

Notes and Brief Reports

Workmen's Compensation Payments and Costs, 1960*

A moderate growth—6.7 percent—featured the payments for wage loss and medical benefits under State and Federal workmen's compensation laws in 1960. This increase was less than the advance (8.3 percent) registered in the preceding year but larger than that recorded in 1958 (4.6 percent).¹ In terms of dollars, the increase of \$80 million from the 1959 total of \$1,210 million was the third largest reported since 1952.

Of the total payments (\$1,290 million) in 1960, 63 percent came from private insurance carriers, 25 percent from State funds (including the Federal workmen's compensation system), and 12 percent from self-insurers. This distribution has shown only slight changes in the past few years.

The rise in 1960 benefit payments results largely from increases in medical costs and wage levels and from amendments liberalizing workmen's compensation laws. Disabling work injuries—compensable and noncompensable—as reported by the Bureau of Labor Statistics, declined slightly in 1960 but not enough to offset the effect of the other factors. Medical care prices, according to the consumer price index of the Bureau of Labor Statistics, went up 4 percent from 1959 to 1960, and average wages, to which cash benefits are related, advanced 3 percent.

Although only four States increased the amount of cash benefits payable to injured workers in 1960, 30 States had increased their benefits in 1959 and in most of these States the full force of the liberalizing amendments was first felt in 1960. At the end of the year, 16 States and the District of Columbia were paying a weekly maximum for temporary total disability of \$50 or more, 14 were paying \$40–\$49, and 20 were paying \$30–\$39.

* Prepared in the Division of Program Research by Alfred M. Skolnik with the assistance of Julius W. Hobson. Previous estimates of workmen's compensation payments in recent years have appeared in the December or January issues of the *Bulletin*.

¹ The 1959 and 1958 percentage changes exclude data for Alaska and Hawaii. If these data were also excluded from the 1960 computations, the percentage increase from 1959 to 1960 in total benefit payments would be 6.6 percent.

The estimated number of workers covered by workmen's compensation in an average week in 1960 was 42.9–43.3 million, about 800,000 more than in the preceding year. This expansion in the covered labor force plus higher wage rates resulted in a 4.5-percent increase in the covered payroll—from an estimated \$200 billion in 1959 to \$209 billion. Aggregate benefit payments were equivalent to 0.62 percent of covered payroll in 1960—a new postwar peak, surpassing the previous high of 0.61 percent in 1958.

Medical and hospital benefits probably accounted for as much as \$435 million of the \$1,290 million paid out in 1960. The greatest liberalizations in workmen's compensation laws have been made in the area of cash benefits. The higher costs of providing these benefits have been matched, however, by the increased cost of medical services rendered to injured workmen. The estimated distribution of benefit payments, by type, is shown below.

[In millions]

Type of payment	1960 ¹	1959 ¹	1958
Total.....	\$1,290	\$1,210	\$1,111
Medical and hospitalization.....	435	410	380
Compensation, total.....	855	800	731
Disability.....	760	710	646
Survivor.....	95	90	85

¹ Includes Alaska and Hawaii.

It should be noted that the 1959 data presented in the accompanying table have been considerably revised from the preliminary estimates published in last year's review. This revision developed from the fact that the *Spectator*, which through 1958 was the source of data on direct losses paid by private insurance carriers, in 1959 discontinued the collection of such statistics, and the 1959 figures had to be roughly estimated on the basis of percentage changes from 1958 to 1959 in direct losses incurred.

To obtain actual figures on direct losses paid, the Division of Program Research this year initiated arrangements with the State insurance commissions in the 50 States and the District of Columbia. Their extensive cooperation made it possible to secure exact data on direct losses paid by private carriers for 1959 for all but five States. From these data, a revised national estimate of \$1,210 million for total benefit payments was

Estimates of workmen's compensation payments, by State and type of insurance, 1958-60¹
 [In thousands]

