two prepaid plans on July 1, 1973, about one-half (52 percent) were enrolled in the Kaiser plan Of the 1,362 nonprofessional staff who were covered by the two plans at that time, however, 74 percent were members of the Kaiser plan This proportion can be compared with the 17 percent of the total number of faculty and 52 percent of the total number of other professional staff enrollees in the two plans Similarly, while 76 percent of the 1,225 new enrollees in the two plans between 1969 and 1973 joined the Kaiser plan, 82 percent of the new nonprofessional staff enrollees did so, compared with 48 percent of the new faculty and 74 percent of the new other professional staff enrollees One can hardly escape the conclusion that a prepaid plan with a relatively heavy copayment for physician services does not attract lower-income families

Notes and Brief Reports

Cash Benefits for Short-Term Sickness, 1975*

Despite a slight reduction in the amount of benefits paid by voluntary private group insurance, total cash benefits for short-term sickness rose in 1975 by 9 percent to $8,700 million This increase was almost as great as that for the year before, although the major benefit sources producing the gains were different in each year In 1974 the 19-percent increase in benefits paid by voluntary insurance plans to workers in private industry stood out Sick-leave payments also made a substantial contribution to the 1974 benefit total, but they were even more important in 1975 Of particular significance was the sick leave paid to government workers, which rose 14 percent

Income loss from sickness rose at a much higher annual rate in 1975 (almost 9 percent) than it did in 1974 (3 percent) The 1975 total loss, $23 7 billion, includes work-time loss resulting from the first 6 months of illness of long duration, as well as from nonoccupational disabilities lasting less than 6 months It encompasses, in addition, not only income actually lost but income that would have been lost if it were not for sick leave or wage-continuation programs Formal sick leave is counted as an offset to this potential loss and is added to the benefit totals

The cash benefits and income loss attributable to non-work-connected disability rose at similar rates during 1975 As a consequence, the benefit-loss ratio—the measure that relates the two factors—increased only slightly, from 36 6 percent in 1974 to 36 8 percent in 1975

WORKERS COVERED

About 49 million wage and salary workers, or 63 percent of the entire labor force, were protected against income loss due to temporary disability in 1975 Virtually all Federal Government workers and 9 out of 10 State and local government employees are estimated to be under sick-leave plans As table 1 shows, the rate of coverage was much lower for those in private industry—57 percent With workers in areas covered by mandatory temporary disability insurance (TDI) excluded, 44 percent of the other workers in private industry were afforded protection on a voluntary basis

These data pertain to protection provided to workers through their place of employment (In addition, some workers purchase individual insurance policies that provide cash benefits during disability) Two major forms of sickness benefits are considered here insurance plans (including self-insurance) and sick leave or wage-continuation programs An estimated 31 million workers in private industry were covered by insured or self-insured plans that generally replace one-half to two-thirds of wages after a waiting period ranging from 3 days to a week This estimate

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TABLE 1 —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, selected years 1954–75

December of—	Total number (in thousands) [1]	With group protection: Number (in thousands) [2]	With group protection: 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
	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

[1] Number in private industry For areas without 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 the Bureau of Labor Statistics, *Employment and Earnings* and *Monthly Report on the Labor Force* Beginning 1968, data not strictly comparable with figures for earlier years Beginning 1968 labor force information excludes those aged 14–15 and includes certain workers previously classified as self-employed

[2] Estimated 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 that 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

includes workers under State TDI laws (those in California, Hawaii, New Jersey, New York, and Rhode Island), railroad workers covered by the railroad TDI law, and those whose insurance was obtained through labor-management contracts or voluntary employer fringe-benefit programs Puerto Rico also has a TDI program, data for which are not shown here to preserve comparability with other available information

Sick leave, the other major means of maintaining a worker's wages when he cannot work because of illness or accident, was available to 18 million wage and salary workers Such persons were employed primarily by governments, but a number worked in private industry This form of benefit commonly replaces full earnings without a waiting period for a maximum of 5–15 days a year

BENEFITS

Cash benefits paid for sickness rose in most categories during 1975 (table 2) Even with somewhat fewer workers in the economy, total benefits increased in that year to $8 7 billion, a gain of more than $700 million Note that this total includes almost $1 billion paid through individual policies as well as $7 7 billion paid by sick-leave plans and group insurance The substantial 1975 rise in benefits can be traced not only to the higher wage level in effect that year, but also to the fact that workers encountered somewhat more sickness

The series on private industry sick-leave payments has been revised for 1971–74 The new $1,636 million estimate for these payments in 1974 is $133 million higher than that previously reported On the basis of information that became available from a special supplement to the 1974 Health Interview Survey of the Public Health Service, the number of workers with sick-leave protection in private industry was revised upward The computation of sick-leave payments reflects this increase in workers covered

The series on the number of workers covered was not affected notably, however, because of an offsetting adjustment made at the same time in another part of the coverage estimates Recent data show that some of the workers in California previously recorded as having exclusive sick-leave protection were really in leave plans that supplement the State-operated TDI plan, under which they had already been counted

In the past few years, considerable controversy has developed about protection for short-term disability associated with maternity The question of sex discrimination against women has been brought to the courts because most sickness-benefit plans restrict or prohibit payments to women workers for time lost due to normal maternity (Some plans do pay for disabilities arising from the complications of pregnancy)

Although recent Supreme Court decisions have permitted insurance plans to continue to exclude maternity benefits,[1] the controversy has produced

[1] The relevant decision concerning benefits under TDI laws was *Geduldig* v *Aiello*, 1974, the decision concerning voluntary plans was *General Electric* v *Gilbert*, 1976

TABLE 2—Protection against income loss from short-term sickness,[1] 1948–75

[In millions]

