Temporary Disability Insurance Laws in the United States

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Four out of the five temporary disability insurance programs established by law in this country are State systems; the fifth is a national system for railroad workers. These five programs have different provisions for coverage, financing, eligibility, benefits, and administration. The complexities thus introduced have pointed up the continuing need for bringing together information on legislative, administrative, and statistical developments in the field. The following article—the first in a series on these programs—summarizes the major substantive provisions of the existing State temporary disability insurance laws and the Federal law for railroad workers.

FOUR States have systems of temporary disability insurance providing partial wage-loss compensation for limited periods to wage earners incapacitated for work because of nonoccupational illness or injury. Rhode Island initiated this type of social insurance program in 1942; California established its program in 1946, New Jersey in 1948, and New York in 1949. In addition, Congress extended the Railroad Unemployment Insurance Act in 1946 to provide cash sickness benefits to workers covered by that law. These temporary disability insurance systems are summarized here.[1]

Legislative Background

Unlike most other countries, which started their social insurance programs with measures to provide cash benefits and medical care to workers who fall sick or are disabled, the United States began its national social insurance program in 1935 with unemployment insurance and old-age insurance. The severe depression of the thirties was undoubtedly responsible for the break in the pattern. To the wage earners of this time, inability to find jobs because of adverse economic conditions or advancing age constituted a more serious threat to their economic security than sickness or disability. Providing protection against costs of sickness that are more or less recurring regardless of economic conditions did not seem to have the same urgency as providing protection against cyclical unemployment and old-age dependency.

Although the adoption of compulsory disability insurance has been slow in this country, interest in such legislation goes back many years. The introduction in 1910-20 of State workmen's compensation programs, with their provisions for cash benefits and medical care for covered wage earners who meet with certain work-connected injuries, stimulated the early movement for a social insurance system to cover the costs of nonoccupational illness and injury. During the period 1915–20, 11 States appointed special commissions of inquiry. Six of the commissions found that there was a fundamental need for compulsory cash sickness insurance as well as for medical care insurance. Bills providing for such programs were introduced in some 20 States, but none was passed by both houses of any legislature. After 1921 and until the depression, interest in the subject waned.

The need for social insurance to meet the costs of sickness was one of the subjects emphasized by the Committee on Economic Security, appointed by the President in 1934 to formulate a national social security plan. The Committee suggested that cash payments for temporary disability might be linked with the administration of unemployment insurance benefits. With the passage in 1935 of the Social Security Act, there was a quickening of public interest in the possibility of providing legislative protection against the risk of income loss caused by non-work-connected illnesses and accidents. In 1939 the presidentially appointed Interdepartmental Committee to Coordinate Health and Welfare Activities reaffirmed the desirability of a temporary disability insurance program and called attention to the possibility of its development along lines analogous to unemployment insurance.

During the subsequent years the idea of an integrated temporary disability and unemployment insurance program gained favor among State administrators, employers, and employees affected by the unemployment insurance program. Several influences of a practical nature were responsible for the growing preference for coordinating the two programs instead of setting up a separate temporary disability insurance system.

With the establishment of unemployment insurance systems in all the States, the covered worker found himself protected against part of his wage loss when he was able to work but could not get a job, but unprotected against a precisely similar loss when he was unable to work. The experiences of many wage earners who were denied unemployment insurance benefits or whose unemployment insurance checks were stopped because of sickness brought home the realization that it was illogical and inequitable to provide benefits against unemployment due to lack of work but to make no provisions against unemployment due to disability when financial needs may be even greater.

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[1] For a tabular summary of disability insurance laws, see *Comparison of Temporary Disability Insurance Laws, April 1952*, Department of Labor, Bureau of Employment Security.

Six States [2] attempted to rectify some of the inconsistency by amending their unemployment insurance eligibility requirements so that a claimant becoming ill after filing his claim and registering for work would continue to draw unemployment insurance benefits so long as no suitable job was offered him.

Financial considerations were another factor responsible for the growing interest in placing temporary disability insurance within the framework of the unemployment insurance system. Several States, among them California, New Jersey, and Rhode Island, financed their unemployment insurance benefits through a tax on employees as well as through contributions from employers. With the decline of unemployment in the boom period of the early forties, employee taxes were found in most instances to be unnecessary for unemployment insurance purposes and contributed only to the building up of reserves in the unemployment insurance trust accounts. As a result, these States had available a source of income that could conceivably be diverted for cash sickness benefits without requiring any additional contributions from employers, employees, or the State.

Moreover, the closely related objectives of unemployment and disability insurance, the potential identical coverage of both programs, and the similarity that exists in most of the functions necessary for their operation held out the promise of considerable savings in administrative costs if the two programs were integrated. All these factors contributed to a tendency to model temporary disability insurance after unemployment insurance.

Cash sickness benefits for nonwork-connected disability were first paid in the United States when Rhode Island's program for workers covered by its unemployment insurance law became effective on April 1, 1943.

Administered by the State employment security agency, this program is closely allied with unemployment insurance in both substantive provisions and administrative arrangements. The same groups of workers are covered, the same types of qualifying conditions are used, and the same wage reports and credits serve as a basis for contributions and benefits under the two programs. Just as in unemployment insurance, all contributions are paid to the State and all benefits are paid by the State.

A similar pattern was followed by Congress when it established a program of cash sickness benefits, effective July 1, 1947, for the Nation's railroad workers. Temporary disability benefits are provided through an exclusive, Government-operated fund, closely integrated in administration with railroad unemployment insurance.

The next State to provide insurance protection against off-the-job disability was California, which passed the necessary legislation in 1946. The program, while tied in with unemployment insurance and administered by the same agency that administers unemployment insurance, differs from the Rhode Island system and from the basic pattern of unemployment insurance in that approved private insurance plans can be substituted for the State-operated plan as the medium through which benefits are payable.

Immediately following the passage of the California law, Congress amended the Social Security Act to permit the nine States [3] that had at some time collected employee contributions for unemployment insurance purposes to draw on these amounts deposited to their accounts in the Federal unemployment trust fund to finance cash sickness benefits, exclusive of the expenses of administration. This legislation (the Knowland amendment) enabled California to advance the effective date for payment of benefits from May 1947 to December 1946 and gave further impetus to the movement for integrating temporary disability insurance with unemployment insurance.

In 1948, New Jersey enacted a temporary disability insurance law under which benefits became payable in January 1949. Like California, New Jersey provided for "contracting out" of the State fund under approved private plans in a program coordinated with unemployment insurance.