State	1960				1959				1958				Percentage change in total payments from preceding year	
	Total	Insurance losses paid by private carriers ²	State fund disbursements ³	Self-insurance payments ⁴	Total	Insurance losses paid by private carriers ²	State fund disbursements ³	Self-insurance payments ⁴	Total	Insurance losses paid by private carriers ²	State fund disbursements ³	Self-insurance payments ⁴	1960 from 1959	1959 from 1958
Total.....	\$1,290,314	\$814,211	\$324,204	\$151,899	\$1,209,809	\$752,580	\$315,990	\$141,239					+6.7	-----
Total, excluding Alaska and Hawaii.....	1,282,946	808,512	324,204	150,230	1,203,998	748,072	315,990	139,936	\$1,111,353	\$694,402	\$284,780	\$132,171	+6.6	+8.3
Alabama.....	8,667	4,952	-----	3,715	8,504	4,859	-----	3,645	8,327	5,047	-----	3,280	+1.9	+2.1
Alaska.....	2,923	2,728	-----	195	2,329	2,174	-----	155	-----	-----	-----	-----	+25.5	-----
Arizona.....	12,113	456	11,299	358	10,709	335	10,028	346	9,333	258	8,785	290	+13.1	+14.7
Arkansas.....	7,580	6,195	-----	1,365	7,626	6,251	-----	1,375	6,703	5,493	-----	1,210	-0.9	+13.8
California.....	156,979	104,029	36,695	16,255	132,511	86,474	32,317	13,720	119,087	78,985	27,772	12,330	+18.5	+11.3
Colorado.....	10,525	3,350	6,220	955	9,781	3,344	5,547	890	8,715	2,936	4,989	790	+7.6	+12.2
Connecticut.....	19,869	17,884	-----	1,985	19,142	17,227	-----	1,915	17,844	16,059	-----	1,785	+3.8	+7.3
Delaware.....	1,959	1,594	-----	365	1,925	1,575	-----	350	1,626	1,321	-----	305	+1.8	+18.4
District of Columbia.....	4,069	3,754	-----	315	3,955	3,650	-----	305	3,757	3,477	-----	280	+2.9	+5.3
Florida.....	30,050	27,320	-----	2,730	27,380	25,485	-----	1,895	26,709	24,584	-----	2,125	+9.8	+2.5
Georgia.....	11,032	9,429	-----	1,603	10,828	9,253	-----	1,575	10,334	8,834	-----	1,500	+1.9	+4.8
Guam.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Hawaii.....	4,445	2,971	-----	1,474	3,482	2,334	-----	1,148	-----	-----	-----	-----	+27.7	-----
Idaho.....	4,927	3,277	1,133	517	4,444	2,990	992	462	4,377	2,892	990	486	+10.9	+1.5
Illinois.....	67,444	56,391	-----	11,053	61,261	49,564	-----	11,697	58,125	47,753	-----	10,372	+10.1	+5.4
Indiana.....	21,614	18,409	-----	3,205	19,505	16,615	-----	2,890	16,860	14,380	-----	2,500	+10.8	+15.7
Iowa.....	9,348	7,478	-----	1,870	8,605	6,885	-----	1,720	7,869	6,294	-----	1,575	+8.6	+9.4
Kansas.....	12,978	10,383	-----	2,595	11,893	9,513	-----	2,380	10,308	8,248	-----	2,060	+9.1	+15.4
Kentucky.....	12,143	9,118	-----	3,025	11,353	8,523	-----	2,830	11,062	7,902	-----	3,160	+7.0	+2.6
Louisiana.....	26,462	23,012	-----	3,450	25,338	22,033	-----	3,305	28,210	24,320	-----	3,890	+4.4	-10.2
Maine.....	3,230	2,810	-----	420	3,071	2,671	-----	400	2,771	2,411	-----	360	+5.2	+10.8
Maryland.....	20,187	15,204	2,398	2,585	18,364	13,961	2,030	2,373	16,943	12,779	1,774	2,390	+9.9	+8.4
Massachusetts.....	45,357	41,997	-----	3,360	41,335	38,275	-----	3,060	37,858	35,053	-----	2,805	+9.7	+9.2
Michigan.....	50,301	34,158	3,473	12,670	42,151	28,874	2,852	10,425	40,081	28,501	2,585	10,995	+19.3	+5.2
Minnesota.....	22,033	18,994	-----	3,039	20,024	17,292	-----	2,732	18,464	15,972	-----	2,492	+10.0	+8.4
Mississippi.....	8,371	7,740	-----	631	7,423	6,805	-----	618	6,200	5,660	-----	540	+12.8	+19.7
Missouri.....	22,617	19,842	-----	2,775	20,798	18,243	-----	2,555	20,063	17,463	-----	2,600	+8.7	+3.7
Montana.....	5,401	1,394	2,951	1,056	5,401	1,300	3,097	1,004	5,403	1,211	3,173	1,019	0	0
Nebraska.....	4,468	4,343	-----	125	4,287	4,167	-----	120	3,976	3,864	-----	112	+4.2	+7.8
Nevada.....	4,422	9	4,203	210	4,166	10	3,956	200	4,333	4	4,124	205	+6.1	-3.9
New Hampshire.....	3,741	3,661	-----	80	3,635	3,565	-----	70	2,671	2,621	-----	50	+2.9	+38.1
New Jersey.....	59,880	53,132	-----	6,748	56,420	49,885	-----	6,535	54,113	47,551	-----	6,562	+6.1	+4.3
New Mexico.....	7,070	6,470	-----	600	7,621	6,971	-----	650	5,984	5,554	-----	430	-7.2	+27.4
New York.....	164,530	101,275	43,343	19,912	166,113	102,221	43,659	20,233	154,921	95,482	40,091	19,348	-1.0	+7.3
North Carolina.....	14,939	12,449	-----	2,490	13,823	11,518	-----	2,305	12,213	10,093	-----	2,120	+8.1	+13.2
North Dakota.....	2,438	15	2,423	-----	2,412	11	2,401	-----	2,058	10	2,048	-----	+1.1	+17.2
Ohio.....	94,495	155	82,035	12,305	85,107	84	73,933	11,090	76,064	103	66,053	9,908	+11.0	+11.9
Oklahoma.....	15,172	12,299	1,763	1,110	15,477	12,274	2,073	1,130	15,451	12,213	2,108	1,130	-2.0	+0.2
Oregon.....	25,539	3,013	22,526	-----	23,729	3,051	20,678	-----	22,092	2,114	19,978	-----	+7.6	+7.4
Pennsylvania.....	48,431	32,371	3,505	12,555	45,958	30,298	3,745	11,915	43,281	28,357	3,703	11,221	+5.4	+6.2
Puerto Rico.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Rhode Island.....	7,573	7,165	-----	408	6,651	6,263	-----	388	6,538	6,227	-----	311	+13.9	+1.7
South Carolina.....	8,138	6,838	-----	1,300	7,009	5,888	-----	1,121	6,175	5,306	-----	869	+16.1	+13.5
South Dakota.....	1,960	1,660	-----	300	1,494	1,264	-----	230	1,349	1,134	-----	215	+31.2	+10.7
Tennessee.....	14,256	12,996	-----	1,260	13,387	12,203	-----	1,184	12,118	10,538	-----	1,580	+6.5	+10.5
Texas.....	69,740	69,740	-----	-----	65,433	65,433	-----	-----	69,727	69,727	-----	-----	+6.6	+9.6
Utah.....	3,460	1,008	1,877	575	3,331	1,097	1,679	555	3,307	1,167	1,590	550	+3.9	+0.7
Vermont.....	1,720	1,565	-----	155	1,857	1,687	-----	170	1,665	1,515	-----	150	-7.4	+11.5
Virgin Islands.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Virginia.....	12,677	10,477	-----	2,200	12,083	9,983	-----	2,100	10,823	8,873	-----	1,950	+4.9	+11.6
Washington.....	25,122	550	24,332	240	23,764	508	22,986	270	21,936	567	21,069	300	+5.7	+8.3
West Virginia.....	14,325	105	12,491	1,729	14,562	103	13,227	1,232	13,966	56	13,023	887	-1.6	+4.3
Wisconsin.....	22,067	18,036	-----	4,031	21,551	17,580	-----	3,971	18,634	15,500	-----	3,134	+2.4	+15.7
Wyoming.....	1,616	10	1,606	-----	1,647	11	1,636	-----	1,339	13	1,326	-----	+4.5	+15.5
Federal workmen's compensation:														
Civilian employees ⁵	42,329	-----	42,329	-----	41,551	-----	41,551	-----	40,076	-----	40,076	-----	+1.9	+3.7
Other ⁶	17,602	-----	17,602	-----	27,703	-----	27,703	-----	19,514	-----	19,514	-----	-36.5	+42.0

