

Cash Benefits for Short-Term Sickness, 1948-72

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The Nation has been giving considerable attention in the past few years to income-maintenance and health programs to protect workers. Yet one major gap in income-maintenance protection to workers has received little if any attention—cash sickness benefits for short-term non-work-connected disability. Five States, Puerto Rico, and the railroad industry have statutory programs providing insurance benefits to workers when they become sick, but in all other jurisdictions workers have this type of protection only where voluntary plans have been established.

Estimates are compiled yearly by the Social Security Administration on the income loss accompanying temporary nonoccupational disability and on the extent of protection presently available against such loss. This article presents data for 1972 as well as for earlier years, and includes a technical note describing the concepts and methods used in making the estimates.

FOLLOWING A YEAR of no growth in employment and a decline in sickness rates, 1972 witnessed a 3-percent increase in civilian employment¹ and a rise in the amount of work lost from sickness. Consequently, estimates of income loss from short-term nonoccupational disability and benefits paid for such loss rose substantially in 1972. Income loss totaled \$19.4 billion in 1972, or \$2.3 billion (14 percent) above the 1971 level. Cash benefits to replace such losses amounted to \$6.6 billion in 1972, or \$0.6 billion (11 percent more than the payments made in 1971). Thus, the rate of income replacement (the benefit-loss ratio) remained a little more than one-third (34 percent) as it has been since 1970.

Benefits paid through voluntary private insurance and self-insurance amounted to \$2.0 billion in 1972. The largest component was the \$1.2 billion in group insurance benefits. Individually held policies paid about \$785 million in benefits. Benefits that were paid through the statutory temporary disability insurance programs ac-

counted for \$740 million of the cash sickness payments made in 1972.

Sick-leave payments provided a larger part of total benefits paid than did insurance payments, since the former usually represent full-pay replacement rather than the partial pay under an insurance plan that may also have a waiting period. Sick leave paid \$3.8 billion in 1972, 14 percent more than the previous year's total. This rate of increase has been exceeded only twice since 1948. The income loss of workers under sick-leave plans, however, increased at roughly the same rate (16 percent). Sick leave for government employees was a disproportionate part of all sick-leave payments (\$2.6 billion or two-thirds) because sick-leave plans are more widespread in government than in private industry.

The estimated number of workers under formal plans providing cash benefits for short-term disability in 1972 was 49 million or about two-thirds of all wage and salary employment. As has been the case for a number of years, however, only about half of the private industry workers in States without temporary disability insurance laws were under voluntary sick-leave or sickness insurance plans. This article discusses in turn the income lost from sickness, benefit protection provided, and the benefit-loss relationship.

INCOME-LOSS ESTIMATES

The income-loss estimates used here are designed to reflect the loss of current earning power during the first 6 months of a nonoccupational illness or injury. This definition encompasses almost all the work-time lost because of temporary disability and the first 6 months of income lost because of a long-term disability. The estimates also include loss of income that is potential as well as actual—that is, income that might have been lost if it were not for a sick-leave plan that continues wages and salaries during periods of illness. Payments under such plans are counted here as benefits that offset the potential wage loss.

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¹ Employment refers to the number of full-time equivalent employees, as published by the U.S. Department of Commerce in the *Survey of Current Business*.

The number of workdays and the income lost each year because of sickness were estimated by using data from different government and non-government sources. A technical note at the end of this article describes the methods and concepts used to make the estimates.

Each year a rate of sickness among workers is compiled by using data from the Health Interview Survey of the Public Health Service. Expressed as an index with 1958 as the base of 100, the rate for 1972 has been computed as 105. In 1971 the index was 101. The increase in 1972 was due to a higher level of respiratory ailments. This index has stayed within the 100-105 range for several years.

The amount of earnings lost through short-term nonoccupational illness and injury rose almost 14 percent in 1972 to an estimated \$19.4 billion. Table 1 shows that each sector of private and public wage and salary employment experienced substantial increases in income loss between 1971 and 1972.

Accounting for part of the increase was a 4-percent rise in sickness rates. Wage levels during this period also rose. Average earnings in 1972 were \$8,610 for all civilian employee wage and salary workers, a 6-percent increase over the previous year's level. After remaining fairly stationary from 1969 to 1971, the number of employed wage and salary workers increased at a rather typical 3-percent annual rate in 1972. Thus, the 14-percent increase in income loss from sickness during 1972 could be attributed approximately to increased sickness (4 percent), higher wages (6 percent), and more employment (3 percent).²

PROTECTION AGAINST INCOME LOSS

Coverage

Protection against loss of earnings in periods of nonoccupational disability is provided in a number of ways. For private wage and salary workers the most common method is group or

² For very small changes, the percentage change in income loss can be expressed as the sum of percentage changes in employment, days lost, and average wages. For discrete changes, the relationship is only approximate.

TABLE 1.—Estimated income-loss from nonoccupational short-term sickness,¹ by type of employment, 1948-72²

(In millions)

Year	Total	Wage and salary workers					Self-employed persons ³
		Total	In private employment ⁴		In public employment		
			Covered by temporary disability insurance laws ⁴	Other ⁵	Federal ⁶	State and local ⁷	
1948.....	\$4,568	\$3,630	\$391	\$2,807	\$174	\$258	\$938
1949.....	4,424	3,601	483	2,643	190	285	823
1950.....	4,795	3,921	712	2,703	201	305	874
1951.....	5,473	4,494	1,059	2,842	259	334	979
1952.....	5,814	4,841	1,132	3,039	291	369	983
1953.....	6,144	5,199	1,213	3,295	290	401	945
1954.....	6,094	5,161	1,212	3,232	280	437	933
1955.....	6,546	5,573	1,299	3,507	297	470	973
1956.....	7,031	6,034	1,430	3,773	313	518	907
1957.....	7,363	6,335	1,512	3,930	323	570	1,028
1958.....	7,458	6,371	1,507	3,884	352	628	1,087
1959.....	7,724	6,671	1,580	4,079	356	656	1,053
1960.....	8,555	7,445	1,773	4,507	403	762	1,110
1961.....	8,639	7,498	1,770	4,492	420	816	1,141
1962.....	9,622	8,383	1,983	5,005	467	928	1,239
1963.....	10,178	8,905	2,084	5,306	504	1,011	1,273
1964.....	10,248	9,015	2,085	5,383	506	1,041	1,233
1965.....	11,278	9,902	2,244	5,945	548	1,165	1,376
1966.....	12,205	10,746	2,408	6,462	597	1,279	1,459
1967.....	12,836	11,372	2,529	6,824	638	1,381	1,464
1968.....	14,528	12,955	2,852	7,789	733	1,581	1,573
1969.....	15,227	13,643	3,025	8,219	765	1,634	1,584
1970.....	16,741	15,102	3,261	9,043	883	1,915	1,639
1971.....	17,038	15,418	3,273	9,195	905	2,045	1,620
1972.....	19,372	17,553	3,653	10,565	1,009	2,326	1,819

¹ Short-term or temporary non-work-connected disability (lasting not more than 6 months) and the first 6 months of long-term disability