The passage in 1949 of temporary disability insurance legislation in New York marked a sharp departure from the pattern developed in the other three States. There were strong pressures in New York for incorporating disability insurance into its unemployment insurance system and for creating a tax-supported State insurance fund, even though there were no employee contributions under unemployment insurance available for the financing of the disability program. These pressures were outweighed, however, by the desire to grant private insurance companies the widest possible opportunity to participate in the program. With New York's system of workmen's compensation for occupational injuries serving as a guide, a temporary disability insurance system, entirely separate from unemployment insurance and administered by the State workmen's compensation board, was created; benefits, beginning July 1, 1950, were to be provided primarily through private plans.

The year 1949 also saw enactment of a temporary disability insurance law in the State of Washington, but, as the result of an unfavorable vote on the referendum at the general election in November 1950, the legislation never went into effect. The law provided for the integration of temporary disability insurance with unemployment insurance, though it permitted the substitution of private plans for the State plan.

Since 1950, bills to establish temporary disability insurance programs have been introduced in more than 15 State legislatures. Special reports calling for the enactment of compulsory temporary disability insurance laws have been made by interim legislative commissions in Ohio and Massachusetts. In Connecticut, Michigan, Pennsylvania, and West Virginia the State legislatures or governors have authorized the appointment of commissions to study the problems of temporary disability insurance and to

[2] Idaho, Maryland, Montana, Nevada, Tennessee, and Vermont.

[3] Rhode Island, California, New Jersey, Alabama, Indiana, Kentucky, Louisiana, Massachusetts, and New Hampshire. At the beginning of 1946, only the first four States were still collecting contributions from employees for unemployment insurance.

report on the desirablity and feasibility of establishing such a program.

Coverage

In the States with coordinated unemployment and disability insurance programs, compulsory coverage is identical for both programs. In general, such occupational groups as farm laborers, domestic servants, governmental employees, the self-employed, and employees of nonprofit organizations operated for religious, charitable, and educational purposes are excluded. In addition, Rhode Island and New Jersey exclude employers with fewer than four employees. The California law excludes workers in firms with a quarterly payroll of less than $100.

In New York, coverage of the disability program is more limited than that of unemployment insurance. Maritime services and State government services are covered by unemployment insurance but not by disability insurance. Unemployment insurance covers employers who have four or more persons in employment on each of at least 15 days in a calendar year, while disability insurance is compulsory only for employers with four or more employees in at least 30 days.

All States with these laws permit individuals whose religious tenets prevent them from consulting a physician to "elect out" of the program—that is, on request they may be exempted from contributions and become ineligible for benefits under the disability program.

Types of Plans

While the State systems of disability insurance make protection of covered workers mandatory, they use different ways of furnishing this protection. The development of temporary disability insurance in the United States has been featured by the establishment of three different types of plans for the short-term insuring of covered wage earners against the loss of wages caused by disability.

The first type of plan, which was adopted by Rhode Island and the railroad system, provides that all covered employers must insure through an exclusive, publicly operated, insurance fund into which all contributions are paid and from which all benefits are paid. The same benefit provisions apply to all covered workers in like circumstances. No provision is made for private cash sickness insurance plans, although any covered employer may provide supplemental benefits in any manner he chooses.

The second type of plan provides for a State-operated fund, with employers being permitted to "contract out" of the State fund—generally by purchasing insurance from commercial carriers or by self-insuring. Until a private plan is approved by the State agency as meeting the standards prescribed in the law, workers are automatically covered by the State temporary disability insurance fund. When workers are covered by a private plan, neither they nor their employers are required to contribute to the State fund, and no benefits are payable to such employees from the State fund. Workers' premiums under private plans may not be any greater than the contribution they would otherwise be required to pay to the State fund.

The California and New Jersey

Chart 1.—*Temporary disability insurance: Method of insuring and financial provisions, July 1, 1952*

Provision	Rhode Island	California	New Jersey	New York	Railroad program
Method of insuring	All employers insured with exclusive State fund.	Employers insured with State fund unless and until agency approval is given to private-plan (insured or self-insured).	Employers insured with State fund unless and until agency approval is given to private plan (insured or self-insured).	Employers must arrange for benefit payments by purchasing policy from an insurance company, or from the N. Y. State Insurance Fund, or by self-insurance.	All employers insured with exclusive Government fund.
Employee contribution	1% of first $3,000 of annual wages (formerly paid for unemployment insurance purposes).	1% of first $3,000 of annual wages (formerly paid for unemployment insurance purposes).	0.75% of first $3,000 of annual wages out of 1% formerly paid for unemployment insurance purposes.[1]	0.5% of the first $60 of weekly wages.	None.
Employer contribution	None	None for State-plan employers. Private plan employers pay balance of cost.	State-plan employers pay 0.25% of first $3,000 of annual wages, modified by experience rating. Private-plan employers pay balance of cost.	Balance of cost	Employer tax for unemployment insurance also finances disability benefits.
Financing of administrative costs.	6% of contributions	No limit for administration of State fund. State costs of supervising private plans assessed against latter in proportion to taxable wages; limit 0.02% of taxable wages.	0.08% of taxable wages allotted for administration of State fund. State costs of supervising private plans assessed against latter in proportion to taxable wages; limit 0.02% of taxable wages.	Expenses of administering program by workmen's compensation board financed by assessment against all carriers in proportion to covered wages; no limit set.	Administrative costs paid from unemployment insurance fund; 0.2% of taxable wages allowed for administration of both programs.
Financing of disability during unemployment.	All payments made from State fund without distinction between benefits beginning during employment or unemployment.	Special extended liability account in State fund may assess private plans for pro rata share of excess of cost over interest on $132 million of initial fund. Assessment limited to 0.03% of taxable wages.	Special State unemployment disability fund may assess private plans for pro rata share of excess of cost over interest on $50 million of initial fund. Assessment limited to 0.02% of taxable wages.	Special State fund administered by workmen's compensation board and maintained by annual assessments against all carriers without limit.	All payments made from Government fund without distinction between benefits beginning during employment or unemployment.

[1] Effective Jan. 1, 1953, employee contribution will be 0.5 percent.

Source: Based on *Comparison of Temporary Disability Insurance Laws, April 1952*, Department of Labor, Bureau of Employment Security.

laws follow this basic pattern, although some differences exist. In California, before a private plan can be substituted for the State plan, it must afford covered employees rights greater than those under the State plan. This provision has been interpreted to mean that the plan must be at least as good as the State plan in all respects and be more liberal in at least one respect. New Jersey, on the other hand, only requires that the rights afforded under the private plan be at least equal to those under the State plan.

Both States require that a private plan to which employees contribute cannot be substituted for the State-operated plan without the consent of the majority of workers covered by it. In California, the consent of the majority is required even if employees do not contribute. The California law permits a worker to elect to be covered by the State plan even when his coworkers are participating in a private plan. In New Jersey, once a majority of workers have approved a private plan, all the workers in the establishment are automatically covered by that plan.

In both States, unemployed claimants (defined as those who become disabled after they have been separated from covered employment for more than 2 weeks) are paid benefits by the State disability fund, regardless of whether or not they had paid premiums to one or more private plans. In New Jersey, however, a separate system with different eligibility conditions and benefit formulas is used for unemployed disabled workers.

Another distinction between the New Jersey and California laws is that the latter provides for the disapproval of a private plan if it represents a substantial selection of risks adverse to the State fund. This provision has been implemented in practice by the requirement that at least 20 percent of the aggregate voluntary plan coverage of each private insurance carrier must be women workers. No provisions, however, have been adopted to protect the State fund against being left with an undue proportion of the poorer risks represented by older workers, low-paid wage earners, and workers in hazardous types of employment.

The third type of plan, of which New York is the only example, provides for the insuring of the covered wage earner primarily through State-approved private plans. No funds are collected by the State workmen's compensation board itself for the payment of benefits to workers who become disabled while employed and no claims from such workers are filed with or paid by the board. The New York board maintains and administers a special fund, however, to finance benefits when disability commences after the fourth week of unemployment or when the employer has failed to carry the required insurance.

The responsibility rests solely upon the employer to make his own insurance arrangements for the protection of his employees against temporary disability. He can either purchase a group accident and health policy from a private insurance company or from the New York State Insurance Fund, or he can adopt an approved plan of self-insurance. The failure of an employer to take positive action in this direction leaves him and his employees without protection. The New York State Insurance Fund is solely a State-operated carrier that writes insurance on a premium-paying basis, unlike the California and New Jersey State funds, which automatically cover under a payroll tax program those who do not take steps to obtain private coverage. Except for the fact that it must accept all risks offered it, the New York State Insurance Fund is administered and treated like any other private fund, subject to all the regulatory requirements imposed on private insurance carriers, including a premium and franchise tax. Actually, therefore, the State fund (which protects less than an estimated 10 percent of the present covered labor force in New York) bears little resemblance to the State-operated funds in the other temporary disability insurance systems with their uniform tax and automatic coverage provisions.

Benefits paid under the voluntary private plans in New York must be at least as favorable as those provided by the statutory formula in the law. This provision has been interpreted by the State workmen's compensation board to mean that some features of the private plan can be less favorable if other features of the plan are more favorable. Employers who had plans in existence at the time the law went into effect are, however, relieved of the responsibility of meeting the statutory requirements until the earliest date on which they have the right to discontinue the provisions of their own plans. If an existing cash plan is the result of collective bargaining, the plan may be extended indefinitely, as long as both employer and employee concur. The New Jersey law also exempted plans existing at the time the legislation was passed, but the California law permitted no exceptions to statutory conditions for plans in existence when the law was enacted.

The significance of the distinction between private-plan coverage and State-plan or statutory coverage must be kept in mind in any discussion of the provisions of the various laws with regard to financing, eligibility requirements, benefit formulas, and conditions under which benefits may be received. As far as workers covered by private plans are concerned, the statutory provisions are intended only as guides to standards below which the private plans in general cannot fall. Thus, while identical statutory provisions apply to all covered workers under the Rhode Island and under the railroad system, a different situation prevails in the other States, where private plans may deviate sharply from the statutory specifications.

At the end of 1951, almost half the covered workers in California and more than two-thirds of those in New Jersey were under private plans that for the most part offered a wide variety of formulas and procedures. In addition, about three-fifths of the covered workers in New York were under plans that differed in some respect from the statutory schedule of benefits. For a realistic view of the type of temporary disability insurance protection that the workers in these States actually enjoy, a separate analysis of the thousands of private plans would be required. Such an analysis would go beyond the scope of this article, but it is possible to cite here the statutory provisions and some of the areas where variations probably occur under private plans.

Financing

In Rhode Island and California the employee contributions formerly required for unemployment insurance are used to finance the entire cost of the State-operated plans for disability insurance. Until July 1946, Rhode Island continued to use for unemployment insurance purposes one-third of the 1.5-percent employee tax on the first $3,000 of annual wages. Since that time the entire employee tax (reduced to 1 percent in July 1947) has been diverted to the State disability fund. In California, from the beginning of the program, all of the 1-percent employee tax has been used for disability insurance.

The railroad workers' program is financed exclusively by an employer tax that covers both unemployment insurance and temporary disability insurance. This tax rate, which may not exceed 3.0 percent of earnings up to $300 a month, is adjusted annually, depending on the balance in the railroad unemployment insurance account. Since 1948 the rate has been 0.5 percent.

The New Jersey and New York laws call for joint employer-employee contributions. In New Jersey, a worker pays 0.75 percent on wages up to $3,000 a year (0.25 percent still goes to the unemployment insurance fund).[4] Employers whose workers are not protected by private plans originally added a contribution of 0.25 percent. Since July 1, 1951, the employer tax has been modified under experience rating, within a range from 0.10 percent of taxable payroll to 0.75 percent.

In New York, employees contribute 0.5 percent of their wages up to a maximum of 30 cents per week, with employers bearing any additional cost that may arise. There is no ceiling on the employer's liability. Each business establishment carries the cost of its own insurance risk, as the higher incidences of disability experienced by women wage earners, older workers, and other groups are reflected in the premium rates fixed by private insurance carriers.

The same financial distribution of costs is followed under the California and New Jersey private plans; after the employee has contributed the statutory amount, the employer pays the balance of the cost. In practice, however, employee contributions in the two States have been more than sufficient to cover the benefit costs of most private plans without additional premium payments by the employer. In the event that benefit costs rise to a point where the premium rate would require a substantial contribution from the employer, he has the privilege, after due notice, of abandoning his private plan and reverting to State-plan coverage.

States with private plans assess the plans for part of the cost of paying benefits to insured workers who become disabled while unemployed. In California this assessment is accomplished through the "extended liability account." The account is charged with the amount of benefit payments made to claimants who become sick while unemployed and is credited with the interest earnings on accumulated reserves built up by some of the earlier employee contributions to the unemployment trust fund. If a deficit results, it is made up by appropriations from the State disability fund and by proportionate assessments on voluntary-plan employers, not exceeding 0.03 percent of private-plan wages.

In New Jersey a similar reserve fund, developed from interest earnings on employee contributions transferred from the unemployment trust fund, is used to finance benefits to the disabled unemployed. In case of a deficit, an additional tax of not more than 0.02 percent of taxable payrolls may be imposed on all private-plan employers, matched by an amount from the State disability

[4] Effective January 1, 1953, the disability contribution rate for New Jersey workers will drop to 0.5 percent.

Chart 2.—*Temporary disability insurance: Eligibility requirements, July 1, 1952*

Provision	Rhode Island	California	New Jersey		New York		Railroad program
			Employed workers	Unemployed workers	Employed workers	Unemployed workers	
Qualifying wages or employment.	$300 in base period.	$300 in base period and 30 times weekly benefit amount if 75% of base-period wages are concentrated in 1 quarter.	25 times weekly benefit amount in base period. [1]	25 times weekly benefit amount in base period. [1]	4 or more consecutive weeks of covered employment before commencement of disability.	(2)	$300 in base period.
Base period	Last 4 calendar quarters preceding benefit year.	First 4 of last 5 calendar quarters preceding benefit year. [3]	First 4 of last 5 calendar quarters preceding commencement of any period of disability. [4]	First 4 of last 5 calendar quarters preceding benefit year. [5]	None	None	Calendar year preceding benefit year.
Benefit year	Individual, beginning with valid claim for disability insurance.	Individual, beginning with valid claim for either disability or unemployment insurance.	None	Individual, beginning with valid claim for either disability or unemployment insurance.	None	None	Uniform, beginning July 1.

[1] Effective Jan. 1, 1953, 17 weeks of covered employment in base period.
[2] Either (1) sufficient base-period wages to qualify for unemployment insurance or (2) earnings of $13 in covered employment in each of 20 out of 30 weeks preceding last day worked in covered employment.
[3] When benefit year begins in first month of quarter, first 4 of last 6 calendar quarters.
[4] Effective Jan. 1, 1953, 52-week period preceding commencement of any period of disability.
[5] Effective Jan. 1, 1953, 52-week period preceding benefit year.

Source: Based on *Comparison of Temporary Disability Insurance Laws, April 1952*, Department of Labor, Bureau of Employment Security.

fund. In New York the special fund for the disabled unemployed is maintained by annual assessments against each carrier in proportion to his share of total covered payroll. There is no statutory limit; the assessment for the fiscal year ended March 30, 1951, came to 0.05 percent of taxable payroll.[5]

Most of the systems put a statutory limit on the amounts that can be spent by the government-operated funds for administrative expenses. In New Jersey and under the railroad program, the limit is expressed in terms of taxable wages. In New Jersey the amounts set aside for administrative costs may not exceed 0.08 percent of the taxable payroll covered by the State plan. Under the railroad program, 0.2 percent of taxable wages are allowed for the administration of both temporary disability insurance and unemployment insurance. For the fiscal year ended June 30, 1951, the operating expenses for railroad disability insurance alone came to 0.04 percent of taxable wages.[6]

In Rhode Island the limit is expressed as a percent of contributions. This limit has been steadily increased over the years—from 1 percent of contributions in 1942 (before benefits became payable) to 6 percent by 1947. California had a statutory limit of 5 percent of contributions until 1951, when the law was amended to remove the percentage limit; at present, the sum allotted for administration is determined annually by the State director of finance.

Statutory limits are provided in none of the States for the administrative costs of private plans; each carrier is responsible for its own administrative expenses. The New York State Insurance Fund, however, which may write insurance policies on the same basis as private carriers, is limited in its administrative costs to 25 percent of premiums collected.

Those States that permit contracting out to private plans also assess these plans for the added administrative cost to the State of supervising them. In California and New Jersey the additional assessment, which is prorated among private plans on the basis of wages paid by employers to employees, may not exceed 0.02 percent of taxable payroll. New York has no statutory limit. For the year ended June 30, 1951, the assessed rate in New Jersey was 0.014 percent[7] and in California, 0.016 percent.[8] In New York, the first assessed rate came to 0.045 percent of private-plan wages, but this assessment covered the two fiscal years ended March 31, 1950, and March 31, 1951.[9]

Actual administrative expenses in 1951, including State costs of supervising private plans, were 7.5 percent of contributions in California and 10.3 percent in New Jersey. Rhode Island, which permits no contracting out to private plans, administered its program at a cost of 5.9 percent of contributions.[10]

Eligibility Requirements

Definition of disability.—To be eligible for temporary disability benefits, a worker must be unemployed because of disability. The existing laws generally define disability as inability, by reason of mental or physical condition, to perform regular or customary work.

There is less unanimity on the question as to whether pregnancy should be regarded as a compensable disability. Under the Rhode Island and railroad programs, pregnancy does not bar entitlement to disability benefits. The railroad act provides, in addition to the ordinary duration of disability benefits, separate maternity benefits that are payable for 16 weeks, beginning 8 weeks before the anticipated date of confinement. When the law first went into operation in Rhode Island, there was no special limit on benefits during pregnancy. Because of the heavy load on the disability fund caused by these payments, the law was amended in 1946 to limit to 15 the number of weekly payments for any one pregnancy, unless there were unusual complications. In 1951 the maximum benefit period was further reduced to not more than 12 consecutive weeks, beginning 6 weeks before and ending not more than 6 weeks after delivery.

In New Jersey, on the other hand, no payments are made for periods of disability due to pregnancy. California has a similar provision, but the restriction on payments continues only for 4 weeks after the pregnancy terminates. New York lifts its restriction only in those cases where the disability occurs after the worker's return to covered employment for at least two consecutive weeks following termination of pregnancy.

Qualifying wages or employment.—Since temporary disability benefits are intended to partially compensate disabled persons who would be employed or seeking work but for the disability, all the laws require that a claimant show his attachment to the labor market. In those systems with integrated temporary disability and unemployment insurance laws, one of the criteria used is a base-period earnings test, as developed under unemployment insurance.

Under the Rhode Island, California, and railroad systems, base-period earnings of $300 are required to qualify for either disability or unemployment insurance. In California the law further provides that if more than 75 percent of earnings are concentrated in 1 quarter, then base-period wages must also total 30 times the weekly benefit amount. The effect of this provision has been to render some seasonal or short-term workers ineligible. The New Jersey law calls for covered earnings in the base period equal to 25 times the weekly benefit amount. Beginning January 1, 1953, New Jersey will shift to an employment test for both disability insurance and unemployment insurance by requiring 17 weeks of employment in the base period.

Under both unemployment insurance and disability insurance, there has been a tendency to bring about a closer relationship between the qualifying period of employment (the base period) and the period during which benefit rights could be exer-

[5] New York State Workmen's Compensation Board, *Annual Report 1951*, p. 20.

[6] Railroad Retirement Board, *Annual Report for the Fiscal Year Ended June 30, 1951*, 1952, pp. 8–9.

[7] New Jersey Department of Labor and Industry, Division of Employment Security, *15th Annual Employment Security Report, Calendar Year 1951*, January 1952, p. 40.

[8] California Department of Employment.

[9] New York State Workmen's Compensation Board, op. cit., p. 20.

[10] *Social Security Bulletin*, September 1952, table 8, p. 31.

cised (the benefit year). In disability insurance especially, it is considered desirable to prevent the payment of benefits to persons who have been out of the labor force for a considerable time before the onset of their disability and to avoid subjecting entrants and re-entrants into the labor market to long periods of deferred eligibility.

At the present time, the three State disability laws coordinated with unemployment insurance use flexible base periods and benefit years to measure the accumulation of benefit rights and the utilization of these rights. In California and under New Jersey's special system for disability during unemployment the base period and the benefit year are the same for both disability and unemployment insurance. The benefit year for both programs is automatically established by filing a valid claim for either disability or unemployment insurance, and the base period consists of the first 4 of the last 5 completed calendar quarters preceding the benefit year. In California, if the claim is filed during the first month of any quarter, the base period consists of the first 4 of the last 6 completed quarters.

Under the other systems coordinated with unemployment insurance, the base period and benefit year do not coincide for both programs. In fact, under the New Jersey system for disability during employment, the concept "benefit year" is abandoned entirely, and the base period is defined as the first 4 of the last 5 completed calendar quarters preceding commencement of any period of disability. With each new spell of disability, the base period is determined separately. In Rhode Island the benefit year for disability commences with the filing of a valid claim for disability, and the base period is defined as the last 4 completed quarters immediately preceding the beginning of the benefit year.

The desire to bring about a closer relationship between the date of filing a claim and the period of covered employment has led the New Jersey Legislature to revise its benefit formula. Effective January 1, 1953, the base period, in the case of disability during employment, will be the 52-week period immediately preceding commencement of any period of disability. For disability during unemployment, the base period will be the 52-week period immediately preceding the benefit year. As before, a benefit year will begin with the filing of a valid claim for either disability or unemployment insurance.

The railroad system, alone among the existing integrated disability and unemployment insurance programs, still uses a calendar-year base period and benefit year, uniform for all claimants. For both disability and unemployment insurance, the benefit year begins July 1, and the base period is the calendar year preceding

Chart 3.—*Temporary disability insurance: Selected benefit provisions, July 1, 1952*

Provision	Rhode Island	California	New Jersey		New York		Railroad program
			Employed workers	Unemployed workers	Employed workers	Unemployed workers	
Weekly benefit amount.	1/20 of high-quarter wages, $10-25.	1/20 to 1/25 of high-quarter wages, $10-30, plus hospital benefits of $8 a day for 12 days in benefit year.	1/22 of high-quarter wages, $10-30. [1]	1/22 of high-quarter wages, $10-30. [2]	½ average weekly wage in last 8 weeks of covered employment (from $10 or average weekly wage, whichever is less, to $30).	½ average weekly wage in last 8 weeks of covered employment (from $10 or average weekly wage, whichever is less, to $30).	Daily benefit amount of $3.00-7.50 based on schedule of annual wages.
Duration	5.2-26 weeks based on schedule of annual wages.	1/2 base-period wages, 12.5-26 weeks.	1/3 base-period wages, 10-26 weeks. [3]	1/3 base-period wages, 10-26 weeks. [3]	Uniform potential duration of 13 weeks in any 52-week period.	Uniform potential duration of 13 weeks during any period of disability. [4]	Uniform potential duration of 130 days (26 weeks).
Waiting period.	7 consecutive days of disability per benefit year.	7 consecutive days of disability per spell. Any unexpired portion of the waiting period is waived if individual is hospitalized.	7 consecutive days of disability per spell.	1 week of disability or unemployment per benefit year.	7 consecutive days of disability per spell.	7 consecutive days of disability per spell. [5]	7 days in first 14-day registration period in a benefit year; benefits not paid for first 4 days of disability in subsequent 14-day registration periods.
Payments for pregnancy.	Limited to 12 consecutive weeks beginning 6 weeks before and ending 6 weeks following childbirth.	No payments for disability caused by pregnancy until 4 weeks after termination of pregnancy.	No payments for disability caused by pregnancy.	No payments for disability caused by pregnancy.	No payments unless worker has returned to covered employment for at least 2 consecutive weeks following termination of pregnancy.	No payments unless worker has returned to covered employment for at least 2 consecutive weeks following termination of pregnancy.	Special maternity benefits beginning 57 days before anticipated birth, ending 115 days later, or 31 days after birth. Benefits for first 14 days in maternity period and first 14 days after childbirth at 1½ times regular rate.

[1] Effective Jan. 1, 1953, ⅔ of average weekly wage in last 8 weeks of covered employment ($10-30).

[2] Effective Jan. 1, 1953, ⅔ of average weekly wage received during base period from last employer giving 17 weeks of covered employment, or, if no such employer, during base period from all covered employers.

[3] Effective Jan. 1, 1953, ¾ of base weeks (i.e., weeks during base period with covered employment of $15 or more) multiplied by weekly benefit amount (13-26 weeks).

[4] No benefits payable beyond twenty-sixth week of unemployment.

[5] No waiting period required for claimants currently receiving unemployment insurance benefits.

Source: Based on *Comparison of Temporary Disability Insurance Laws, April 1952*, Department of Labor, Bureau of Employment Security.

the benefit year. Until 1950, Rhode Island also employed uniform base periods and benefit years.

In contrast to the coordinated disability and unemployment insurance systems, the New York disability law does not use the concepts of base period and benefit year to determine the eligibility of claimants under private plans. A worker is covered as soon as he has had 4 or more consecutive weeks of covered employment (or 25 days of regular part-time employment), and this coverage continues for 4 weeks after termination of employment. An earnings test is used only to determine whether a person who becomes disabled after 4 weeks of unemployment is eligible for benefits from the special, State-operated fund for the disabled unemployed.

