 percent in 1972 to 69 percent in 1978. This growth is due to the legal restriction on premium increases. Premiums may not increase more than monthly cash retirement and survivor benefits under the Social Security programs. Since SMI benefit payments have grown faster than premium payments limited by these provisions, the Federal share required to maintain the trust fund has grown proportionately faster, as shown on the next page.

Medicaid. In 1978, Medicaid paid \$18.4 billion in benefits (table 6), averaging \$806 per person, on behalf of 22.8 million recipients. Expenditures were up 10 percent over 1977, somewhat less than the increase over 1976. Title XIX of the Social Security Act established a joint Federal-State program to provide medical assistance to certain categories of low-income persons. These include aged, blind, and disabled persons, or members of families with dependent children when one parent is absent, incapacitated, or unemployed. Medicaid provides medical assistance to those groups or categories of people who are eligible to receive cash assistance under one of the existing welfare programs established under the Social Security Act (Title IV-A, Aid to Families with Dependent Children (AFDC), or Title XVI, Supplemental Security Income (SSI)). The program is State-administered and provides for Federal matching grants for a portion of the cost of providing medical benefits to the categorical eligible. In addition, if the State chooses, Federal matching funds are available for medical benefits for the "medically needy"--persons in

Source of funds	Calendar year			
	1972	1976	1977	1978
Total Medicare receipts.....	100.0	100.0	100.0	100.0
Percent from--				
Payroll tax.....	62.9	65.2	59.7	62.0
Premium payments by enrollees.....	13.4	9.2	8.4	7.8
Premium payments by Medicaid.....	1.6	1.3	1.1	1.0
General revenues.....	19.7	20.0	26.8	25.3
Interest.....	2.4	4.3	4.0	3.9
Hospital Insurance receipts.....	100.0	100.0	100.0	100.0
Percent from--				
Payroll tax *.....	90.5	93.6	89.1	91.3
General revenues.....	6.7	1.0	6.0	4.5
Interest.....	2.8	5.4	4.9	4.2
Supplementary medical insurance receipts.....	100.0	100.0	100.0	100.0
Percent from--				
Premium payments by enrollees.....	44.1	30.2	25.3	24.1
Premium payments by Medicaid.....	5.1	-4.3	3.5	3.2
General revenues.....	49.5	63.7	69.0	69.4
Interest.....	1.3	1.8	2.2	3.3

* Includes small amounts paid in HI premiums by persons previously uninsured.

Source: Unpublished Treasury reports keyed to Final Statement of Receipts and expenditures of U.S. Government.

one of the qualifying categories who have incomes too high for cash assistance but not adequate to pay their medical bills. The Federal share is derived from a formula based on a State's per capita income. Currently, the Federal contribution ranges by State from 50 to 78 percent, with the national average at 56 percent.

Medicaid payments for hospital care were \$6.9 billion in 1978, 9 percent of total hospital expenditures. The program covers much more long-term, nonacute institutional care than Medicare; hospital payments include a larger portion of care in long-term care and psychiatric hospitals. In addition, 39 percent of Medicaid benefits were for nursing home expenditures. This \$7.2 billion represented 46 percent of all spending and 87 percent of public spending for nursing homes in 1978. In recent years, benefits for intermediate-care facilities for the mentally retarded have been included in the Medicaid nursing home figures, accounting for 13 percent of program nursing home benefits in 1978.

Medicaid, along with Medicare, is also a major financing source for home health services. Although the level of spending for these services is relatively low, its recent and continuing growth makes it particularly noteworthy. The basic services provided by home health agencies are home visits by nurses, aides and other nonphysician health professionals. These services are considered, in part, substitutes for the more expensive institutional care. In 1972 about \$280 million was spent for such home health services, about a third of which was funded by the Medicare and Medicaid programs. By 1978 the level of total expenditures had risen to about \$845 million, about 80 percent

of which was funded by Medicare or Medicaid. Thus, most of the growth in spending for home health agencies was financed by HCFA programs. This growth was due mainly to the increase in number of persons using such services. In 1972 home health visits were provided to about 250,000 persons under Medicare and 113,000 under Medicaid. By 1977, nearly 700,000 Medicare recipients and about 300,000 Medicaid recipients were receiving home health care.

About 8 percent of home health agency expenditures are provided by hospital-based agencies and are included in the hospital services sector of personal health care expenditures. The rest is included in "other professional services."

Medicare and Medicaid serve a population that overlaps to some extent. Medicaid pays the Medicare Supplementary Medical Insurance premiums for more than 3 million persons. If this duplication is deducted from the combined Medicare and Medicaid populations, the number of persons eligible and/or receiving benefits under the two programs is over 47 million or one-fifth of the U.S. population.

Other. State spending for medical care for the poor who are not eligible for Medicaid or for benefits not eligible for Federal matching funds, such as abortions, is classified as "other medical public assistance." In 1978, this spending amounted to slightly over \$1 billion.

In addition the other large public contribution to health spending comes from State and local government outlays in their own hospitals. State and local governments spent \$5.5 billion in 1978 after

deducting other public and private spending.

The Veterans' Administration spending provided another 8 percent of public spending and the Department of Defense financed an additional 6 percent.

The category "other public expenditures for personal health care," shown in table 5, includes a number of public programs not detailed in this report. These include maternal and child health programs, \$672 million; medical payments under vocational rehabilitation, \$263 million; temporary disability insurance, \$77 million; Public Health Service and other Federal hospitals, \$1,018 million; Indian Health Services, \$321 million; and Alcohol, Drug Abuse, and Mental Health Administration, \$788 million. The following table shows the relative share of public programs for selected types of services.

The growth in services reimbursed by Medicare and Medicaid has dramatically altered the nature of public spending since 1965. At that time the Federal and the State and local governments shared almost

equally in spending for personal health care--with 10 and 11 percent, respectively. By 1978 the Federal portion had increased steadily to 28 percent and the State and local share had remained at 11 percent. State and local spending is the net after Federal reimbursements and grants-in-aid for various programs have been deducted. The amounts received from the Federal Government as revenue sharing funds and used for health programs is not deducted from State spending since there is not adequate information to make this adjustment. During the fiscal year ending September 1977, States used \$615 million in revenue sharing funds for health care purposes, much of which is reflected in "Government public health activities."

Combined public spending for personal health care in 1978 was 39 percent of the total or \$65.0 billion. Because of the orientation of Medicare and Medicaid toward hospital care, public spending for hospital care jumped from 39 to 55 percent from 1965 to 1967. Since that time it has varied between 52 and 55 percent, standing at 54 percent in 1978. The public share of spending for physicians' services nearly tripled in the same 1965

	All personal care	Hospital services	Physicians' services	Nursing home care
All programs.....	100.0	100.0	100.0	100.0
Medicare.....	38.3	44.7	58.8	4.7
Medicaid.....	28.2	16.8	21.8	86.7
Veterans' Administration.....	7.6	10.1	0.6	3.4
Dept. of Defense.....	5.6	6.5	1.1	---
Workers' Compensation.....	4.8	3.8	13.8	---
State and local hospital (Net).....	8.4	13.4	---	---
All other.....	7.1	4.7	3.9	5.2

through 1967 period and reached 27 percent in 1978.

Philanthropy and Industrial Inplant

In addition to the health care financed by private insurers and public programs, some health care is provided to industrial employees through inplant health services. Expenditures for these services, classified under "other health services," are estimated at \$1.1 billion in 1978. Private philanthropic organizations' funds for personal health care are classified by type of care and totaled \$1 billion in 1978. Administrative and fund-raising expenses are classified with expenses for prepayment and administration, while philanthropic support of research and construction is included with the respective expenditure categories.

Direct Payments

The portion of personal health care expenditures not paid by third-parties is known as "direct payments" or "out-of-pocket" costs. This amount excludes the consumer payments for Medicare or private health insurance premiums, but includes deductible and coinsurance amounts. In 1978, direct payments amounted to \$55.3 billion or \$248 per person.

With the rapid growth in third-party financing, the direct payment share has dropped from 53 percent in 1965 to 33 percent in 1978. Thus, while total per capita spending for personal health care increased over four times in that period, direct payments per person increased only 2-1/2 times, from \$101 to \$248. In constant dollars the direct payment increase has been only 1.3 percent per year.

The share of expenditures borne directly by the consumer varies enormously by type of service (table 5). In 1978, consumers directly paid only 10 percent of hospital expenditures, an average of \$34 per person. They averaged \$54 per person, or 34 percent of physicians' expenditures. For dentists, however, the direct share was 77 percent and for drugs and drug sundries it was 84 percent. As shown in table 8, the direct payment share for hospital and physicians' services has been cut nearly in half since 1965. For all other services, however, private health insurance and public programs have not made as significant a dent in the out-of-pocket bill.

Definitions, Concepts, and Sources of Data

Estimates of national health expenditures are compiled by type of expenditure (use of funds) and channel of financing (source of funds). In most instances, the total level of the expenditures for each type of service is developed for the Nation as a whole; estimates for government spending for these services are then subtracted to derive the private contribution. In all cases the intent is to account for each dollar spent for health care and to count it only once as it moves through the complex channels that are involved in the American health care system.

Expenditures for Government Programs

All expenditures for health care that are channeled through any program established by public law are treated as a public expenditure in these estimates. Expenditures under workers' compensation programs, for example, are included with government expenditures

although they involve benefits paid by private insurers from premiums that have been collected from private sources.

Funds disbursed by public programs are reported as program expenditures, including private contributions made by enrollees in the supplemental medical insurance (SMI) program under Medicare. The benefit expenditures reported in this series are not adjusted to eliminate the Medicare-Medicaid duplication due to payments made by State governments into the Medicare trust fund in the form of SMI premiums for public assistance and supplemental security income (SSI) recipients and reported as a Medicaid expenditure. This "buy-in" amount was \$288 million in 1978.

Federal expenditures. Federal program expenditures are based on data reported to the Office of Management and Budget by the various Federal agencies.

Several significant differences exist, however, because of the conceptual framework on which the national health expenditure series is based. Expenditures for education and training of health professionals are excluded from national health expenditures. These Federal expenditures include, principally, direct support of health professional schools and student assistance through loans and scholarships. Training is funded for a wide variety of health professionals--including physicians, dentists, nurses, mental health and other health professionals, research personnel, and paramedical personnel. Payments by agencies for health insurance for employees are included with other private health insurance expenditures rather than as a government expenditure.

Outlays by Federal programs by the type of health care provided are based on information available from each program.

