Explorations in Economic History **39,** 233–253 (2002)
doi:10.1006/exeh.2002.0788

From Sickness to Health: The Twentieth-Century Development of U.S. Health Insurance[1]

Melissa A. Thomasson

Department of Economics, Miami University and NBER
E-mail: thomasma@muohio.edu

This paper explores the institutional development of health insurance in the United States. By combining a qualitative history of the development of the market with an empirical analysis of a panel of health insurance data from 1931–1955, the paper identifies a number of factors that influenced the growth of the health insurance market. While demand factors such as increasing income and improvements in medical technology certainly contributed to the growth of the market, supply side factors were also important. There is evidence that hospitals may have contributed to the growth of health insurance as a means of smoothing revenues during the Great Depression. State-level policies that allowed the Blue Cross and Blue Shield plans to operate as nonprofits also spurred market growth, as did federal government policies that promoted the link between employment and health insurance. © 2002 Elsevier Science (USA)

I. INTRODUCTION

By 1920, 16 European countries had adopted some form of nationalized, compulsory health insurance that provided income replacement and medical care in the event of accident or illness.[2] In the United States, the market developed as a primarily private, employment-based system despite attempts to implement compulsory health insurance plans in the 1910s, 1930s, and 1940s. Modern health insurance did not develop in the United States until the late 1920s, and it was only after 1940 that the market experienced substantial growth. As shown in Fig. 1, only 12.3 million Americans had health insurance coverage in 1940, but the market exploded in size in the 1940s and 1950s. By 1960, 122.5 million

[1] Many thanks to Bill Collins, George Davis, Price Fishback, Gerald Friedman, Bart Wilson, and seminar participants at North Carolina State University for providing excellent comments and suggestions. This paper benefited tremendously from the comments of two anonymous referees. Financial support from NSF Grant SBR-9632121 and a grant from the University of Arizona are gratefully acknowledged. All errors are my responsibility.

[2] Germany established the first nationalized system of health insurance in 1883, followed by Austria (1888), Hungary (1891), Norway (1909), Serbia (1910), Britain (1911), Russia (1912), and the Netherlands (1913). See Millis, p. 50, or Starr, p. 237, for greater discussion.

0014-4983/02 $35.00
© 2002 Elsevier Science (USA)
All rights reserved.

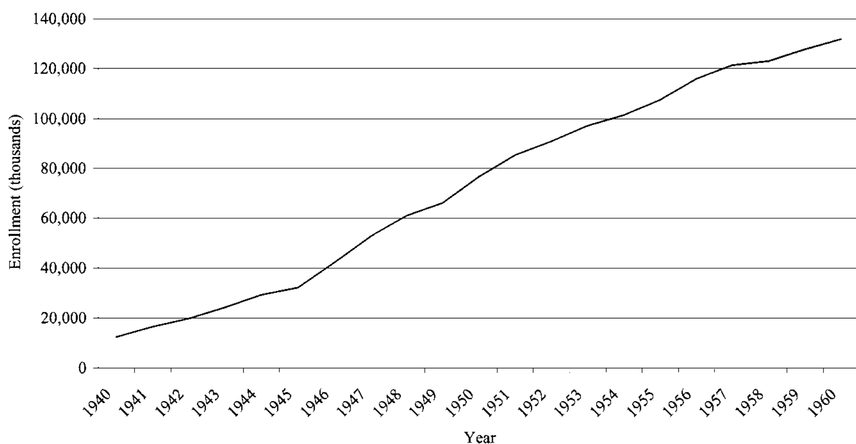

FIG. 1. Number of people enrolled in health insurance plans, 1940–1960. Source: *Source Book of Health Insurance Data, 1976–1977.*

people—nearly 10 times the number covered in 1940—were enrolled in private health insurance plans (*Source Book of Health Insurance Data, 1976–1977,* p. 22).

What factors contributed to the initial development of the health insurance market in the late 1920s and the tremendous growth of the market that occurred after 1940? Why did a private system of employment-based health insurance develop in the United States when compulsory insurance was popular in Europe? By combining a qualitative history of the market with a panel of state-level data from 1931–1955, this paper identifies several factors that were important in market development and growth. On the demand side, results show that increases in the demand for health insurance resulted from rising income and improvements in medical technology. Government policies that promoted a link between health insurance and employment lowered the real price of health insurance and further stimulated demand in the 1940s and 1950s.

Catalysts on the supply side were also important. Hospitals faced with fluctuating demand developed an institutional innovation in insurance, the prepayment plans that later became Blue Cross. Several years later, physicians followed suit with Blue Shield. Although physicians were initially opposed to health insurance, they viewed private insurance as a compromise between their ideal of no insurance and the more unpleasant situation of government-sponsored, compulsory insurance. Blue Cross and Blue Shield plans were instrumental in increasing the supply of insurance. Not only did they represent the first modern health insurance plans, but also they proved that the adverse selection and moral hazard problems that were thought to be prohibitively associated with health insurance could be overcome. State-level policies that allowed the Blue Cross and Blue Shield plans to operate as nonprofits (thus freeing them from the usual

دریافت فوری ← متن کامل مقاله

ISIArticles
مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات