

## Unemployment Insurance Goals—1947: Recommendations for Improving State Legislation\*

THIS IS THE FIRST TIME in 6 years that the majority of State legislatures will meet in regular session under peacetime conditions. When the last regular sessions of State legislatures were held in 1945, the country was still engaged in a two-front war. Efforts were made then to prepare the program for the postwar period, although few individuals anticipated how soon the war would be over. The changes made in State unemployment insurance laws in 1945 and 1946 on the whole were in the direction of providing workers, unemployed as a result of the change-over of the economy from war to peace, with more adequate protection during these periods of unemployment. It is to be hoped that, during the coming State legislative sessions, much will be done toward making the program still more effective in the period ahead.

### *Role of Unemployment Insurance During Reconversion*

The country was indeed fortunate in having a well-established unemployment insurance system available when large-scale lay-offs from war industries began immediately after the Japanese surrender. Most of the workers who lost their jobs during the reconversion period were protected by unemployment insurance. Veterans, too, had protection against unemployment in the readjustment allowances provided under the "GI Bill of Rights" when the armed forces began wholesale demobilization. The efforts made during the war period to maintain a stand-by organization and to prepare the program for the days ahead when the total economy would shift from a war to a peacetime basis have stood us in good stead.

Most of that shift has already taken place. Ten million veterans have been returned to civilian employment,

\*Recommendations for improving State unemployment insurance provisions in the 1947 State legislative sessions, sent by the Social Security Administration to State employment security agencies.

which is now higher than in wartime. Fifty-eight million persons were engaged in employment in August, close to 9 million above the number in the same month in 1940. Unemployment is fluctuating at a figure below the minimum considered possible in a free enterprise system.

In this transition from war to peace, unemployment insurance played a vital role. To the worker laid off at the termination of the war, it offered security in his search for a job that would utilize his highest skills. It gave him time to look around for a job which offered the promise for continuing to utilize his highest skills; thus he was not forced to take any job at any wages or suffer a complete cessation of income. To the employer, it offered the possibility of hiring the best qualified workers who, because they had some chance to choose a job,

gave the best promise of becoming permanent employees. To the community, it infused confidence and dispelled fear, the enemy of healthy business expansion. It thus provided for a better utilization of the labor force of the country so necessary for maximum production.

Millions of workers were laid off after V-day, with the abrupt cancellation of war contracts. Although workers had acquired rights to higher benefits than ever before because of high wartime wages, continuous employment, and improved benefit provisions of State laws, many of the individuals who lost their wartime jobs took peacetime employment without even filing a claim. Their rights to substantial unemployment benefits did not prevent them from taking other jobs immediately when they were available. For others, loss of wartime jobs did not mean immediate reemployment in a peacetime job. Even among the 8 million civilian workers who filed claims for benefits in the year since V-day, about one-third were reemployed during the

TO: ALL STATE EMPLOYMENT SECURITY AGENCIES

I am enclosing herewith a statement, "Unemployment Insurance Goals—1947: Recommendations for Improving State Unemployment Insurance Legislation." This document emphasizes the broad areas to which we must give major attention now if the program is to have an important role in the years ahead. There is general agreement that State funds are more than sufficient at the present time for a more adequate program. The present period, therefore, provides a healthy environment for moving ahead and strengthening the State laws.

I know of no better system of protecting workers during their periods of unemployment between jobs than unemployment insurance. The system also helps to provide private enterprise with that economic setting so essential to its success. It can provide the community with assurance that other more costly and less desirable programs will not be needed.

It is important in our consideration of changes in the program that everything be done to make the program significant enough to protect the individual adequately over his period of unemployment. The program should also be administered as simply and economically as possible and should enlist the administrative support of as wide and varied groups in the community as possible. Only then can we achieve a widespread understanding of the role of unemployment insurance, its limitations and possibilities. Only by such understanding can the program perform its function in a democratic society . . .

Sincerely yours,

A. J. ALTMAYER  
Commissioner for Social Security.

waiting period and never drew a benefit check. The claimants who drew benefits remained on the rolls for about 11-12 weeks, far less than the duration of benefits to which they were entitled. In the week ended October 26, 1946, the 830,000 civilian unemployed workers who were drawing benefits represented only about 3 percent of the employed civilian covered workers. For the individuals who did continue to draw benefits, unemployment insurance performed a necessary function, not only for them but for society as a whole.

### *The Period Ahead*

We should not be lulled into a feeling of complacency about the future, however. It is true that employment is still high, and that shortage of workers today is the paramount manpower problem. Unemployment, we hope, will remain during the coming months at the low figure where it now is. But the necessary postwar adjustments of our economy have not all been made, and it may well be that 1947 will see those adjustments reflected in significant changes in production and employment. Under those circumstances, wisdom demands that we strengthen the program for both the immediate situation and the more distant future. Our experience has indicated that even in the period of a full-fledged war economy many people become unemployed for labor-market reasons. In a full-employment, peace economy with controls withdrawn, frictional unemployment will continue to exist and must be adequately compensated.

It is fortunate that we can face the period ahead with ample funds and with staff skilled in the administrative jobs that must be done. When the 1947 State legislative sessions convene, almost \$7 billion will probably have accumulated in the State unemployment funds. There is general agreement that these funds are sufficient for a more adequate program. There is every reason, therefore, why the States should examine their unemployment insurance programs now and make such changes as are desirable.

In the tasks that lie ahead, it will be the responsibility of the States, as expressed not only by Congress but by

representatives of the States themselves, to make the unemployment insurance program effective in the postwar period—effective for unemployed workers, for private enterprise, and for the community in general. The coverage of the laws should be extended to many workers not now included under unemployment insurance. Benefit rates must be increased in order to reflect the rise in weekly wages. Duration of benefits should be lengthened. No State yet provides for both a maximum weekly benefit of \$25 and a uniform duration of 26 weeks. The disqualification provisions need amendment in order that they not continue to nullify the purpose of the program, which is to compensate for involuntary unemployment. Consideration should be given to the payment of benefits to persons who have worked in covered employment and who, upon becoming unemployed, undertake training which will enhance their opportunity for employment. Administration should be simplified in order to expedite the payment of benefits, reduce the difficulties of employer reporting, increase the understanding of workers, and reduce administrative expenses. There needs to be a closer relationship between the administrative agencies and the beneficiaries of the program—workers, employers, and the public—if it is to continue to develop and meet the needs of the community. Only two States provide protection to workers when they are unemployed because of non-work-connected sickness or disability.

### *Coverage*

Regardless of the small amount of unemployment that exists at the moment, there still are millions of workers who, though potentially subject to the risk of unemployment, are without protection against it. Some of these individuals are now veterans who are protected by the readjustment allowance provisions of the GI Bill of Rights based wholly on military service. As they move into civilian employment not included in the unemployment insurance system, it will seem anomalous to them that they receive no protection during their periods of unemployment. Workers in small firms in many States, State and local government

employees, agricultural and domestic workers, and workers in nonprofit institutions are still without unemployment protection. There is general agreement that coverage should be extended to these groups. The States should give consideration to the significance of these groups in their total economy and extend the coverage of the system to as large a proportion of their wage-earning population as possible. A time of high-level employment is probably the best time for such action, instead of waiting until heavy unemployment besets the country and the unemployment insurance mechanism can be of little immediate aid for newly covered groups.

States which have not already done so should take advantage of recent congressional legislation permitting a State to cover maritime workers in private employment. Such employers are now subject to the Federal Unemployment Tax Act, while their employees are not entitled to any protection until covered by a State law. Some States, looking forward to possible extension of the Federal tax, have written provisions into their law which would automatically extend the coverage of their laws to any employment covered by the Federal Unemployment Tax Act. While States should continue to extend coverage beyond the limits of the Federal act, they might also include provision for the automatic extension of State coverage, in the event of extension of the Federal act.

### *Benefit Amount*

Under a system intended to compensate a certain fraction of wage loss, the benefits must constantly be examined in relation to changing wage patterns. Even with the changes that have been made, the weekly benefits provided under State laws have failed to keep pace with rising wage levels. Maximum benefits continue to limit the benefit rights of the great majority of claimants. In the first quarter of 1946, 70 percent of the claimants who established benefit rights were entitled to the maximum weekly payment. As a result, a large proportion of the workers drawing unemployment insurance are receiving less than half their previous earnings because of the limiting maximum

benefits. In that first quarter, average weekly benefits were less than 45 percent of average weekly earnings. In most States, in fact, the *maximum* weekly benefit is now less than half the *average* weekly earnings of covered workers. Only seven States now pay a maximum weekly benefit of \$25. If our unemployment insurance system is to maintain its role as a protector against a serious slump in living standards, the maximum should be raised to that level in the other States.

There are other ways of assuring the average worker a higher proportion of wage loss than he now receives. When the prices workers pay for basic necessities are rising markedly, a benefit pegged in relation to past wages decreases in adequacy, particularly for the worker with family obligations. If a worker without dependents requires 50 percent of wage loss as a safeguard against a drop in living standards, the worker with dependents needs a higher percentage.

The addition of dependents' allowances does not mean the abandonment of the wage-loss idea or the adoption of a "needs test" in unemployment insurance. Relating basic benefits to prior earnings assures claimants a minimum proportion of wages when they are unemployed and provides the flexibility necessary in a country with as wide a range in wages as the United States. By adding dependents' allowances we recognize the fact that the worker with a family must spend a higher proportion of his usual wages to buy food, pay his rent, and make the other purchases he cannot defer when he is unemployed. The addition of dependents' allowances is both a socially sound and an economical way to strengthen the program.

During the 1945 legislative sessions, Connecticut, Nevada, and Michigan joined the District of Columbia in increasing the weekly benefit for claimants with dependents, and in 1946 the Massachusetts Legislature added dependents' allowances to the law, effective April 1, 1947. Once the initial stages have been passed, the payment of dependents' allowances does not present any great administrative problems.

### *Duration of Benefits*

The extension of duration provisions made in the 1945-46 State legislative sessions, as well as high wartime earnings, has meant that the average worker could expect to receive benefits for about 20 weeks, in contrast to the average potential duration of about 13 or 14 weeks in 1941 and 1942.

Most of the improvements in the duration provisions of State laws have taken the form of increases in the maximum potential duration of benefits. In 1946, more than four-fifths of all covered workers were in the 34 States with a maximum duration of 20 weeks or more; under the 1940 laws, only 18 percent of all workers were in States with such provisions. In only one State can all insured workers receive benefits for as long as 26 weeks.

Only 14 States provide a uniform duration of benefits for all eligible workers. In the other States, potential duration of benefits is based on an individual's prior earnings and may be less than the maximum provided in the State law. In 21 States some eligible workers are still limited to less than 8 weeks of benefits. Because of high wartime earnings, not many workers would have qualified in the past year for such a short duration of benefits. In 2 States, however, no individual could receive benefits for as long as 16 weeks. As workers' annual earnings decline, moreover, the proportion with brief duration can be expected to increase markedly.

Even in the fiscal year 1945-46, more than a million workers exhausted their benefit rights. They represented about 40 percent of all beneficiaries. In some States more than half the claimants were still unemployed when they received their final check. This ratio varied from about 30 to 50 percent in most industrial States, where employment opportunities were good, and from about 50 to 80 percent in most agricultural States, where cessation of war activities left workers with few comparable job opportunities.

Despite the marked improvement in duration of benefits provided by State laws, each State law should provide 26 weeks' potential duration of benefits for every eligible claimant.

### *Disqualifications and Eligibility for Benefits*

Provisions for adequate benefits

can be defeated if the unemployment insurance laws contain unduly restrictive and unsound disqualification provisions. Although the trend toward severe disqualifications was curtailed during the State legislative sessions of 1945, many State laws still contain provisions which cancel or reduce a worker's benefit rights or postpone benefits unduly. Certainly every State law should contain provisions which disqualify a worker from receiving benefits if he leaves work voluntarily without good cause, if he loses his job through misconduct connected with his work, if he refuses suitable work without good cause, or if he is participating in a labor dispute. Such provisions are necessary to limit the risks covered by the program, but these provisions should not be viewed as penalties.

There is no place in the unemployment insurance program for imposing disqualifications for refusal of suitable work, voluntary leaving, and discharge for misconduct solely for punitive purposes. Disqualifications properly should prevent the payment of benefits for voluntary unemployment but never completely bar payments to eligible individuals who are involuntarily unemployed, able, willing, and available for work. Unemployment insurance should not be payable for periods of voluntary unemployment, but neither should it act to introduce rigidities in the system or hinder the free mobility of labor, especially in this period. Disqualifications might well be limited to a suspension of benefits for the weeks, up to 4 or 5, which immediately follow the act for which the individual is disqualified. Such suspensions are sufficient to deter workers from voluntarily becoming unemployed and to bar the compensation of voluntary unemployment. Cancellations or reductions in benefit rights, on the other hand, nullify the duration provisions and prevent the compensation of involuntary unemployment. By so doing they withdraw insurance protection from both business and workers and curtail the usefulness of unemployment compensation, particularly for the kind of economic period that is ahead. The administrators of the 26 State laws which contain provisions canceling all or part of a worker's benefit right for a disqualifying act

might well examine the decisions being made in the light of future problems and acceptable public policy.

In addition, good cause for leaving a job should not be limited to causes "attributable to the employer"; recognition should be given to good personal reasons. As long as the worker is available for work, good personal reasons for quitting a job are just as valid as reasons attributable to employers. The administrators of the 18 State laws containing such provisions should examine the implications of decisions they must make on mobility of labor, economic freedom of the individual, and compensation for involuntary unemployment. Disqualification provisions should not be used to prevent individuals from relocating in new communities or attempting to better themselves by trying for more desirable jobs.

Lastly, the special causes of disqualifications, such as disqualifications of women who get married, or because of pregnancy, which have been written into many State statutes, should be removed or modified so such cases could be handled by State administrative action, which appraises all the circumstances surrounding the individual case. While the elimination of such disqualifications from the statutes will increase the administrative burden on the State agencies, it will eliminate the inequitable treatment that now exists and will fulfill the function of compensating bona fide unemployment of individuals who are in fact able and willing to work and available for work.

In unemployment insurance a claimant's ability to work, availability for work, and refusal of suitable work are based on a weighing of various factors which are not always readily determinable and rest ultimately on sound, informed judgment. Yet a State agency in making these determinations must be certain that persons genuinely unemployed are declared eligible for benefits, and only persons who are not genuinely unemployed are declared ineligible. The fact that there are unfilled jobs in the community does not mean that workers should automatically be denied benefits. The existence of unfilled jobs while individuals are claiming

benefits is inevitable in a free enterprise system but does unquestionably present a situation that should be investigated to see if the characteristics of claimants match the specifications of the offered jobs. Where it is not possible to match jobs and applicants, unemployment insurance should perform its function of tiding workers over their periods of unemployment.

State agency concern about the phenomenon of unfilled jobs and claimants drawing benefits has recently taken the form of consideration of the extent to which claimants are "actively seeking work" on their own initiative. Translation of such concern into a general requirement that all claimants affirmatively establish that they are actively seeking work in addition to registering for work with the employment service would be administratively unwise since it provides too mechanical a measure of an individual's availability for work, which must be determined by a weighing of all the facts. Such a general requirement could easily result in rewarding the "chiseler" while punishing the unemployed individual who has canvassed the labor-market situation and knows about prospects for employment. Thus a claimant who persists in looking for work as a welder in areas where no welding is done is not proving his availability by his search for this type of work, nor is the claimant who knows that a plant where his skills are needed will open soon proving unavailability by the fact that he is not looking for other work. British experience with such a general requirement has proved that it not only fails to accomplish its purpose but places an unjustified burden on unemployed workers and on employers.

Some of the severe disqualification provisions have been included in State unemployment insurance laws because employers have questioned the reasonableness of having certain benefits charged to their accounts for experience-rating purposes. In some situations, the employer may in no way be responsible for the unemployment of a former worker who is entitled to benefits. For example, the last employer is not responsible if a worker had good personal reasons for a voluntary quit, nor is a base-period

employer responsible for the unemployment of a worker who has quit another employer, been disqualified, and still remains unemployed. Restrictive disqualification provisions are not necessary to prevent the charging of benefits paid under these and similar conditions. We have pointed out that all benefits need not be charged to employers' accounts provided that the benefits charged assure a reasonable measurement of an employer's experience with respect to the risk of unemployment. It is hoped that such policy will aid State agencies in reconsidering the disqualification provisions of their laws.

#### *Payment of Benefits to Young People While Undertaking Training*

At the present time, the State laws require that a claimant for unemployment insurance must, in order to be eligible for benefits, be available for work. In the administration of this condition, State administrative authorities most commonly find that claimants who are full-time attendants at educational institutions are not available for referral to work and consequently are not entitled to benefits. Therefore, claimants who might otherwise undertake special training or return to school because they have little likelihood of finding jobs with the skills they now have may be deterred from doing so because benefits would be withheld for the weeks of school attendance. In the interest of promoting greater training in order to enhance opportunities for employment, States might give consideration to amending their laws or revising their administrative practices to permit the payment of benefits if, though attending training, the individual is available for work and does not refuse suitable work without good cause. In such cases, the factors to be considered in determining whether the individual has good cause for refusing work should include consideration of whether the training will enable the individual to obtain work at a higher skill.

#### *Administrative Simplifications*

One of the primary concerns during this period should be the simplifica-

tion of procedures to reduce reporting burdens on employers, to expedite payment, and to promote public understanding. It will be important not only that benefits be adequate but that they be paid promptly. Much has already been done, but there is ample room for continued improvement if the program is to maintain the confidence and understanding of the public. One of the procedures that might aid greatly in the expeditious payment of benefits would be decentralization of benefit payments to local offices. Thirty-four States have already operated with some decentralization of the benefit-determination function, and other States have been studying similar plans.

Employers, especially large interstate employers, have complained about the burdens of variations in the forms used by State agencies for similar procedures—variations in reporting wages and contributions, in low-earnings reports, and separation reports. Elimination of any reports where feasible and simplification and uniformity where possible can relieve employers of unnecessary burdens. Additional simplifications can be made by eliminating the use of benefit payments in the formula for experience rating.

Good administration encompasses something more than the kind of organization and the kind of procedures that are established. It is the spirit and understanding of those who make up the organization and who carry out the procedures that count.

Each State agency must constantly review its law and procedures so that it can recommend changes to improve the administration of its law. Each State law should be written and administered so that the State agency can assume the initiative all along the line. It must make certain that employers do not avoid their obligations to pay contributions and that workers do not mulct the fund. It cannot sit back waiting for cases of dereliction to be brought to its attention, nor can it sit back expecting unemployed workers to know their rights and take advantage of them. It must remember at all times that it has an affirmative obligation to make certain that unemployment insurance is paid promptly and fully to workers

involuntarily unemployed and only to such workers.

### *Relations With Employer, Labor, and Public Groups*

In administering the unemployment insurance system, we must constantly strive to adjust the program to meet new problems as they arise. These problems cannot be solved simply on the basis of technical knowledge. They involve a realistic appraisal of social and economic factors. They involve assumptions as to the basic purposes of the law. They must take into account group attitudes and public opinion. That is why it is desirable for the State agency to work closely with an advisory council representing employers, employees, and members of the public, including outstanding citizens and persons versed in labor relations, social welfare, and related matters. Out of this discussion between the technicians of the State agency on the one hand and the advisory groups on the other can come the sound social judgment that is so essential to a social program such as unemployment insurance. The experience in most of the States that have used advisory councils has shown that they can be helpful in the progressive improvement of the program and in the development of community understanding of the complex issues involved in unemployment insurance.

In hearing appeals on claims denials, appeals tribunals composed of employers and employees perform a similar function. States which have no provision for the use of tripartite appeals boards should give consideration to the adoption of an amendment which would permit the use of such boards. While most appeals can be handled satisfactorily by referees, there are cases, especially cases which may set precedents, which involve grave and complicated issues of employer-employee relationships and which need the considered opinion of representatives of workers and employers as well as the judgment of an impartial representative. Such boards have been found effective in the administration of labor laws in many States; they bring the experience of labor and management to the settlement of the issues, and protect the agency from charges of arbitrariness in handling the issues.

### *Temporary Disability*

With a strengthened unemployment insurance system and an organization experienced in administering the unemployment insurance program, the States might well expand their social insurance protection by providing for a system of cash benefits to individuals when they are sick or temporarily disabled.

It makes little difference to workers, in terms of wage loss, whether they are unemployed because of lack of work or because of illness. As a matter of fact, the latter contingency places a double burden on workers because it results not only in cessation of earnings but in medical costs. Yet at the present time most industrial workers are protected against the former contingency and not the latter. Already two States, Rhode Island and California, have enacted temporary disability insurance laws in which the same State agency administering the unemployment insurance program is administering the temporary disability insurance program. Such an arrangement permits the use of a single set of wage records for determining benefit rights under both programs, results in greater efficiency of operations, and reduces total administrative costs. Other States are seriously considering enactment of similar laws.

Congress recently enacted legislation including benefits for temporary disability under the railroad unemployment insurance program. Congress also provided an inducement to State action in this area by permitting States to withdraw, for temporary disability insurance purposes, employee contributions they had deposited in the unemployment trust fund. Since the beginning of the program nine States—Alabama, California, Indiana, Kentucky, Louisiana, Massachusetts, New Hampshire, New Jersey, and Rhode Island—have collected employee contributions, some of them in substantial amounts. These employee contributions might well form the financial basis for embarking on systems of temporary disability insurance, since withdrawal of such employee contributions will not endanger the solvency of the State unemployment funds.

In 1945, the Social Security Board

issued a document entitled "Some Provisional Notes on a Program of Temporary Disability Compensation Administered by a State Employment Security Agency," and this document is now being revised to take account of new developments. The Social Security Administration stands ready to lend every assistance in formulating a sound program of temporary disability insurance and in developing an administration integrated with unemployment insurance.

### Conclusion

The next sessions of the State legis-

latures will probably convene at a time when employment is at high levels and unemployment remains low. However, major economic adjustments may occur within the next few years. Whether they take the form of a slight or a more severe recession we do not yet know. The task ahead, however, is to prepare the program for its maximum contribution to the maintenance of high-level employment in a free democratic society, through broadening its coverage and providing adequate benefits to individuals when they are unemployed because of lack of work or illness.

inaugurated to study the Nation's hospital facilities, has been helping the States in their surveys. To assist the Commission in its work, the U. S. Public Health Service has made technical personnel and physical facilities available to the staff. State health departments have given assistance and in some instances are actually conducting the studies. The introduction in January 1945 of the Hill-Burton bill, which authorized Federal grants to States for surveying hospital needs and for constructing hospitals and public health centers, and the hearings that followed gave great importance to the studies. This bill was enacted by the Seventy-ninth Congress as the Hospital Survey and Construction Act and was approved August 13, 1946.

## Recent State Legislation Concerning Prepayment Medical Care

By Margaret C. Klem\*

*In this study of State legislation in the field of voluntary prepayment medical care plans, the author points out the characteristic pattern followed in recent laws. As in all Bulletin articles, the opinions expressed are those of the author and do not necessarily reflect official views of the Social Security Administration.*

DURING THE PAST few years the increasing public interest in problems of medical economics has been expressed many times through legislation, either proposed or enacted, at both national and State levels.

On the national scene the Wagner-Murray-Dingell bill, which provides for personal health service on a compulsory insurance basis, has aroused most interest. The Senate hearings on the bill, which ran from April to mid-July of last year, brought together testimony from many of the Nation's most eminent authorities on the medical, economic, and social aspects of health problems.

State legislation has also assumed much importance during this period. Many States have made provisions for committees to study various aspects of personal health services, such as medical facilities, expenditures for medical care, and the need for more

adequate services to all or to certain groups of the State's population. Since 1943 alone, health commissions to inquire into the problems of medical care have been established through legislative action in nine States—California, Illinois, Maryland, New York, North Carolina, Rhode Island, South Carolina, Virginia, and West Virginia. Commissions have also been appointed, although not specifically authorized by legislative acts, in Alabama, Colorado, and Florida.

State interest in health matters is further evidenced by the fact that by February 1946, 18 months after the Commission on Hospital Care was set up by the American Hospital Association in cooperation with the Government, all 48 States and the District of Columbia had made plans for or were conducting State-wide hospital surveys. On January 31, 1946, studies were in progress in 31 States and the District of Columbia; 2 additional States had completed preliminary studies; studies had been authorized but not started in 8 States; and the other 7 were forming study groups.<sup>1</sup>

The Commission on Hospital Care,

<sup>1</sup> *Hospital Survey News Letter*, February 1946, p. 4.

### Nonprofit Medical Care Plans

Although all State legislation relating to medical problems is of interest to those who want to improve health conditions, one aspect is of particular concern to everyone interested in prepayment plans. Physicians, labor unions, industries, and various consumer groups who are sponsoring or hope to establish such plans will find significant implications in legislation which specifically authorizes the establishment and control of prepayment medical care organizations.

To date, 29 States have enacted laws dealing with medical service plans. More than half these laws were enacted during 1945 and the early part of 1946, when 15 States<sup>2</sup> passed such laws for the first time and 5 States<sup>3</sup> amended or reenacted legislation already in force. Thirty-six States have also passed laws regarding nonprofit hospital service plans.

### Medical Participation

Recent legislation on voluntary nonprofit prepayment medical care plans is particularly significant from one aspect—the provisions made for participation by physicians. The 15 States recently enacting new laws for the regulation of these plans have followed the precedent set by such States

<sup>2</sup> Alabama, Arizona, Florida, Illinois, Iowa, Kansas, Kentucky, Maryland, Minnesota, Mississippi, North Dakota, Rhode Island, Tennessee, Texas, and Wisconsin.

<sup>3</sup> Connecticut, New Hampshire, New Jersey, New York, and West Virginia.

\*Chief, Medical Economics Section, Division of Health and Disability Studies, Bureau of Research and Statistics. This article is based on addresses presented at a Conference on Rural Medical Care, Purdue University, August 1, 1946, and the National Conference on Cooperative Health Plans, Two Harbors, Minn., August 17, 1946.