¹ Data for 1960 preliminary. Calendar-year figures, except that data for Montana and West Virginia, for Federal workmen's compensation, and for State fund disbursements in Maryland, Nevada, North Dakota, Oregon, and Utah represent fiscal years ended in 1958, 1959, and 1960. Includes benefit payments under the Longshoremen's and Harbor Workers' Compensation Act and the Defense Bases Compensation Act for the States in which such payments are made.

² Net cash and medical benefits paid by private insurance carriers under standard workmen's compensation policies. 1958 data furnished by the Chilton Company, publisher of the *Spectator: Insurance by States of Fire, Marine, Casualty, Surety and Miscellaneous Lines*. Data for 1959 and 1960 obtained from State insurance commissions, except in a few States where estimates are based on percentage changes in direct losses incurred from preceding year as reported for individual States by the *Spectator* and the National Council on Compensation Insurance.

³ Net cash and medical benefits paid by State funds; compiled from State reports (published and unpublished) and from the *Spectator*; estimated for some States.

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

⁵ Payments to civilian Federal employees (including emergency relief workers) and their dependents under the Federal Employees' Compensation Act.

⁶ Includes primarily payments made to dependents of reservists who died while on active duty in the Armed Forces, to individuals under the War Hazards Act, War Claims Act, and Civilian War Benefits Act, and to cases involving Civil Air Patrol and Reserve Officers Training Corps personnel, and maritime war risks.

developed—about \$20 million less than the preliminary estimate.

Thirty-two States and the District of Columbia were also able to furnish 1960 data on direct losses paid. For the other States the 1960 data in the accompanying table are therefore preliminary estimates, which will be revised next year when actual data become available from the State agencies.

STATE VARIATIONS IN BENEFIT PAYMENTS

Year-to-year variations in the levels of benefit payments among the States are related to differences in the incidence and composition of covered employment, the frequency and severity of compensable injuries, the level and distribution of wages, and the liberality of benefit provisions.²

Among the States, 1960 benefit payments showed percentage changes from the preceding year that ranged from a decrease of 7.4 percent in Vermont to an increase of 31.2 percent in South Dakota. For 1959, the corresponding range was from a decline of 10.2 percent in Louisiana to a rise of 36.1 percent in New Hampshire. Only 18 States had benefit increases in 1960 that were greater than those of the preceding year.

The Federal workmen's compensation program showed the greatest fluctuation. In 1960 the Federal program covering injuries to persons other than civilian Federal employees had a 36-percent drop in payments, after having experienced a 42-percent rise in the preceding year. The 1959 rise resulted from an administrative decision of the Department of Labor to pay compensation retroactively to dependents of military reservists who had died while on active duty for the period covered by the 6-month death gratuity; this period had previously been excluded from the period of compensation. With the completion of this one-time payment, benefit outlays to this group in 1960 dropped back to former levels.

Declines in benefit payments were reported in 1960 by six States that had one-seventh of the covered labor force, compared with only two States covering less than 2 percent of the insured labor force in 1959. In one State the level of

benefit payments was the same in 1958, 1959, and 1960.

Only four States registered increases of 15 percent or more in 1960, compared with nine in 1959. For three of the four States—South Carolina, South Dakota, and California—the increase was a continuation of a rise that had been greater than the national increase during the preceding year. Eight States in 1960 had increases of 10.0–14.9 percent, compared with 12 in 1959. Among the eight States were Ohio, Indiana, Minnesota, and Arizona, where the increase again was a continuation of a higher-than-average rate of gain that began in 1959 or earlier.

Though fewer States in 1960 than in 1959 had benefit increases of 10 percent or more, the disparity is less when the States are weighted in terms of covered employment. The 12 States in 1960 with benefit increases of 10 percent or more accounted for 35 percent of the covered labor force—only 2 percentage points less than the proportion represented by the 21 States in that range in 1959.

In both 1959 and 1960, more States experienced increases in their total benefit payments within the range of 5.0–9.9 percent than in any other percentage category. Thirteen States and the District of Columbia (with 46 percent of the covered labor force) registered benefit increases within this range in 1959. Seventeen States (with about one-third of the insured labor force) reported increases of 5.0–9.9 percent in 1960. The rest of the covered labor force—20 percent in 1959 and 17 percent in 1960—were under State or Federal programs that experienced total benefit payment increases of 0.1–4.9 percent.

Regionally, the States of the Far West, the Great Lakes, and the Plains accounted for the greatest percentage increases in total benefit payments in both 1959 and 1960. The smallest relative advances occurred in the Southwest and Gulf States, with the Rocky Mountain States second lowest in 1959 and the Middle Atlantic States in 1960.

COST RELATIONSHIPS

In keeping with the increased benefit payments, the cost of workmen's compensation rose both in dollar amounts and as a percentage of covered

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²Data for Alaska and Hawaii are excluded from the analysis of State variations in this section.