² Beginning 1960, data include Alaska and Hawaii. Beginning 1959, data adjusted to reflect changes in sickness experience (average number of disability days), as reported in the Health Interview Survey of the Public Health Service

³ Annual payrolls of wage and salary workers in private employment, multiplied by 7 (estimated average workdays lost per year due to short-term sickness) and divided by 255 (estimated workdays in year) Data for 1948-64 from table 6 2 of *The National Income and Product Accounts of the United States, 1929-1965, Statistical Tables* (Department of Commerce) Comparable data beginning with 1965 from annual *Survey of Current Business, National Income Issue*

⁴ Total annual payrolls of wage and salary workers in industries covered by temporary disability insurance laws in Rhode Island, California, New Jersey, and New York and in the railroad industry, multiplied by 7 and divided by 255

⁵ Difference between total loss for all wage workers in private employment and for those covered by temporary disability insurance laws

⁶ Federal civilian payroll in United States from U.S. Civil Service Commission, multiplied by 8 (estimated average workdays lost per year due to short-term sickness) and divided by 260 (scheduled workdays in year)

⁷ Annual wage and salary payrolls of State and local government employees from Department of Commerce data (see footnote 3) multiplied by estimated average workdays lost per year due to short-term sickness (for 1948-66, 7.5 days, for 1967, 7.35 days, for 1968, 7.2 days, and for 1969 to date, 7.0 days) and divided by 255 (estimated workdays in year)

⁸ Annual farm and nonfarm proprietors' income from Department of Commerce data (see footnote 3), multiplied by 7 (estimated income-loss days per year due to short-term sickness) and divided by 300 (estimated workdays in year)

individual insurance policies that are sold by commercial insurance companies and that pay cash amounts during specified periods of disability. Employers may also self-insure, providing either cash benefits or paid sick leave. Some unions, union-management trust funds, fraternal societies, and mutual benefit associations also pay

cash disability benefits. These methods are not mutually exclusive; employers often use a paid sick-leave plan to supplement benefits under insurance plans, and workers may, as individuals, purchase insurance policies to supplement the protection provided through their jobs.

Insured protection may be obtained through voluntary action by the employer or the employee, or it may come about as the result of a compulsory temporary disability insurance law—as it has in California, New Jersey, New York, Puerto Rico, Hawaii, Rhode Island, and the Federal program for railroad employees. In the first four of these jurisdictions the protection required by law may be provided by publicly operated funds or through private insurance. All subject employers in Hawaii provide protection through private means. Under the Rhode Island legislation and the Federal program for railroad employees all the protection required by law comes from publicly operated funds, though private plans may supplement the government-paid benefits.

Of the 75 million private and public wage and salary workers in December 1972, 49 million—or two-thirds—were formally protected through their place of employment against loss of earnings from short-term nonoccupational disability. These workers include those covered under the statutory programs in 5 States, Puerto Rico, and the railroad industry, as well as those with protection under voluntary plans.

Voluntary protection.—The protection available to workers not under the statutory programs is provided primarily through labor-management contracts or employer-initiated fringe benefit programs. As in previous years, such protection was afforded to about half of the private industry workers not under temporary disability insurance laws (table 2).

The two major forms of such protection are insurance (including self-insurance) and sick leave. Voluntary insurance plans, excluding private insurance in jurisdictions with mandatory protection, covered an estimated 17 million workers in 1972, about the same number as in 1971. These plans, like the statutory temporary disability insurance programs, generally provide one-half to two-thirds wage replacement after a waiting period of 3–7 days. Duration of benefits may vary by length of work experience or, more

TABLE 2—Degree of income-loss protection against short-term sickness for all employed wage and salary workers in private industry and for those not under temporary disability insurance laws, selected years 1954–72

December	Total number (in thousands) ¹	With protection	
		Number (in thousands) ²	Percent of total
All wage and salary workers			
1954.....	43,000	25,600	60.0
1956.....	46,000	27,700	59.2
1958.....	45,900	26,900	58.6
1960.....	47,000	28,200	60.0
1962.....	48,900	29,700	60.1
1964.....	51,200	31,200	60.9
1966.....	54,800	34,500	63.0
1968.....	56,800	35,100	61.8
1970.....	58,000	36,800	63.4
1971.....	58,900	37,100	63.0
1972.....	61,400	37,300	60.7
Wage and salary workers not under temporary disability insurance laws			
1954.....	31,400	15,000	47.8
1956.....	34,200	16,400	48.0
1958.....	33,600	16,000	47.6
1960.....	34,300	16,800	49.0
1962.....	35,900	17,300	48.2
1964.....	38,100	18,500	48.6
1966.....	41,000	18,400	44.9
1968.....	42,600	20,900	49.1
1970.....	43,300	22,100	51.0
1971.....	44,300	22,500	50.8
1972.....	46,500	22,400	48.2

¹ Number in private industry. For the areas not under temporary disability insurance laws, total excludes railroad workers and is adjusted by ratio of private industry employees on nonagricultural payrolls in the States with temporary disability insurance laws to all such employees. Data from Bureau of Labor Statistics, *Employment and Earnings* and *Monthly Report on the Labor Force*. Beginning with 1968, data not strictly comparable with figures for earlier years. Labor-force information for 1968 and thereafter excludes those aged 14–15 and includes certain workers previously classified as self-employed.

² Estimated number of private-industry workers (1) with group accident and sickness insurance (except group credit insurance), (2) under paid sick-leave plans, and (3) under union and mutual association plans. Beginning with 1966, group accident and sickness insurance coverage has been adjusted to exclude those with long-term benefit policies, which usually do not provide short-term benefits. Estimates of private protection based on data from Health Insurance Association of America and from State administrative agencies.

commonly among the voluntary plans, may be for some fixed number of weeks for all workers under the plan, with the maximum ranging from 13 to 26 weeks.

In contrast, sick leave—the other major means of maintaining a worker's wage when he cannot work because of illness or accident—is commonly paid as full replacement of earnings without a waiting period for a maximum of 5–15 days a year. About 16 million workers in private industry and in government were under sick-leave plans rather than insurance plans in 1972.

Protection afforded by group credit accident insurance ³ and by informal sick leave or other

³ This type of insurance is issued through a lender or lending agency to cover payment of a loan or installment purchase in case of the disability of the insured.

informal plans through employment are excluded here. Group credit accident policies are not provided as part of an employment relationship, nor are they issued primarily for the benefit of the insured.

Informal sick-leave protection is also excluded here since such arrangements for continuation of pay at the discretion of the employer are rarely specified publicly in advance. It is therefore difficult to estimate either the number of workers who would actually receive payments of this nature when they are sick or the magnitude of such benefits.

Statutory programs.—In California, Hawaii, New Jersey, New York, Puerto Rico, and Rhode Island coverage is provided through a compulsory State temporary disability insurance law. In the railroad industry workers are protected under a Federal act. More than four-fifths of the employees in the five States and Puerto Rico and all railroad workers are protected against wage loss by these laws. The protection provided, like that under the unemployment insurance laws in these States, is extended mainly to employees in industrial and commercial firms. California, Hawaii, and Puerto Rico also cover hired farm workers. Domestic workers and employees of governments and nonprofit organizations are generally not covered.

