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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able to unusual legislative activity, as States moved to update their laws and bring them into conformity with generally recommended standards. During 1971 and 1972, 27 State legislatures increased weekly benefits for temporary total disability—the most common type of disability sustained. In addition, in 13 States and the Federal employees benefit program the weekly maximums were raised automatically as the result of legislation that tied the maximums to a percentage—usually 50 percent—of their Statewide average wage. Two other jurisdictions passed such legislation in 1972.

The years 1971 and 1972 also saw numerous other statutory liberalizations. Many of the States that raised the maximum for temporary disability benefits also raised the maximums for other types of weekly benefits and/or for death payments; some raised total maximum benefits. The duration of benefits payable in case of death were extended in four States. The periods of compensation or amounts paid for scheduled injuries were liberalized in 11 States. Burial allowances were increased in 15 States. Reductions in waiting periods and in the period preceding the beginning of retroactive payments took place in four States. Four States adopted unlimited medical benefits, bringing to 45 the number of States paying such benefits. Seven States amended their laws to provide full coverage for occupational diseases; 43 States now have such coverage.

The slowdown in the upward trend of hospital and medical care prices had a limiting effect on the growth of benefit payments in 1972. These prices, according to the consumer price index of the Bureau of Labor Statistics, rose only 3.2 percent in 1972—an increase that was half the 1971 rise. Medical care and hospitalization costs make up about 35 percent of total benefit outlays under State workmen's compensation programs. They represent 31 percent of the total when the black lung benefit program (which pays no medical benefits) is included. The tabulation that follows shows the total payments (including black lung benefits) for 1971 and 1972, by type.

[In millions]

Type of payment	1972	1971
Total	$4,023	$3,548
Medical and hospitalization	1,230	1,110
Compensation, total	2,793	2,438
Disability	2,333	2,078
Survivor	460	360

The increasing extent to which black lung benefits are being paid to surviving widows, brothers, sisters, and parents has also had an effect on the overall distribution of the benefit dollar under workmen's compensation. Survivor benefits under all programs rose from $360 million or 10 percent of total benefits in 1971 to $460 million or 11 percent in 1972.

The emergence of the publicly supported black lung benefit program has reduced somewhat the role that private insurance plays in the underwriting of workmen's compensation, as measured by benefit outlays. For almost three decades, private insurance carriers have been responsible for disbursing more than 60 percent of workmen's compensation benefits paid in the country. This proportion would still hold true if black lung benefits were excluded from the data. In 1972, as in 1971, the distribution would then have been 63 percent for private carriers, 23 percent for State funds, and 14 percent for self-insurers. When black lung benefits are classified along with other Federal workmen's compensation benefits as State fund disbursements (as in the accompanying State table), the ratio of that group to the total increases to 34 percent, and the share attributable to private insurance carriers drops to 54 percent.

State Variation in Benefit Payments

Except for Arkansas and Vermont, all States reported increased benefit payments in 1972. As shown below, the increases ranged from less than 5 percent in nine States to more than 20 percent

Percentage change in benefits	Number of States [1]		Percentage distribution of covered workers [1]	
	1971–72	1970–71	1971–72	1970–71
Total	52	52	100.0	100.0
Decrease	2	0	.8	0
Increase				
Less than 5	9	9	18.6	29.1
5 0–9 9	15	18	41.2	25 5
10 0–14 9	17	17	27.1	35.1
15 0–19 9	4	3	10.3	4.5
20 0 or more	5	5	2.0	5.8

[1] Includes the program for Federal civilian government employees and the District of Columbia.

in five States, including Idaho and West Virginia, with increases of 30 percent and 34 percent, respectively. The group of States with the largest proportion of employees (two-fifths) was the group experiencing benefit-payment increases of 5.0–9.9 percent. In 1971, the largest proportion of

Estimates of workmen's conpensation payments by State and type of insurance, 1972 and 1971 [1]

[In thousands]

