
Cash Benefits for Short-Term Sickness, 1948-76

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National income-maintenance programs provide cash benefits when workers become unemployed, retire, are injured on the job, have a long-term disability, or die. For short-term sickness, however, only five States, one other jurisdiction, and a single industry require wage-replacement protection. Voluntary plans cover a substantial number of additional workers, including many whose protection was established through labor-management negotiations. In this annual update of estimates on the extent of protection provided, many of the historical statistics have been revised back to 1967 as a result of new information on the amount of sick-leave benefits paid to employees of the Federal Government. The effects of the new data on the benefit series are examined, as are trends in the provision of sickness benefits for maternity—an issue subject to considerable recent controversy.

Short-term nonoccupational disability continued to be a major hazard for American workers in calendar year 1976, but the resulting income loss was offset to a considerable extent under a variety of compulsory and voluntary programs. During the year—

- Workers lost an estimated \$26.5 billion in earnings as a result of nonoccupational sickness and injury—an increase of 12 percent over the amount for the previous year.
- Benefits paid under programs providing protection against income loss resulting from these disabilities totaled \$9.7 billion—a rise of \$845 million or about 10 percent above the 1975 level.
- Benefits replaced about 36.5 percent of lost income—a rate slightly below the levels of earlier years.
- Some 50.6 million workers were covered by short-term benefit plans—about 1.5 million more than in 1975. These covered individuals accounted for a little less than two-thirds of America's workers.
- Sick leave was the major source of protection against income loss from sickness and injury in terms of benefits paid, but insurance plans that provide benefits during periods of disability actually covered more workers.

Income Loss and Replacement

American workers lost about \$26.5 billion in earnings as a result of short-term nonoccupational sickness or injury during calendar year 1976—a total about 12 percent higher than that for the previous year (table 1). Workers in all sectors of the economy experienced higher income losses from these causes in 1976 than in 1975 but those in private industry suffered the greatest dollar loss. Three factors combined to account for the higher earnings loss. Sickness rates rose by 2 percent, average earnings for civilian wage and salary workers by 7 percent, and the number of employed wage and salary workers by 3 percent.

Income losses attributable to sickness or injury in 1976 were partly offset by the payment of \$9.7 billion in benefits under plans providing protection against such losses (table 2). This amount was about 10 percent higher than the figure for 1975—an increase similar to that recorded annually in recent years. Although the actual dollar amount of payments rose in 1976, the relative amount of protection against wage losses caused by sickness or injury declined slightly from the 1975 level. The ratio of benefits paid to income lost in 1976 was 36.5 percent, compared with 37.5 percent a year earlier. For practical purposes the level of protection provided by the various wage-replacement programs has remained virtually constant since 1970. From 1970 to 1976, the annual ratio of benefits paid to income lost fluctuated between 34.9 percent and 37.5 percent.

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Protection against loss of earnings during periods of short-term nonoccupational disability is provided in a number of ways. For wage and salary workers in private industry, the most common method is through group or individual insurance policies sold by commercial insurance companies that pay cash amounts during specified periods of disability. Employers may also self-insure,

Table 1.—Estimated income-loss from nonoccupational short-term sickness,¹ by type of employment, 1948-76²

| [In millions] | | | | | | | |
|---------------|---------|-------------------------|---|--------------------|----------------------|------------------------------|------------------------------------|
| Year | Total | Wage and salary workers | | | | | Self employed persons ⁸ |
| | | Total | In private employment ³ | | In public employment | | |
| | | | Covered by temporary disability insurance laws ⁴ | Other ⁵ | Federal ⁶ | State and local ⁷ | |
| 1948 | \$4 582 | \$3 632 | \$391 | \$2 809 | \$174 | \$258 | \$950 |
| 1949 | 4 445 | 3 602 | 483 | 2 644 | 190 | 285 | 843 |
| 1950 | 4 816 | 3 921 | 712 | 2 703 | 201 | 305 | 895 |
| 1951 | 5 494 | 4 495 | 1 059 | 2 843 | 259 | 334 | 999 |
| 1952 | 5 834 | 4 832 | 1 132 | 3 040 | 291 | 369 | 1 002 |
| 1953 | 6 163 | 5 199 | 1 213 | 3,295 | 290 | 401 | 964 |
| 1954 | 6 114 | 5 162 | 1 212 | 3 233 | 280 | 437 | 952 |
| 1955 | 6 565 | 5 574 | 1 299 | 3 508 | 297 | 470 | 991 |
| 1956 | 7,052 | 6 035 | 1 430 | 3 774 | 313 | 518 | 1,017 |
| 1957 | 7,386 | 6 336 | 1 512 | 3,931 | 323 | 570 | 1,050 |
| 1958 | 7 477 | 6,371 | 1,507 | 3 884 | 352 | 628 | 1 106 |
| 1959 | 7 749 | 6 680 | 1 580 | 4 090 | 356 | 654 | 1 069 |
| 1960 | 8 591 | 7,462 | 1 773 | 4 526 | 403 | 760 | 1 129 |
| 1961 | 8 664 | 7,527 | 1,770 | 4 524 | 420 | 813 | 1 137 |
| 1962 | 9 653 | 8 426 | 1,983 | 5 051 | 467 | 925 | 1 227 |
| 1963 | 10 213 | 8 956 | 2 084 | 5 359 | 504 | 1 009 | 1 257 |
| 1964 | 10 298 | 9 065 | 2 085 | 5 435 | 506 | 1 039 | 1 231 |
| 1965 | 11 333 | 9,971 | 2 244 | 6,017 | 548 | 1 162 | 1,362 |
| 1966 | 12,268 | 10 833 | 2 403 | 6 553 | 597 | 1 275 | 1,435 |
| 1967 | 12 838 | 11,401 | 2 529 | 6 928 | 632 | 1,312 | 1 437 |
| 1968 | 14 585 | 13 032 | 2 852 | 7 904 | 698 | 1,578 | 1 553 |
| 1969 | 15 307 | 13 747 | 3 025 | 8,334 | 757 | 1 631 | 1 560 |
| 1970 | 16 757 | 15 161 | 3 261 | 9,147 | 841 | 1 912 | 1,596 |
| 1971 | 17 146 | 15 550 | 3 273 | 9,321 | 897 | 2 059 | 1,596 |
| 1972 | 19 507 | 17 641 | 3 653 | 10 649 | 961 | 2 378 | 1 866 |
| 1973 | 21 059 | 18 881 | 4 061 | 11 261 | 1,026 | 2 533 | 2 178 |
| 1974 | 21 804 | 19,852 | 4 202 | 11 883 | 1 118 | 2 649 | 1 952 |
| 1975 | 23 565 | 21 560 | 4 482 | 12,820 | 1 213 | 3,045 | 2 005 |
| 1976 | 26 468 | 24,373 | 5,003 | 14 726 | 1,301 | 3 343 | 2 095 |

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

² Beginning 1960 data include Alaska and Hawaii. Beginning 1959 data adjusted to reflect changes in sickness experience (average number of disability days), as reported in the Health Interview Survey of the Public Health Service. Data not available for Puerto Rico.

³ Annual payrolls of wage and salary workers in private employment multiplied by 7 (estimated average workdays lost per year due to short term sickness) and divided by 255 (estimated workdays in year). Data for 1948-72 from unpublished advance tables in *Benchmark Revision of National Income and Product Accounts*, Department of Commerce. Comparable data for 1973-76 from *Survey of Current Business, National Income Issue* published annually.