Many of those not protected by statutory programs in these jurisdictions, however, have disability insurance or sick leave provided by their employers. Most State and local government workers and many employees of nonprofit firms are covered under such income-maintenance programs. In all, 15 million—or more than 9 out of 10 of all wage and salary workers in these States—are eligible for some form of income maintenance when they are ill.

In Rhode Island and the railroad industry, all benefits are provided from publicly operated disability insurance funds. In California, New Jersey, and Puerto Rico employers may “contract out” of the public plan by providing an approved private plan, usually one insured by a commercial company or financed on a self-insured basis. The Hawaii and New York laws require employers to provide sickness protection of a specified value for their employees by establishing a privately insured or self-insured plan or, in the case of New York, by insuring with a State fund that itself

has many characteristics of a private carrier. In jurisdictions allowing private plans, union or union-management plans may provide the sickness benefits required by law.

BENEFITS PAID

Private Insurance

Table 3 presents data on the insurance protection provided through private arrangements with nongovernmental agencies. The table shows separately the dollar amounts of private insurance written under voluntary arrangements and that written in compliance with State temporary disability insurance laws in California, New Jersey, and New York. Benefits through self-insurance plans are also presented. In States without compulsory laws, however, benefits paid through self-insured, employer-administered plans that are unfunded are considered separately in table 5 (along with sick leave) and are excluded from table 3.

Commercial carriers were responsible for 93-94 percent of the premiums and the benefits paid under private insurance in 1972. The remaining amounts were paid under self-insured plans financed through prepaid arrangements by union and union-management trust funds, trade unions, and mutual benefit associations.

In 1972, benefits of \$2.3 billion were paid through private insurance and self-insurance for nonoccupational temporary disability. The rate of increase from 1970 to 1971 was just over 2 percent, but the rate from 1971 to 1972 was about 7 percent. Private benefits were 60 percent of premiums in 1972, a rate that has been somewhat higher for most of the years in this series.

Temporary Disability Insurance Laws

Slightly more than \$740 million in benefits was paid under the temporary disability insurance programs in 1972 (table 4). To the extent that the protection is provided through commercial insurance companies or other private arrangements, the data overlap those in table 3.

The 1972 benefit total represented a modest (less than 3 percent) rise over the corresponding

1971 amount. The \$183.7 million in benefits paid by private commercial carriers in the jurisdictions with temporary disability insurance laws, however, was actually slightly less than the \$184.0 million paid in 1971. Benefits paid by private insurers in California and New York accounted for the decline (benefits paid by self-

insurers in those States were greater than comparable 1971 amounts). No reason is apparent for the small rise in cash benefits paid by temporary disability insurance from 1971 to 1972. The conditions that promote higher benefit outlays—an increment in the labor force, higher wage levels, and statutory improvements in benefit

TABLE 3.—Premiums and benefit payments for private insurance against income loss, 1948-72¹

Year	[In millions]							
	Total	Under voluntary provisions				Under public provisions		
		Total	Group insurance ²	Individual insurance ²	Self-insurance ²	Total	Group insurance ²	Self-insurance ²
Premiums								
1948	\$558.9	\$545.8	\$162.2	\$350.0	\$33.6	\$13.1	\$12.7	\$0.4
1949	603.6	564.8	177.8	355.0	32.0	38.8	31.9	6.9
1950	685.3	609.4	225.6	380.0	23.8	75.9	58.3	17.6
1951	804.7	660.9	260.4	396.0	25.5	143.8	102.9	40.9
1952	874.0	718.2	286.2	406.4	26.6	155.8	112.8	43.0
1953	1,026.0	839.5	321.5	494.8	23.2	186.5	136.2	50.3
1954	1,074.1	896.0	340.1	534.2	21.7	178.1	129.8	48.3
1955	1,133.9	955.1	386.2	547.8	21.1	178.8	128.3	50.5
1956	1,206.3	1,029.2	418.3	591.2	19.7	177.1	128.5	48.6
1957	1,346.9	1,129.7	453.7	654.4	21.6	217.2	157.9	59.3
1958	1,417.9	1,185.6	449.6	714.5	21.4	232.3	167.8	64.5
1959	1,526.4	1,293.6	484.1	787.8	21.7	232.8	166.1	66.7
1960	1,561.9	1,323.1	516.8	783.0	23.3	238.8	168.2	70.6
1961	1,630.5	1,375.2	516.0	835.9	23.3	255.3	179.1	76.2
1962	1,662.6	1,437.2	556.9	856.5	23.8	255.4	179.6	75.8
1963	1,697.7	1,453.3	580.0	870.0	23.3	244.4	161.0	83.4
1964	1,815.6	1,577.6	620.8	933.0	23.8	238.0	153.2	84.8
1965	1,927.1	1,668.7	710.9	933.1	24.7	258.4	163.0	95.4
1966	2,134.9	1,854.8	810.6	1,018.5	25.7	280.1	175.9	104.2
1967	2,237.4	1,926.8	853.1	1,048.6	25.1	310.6	194.3	116.3
1968	2,607.9	2,355.9	1,131.8	1,198.0	26.1	342.0	209.2	132.8
1969	3,037.9	2,638.5	1,304.8	1,304.5	29.4	399.4	243.9	155.5
1970	3,261.4	2,844.0	1,512.7	1,299.7	31.6	417.4	249.6	167.8
1971	3,528.3	3,085.5	1,597.3	1,454.2	34.0	442.8	262.5	180.3
1972	3,898.4	3,407.4	1,793.6	1,578.0	35.8	488.9	273.4	215.5
Benefit payments								
1948	\$286.8	\$277.5	\$115.0	\$141.0	\$21.5	\$9.3	\$9.0	\$0.3
1949	322.0	294.9	124.7	150.0	20.2	27.1	22.3	4.8
1950	383.8	329.5	161.3	153.0	15.2	54.3	41.7	12.6
1951	500.8	387.5	212.4	157.0	18.1	113.3	81.1	32.2
1952	559.1	431.3	234.6	177.0	19.7	127.8	92.5	35.3
1953	606.2	466.5	241.0	209.0	16.5	139.7	102.0	37.7
1954	629.1	497.1	251.8	230.0	15.3	132.0	96.2	35.8
1955	692.4	557.2	292.0	250.0	15.2	135.2	97.0	38.2
1956	802.5	651.3	357.3	278.0	16.0	151.2	109.7	41.5
1957	874.4	696.3	372.3	307.2	16.8	178.1	129.5	48.6
1958	909.1	725.4	355.9	353.4	16.1	183.7	132.7	51.0
1959	990.1	800.6	394.2	389.6	16.8	189.5	135.2	54.3
1960	1,031.2	835.1	424.1	392.8	18.2	196.1	138.1	58.0
1961	1,051.6	850.2	406.8	425.9	17.5	201.4	141.3	60.1
1962	1,086.7	882.4	445.8	418.5	18.1	204.3	143.7	60.6
1963	1,117.5	919.3	454.2	447.2	17.9	198.2	130.6	67.6
1964	1,192.4	1,001.0	498.9	483.9	18.2	191.4	123.2	68.2
1965	1,239.7	1,042.1	541.6	482.6	17.9	197.6	124.8	72.8
1966	1,342.7	1,134.3	603.2	512.9	18.2	206.4	130.9	75.5
1967	1,377.4	1,155.0	610.5	527.4	17.1	222.4	139.1	83.3
1968	1,711.9	1,460.2	832.9	609.1	18.2	251.7	154.0	97.7
1969	1,856.6	1,575.4	919.9	635.4	20.1	281.2	171.7	109.5
1970	2,136.6	1,829.4	1,113.6	693.7	22.1	307.2	183.7	123.5
1971	2,183.0	1,872.6	1,119.1	730.9	22.6	310.4	184.0	126.4
1972	2,342.8	2,014.3	1,206.1	785.2	22.8	328.5	183.7	144.8

