

## Thurmond Chatham Grew Up With Business

### First Hospital Care Plan Was Organized Over Ten Years Ago

4,500,000 Persons in 24 States Now Subscribe to Voluntary Health Security Programs. First Plan Was Brought into Being by Group of Texas Teachers

By WILLIS YOUNG  
Chicago—Ten years ago in Dallas, Texas, some school teachers got to talking about some of the uncertain and troublesome things in life—especially sickness and hospital bills.

They decided to do something about it.

Why not, they reasoned, budget the estimated cost of the usual stay in a hospital and pay a small amount each month in advance? The Baylor University hospital encouraged the teachers to try the experiment.

Thus in December, 1929, was organized the first voluntary hospital care plan to receive wide public attention, with 1,500 school teachers as members.

Today finds the so-called "group hospitalization" movement grown to include at least 56 hospital service plans in 24 states—with 4,500,000 subscribers.

The trend toward hospital care plans, how they operate and the debates over aims and medical problems provide an interesting chapter in the story of the average man's quest for health security.

Those who fear unexpected hospital bills were attracted by "pay before you go" idea, the American Medical association reporting recently that:

**Holds Much Interest**  
"Group hospitalization plans

which provide for prepayment of hospital service have aroused more interest and discussion during the last five years than any other development in medical economics."

Although no two hospital service plans are identical in detail, because of varying local conditions and different state statutes, all are founded on the same belief—that sickness is a hazard, both from a medical and economic point of view.

This conviction was expressed by C. Rufus Rorem, director of the American Hospital association's hospital service commission, established in 1937 to assist and coordinate the movement.

"No one can tell when he will be sick, or what his sickness will cost him," Rorem said.

"This simple fact underlies the continual furore about socialized medicine and explains the recurring demand in America for some type of health insurance, a procedure included in the health programs of most other important countries."

He remarked that although the American standards of health service are high—and the death rate low—the average expenditure for health service is only four per cent. of the national income, less than is spent for cosmetics, chewing gum and tobacco.

#### Uncertainty of Sickness

"Yet there is a continuous complaint about the costs of medical care," he asserted. "Why? The answer lies in the uncertainty of sickness costs to the individual."

It is Rorem's contention this uncertainty can be removed, as far as hospital bills are concerned, by having a large group contribute equal amounts to a common fund to be used to purchase the necessary hospital services for members.

Such "group budgeting," he said, is "merely an application of the principles of insurance."

The Baylor plan appears to have started the ball rolling, although co-operative hospital service for students was started as early as 1900 by the University of Illinois, and a limited plan was introduced in 1918 at Grinnell, Ia.

The plan in Dallas had not operated much more than a year before other employed groups asked to join, with the result that in 1938 some 18,000 persons were eligible for benefits in the University's hospital.

By 1931, the Baylor plan had been adopted by other hospitals in the Southwest, most of them paying part of the subscribers' annual dues to a sales agency which enrolled members.

It was to this commercialism of the concept of group hospitalization that the medical association objected, the A. M. A. insisting that money paid by subscribers ought to be used entirely for hospital benefits, not partly for salesmen.

#### Free Choice Plans

Hospital care plans now require that dues be paid to a separately incorporated association whose trustees serve without pay and all the association employees are paid on a salary basis, not through commissions.

Under some early hospital plans, competition developed in communities with more than one hospital, but soon the city-wide,

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#### President of Chatham Company



Thurmond Chatham, president of the Chatham Manufacturing Company, succeeded his father, the late Hugh Gwyn Chatham, in that capacity in 1929. Mr. Chatham worked in the Chatham plants during summer vacations, learning the business from the ground up. At the time of his father's death he was treasurer of the company.

### As President of the Chatham Company, Has Done Real Job

#### Work Is the Foundation of All Progress

I am the foundation of all business. I am the fount of all prosperity. I am the salt that gives life its savor. I have laid the foundation of every fortune in America, from Rockefeller's down. I must be loved before I can bestow my greatest blessing and achieve my greatest ends. Loved, I make life sweet and purposeful and fruitful. I can do more to advance a youth than his own parents, be they ever so rich. Fools hate me; wise men love me. I am represented in every loaf of bread that comes from the oven, in every train that crosses the continent, in every newspaper that comes from the press. I am the mother of democracy. All progress springs from me. What am I? I am Work.—Contribution.

#### Where Is Wind?

Jackie—Say, Dad, can I ask a question?

Dad—I suppose so—let's have it.

Jackie—Where is the wind when it don't blow?

Teacher—Frankie, what is an adult?

Frankie—An adult is a person that has stopped growing except in the middle.

#### SUCCEEDED HIS FATHER

Has Made Every Effort to Make Organization Best of Kind in U. S.

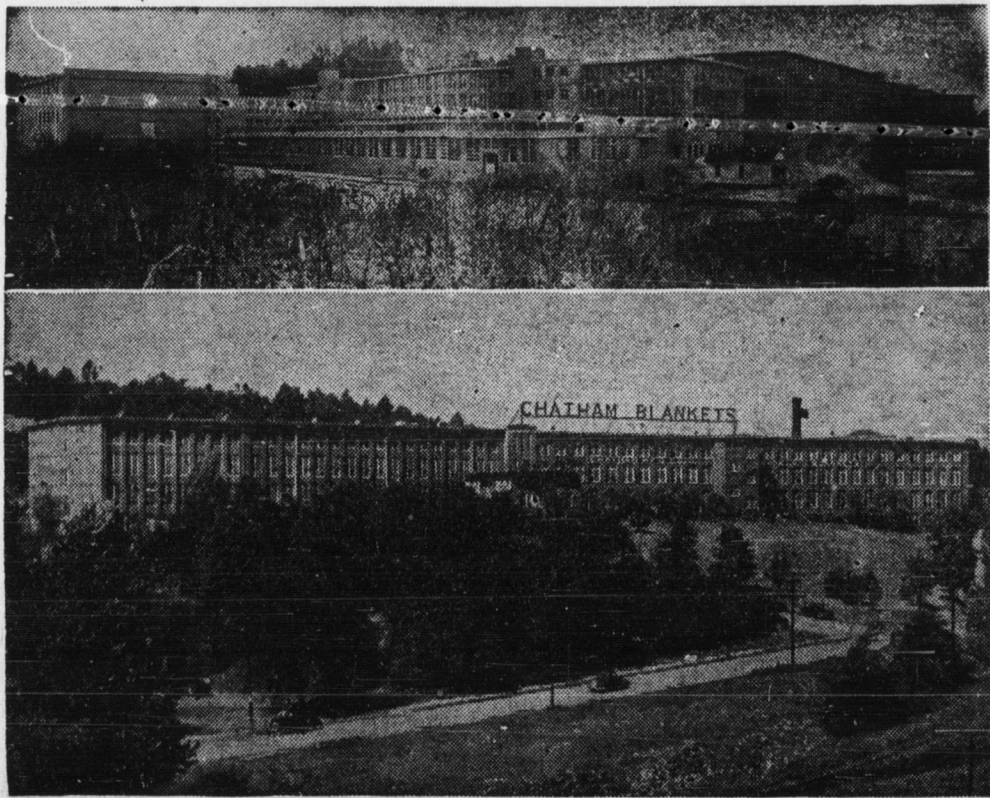
#### BELOVED BY EMPLOYEES

Richard Thurmond Chatham, president of the Chatham Manufacturing company, is a native of Elkin and spent the early years of his life here. In 1907 his family moved to Winston-Salem in order to be nearer the markets for Chatham products, transportation and communication being much more difficult and unsatisfactory then than now.

Mr. Chatham received his education in the graded schools, Salem Boy's School in Winston-Salem; Woodberry Forest School at Woodberry Forest, Va.; the University of North Carolina, and was a student at Yale University when the United States entered the World War. In 1917 he volunteered for service in the United States Navy and for several months was stationed on a training ship at Norfolk, Va. He saw considerable service on a submarine along the United States coast, and was later transferred to the staff of Admiral Andrews on the flagship Mississippi in European waters, where he remained until the end of the war.

During school vacations Mr. Chatham worked in the company's plants and became thor-

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## GREETINGS

TO EVERY EMPLOYEE OF THE

# CHATHAM Manufacturing Co.

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