State and local government expenditures. In general, all spending by State and local government units for health care that is reimbursed neither by Federal funds as benefit payments or grants-in-aid nor by patients or their agents is treated as State and local expenditures. For State-administered programs, such as Medicaid, the figure reported is net of matching revenues from the Federal Government.

Health expenditures made by State and local governments that are financed by funds received from the Federal Government under revenue sharing are reported as a State and local expenditure, not as a Federal expenditure.^{4/} No information is available on the use of such funds by specific programs.

As with Federal expenditures, payments for employee health insurance by State and local governments as employers are included under private health insurance expenditures.

Hospital Care

The estimates of expenditures for hospital care are compiled chiefly from data on hospital finances collected by the American Hospital Association (AHA) as part of the Annual Survey of Hospitals and the monthly National Hospital Panel Survey. The data from the monthly survey is used to project levels of community hospital expenditures for periods more recent than the latest annual survey and to adjust the annual survey data to correspond to the various periods for which estimates are made.

The composite estimate represents all spending for hospital services in the Nation for both inpatient and outpatient care, including all services by hospital staff (including physicians salaried by the hospital) and spending for drugs and other supplies. Self-employed physicians' services in hospitals (surgeons, for example) are not counted as hospital expenditures. Anesthesia and x-ray services are sometimes classified as hospital care expenditures and sometimes as expenditures for physicians' services, depending on billing practices.

The focus is on outlays for hospital services rather than the cost of providing service. Therefore, total revenue data are used for community hospitals; for other types of hospitals, where revenue data are not available, total expenses are used. Certain adjustments are made in the AHA data: Additions are made to allow for a small number of hospitals not included in the national totals; small amounts for Federal grants-in-aid are deducted since they are counted as research expenditures. For Federal hospitals, figures, supplied by agencies are used.

Nursing Home Care

Expenditures for nursing home care encompass spending in all facilities or parts of facilities providing some level of nursing care. Included are all nursing homes certified by Medicare and/or Medicaid as skilled-nursing facilities, those certified by Medicaid as intermediate-care facilities for regular patients as well as solely for the mentally retarded, and all other homes providing some level of nursing care even though they are not certified under either program.

The estimates for total nursing home expenditures other than

those intermediate-care facilities serving the mentally retarded are derived from data on facilities, utilization, and costs, obtained from the National Center for Health Statistics National Nursing Home Surveys and ratios of revenues to costs estimated from Internal Revenue Service reports and other sources. Estimates for years for which no data are available are based on indices of prices paid by nursing homes for labor and nonlabor resources and other indicators of utilization. The nonhospital portion of Medicaid expenditures for intermediate-care facilities for the mentally retarded is added to regular nursing home expenditures. This composite estimate represents total spending for nursing home care.

Services of Physicians, Dentists, and Other Health Professionals

Expenditures for the services of these practitioners are based primarily on data compiled from business income tax returns filed with the Internal Revenue Service. The Internal Revenue Service prepares summaries of the financial information on the return by type of business. Annual reports of these summaries are published in Statistics of Income--Business Income Tax Returns.

For physicians and dentists, total business receipts (which excludes non-practice-derived income) are totaled for sole proprietorships, partnerships, and incorporated practices. For physicians, that portion of spending for outpatient independent laboratory services billed directly to patients and not included with physicians' business receipts is added, as well as estimated expenses of nonprofit group-practice prepayment plans in providing physicians' services (to the extent that they are not

duplicated in physicians' income from self-employment). Estimated receipts by physicians for life insurance exams are deducted. Physician group practices that are nonprofit corporations are included with prepayment plans as indicated above or, in some cases, with hospital expenditures where services are provided under contract to hospitals.

The salaries of physicians and dentists on the staffs of hospitals and hospital outpatient facilities are considered a component of hospital care; if they are serving in field services of the Armed Forces their salaries are included in "other health services." Where they are separable, expenditures for the education and training of medical personnel are considered as expenditures for education and excluded from health expenditures.

Expenditures for nonprofit group-practice dental clinics are added to dentists' business receipts. No separate adjustment is necessary for dental laboratories, since all billings are assumed to be made through dentists' offices.

The Internal Revenue Service also compiles data on the income of other health professionals in private practice. These include private-duty nurses, chiropractors, and optometrists, as well as other undesignated health professionals. Estimates for home health agencies that are not hospital-based are added to the private income of other health professionals. The portions of optometrists' receipts that represent the cost of eyeglasses are deducted, since they are included under spending for eyeglasses and appliances.

Drug and Drug Sundries, Eyeglasses and Orthopedic Appliances

Expenditures in these categories include only spending for outpatient drugs and appliances and exclude those provided to hospital inpatients, nursing home patients, and through physicians' offices. The basic source of the estimates for drugs and drug sundries and for eyeglasses and appliances is the estimate of personal consumption expenditures compiled by the Bureau of Economic Analysis of the Department of Commerce as part of the National Income and Product Accounts. This estimate is adjusted to levels of expenditure represented in the 1972 Census of Retail Trade. In addition, estimated payments by workers' compensation programs are deducted (a part of which is private consumer payment in the Commerce series but treated as a public expenditure in this National Health Expenditure series). The resulting private spending figure for drugs and for appliances is combined with expenditures by public programs for these products to arrive at the total amount of expenditures for the Nation.

Other Health Services

Items of expenditure that could not be classified elsewhere are brought together in the category "other health services." It includes, for each public program, the residual amount of expenditures not classified as a specific type of medical service. In addition, it includes (1) industrial inplant services, (2) school health services, and (3) medical activities in Federal units other than hospitals.

Expenditures for industrial in-plant services consist of private industry spending for maintaining on-site health services. School health spending is reported under the source-of-fund category of

"other public expenditures for personal health care." Expenditures for medical activities in Federal units other than hospitals are residual amounts that represent primarily the cost of maintaining military outpatient facilities (separately from hospitals) and field and ship-board medical stations.

Government Public Health Activities

The Federal portion of government public health activities consists of outlays for the organization and delivery of health services, the prevention and control of health problems, and similar health activities administered by various Federal agencies, chiefly the Department of Health, Education, and Welfare.

The State and local portion represents expenditures of all State and local health departments less intergovernment payments to the States and localities for public health activities. It excludes expenditures of other State and local government departments for air-pollution and water-pollution control, sanitation, water supplies, and sewage treatment. The source of these data is Government Finances (annual statistical series) of the Bureau of the Census.

Expenses for Prepayment and Administration

Prepayment expense represents the difference between the earned premiums or subscription income of private health insurance organizations and their claims or benefit expenditures (or expenditures for providing such services in the case of organizations that provide services directly). In other words, it is the amount retained by health

insurance organizations for operating expenses, additions to reserves, and profits.

The administration component includes nonpersonal health expenditures of private voluntary health organizations for health education, lobbying, fund-raising, etc. In addition, it includes administrative expenses of federally financed health programs. Such data were available for Medicare, Medicaid, and the Veterans Administration and Department of Defense contract programs for medical care.

Medical Research

Expenditures for medical research include all spending for biomedical research and research in the delivery of health services by private organizations and public agencies whose primary object is the advancement of human health. Also included are those research expenditures directly related to health that are made by other Federal agencies. Research expenditures of drug and medical supply companies are excluded since they are included in the cost of the product.

The Federal amounts are derived from agency reports. The amounts shown for State and local governments and private expenditures are based on published estimates prepared by the National Institutes of Health--primarily in the annual publication, Basic Data Relating to the National Institutes of Health.

Construction of Medical Facilities

Expenditures for construction represent "value put in place" for hospitals, nursing homes, medical clinics, and medical research facilities but not for private

office buildings providing office and laboratory facilities for private practitioners. Also excluded are amounts spent for construction of water-treatment or sewage-treatment plants and Federal grants for these purposes.

The data for "value put in place" for construction of publicly and privately owned medical facilities in each year are taken from Department of Commerce reports.

Implicit Price Deflator for Health Expenditures

This year for the first time, an implicit price deflator for health is available. 5/ The medical care price index of the Consumer Price Index (CPI), which has frequently been used to deflate health expenditures, is not appropriate for several reasons. First, the weights in the CPI are determined on the basis of consumer spending for each category. For example, hospital care, which is financed primarily by third-parties, has a weight of less than 20 percent in the CPI for medical care, even though it represents 45 percent of personal health care expenditures. Since the consumer share of each category varies, the index is inaccurate to the extent that price increases among categories vary. Second, the kinds of goods or services measured within each category also reflect consumer spending. Thus, physicians' surgical services, which

are quite heavily financed by third parties, are not represented in the physicians' fee index of the CPI to the same extent they are represented in overall expenditures for physicians' services. Third, the CPI is a Laspeyres composite price index which keeps the weights assigned to the various prices constant over time. To the extent that changes in utilization vary among categories, the CPI is an ineffective measure of price change.

The deflator, a Paasche price index, is the result of piecewise price adjustment of the components of personal health care expenditures. Conceptually, the composite deflator is superior to the CPI, since the weights are derived from total spending for each category; the weights are adjusted each year to reflect changes in use; and, where possible, the price measures used are more reflective of overall spending in a category. The expenditure categories deflated, and the respective price proxies, are shown on the following page.

Private Health Insurance

Estimates of benefits paid and the prepayment expense of private health insurance organizations are derived from the data series on the financial experience of private health insurance organizations compiled by the Health Care Financing Administration.

Expenditure category	Price measure	Source
Hospital care	National Hospital Input Price Index <u>a/</u>	Health Care Financing Administration (HCFA)
Physicians' services	CPI <u>b/</u> -physicians' fees	Bureau of Labor Statistics (BLS)
Dentists' services	CPI-dental care	BLS
Other professional	CPI-medical professional services	BLS
Drugs and sundries	CPI-medical commodities <u>c/</u>	BLS
Eyeglasses and appliances	CPI-prescription and dispensing of eyeglasses	BLS/HCFA <u>d/</u>
Nursing Home Care	Nursing Home Input Price	HCFA <u>e/</u>
Other personal health care	CPI-medical care	BLS

a/ See the article by the same name in this issue.

b/ Consumer Price Index for All Urban Consumers.

c/ Formerly called "drugs and prescriptions."

d/ CPI for Urban Wage and Clerical Workers; discontinued by BLS in June 1978, this price has been estimated by HCFA since that time.

e/ Unpublished data from the Office of Research, Demonstrations, and Statistics.

Population Estimates

The estimates of population used to calculate per capita expenditures for health care, based on data from the Bureau of Census, follow:

Year	Total population (in thousands) as of July 1
1929.....	123,731
1935.....	129,598
1940.....	134,591
1950.....	154,675
1955.....	168,385
1960.....	183,831
1965.....	197,784
1966.....	200,059
1967.....	202,243
1968.....	204,273
1969.....	206,281
1970.....	208,402
1971.....	210,546
1972.....	212,338
1973.....	213,941
1974.....	215,696
1975.....	217,452
1976.....	219,318
1977.....	221,214
1978.....	222,995

These figures represent the entire population, including outlying territories, and the Armed Forces and Federal civilian employees overseas and their dependents.

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Footnotes

- 1/ See "National Hospital Input Price Index" article in this issue.
- 2/ Nancy Worthington, "Expenditures for Hospital Care and Physician Services: Factors Affecting Annual Changes, Social Security Bulletin, November 1975.
- 3/ Zachary Y. Dyckman, A Study of Physicians' Fees, Council on Wage and Price Stability, March 1978.
- 4/ See Sophie R. Dales, "Federal Grants to State and Local Governments, Fiscal Year 1975: A Quarter-Century Review," Social Security Bulletin, September 1976, table 3, p. 28.
- 5/ Daniel Waldo, "Implicit Price Deflator for Health Expenditures," Health Care Financing Notes, (in process).

National Health Expenditures, 1978

Table 1.--Aggregate and per capita national health expenditures, by source of funds and percent of gross national product, selected calendar years, 1929-1978

Calendar year	Gross national product (in billions)	Health Expenditures								
		Total			Private			Public		
		Amount (in billions)	Per capita	Percent of GNP	Amount (in billions)	Per capita	Percent of total	Amount (in billions)	Per capita	Percent of total
1929.....	\$103.1	\$3.6	\$29.49	3.5	\$3.2	\$25.49	86.4	\$0.5	\$4.00	13.6
1935.....	72.2	2.9	22.65	4.0	2.4	18.30	80.8	.6	4.34	19.2
1940.....	99.7	4.0	29.62	4.0	3.2	23.61	79.7	.8	6.03	20.3
1950.....	284.8	12.7	81.86	4.5	9.2	59.62	72.8	3.4	22.24	27.2
1955.....	398.0	17.7	105.38	4.4	13.2	78.33	74.3	4.6	27.05	25.7
1960.....	503.7	26.9	146.30	5.3	20.3	110.20	75.3	6.6	36.10	24.7
1965.....	688.1	43.0	217.42	6.2	32.3	163.29	75.1	10.7	54.13	24.9
1966.....	753.0	47.3	236.51	6.3	34.0	169.81	71.8	13.3	66.71	28.2
1967.....	796.3	52.7	260.35	6.6	33.9	167.61	64.4	18.8	92.74	35.6
1968.....	868.5	58.9	288.17	6.8	37.1	181.40	63.0	21.8	106.76	37.0
1969.....	935.5	66.2	320.70	7.1	41.6	201.83	62.9	24.5	118.87	37.1
1970.....	982.4	74.7	358.63	7.6	47.5	227.71	63.5	27.3	130.93	36.5
1971.....	1,063.4	82.8	393.09	7.8	51.4	244.12	62.1	31.4	148.97	37.9
1972.....	1,171.1	92.7	436.47	7.9	57.7	271.78	62.3	35.0	164.69	37.7
1973.....	1,306.6	102.3	478.38	7.8	63.6	297.17	62.1	38.8	181.22	37.9
1974.....	1,412.9	115.6	535.99	8.2	69.0	319.99	59.7	46.6	216.00	40.3
1975.....	1,528.8	131.5	604.57	8.6	75.8	348.61	57.7	55.7	255.96	42.3
1976.....	1,700.1	148.9	678.79	8.8	86.6	394.73	58.2	62.3	284.06	41.8
1977.....	1,887.2	170.0	768.77	9.0	100.7	455.27	59.2	69.3	313.50	40.8
1978 1/.....	2,107.6	192.4	863.01	9.1	114.3	512.62	59.4	78.1	350.40	40.6

1/ Preliminary estimates

Table 2.--Personal health care expenditures in current and constant dollars, and factors affecting growth, 1969-1978

Calendar Year	Personal health care expenditures (in millions of dollars)	Implicit price deflator for personal health care expenditures (1972=100.0)	Constant-dollar personal health care expenditures (in millions of 1972 dollars)	Population (in thousands)	Annual percentage change in personal health care expenditures	Distribution of annual growth among factors			
						All factors	Prices	Population	Intensity 1/
1969	\$57,888	84.3	\$68,690	206,281	-	-	-	-	-
1970	65,723	90.2	72,863	208,402	13.53	100%	54%	8%	38%
1971	72,115	95.8	75,309	210,546	9.73	100	65	11	24
1972	79,870	100.0	79,870	212,338	10.75	100	42	8	50
1973	88,471	104.5	84,701	213,941	10.77	100	43	7	50
1974	100,885	114.5	88,093	215,696	14.03	100	71	6	23
1975	116,297	128.2	90,683	217,452	15.28	100	80	5	15
1976	132,127	140.2	94,223	219,318	13.61	100	71	7	22
1977	149,139	152.1	98,079	221,124	12.88	100	68	7	25
1978	167,911	164.8	101,897	222,995	12.59	100	68	7	25
Average, 1969-78	-	-	-	-	12.56	100	63	7	30

1/ Represents changes in use and/or kinds of services and supplies

National Health Expenditures, 1978

Table 3.--Aggregate and per capita amount and percentage distribution of national health expenditures, selected calendar years 1929-78

Type of Expenditure	Calendar Years									
	1929	1940	1950	1960	1965	1966	1967	1968	1969	
	Aggregate amount (in millions)									
Total.....	\$3,649	\$3,987	\$12,662	\$26,895	\$43,003	\$47,317	\$52,654	\$58,864	\$66,155	
Health services and supplies.....	3,436	3,868	11,702	25,185	39,540	43,691	48,870	54,797	61,415	
Personal health care expense.....	3,202	3,548	10,885	23,680	37,267	41,055	45,923	51,543	57,888	
Hospital care.....	663	1,011	3,851	9,902	13,935	15,640	18,259	21,016	24,019	
Physicians' services.....	1,004	973	2,747	5,684	8,474	9,175	10,142	11,104	12,648	
Dentists' services.....	482	419	961	1,977	2,809	2,964	3,360	3,673	4,197	
Other professional services.....	252	174	396	862	1,033	1,159	1,258	1,424	1,471	
Drugs and drug sundries.....	606	637	1,726	3,657	5,771	6,082	6,415	7,044	7,674	
Eyeglasses and appliances.....	133	189	491	776	1,866	2,091	1,989	2,161	2,168	
Nursing-home care.....	---	33	187	526	2,072	2,457	2,889	3,383	3,831	
Other health services.....	62	112	526	1,106	1,306	1,486	1,612	1,739	1,880	
Expenses for prepayment and administration.....	139	167	456	1,091	1,450	1,762	2,020	2,156	2,255	
Government public health activities.....	96	153	361	414	823	873	927	1,098	1,272	
Research and medical-facilities construction.....	213	119	960	1,710	3,463	3,626	3,784	4,068	4,740	
Research.....	---	3	117	662	1,463	1,571	1,715	1,817	1,823	
Construction.....	213	116	843	1,048	2,000	2,055	2,069	2,251	2,917	
	Per capita amount 1/									
Total.....	\$29.49	\$29.62	\$81.86	\$146.30	\$217.42	\$236.51	\$260.35	\$288.17	\$320.70	
Health services and supplies.....	27.77	28.74	75.66	137.00	199.91	218.39	241.64	268.25	297.72	
Personal health care expense.....	25.88	26.36	70.37	128.81	188.42	205.22	227.07	252.32	280.63	
Hospital care.....	5.36	7.51	24.90	49.46	70.46	78.18	90.28	102.88	116.44	
Physicians' services.....	8.11	7.23	17.76	30.92	42.85	45.86	50.15	54.36	61.31	
Dentists' services.....	3.90	3.11	6.21	10.75	14.20	14.82	16.61	17.98	20.35	
Other professional services.....	2.04	1.29	2.56	4.69	5.22	5.80	6.22	6.97	7.13	
Drugs and drug sundries.....	4.90	4.73	11.16	19.89	29.18	30.40	31.72	34.48	37.20	
Eyeglasses and appliances.....	1.07	1.40	3.17	4.22	9.44	10.45	9.83	10.58	10.51	
Nursing-home care.....	---	.25	1.21	2.86	10.48	12.28	14.28	16.56	18.57	
Other health services.....	.50	.83	3.40	6.02	6.60	7.43	7.97	8.51	9.11	
Expense for prepayment and administration.....	1.12	1.24	2.95	5.93	7.33	8.81	9.99	10.55	10.93	
Government public health activities.....	.78	1.14	2.33	2.25	4.16	4.37	4.58	5.37	6.17	
Research and medical-facilities construction.....	1.72	.88	6.21	9.30	17.51	18.13	18.71	19.91	22.98	
Research.....	---	.02	.76	3.60	7.40	7.85	8.48	8.89	8.84	
Construction.....	1.72	.86	5.45	5.70	10.11	10.27	10.23	11.02	14.14	
	Percentage distribution									
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Health services and supplies.....	94.2	97.0	92.4	93.6	92.0	92.3	92.8	93.1	92.8	
Personal health care expense.....	87.8	89.0	86.0	88.0	86.7	86.8	87.2	87.6	87.5	
Hospital care.....	18.2	25.4	30.4	33.8	32.4	33.1	34.7	35.7	36.3	
Physicians' services.....	27.5	24.4	21.7	21.1	19.7	19.4	19.3	18.9	19.1	
Dentists' services.....	13.2	10.5	7.6	7.4	6.5	6.3	6.4	6.2	6.3	
Other professional services.....	6.9	4.4	3.1	3.2	2.4	2.5	2.4	2.4	2.2	
Drugs and drug sundries.....	16.6	16.0	13.6	13.6	13.4	12.9	12.2	12.0	11.6	
Eyeglasses and appliances.....	3.6	4.7	3.9	2.9	4.3	4.4	3.8	3.7	3.3	
Nursing-home care.....	---	.8	1.5	2.0	4.8	5.2	5.5	5.8	5.8	
Other health services.....	1.7	2.8	4.2	4.1	3.0	3.1	3.1	3.0	2.8	
Expense for prepayment and administration.....	3.8	4.2	3.6	4.1	3.4	3.7	3.8	3.7	3.4	
Government public health activities.....	2.6	3.8	2.9	1.5	1.9	1.9	1.8	1.9	1.9	
Research and medical-facilities construction.....	5.8	3.0	7.6	6.4	8.1	7.7	7.2	6.9	7.2	
Research.....	---	.1	.9	2.5	3.4	3.3	3.3	3.1	2.8	
Construction.....	5.8	2.9	6.7	3.9	4.7	4.3	3.9	3.8	4.4	

See footnotes at end of table.

National Health Expenditures, 1978

Table 3.--Aggregate and per capita amount and percentage distribution of national health expenditures, selected calendar years 1929-78--Continued

Type of Expenditure	Calendar Years									
	1970	1971	1972	1973	1974	1975	1976	1977	1978 2/	
	Aggregate amount (in millions)									
Total.....	\$74,740	\$82,764	\$92,679	\$102,345	\$115,610	\$131,465	\$148,870	\$169,994	\$192,448	
Health services and supplies.....	69,449	76,773	86,210	95,627	108,306	123,211	140,064	161,247	183,007	
Personal health care expense.....	65,723	72,115	79,870	88,471	100,885	116,297	132,127	149,139	167,911	
Hospital care.....	27,799	30,769	34,974	38,585	44,857	52,138	59,806	67,914	76,025	
Physicians' services.....	14,340	15,918	17,162	19,075	21,245	24,932	27,658	31,242	35,250	
Dentists' services.....	4,750	5,068	5,625	6,531	7,366	8,237	10,131	11,650	13,300	
Other professional services.....	1,595	1,628	1,802	1,973	2,230	2,619	3,202	3,700	4,275	
Drugs and drug sundries.....	8,406	8,745	9,344	10,050	11,038	11,812	12,809	13,810	15,098	
Eyeglasses and appliances.....	2,100	2,035	2,215	2,480	2,706	2,981	3,201	3,455	3,879	
Nursing-home care.....	4,677	5,629	6,151	7,088	8,355	9,886	11,452	13,364	15,751	
Other health services.....	2,058	2,323	2,597	2,690	3,088	3,691	3,868	4,005	4,333	
Expenses for prepayment and administration.....	2,286	2,854	4,300	4,897	4,664	3,717	4,204	7,844	10,022	
Government public health activities.....	1,440	1,804	2,040	2,259	2,757	3,198	3,733	4,264	5,073	
Research and medical-facilities construction.....	5,291	5,991	6,469	6,718	7,304	8,254	8,806	8,746	9,441	
Research.....	1,862	1,983	2,227	2,402	2,632	3,186	3,552	3,714	4,287	
Construction.....	3,429	4,008	4,242	4,316	4,672	5,068	5,254	5,032	5,154	
	Per capita amount 1/									
Total.....	\$358.63	\$393.09	\$436.76	\$478.38	\$535.99	\$604.57	\$678.79	\$768.77	\$863.01	
Health services and supplies.....	333.25	364.64	406.00	446.98	502.12	566.61	638.64	729.22	820.68	
Personal health care expense.....	315.25	342.52	376.14	413.53	467.72	534.82	602.45	674.46	752.98	
Hospital care.....	133.39	146.14	164.71	180.35	207.97	239.77	272.69	307.13	340.93	
Physicians' services.....	68.81	75.60	80.82	89.16	98.49	114.66	126.11	141.29	158.08	
Dentists' services.....	22.79	24.07	26.49	30.52	34.15	37.88	46.19	52.69	59.64	
Other professional services.....	7.65	7.73	8.49	9.22	10.34	12.04	14.60	16.73	19.17	
Drugs and drug sundries.....	40.33	41.54	44.00	46.98	51.17	54.32	58.40	62.45	67.70	
Eyeglasses and appliances.....	10.07	9.67	10.43	11.59	12.55	13.71	14.60	15.62	17.40	
Nursing-home care.....	22.44	26.74	28.97	33.13	38.73	45.46	52.22	60.44	70.64	
Other health services.....	9.87	11.03	12.23	12.57	14.32	16.97	17.64	18.11	19.43	
Expense for prepayment and administration.....	10.93	13.56	20.25	22.89	21.62	17.09	19.17	35.47	44.94	
Government public health activities.....	6.91	8.57	9.61	10.56	12.78	14.71	17.02	19.28	22.75	
Research and medical-facilities construction.....	25.39	28.45	30.47	31.40	33.86	37.96	40.15	39.55	42.34	
Research.....	8.93	9.42	10.49	11.23	12.20	14.65	16.19	16.80	19.23	
Construction.....	16.45	19.04	19.98	20.17	21.66	23.31	23.96	22.76	23.11	
	Percentage distribution									
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Health services and supplies.....	92.9	92.8	93.0	93.4	93.7	93.7	94.1	94.9	95.1	
Personal health care expense.....	87.9	87.1	86.2	86.4	87.3	88.5	88.8	87.7	87.3	
Hospital care.....	37.2	37.2	37.7	37.7	38.8	39.7	40.2	40.0	39.5	
Physicians' services.....	19.2	19.2	18.5	18.6	18.4	19.0	18.6	18.4	18.3	
Dentists' services.....	6.4	6.1	6.1	6.4	6.4	6.3	6.8	6.9	6.9	
Other professional services.....	2.1	2.0	1.9	1.9	1.9	2.0	2.2	2.2	2.2	
Drugs and drug sundries.....	11.3	10.6	10.1	9.8	9.6	9.0	8.6	8.1	7.9	
Eyeglasses and appliances.....	2.8	2.5	2.4	2.4	2.3	2.3	2.2	2.0	2.0	
Nursing-home care.....	6.3	6.8	6.6	6.9	7.2	7.5	7.7	7.9	8.2	
Other health services.....	2.8	2.8	2.8	2.6	2.7	2.8	2.6	2.4	2.3	
Expense for prepayment and administration.....	3.1	3.5	4.6	4.8	4.0	2.8	2.8	4.6	5.2	
Government public health activities.....	1.9	2.2	2.2	2.2	2.4	2.4	2.5	2.5	2.6	
Research and medical-facilities construction.....	7.1	7.2	7.0	6.6	6.3	6.3	5.9	5.2	4.9	
Research.....	2.5	2.4	2.4	2.4	2.3	2.4	2.4	2.2	2.2	
Construction.....	4.6	4.8	4.6	4.2	4.0	3.9	3.5	3.0	2.7	

1/ Based on July 1 population estimates including outlying territories, armed forces and federal employees overseas, and their dependents.

2/ Preliminary estimates.

National Health Expenditures, 1978

Table 4.--National health expenditures, by type of expenditure and source of funds, calendar years 1976-1978
(In millions)

Type of Expenditure	Total	Source of funds					
		Private			Public		
		Total	Direct Payments	Other 1/	Total	Federal	State and local
1978 2/							
Total	\$192,448	\$114,311	\$55,317	\$58,994	\$78,136	\$53,725	\$24,411
Health services and supplies.....	183,007	110,780	55,317	55,463	72,227	49,435	22,792
Personal health care.....	167,911	102,870	55,317	47,553	65,042	46,503	18,539
Hospital care.....	76,025	35,107	7,534	27,573	40,918	30,344	10,574
Physicians' services.....	35,250	25,811	12,013	13,798	9,439	7,066	2,374
Dentists' services.....	13,300	12,761	10,213	2,548	539	310	229
Other professional services.....	4,275	3,303	2,233	1,070	972	677	295
Drugs and drug sundries.....	15,098	13,798	12,667	1,131	1,300	667	634
Eyeglasses and appliances.....	3,879	3,522	3,478	44	357	285	72
Nursing-home care.....	15,751	7,394	7,179	214	8,358	4,715	3,643
Other health services.....	4,333	1,175	---	1,175	3,158	2,440	719
Expenses for prepayment and administration.....	10,022	7,910	---	7,910	2,112	1,729	384
Government public health activities..	5,073	---	---	---	5,073	1,204	3,869
Research and medical-facilities construction.....	9,441	3,532	---	3,532	5,910	4,290	1,620
Research 3/.....	4,287	296	---	296	3,991	3,680	312
Construction.....	5,154	3,236	---	3,236	1,918	610	1,308
1977							
Total.....	\$169,994	\$100,671	\$48,596	\$52,075	\$69,323	\$47,356	\$21,965
Health services and supplies.....	161,247	97,202	48,596	48,606	64,046	43,701	20,344
Personal health care.....	149,139	91,048	48,596	42,452	58,091	41,096	16,996
Hospital care.....	67,914	30,964	6,268	24,696	36,950	27,141	9,809
Physicians' services.....	31,242	23,136	10,890	12,246	8,106	5,995	2,111
Dentists' services.....	11,650	11,146	8,898	2,248	504	295	209
Other professional services.....	3,700	2,859	1,897	962	841	570	271
Drugs and drug sundries.....	13,810	12,614	11,613	1,001	1,196	619	577
Eyeglasses and appliances.....	3,455	3,158	3,123	35	297	234	63
Nursing-home care.....	13,364	6,086	5,907	179	7,278	4,141	3,137
Other health services.....	4,005	1,085	---	1,085	2,920	2,101	818
Expenses for prepayment and administration.....	7,844	6,154	---	6,154	1,690	1,369	322
Government public health activities..	4,264	---	---	---	4,264	1,237	3,027
Research and medical-facilities construction.....	8,746	3,469	---	3,469	5,277	3,657	1,621
Research 3/.....	3,714	276	---	276	3,438	3,155	283
Construction.....	5,032	3,193	---	3,193	1,839	501	1,338
1976							
Total.....	\$148,870	\$86,572	\$41,869	\$44,702	\$62,299	\$42,531	\$19,768
Health services and supplies.....	140,064	83,056	41,869	41,187	57,008	39,011	17,997
Personal health care.....	132,127	80,531	41,869	38,662	51,596	36,283	15,314
Hospital care.....	59,806	27,037	4,085	22,952	32,769	23,880	8,890
Physicians' services.....	27,658	20,592	9,654	10,937	7,066	5,143	1,923
Dentists' services.....	10,131	9,648	7,754	1,894	483	286	197
Other professional services.....	3,202	2,545	1,763	782	657	462	195
Drugs and drug sundries.....	12,809	11,667	10,748	919	1,142	593	549
Eyeglasses and appliances.....	3,201	2,943	2,919	23	258	201	57
Nursing-home care.....	11,452	5,106	4,945	161	6,346	3,605	2,741
Other health services.....	3,868	993	---	993	2,875	2,114	762
Expenses for prepayment and administration.....	4,204	2,525	---	2,525	1,679	1,415	263
Government public health activities..	3,733	---	---	---	3,733	1,313	2,420
Research and medical-facilities construction.....	8,806	3,515	---	3,515	5,290	3,520	1,770
Research 3/.....	3,552	269	---	269	3,283	3,018	265
Construction.....	5,254	3,246	---	3,246	2,008	502	1,506

1/ Private health insurance benefits, spending by philanthropic organizations, industrial inplant services and privately financed construction.