¹ Beginning 1960, data include Alaska and Hawaii.
² Data on premiums earned and losses incurred by commercial companies (including fraternal) as provided by the Health Insurance Association of America for the United States, by type of insurance benefits, adjusted to include accidental death and dismemberment provisions in individual policies that insure against income loss to offset understatement arising from the omission of current short-term income-loss insurance in automobile, resident liability, life, and other policies. For 1966-72, dividends deducted

from earned premiums (2-3 percent for group, 1 percent for individual). Starting with 1956, all credit accident and health insurance classified under individual insurance.
³ Company and union-management trust fund, trade-union, and mutual benefit association plans. Excludes unfunded plans, which are included in table 5.
⁴ Company, union, and union-management plans under California, New Jersey, and New York laws, whether or not funded.

levels—were generally found in the States with laws.⁴

Benefits paid through publicly operated funds continued to provide more than half (56 percent) of all cash benefits under temporary disability insurance in 1972. The long-term decline in the share of private benefits in the New Jersey program reported previously in this series—from a high of about four-fifths of all benefits paid in the early 1950's—evidently has ceased and the relationship has stabilized. In 1972 and each of the 3 preceding years, temporary disability insurance benefits under private insurance have accounted for 46–48 percent of New Jersey's payments.

The share of national wage loss represented by the jurisdictions with temporary disability insurance laws was 26 percent in 1972. This proportion has been stable, not varying by more than two percentage points, since 1951. On the other hand, benefits paid under the temporary disability insurance laws to replace this wage loss have accounted for as much as 48 percent of all benefit payments for short-term sickness nationally in 1963. The proportion has fallen irregularly since then, however, to the 1972 level of 38 percent. This decrease probably reflects the effects of greater liberalizations of benefit provisions under voluntary insurance plans, compared with those under the statutory programs.

Paid Sick Leave

The estimated amount of formal sick leave in 1972 was more than \$3.8 billion (table 5). The 14-percent increase from 1971 to 1972 is more than triple the 4-percent increase in the previous year. The rate of increase in sick-leave benefits roughly parallels the 16-percent increase in income loss for wage and salary workers under sick-leave plans. Each type of sick leave showed a substantial gain in 1972, with leave payments to private industry employees advancing faster than payments to government workers.

⁴ California's weekly maximum benefit was raised in 1972 from \$87 to \$105; New Jersey's maximum went from \$72 to \$76; and Rhode Island's maximum increased from \$63 to \$66. During 1972, Rhode Island also added provisions to cover maritime workers, workers in non-profit industries, and, on an elective basis, local government employees.

TABLE 4—Cash benefits under temporary disability insurance laws provided through private plans and through publicly operated funds, 1948–72¹

[In millions]

Year	Total	Type of insurance arrangement		
		Private plans ²		Publicly operated funds ⁴
		Group insurance	Self-insurance ³	
1948.....	\$66.4	\$9.0	\$0.3	\$57.1
1949.....	89.2	22.3	4.8	62.1
1950.....	117.4	41.7	12.6	63.1
1951.....	174.2	61.1	32.2	60.9
1952.....	202.3	92.5	35.3	74.5
1953.....	230.2	102.0	37.7	90.5
1954.....	235.1	96.2	35.8	103.1
1955.....	244.6	97.0	38.2	109.4
1956.....	265.0	109.7	41.5	113.8
1957.....	305.3	129.6	48.6	127.2
1958.....	325.1	132.7	51.0	141.4
1959.....	353.2	135.2	54.3	163.7
1960.....	368.2	138.1	58.0	172.1
1961.....	396.6	141.3	60.1	195.2
1962.....	416.3	143.7	60.6	212.0
1963.....	442.2	130.6	67.6	243.9
1964.....	455.8	123.2	68.2	264.4
1965.....	466.7	124.8	72.8	269.1
1966.....	461.6	130.9	77.5	273.2
1967.....	507.1	139.1	83.3	284.7
1968.....	571.9	154.0	97.7	320.2
1969.....	654.9	171.7	109.5	373.7
1970.....	717.8	183.7	123.5	410.6
1971.....	721.3	184.0	126.4	410.9
1972.....	740.5	183.7	144.8	412.0

¹ Programs under the Railroad Unemployment Insurance Act and the laws of Rhode Island, California, New Jersey (beginning 1949), and New York (beginning 1950). Data for Hawaii not available. Puerto Rico benefits (\$2.9 million in 1972) excluded for consistency with wage-loss data in table 1 and elsewhere, for which data on Puerto Rico are not available. Excludes hospital benefits in California and hospital, surgical, and medical benefits in New York.

² Under the laws of California, New Jersey, and New York.
³ Employers may self-insure by observing certain stipulations of the law. Includes some union plans whose provisions come under the law.

⁴ Includes State-operated plans in Rhode Island, California, and New Jersey, the State Insurance Fund and the special fund for the disabled unemployed in New York, and the railroad program.

Sick-leave plans in the public sector continue to dominate this type of income-loss protection against short-term disability. Almost all Federal workers are entitled to sick leave, and it is estimated that 90 percent of all full-time State and local government employees also have this protection. In 1972, as in previous years, two-thirds of all sick-leave benefits were accounted for by government workers.

Income-loss protection provided entirely through sick leave (that is, exclusive sick leave) accounted for more than \$3 billion (table 6). This amount represents 83 percent of all sick-leave payments. Exclusive sick leave is more prevalent among government workers than among those in private industry. Government workers accounted for 67 percent of all paid sick leave in 1972, but approximately 80 percent of the almost \$3.2 billion paid out in exclusive sick-leave benefits went to these workers. The difference reflects the fact

that most government workers are covered by exclusive sick-leave programs. Exclusive sick

leave replaced 77 percent of the income loss of workers under exclusive plans in 1972.