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

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

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

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

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

Table 2.—Extent of protection against income loss, 1948-76

| [Amounts in millions] | | | | | |
|-----------------------|----------------------------|------------------------------------|-------------------------------|---------------------------|--|
| Year | Income loss and protection | | | Income loss not protected | Net cost of providing insurance ⁴ |
| | Income loss ¹ | Protection provided ^{2,3} | Protection as percent of loss | | |
| 1948 | \$4 582 | \$761 | 16.6 | \$3 821 | \$277 |
| 1949 | 4 445 | 848 | 19.1 | 3 597 | 287 |
| 1950 | 4 816 | 942 | 19.6 | 3 874 | 307 |
| 1951 | 5 494 | 1 153 | 21.0 | 4 341 | 311 |
| 1952 | 5 834 | 1,304 | 22.4 | 4 530 | 322 |
| 1953 | 6 163 | 1 413 | 22.9 | 4 750 | 428 |
| 1954 | 6 114 | 1 478 | 24.2 | 4 636 | 453 |
| 1955 | 6 565 | 1 620 | 24.7 | 4 945 | 450 |
| 1956 | 7 052 | 1 806 | 25.6 | 5 246 | 413 |
| 1957 | 7,386 | 1 958 | 26.5 | 5 428 | 482 |
| 1958 | 7 477 | 2 093 | 28.0 | 5 384 | 519 |
| 1959 | 7,749 | 2,236 | 28.9 | 5,513 | 548 |
| 1960 | 8 591 | 2 430 | 28.3 | 6,161 | 542 |
| 1961 | 8 664 | 2 561 | 29.6 | 6 103 | 592 |
| 1962 | 9 653 | 2 776 | 28.8 | 6 877 | 621 |
| 1963 | 10 213 | 2 997 | 29.3 | 7 216 | 597 |
| 1964 | 10 298 | 3 101 | 30.1 | 7 195 | 642 |
| 1965 | 11 333 | 3 349 | 29.6 | 7 984 | 708 |
| 1966 | 12 268 | 3 637 | 29.6 | 8 631 | 815 |
| 1967 | 12 838 | 3 898 | 30.4 | 8 940 | 887 |
| 1968 | 14 585 | 5 622 | 31.7 | 9 963 | 1 014 |
| 1969 | 15 307 | 5 104 | 33.3 | 10 203 | 1,214 |
| 1970 | 16 757 | 5 872 | 35.0 | 10 885 | 1,160 |
| 1971 | 17,146 | 6 120 | 35.7 | 11 026 | 1 386 |
| 1972 | 19 507 | 6 807 | 34.9 | 12 700 | 1 556 |
| 1973 | 21,059 | 7 369 | 35.0 | 13 690 | 1 734 |
| 1974 | 21 804 | 8 135 | 37.3 | 13 669 | 1 768 |
| 1975 | 23 565 | 8 830 | 37.5 | 14,735 | 2 226 |
| 1976 | 26 468 | 9 674 | 36.5 | 16,794 | 2 172 |

¹ From table 1.

² Total benefits including sick leave.

³ Beginning 1973, includes benefits for the sixth month of disability under the old age survivors and disability insurance program.

⁴ Includes retention costs (for contingency reserves, taxes, commissions, acquisition, claims settlement and underwriting gains) of private insurance companies (from table 7) and administrative expenses for publicly operated plans and for supervision of the operation of private plans. Excludes costs of operating sick leave plans; data not available.

providing either cash benefits or paid sick leave. Some unions, union-management trust funds, fraternal societies, and mutual benefit associations also pay cash disability benefits. These methods are not mutually exclusive. Employers often use a paid-sick-leave plan to supplement insurance benefits, and workers may, as individuals, purchase insurance policies to supplement the protection provided on the job.

This privately insured protection may be obtained through voluntary action by the employer or the employee, or—as in California, Hawaii, New Jersey, New York, and Puerto Rico—it may be mandated under a compulsory temporary disability insurance (TDI) law. The coverage provided under these laws is similar to that under unemployment insurance laws. The unemployment insurance amendments of 1976 extended protection under that program to many farm workers and to most State and local government workers effective January 1978. Under TDI laws, farm workers are covered in California, Hawaii, and Puerto Rico, State and local government employees are covered to differing degrees, depending on the area. In California the self-

employed may elect coverage. Even if they are not covered under the statutory requirement, many workers in the TDI areas have group sickness insurance or sick leave provided by their employers. In all, more than 9 out of 10 wage and salary workers in these TDI areas may receive a wage-replacement benefit when they are temporarily disabled.

Under the two other compulsory programs—that of Rhode Island and the Federal program for railroad employees—all benefits are provided from publicly operated disability insurance funds. In California, New Jersey, and Puerto Rico, employers may “contract out” of the public plan by providing an approved private plan, usually one insured by a commercial company or financed on a self-insured basis. The Hawaii and New York laws require employers to provide sickness protection of specified value for their employees by establishing a privately insured plan. In New York, employers may alternately purchase insurance from a State fund that itself has many of the characteristics of a private carrier. Where private plans are allowed, union or union-management plans may provide the sickness benefits required by law.

Sick leave is the other major means of maintaining a worker's wage when he cannot work because of illness or accident. Although sickness insurance and sick leave have the same objective—preventing the stoppage of income during temporary periods of incapacity—they operate in different fashions. Sick leave generally provides full replacement of earnings from the first day of an illness for a specified number of days, usually from 5 to 15 a year. Sometimes, unused sick leave can be accumulated from year to year. In contrast, sickness insurance may pay, after a 1-week waiting period, up to 26 weeks of benefits at some fraction of weekly wages—between one-half and two-thirds—subject to a specified maximum amount.

Of the 79.4 million wage and salary workers in the United States in December 1976, 50.6 million or 64 percent were under some formal employment-related plan providing cash sickness benefits. The proportion with some form of group coverage has been estimated at nearly two-thirds for many years. These figures include both public and private employees and those under voluntary plans as well as programs mandated by law. The 13.3 million government workers estimated to have protection are mostly under sick-leave or wage-continuation plans. In contrast, the large majority of protected workers in private industry are covered by commercial insurance or self-insured plans that generally provide partial wage replacement after a waiting period of 3–5 days.

Private employees had a lower rate of coverage than did public employees, most of whom are protected against income loss in the event of sickness or injury. As table 3 shows, 37.3 million private wage and salary

workers, or 57 percent of the total, were under a group insurance or sick-leave plan in 1976. The proportion of workers in private industry covered by these forms of income maintenance has fluctuated narrowly and with no discernible pattern over the years.

When the workers without mandatory protection are examined separately, it is apparent that their rate of coverage is even lower than that for private employees in general. About 22 million workers were under voluntary sick-pay plans (not counting those with individual policies, group credit policies, or those who might receive some benefit from an informal plan). Thus, only about 44 percent of the private employees

Table 3.—Degree of income-loss protection against short-term sickness for all employed wage and salary workers in private industry and for those not under temporary disability insurance laws, end of selected years 1954–76

| End of year | Total number (in thousands) ¹ | With protection | |
|--|---|---------------------------------------|---------------------|
| | | Number (in thousands) ² | Percent of total |
| All wage and salary workers | | | |
| 1954 | 43,000 | 25,600 | 59.5 |
| 1956 | 46,000 | 27,700 | 60.2 |
| 1958 | 45,900 | 26,900 | 58.6 |
| 1960 | 47,000 | 28,200 | 60.0 |
| 1962 | 48,900 | 29,800 | 60.9 |
| 1964 | 51,200 | 28,700 | 56.1 |
| 1966 | 54,800 | 30,700 | 56.0 |
| 1968 | 56,800 | 33,500 | 59.0 |
| 1970 | 58,000 | 35,300 | 60.9 |
| 1971 | 58,900 | 35,500 | 60.3 |
| 1972 | 61,400 | 36,500 | 59.4 |
| 1973 | 63,800 | 38,100 | 59.7 |
| 1974 | 62,800 | 36,900 | 58.8 |
| 1975 | 62,700 | 36,000 | 57.4 |
| 1976 | 65,400 | 37,300 | 57.0 |
| Wage and salary workers not under temporary disability insurance laws | | | |
| 1954 | 31,400 | 15,000 | 47.8 |
| 1956 | 34,200 | 16,400 | 48.0 |
| 1958 | 33,600 | 16,000 | 47.6 |
| 1960 | 34,300 | 16,800 | 49.0 |
| 1962 | 35,900 | 17,400 | 48.5 |
| 1964 | 38,100 | 16,000 | 42.0 |
| 1966 | 41,000 | 17,000 | 41.5 |
| 1968 | 42,600 | 19,300 | 45.3 |
| 1970 | 43,300 | 20,600 | 47.6 |
| 1971 | 44,300 | 20,900 | 47.2 |
| 1972 | 46,500 | 21,600 | 46.5 |
| 1973 | 47,700 | 22,000 | 46.1 |
| 1974 | 47,700 | 21,800 | 45.7 |
| 1975 | 48,000 | 21,300 | 44.4 |
| 1976 | 50,200 | 22,100 | 44.0 |

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

²Estimated number of private industry workers (1) with group accident and sickness insurance (except group credit insurance), (2) under paid sick leave plans (3) under union and mutual association plans, and (4) under State operated temporary disability insurance funds. Beginning 1964, group accident and sickness insurance coverage adjusted to exclude those with long term benefit policies which usually do not provide short-term benefits. Estimates of private protection based on data from Health Insurance Association of America and from State administrative agencies.

not covered under mandatory programs were in formal group plans in 1976

About 16 million workers were protected against wage loss from short-term sickness through the TDI programs of the six jurisdictions and the railroad industry. Five of the TDI laws had been enacted by 1950, and the remaining two in 1968 (Puerto Rico) and 1969 (Hawaii). Employment covered by TDI laws has gone up slowly during the 1970's—a result of substantial growth in California that has been partly offset by employment declines in other areas.

Three other forms of voluntary protection are excluded from the estimates made for this series. First, the data for voluntary group insurance coverage exclude persons whose only protection was under credit insurance since this type of protection does not generally stem from an employment relationship. Credit insurance is purchased by lenders to protect themselves against the risk of nonpayment if borrowers become disabled.

Second, no attempt was made to include in either the coverage or benefit data those workers who receive benefits through informal plans. Informal plans, by their nature, do not provide assurance of any definite protec-

tion against the hazard of income loss from disability. Moreover, because of the lack of a clear commitment to provide specified benefits, no ready means exists by which to estimate how many persons might receive such benefits, under what conditions, or in what amounts.

Third, employees and self-employed persons covered by individual insurance policies also were not enumerated in this series. It would be difficult to eliminate the duplication that results when some persons have more than one policy or hold an individual policy in addition to some form of group protection. Furthermore, individual policies are not necessarily related to participation in the labor force (those that provide flat-rate periodic cash benefits upon proof of hospitalization, for example). The benefits paid under individual insurance policies, however, are included in most of the following tables.

The amount of benefits provided under the various types of income-replacement programs is shown in table 4. Payments under one major form of protection against income losses due to sickness—private cash sickness insurance and self-insurance—totaled \$2.3 billion in 1976. Benefits provided through individual insurance

Table 4.—Benefits provided as protection against income loss, summary data, 1948–76

[In millions]

| Year | Total ¹ | Benefits provided under individual insurance | Group benefits provided as protection against wage and salary loss | | | | | |
|------|--------------------|--|--|-------------------------------|---|---------------------------------------|------------|-------------------------------------|
| | | | Total ¹ | Workers in private employment | | | | |
| | | | | Total | Private cash sickness insurance and self insurance ² | Publicly operated cash sickness funds | Sick leave | Sick leave for government employees |
| 1948 | \$761.4 | \$141.0 | \$620.4 | \$361.3 | \$145.8 | \$57.1 | \$158.4 | \$259.1 |
| 1949 | 848.2 | 150.0 | 698.3 | 398.3 | 172.0 | 62.1 | 164.2 | 299.9 |
| 1950 | 941.8 | 153.0 | 788.8 | 473.7 | 230.8 | 63.1 | 179.8 | 315.1 |
| 1951 | 1,152.9 | 157.0 | 995.9 | 605.8 | 343.8 | 60.9 | 201.1 | 390.1 |
| 1952 | 1,303.9 | 177.0 | 1,126.9 | 674.1 | 382.1 | 74.5 | 217.5 | 452.8 |
| 1953 | 1,412.7 | 209.0 | 1,203.7 | 722.4 | 397.2 | 90.5 | 234.7 | 481.3 |
| 1954 | 1,477.6 | 230.0 | 1,247.6 | 747.3 | 399.1 | 103.1 | 245.1 | 500.3 |
| 1955 | 1,619.6 | 250.0 | 1,369.6 | 824.9 | 442.4 | 109.4 | 273.1 | 544.7 |
| 1956 | 1,805.7 | 278.0 | 1,527.7 | 936.9 | 524.5 | 113.8 | 298.6 | 590.8 |
| 1957 | 1,957.9 | 307.2 | 1,650.7 | 1,024.3 | 567.2 | 127.2 | 329.9 | 626.4 |
| 1958 | 2,093.2 | 353.4 | 1,739.8 | 1,043.5 | 555.7 | 141.4 | 346.4 | 696.3 |
| 1959 | 2,236.3 | 389.6 | 1,846.7 | 1,122.9 | 600.5 | 163.7 | 358.7 | 723.8 |
| 1960 | 2,429.6 | 392.8 | 2,036.8 | 1,210.6 | 638.4 | 172.1 | 400.1 | 826.2 |
| 1961 | 2,560.7 | 425.9 | 2,134.8 | 1,241.0 | 625.7 | 195.2 | 420.1 | 893.8 |
| 1962 | 2,776.3 | 418.5 | 2,357.8 | 1,355.0 | 670.7 | 212.0 | 472.3 | 1,002.8 |
| 1963 | 2,997.3 | 447.2 | 2,550.1 | 1,444.9 | 675.4 | 243.9 | 525.6 | 1,105.2 |
| 1964 | 3,101.3 | 483.9 | 2,617.4 | 1,484.8 | 715.7 | 264.4 | 504.7 | 1,132.6 |
| 1965 | 3,349.0 | 482.6 | 2,866.4 | 1,602.3 | 767.1 | 269.1 | 566.1 | 1,264.1 |
| 1966 | 3,636.8 | 512.9 | 3,123.9 | 1,735.1 | 843.2 | 273.2 | 618.7 | 1,388.8 |
| 1967 | 3,898.3 | 527.4 | 3,370.9 | 1,834.4 | 869.3 | 284.7 | 680.4 | 1,536.5 |
| 1968 | 4,621.9 | 609.1 | 4,012.8 | 2,246.9 | 1,123.7 | 320.2 | 803.0 | 1,765.9 |
| 1969 | 5,104.2 | 635.4 | 4,468.8 | 2,550.7 | 1,246.7 | 373.7 | 930.3 | 1,918.1 |
| 1970 | 5,871.5 | 693.7 | 5,177.8 | 2,952.5 | 1,475.9 | 410.6 | 1,066.0 | 2,225.3 |
| 1971 | 6,120.5 | 730.9 | 5,389.6 | 3,030.1 | 1,489.0 | 410.9 | 1,130.2 | 2,359.5 |
| 1972 | 6,806.9 | 772.0 | 6,034.9 | 3,390.1 | 1,614.4 | 412.0 | 1,363.7 | 2,644.8 |
| 1973 | 7,369.0 | 795.0 | 6,574.0 | 3,650.3 | 1,735.8 | 445.9 | 1,468.6 | 2,813.7 |
| 1974 | 8,134.6 | 851.0 | 7,283.6 | 4,143.5 | 2,024.4 | 485.3 | 1,633.8 | 3,010.1 |
| 1975 | 8,829.8 | 973.0 | 7,856.8 | 4,328.6 | 2,009.6 | 538.3 | 1,780.7 | 3,368.2 |
| 1976 | 9,674.4 | 881.0 | 8,793.4 | 4,953.0 | 2,313.5 | 580.9 | 2,058.6 | 3,670.4 |

¹Beginning 1973 includes benefits for the sixth month of disability payable under the old age survivors and disability insurance program (not shown separately)

²Includes a small but undetermined amount of group disability insurance benefits paid to government workers and to self-employed persons through farm, trade, or professional associations

policies totaled \$881 million during the year and those paid from publicly operated cash sickness funds for TDI programs totaled nearly \$581 million

Of the total benefits, more than half were provided under sick-leave programs, which paid a total of \$5.7 billion in 1976. Federal, State, and local governments protect their workers against sickness-related income loss almost exclusively through sick-leave programs. About \$3.7 billion of the \$5.7 billion paid in sick-leave benefits in 1976 went to government workers.

During the period covered by this series, the share of total payments represented by the various components has remained surprisingly stable. In 1976, for example, payments for government sick leave accounted for 38 percent of the total, and combined group private benefits (insurance and sick leave) made up 51 percent. In 1950, benefits for these programs accounted, respectively, for 33 percent and 50 percent of the total. The only movement in the series that can be regarded as a trend is the gradual drop occurring in the proportion of total payments that individual insurance has accounted for. These payments equaled 9 percent of the total in 1976, compared with about 16 percent in 1950.

The extent of income replacement provided by the various types of programs can be expressed as a ratio of benefits paid to income lost. On an overall basis, payments under sickness programs during 1976 replaced a little more than one-third of the wages lost in periods of short-term sickness or injury. Workers in government were afforded a substantially higher level of protection than those in private industry, primarily because the majority of sickness-benefit plans for government workers are sick-leave plans that provide for full wage replacement. In 1976, benefits paid to government workers for short-term sickness or injury equaled nearly four-fifths of their lost wages (table 5). In contrast, payments to workers in private industry amounted to only one-fourth of their lost wages. Those workers covered under TDI laws fared slightly better than those who were not covered by these laws.

Benefit Experience in 1976

Temporary Disability Insurance

Table 6 shows the benefits paid annually under TDI programs from both private insurance sources and through publicly operated TDI funds. Benefits paid in 1976 in the four States for which data were available¹ (California, New Jersey, New York, and Rhode Island) and the Federal program for railroad employees totaled \$994 million, \$55 million more than the 1975 figure. Almost two-thirds of the increase was in benefits paid to railroad workers. This dramatic rise, which occurred

¹Data on Hawaii and Puerto Rico were excluded for the reasons given in footnote 1, table 6.

despite a continuation of the decline in railroad employment, resulted from a major legislative change implemented in July 1975. In that month, the statutory maximum daily benefit almost doubled from \$12.70 to \$24.00 (\$25.00 effective July 1, 1976) and the initial unpaid waiting period was reduced from 7 to 4 days.

In addition to the increase for railroad workers, all other TDI jurisdictions except New York raised their benefit maximums in 1975 or 1976. Generally, these increases were intended to allow benefits to catch up with inflation in wages. Hawaii, New Jersey, and Rhode Island have automatic escalator clauses that raise the maximum without recourse to new legislation.

Benefits from publicly operated funds accounted for 58 percent of the total amount paid in 1976 under TDI programs, a proportion slightly higher than those for earlier years. For the first time, benefits paid by self-insurers (\$213 million) exceeded the amount paid under commercial group insurance policies. In 1960, by contrast, benefits paid by self-insurers had accounted for 30 percent of the total paid under privately administered TDI programs.

An illustration of the extent of protection under TDI programs is provided by comparing the ratio of wages lost in TDI jurisdictions to wage losses nationally with the corresponding ratio for benefits paid. Wage losses caused by temporary disability in TDI areas have consistently equaled about one-fourth of the national total. In 1976 the TDI area/national wage-loss ratio was 25 percent, compared with 26 percent the year before. In contrast, the ratio of benefit payments in TDI jurisdictions to the national total has been much higher than that for income loss. In 1976 the ratio was 34 percent, three percentage points less than the 1975 level and considerably below the all-time high of 48 percent in 1963. Although the TDI area/national benefits ratio has dropped over the years, in large part because of improved benefits in the voluntary sector, it still clearly reflects a higher aggregate level of benefit replacement in TDI areas than in non-TDI areas.

Private Insurance

Benefits paid for sickness and injury under private auspices continued to rise in 1976, to \$3.2 billion (table 7). This amount represented a moderate increase (7 percent) from the 1975 total, compared with a gain of almost 14 percent from 1973 to 1974. Premiums in 1976 totaled \$5.3 billion, 3 percent above the 1975 level. It should be noted that premiums for self-insurance and group insurance under public provisions are estimated primarily on the basis of benefit amounts for these programs and on the relationship of benefits to premiums for voluntary group insurance. Since 1960, benefits paid have amounted to approximately three-fifths to two-thirds of premiums earned. In recent years,

Table 5.—Group protection provided in relation to wage and salary loss, 1948–76
[Amounts in millions]

| Year | Wage and salary workers | | | | | | | | | | | | | | |
|---------------------|-------------------------|------------------------|------------------|-------------|------------------------|--|-------------|------------------------|--|-------------|------------------------|------------|-------------|------------------------|------|
| | Total | | Private industry | | | | | | | | | Government | | | |
| | | | Total | | | Covered by temporary disability insurance laws | | | Not covered by temporary disability insurance laws | | | | | | |
| | Income loss | Protection provided | | Income loss | Protection provided | | Income loss | Protection provided | | Income loss | Protection provided | | Income loss | Protection provided | |
| Amount ¹ | | Percent of income loss | Amount | | Percent of income loss | Amount | | Percent of income loss | Amount | | Percent of income loss | Amount | | Percent of income loss | |
| 1948 | \$3,632 | \$620 | 17.1 | \$3,199 | \$361 | 11.3 | \$391 | \$79 | 20.2 | \$2,809 | \$282 | 10.0 | \$432 | \$259.1 | 60.0 |
| 1949 | 3,602 | 689 | 19.4 | 3,127 | 398 | 12.7 | 483 | 105 | 21.7 | 2,644 | 293 | 11.1 | 475 | 299.9 | 63.1 |
| 1950 | 3,921 | 789 | 20.1 | 3,415 | 474 | 13.9 | 712 | 141 | 19.8 | 2,703 | 333 | 12.3 | 506 | 315.1 | 62.3 |
| 1951 | 4,495 | 996 | 22.2 | 3,902 | 606 | 15.5 | 1,059 | 209 | 19.7 | 2,843 | 397 | 14.0 | 593 | 390.1 | 65.8 |
| 1952 | 4,832 | 1,127 | 23.3 | 4,172 | 674 | 16.2 | 1,132 | 239 | 21.1 | 3,040 | 435 | 14.3 | 660 | 452.8 | 68.6 |
| 1953 | 5,199 | 1,204 | 23.2 | 4,508 | 722 | 16.0 | 1,213 | 269 | 22.2 | 3,295 | 453 | 13.7 | 691 | 481.3 | 69.7 |
| 1954 | 5,162 | 1,248 | 24.2 | 4,445 | 747 | 16.8 | 1,212 | 276 | 22.8 | 3,233 | 471 | 14.6 | 717 | 500.3 | 69.8 |
| 1955 | 5,574 | 1,370 | 24.6 | 4,807 | 825 | 17.2 | 1,299 | 290 | 22.3 | 3,508 | 535 | 15.3 | 767 | 544.7 | 71.0 |
| 1956 | 6,035 | 1,528 | 25.3 | 5,204 | 937 | 18.0 | 1,430 | 316 | 22.1 | 3,774 | 621 | 16.5 | 831 | 590.8 | 71.1 |
| 1957 | 6,336 | 1,651 | 26.1 | 5,443 | 1,024 | 18.8 | 1,512 | 360 | 23.8 | 3,931 | 664 | 16.9 | 893 | 626.4 | 70.1 |
| 1958 | 6,371 | 1,740 | 27.3 | 5,391 | 1,044 | 19.4 | 1,507 | 382 | 25.3 | 3,884 | 662 | 17.0 | 980 | 696.3 | 71.1 |
| 1959 | 6,680 | 1,847 | 27.6 | 5,670 | 1,123 | 19.8 | 1,530 | 411 | 26.0 | 4,090 | 712 | 17.4 | 1,010 | 723.8 | 71.7 |
| 1960 | 7,462 | 2,037 | 27.3 | 6,299 | 1,211 | 19.2 | 1,773 | 435 | 24.5 | 4,526 | 776 | 17.1 | 1,163 | 826.2 | 71.0 |
| 1961 | 7,527 | 2,135 | 28.4 | 6,294 | 1,241 | 19.7 | 1,770 | 465 | 26.3 | 4,524 | 776 | 17.2 | 1,233 | 893.8 | 72.5 |
| 1962 | 8,426 | 2,358 | 28.0 | 7,034 | 1,355 | 13.3 | 1,983 | 495 | 25.0 | 5,051 | 860 | 17.0 | 1,392 | 1,002.8 | 72.0 |
| 1963 | 8,956 | 2,550 | 28.5 | 7,443 | 1,445 | 19.4 | 2,084 | 529 | 25.4 | 5,359 | 916 | 17.1 | 1,513 | 1,105.2 | 73.0 |
| 1964 | 9,065 | 2,617 | 28.9 | 7,520 | 1,485 | 19.7 | 2,085 | 537 | 25.8 | 5,435 | 948 | 17.4 | 1,545 | 1,132.6 | 73.3 |
| 1965 | 9,971 | 2,866 | 28.7 | 8,261 | 1,602 | 19.4 | 2,244 | 558 | 24.9 | 6,017 | 1,044 | 17.4 | 1,710 | 1,264.1 | 73.9 |
| 1966 | 10,833 | 3,124 | 28.8 | 8,961 | 1,735 | 19.4 | 2,408 | 581 | 24.1 | 6,553 | 1,154 | 17.6 | 1,872 | 1,388.8 | 74.2 |
| 1967 | 11,401 | 3,371 | 29.6 | 9,457 | 1,834 | 19.4 | 2,529 | 616 | 24.4 | 6,928 | 1,218 | 17.6 | 1,944 | 1,536.5 | 79.0 |
| 1968 | 13,032 | 4,013 | 30.8 | 10,756 | 2,247 | 20.9 | 2,852 | 699 | 24.5 | 7,904 | 1,548 | 19.6 | 2,276 | 1,765.9 | 77.6 |
| 1969 | 13,742 | 4,469 | 32.5 | 11,359 | 2,551 | 22.5 | 3,025 | 799 | 26.4 | 8,334 | 1,752 | 21.0 | 2,388 | 1,918.1 | 80.3 |
| 1970 | 15,161 | 5,178 | 34.2 | 12,408 | 2,953 | 23.8 | 3,261 | 880 | 27.0 | 9,147 | 2,073 | 22.7 | 2,753 | 2,225.3 | 80.8 |
| 1971 | 15,550 | 5,390 | 34.7 | 12,594 | 3,030 | 24.1 | 3,273 | 900 | 27.5 | 9,321 | 2,130 | 22.9 | 2,956 | 2,359.5 | 79.8 |
| 1972 | 17,641 | 6,035 | 34.2 | 14,302 | 3,390 | 23.7 | 3,653 | 969 | 26.5 | 10,649 | 2,421 | 22.7 | 3,339 | 2,644.8 | 79.2 |
| 1973 | 18,881 | 6,574 | 34.8 | 15,322 | 3,650 | 23.8 | 4,061 | 1,081 | 26.6 | 11,261 | 2,569 | 22.8 | 3,559 | 2,813.7 | 79.1 |
| 1974 | 19,852 | 7,284 | 36.7 | 16,085 | 4,144 | 25.8 | 4,202 | 1,171 | 27.9 | 11,883 | 2,973 | 25.0 | 3,767 | 3,010.1 | 79.9 |
| 1975 | 21,560 | 7,857 | 36.4 | 17,302 | 4,329 | 25.0 | 4,482 | 1,266 | 28.2 | 12,820 | 3,063 | 23.9 | 4,258 | 3,368.2 | 79.1 |
| 1976 | 24,373 | 8,793 | 36.1 | 19,729 | 4,953 | 25.1 | 5,003 | 1,372 | 27.4 | 14,726 | 3,581 | 24.3 | 4,644 | 3,670.4 | 79.0 |

¹Beginning 1973, includes benefits for the sixth month of disability payable under the old age survivors and disability insurance program (not

shown separately)

they have tended to register more toward the lower end of this range

Considerable variation is evident in the nature of changes in benefits paid under the various programs shown in table 7. Despite the overall increases for the year, benefits and premiums under individual insurance dropped 9–10 percent in 1976. For group insurance under public provisions, benefits and premiums also declined, while voluntary group insurance benefits and premiums rose sharply—by 16–18 percent. The decline in the individual insurance component in 1976 is consistent with the trend in the relationship of individual insurance and all other cash-sickness insurance over the preceding 10 years. In 1966, benefits paid under individual insurance accounted for 38 percent of all sickness-insurance benefits, by 1976 the percentage had dropped to 28 percent. The share paid under voluntary group insurance rose during the same period—from 44 percent to 57 percent.

Cash sickness benefits are not necessarily intended to replace fully the income lost to a worker while he is disabled. Private insurance benefits in particular are

usually established as partial income replacement. To discourage malingering, insurance plans ordinarily undertake to compensate for only a part of the weekly wage or salary loss and cover the first few days or first week of disability only when the disability results from an accident. These plans give recognition to the fact that insurance benefits, in contrast to wages, are often tax-free.

To gauge the adequacy of insurance in replacing wages lost during short-term sickness, table 8 compares the actual amount of insurance benefits (excluding sick leave) with the hypothetical amount of income loss considered potentially insurable. A few alternative insurance objectives are assumed, with the benefit provisions of some of the more liberal insurance policies used as guides. The amount of assumed income loss varies according to (1) what the alternative waiting periods are and (2) whether all or two-thirds of the gross weekly wage is to be replaced.

If the goal had been to replace two-thirds of a worker's weekly wage after a 7-day uncompensated waiting period, somewhat more than half the income

loss would have been covered in recent years. In 1976, insurance benefits amounted to almost 53 percent of this loss. By comparison, if the objective had been defined as providing a full-replacement benefit after a 3-day waiting period, benefits in 1976 would have indemnified less than 28 percent of the income loss.

Replacement rates for insurance benefits have not demonstrated any notable trend in recent years but have risen substantially over the full period presented, as table 8 reveals. In general, cash-benefit protection against short-term sickness continues to be only partly realized in this country. Currently, there is little to indicate any significant change, except in the provision of maternity benefits.

Paid Sick Leave

The other major form of income-loss protection against sickness is sick leave. In 1976, sick-leave payments totaled \$5.7 billion. Table 9 presents data on all sick-leave payments and on those to workers in private industry and government.

The nature of the payments in these two sectors is quite different. Most government workers are under exclusive sick-leave plans—that is, sick leave is the only form of compensation provided for this purpose. It is generally a full-pay replacement. Some workers in private industry—particularly executives and other higher-paid employees—also have this form of protection. In private industry, however, sick leave is often a “supplemental” benefit—a payment coordinated with insurance benefits, such as a sick-leave benefit available during the waiting period before insurance benefits are payable, and/or a partial wage-replacement payment to supplement weekly insurance payments.

Sick-leave payments to private employees registered a greater 1-year gain (16 percent) than did payments to public employees (9 percent). Payments to government workers in 1976, which amounted to \$3.7 billion, continued to be the larger of the two components. The large rise in private payments was partly a function of higher employment levels in private industry during 1976.

Data in table 10 highlight the effectiveness of exclusive sick-leave programs in replacing wages lost because of sickness. More than \$4.6 billion of the \$5.7 billion in sick-leave benefits paid during 1976 was exclusive compensation for income lost because of sickness. Because of the nature of this protection a high proportion of the income lost by workers covered under exclusive sick-leave programs is replaced—77 percent in 1976. As stated earlier, most government workers are under exclusive sick-leave plans, a type of protection much less likely to be found in private industry. Thus, workers in private industry received only about one-fifth of the exclusive sick-leave benefits paid, even though

Table 6.—Cash benefits under temporary disability insurance laws provided through private plans and through publicly operated funds, 1948–76¹

[In millions]

| Year | Total | Type of insurance arrangement | | |
|------|--------|-------------------------------|-----------------------------|--------------------------------------|
| | | Private plans ² | | Publicly operated funds ⁴ |
| | | Group insurance | Self-insurance ³ | |
| 1948 | \$66.4 | \$9.0 | \$0.3 | \$57.1 |
| 1949 | 89.2 | 22.3 | 4.8 | 62.1 |
| 1950 | 117.4 | 41.7 | 12.6 | 63.1 |
| 1951 | 174.2 | 81.1 | 32.2 | 60.9 |
| 1952 | 202.3 | 92.5 | 35.3 | 74.5 |
| 1953 | 230.2 | 102.0 | 37.7 | 90.5 |
| 1954 | 235.1 | 96.2 | 35.8 | 103.1 |
| 1955 | 244.6 | 97.0 | 38.2 | 109.4 |
| 1956 | 265.0 | 109.7 | 41.5 | 113.8 |
| 1957 | 305.3 | 129.5 | 48.6 | 127.2 |
| 1958 | 325.1 | 132.7 | 51.0 | 141.4 |
| 1959 | 353.2 | 135.2 | 54.3 | 163.7 |
| 1960 | 368.2 | 138.1 | 58.0 | 172.1 |
| 1961 | 396.6 | 141.3 | 60.1 | 195.2 |
| 1962 | 416.3 | 143.7 | 60.6 | 212.0 |
| 1963 | 442.2 | 130.6 | 67.6 | 243.9 |
| 1964 | 455.8 | 123.2 | 68.2 | 264.4 |
| 1965 | 466.7 | 124.8 | 72.8 | 269.1 |
| 1966 | 481.6 | 130.9 | 77.5 | 273.2 |
| 1967 | 507.1 | 139.1 | 83.3 | 284.7 |
| 1968 | 571.9 | 154.0 | 97.7 | 320.2 |
| 1969 | 654.9 | 171.7 | 109.5 | 373.7 |
| 1970 | 717.8 | 183.7 | 123.5 | 410.6 |
| 1971 | 721.3 | 184.0 | 126.4 | 410.9 |
| 1972 | 740.5 | 183.7 | 144.8 | 412.0 |
| 1973 | 799.3 | 193.6 | 159.9 | 445.9 |
| 1974 | 866.9 | 199.7 | 181.9 | 485.3 |
| 1975 | 939.2 | 210.6 | 190.3 | 538.3 |
| 1976 | 994.4 | 200.6 | 213.0 | 580.9 |

¹ Programs under the Railroad Unemployment Insurance Act and the laws of Rhode Island, California, New Jersey (beginning 1949), and New York (beginning 1950). Data for Hawaii not available. Excludes benefits in Puerto Rico (\$6.6 million in 1976) for consistency with wage loss data in table 1 and elsewhere. Excludes hospital benefits in California and hospital, surgical, and medical benefits in New York.

² Under the laws of California, New Jersey, and New York.

³ Employers may self-insure by observing certain stipulations of the law. Includes some union plans whose provisions come under the law.

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

they accounted for more than half the number of workers covered under some form of sick leave.

Maternity Benefits

Maternity is one cause of temporary income loss indemnified differently than others under typical sickness-benefit plans. Traditionally, women who have stopped work because of pregnancy either have had no protection against income loss or have been covered under plans that provide a shorter period of coverage than that provided under other types of temporary disability. A survey of the status of health insurance plans in private industry at the beginning of 1974 showed that about one-third of the workers covered under sickness-benefit programs had no maternity protection and that almost all the rest had benefits of

Table 7.—Premiums and benefit payments for private insurance against income loss, 1948–76¹

[In millions]

| Year | Total | Under voluntary provisions | | | | Under public provisions | | |
|-------------------------|---------|----------------------------|------------------------------|-----------------------------------|-----------------------------|-------------------------|------------------------------|-----------------------------|
| | | Total | Group insurance ² | Individual insurance ² | Self-insurance ³ | Total | Group insurance ² | Self insurance ⁴ |
| Premiums | | | | | | | | |
| 1948 | \$558.9 | \$545.8 | \$162.2 | \$350.0 | \$33.6 | \$13.1 | \$12.7 | \$0.4 |
| 1949 | 603.6 | 564.8 | 177.8 | 355.0 | 32.0 | 38.8 | 31.9 | 6.9 |
| 1950 | 685.3 | 609.4 | 225.6 | 360.0 | 23.8 | 75.9 | 58.3 | 17.6 |
| 1951 | 804.7 | 660.9 | 269.4 | 366.0 | 25.5 | 143.8 | 102.9 | 40.9 |
| 1952 | 874.0 | 718.2 | 286.2 | 405.4 | 26.6 | 155.8 | 112.8 | 43.0 |
| 1953 | 1,026.0 | 839.5 | 321.5 | 494.8 | 23.2 | 186.5 | 136.2 | 50.3 |
| 1954 | 1,074.1 | 896.0 | 340.1 | 534.2 | 21.7 | 178.1 | 129.8 | 48.3 |
| 1955 | 1,133.9 | 955.1 | 386.2 | 547.8 | 21.1 | 178.8 | 128.3 | 50.5 |
| 1956 | 1,206.3 | 1,029.2 | 418.3 | 591.2 | 19.7 | 177.1 | 128.5 | 48.6 |
| 1957 | 1,346.9 | 1,129.7 | 453.7 | 654.4 | 21.6 | 217.2 | 157.9 | 59.3 |
| 1958 | 1,417.9 | 1,185.6 | 449.6 | 714.6 | 21.4 | 232.3 | 167.8 | 64.5 |
| 1959 | 1,526.4 | 1,293.6 | 484.1 | 787.8 | 21.7 | 232.8 | 166.1 | 66.7 |
| 1960 | 1,561.9 | 1,323.1 | 516.8 | 783.0 | 23.3 | 238.8 | 168.2 | 70.6 |
| 1961 | 1,630.5 | 1,375.2 | 516.0 | 835.9 | 23.3 | 255.3 | 179.1 | 76.8 |
| 1962 | 1,695.9 | 1,440.5 | 556.9 | 856.5 | 27.1 | 255.4 | 179.6 | 75.8 |
| 1963 | 1,704.3 | 1,459.9 | 560.0 | 870.0 | 29.9 | 244.4 | 161.0 | 83.4 |
| 1964 | 1,825.1 | 1,587.1 | 620.8 | 933.0 | 33.3 | 238.0 | 153.2 | 84.8 |
| 1965 | 1,940.9 | 1,682.5 | 710.9 | 933.1 | 38.5 | 258.4 | 163.0 | 95.4 |
| 1966 | 2,153.9 | 1,873.8 | 810.6 | 1,018.5 | 44.7 | 280.1 | 175.9 | 104.2 |
| 1967 | 2,265.8 | 1,955.2 | 853.1 | 1,048.6 | 53.5 | 310.6 | 194.3 | 116.3 |
| 1968 | 2,727.7 | 2,385.7 | 1,131.8 | 1,198.0 | 55.9 | 342.0 | 209.2 | 132.8 |
| 1969 | 3,076.7 | 2,677.3 | 1,304.5 | 1,304.5 | 68.2 | 399.4 | 243.9 | 155.5 |
| 1970 | 3,308.6 | 2,891.2 | 1,512.7 | 1,299.7 | 78.8 | 417.4 | 249.6 | 167.8 |
| 1971 | 3,583.7 | 3,140.9 | 1,597.3 | 1,454.2 | 89.4 | 442.8 | 262.5 | 180.3 |
| 1972 | 3,918.7 | 3,419.4 | 1,853.8 | 1,459.0 | 106.6 | 499.3 | 279.2 | 220.1 |
| 1973 | 4,240.8 | 3,718.6 | 1,942.0 | 1,671.0 | 105.6 | 522.2 | 286.0 | 236.2 |
| 1974 | 4,618.1 | 4,101.0 | 2,119.4 | 1,871.0 | 110.6 | 517.1 | 270.6 | 246.5 |
| 1975 | 5,172.3 | 4,592.1 | 2,214.2 | 2,257.0 | 120.9 | 580.2 | 304.8 | 275.4 |
| 1976 | 5,334.4 | 4,749.4 | 2,559.3 | 2,054.0 | 136.1 | 585.0 | 283.7 | 301.3 |
| Benefit payments | | | | | | | | |
| 1948 | \$286.8 | \$277.5 | \$115.0 | \$141.0 | \$21.5 | \$9.3 | \$9.0 | \$0.3 |
| 1949 | 322.0 | 294.9 | 124.7 | 150.0 | 20.2 | 27.1 | 22.3 | 4.8 |
| 1950 | 383.8 | 329.5 | 161.3 | 153.0 | 15.2 | 54.3 | 41.7 | 12.6 |
| 1951 | 500.8 | 387.5 | 212.4 | 157.0 | 18.1 | 113.3 | 81.1 | 32.2 |
| 1952 | 559.1 | 431.3 | 234.6 | 177.0 | 19.7 | 127.8 | 92.5 | 35.3 |
| 1953 | 606.2 | 466.5 | 241.0 | 209.0 | 16.5 | 139.7 | 102.0 | 37.7 |
| 1954 | 629.1 | 497.1 | 251.8 | 230.0 | 15.3 | 132.0 | 96.2 | 35.2 |
| 1955 | 692.4 | 557.2 | 292.0 | 250.0 | 15.2 | 135.2 | 97.0 | 38.2 |
| 1956 | 802.5 | 651.3 | 357.3 | 278.0 | 16.0 | 151.2 | 109.7 | 41.5 |
| 1957 | 874.4 | 696.3 | 372.3 | 307.2 | 16.8 | 178.1 | 129.5 | 48.6 |
| 1958 | 909.1 | 725.4 | 355.9 | 353.4 | 16.1 | 183.7 | 132.7 | 51.0 |
| 1959 | 990.1 | 800.6 | 394.2 | 389.6 | 16.8 | 189.5 | 135.2 | 54.3 |
| 1960 | 1,031.2 | 835.1 | 424.1 | 392.8 | 18.2 | 196.1 | 138.1 | 58.0 |
| 1961 | 1,051.6 | 850.2 | 406.8 | 425.9 | 17.5 | 201.4 | 141.3 | 60.1 |
| 1962 | 1,089.2 | 884.9 | 445.8 | 418.5 | 20.6 | 204.3 | 143.7 | 60.6 |
| 1963 | 1,122.6 | 924.4 | 454.2 | 447.2 | 23.0 | 198.2 | 130.6 | 67.6 |
| 1964 | 1,199.6 | 1,008.2 | 498.9 | 483.9 | 25.4 | 191.4 | 123.2 | 68.2 |
| 1965 | 1,249.7 | 1,052.1 | 541.6 | 482.6 | 27.9 | 197.6 | 124.8 | 72.8 |
| 1966 | 1,356.1 | 1,147.7 | 603.2 | 512.9 | 31.6 | 208.4 | 130.9 | 77.5 |
| 1967 | 1,396.7 | 1,174.3 | 610.5 | 527.4 | 36.4 | 222.4 | 139.1 | 83.3 |
| 1968 | 1,732.8 | 1,481.1 | 832.9 | 609.1 | 39.1 | 251.7 | 154.0 | 97.7 |
| 1969 | 1,882.1 | 1,600.9 | 919.9 | 635.4 | 45.6 | 281.2 | 171.7 | 109.5 |
| 1970 | 2,169.6 | 1,862.4 | 1,113.6 | 693.7 | 55.1 | 307.2 | 183.7 | 123.5 |
| 1971 | 2,219.9 | 1,909.5 | 1,119.1 | 730.9 | 59.5 | 310.4 | 184.0 | 126.4 |
| 1972 | 2,386.4 | 2,057.9 | 1,219.3 | 772.0 | 66.6 | 328.5 | 183.7 | 144.8 |
| 1973 | 2,530.8 | 2,177.3 | 1,314.4 | 795.0 | 67.9 | 353.5 | 193.6 | 159.9 |
| 1974 | 2,875.4 | 2,493.8 | 1,565.3 | 851.0 | 77.5 | 381.6 | 199.7 | 181.9 |
| 1975 | 2,982.6 | 2,581.7 | 1,529.4 | 973.0 | 79.3 | 400.9 | 210.6 | 190.3 |
| 1976 | 3,194.5 | 2,780.9 | 1,808.4 | 881.0 | 91.5 | 413.6 | 200.6 | 213.0 |

¹Beginning 1960 data include Alaska and Hawaii

²Data (including fraternal) provided by the Health Insurance Association of America for the United States on premiums earned and losses incurred by commercial companies, by type of insurance benefits adjusted to include accidental death and dismemberment provisions in individual policies insuring against income loss to offset understatement caused by the omission of current short term income loss insurance in automobile resident liability life and other

policies For 1956-76, dividends deducted from earned premiums (2-3 percent for group 1 percent for individual)

³Company and union-management trust fund trade union and mutual benefit association plans Excludes unfunded plans, included in table 9

⁴Company, union and union-management plans under California, New Jersey, and New York laws whether or not funded

Table 8.—Insurance benefits as percent of estimated potentially insurable and compensable income loss¹ for workers without exclusive formal sick leave, 1948–76

[Amounts in millions]

| Year | Amount of insurance benefits ² | As a percent of income loss— | | | |
|------|---|---------------------------------|------------|---------------------------------|------------|
| | | After first 3 days ³ | | After first 7 days ⁴ | |
| | | Total | Two-thirds | Total | Two-thirds |
| 1948 | \$343 | 12.2 | 18.3 | 15.5 | 23.3 |
| 1949 | 384 | 14.3 | 21.4 | 18.2 | 27.3 |
| 1950 | 447 | 15.3 | 22.9 | 19.5 | 29.2 |
| 1951 | 562 | 16.8 | 25.2 | 21.4 | 32.1 |
| 1952 | 634 | 18.0 | 27.0 | 22.9 | 34.4 |
| 1953 | 697 | 18.7 | 28.1 | 23.9 | 35.8 |
| 1954 | 733 | 20.0 | 30.0 | 25.5 | 38.2 |
| 1955 | 802 | 20.4 | 30.6 | 26.0 | 39.0 |
| 1956 | 917 | 21.8 | 32.6 | 27.7 | 41.5 |
| 1957 | 1 002 | 22.8 | 34.2 | 29.0 | 43.5 |
| 1958 | 1 050 | 23.9 | 35.9 | 30.5 | 45.7 |
| 1959 | 1 154 | 25.2 | 37.8 | 32.1 | 48.1 |
| 1960 | 1 204 | 23.9 | 35.8 | 30.4 | 45.6 |
| 1961 | 1 247 | 24.9 | 37.3 | 31.6 | 47.4 |
| 1962 | 1 301 | 23.3 | 34.9 | 29.6 | 44.4 |
| 1963 | 1 366 | 23.3 | 34.9 | 29.7 | 44.5 |
| 1964 | 1,464 | 24.7 | 37.1 | 31.5 | 47.2 |
| 1965 | 1 519 | 23.4 | 35.1 | 29.8 | 44.6 |
| 1966 | 1 629 | 23.2 | 34.8 | 29.6 | 44.3 |
| 1967 | 1 681 | 23.1 | 34.7 | 29.5 | 44.1 |
| 1968 | 2 053 | 24.9 | 37.3 | 31.7 | 47.5 |
| 1969 | 2,256 | 26.3 | 39.4 | 33.4 | 50.1 |
| 1970 | 2,581 | 27.7 | 41.5 | 35.2 | 52.9 |
| 1971 | 2 630 | 27.8 | 41.7 | 35.4 | 53.1 |
| 1972 | 2 799 | 26.2 | 39.3 | 33.3 | 50.0 |
| 1973 | 3,087 | 26.7 | 40.0 | 34.0 | 50.9 |
| 1974 | 3,491 | 29.4 | 44.1 | 37.4 | 56.1 |
| 1975 | 3 681 | 29.0 | 43.5 | 36.9 | 55.4 |
| 1976 | 3 945 | 27.5 | 41.3 | 35.0 | 52.5 |

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

²Excludes sick leave payments

³Based on 70 percent of total income loss (from table 1), after omitting income loss of workers covered by exclusive sick leave (from table 10)

⁴Based on 55 percent of total income loss (from table 1) after exclusion of income loss of workers covered by exclusive sick leave plans (from table 10)

shorter duration when out of work because of pregnancy. Only about 1 percent were covered by plans providing the same benefits for maternity leave as for time lost because of sickness. Sickness-benefit plans with large coverage were more likely to contain maternity provisions than were smaller plans. This tendency is demonstrated by the fact that two-thirds of the workers under sickness-benefit plans had maternity coverage, but less than one-third of the sickness plans had this benefit provision.

The difference in income-loss protection for pregnancy and childbirth compared with that for other conditions covered by sickness-benefit plans has recently come under public scrutiny. As noted in an earlier report in this series,² Supreme Court decisions in 1974 and 1976 have upheld the exclusion or restriction of maternity benefits from both voluntary plans and from plans established under State TDI laws. Interest-

²See Daniel N. Price, "Cash Benefits for Short-Term Sickness, 1975," *Social Security Bulletin*, May 1977, pages 27–30

Table 9.—Estimated value of formal paid sick leave in private industry and in Federal, State, and local government employment, 1948–76¹

[In millions]

| Year | Total | Workers in private industry ² | | | Government workers | | |
|------|-------|--|--|---|--------------------|----------------------|------------------------------|
| | | Total | Not covered by temporary disability insurance laws | Covered by temporary disability insurance laws ³ | Total | Federal ⁴ | State and local ⁵ |
| 1948 | \$418 | \$158 | \$146 | \$12 | \$259 | \$148 | \$111 |
| 1949 | 464 | 164 | 149 | 16 | 300 | 173 | 127 |
| 1950 | 495 | 180 | 156 | 24 | 315 | 172 | 143 |
| 1951 | 591 | 201 | 166 | 35 | 390 | 221 | 169 |
| 1952 | 670 | 213 | 181 | 37 | 453 | 254 | 199 |
| 1953 | 716 | 235 | 196 | 38 | 482 | 262 | 220 |
| 1954 | 745 | 245 | 205 | 40 | 500 | 252 | 248 |
| 1955 | 818 | 273 | 228 | 45 | 545 | 269 | 276 |
| 1956 | 889 | 299 | 248 | 50 | 591 | 280 | 311 |
| 1957 | 956 | 330 | 275 | 55 | 627 | 290 | 337 |
| 1958 | 1 043 | 346 | 290 | 57 | 696 | 315 | 381 |
| 1959 | 1 082 | 359 | 301 | 58 | 724 | 315 | 408 |
| 1960 | 1 226 | 400 | 334 | 66 | 826 | 348 | 478 |
| 1961 | 1 314 | 420 | 352 | 68 | 894 | 376 | 518 |
| 1962 | 1 475 | 472 | 394 | 79 | 1 003 | 414 | 589 |
| 1963 | 1 631 | 526 | 439 | 87 | 1 105 | 450 | 655 |
| 1964 | 1 637 | 505 | 424 | 81 | 1 133 | 445 | 687 |
| 1965 | 1 830 | 566 | 475 | 91 | 1 264 | 488 | 776 |
| 1966 | 2 008 | 619 | 519 | 100 | 1,389 | 523 | 866 |
| 1967 | 2 217 | 680 | 572 | 109 | 1 536 | 574 | 962 |
| 1968 | 2 569 | 803 | 676 | 128 | 1 766 | 642 | 1 124 |
| 1969 | 2 848 | 930 | 786 | 144 | 1 918 | 712 | 1 206 |
| 1970 | 3 291 | 1 066 | 903 | 163 | 2 225 | 810 | 1,416 |
| 1971 | 3 490 | 1,130 | 951 | 179 | 2 360 | 863 | 1,497 |
| 1972 | 4 008 | 1,364 | 1,135 | 228 | 2 645 | 925 | 1 720 |
| 1973 | 4 282 | 1 469 | 1 187 | 282 | 2 814 | 987 | 1 826 |
| 1974 | 4 644 | 1 634 | 1 330 | 304 | 3 010 | 1 077 | 1 934 |
| 1975 | 5 149 | 1 781 | 1 454 | 326 | 3 368 | 1 168 | 2 201 |
| 1976 | 5 729 | 2 059 | 1 682 | 377 | 3 670 | 1 253 | 2 418 |

¹Beginning 1960 data include Alaska and Hawaii. Beginning 1959 data adjusted to reflect changes in sickness experience (average number of disability days) as reported in the Health Interview Survey of the Public Health Service. Beginning 1967 no adjustment made in Federal workers data.