2/ Preliminary estimates.

3/ Research and development expenditures of drug companies and other manufacturers and providers of medical equipment and supplies excluded from "research expenditures" but included in the expenditure class in which the product falls.

National Health Expenditures, 1978

Table 5.--Aggregate and per capita amount and percentage distribution of personal health care expenditures by type of expenditure and source of funds, calendar years 1976-78

Source of payment	Total	Hospital care	Physicians' services	Dentists' services	Other professional services	Drugs and drug sundries	Eyeglasses and appliances	Nursing home care	Other health services
Aggregate amount (in millions)									
1978 1/									
Total.....	\$167,911	\$76,025	\$35,250	\$13,300	\$4,275	\$15,098	\$3,879	\$15,751	\$4,333
Direct payments.....	55,317	7,533	12,013	10,213	2,233	12,667	3,478	7,179	---
Third-party payments.....	112,594	68,491	23,237	3,087	2,042	2,431	401	8,572	4,333
Private health insurance.....	45,363	26,724	13,779	2,548	1,030	1,131	44	108	---
Philanthropy and industrial implant.....	2,189	849	19	---	40	---	---	106	1,175
Government.....	65,042	40,919	9,439	539	972	1,300	357	8,358	3,158
Federal.....	46,503	30,344	7,066	310	677	667	285	4,715	2,440
Medicare.....	24,918	18,275	5,548	---	411	---	209	396	80
Medicaid.....	10,234	3,820	1,145	247	220	628	---	4,038	137
Other.....	11,350	8,249	373	63	47	39	76	281	2,303
State and local.....	18,539	10,574	2,374	229	295	634	72	3,643	719
Medicaid.....	8,131	3,034	909	196	174	499	---	3,208	109
Other.....	10,409	7,540	1,464	33	120	135	72	435	610
Per capita amount 2/									
Total.....	\$752.98	\$340.93	\$158.08	\$59.64	\$19.17	\$67.70	\$17.40	\$70.64	\$19.43
Direct payments.....	248.06	33.79	53.87	45.80	10.02	56.80	15.60	32.19	---
Third-party payments.....	504.92	307.14	104.21	13.84	9.16	10.90	1.80	38.44	19.43
Private health insurance.....	203.43	119.84	61.79	11.43	4.62	5.07	.20	.48	---
Philanthropy and industrial implant.....	9.82	3.81	.09	---	.18	---	---	.48	5.27
Government.....	291.67	183.50	42.33	2.42	4.36	5.83	1.60	37.48	14.16
Federal.....	208.54	136.07	31.69	1.39	3.04	2.99	1.28	21.14	10.94
Medicare.....	111.74	81.95	24.88	---	1.84	---	.94	1.77	.36
Medicaid.....	45.89	17.13	5.13	1.11	.98	2.82	---	18.11	.61
Other.....	50.90	36.99	1.67	.28	.21	.17	.34	1.26	10.33
State and local.....	83.14	47.42	10.65	1.03	1.32	2.84	.32	16.34	3.22
Medicaid.....	36.46	13.61	4.08	.88	.78	2.24	---	14.39	.49
Other.....	46.68	33.81	6.57	.15	.54	.60	.32	1.95	2.74
Percentage distribution									
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Direct payments.....	32.9	9.9	34.1	76.8	52.2	83.9	89.7	45.6	---
Third-party payments.....	67.1	90.1	65.9	23.2	47.8	16.1	10.3	54.4	100.0
Private health insurance.....	27.0	35.2	39.1	19.2	24.1	7.5	1.1	.7	---
Philanthropy and industrial implant.....	1.3	1.1	.1	---	.9	---	---	.7	27.1
Government.....	38.7	53.8	26.8	4.1	22.7	8.6	9.2	53.1	72.9
Federal.....	27.7	39.9	20.0	2.3	15.8	4.4	7.3	29.9	56.3
Medicare.....	14.8	24.0	15.7	---	9.6	---	5.4	2.5	1.8
Medicaid.....	6.1	5.0	3.2	1.9	5.1	4.2	---	25.6	3.2
Other.....	6.8	10.8	1.1	.5	1.1	.3	2.0	1.8	53.1
State and local.....	11.0	13.9	6.7	1.7	6.9	4.2	1.9	23.1	16.6
Medicaid.....	4.8	4.0	2.6	1.5	4.1	3.3	---	20.4	2.5
Other.....	6.2	9.9	4.2	.2	2.8	.9	1.9	2.8	14.1

See footnotes at end of table.

Table 5.--Aggregate and per capita amount and percentage distribution of personal health care expenditures by type of expenditure and source of funds, calendar years 1976-78--Continued

Source of payment	Total	Hospital care	Physicians' services	Dentists' services	Other professional services	Drugs and drug sundries	Eyeglasses and appliances	Nursing home care	Other health services
Aggregate amount (in millions)									
1977									
Total.....	\$149,139	\$67,914	\$31,242	\$11,650	\$3,700	\$13,810	\$3,455	\$13,364	\$4,005
Direct payments.....	48,596	6,268	10,890	8,898	1,897	11,613	3,123	5,907	---
Third-party payments.....	100,543	61,646	20,352	2,752	1,803	2,197	332	7,457	4,005
Private health insurance.....	40,492	23,956	12,228	2,248	928	1,001	35	96	---
Philanthropy and industrial implant.....	1,960	740	17	---	34	---	---	83	1,085
Government.....	58,091	36,950	8,106	504	841	1,196	297	7,278	2,920
Federal.....	41,096	27,141	5,995	295	570	619	234	4,141	2,101
Medicare.....	21,768	16,215	4,607	---	337	---	167	378	64
Medicaid.....	9,384	3,625	1,056	229	191	585	---	3,516	181
Other.....	9,944	7,301	331	65	42	35	67	248	1,920
State and local.....	16,996	9,809	2,111	209	271	577	63	3,137	818
Medicaid.....	7,273	2,810	819	178	148	453	---	2,725	140
Other.....	9,723	6,999	1,293	31	123	124	63	411	678
Per capita amount ^{2/}									
Total.....	\$674.46	\$307.13	\$141.29	\$52.69	\$16.73	\$62.45	\$15.62	\$60.44	\$18.11
Direct payments.....	219.77	28.35	49.25	40.24	8.58	52.52	14.12	26.71	---
Third-party payments.....	454.69	278.78	92.04	12.44	8.15	9.94	1.50	33.72	18.11
Private health insurance.....	183.12	108.34	55.30	10.17	4.20	4.53	.16	.43	---
Philanthropy and industrial implant.....	8.86	3.35	.08	---	.15	---	---	.38	4.91
Government.....	262.71	167.10	36.66	2.28	3.80	5.41	1.34	32.91	13.20
Federal.....	185.85	122.74	27.11	1.33	2.58	2.80	1.06	18.73	9.50
Medicare.....	98.44	73.33	20.84	---	1.52	---	.75	1.71	.29
Medicaid.....	42.44	16.39	4.78	1.04	.86	2.64	---	15.90	.82
Other.....	44.97	33.02	1.50	.30	.19	.16	.30	1.12	8.68
State and local.....	76.86	44.36	9.55	.95	1.23	2.61	.29	14.19	3.70
Medicaid.....	32.89	12.71	3.70	.80	.67	2.05	---	12.32	.63
Other.....	43.97	31.65	5.85	.14	.56	.56	.29	1.86	3.07
Percentage distribution									
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Direct payments.....	32.6	9.2	34.9	76.4	51.3	84.1	90.4	44.2	---
Third-party payments.....	67.4	90.8	65.1	23.6	48.7	15.9	9.6	55.8	100.0
Private health insurance.....	27.2	35.3	39.1	19.3	25.1	7.2	1.0	.7	---
Philanthropy and industrial implant.....	1.3	1.1	.1	---	.9	---	---	.6	27.1
Government.....	39.0	54.4	25.9	4.3	22.7	8.7	8.6	54.5	72.9
Federal.....	27.6	40.0	19.2	2.5	15.4	4.5	6.8	31.0	52.5
Medicare.....	14.6	23.9	14.7	---	9.1	---	4.8	2.8	1.6
Medicaid.....	6.3	5.3	3.4	2.0	5.2	4.2	---	26.3	4.5
Other.....	6.7	10.8	1.1	.6	1.1	.3	1.9	1.9	47.9
State and local.....	11.4	14.4	6.8	1.8	7.3	4.2	1.8	23.5	20.4
Medicaid.....	4.9	4.1	2.6	1.5	4.0	3.3	---	20.4	3.5
Other.....	6.5	10.3	4.1	.3	3.3	.9	1.8	3.1	16.9

National Health Expenditures, 1978

Table 5.--Aggregate and per capita amount and percentage distribution of personal health care expenditures by type of expenditure and source of funds, calendar years 1976-78--Continued