TABLE 5—Estimated value of formal paid sick leave in private industry and in Federal, State, and local government employment, 1948-72¹

[In millions]

Year	Total	Workers in private industry ²			Government workers		
		Total	Not covered by temporary disability insurance laws	Covered by temporary disability insurance laws ³	Total	Federal ⁴	State and local ⁵
1948	\$413	\$157	\$145	\$12	\$256	\$148	\$108
1949	462	162	147	15	300	173	127
1950	492	177	154	23	315	172	143
1951	588	198	164	34	390	221	169
1952	667	214	178	36	453	254	199
1953	713	231	193	38	482	262	220
1954	741	241	201	40	500	252	248
1955	813	268	224	44	545	269	276
1956	884	293	243	49	591	280	311
1957	951	324	270	54	627	290	337
1958	1,034	338	283	55	696	315	381
1959	1,076	351	295	56	725	315	410
1960	1,219	392	327	65	827	348	479
1961	1,310	410	344	67	900	376	524
1962	1,459	461	384	77	998	414	584
1963	1,624	513	428	85	1,110	450	660
1964	1,629	492	412	80	1,137	445	692
1965	1,822	553	464	90	1,269	488	781
1966	2,001	606	508	99	1,395	523	872
1967	2,202	669	561	108	1,533	569	964
1968	2,559	790	663	127	1,769	643	1,126
1969	2,789	913	769	143	1,877	668	1,209
1970	3,245	1,041	881	160	2,205	786	1,418
1971	3,376	1,072	908	164	2,304	814	1,490
1972	3,849	1,268	1,073	195	2,582	898	1,683

Exclusive sick-leave plans play a relatively minor role in private industry. Among workers in industry and commerce paid sick leave as a supplement to other forms of group disability protection is the more common form of sick leave. On the basis of the Bureau of Labor Statistics (BLS) labor-market studies for selected communities, and estimated 57 percent of private industry employees who were covered by paid sick-leave plans were also covered by other sick-pay programs in 1972. There has been growth since 1948 when BLS studies showed that only 29 percent of private-industry employees with sick-leave rights also had other types of group protection.

TABLE 6—Estimated value of formal paid sick leave in relation to income loss due to short-term sickness among workers covered by exclusive formal sick-leave plans,¹ 1948-72

[Amounts in millions]

Year	Income loss	Value of sick leave under exclusive plans	Ratio (percent) of sick leave to income loss
1948	\$507	\$375	66.1
1949	601	416	69.2
1950	635	432	68.0
1951	723	507	70.1
1952	804	577	71.7
1953	846	612	72.3
1954	874	634	72.5
1955	952	691	72.6
1956	1,024	745	72.8
1957	1,107	800	72.3
1958	1,203	875	72.7
1959	1,242	908	73.1
1960	1,427	1,034	72.5
1961	1,536	1,125	73.2
1962	1,699	1,243	73.2
1963	1,875	1,384	73.8
1964	1,894	1,399	73.9
1965	2,114	1,564	74.0
1966	2,318	1,711	73.8
1967	2,510	1,878	74.8
1968	2,872	2,174	75.7
1969	3,027	2,314	76.4
1970	3,471	2,684	77.3
1971	3,594	2,794	77.7
1972	4,164	3,193	76.7

¹ Beginning 1960, data include Alaska and Hawaii. Beginning 1959, data adjusted to reflect changes in sickness experience (average number of disability days), as reported in the Health Interview Survey of the Public Health Service.

² Sum of estimated value of formal paid sick leave for employees with (a) sick leave but no other group protection and (b) sick-leave supplemental to group insurance or other forms of group protection, including publicly operated funds. Under each category, number of employees was adapted from Health Insurance Council, *Annual Survey of Accident and Health Coverage in the United States, 1948-54*, after reducing estimates of exclusive sick-leave coverage in early years by a third to allow for exclusion of informal sick-leave plans and conversion of exclusive protection to supplemental protection under temporary disability insurance laws. Later-year estimates based on nationwide projection of formal paid sick-leave coverage reported for plant and office workers in the community wage surveys of the Bureau of Labor Statistics. Assumes that workers in private industry receive an average of 4 days of paid sick leave a year, excluding other protection, and 3 2 days when they have other group protection. Daily wages obtained by dividing average annual earnings per full-time private employee as reported in table 6.5 in *The National Income and Product Accounts of the United States, 1929-65, Statistical Tables*, and in the annual *Survey of Current Business, National Income Issue* (Department of Commerce) by 255 (estimated workdays in a year).

³ Assumes that some workers entitled to cash benefits under temporary disability insurance laws have sick leave in addition to their benefits under the laws, but only to the extent needed to bring up to 80 percent the replacement of their potential wage loss.

⁴ Based on studies showing that Federal employees use paid sick leave of 7.7 days on the average for nonoccupational sickness, equivalent to 3 percent of payroll. Payroll data derived by multiplying number of paid civilian full-time employees in all branches of the Federal Government in the United States, by their mean earnings, as reported in *Pay Structure of the Federal Civil Service*, Annual Report, U.S. Civil Service Commission. Practically all full-time employees are covered by paid sick-leave protection.

⁵ Assumes that number of State and local government employees covered by formal sick-leave plans has increased gradually from 65 percent of the total number employed full-time in 1948 to 90 percent in 1972, and that workers covered by such plans received on the average paid sick leave ranging from 5 2 days in 1948 to 6 1 in 1972. Number of full-time employees from *Public Employment, Annual Reports* (Bureau of the Census). Daily wages obtained by dividing average annual earnings per full-time State and local employee as reported in Department of Commerce data (see footnote 2), by 255 (estimated workdays in a year).

¹ Sick-leave plans that do not supplement any other form of group protection, including publicly operated plans.

Summary of Protection Provided

All types of benefits described in this article are summarized in table 7. In 1972, \$6.6 billion was paid by all formal sickness insurance and sick-leave plans for short-term nonoccupational disability. This amount represented an 11-percent rise over 1971 benefit levels. In contrast, the increase from 1970 to 1971 had been only 3 per-

TABLE 7.—Benefits provided as protection against income loss, summary data, 1948-72

(In millions)

Year	Total	Benefits provided through individual insurance	Group benefits provided as protection against wage and salary loss					
			Total	Workers in private employment			Sick leave for government employees	
				Total	Private cash sickness insurance and self-insurance ¹	Publicly operated cash sickness funds		Sick leave
1948.....	\$756.9	\$141.0	\$615.9	\$359.9	\$145.8	\$57.1	\$157.0	\$256.0
1949.....	846.1	150.0	696.1	396.1	172.0	62.1	162.0	300.0
1950.....	938.9	155.0	785.9	470.9	230.8	68.1	177.0	315.0
1951.....	1,149.7	157.0	992.7	602.8	343.8	60.9	198.0	390.0
1952.....	1,300.0	177.0	1,123.6	670.6	382.1	74.5	214.0	453.0
1953.....	1,409.7	209.0	1,200.7	718.7	397.2	90.5	231.0	482.0
1954.....	1,473.2	230.0	1,243.2	743.2	399.1	103.1	241.0	500.0
1955.....	1,614.8	250.0	1,364.8	819.8	442.4	109.4	288.0	545.0
1956.....	1,800.3	278.0	1,522.3	931.3	524.5	113.8	293.0	591.0
1957.....	1,952.6	307.2	1,645.4	1,018.4	567.2	127.2	324.0	627.0
1958.....	2,084.5	353.4	1,731.1	1,035.1	555.7	141.4	338.0	696.0
1959.....	2,229.8	389.6	1,840.2	1,115.2	600.5	163.7	351.0	725.0
1960.....	2,422.3	392.8	2,029.5	1,202.5	638.4	172.1	392.0	827.0
1961.....	2,556.8	425.9	2,130.9	1,230.9	625.7	195.2	410.0	900.0
1962.....	2,757.7	418.5	2,339.2	1,341.2	668.2	212.0	461.0	998.0
1963.....	2,984.4	447.2	2,537.2	1,427.2	670.3	243.9	513.0	1,110.0
1964.....	3,085.8	483.9	2,601.9	1,464.9	708.5	264.4	492.0	1,137.0
1965.....	3,330.8	482.6	2,848.2	1,579.2	757.1	269.1	553.0	1,269.0
1966.....	3,616.9	512.9	3,104.0	1,709.0	829.8	273.2	606.0	1,395.0
1967.....	3,864.1	527.4	3,336.7	1,803.7	850.0	284.7	669.0	1,533.0
1968.....	4,591.1	609.1	3,982.0	2,213.0	1,102.8	320.2	790.0	1,769.0
1969.....	5,020.3	635.4	4,384.9	2,507.9	1,221.2	373.7	913.0	1,877.0
1970.....	5,791.2	693.7	5,097.5	2,893.5	1,442.9	410.6	1,040.0	2,204.0
1971.....	5,969.9	730.9	5,339.0	2,935.0	1,452.1	410.9	1,072.0	2,304.0
1972.....	6,604.8	785.2	5,819.6	3,237.6	1,567.6	412.0	1,268.0	2,582.0

¹ Includes a small but undetermined amount of group disability insurance benefits paid to government workers and to self-employed persons through farm, trade, or professional associations

cent, considerably lower than each of the previous rates of increase back to 1965. Sick-leave payments for private industry workers and government employees combined rose in 1972 by 14 percent, or more than twice the 6-percent increase in private and public insurance benefits combined. There is no obvious reason for the modest rise in insurance benefits compared with that of sick leave.

Table 7 also highlights the fact that sick leave accounts for the major part of all short-term disability benefits. In 1972 government and private sick leave combined paid 58 percent of all such benefits; if only benefits under group protection were taken into account, government and private sick leave would pay 66 percent. This is true even though the large majority of workers are protected for cash sickness benefits by insurance plans rather than by sick leave, because sick leave is generally a full-wage-replacement benefit.

MEASURING THE EXTENT OF PROTECTION

The adequacy of protection against income loss due to short-term illness can be examined from

several aspects. If data were available, it would be useful to analyze the weekly benefit amount, the number of weeks of benefits, and personal and economic characteristics of individuals who receive sickness benefits. Since such data are not available, another approach is to examine the number of workers protected and the income replacement achieved by the benefits actually paid. The number of workers subject to the risk being protected against is compared with the number who have some form of protection; this is done on page 21. Another means of assessing the adequacy of the various forms of temporary disability programs is by relating the total value of benefits paid to the total income loss incurred. This approach is developed by using data from tables 8-10.

In 1972, as in all other years, benefits paid as income-loss protection against sickness increased in dollar terms. When benefits are related to income loss, however, the 1972 ratio of 34 percent represents a leveling-off of the rate in recent years. That is, while income loss rose by 14 percent, benefits to replace that income rose by 11

percent, and the result was a decline in the income replacement ratio by less than one percentage point.

Table 8 shows the net costs of providing short-term sickness benefits through insurance, exclusive of the costs of administering sick-leave plans, for which data are not available. Under commercial insurance and self-insurance, these costs—\$1.6 billion in 1972—mainly represent the difference between insurance premiums and benefit payments and are made up of selling and administrative expenses, premium taxes, additions to reserves, and underwriting gains and profits.

Table 9 shows the relationship between the protection provided to workers through their employment and the wage loss suffered by workers in private industry covered under group plans and by all wage and salary workers (including government employees). Benefits paid under individual insurance policies are excluded since such policies usually are not obtained through the worker's job. For the past 3 years the value of temporary disability benefits paid has been a fairly stable proportion of wage loss for each of

the categories of workers listed. The ratio for all wage and salary workers fell slightly—from 34.0 percent in 1971 to 33.2 percent in 1972. The benefit-loss ratio for each of the other categories of workers also declined by about one percentage point during the 3-year period.

The wage-replacement ratio is always much higher for all wage and salary workers than for those in private industry because the former includes government workers' sick-leave payments, which replace income at a much higher proportion than insurance benefits.

As would be expected, the extent of protection for workers in areas covered by temporary disability laws was greater than that for workers elsewhere. Almost 26 percent of the wage loss of the former was reimbursed by benefits, but other employees in private industry received benefits covering 22 percent of their loss. The main reason for the difference is because most workers in private employment in jurisdictions with statutory programs are covered, but only about half the workers in other States have either voluntary insurance or other formal group protection.

Although the benefit formulas of the temporary disability insurance programs call for benefits that replace one-half to two-thirds of the worker's weekly wages, the proportion of wage loss replaced in the aggregate has been about one-fourth for many years. The maximum weekly benefit in each of the jurisdictions with temporary disability insurance laws has been raised on occasion, but much of these increases has been offset by rising workers' wages. Other factors that limit the aggregate rate of replacement—such as uncompensated waiting periods and provisions limiting the duration of benefits—have also not undergone any liberalization in recent years.

Insurance plans undertake to compensate for only a part of the income loss. They pay less than the "take-home" wage (a feature sometimes referred to as coinsurance). They usually do not cover the first few days or first week of an illness. This deductible provision is included to reduce premium costs and to lessen the administrative burden of processing large numbers of short-period claims. Consequently, the Nation's potentially insurable and compensable income loss under present disability insurance provisions is somewhat less than the total income loss under consideration in table 8.

TABLE 8—Extent of protection against income loss, 1948-72
[Amounts in millions]

Year	Income loss and protection provided			Income loss not protected	Net cost of providing insurance ³
	Income loss ¹	Protection provided ²	Protection as percent of loss		
1948.....	\$4,568	\$757	16.6	\$3,811	\$277
1949.....	4,424	846	19.1	3,578	287
1950.....	4,795	939	19.6	3,856	307
1951.....	5,473	1,150	21.0	4,323	311
1952.....	5,814	1,301	22.4	4,513	322
1953.....	6,144	1,410	22.9	4,734	428
1954.....	6,094	1,473	24.2	4,621	453
1955.....	6,546	1,615	24.7	4,931	450
1956.....	7,031	1,800	25.6	5,231	413
1957.....	7,363	1,953	26.5	5,410	482
1958.....	7,458	2,064	27.9	5,374	519
1959.....	7,724	2,230	28.9	5,494	548
1960.....	8,555	2,422	28.3	6,133	542
1961.....	8,639	2,557	29.6	6,082	592
1962.....	9,622	2,758	28.7	6,864	620
1963.....	10,178	2,984	29.3	7,194	596
1964.....	10,248	3,086	30.1	7,162	640
1965.....	11,278	3,331	29.5	7,947	704
1966.....	12,206	3,617	29.6	8,588	809
1967.....	12,836	3,864	30.1	8,972	878
1968.....	14,528	4,591	31.6	9,937	1,005
1969.....	15,227	5,020	33.0	10,207	1,201
1970.....	16,741	5,791	34.6	10,950	1,146
1971.....	17,038	5,970	35.0	11,068	1,467
1972.....	19,372	6,605	34.1	12,767	1,580