State	1972				1971				Percentage change in total payments, 1972 from 1971
	Total	Insurance losses paid by private insurance carriers [2]	State fund disburse-ments [3]	Self-insurance payments [4]	Total	Insurance losses paid by private insurance carriers [2]	State fund disburse-ments [3]	Self-insurance payments [4]	
Total	$4,022,683	$2,178,618	$1,350,615	$493,450	$3,547,709	$2,004,534	$1,098,405	$444,770	13.4
Alabama	30,771	20,511	------	10,260	27,329	18,219	------	9,110	12.6
Alaska	9,170	8,570	------	600	7,230	6,745	------	485	26 8
Arizona	50,675	21,031	25,444	4,200	43,568	14,281	25,137	4,150	16 3
Arkansas	21,713	18,313	------	3,400	23,158	19,528	------	3,630	−6.2
California	469,353	306,032	105,351	57,970	429,934	286,177	92,862	50,895	9.2
Colorado	27,063	10,014	14,589	2,460	25,760	9,056	14,364	2,340	5 1
Connecticut	47,327	43,342	------	3,985	42,477	39,147	------	3,330	11.4
Delaware	7,415	5,595	------	1,820	6,521	4,921	------	1,600	13.7
District of Columbia	9,946	9,186	------	760	8,884	8,239	------	645	12.0
Florida	126,636	113,471	------	13,165	110,660	99,160	------	11,500	14.4
Georgia	43,674	37,329	------	6,345	39,229	33,529	------	5,700	11.3
Hawaii	16,301	12,481	------	3,820	15,830	12,010	------	3,820	3.0
Idaho	10,543	7,699	2,054	790	8,111	5,767	1,734	610	30 0
Illinois	155,272	130,362	------	24,910	150,157	126,067	------	24,090	3.4
Indiana	47,838	37,403	------	10,435	44,376	34,696	------	9,680	7.8
Iowa	21,399	17,834	------	3,565	20,222	16,852	------	3,370	5.8
Kansas	20,839	19,136	------	1,703	19,728	18,049	------	1,679	5.6
Kentucky	34,298	29,823	------	4,475	30,157	26,222	------	3,935	13.7
Louisiana	77,572	67,452	------	10,120	71,286	61,986	------	9,300	8.8
Maine	11,065	9,620	------	1,445	9,752	8,482	------	1,270	13.5
Maryland	49,493	37,668	3,475	8,350	44,385	33,469	3,091	7,825	11.5
Massachusetts	104,424	97,319	------	7,105	97,374	90,749	------	6,625	7.2
Michigan	237,719	140,677	8,362	88,680	203,733	119,700	8,033	76,000	16.7
Minnesota	57,631	48,431	------	9,200	50,292	42,262	------	8,030	14.6
Mississippi	17,823	16,413	------	1,410	17,621	16,226	------	1,395	1.1
Missouri	48,112	41,157	------	6,955	45,553	38,968	------	6,585	5.6
Montana	11,306	3,636	6,121	1,549	10,927	3,570	6,016	1,341	3.5
Nebraska	11,805	10,365	------	1,440	10,888	9,558	------	1,330	8.4
Nevada	15,753	99	15,339	315	13,752	49	13,493	210	14.6
New Hampshire	9,328	9,128	------	200	7,294	7,134	------	160	27.9
New Jersey	149,300	135,481	------	13,819	146,614	132,682	------	13,932	1.8
New Mexico	13,127	11,557	------	1,570	11,350	9,990	------	1,360	15.7
New York	321,346	205,049	75,602	40,695	304,243	195,567	70,211	38,465	5 6
North Carolina	35,587	31,082	------	4,505	31,459	27,474	------	3,985	13.1
North Dakota	5,223	29	5,194	------	5,023	21	5,002	------	4.0
Ohio	232,102	502	[5] 167,835	63,765	221,174	551	[5] 159,893	60,730	4.9
Oklahoma	34,399	27,935	3,974	2,490	31,277	25,339	3,673	2,265	10.0
Oregon	61,271	20,834	37,857	2,580	56,283	18,091	35,822	2,370	8.9
Pennsylvania	141,107	76,860	[5] 26,952	37,295	125,462	67,464	[5] 25,688	32,310	12.5
Rhode Island	13,141	12,431	------	710	12,505	11,830	------	675	5.1
South Carolina	18,623	16,628	------	1,995	18,109	16,169	------	1,940	2.8
South Dakota	3,600	3,130	------	470	3,319	2,884	------	435	8.5
Tennessee	42,808	38,918	------	3,890	38,391	34,901	------	3,490	11.5
Texas	188,432	188,432	------	------	177,034	177,034	------	------	6.4
Utah	10,052	2,250	6,127	1,675	8,180	1,930	4,885	1,365	22 9
Vermont	3,960	3,665	------	295	4,057	3,757	------	300	−2 4
Virginia	37,528	29,548	------	7,980	32,818	26,048	------	6,770	14.4
Washington	72,711	2,730	69,666	315	63,321	2,887	[5] 60,184	250	14.8
West Virginia	39,487	45	29,743	9,699	29,536	213	23,605	5,718	33.7
Wisconsin	49,630	41,360	------	8,270	46,623	38,853	------	7,770	6.4
Wyoming	2,668	55	2,613	------	2,650	31	2,619	------	.7
Federal workmen's compensation									
Civilian employees [6]	179,845	------	179,845	------	152,243	------	152,243	------	18.1
"Black lung" benefits	554,359	------	554,359	------	378,945	------	378,945	------	46 3
Other [7]	10,113	------	10,113	------	10,905	------	10,905	------	−7.3