TABLE 4.—Status of the unemployment trust fund, by specified period, 1958–61¹

[In thousands]

Period	Assets at end of period ²			State accounts				Railroad unemployment insurance account ⁴			
	Total assets	Invested in U.S. Government securities ³	Cash balances	Deposits and transfers ⁴	Interest earned	Withdrawals	Balance at end of period	Deposits and transfers	Interest earned	Withdrawals	Balance at end of period
Calendar year:											
1958.....	\$7,124,037	\$7,113,981	\$8,691	\$1,642,198	\$198,989	\$3,541,352	\$6,940,754	\$103,858	\$4,441	\$282,330	\$88,240
1959.....	6,889,720	6,876,956	8,683	2,058,273	177,850	2,296,839	6,880,037	259,971	828	343,709	5,330
1960.....	6,652,737	6,638,357	6,596	2,299,539	194,510	2,748,243	6,625,843	294,118	282	284,450	15,280
Fiscal year:											
1958-59.....	6,719,017	6,709,422	5,946	1,946,469	179,133	2,796,920	6,688,285	114,832	2,396	256,290	29,334
1959-60.....	6,688,138	6,668,514	13,800	2,168,960	182,213	2,366,286	6,673,172	345,642	226	368,158	7,044
1960-61.....	5,739,054	5,716,523	33,778	2,417,461	196,399	3,558,074	5,728,958	293,653	364	293,472	7,588
1960											
January-March.....	6,455,224	6,401,498	5,125	290,501	45,068	771,097	6,444,510	79,908	55	79,936	5,357
April-June.....	6,688,138	6,668,514	13,800	837,027	44,699	653,063	6,673,172	62,814	56	61,183	7,044
July-September.....	6,863,047	6,801,553	4,659	718,263	52,438	593,804	6,850,069	72,261	75	73,809	5,571
October-December.....	6,652,737	6,638,357	6,596	453,747	52,305	730,278	6,625,843	79,135	96	69,522	15,280
1961											
January-March.....	6,063,768	5,989,350	21,449	330,714	47,359	1,292,439	5,711,477	81,228	109	79,855	16,761
April-June.....	5,739,054	5,716,523	33,778	914,737	44,296	941,552	5,728,958	61,030	83	70,286	7,588
July-September.....	5,872,122	5,823,456	648,666	775,596	42,301	683,856	5,862,999	67,481	64	69,032	6,101

¹ On a ledger basis. Beginning September 1960, includes transactions and assets of the employment security administration account under the Employment Security Act of 1960.

² Includes assets and transactions, not shown separately, of Federal unemployment account and employment security administration account.

³ Includes accrued interest purchased, and repayments on account of accrued interest on bonds at time of purchase.

⁴ Includes, when applicable, loans and transfers from the Federal un-

employment account and/or transfers from undistributed appropriations.

⁵ Includes temporary disability program, transactions and assets of the railroad unemployment insurance administration fund, and beginning September 1959, transfers (advances) from and repayments to railroad retirement account.

⁶ Exclusive of balances in funds advanced to other agencies.

Source: Unpublished Treasury reports.

WORKMEN'S COMPENSATION

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payroll in 1960. The amounts spent by employers to insure or self-insure their risks under workmen's compensation hit the \$2-billion mark for the first time in 1960 and represented about 97 cents per \$100 of covered payroll, compared with 95 cents in 1958 and 93 cents in 1959. The 1960 total, which was about \$150 million more than the 1959 estimate of \$1,870 million, consists of (a) \$1,423 million in premiums paid to private insurance carriers; (b) \$431 million in premiums paid to State funds (for the Federal programs financed through congressional appropriations, these "premiums" are the sum of the benefit payments and the costs of the administrative agency); and (c) about \$165 million as the cost of self-insurance (benefits paid by self-insurers, with the total increased 5-10 percent to allow for administrative costs).

The \$1,290 million paid in medical and cash benefits amounted to 64 cents for every dollar of the \$2.0 billion spent in premiums by employers during 1960 to insure their workers. This proportion is approximately the same as that recorded

for 1958 and 1959. It was as low as 57 percent in 1953 and 61 percent as recently as 1957.

For private carriers alone, the ratio (direct losses paid as a percentage of direct premiums written) was unchanged from 1959's 57 percent. This is the highest loss ratio for private carriers in any year beginning with 1939, the first year reported in the BULLETIN series. A loss ratio based on losses incurred (which include amounts set aside to cover liabilities for future claims payments) would have been still higher. According to data from the National Council on Compensation Insurance, losses incurred by private carriers, as a percentage of net premiums earned, amounted to 64 percent in 1960.

In contrast to the experience of private carriers, the State funds (with the Federal fund excluded) showed a drop of 3 percentage points in their ratio of benefits paid to premiums—from 75 percent in 1959 to 72 percent in 1960. The loss ratios for private carriers and, to some extent, for State funds do not take into account the amount of premium income that is returned to employers in the form of dividends or retrospective rating credits.