

United States

Exchange rate: U.S.dollar (U.S.\$).

Old Age, Disability, and Survivors

Regulatory Framework

First and current law: 1935, with amendments.

Type of program: Social insurance system.

Coverage

Gainfully occupied persons, including self-employed persons.

Exclusions: Casual agricultural and domestic employees, some categories of self-employed (when annual net income is below U.S.\$400), and some federal employees hired before 1984.

Voluntary coverage for employees of state and local governments (mandatory coverage for employees of state and local governments not covered under a retirement system, effective July 1, 1991), and clergy. Voluntary coverage applies in the United States, Puerto Rico, Northern Mariana Islands, Virgin Islands, Guam, and American Samoa, and to citizens and residents employed abroad by U.S. employers.

Special systems for railroad employees, federal employees, and many employees of state and local governments.

Source of Funds

Insured person: 6.2% of earnings; self-employed persons contribute 12.4%.

Employer: 6.2% of payroll.

Government: Total cost of the means-tested allowance.

Maximum annual earnings for contribution and benefit purposes are U.S.\$87,000.

Maximum earnings for contribution and benefit purposes are automatically adjusted to wage levels.

Qualifying Conditions

Old-age pension: Effective for workers retiring at age 65 in 2003, the age at which one can receive an unreduced benefit (the full retirement age) has been raised from age 65 to age 65 and 2 months. The full retirement age will increase gradually to age 67 by 2027. Insured persons may receive reduced benefits as early as age 62. The insured must have 40 quarters of coverage; less for those who reach age 62 before 1991. The pension is reduced by U.S.\$1 for every U.S.\$2 of earnings above U.S.\$11,520 a year for people under age 65 and by U.S.\$1 for every U.S.\$3 of earnings above U.S.\$30,720 for beneficiaries aged 65 to 69.

Earnings limits are adjusted annually according to average wage increases.

Pensions can be paid to noncitizens abroad if reciprocity exists. However, noncitizen's dependents and survivors who were first eligible after 1984 generally must meet a residency test.

Means-tested old-age benefit: For persons aged 65 or older with low income and limited resources. The means test is based on earned and unearned income, including benefits.

Disability pension: Inability to engage in substantial gainful activity due to an impairment that is expected to last at least 1 year or result in death. The insured must have 1 quarter of coverage for each year since age 21 up to the year of the onset of disability, up to a maximum of 40 quarters of coverage. The insured must also have 20 quarters of coverage in the 10-year period before the onset of disability.

The qualifying conditions for young and blind persons are more liberal.

Means-tested disability benefit: For disabled and blind persons under age 65 with low income and limited resources. The means test is based on earned and unearned income, including benefits. Certain impairment-related work expenses are deductible from income.

Survivor pension: The insured was a pensioner or had 1 quarter of coverage for each year since age 21 up to the year before the year of death, up to a maximum of 40 quarters of coverage.

In the case of orphans or a nonaged widow(er) with an eligible dependent orphan, the qualifying conditions are 6 quarters of coverage in the 13 quarters ending with the quarter in which the death occurred.

Old-Age Benefits

Old-age pension: The pension is based on covered earnings averaged over the period after 1950 (or age 21, if later) and indexed for past wage inflation, up to age 62 (or death, if earlier) excluding the 5 years with the lowest earnings. (Earnings in years outside this period may be substituted, if higher.) The pension is available at age 62 but is reduced for each month of receipt prior to the full retirement age.

There is no minimum pension for insured persons reaching age 62 after 1981.

The maximum monthly pension for workers retiring at the full retirement age in 2003 is U.S.\$1,741.

Pension increment: An increment is provided for each month the insured delays retirement at the full retirement age, up to age 69. The increment amount depends on the year the insured person reached age 62. In 2003, the increment is 7.5% a year for those aged 62.

Benefit adjustment: Automatic adjustment for cost-of-living changes.

Dependents' allowance: 50% of the insured's pension is paid to a wife or a husband (or divorced spouse, if the marriage lasted 10 years) at the full retirement age (reduced if age 62 up to the full retirement age) or to a wife or a husband at any age

caring for a child under age 16 or disabled; to each child (or dependent grandchild) under age 18 or aged 18 to 19 and attending elementary or secondary school full time (no age limit if disabled before age 22).

The maximum family pension ranges from 150% to 188% of the insured's basic pension.

The maximum monthly family benefit for an insured person retiring at the full retirement age in 2003 is U.S.\$3,047.

Means-tested old-age benefit: The maximum monthly benefit is U.S.\$552 for an individual or U.S.\$829 for a couple.

Benefit adjustment: Benefits are adjusted annually for cost-of-living changes.

Permanent Disability Benefits

Disability pension: The pension is based on covered earnings averaged over the period after 1950 (or age 21, if later) and indexed for past wage inflation, up to the onset of disability, excluding up to 5 years with the lowest earnings.

Benefit adjustment: Automatic adjustment for cost-of-living changes.

There is no minimum pension for insured persons becoming disabled after 1981.

The maximum monthly pension for insured persons who become disabled at age 50 in 2003 is U.S.\$1,952. The maximum pension for insured persons disabled at any other age is computed on the basis of that age.

Dependents' allowance: 50% of the insured's pension is paid to a wife or a husband (or a divorced spouse, if the marriage lasted 10 years) at the full retirement age (reduced if age 62 up to the full retirement age) or to a wife or a husband at any age caring for a child under age 16 or disabled; to each child (or dependent grandchild) under age 18 or aged 18 to 19 and attending elementary or secondary school full time (no age limit if disabled before age 22).

The maximum family pension ranges from 100% to 150% of the insured's basic pension.

The maximum monthly family benefit for an insured person who becomes disabled in 2003 is U.S.\$2,929.

Means-tested disability benefit: The maximum monthly benefit is U.S.\$552 for an individual or U.S.\$829 for a couple.

Benefit adjustment: Benefits are adjusted annually for cost-of-living changes.

Survivor Benefits

Survivor pension: 100% of insured's pension at the full retirement age (reduced if age 60 up to the full retirement age); a reduced pension is paid if the insured was disabled at age 50 to 59. The pension is payable to a widow(er) (or a surviving divorced spouse, if the marriage lasted 10 years); 75% of the insured's pension for a widow(er) or surviving divorced spouse at any age caring for a child under age 16 or disabled.

Orphan's pension: 75% of the insured's pension for each child under age 18 or aged 18 to 19 and attending elementary or secondary school full time (no age limit if disabled before age 22).

Dependent parent(s): 82.5% of the insured's pension at age 62, or 150% for two eligible parents.

The maximum total family pension is based on the insured's pension.

The maximum monthly family benefit, if the insured died in 2003, is U.S.\$3,466.

Administrative Organization

Social Security Administration, an independent agency within the executive branch, administers the program through regional program centers, district offices, and branch offices.

Treasury Department supervises the collection of Social Security taxes through the Internal Revenue Service and supervises the payment of benefits and the management of funds.

Administered by the Social Security Administration, the Supplemental Security Income (SSI) program provides means-tested benefits.

Sickness and Maternity

Regulatory Framework

First and current laws

Cash benefits: Rhode Island (1942), California (1946), New Jersey (1948), New York (1949), Hawaii (1969), and Puerto Rico (1968).

Medical benefits: 1965 (health insurance for aged) and 1972 (health insurance for disabled).

Type of program: Social insurance systems.

Coverage

Cash benefits: Employees in industry and commerce in six jurisdictions. Most agricultural workers, except in New York.

Self-employed persons in California may elect to participate.

Contracting-out is allowed, except in Rhode Island. (There are no programs in 45 states.)

Special national system for railroad employees (cash benefits) and a federal/state system for the medically indigent (medical benefits).

Medical benefits

Hospitalization: Persons eligible for a pension and aged 65 or older, certain others who qualify at age 65, disability pensioners on rolls for more than 2 years, and persons with end-stage kidney disease.

Other medical services: Persons eligible for a pension aged 65 or older, certain others who qualify at age 65, disability pensioners on rolls for more than 2 years, persons with end-

stage kidney disease, and all other persons aged 65 or older through voluntary coverage.

Source of Funds

Insured person

Cash benefits: Up to 1.2% of taxable earnings, according to the jurisdiction.

Hospitalization: 1.45% (self-employed, 2.9%), paid by all workers who are covered for old-age, disability, and survivor benefits, plus some federal and state and local employees.

Other medical services: Pensioners contribute U.S.\$45.50 a month.

Employer

Cash benefits: Variable payroll contributions are paid in Hawaii, New Jersey, and New York; 0.5% of payroll in Puerto Rico.

Hospitalization: 1.45% of payroll.

Other medical services: None.

Government

Cash benefits: None.

Hospitalization: Total cost of hospitalization benefits for certain noninsured aged persons.

Other medical services: The balance of the cost for voluntary insurance.

The maximum annual earnings for contribution purposes for cash benefits are U.S.\$6,900 to U.S.\$38,000.

There are no maximum earnings for contribution purposes for hospitalization.

Qualifying Conditions

Cash benefits: For insured persons with the required minimum insured wages in the last year (from U.S.\$300 to U.S.\$6,900), specific weeks of employment in the last year (from 4 to 20 weeks), or a combination of these conditions.

Medical benefits

Hospitalization: Pensioners aged 65 or older, disabled persons entitled to disability benefits for at least 2 years, or persons with end-stage kidney disease.

Other medical services: Meets the requirement for hospitalization benefits, election of coverage, and payment of required premiums.

Sickness and Maternity Benefits

Sickness benefit: Cash benefits vary, depending on the jurisdiction; 75% of earnings (Rhode Island), 66.6% (Hawaii), and 53% (New Jersey). A variable proportion of quarterly or annual earnings (California, New York, and Puerto Rico). A supplement of U.S.\$5 a week per child up to a maximum of four children is payable in Rhode Island only.

Benefit is payable after 7-day waiting period (waived in California and Puerto Rico from the date of hospitalization) for up to 52 weeks.

The maximum benefit varies by jurisdiction.

Maternity benefit: Cash benefits vary, depending on the jurisdiction; 75% of earnings (Rhode Island), 66.6% (Hawaii), and 53% (New Jersey). A variable proportion of quarterly or annual earnings (California, New York, and Puerto Rico).

Workers' Medical Benefits

Hospitalization: Inpatient care is provided for stays of up to 90 days; the beneficiary is responsible for the first-day deductible of U.S.\$768 (amount adjusted each year) and, for the 60th to the 90th day, 1/4 of the first-day deductible amount per day. For inpatient care longer than 90 days, coverage is available for up to 60 lifetime reserve days (the beneficiary is responsible for 1/2 of the first-day deductible amount per day). Posthospital skilled nursing facility care for an additional 100 days (the patient pays U.S.\$96 for the 21st to the 100th day); laboratory and X-ray services for inpatients; and posthospital home health services.

Other medical services: Payment for 80% of reasonable charges above U.S.\$100 a year for physician's services, outpatient diagnostic and physical therapy, laboratory services, appliances, and transportation; 100% of reasonable charges for home health services (after a U.S.\$100 deductible is paid).

Persons eligible for both hospitalization and other medical services under the regular Medicare program, except for those with end-stage kidney disease, can as an alternative elect to participate in one of several types of Medicare Plus Choice plan if one is available in their jurisdiction.

Federal/state assistance programs: Medical services are provided to medically indigent persons of any age.

Dependents' Medical Benefits

Benefits are only for persons aged 65 or older who satisfy other qualifying requirements or who have end-stage kidney disease.

Hospitalization: Inpatient care is provided for stays of up to 90 days; the beneficiary is responsible for the first-day deductible of U.S.\$768 (amount adjusted each year) and, for the 60th to the 90th day, 1/4 of the first-day deductible amount per day. For inpatient care longer than 90 days, coverage is available for up to 60 lifetime reserve days (the beneficiary is responsible for 1/2 of the first-day deductible amount per day). Posthospital skilled nursing facility care for an additional 100 days (the patient pays U.S.\$96 for the 21st to the 100th day); laboratory and X-ray services for inpatients; and posthospital home health services.

Other medical services: Payment for 80% of reasonable charges above U.S.\$100 a year for physician's services, outpatient diagnostic and physical therapy, laboratory services, appliances, and transportation; 100% of reasonable

charges for home health services (after a U.S.\$100 deductible is paid).

Persons eligible for both hospitalization and other medical services under the regular Medicare program, except for those with end-stage kidney disease, can as an alternative elect to participate in one of several types of Medicare Plus Choice plan if one is available in their jurisdiction.

Federal/state assistance programs: Medical services are provided to medically indigent persons of any age.

Administrative Organization

Cash benefits: State employment security agencies, except in New York (Workers' Compensation Board) and Hawaii (Labor Department), deliver benefits.

Medical benefits: Department of Health and Human Services provides general supervision. Centers for Medicare and Medical Services provide the national administration of the program in cooperation with the Public Health Service, Social Security Administration, and state health departments.

Private carriers and public agencies, serving under contract as intermediary administrative agents, determine and make payments to providers of services or to patients.

Medical services are furnished by providers paid for directly by carriers, or through refunds to patients by carriers of part of the medical expenses.

Includes nonprofit Blue Cross and Blue Shield plans, commercial insurance companies, and group-practice prepayment plans.

Work Injury

Regulatory Framework

First laws: 1908 (federal employees) and 1911 (10 state laws).

Current laws: All states, Puerto Rico, District of Columbia, Guam, and Virgin Islands; federal employees, longshoremen, and harbor workers. Most laws were enacted before 1920.

Special federal program for miners (pneumoconiosis).

Type of program: Compulsory (elective for employers in three states) insurance through public or private carrier (according to the state) or self-insurance.

Coverage

Employees in industry and commerce generally and most public-sector employees.

Exclusions: Agricultural employees in 1/5 of all states; domestic servants in 1/2 of all states; casual employees in 3/5 of all states; employees of firms with fewer than three to five employees in 1/6 of all states.

Source of Funds

Insured person: Nominal contributions in a few states.

Employer: Total cost in most states and most of the cost in others, met through either insurance premiums varying with the assessed degree of risk or self-insurance. (The average cost in 1995 was about 2.05% of payroll.) Total cost of pneumoconiosis benefits for insured persons coming onto the employment rolls after 1973.

Government: None, except for own employees. Total cost of pneumoconiosis benefits for insured persons coming onto the employment rolls before 1974.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period, except for exposure to occupational disease.

Temporary Disability Benefits

66.6% of earnings in most states. The benefit is payable after a waiting period of 3 to 7 days (first day in Virgin Islands). Benefits are paid retroactively if the disability lasts a specified period, ranging from 4 days to 6 weeks.

Dependents' supplement: About 1/5 of all states provide supplements for dependents, in some instances as a lump sum.

The maximum weekly benefit is U.S.\$270 to U.S.\$714, according to the state.

Benefit adjustment: About 4/5 of all states increase benefits automatically with increases in state wages.

Permanent Disability Benefits

Permanent disability pension: 66.6% of earnings in most states, if totally disabled. The pension is limited to between 312 days and 500 weeks in nine jurisdictions.

Partial disability: The pension is proportionate to wage loss, or at the full rate for fewer weeks in the case of scheduled injuries.

Pneumoconiosis pension: The basic monthly pension is U.S.\$516.50. The family maximum monthly is U.S.\$1,037 (2002).

Constant-attendance supplement: Provided in some states. The supplement is payable for life or for the duration of the disability in 4/5 of all states. Some states provide limited supplements for a duration of 104 to 500 weeks; the maximum total benefit in others is U.S.\$100,000 to U.S.\$214,000.

Dependents' supplement: Provided in some states. The supplement is payable for life or for the duration of the disability in 4/5 of all states. Some states provide limited supplements for a duration of 104 to 500 weeks; the maximum total benefit in others is U.S.\$100,000 to U.S.\$214,000.

Workers' Medical Benefits

Medical care is provided for as long as is required in all states.

Survivor Benefits

Survivor pension: 35% to 70% of the insured's earnings for a widow(er); 60% to 80% for a widow(er) with dependent children.

Survivor pension (pneumoconiosis): The basic monthly pension is U.S.\$516.50. The family maximum monthly is U.S.\$1,037 (2002).

Other eligible survivors (some work injury laws and pneumoconiosis): Dependent parents, brothers, and sisters.

Funeral grant: A lump sum of U.S.\$700 to U.S.\$6,000, according to the state (1/2 of states pay U.S.\$3,000 or more).

Administrative Organization

Work injury: Administration of the program by state workers' compensation agencies in about 1/2 of all states, by state Departments of Labor in about 3/8 of all states, and by courts in three states.

Pneumoconiosis: The federal government was responsible before 1974; state participation was authorized after 1973. Government workers' compensation funds exist in about 1/3 of all states.

Employers must insure with the state fund in six states; may insure with the state fund or a private carrier in 14 states and with a private carrier in the remainder.

Self-insurance by employers is also permitted under all but three state laws.

Unemployment

Regulatory Framework

Federal law: 1935 (requires tax on employers, with offset for contributions paid to approved state programs; grants to states for administration; and minimum administrative standards).

State laws: All states, Puerto Rico, Virgin Islands, and District of Columbia have separate laws creating their own programs. State laws were first enacted between 1932 and 1937.

Type of program: Social insurance systems.

Coverage

Employees of firms in industry and commerce and employees of nonprofit organizations with four or more employees during 20 weeks in a year. Almost all state and local government workers, domestics, and 2/5 of farm workers are covered.

Exclusions: Some agricultural employees, employees of religious organizations, casual employees, family labor, and self-employed persons.

Special federal program for railroad employees.

Source of Funds

Insured person: None, except in Alaska, New Jersey, and Pennsylvania.

Employer

Federal tax: 0.8% of taxable payroll (6.2% basic rate minus a basic rate up to the 5.4% state contribution; includes the temporary basic rate of 0.2%) on the first U.S.\$7,000 annually. The base has been raised in 49 jurisdictions.

State programs: A basic rate of 5.4% in most states; actual rates vary from zero to 10% or more, according to the individual employer's experience.

Government: Federal government pays for the administration of state programs from the federal tax. The balance is used for loans to states or to finance the extended benefit program.

Qualifying Conditions

Unemployment benefits: About 3/4 of states require minimum earnings in the preceding base year equal to a specified multiple of the weekly benefit or high-quarter wages, or to specified total amount. Eight states require a specified number of weeks of employment (for example, from 15 to 20 weeks). The insured person must be registered with the employment service and be capable of and available for work. Unemployment is not due to voluntary leaving, misconduct, a labor dispute, or the refusal of a suitable offer (the length of the disqualification period varies among states).

Unemployment Benefits

Unemployment benefit: About 50% of earnings, according to diverse state formulas.

Dependents' supplement: About 1/4 of states provide from U.S.\$1 to U.S.\$95 a week for each child and sometimes for other dependents. The benefit is payable after a 1-week waiting period in most states for up to 26 weeks, according to the state.

Federal law provides up to 13 additional weeks in states with high unemployment.

Unemployment assistance: Assistance is available in some states to workers who are ineligible because of insufficient periods of covered employment and to needy unemployed persons who have exhausted benefit rights under the federal/state assistance programs.

Administrative Organization

Department of Labor administers the program nationally through its Employment Training Administration and Unemployment Insurance Service.

State employment security agencies, through local employment offices, are responsible for the administration of individual

state programs. More than half of agencies are within a department of the state government; the remainder are independent boards or commissions.

Family Allowances

Regulatory Framework

A federal/state system of aid (cash payments, social services, and job training) provides temporary assistance to needy families, and a system of liberalized refundable federal tax credits operates for low-income families with eligible children and for some single persons.