¹ From table 1

² Total benefits, including sick leave (from table 7)

³ Includes retention costs (for contingency reserves, taxes, commissions, acquisition, claims settlement, and underwriting gains) of private insurance companies (from table 3) and administrative expenses for publicly operated plans and for supervision of the operation of private plans. Excludes costs of operating sick-leave plans, data not available

TABLE 9.—Group protection provided in relation to wage and salary loss, 1948-72

[Amounts in millions]

Year	All wage and salary workers			Wage and salary workers in private industry								
				Total			Covered by temporary disability insurance laws			Not covered by temporary disability insurance laws		
	Income loss	Protection provided		Income loss	Protection provided		Income loss	Protection provided		Income loss	Protection provided	
		Amount	Percent of income loss		Amount	Percent of income loss		Amount	Percent of income loss		Amount	Percent of income loss
1948	\$3,630	\$616	17 0	\$3,198	\$360	11 3	\$391	\$78	19 9	\$2,807	\$282	10 0
1949	3,601	696	19 3	3,126	396	12 7	483	104	21.5	2,643	292	11 1
1950	3,921	786	20.0	3,415	471	13.8	712	140	19.7	2,703	331	12.2
1951	4,494	993	22 1	3,901	603	15 5	1,059	208	19.6	2,842	395	13.9
1952	4,831	1,124	23.3	4,171	671	16 1	1,132	238	21.0	3,039	433	14.2
1953	5,199	1,201	23.1	4,508	719	15 9	1,213	268	22.1	3,295	451	13.7
1954	5,161	1,243	24 1	4,444	743	16 7	1,212	275	22.7	3,232	468	14.5
1955	5,573	1,365	24.5	4,806	820	17 1	1,299	289	22.2	3,507	531	15.1
1956	6,034	1,522	25.2	5,203	931	17 9	1,430	314	22.0	3,773	617	16.4
1957	6,335	1,645	26 0	5,442	1,018	18.7	1,512	359	23.7	3,930	659	18.8
1958	6,371	1,731	27.2	5,391	1,035	19 2	1,507	380	25.2	3,884	655	18.9
1959	6,671	1,840	27.6	5,659	1,115	19 7	1,580	409	25 9	4,079	706	17.3
1960	7,445	2,030	27.3	6,280	1,203	19 2	1,773	433	24 4	4,507	770	17.1
1961	7,498	2,131	28.4	6,262	1,231	19.7	1,770	464	26.2	4,492	767	17.1
1962	8,383	2,339	27.9	6,988	1,341	19 2	1,983	493	24 9	5,005	848	16.9
1963	8,905	2,537	28.5	7,390	1,427	19 3	2,084	527	25 3	5,306	900	17.0
1964	9,015	2,602	28.9	7,468	1,465	19 6	2,065	536	25 7	5,383	929	17.3
1965	9,902	2,848	28.8	8,189	1,579	19 3	2,244	556	24.8	5,945	1,023	17.2
1966	10,746	3,104	28.9	8,870	1,709	19 3	2,408	580	24 1	6,462	1,129	17.5
1967	11,372	3,337	29.3	9,353	1,804	19.3	2,529	615	24 3	6,824	1,189	17.4
1968	12,955	3,982	30.7	10,641	2,213	20 8	2,852	699	24.5	7,789	1,514	19.4
1969	13,643	4,385	32.1	11,244	2,508	22 3	3,025	798	26.4	8,219	1,710	20.8
1970	15,102	5,098	33 8	12,304	2,894	23 5	3,261	878	26 9	9,043	2,016	22.3
1971	15,418	5,239	34 0	12,468	2,935	23 5	3,273	885	27.0	9,195	2,050	22.3
1972	17,553	5,820	33.2	14,218	3,238	22 8	3,653	935	25.6	10,565	2,303	21.8

Another way to measure the extent of protection provided by disability insurance plans and policies, then, is to relate the benefits paid to that portion of income loss that is intended to be replaced under current insurance practices. Certain adjustments in the given income-loss estimates must be made. First, the total income loss is reduced by 30 percent to allow for a 3-day uncompensated waiting period or by 45 percent to allow for a 7-day uncompensated waiting period.⁵ Second, to allow for that portion of the income loss after the waiting period that is not indemnified under most current insurance policies, a further reduction of one-third is applied.

Table 10 compares the dollar value of disability insurance benefits paid with the hypothetical amount of income loss that is considered potentially insurable. The wage loss of persons with exclusive sick leave (shown in table 6) is omitted from the computations to avoid inflating the benchmark base with income loss that is already covered by sick leave.

⁵ These percentages are based upon various studies, including data from the Research Council for Economic Security, *Prolonged Illness-Absenteeism*, 1957.

In 1972, insurance benefits of \$2.8 billion met 39 percent of the hypothetical income loss (excluding the first 3 days of income loss and one-third of the wage loss after the waiting period), or more than twice the 1948 proportion. When the first 7 days of sickness are excluded, the proportion of the potentially compensable income loss replaced by insurance in 1972 becomes 49 percent; in 1948 it was 23 percent. Like most other benefit data presented here, insurance benefits as a percentage of insurable income loss were at slightly lower levels in 1972 than in 1971.

In summary, protection for short-term sickness, as measured by the dollar amount of benefits paid through insurance and sick-leave plans, increased substantially in 1972. Overall, total cash benefits for nonoccupational disability rose 11 percent from the 1971 level to \$6,605 million. Since the amount of income loss due to sickness went up somewhat more (14 percent), the benefit-loss ratio declined slightly to 34 percent. Formal cash sickness benefit plans provide protection to about two-thirds of all private and public employees. The difference between this rate and the income-replacement rate of one-third for

TABLE 10.—Insurance benefits as percent of estimated potentially insurable and compensable income loss¹ for workers without exclusive formal sick leave, 1948-72

[Amounts in millions]

Year	Amount of insurance benefits ²	As a percent of income loss—			
		After first 3 days ³		After first 7 days ⁴	
		Total	Two-thirds	Total	Two-thirds
1948	\$344	12.3	18.4	15.6	23.4
1949	384	14.4	21.5	18.3	27.4
1950	447	15.4	23.0	19.5	29.3
1951	562	16.9	25.4	21.5	32.3
1952	634	18.1	27.1	23.0	34.5
1953	697	18.8	28.2	23.9	35.9
1954	732	20.0	30.0	25.5	38.2
1955	802	20.5	30.7	26.1	39.1
1956	918	21.8	32.7	27.7	41.6
1957	1,002	22.9	34.3	29.1	43.7
1958	1,050	24.0	36.0	30.5	45.8
1959	1,154	25.4	38.1	32.4	48.5
1960	1,203	24.1	36.2	30.7	46.0
1961	1,247	25.1	37.6	31.9	47.9
1962	1,299	23.4	35.1	29.8	44.7
1963	1,361	23.4	35.1	29.8	44.7
1964	1,457	24.9	37.4	31.7	47.6
1965	1,509	23.5	35.3	29.9	44.9
1966	1,616	23.3	35.0	29.7	44.6
1967	1,662	23.0	34.5	29.3	43.9
1968	2,032	24.9	37.3	31.7	47.5
1969	2,231	26.1	39.2	33.2	49.8
1970	2,546	27.4	41.1	34.9	52.3
1971	2,594	27.6	41.3	35.1	52.6
1972	2,756	25.9	38.8	33.0	49.4

¹ The portion of income loss that may be considered insurable or compensable under prevailing insurance practices

² Excludes sick-leave payments

³ Based on 70 percent of total income loss (from table 1), after exclusion of income loss of workers covered by exclusive sick-leave plans (from table 6)

⁴ Based on 55 percent of total income loss (from table 1), after exclusion of income loss of workers covered by exclusive sick-leave plans (from table 6)

benefits paid can be attributed to waiting-period requirements and limits on maximum weekly benefits under most insurance plans and to limits on maximum duration of benefits under both insurance and sick-leave plans.

TECHNICAL NOTE

When this series began, methods for compiling yearly estimates of income-loss from short-term nonoccupational disability were developed from a variety of sources. Short-term disability was defined as any illness lasting less than 6 months plus the first 6 months of a longer term disability.

Under this concept of short-term disability, it has been estimated⁶ that wage and salary workers in private industry lose an average of 7 work-

⁶ For a discussion of the origin and refinement of these estimates, see earlier articles in this series, particularly those appearing in the January issues of the *Social Security Bulletin* for 1958-60.

days a year, Federal Government workers 8 days a year, and State and local government employees 7 days a year. These averages have been modified annually, starting with 1959, to reflect the actual year-to-year overall variations in sickness rates as reported by the Health Interview Survey. An index has been compiled from these sickness rates, using 100 as the base for the benchmark year 1958, and then computing an adjusted index for each subsequent year.

The Health Interview Survey data are used as a measure of year-to-year variations rather than as the measure of average number of income days lost because of several significant conceptual differences between that survey and the Social Security Administration series. The averages used in this series have generally been higher than those derived from the Health Interview Survey, though the averages from both sources show a fair amount of consistency with respect to differences among types of employment.⁷

Data from the Health Interview Survey are based on questions asked through a continuous-sample, household-interview survey. The number of days lost from work is determined for persons age 17 and over who reported that at any time during the 2-week period covered by the interview they either worked or had a job or business.

The Health Interview Survey measure of work-loss days is more restrictive than that of the Social Security Administration since the former tends to underreport the time lost from work during the first 6 months of a long-term disability. Many workers with prolonged illnesses would fail to have their work-loss days counted unless they specified their jobs were still open to them. The exclusion of such workers undoubtedly deflates the average as well as the aggregate number of workdays lost per worker.

Another factor that tends to deflate the Health Interview Survey average is the exclusion of persons in institutions. These persons would be expected to have a greater-than-average prevalence of long-term disability. As already pointed out, the Social Security Administration series includes the first 6 months of long-term disability, regardless of whether the worker is institutionalized or still in the labor force.

⁷ For a further discussion of this point, see Daniel N. Price, "Cash Benefits for Short-Term Sickness, 1948-70," *Social Security Bulletin*, January 1972.

On the other hand, the data from the Health Interview Survey does include workdays lost because of occupational injuries, while the Social Security Administration series does not.

In this year's article the Social Security Administration has applied a new adjustment to the Health Interview Survey. This adjustment produces higher estimates of income loss starting with data for 1967. Beginning in that year the Health Interview Survey refined its survey method to emphasize collection of data in terms

of the number of persons with disability instead of the number of disabling conditions.⁸ Since the Social Security Administration uses the Health Interview Survey information as a measure of year-to-year change, adjustment was made to provide a smooth link with the index before the change in survey technique.

⁸ For a description of the change in Health Interview Survey method, see Geraldine A. Gleeson, *Interviewing Methods in the Health Interview Survey* (Vital and Health Statistics Series 2, No. 48), U.S. Public Health Service, April 1972.

Notes and Brief Reports

Workmen's Compensation Payments and Costs, 1972*

Total cash and medical benefits paid under State and Federal workmen's compensation laws hit the \$4-billion mark in 1972, an increase of 13 percent over payments in the preceding year. One of the most volatile elements in the picture is the rapid rise in expenditures under the Federal "black lung" benefit program. This program, which makes monthly cash payments to coal miners disabled from pneumoconiosis and to their dependents and survivors, was enacted into law December 30, 1969, and was liberalized in May 1972. Benefits during the first year amounted to \$110.0 million, rose to \$378.9 million in 1971, and reached \$554.4 million in 1972.

With the black lung benefit program excluded, the increase for workmen's compensation programs in 1972 was 9.5 percent, not much different from the rise in previous years—the 1971 increase was 9.2 percent and the 1970 increase 10.6 percent.

Helping to contribute to the 1972 rise in benefit payments was an expanding covered labor force with its larger payroll at risk and liberalizations in State laws that affected benefit levels. Medical care costs also rose but at a much slower pace than in the previous year.

The Social Security Administration has estimated that 61.5–61.7 million wage and salary workers were covered in an average week in 1972,

an advance of about 2.5 million for the year. About one-fourth of this increase is attributable to legislative extensions of coverage.

Partly in response to the deliberations of the National Commission on State Workmen's Compensation Laws—appointed in mid-1971 to study the adequacy of existing laws—a number of States (1) shifted from elective to compulsory coverage (Georgia, Nebraska, and South Dakota); (2) reduced coverage exemptions related to size of firm (Alabama, Colorado, Massachusetts, Mississippi, and South Carolina); and (3) liberalized coverage requirements for farm workers (Colorado, Florida, Illinois, Maryland, New Hampshire, Oregon, Pennsylvania, Washington, and West Virginia). In addition, the State of Washington amended its law to eliminate the limitation on compulsory coverage of "hazardous employments," thus bringing in several hundred thousand workers.

Average wages, to which cash benefits are related, rose by more than 6 percent from 1971 to 1972, and estimated payrolls covered by workmen's compensation laws in 1972 totaled \$497 billion. This amount represented an increase of 8 percent from the total of \$459 billion in the preceding year. Aggregate benefit payments as a proportion of covered payrolls rose from 0.68 percent in 1971 to 0.69 percent in 1972. There was thus a continuation of the upward trend that began in 1970—following a 9-year period in which benefit costs had leveled off at 61–63 cents per \$100 of payroll. (These figures exclude the black lung benefit program and the supplemental benefits paid in a few States from general revenues.)

The relative rise in benefit costs is also trace-

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