Attention should be drawn to the fact that private plans in California and New Jersey are also not required to and rarely do employ the concepts of base period and benefit year to determine if a claimant is an active member of the labor force. Instead, private plans either cover workers immediately upon their employment or require some probationary period of employment, usually from 1 to 5 months. During the probationary period, of course, the worker is protected by the State plan and is paying contributions to the State. Upon cessation of employment for 2 weeks or longer, a worker generally loses his private-plan coverage and must look to the State fund for such protection as his base-period wages provide.

Benefit Provisions

Amount of benefits.—In all these temporary disability insurance systems, as in unemployment insurance in the United States, benefit amounts are related to a claimant's previous earnings in covered employment. In Rhode Island, California, and New Jersey, disability benefit rates are computed according to the unemployment insurance benefit formula, based on a fraction of the highest quarterly wages received in the base period within specified limits. Under the railroad act, a schedule of annual wages is used in calculating both disability and unemployment insurance benefits.

In New York, disability benefits are computed by a formula different from that for unemployment insurance benefits and consist of one-half the average weekly wage during the last 8 weeks of covered employment preceding the disability. Effective January 1, 1953, New Jersey will change its method of determining benefit amounts for both disability and unemployment insurance; instead of a fraction of high-quarter earnings, it will use a percentage of the average weekly wage. For disability during employment, the benefit formula will be two-thirds of the average weekly wage of the last 8 weeks of covered employment.

In general, the intent of the disability insurance statutes has been to replace during a limited time about one-half to two-thirds of the wage loss. It has been difficult, however, to maintain such ratios when rising wage levels subject an increasing number of higher-paid workers to maximum benefit limits. Despite recent increases, the maximum weekly disability payment in every one of these States is still less than half the average weekly wages. According to the Bureau of Labor Statistics, average weekly earnings of production workers in manufacturing industries as of December 1951 were $59.31 in Rhode Island, $67.20 in New York, $69.72 in New Jersey, and $74.49 in California. At the present time, the maximum disability benefit is $25 a week in Rhode Island and $30 in the other three States. These maximums correspond with those payable under unemployment insurance except in California, where the maximum for unemployment insurance is only $25.

In an attempt to assure the disabled worker a maintenance income, disability insurance laws contain a minimum benefit limit. At the present time, the minimum rate in each of these States is $10 per week; New York permits a lower minimum, however, if the average weekly wage is less than $10. None of the laws provides for benefits to dependents of the disabled wage earner.

Benefit rates for railroad workers are more favorable. With daily benefits varying from $3.00 to $7.50 (equivalent to weekly rates of $15.00 to $37.50), the proportion of the wage loss replaced under the railroad act is much greater than the proportions presently compensated under the State temporary disability insurance laws. As of December 1951, the average weekly earnings for railroad employees of Class I railroads were $69.95.

Payment of daily (part-weekly) benefits is provided in all States when an individual recovers before the end of his benefit week. Under the California and New Jersey laws, each day of disability in excess of the first 7 days in a spell is compensated at a rate of one-seventh of the weekly amount. In Rhode Island the rate for each workday is one-fifth of the weekly benefit amount, up to a maximum of four-fifths, but is payable only for days of disability following a compensable week. In New York the computation of daily benefits is based on the claimant's normal number of workdays per week.

Duration of benefits.—In all the systems except that of New York, the maximum duration of benefits in a benefit year is 26 weeks for either disability or unemployment insurance. In New York, all claimants have a uniform potential duration of 13 weeks in any 52-week period (as contrasted with 26 weeks for unemployment insurance). The railroad plan also provides for benefits of a uniform duration. In the disability systems of the other States the length of time that benefits will be payable varies, as in their unemployment insurance system, according to the total amount of base-period wages, with a minimum of 12.5 weeks in California, 10 in New Jersey, and 5.2 in Rhode Island. Effective January 1, 1953, New Jersey will base the duration of benefits for both disability and unemployment insurance on length of covered employment, with a minimum of 13 weeks.

New Jersey's special system for the disabled unemployed limits the maximum amount of benefits payable during a benefit year for both unemployment and disability insurance to 1½ times the duration allowed under either one. Under the other laws, the amount of benefits received under unemployment insurance does not affect the potential duration of benefits payable under temporary disability insurance. All the laws prohibit duplicate benefits for the same week or day under unemployment insurance and disability insurance, whether under the laws of the same State or under the unemployment insurance laws of some other State or of the Federal Government.

Waiting period.—To conserve the funds of the disability system for claimants suffering long spells of disability and to avoid the administrative burden of processing large numbers of short-period claims, all the State temporary disability laws require a waiting period of 7 consecutive days of disability before the payment of benefits. In Rhode Island a claimant is required to serve only one such uncompensated period in a benefit year, regardless of the number of spells of disability suffered during the year. Subsequent spells, however, are compensated only if they last at least 7 consecutive days. The other States require a waiting period at the beginning of each period of uninterrupted disability. Under California and New Jersey laws, a disability is regarded as uninterrupted if a relapse occurs within 14 days after a claimant has returned to work; under the New York law, the time limit is 3 months. Claimants under New Jersey's special system for disability during unemployment, however, need serve only one 7-day waiting period of either unemployment or disability during a benefit year to qualify for benefits.

For disabled railroad workers the waiting period is 7 days (which need not be consecutive) in the first 14-day registration period in a benefit year; in each subsequent registration period, whether for the same disability or a different one, benefits are paid for each day of disability in excess of 4 days.

Hospital benefits.—California is unique among the States in that, since January 1, 1950, it has paid, in addition to weekly cash benefits, hospital benefits of $8 a day for a maximum of 12 days in a benefit year to claimants who are hospitalized while eligible for disability benefits. No waiting period is required of such hospitalized claimants for either hospital or disability benefits. Since January 1, 1952, an individual is not eligible for hospital benefits if he is receiving hospitalization under workmen's compensation, but he is eligible if he continues to receive remuneration from his employer.

Private-plan benefits.—It should be emphasized again that private plans are not restricted to the use of a base-period and benefit-year formula for determining benefit provisions. As far as cash benefit amounts are concerned, most private plans use a few rate classes based on current wage status. With regard to the duration of benefits, most private plans pay benefits for a flat maximum number of weeks per spell of disability, regardless of the amount of previous earnings. In California and New Jersey, weekly rates and duration of benefits under private plans must be such that no covered individual will receive less than the rate and duration he would have received under the State law. In New York, however, private plans are permitted to substitute medical, hospital, and surgical care for cash benefits up to 40 percent of the statutory scale of benefits.

In determining length of waiting period and maximum weekly benefits, private plans, in general, follow a variety of formulas that may, but do not necessarily, exceed the statutory formula. An analysis of California private plans in effect as of June 30, 1950, revealed that 62 percent of the private-plan workers had a shorter waiting period for accidents and 12 percent a shorter waiting period for sickness than the State plan; 79 percent were under plans that had a maximum weekly benefit rate in excess of the State plan.[11] A similar analysis in New York as of the same date disclosed that 40 percent of the covered workers under nonstatutory plans enjoyed a shorter waiting period for either sickness or accident than the statutory requirement, and 42 percent were under plans that had a maximum weekly benefit rate in excess of the statutory maximum.[12] In addition, 60 percent of the workers under nonstatutory plans were eligible to receive cash benefits for a longer period than the statutory one of 13 weeks in any 52-week period. In New Jersey, a December 1949 survey indicated that at least 53 percent of the private-plan workers were un-

11 California Department of Employment, Report 1006A #1.

12 New York State Workmen's Compensation Board, *Annual Report 1950*, pp. 20–22.

Chart 4.—*Temporary disability insurance: Disqualifying income, July 1, 1952*

Type of income	Rhode Island	California	New Jersey	New York	Railroad program
Workmen's compensation	Total workmen's compensation and disability benefits for a week may not exceed 85% of average weekly wage on last job before disability.	Worker not eligible unless workmen's compensation is less than the weekly disability benefit; then the difference is paid.	Worker not eligible for any period with respect to which workmen's compensation (other than permanent partial or permanent total benefits for an earlier disability) is paid or payable.	Worker not eligible for any period with respect to which workmen's compensation (other than permanent partial benefits for an earlier disability) is paid or payable.	Worker not eligible unless settlement for personal injury is less than the weekly disability benefit; then the difference is paid.
Sick-leave wages	Worker eligible even though receiving regular wages or part thereof while not working.	Wages and disability benefits may not exceed 70% of average weekly wage preceding the disability.	Wages and disability benefits may not exceed regular weekly wages before disability.	Benefits reduced by remuneration received from employer or fund to which employer contributed.	Worker not eligible if receiving wages.
Federal old-age insurance benefit or employer pension.	Not deductible	Not deductible	Disability benefits reduced by amount of other benefit.	Disability benefits reduced by amount of other benefit.	Disability benefits reduced by amount of other benefit, excluding employer pension.

Source: Based on *Comparison of Temporary Disability Insurance Laws, April 1952*, Department of Labor, Bureau of Employment Security.

der plans that provided weekly maximum benefits in excess of the State plan's established maximum.[13]

Disqualifications

Disqualifying income.—Most of the temporary disability laws contain some restrictions on the payment of disability benefits during periods when certain other types of income are being received. There is, nevertheless, a wide variation in the existing laws in the effect on benefit rights of workmen's compensation, sick pay, social insurance benefits, and employer pensions.

Rhode Island at first paid cash sickness benefits in full without regard to workmen's compensation. This situation has since been altered by an amendment to the law that limits the combined weekly benefits under both programs to 85 percent of the individual's weekly earnings. Total potential benefits, however, have not been modified, and no deduction is made for lump-sum payments made under workmen's compensation.

No other law is so liberal in this respect. Under the California program, the claimant draws the difference when the disability payment is larger than that for workmen's compensation. The railroad legislation requires that sickness benefits must be repaid to the extent that the individual receives damages for the same disability, either from his employer or from anyone else. In New Jersey and New York, the election by the employee of benefits, other than permanent partial benefits for an earlier disability, under workmen's compensation disqualifies him from obtaining benefits under disability insurance.

There is also little uniformity in the laws with regard to the effect of sick pay on a claimant's eligibility to temporary disability insurance benefits. Rhode Island pays disability benefits in full even though the wage earner is receiving regular wages during his disability; under the railroad plan, receipt of such wages disqualifies a claimant. In New York the worker may receive both wages and disability benefits, but they must not total more than his benefits alone would otherwise provide. In New Jersey a claimant may receive sick pay and disability benefits for the same week if the total income does not exceed his regular weekly wage before his disablement. California restricts the total a claimant may receive to 70 percent of the wages earned immediately before the disability; before January 1, 1952, any wages received from the employer during disability were deducted from benefits.

A difference is also noted in the treatment of Federal old-age insurance benefits and employer pensions paid during disability. While these payments do not affect disability benefits in Rhode Island and California, the New Jersey and New York laws provide for the reduction of disability benefits by the amount of old-age insurance benefits or employer pension. The railroad act requires the deduction of old-age benefits and railroad retirement annuities but not of private employer pensions.

Disqualifying acts.—Because temporary disability insurance developed along unemployment insurance lines, some disqualification provisions that are more pertinent to the latter were also applied to the former. In California a claimant who is disqualified for unemployment insurance because he has voluntarily left his work without good cause, been discharged for misconduct, refused suitable work, or made willful false misrepresentation is also ineligible for disability benefits for the same period unless the administrative agency finds good cause for paying such benefits. Up to January 1, 1952, a worker involved in a labor dispute that disqualified him for unemployment insurance was also ineligible for disability benefits. At present, disability benefits may be paid if his disability is due to an accident or requires hospitalization and is not due to the labor dispute.

The New Jersey disability law disqualifies a claimant for any period during which he would be subject to a suspension under the unemployment insurance law for any reason, including a disqualification caused by a labor dispute. The situation is the same in New York, even though the disability system is administered separately from unemployment insurance. On the other hand, Rhode Island and the railroad program penalize or disqualify only for fraud.

Another difference in the various laws may be noticed in the treatment of disabilities arising from the "fault" of the claimant. The New Jersey and New York laws deny payments for periods of disability due to willfully self-inflicted injuries or to injuries sustained in the performance of illegal acts. The other laws have no such restriction.

Procedure on Claims and Certification

Claimants who are sick or disabled, unlike unemployment insurance claimants, do not have to register for work or visit a local employment service office. Instead, they are permitted to file their claims by mail; workers covered by State plans file with the State employment security agency, and those under private plans with the employer or insurance carrier.

Under the State-operated plans in Rhode Island, California, and New Jersey, the unemployment insurance administrative machinery is used to maintain wage records, to determine eligibility, and to compute benefits. When the claimant is insured through private plans, the adjudication and payment of disability claims are handled almost exclusively by employers or their insurance carriers. The function of the State administrative agency in these cases is to exercise general supervision over private plans and to adjudicate disputed claims arising between claimants and carriers. In New Jersey and California the State agency must also maintain certain employment records in order to furnish information on the claimants' rights under the State plan.