²Sum of estimated value of formal paid sick leave for employees with (1) sick leave but no other group protection and (2) sick leave supplemental to group insurance or other forms of group protection including publicly operated funds. Under each category number of employees was adopted from Health Insurance Council *Annual Survey of Accident and Health Coverage in the United States, 1948–54*, after reducing estimates of exclusive sick-leave coverage in early years by a third to allow for exclusion of informal sick leave plans and conversion of exclusive protection to supplemental protection under temporary disability insurance laws. Later year estimates based on nationwide projection of formal paid sick leave coverage reported for plant and office workers in the community wage surveys of the Bureau of Labor Statistics. Assumes that workers in private industry receive an average of 4 days of paid sick leave a year, excluding other protection, and 3.2 days when they have other group protection. Daily wages obtained by dividing average annual earnings per full-time private employee as reported in table 6.7 in *National Income and Product Accounts of the United States, 1929–74, Statistical Tables, 1977*, and in the *Survey of Current Business, National Income Issue*, published annually Department of Commerce by 255 (estimated workdays in a year).

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

⁴Based on studies showing that Federal employees use paid sick leave of 7.7 days on the average for nonoccupational sickness, equivalent to 3 percent of payroll. Payroll data derived by multiplying number of paid civilian full-time employees in all branches of the Federal Government in the United States by their mean earnings as reported in *Pay Structure of the Federal Civil Service*, annual report U.S. Civil Service Commission. Beginning 1967 payroll data obtained from *Federal Civilian Manpower Statistics*, U.S. Civil Service Commission.

⁵Assumes that number of State and local government employees covered by formal sick leave plans increased gradually from 65 percent of the total number employed full-time in 1948 to 90 percent currently and that workers covered by such plans received, on the average, paid sick leave ranging from 5.2 days in 1948 to 6.1 currently. Number of full-time employees from *Public Employment*, annual reports, Bureau of the Census. Daily wages obtained by dividing average annual earnings per full-time State and local employee as reported in Department of Commerce data (see footnote 2), by 255 (estimated workdays in a year).

ingly, two TDI States (California and New York) that previously excluded pregnancy from coverage subsequently changed their laws to permit a limited pregnancy benefit. Among the six TDI programs, only the one in Puerto Rico currently does not contain a cash benefit for maternity. Except in Rhode Island, the weekly benefit amount for maternity was the same as that for other disabilities. The provisions on duration of benefits for maternity are listed below.

| State | Maximum duration |
|------------------|---|
| California | 3 weeks before and 3 weeks after termination of pregnancy |
| Hawaii | 26 weeks (same as for other disabilities) |
| New Jersey | 4 weeks before and 4 weeks after termination of pregnancy |
| New York | 8 weeks |
| Puerto Rico | None |
| Railroad program | 26 weeks (same as for other disabilities) |
| Rhode Island | Not applicable (lump sum of up to \$250 payable at birth) |

In addition, the arbitrator in a recent labor-management dispute ruled that pregnancy is not a sickness for the purposes of sick-leave and insurance programs and that such plans cannot be required to pay benefits for pregnancy unless such payments are specifically provided for in the plans.³ This controversial issue will no doubt continue to be debated. Federal legislative proposals to require full maternity benefits under all sickness-benefit plans are currently the focus of attention.

Data on the use of maternity benefits have been reported for three publicly operated plans—those for California, New Jersey, and the railroad industry. The California State plan, which began providing cash benefits for up to 3 weeks before and 3 weeks after delivery in 1977, reported an average benefit duration of 4.6 weeks for the October 1977–March 1978 period, with weekly benefits averaging \$83. For these 2 quarters, total benefits paid (including benefits for normal pregnancy) exceeded the amounts paid without maternity benefits by about 5 percent.

Under the New Jersey public fund the average duration per maternity benefit claim has been near the maximum in recent years. In 1976, this program paid benefits for an average of 7.8 weeks, and the average weekly benefit was \$76. Maternity benefits added almost 15 percent to aggregate benefits paid for sickness in 1976.

³ See the summary of Dentler-Facs and Meat Cutters Local 171, FMCS No. 77-K-05998, September 2, 1977, in *Pension Reporter* (Bureau of National Affairs, Inc.), October 24, 1977.

Table 10.—Estimated value of formal paid sick leave in relation to income loss due to short-term sickness among workers covered by exclusive formal sick-leave plans,¹ 1948–76

| [Amounts in millions] | | | |
|-----------------------|-------------|---|---|
| Year | Income loss | Value of sick leave under exclusive plans | Ratio (per cent) of sick leave to income loss |
| 1948 | \$569 | \$378 | 66.4 |
| 1949 | 605 | 417 | 68.9 |
| 1950 | 639 | 434 | 67.9 |
| 1951 | 726 | 509 | 70.1 |
| 1952 | 808 | 578 | 71.5 |
| 1953 | 850 | 614 | 72.2 |
| 1954 | 879 | 636 | 72.4 |
| 1955 | 958 | 694 | 72.4 |
| 1956 | 1,030 | 748 | 72.6 |
| 1957 | 1,113 | 804 | 72.2 |
| 1958 | 1,211 | 879 | 72.6 |
| 1959 | 1,213 | 910 | 75.0 |
| 1960 | 1,394 | 1,038 | 74.5 |
| 1961 | 1,495 | 1,124 | 75.2 |
| 1962 | 1,667 | 1,254 | 75.2 |
| 1963 | 1,841 | 1,385 | 75.2 |
| 1964 | 1,845 | 1,401 | 75.9 |
| 1965 | 2,057 | 1,566 | 76.1 |
| 1966 | 2,252 | 1,711 | 76.0 |
| 1967 | 2,457 | 1,888 | 76.8 |
| 1968 | 2,811 | 2,178 | 77.5 |
| 1969 | 3,033 | 2,364 | 77.9 |
| 1970 | 3,448 | 2,717 | 78.8 |
| 1971 | 3,642 | 2,873 | 78.9 |
| 1972 | 4,235 | 3,296 | 77.8 |
| 1973 | 4,536 | 3,521 | 77.6 |
| 1974 | 4,833 | 3,758 | 77.8 |
| 1975 | 5,448 | 4,223 | 77.5 |
| 1976 | 5,986 | 4,626 | 77.3 |

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

Railroad workers receiving benefits for maternity were on the rolls for an average of 15.3 weeks during the 12 months ended June 1976, and received an average of \$117 a week. Since the railroad industry employs men predominantly, the amount of maternity benefits during that period was modest in relation to the total payments for other sickness—a little more than 3 percent.

Technical Note

The income-loss estimates used here are designed to reflect the loss of current earnings during the first 6 months of a nonoccupational illness or injury. This definition encompasses almost all the worktime lost because of a temporary disability and the first 6 months lost because of a long-term disability. The estimates include, in addition to actual income loss, the potential loss—that is, income that would have been lost if there were no sick-leave plan to continue wages and salaries during periods of illness. Payments under such plans are counted here as benefits that offset the potential wage loss.

Under this concept, the average annual duration of worktime loss has been estimated at 7 days for wage and salary workers in private industry, 8 days for Federal employees, and 7 days for State and local government workers. These averages have been modified annually, starting with 1959, to reflect the actual year-to-year overall variations in sickness rates as reported by the annual Health Interview Survey of the Public Health Service. These survey data are used as a measure of year-to-year variations rather than as the measure of average number of income days lost because of several significant conceptual differences between that survey and the Social Security Administration series.

To make the annual adjustment, a rate of sickness among workers is compiled by means of the Public Health Service data. Expressed as an index with 1958 as the base of 100, the rate for 1976 has been computed as 102. In 1975 the rate was 100. This rate has stayed within the 100–105 range for 10 years.

Starting with this article the annual adjustment for changes in Federal employee workloss days has been discontinued and eliminated in the revision of the series back to 1967. Examination of related data on sick-leave benefits paid has shown that the adjustment did not improve the estimates for this sector. A better match is produced with Civil Service Commission information without the adjustment. It is reasonable to expect that a

national sickness index of the kind compiled by the Social Security Administration might not apply consistently to Federal workers because they are concentrated in certain areas of the country.

The Social Security Administration estimates for Federal Government sick-leave payments also have been revised back to 1967. A Civil Service Commission payroll series for all workers, rather than the payroll data for full-time workers used formerly, is now being applied to the estimated number of annual days of sick leave used. In addition, sick-leave payments reported by the Civil Service Commission have been used to adjust the series estimated by the Social Security Administration.

The revised figures on the use of Federal sick leave are higher than those in the old series, and by substantial amounts for the past few years. The largest adjustment, for 1974, involved an increase of \$171 million from the previous estimate, to a new total of \$1,077 million. The main difference in the Federal sick-leave amounts is that they now include sick leave for part-time employment. Because part-time employment has grown significantly in the 1970's,⁴ it is particularly appropriate to make this revision now.

⁴Part-time Federal employment rose from 66,739 in June 1970 to 165,667 in January 1977. See Civil Service Commission, *Federal Civilian Manpower Statistics*, various issues.