[1] Data for 1972 preliminary Calendar-year figures, except that data for Montana and West Virginia, for Federal civilian employees and "other" Federal workmen's compensation, and for State fund disbursements in Maryland, Nevada, North Dakota, Oregon, Utah, Washington, and Wyoming represent fiscal years ended in 1971 and 1972 Includes benefit payments under the Longshoremen's and Harbor Workers' Compensation Act and *Defense Bases Compensation Act for the States in which such payments are* made

[2] Net cash and medical benefits paid during the calendar year by private insurance carriers under standard workmen's compensation policies Data primarily from A M. Best Company, a national data-collecting agency for private insurance

[3] Net cash and medical benefits paid by State funds compiled from State reports (published and unpublished), estimated for some States

[4] Cash and medical benefits paid by self-insurers, plus the value of medical benefits paid by employers carrying workmen's compensation policies that do not include the standard medical coverage Estimated from available State data

[5] Includes payment of supplemental pensions from general funds

[6] Payments to civilian Federal employees (including emergency relief *workers) and their dependents under the Federal Employees' Compensa-*tion Act

[7] Primarily payments made to dependents of reservists who died while on active duty in the Armed Forces, to individuals under the War Hazards Act, War Claims Act, and Civilian War Benefits Act, and to cases involving Civil Air Patrol and Reserve Officers Training Corps personnel, maritime war risks, and law-enforcement officers under P. L. 90-291

employees (35 percent) were in States having increases of 10.0–14.9.

In terms of the number of States, the overall patterns of growth from 1970 to 1971 and from 1971 to 1972 were similar. In terms of covered employment, however, there were disparities between the 2 years, largely because only 12 States were in the same benefit-increase category for both periods. Of the nine jurisdictions that reported increases of 15 percent or more in 1972, for example, only West Virginia and the Federal employees' program had increases of similar proportions in 1971. Similarly, only Illinois and South Carolina registered increases of less than 5 percent in both years. Nineteen States reported benefit increases of a higher magnitude in 1972 than the benefit-increase category they were in in 1971; 21 jurisdictions reported smaller increases.

The 10 States ranking highest in amount of payments each paid out more than $100 million and together accounted for 65 percent of all payments under State laws.[1] At the other extreme, eight States each made payments that totaled less than $10 million; together their payments equaled less than 2 percent of all State payments in 1972.[2]

The Atlantic Coast States from Delaware south had the largest regional increase—14.5 percent—in workmen's compensation benefit payments in 1972, as in 1971. Benefits also rose well above the average of 9.5 percent in the Rocky Mountain area, which showed a 13.6-percent increase. The lowest regional increases—about 6 percent—were reported in the Middle Atlantic and West South Central States. A below-average rate of increase has characterized the Middle Atlantic region for several years.

Cost Relationships

With benefit payments rising more than 9 percent and payrolls going up 8 percent, the cost of workmen's compensation to employers rose from $1.13 per $100 of covered payroll (as estimated by the Social Security Administration) in 1971 to $1.16 per $100 in 1972. Work-injury costs have been steadily rising since the early sixties when they amounted to less than $1 per $100 of covered payroll.

The 1972 estimate of $5,759 million spent by employers to insure or self-insure their risks under workmen's compensation was 11 percent or $583 million higher than the amount estimated for 1971. The 1972 total consists of (1) $4,181 million in premiums paid to private carriers; (2) $1,048 million in premiums paid to State funds (for the Federal employees' program these premiums are the sum of the benefit payments and the costs of the administrative agency); and (3) $530 million as the cost of self-insurance (benefits paid by self-insurers, with the total increased by 5–10 percent to allow for administrative costs).

The $3.4 billion paid in medical and cash benefits (with the black lung program and other payments from general revenues excluded) amounted to 60 cents for every $1 of the $5.8 billion spent in premiums by employers during 1972 to insure their workers. This ratio was higher than it had been in the period 1967–70 but was down slightly from 1971 when it was 61 cents for every premium dollar.

The loss ratio (losses paid as a percentage of direct premiums written) of private carriers alone also dropped—from 54 percent in 1971 to 52 percent in 1972, after hovering at 50–52 percent in the immediately preceding years. Somewhat different trends are shown, however, if the private carrier ratio is based on losses incurred (which include amounts set aside to cover liabilities from future claims payments). According to data from the National Council on Compensation Insurance, losses incurred by private carriers represented 69 percent of net premiums earned in 1972, the highest percentage recorded since the Social Security Administration began tabulating the series in 1950. The ratio in 1971 was 67 percent; throughout the previous 5-year period the ratio had been 62–63 percent.

For State insurance funds, the relation of benefits paid to premiums written showed continuation of an upward trend that began in 1968 when the loss ratio was 67 percent. By 1970 the ratio had increased to 70 percent, and in 1972 it was 71 percent.

For private carriers and, to some extent, for

[1] California, New York, Michigan, Ohio, Texas, Illinois, New Jersey, Pennsylvania, Florida, and Massachusetts

[2] Alaska, Delaware, the District of Columbia, New Hampshire, North Dakota, South Dakota, Vermont, and Wyoming.

State funds, the loss ratios do not take into account the premium income returned to employers in the form of dividends. Available data indicate that dividends, when they are related to total premium payments (for both dividend-paying and non-dividend-paying companies), generally average about 4–6 percent.

Social Security Abroad

Lower Pensionable Age in Norway*

In lowering the age at which a pension is payable from 70 to 67 as of January 1, 1973, Norway introduced a flexible retirement test that is unique in social security legislation. The new test permits persons aged 67–69 who wish to continue working on a less-than-full-time basis to claim a partial pension if the sum of pension and earnings does not exceed 80 percent of former earnings. A similar but more liberal rule is in effect for low wage earners.

Those who wish to do so may claim a full pension at age 67. For every month the pension is unclaimed until age 70, the value increases by 0.75 percent of the initial pension amount. Upon reaching age 70, the pensioner becomes entitled to a full pension regardless of other earnings. The new regulations also relax the rules governing retirement before age 67.[1] The direct cost of the reforms will mean an estimated 10-percent increase in toal expenditures under the program in 1973.

BASIC FEATURES

Norway's two-tier old-age pension consists of a basic pension and an earnings-related supplement. The former is based on residence and varies with the length of coverage: 40 years for a full pension, with proportionate reductions for shorter periods. The full yearly basic pension is equal to a "base amount" (determined by legislation to be 5,400 kroner [2] when the program was introduced in 1967). The "base amount," in turn, is tied to both the general price and income levels and in the intervening years has risen substantially.[3]

The supplementary pension is determined primarily by the level of earnings before retirement (yearly earnings above the "base amount"), although here, too, a full pension is contingent on 40 years' coverage, with proportionate reductions for shorter periods. Until the system matures, however, special transitional provisions make a full supplementary pension possible with less coverage.[4] Only the 20 years of highest earnings are used to compute the supplementary pension. A person with 20 years or less of coverage must have all his years of earnings, regardless of the level, included when the pension is computed.

The new law retains the need for 40 years' coverage to receive a full pension. The difference is that it makes it payable at age 67.

The basic differences in age requirements for old-age pensions and early retirement under the old and new laws are covered in table 1. Several regulations affect an individual who decides to work beyond age 67. He must, for example, continue to contribute to the social insurance system, whether or not he is already covered for a full basic pension. If he has full coverage, the additional contributions will not result in higher benefits.[5] In the computation of the supplementary pension, however, earnings in every year until the individual reaches age 70 are included. Those whose coverage had been insufficient for a maxi-

* Prepared by Leif Haanes-Olsen, International Staff, Office of Research and Statistics.

[1] The reform was outlined in detail in a series of articles in the Oslo newspaper *Arbeiderbladet* (November 25–December 11, 1972), made available by the U.S. Embassy, Oslo.

[2] One U. S. dollar equaled 5.68 kroner as of June 30, 1973.

[3] The "base amount" is adjusted every January. In January 1973 it was 8,500 kroner, or approximately one-fifth of the typical worker's income in the combined manufacturing, construction, and transportation industries.

[4] A full supplementary pension will be paid to persons with 20 years' coverage who retire in 1987, to those with 21 years who retire in 1988, etc., until coverage reaches 40 years in the year 2007.

[5] The insured pays a contribution of 5.4 percent of his pension-producing income (which supports old-age, invalidity, and survivor pensions and the unemployment allowances) and pays 3.8 percent of his income for national tax purposes toward health insurance. Both contributions are limited to twelve times the current "base amount."