Source of payment	Total	Hospital care	Physicians' services	Dentists' services	Other professional services	Drugs and drug sundries	Eyeglasses and appliances	Nursing home care	Other health services
Aggregate amount (in millions)									
1976									
Total.....	\$132,127	\$59,806	\$27,658	\$10,131	\$3,202	\$12,809	\$3,201	\$11,452	\$3,868
Direct payments.....	41,869	4,085	9,654	7,754	1,763	10,748	2,919	4,945	---
Third-party payments.....	90,258	55,721	18,003	2,377	1,439	2,062	282	6,507	3,868
Private health insurance.....	37,070	22,469	10,922	1,894	751	919	23	91	---
Philanthropy and industrial inplant.....	1,592	482	75	---	32	---	---	70	993
Government.....	51,596	32,769	7,066	483	657	1,142	258	6,346	2,875
Federal.....	36,283	23,880	5,143	286	462	593	201	3,605	2,114
Medicare.....	18,417	13,791	3,839	---	266	---	137	332	52
Medicaid.....	8,391	3,214	991	215	155	559	---	3,065	192
Other.....	9,474	6,875	313	71	41	34	64	208	1,922
State and local.....	15,314	8,890	1,923	197	195	549	57	2,741	762
Medicaid.....	6,458	2,474	763	166	119	430	---	2,359	148
Other.....	8,856	6,416	1,161	31	75	119	57	382	614
Per capita amount 2/									
Total.....	\$602.45	\$272.69	\$126.11	\$46.19	\$14.60	\$58.40	\$14.60	\$52.22	\$17.64
Direct payments.....	190.91	18.63	44.02	35.36	8.04	49.00	13.31	22.55	---
Third-party payments.....	411.54	254.06	82.09	10.84	6.56	9.40	1.28	29.67	17.64
Private health insurance.....	169.02	102.45	49.80	8.64	3.42	4.19	.11	.42	---
Philanthropy and industrial inplant.....	7.26	2.20	.07	---	.14	---	---	.32	4.53
Government.....	235.26	149.41	32.22	2.20	3.00	5.21	1.18	28.93	13.11
Federal.....	165.43	108.88	23.45	1.30	2.11	2.70	.92	16.44	9.64
Medicare.....	83.97	62.88	17.50	---	1.21	---	.63	1.51	.24
Medicaid.....	38.26	14.66	4.52	.98	.71	2.55	---	13.97	.88
Other.....	43.20	31.35	1.43	.32	.19	.15	.29	.95	8.76
State and local.....	69.82	40.53	8.77	.90	.89	2.51	.26	12.50	3.47
Medicaid.....	29.45	11.28	3.48	.76	.54	1.96	---	10.75	.67
Other.....	40.38	29.25	5.29	.14	.34	.54	.26	1.74	2.80
Percentage distribution									
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Direct payments.....	31.7	6.8	34.9	76.5	55.1	83.9	91.2	43.2	---
Third-party payments.....	68.3	93.2	65.1	23.5	44.9	16.1	8.8	56.8	100.0
Private health insurance.....	28.1	37.6	39.5	18.7	23.4	7.2	.7	.8	---
Philanthropy and industrial inplant.....	1.2	.8	.1	---	1.0	---	---	.6	25.7
Government.....	39.1	54.8	25.5	4.8	20.5	8.9	8.1	55.4	74.3
Federal.....	27.5	39.9	18.6	2.8	14.4	4.6	6.3	31.5	54.6
Medicare.....	13.9	23.1	13.9	---	8.3	---	4.3	2.9	1.4
Medicaid.....	6.4	5.4	3.6	2.1	4.8	4.4	---	26.3	5.0
Other.....	7.2	11.5	1.1	.7	1.3	.3	2.0	1.8	49.7
State and local.....	11.6	14.9	7.0	1.9	6.1	4.3	1.8	23.9	19.7
Medicaid.....	4.9	4.1	2.8	1.6	3.7	3.4	---	20.6	3.8
Other.....	6.7	10.7	4.2	.3	2.4	.9	1.8	3.3	15.9

1/ Preliminary estimates.

2/ Based on July 1 population estimates including outlying territories, armed forces and federal employees overseas, and their dependents.

Table 6.--Expenditures for health services and supplies under public programs, by program, type of expenditure, and source of funds, calendar years 1976-78

(in millions)												
Health Services and Supplies												
Program and source of funds	Total	Personal Health Care								Admin- istration	Government public health activities	
		Total	Hospital Care	Physi- cians' services	Dentists' services	Other profes- sional services	Drugs and drug sundries	Eyeg lasses and appliances	Nursing- home care			Other health services
1978 1/												
All public programs.....	\$72,227	\$65,042	\$40,919	\$9,439	\$539	\$972	\$1,300	\$357	\$8,358	\$3,158	\$2,112	\$5,073
Total federal expenditures.....	49,436	46,503	30,344	7,066	310	677	667	285	4,715	2,440	1,729	1,204
Total state and local expenditures.....	22,792	18,539	10,575	2,374	229	295	634	72	3,643	719	384	3,869
Major program areas:												
Medicare (federal) 2/.....	25,917	24,918	18,275	5,548	---	411	---	209	396	80	999	---
Medicaid 3/.....	19,401	18,365	6,854	2,054	444	394	1,127	---	7,246	246	1,036	---
Federal expenditures.....	10,887	10,234	3,820	1,145	247	220	628	---	4,038	137	653	---
State and local expenditures.....	8,514	8,131	3,034	909	196	174	499	---	3,208	109	384	---
Other medical public assistance.....	1,157	1,167	453	129	28	25	71	---	435	15	---	---
Federal expenditures.....	---	---	---	---	---	---	---	---	---	---	---	---
State and local expenditures.....	1,157	1,167	453	129	28	25	71	---	435	15	---	---
Veterans Administration (federal).....	4,989	4,943	4,141	57	44	---	12	42	281	365	46	---
Department of Defense (federal) 4/.....	3,646	3,625	2,668	101	2	---	10	---	---	844	21	---
Workers compensation (medical benefits).....	3,061	3,061	1,552	1,298	---	89	62	62	---	---	---	---
Federal employees.....	117	117	76	29	---	7	2	2	---	---	---	---
State and local programs.....	2,944	2,944	1,476	1,268	---	82	59	59	---	---	---	---
State and local hospitals (Net) 5/.....	5,488	5,488	5,488	---	---	---	---	---	---	---	---	---
Other public expenditures for personal health care 6/....	3,494	3,484	1,487	252	21	53	18	44	---	1,608	10	---
Federal.....	2,675	2,665	1,364	186	17	39	14	32	---	1,013	10	---
State and local.....	819	819	123	67	5	13	4	13	---	594	---	---
Government public health activities.....	5,073	---	---	---	---	---	---	---	---	---	---	5,073
Federal.....	1,204	---	---	---	---	---	---	---	---	---	---	1,204
State and local.....	3,869	---	---	---	---	---	---	---	---	---	---	3,869

See footnotes at end of table

National Health Expenditures, 1978

Table 6.--Expenditures for health services and supplies under public programs, by program, type of expenditure, and source of funds, calendar years 1976-78--Continued

(In millions)

Program and source of funds	Total	Health Services and Supplies										
		Personal Health Care								Admin- istration	Government public health activities	
		Total	Hospital Care	Physi- cians' services	Dentists' services	Other profes- sional services	Drugs and drug sundries	Eyeglasses and appliances	Nursing- home care			Other health services
1977												
All public programs.....	\$64,046	\$58,091	\$36,950	\$8,106	\$604	\$841	\$1,196	\$297	\$7,278	\$2,920	\$1,690	\$4,264
Total federal expenditures..	43,701	41,096	27,141	5,995	295	570	619	234	4,141	2,101	1,369	1,237
Total state and local expenditures.....	20,344	16,996	9,809	2,111	209	271	577	63	3,137	818	322	3,027
Major program areas:												
Medicare (federal) 2/.....	22,518	21,768	16,215	4,607	---	337	---	167	378	64	750	---
Medicaid 3/.....	17,527	16,657	6,435	1,875	407	339	1,038	---	6,241	322	871	---
Federal expenditures.....	9,933	9,384	3,625	1,056	229	191	585	---	3,516	181	549	---
State and local expenditures.....	7,594	7,273	2,810	819	178	148	453	---	2,725	140	322	---
Other medical public assistance.....	1,098	1,098	424	124	27	22	68	---	411	21	---	---
Federal expenditures.....	---	---	---	---	---	---	---	---	---	---	---	---
State and local expenditures.....	1,098	1,098	424	124	27	22	68	---	411	21	---	---
Veterans Administration (federal).....	4,400	4,360	3,651	52	49	---	12	35	248	313	40	---
Department of Defense (federal) 4/.....	3,357	3,336	2,398	89	2	---	9	---	---	838	21	---
Workers compensation (medical benefits).....	2,663	2,663	1,337	1,127	---	93	53	53	---	---	---	---
Federal employees.....	79	79	52	20	---	5	2	2	---	---	---	---
State and local programs..	2,584	2,584	1,285	1,108	---	88	51	51	---	---	---	---
State and local hospitals (Net) 5/.....	5,170	5,170	5,170	---	---	---	---	---	---	---	---	---
Other public expenditures for personal health care 6/.....	3,048	3,039	1,319	232	19	50	17	42	---	1,362	9	---
Federal.....	2,178	2,169	1,200	170	14	37	12	30	---	705	9	---
State and local.....	871	871	119	61	4	13	4	12	---	657	---	---
Government public health activities.....	4,264	---	---	---	---	---	---	---	---	---	---	4,264
Federal.....	1,237	---	---	---	---	---	---	---	---	---	---	1,237
State and local.....	3,027	---	---	---	---	---	---	---	---	---	---	3,027

See footnotes at end of table

Table 6.--Expenditures for health services and supplies under public programs, by program, type of expenditure, and source of funds, calendar years 1976-78--Continued

(In millions)												
Health Services and Supplies												
Program and source of funds	Total	Personal Health Care									Admin- istration	Government public health activities
		Total	Hospital Care	Physi- cians' services	Dentists' services	Other profes- sional services	Drugs and drug sundries	Eyeglasses and appliances	Nursing- home care	Other health services		
1976												
All public programs.....	\$57,008	\$51,596	\$32,769	\$7,066	\$483	\$657	\$1,142	\$258	\$6,346	\$2,875	\$1,679	\$3,733
Total federal expenditures.....	39,011	36,283	23,880	5,143	286	462	593	201	3,605	2,114	1,415	1,313
Total state and local expenditures.....	17,997	15,314	8,890	1,923	197	195	549	57	2,741	762	263	2,420
Major program areas:												
Medicare (federal) 2/.....	19,296	18,417	13,791	3,839	---	266	---	137	332	52	879	---
Medicaid 3/.....	15,578	14,849	5,688	1,754	381	275	989	---	5,424	340	728	---
Federal expenditures.....	8,857	8,391	3,214	991	215	155	559	---	3,065	192	465	---
State and local expenditures.....	6,721	6,458	2,474	763	166	119	430	---	2,359	148	263	---
Other medical public assistance.....	1,048	1,048	402	124	27	19	70	---	382	24	---	---
Federal expenditures.....	---	---	---	---	---	---	---	---	---	---	---	---
State and local expenditures.....	1,048	1,048	402	124	27	19	70	---	382	24	---	---
Veterans Administration (federal) 4/.....	4,152	4,111	3,449	47	56	---	12	34	208	305	41	---
Department of Defense (federal) 4/.....	3,251	3,230	2,312	94	1	---	9	---	---	813	22	---
Workers compensation (medical benefits).....	2,326	2,326	1,190	993	---	48	47	47	---	---	---	---
Federal employees.....	69	69	45	17	---	4	1	1	---	---	---	---
State and local programs.....	2,256	2,256	1,146	976	---	44	46	46	---	---	---	---
State and local hospitals (Net) 5/.....	4,749	4,749	4,749	---	---	---	---	---	---	---	---	---
Other public expenditures for Personal health care 6/.....	2,875	2,867	1,189	216	18	49	16	40	---	1,341	9	---
Federal.....	2,073	2,065	1,069	155	14	37	12	28	---	751	9	---
State and local.....	802	802	119	61	4	12	4	11	---	590	---	---
Government public health activities.....	3,733	---	---	---	---	---	---	---	---	---	---	3,733
Federal.....	1,313	---	---	---	---	---	---	---	---	---	---	1,313
State and local.....	2,420	---	---	---	---	---	---	---	---	---	---	2,420

1/ Preliminary estimates.
 2/ Represents total expenditures from trust funds for benefits and administrative costs. Trust fund income includes premium payments paid by or on behalf of enrollees.
 3/ Includes funds paid into Medicare trust funds by States under "buy-in" agreements to cover premiums for public assistance recipients and for persons who are medically indigent.