The period within which the disabled claimant must file his first claim or notice of disability differs among the various systems. In Rhode Island the worker must file not later than 10 days after the onset of disability; in New Jersey, 30 days; in New York, 15 days; and under the railroad act, 9 days. In California the claim must be filed not later than

[13] Department of Labor, Bureau of Employment Security, *New Jersey Disability Insurance Program,* October 1950, table 2, p. 40.

20 days after the end of the waiting period.

All the programs require that initial claims must be supported by a medical certificate from the claimant's attending physician, establishing the existence of the disability and estimating its probable duration. The certificates are reviewed by or under the supervision of medical officers or consultants to determine whether a claimant is disabled within the meaning of the law and for how long. In New Jersey, alone among the States, the responsibility for medical review is delegated to the medical staff of the State health department. In the other systems, the medical officers are either full-time or part-time employees of the State disability agency.

In cases where the medical prognosis is questioned, claimants are required to submit to independent reexaminations. California, Rhode Island, and the railroad program draw from a list of physicians in private practice to make these examinations, while New York relies on the medical staff of its workmen's compensation board. In New Jersey the examining physician may be designated by the claimant's doctor. All States use the device of unscheduled visits by claims examiners to the claimants' homes in order to verify the existence and duration of disability.

Repetitive medical certification from the attending physician may be required during the course of the disability under all systems, although the frequency of filing continued claims and of certification varies among the programs. The California program and that for railroad workers require the filing of continued claims at 14-day intervals, but the claims need not be accompanied by a medical certificate unless the duration of the claim exceeds the expected duration indicated on the initial certificate. A similar situation prevails in Rhode Island and New Jersey, except that a continued claim must be filed for each succeeding week of disability.[14] In New York, proof of continuation of disability may be required by the private carrier or State agency, but not more often than once a week.

Private plans are not bound by the provisions of the law regarding the conditions under which benefits will be paid, as long as the disqualifications set down in the private plans are no more restrictive than those of the statute. Benefits can be paid in full even though the individual is receiving regular wages, workmen's compensation, or other social insurance payments. They can be paid regardless of whether or not the disability is compensable under State law or was caused by pregnancy or was self-inflicted. They can be paid although no claim was filed or medical certificate submitted according to the procedure established by the State.

As a matter of fact, financial considerations tend to operate as a restrictive force on the undue liberalization of private plans in relation to State-operated plans or statutory formulas. This limitation applies to eligibility requirements and benefit provisions as well as to conditions under which benefits will be paid. To exceed the statutory formula to any extent would mean higher costs for the average employer, since the law forbids requiring employees to pay higher premiums for private-plan coverage than for State-plan or statutory coverage.

Operating Highlights

It is estimated that nearly 11 million workers, or more than one-fifth of all wage and salary workers, were covered by the five existing temporary disability insurance programs in December 1951. About 7 million of these workers were protected by private plans; the remainder, by government-operated plans. The fact that such a large proportion of covered workers come under the jurisdiction of private plans seriously hampers the collection of meaningful data on temporary disability insurance activities. Under government plans, statistics on such items as contributions, claims, and benefit payments are automatically collected by a single public agency and offer a ready basis for analysis. Under private plans, such data if collected at all are distributed among many private sources and may lack uniformity of collection or treatment. Data on the activities of private plans therefore must often be estimated.[15]

For the three calendar years 1949, 1950, and 1951, contributions from workers and employers under State-operated plans amounted to $150 million and benefits paid came to $105 million (including hospital benefits of more than $5 million).[16] For the same period, workers covered by private plans made contributions estimated at $160 million and were paid cash and hospital benefits approximating $117 million.[17] An estimated $18 million was also contributed in premiums by employers of these workers. Thus, since 1949, sick and disabled workers under State plans have received back in benefits 70 percent of the contributions paid into the program, and workers under private plans have received back 66 percent.

One of the factors responsible for the lower return in benefit payments to workers under private plans is the higher administrative costs involved in commercial insurance. The costs of administering the State-operated programs in 1951, excluding the costs of supervising private plans, represented 5.9 cents of every dollar collected in Rhode Island, 5.4 cents in California, and 7.6 cents in New Jersey. What the expense ratios, including acquisition costs, were for private plans is unknown, although estimates range from 15 percent to 25 percent of net premiums.

The premium income of private carriers must cover, in addition to administrative costs, profits and reserve accumulations. It should be noted that under State plans any excess of contributions over expenditures for benefits and for administra-

[14] In New Jersey, no continued claims are filed for workers disabled while unemployed.

[15] Unless otherwise indicated, data cited are from *Significant Temporary Disability Insurance Data, 1950*, Unemployment Insurance Program Letters No. 272 and 281, December 18, 1951, and March 19, 1952, and unpublished data (Department of Labor, Bureau of Employment Security). See also *Social Security Bulletin*, September 1952, table 8, p. 31.

[16] Excludes the $84 million paid to railroad workers because there is no earmarked contribution for these benefits.

[17] Excludes New York; data not available.

tion is retained as publicly owned reserves for future benefit payments or for future reduction of the contribution rate. Under private plans, some of the excess may be used in future years for rate reductions, but in general most of the excess is retained as profits by the insurance company, distributed as dividends to their stockholders, or used as carrier-owned reserves to protect the insurers against any miscalculation that may result in loss. As of December 31, 1951, the reserve available for benefits in State funds amounted to $116 million in California, $84 million in New Jersey, and $34 milion in Rhode Island.

The average payment under government plans for a week of disability in 1950 was $20.43 under the program for railroad workers, $21.12 in New Jersey, $21.85 in Rhode Island, and $22.74 in California. Private plans paid an average of $29.08 a week for terminated spells in California. According to an estimate released by the New York State Workmen's Compensation Board, the average weekly benefit under the nonstatutory plans in the State was $33 for the first year of operation.[18] Benefits under the statutory plans brought this average down to about $30 weekly. No data are available on New Jersey private plans. An analysis[19] of California operations has indicated that the higher average weekly benefits paid under private plans is due to the higher wages of workers covered by private plans as well as to the higher maximums provided by many such plans.

Much more accurate data on all phases of private-plan activities will be needed before a complete appraisal of the relative merits of government-plan and private-plan programs can be undertaken. Whether such information can be obtainable under private-plan coverage is uncertain. In fact, in New York it may be difficult ever to obtain precise information on cost allocation and benefit distribution under the program. The situation is better in California, where the closely integrated provisions for disability and unemployment insurance necessitate the collection of some comparable data from private-plan carriers.

18 *New York Times*, June 29, 1951, p. 13.

19 Department of Labor, Bureau of Employment Security, *California Disability Insurance Program*, March 1952, pp. 64–65.