4/ Includes care for retirees and military dependents. Payments for services other than hospital care and other health services represent only those made under contract medical programs.
 5/ Expenditures for state and local hospitals not offset by other revenues.
 6/ Includes program spending for Maternal and Child Health; Vocational Rehabilitation medical payments; Temporary Disability Insurance medical payments; PHS and other Federal hospitals; Indian Health Services; Alcoholism, Drug Abuse and Mental Health; school health.

Table 7.--Amount and percentage distribution of personal health care expenditures, ^{1/} by source of funds, selected calendar years 1929-1978

Calendar Year	Total	Source of Funds						
		Private				Public		
		Total	Direct payments	Insurance benefits	Other	Total	Federal	State and local
Aggregate Amount (in millions)								
1929.....	\$3,202	\$2,913	2/ \$2,829	--	84	\$289	187	\$202
1935.....	2,663	2,269	2/ 2,195	--	74	392	91	301
1940.....	3,548	2,980	2/ 2,886	--	94	570	145	425
1950.....	10,885	8,445	7,133	\$922	320	2,440	1,136	1,304
1955.....	15,708	12,100	9,132	2,536	432	3,608	1,646	1,962
1960.....	23,680	18,523	12,990	4,996	537	5,157	2,199	2,958
1965.....	37,267	29,387	19,900	8,729	758	7,880	3,784	4,095
1966.....	41,055	30,873	20,957	9,142	775	10,182	5,292	4,890
1967.....	45,923	30,752	20,426	9,545	781	15,172	9,572	5,600
1968.....	51,543	33,745	21,574	11,344	827	17,798	11,455	6,344
1969.....	57,888	37,721	23,786	13,069	866	20,167	13,211	6,956
1970.....	65,723	43,281	26,543	15,744	995	22,442	14,561	7,881
1971.....	72,115	46,395	27,548	17,714	1,134	25,721	16,804	8,917
1972.....	79,870	51,042	30,406	19,433	1,203	28,828	18,967	9,861
1973.....	88,471	56,408	33,647	21,513	1,248	32,063	21,125	10,937
1974.....	100,885	62,266	35,682	25,171	1,413	38,619	25,865	12,755
1975.....	116,297	70,164	37,803	30,902	1,459	46,133	31,532	14,601
1976.....	132,127	80,531	41,869	37,070	1,592	51,596	36,283	15,314
1977.....	149,139	91,048	48,596	40,492	1,960	58,091	41,096	16,996
1978 ^{3/}	167,911	102,870	55,317	45,363	2,189	65,042	46,503	18,539
Per capita amount								
1929.....	\$25.88	\$23.54	\$22.86	--	\$.68	\$2.34	\$.70	\$1.64
1935.....	20.55	17.51	16.94	--	.57	3.02	.70	2.32
1940.....	26.36	22.14	21.44	--	.70	4.24	1.08	3.16
1950.....	70.37	54.60	46.12	6.41	2.07	15.78	7.35	8.43
1955.....	93.29	71.86	54.23	15.06	2.57	21.43	9.78	11.65
1960.....	128.81	100.76	70.66	27.18	2.92	28.05	11.96	16.09
1965.....	188.42	148.58	100.61	44.13	3.83	39.84	19.13	20.71
1966.....	205.22	154.32	104.75	45.70	3.87	50.89	26.45	24.44
1967.....	227.07	152.05	101.00	47.19	3.86	75.02	47.33	27.69
1968.....	252.32	165.19	105.62	55.53	4.05	87.13	56.07	31.06
1969.....	280.63	182.86	115.31	63.35	4.20	97.77	64.04	33.72
1970.....	315.37	207.68	127.36	75.54	4.77	107.69	69.87	37.82
1971.....	342.52	220.36	130.84	84.13	5.38	122.16	79.81	42.35
1972.....	376.14	240.38	143.20	91.52	5.66	135.76	89.32	46.44
1973.....	413.53	263.66	157.27	100.56	5.83	149.87	98.75	51.12
1974.....	467.72	288.07	165.43	110.70	6.33	175.05	119.91	59.13
1975.....	534.82	322.66	173.85	142.11	6.71	212.15	145.01	67.15
1976.....	602.45	367.19	190.91	169.02	7.26	235.26	165.43	69.92
1977.....	674.46	411.75	219.77	183.12	8.66	262.71	185.65	76.86
1978 ^{3/}	752.98	461.31	248.06	203.43	9.82	291.67	208.54	83.14
Percentage distribution								
1929.....	100.0	91.0	88.4	--	2.6	9.0	2.7	6.3
1935.....	100.0	85.2	82.4	--	2.8	14.7	3.4	11.3
1940.....	100.0	84.0	81.3	--	2.6	16.1	4.1	12.0
1950.....	100.0	77.6	65.5	9.7	2.9	22.4	10.4	12.0
1955.....	100.0	77.0	58.1	16.1	2.8	23.0	10.5	12.5
1960.....	100.0	78.2	54.9	21.1	2.3	21.8	9.3	12.5
1965.....	100.0	76.9	53.4	23.4	2.0	21.1	10.2	11.0
1966.....	100.0	75.2	51.0	22.3	1.9	24.8	12.9	11.9
1967.....	100.0	67.0	44.5	20.8	1.7	33.0	20.8	12.2
1968.....	100.0	65.5	41.9	22.0	1.6	34.5	22.2	12.3
1969.....	100.0	65.2	41.1	22.6	1.5	34.8	22.8	12.0
1970.....	100.0	65.9	40.4	24.0	1.5	34.1	22.2	12.0
1971.....	100.0	64.3	38.2	24.6	1.6	35.7	23.3	12.4
1972.....	100.0	63.9	38.1	24.3	1.5	36.1	23.7	12.3
1973.....	100.0	63.8	38.0	24.3	1.4	36.2	23.9	12.4
1974.....	100.0	61.7	35.4	25.0	1.4	38.3	25.6	12.6
1975.....	100.0	60.3	32.5	26.6	1.3	39.7	27.1	12.6
1976.....	100.0	60.9	31.7	28.1	1.2	39.1	27.5	11.6
1977.....	100.0	61.0	32.6	27.2	1.3	39.0	27.6	11.4
1978 ^{3/}	100.0	61.3	32.9	27.0	1.3	38.7	27.7	11.0

^{1/} Includes all expenditures for health services and supplies other than (a) expenses for prepayment and administration; (b) government public health activities.

^{2/} Includes any insurance benefits and expenses for prepayment (insurance premiums less insurance benefits).

^{3/} Preliminary estimates.

Table 8.--Amount and percentage distribution of personal health care expenditures, by type of expenditure and source of funds, selected calendar years 1950-78

Type of expenditure and calendar year	Total	Source of funds				Public
		Private				
		Total	Direct payments	Insurance benefits	Other	
Aggregate amount (in millions)						
Hospital care:						
1950.....	\$3,851	\$1,967	\$1,152	\$680	\$135	\$1,884
1955.....	5,900	3,172	1,318	1,679	175	2,728
1960.....	9,092	5,338	1,804	3,304	230	3,754
1965.....	13,935	8,539	2,469	5,790	280	5,396
1966.....	15,640	8,706	2,445	5,993	268	6,934
1967.....	18,259	8,242	1,867	6,133	242	10,017
1968.....	21,016	9,544	1,964	7,322	258	11,472
1969.....	24,019	11,013	2,397	8,356	260	13,006
1970.....	27,799	13,227	2,879	10,008	340	14,572
1971.....	30,769	14,309	2,665	11,263	382	16,460
1972.....	34,974	16,370	3,749	12,199	421	18,604
1973.....	38,585	18,085	4,343	13,308	434	20,499
1974.....	44,857	20,298	4,493	15,274	530	24,560
1975.....	52,138	23,304	3,967	18,869	468	28,834
1976.....	59,806	27,037	4,085	22,469	482	32,769
1977.....	67,914	30,964	6,268	23,956	740	36,950
1978 1/.....	76,025	35,107	7,533	26,724	849	40,918
Per capita amount						
Hospital care:						
1950.....	\$24.90	\$12.72	\$7.45	\$4.40	\$.87	\$12.18
1955.....	35.04	18.84	7.83	9.97	1.04	16.20
1960.....	49.46	29.04	9.81	17.97	1.25	20.42
1965.....	70.46	43.17	12.48	29.27	1.41	27.28
1966.....	78.18	43.52	12.22	29.96	1.34	34.66
1967.....	90.28	40.75	9.23	30.33	1.79	49.53
1968.....	102.88	46.72	9.62	35.84	1.26	56.16
1969.....	116.44	53.39	11.62	40.51	1.26	63.05
1970.....	133.39	63.47	13.81	48.02	1.63	69.92
1971.....	146.14	67.96	12.66	53.49	1.81	78.18
1972.....	164.71	77.09	17.66	57.45	1.98	87.62
1973.....	180.35	84.53	20.30	62.20	2.03	95.82
1974.....	207.97	94.10	20.83	70.81	2.46	113.86
1975.....	239.77	107.17	18.24	86.77	2.15	132.60
1976.....	272.69	123.28	18.63	102.45	2.20	149.41
1977.....	307.13	140.03	28.35	108.34	3.35	167.10
1978 1/.....	340.93	157.43	33.78	119.84	3.81	183.49
Percentage distribution						
Hospital care:						
1950.....	100.0	51.1	29.9	17.7	3.5	48.9
1955.....	100.0	53.8	22.3	28.5	3.0	46.2
1960.....	100.0	58.7	19.8	36.3	2.5	41.3
1965.....	100.0	61.3	17.7	41.5	2.0	38.7
1966.....	100.0	55.7	15.6	38.3	1.7	44.3
1967.....	100.0	45.1	10.2	33.6	1.3	54.9
1968.....	100.0	45.4	9.3	34.8	1.2	54.6
1969.....	100.0	45.9	10.0	34.8	1.1	54.1
1970.....	100.0	47.6	10.4	36.0	1.2	52.4
1971.....	100.0	46.5	8.7	36.6	1.2	53.5
1972.....	100.0	46.8	10.7	34.9	1.2	53.2
1973.....	100.0	46.9	11.3	34.5	1.1	53.1
1974.....	100.0	45.2	10.0	34.1	1.2	54.8
1975.....	100.0	44.7	7.6	36.2	.9	55.3
1976.....	100.0	45.2	6.8	37.6	.8	54.8
1977.....	100.0	45.6	9.2	35.3	1.1	54.4
1978 1/.....	100.0	46.2	9.9	35.2	1.1	53.8

See footnotes at end of table

National Health Expenditures, 1978

Table 8.--Amount and percentage distribution of personal health care expenditures, by type of expenditure and source of funds, selected calendar years 1950-78--
Continued

Type of expenditure and calendar year	Total	Source of funds				Public
		Private				
		Total	Direct payments	Insurance benefits	Other	
Aggregate amount (in millions)						
Physicians' services:						
1950.....	\$2,747	\$2,604	\$2,285	\$312	\$7	\$143
1955.....	3,689	3,441	2,576	857	8	248
1960.....	5,684	5,318	3,716	1,593	9	366
1965.....	8,474	7,890	5,202	2,680	8	584
1966.....	9,175	8,324	5,484	2,831	9	851
1967.....	10,142	8,093	5,120	2,964	9	2,049
1968.....	11,104	8,619	5,119	3,489	10	2,485
1969.....	12,648	9,819	5,780	4,029	10	2,829
1970.....	14,340	11,253	6,335	4,908	10	3,087
1971.....	15,918	12,463	7,012	5,440	11	3,454
1972.....	17,162	13,223	7,154	6,056	12	3,939
1973.....	19,075	14,635	7,889	6,731	14	4,441
1974.....	21,245	15,913	7,979	7,922	13	5,332
1975.....	24,932	18,395	8,946	9,435	14	6,537
1976.....	27,658	20,592	9,654	10,922	15	7,066
1977.....	31,242	23,136	10,890	12,228	17	8,106
1978 1/.....	35,250	25,811	12,013	13,779	19	9,439
Per capita amount						
Physicians' services:						
1950.....	\$17.76	\$16.84	\$14.77	\$2.02	\$.05	\$.92
1955.....	21.91	20.44	15.30	5.09	.05	1.47
1960.....	30.92	28.93	20.21	8.67	.05	1.99
1965.....	42.85	39.89	26.30	13.55	.04	2.95
1966.....	45.86	41.61	27.41	14.15	.04	4.26
1967.....	50.15	40.02	25.31	14.66	.05	10.13
1968.....	54.36	42.19	25.06	17.08	.05	12.17
1969.....	61.31	47.60	28.02	19.53	.05	13.72
1970.....	68.81	54.00	30.40	23.55	.05	14.81
1971.....	75.60	59.20	33.30	25.84	.05	16.41
1972.....	80.82	62.27	33.69	28.52	.06	18.55
1973.....	89.16	68.40	36.88	31.46	.07	20.76
1974.....	98.49	73.78	36.99	36.73	.06	24.72
1975.....	114.66	84.59	41.14	43.39	.07	30.06
1976.....	126.11	93.89	44.02	49.80	.07	32.22
1977.....	141.29	104.63	49.25	55.30	.08	36.66
1978 1/.....	158.08	115.74	53.87	61.79	.09	42.33
Percentage distribution						
Physicians' services:						
1950.....	100.0	94.8	83.2	11.4	.3	5.2
1955.....	100.0	93.3	69.8	23.2	.2	6.7
1960.....	100.0	93.6	65.4	28.0	.2	6.4
1965.....	100.0	93.1	61.4	31.6	.1	6.9
1966.....	100.0	90.7	59.8	30.9	.1	9.3
1967.....	100.0	79.8	50.5	29.2	.1	20.2
1968.....	100.0	77.6	46.1	31.4	.1	22.4
1969.....	100.0	77.6	45.7	31.9	.1	22.4
1970.....	100.0	78.5	44.2	34.2	.1	21.5
1971.....	100.0	78.3	44.1	34.2	.1	21.7
1972.....	100.0	77.0	41.7	35.3	.1	23.0
1973.....	100.0	76.7	41.4	35.3	.1	23.3
1974.....	100.0	74.9	37.6	37.3	.1	25.1
1975.....	100.0	73.8	35.9	37.8	.1	26.2
1976.....	100.0	74.5	34.9	39.5	.1	25.5
1977.....	100.0	74.1	34.9	39.1	.1	25.9
1978 1/.....	100.0	73.2	34.1	39.1	.1	26.8

See footnotes at end of table

Table 8.--Amount and percentage distribution of personal health care expenditures, by type of expenditure and source of funds, selected calendar years 1950-78--Continued

Type of expenditure and calendar year	Total	Source of funds				Public
		Private				
		Total	Direct payments	Insurance benefits	Other	
Aggregate amount (in millions)						
All other services: 2/						
1950.....	\$4,287	\$3,874	\$3,695	3/	\$178	\$413
1955.....	6,119	5,487	5,238	3/	249	623
1960.....	8,904	7,867	7,470	\$99	298	1,037
1965.....	14,857	12,958	12,228	259	470	1,900
1966.....	16,240	13,844	13,028	318	498	2,396
1967.....	17,522	14,416	13,439	447	530	3,106
1968.....	19,423	15,582	14,490	533	558	3,842
1969.....	21,221	16,889	15,609	683	596	4,333
1970.....	23,584	18,802	17,329	828	645	4,783
1971.....	25,429	19,622	17,871	1,011	740	5,807
1972.....	27,734	21,449	19,503	1,177	769	6,285
1973.....	30,812	23,688	21,414	1,474	800	7,124
1974.....	34,783	26,055	23,210	1,975	869	8,728
1975.....	39,227	28,464	24,890	2,598	976	10,763
1976.....	44,663	32,902	28,129	3,679	1,094	11,761
1977.....	49,983	36,948	31,438	4,308	1,202	13,035
1978 1/.....	56,637	41,952	35,771	4,861	1,321	14,684
Per capita amount						
All other services: 2/						
1950.....	\$27.72	\$25.05	\$23.90	---	\$1.15	\$2.67
1955.....	36.34	32.59	31.11	---	1.48	3.75
1960.....	48.44	42.79	40.64	\$.53	1.62	5.64
1965.....	75.12	65.51	61.83	1.31	2.38	9.60
1966.....	81.18	69.20	65.12	1.59	2.49	11.98
1967.....	86.64	71.28	66.45	2.21	2.62	15.35
1968.....	95.09	76.28	70.94	2.61	2.73	18.81
1969.....	102.88	81.87	75.67	3.31	2.89	21.00
1970.....	113.17	90.22	83.15	3.97	3.09	22.95
1971.....	120.78	93.20	84.88	4.80	3.52	27.58
1972.....	130.61	101.02	91.85	5.54	3.62	29.60
1973.....	144.02	110.72	100.09	6.89	3.74	33.30
1974.....	161.26	120.79	107.61	9.16	4.03	40.47
1975.....	180.39	130.90	114.46	11.95	4.49	49.49
1976.....	203.65	150.02	128.26	16.77	4.99	53.63
1977.....	226.04	167.09	142.17	19.48	5.44	58.95
1978 1/.....	253.98	188.13	160.41	21.80	5.92	65.85
Percentage distribution						
All other services: 2/						
1950.....	100.0	90.4	86.2	---	4.2	9.6
1955.....	100.0	89.7	85.6	---	4.1	10.3
1960.....	100.0	88.4	83.9	1.1	3.5	11.3
1965.....	100.0	87.2	82.3	1.7	3.2	12.8
1966.....	100.0	85.2	80.2	2.0	3.1	14.8
1967.....	100.0	82.3	76.7	2.6	3.0	17.7
1968.....	100.0	80.2	74.6	2.7	2.9	19.8
1969.....	100.0	79.6	73.6	3.2	2.8	20.4
1970.....	100.0	79.7	73.5	3.5	2.7	20.3
1971.....	100.0	77.2	70.3	4.0	2.9	22.8
1972.....	100.0	77.3	70.3	4.2	2.8	22.7
1973.....	100.0	76.9	69.5	4.8	2.6	23.1
1974.....	100.0	74.9	66.7	5.7	2.5	25.1
1975.....	100.0	72.6	63.5	6.6	2.5	27.4
1976.....	100.0	73.7	63.0	8.2	2.5	26.3
1977.....	100.0	73.9	62.9	8.6	2.4	26.1
1978 1/.....	100.0	74.1	63.2	8.6	2.3	25.9

1/ Preliminary estimates.

2/ Includes dentists' services, other professional services, drugs and drug sundries, eyeglasses and appliances, nursing-home care, and other health services.

3/ Included in direct payments; data not available separately.

Table 9.--Hospital expenditures and utilization measures in community hospitals, 1966-1977

Community hospitals <u>1/</u>					
Year ending September--	Total expenditures (in millions)	Inpatient days (in thousands)	Average length of stay (in days)	Occupancy rate	Outpatient visits (in thousands)
1966.....	\$10,564	214,571	7.9	76.5	106,524
1967.....	12,480	223,384	8.3	77.6	109,987
1968.....	14,561	230,715	8.4	78.2	114,097
1969.....	17,011	237,560	8.3	78.8	120,831
1970.....	19,930	241,459	8.2	78.0	133,545
1971.....	22,908	242,645	8.0	76.7	148,423
1972.....	25,827	242,297	7.9	75.4	162,668
1973.....	28,593	247,821	7.8	75.7	173,068
1974.....	32,903	255,193	7.8	75.6	188,940
1975.....	39,248	257,594	7.7	75.0	190,672
1976.....	46,180	260,742	7.7	74.6	201,247
1977.....	52,831	260,835	7.6	73.8	198,708
Percentage change from preceding year:					
1967.....	18.1	4.1	5.1	1.4	3.2
1968.....	16.7	3.3	1.2	.8	3.7
1969.....	16.8	3.0	-1.2	.8	5.9
1970.....	17.2	1.6	-1.2	-1.0	10.5
1971.....	14.9	.5	-2.4	-1.7	11.1
1972.....	12.7	-.1	-1.2	-1.7	9.6
1973.....	10.7	2.3	-1.3	.4	6.4
1974.....	15.1	3.0	0	-.1	9.2
1975.....	19.3	.9	-1.3	-.8	.9
1976.....	17.7	1.2	0	-.5	5.5
1977.....	14.4	<u>2/</u>	-1.3	-1.1	-1.3

1/ Based on data compiled by the American Hospital Association from the Annual Survey of Hospitals

2/ Less than .05 percent