Year	Income loss from short-term sickness	Protection provided: Total — Amount[2]	Protection provided: Total — Percent of loss	Type of cash benefit: Individual insurance	Group benefits to workers in private industry: Total	Group benefits: Voluntary private sickness insurance[3]	Group benefits: Under public laws — Privately written sickness insurance[4]	Group benefits: Under public laws — Publicly operated sickness funds[5]	Group benefits: Sick leave	Sick leave for government employees
1948	$4 582	$761	16 6	$141	$361	$136	$9	$57	$158	$259
1949	4,445	848	19 1	150	398	145	27	62	164	300
1950	4 816	942	19 6	153	474	176	54	63	180	315
1951	5,494	1 153	21 0	157	606	230	113	61	201	390
1952	5,834	1,304	22 4	177	674	254	128	74	218	453
1953	6,163	1,413	22 9	209	722	258	140	90	235	481
1954	6,114	1 478	24 2	230	747	267	132	103	245	500
1955	6,565	1 620	24 7	250	825	307	135	109	273	545
1956	7 052	1,806	25 6	278	937	373	151	114	299	591
1957	7,386	1 958	26 5	307	1,024	389	178	127	330	626
1958	7,477	2 093	28 0	353	1,044	372	184	141	346	696
1959	7 749	2 236	28 9	390	1 123	411	190	164	359	724
1960	8,591	2 430	28 3	393	1,211	442	196	172	400	826
1961	8 664	2,561	29 6	426	1,241	424	201	195	420	894
1962	9,653	2 776	28 8	418	1 355	466	204	212	472	1 003
1963	10 213	2 997	29 3	447	1 445	477	198	244	526	1,105
1964	10 296	3,101	30 1	484	1,485	524	191	264	505	1,133
1965	11,333	3 349	29 6	483	1 602	570	198	269	566	1,264
1966	12 268	3 637	29 6	513	1 735	635	208	273	619	1,389
1967	12,844	3,893	30 3	527	1,834	647	222	285	680	1,531
1968	14,620	4 623	31 6	609	2,247	872	252	320	803	1,767
1969	15 315	5,061	33 0	635	2,551	966	281	374	930	1,874
1970	16 799	5,848	34 8	694	2,952	1 169	307	411	1 066	2,202
1971	17,154	6,072	35 4	731	3,030	1 179	310	411	1,130	2 311
1972	19,555	6,780	34 7	772	3 390	1,286	328	412	1 364	2 618
1973	21,069	7 267	34 5	795	3,650	1 382	354	446	1,469	2,711
1974	21 797	7,970	36 6	851	4,145	1 643	382	485	1 636	2 844
1975	23,687	8,710	36 8	973	4,337	1 609	401	538	1,789	3 240

[1] Short term sickness refers to short-term or temporary non-work-connected disability (lasting not more than 6 months) and the first 6 months of long term disability Data for 50 States and the District of Columbia

[2] Beginning 1973, includes benefits for the sixth month of disability payable under the old age, survivors, and disability insurance program, not shown separately

[3] Group accident and sickness insurance and self insurance privately written on a voluntary basis Includes a small but undetermined amount of group disability insurance paid to government workers and to self-employed persons through farm, trade, or professional associations

[4] Privately written group sickness insurance and self insurance provided under private plans established in compliance with State temporary disability laws in California, New Jersey, and New York Comparable data for Hawaii not available

[5] State-operated funds in Rhode Island, California, and New Jersey, the State Insurance Fund and the special fund for the disabled unemployed in New York, and the cash sickness provisions of the Railroad Unemployment Insurance Act

significant side effects The California State TDI program, for example, added limited protection in 1976 under a requirement that maternity benefits be paid for as many as 3 weeks before and 3 weeks after childbirth In New York State, litigation resulted in a court ruling that makes employers liable for maternity benefits payable on the same basis as for other short-term disabilities[2] (This decision was based on a State human rights law, not the TDI law)

All the other TDI jurisdictions except Puerto Rico previously had some type of pregnancy benefit, although it usually involved a smaller amount than that allowed for other disabilities Full maternity benefits could increase the cost of TDI by 12 percent (the estimate of those favoring such protection) to 33 percent (the prediction of those against offering such benefits)[3]

[2] New York Court of Appeals, *Brooklyn Union Gas Co* v *Appeal Board*, 1976.

[3] *Geduldig* v *Aiello*

BENEFIT-INCOME REPLACEMENT RATES

The 36 8-percent benefit-income loss rate for 1975, though up only slightly from the 1974 level, is the highest ever calculated for the series The difference between this ratio and 100 percent results from several factors The income loss due to sickness for workers not covered by any benefit program accounts for much of the gap Weekly benefit limits, waiting periods, and maximum-duration provisions contribute to unreimbursed income loss That part of income not intended to be paid for by partial-pay formulas is also a major factor

Since insurance programs are generally designed to compensate for only part of a worker's lost income, they provide a somewhat different type of protection than do full-pay sick-leave plans The ratio of sick-leave benefits to associated income loss was 75 percent in 1975, at the other end of the range, the income-replacement rate for group benefits under voluntary auspices (heavily weighted by insurance plans) was less than 24 percent It should be borne in mind, however, that insurance plans compensate for this relatively low average rate of income replacement by their potential benefit duration of many weeks (most often 26)

Federal Civil Service and Military Retirement Programs Legislation, 94th Congress*

Public Law 94-440 (approved October 1, 1976) makes a major change in the method of computing cost-of-living increases for Federal civilian and military retired personnel and their survivors Under previous law, benefits were increased whenever the Consumer Price Index (CPI) of the Bureau of Labor Statistics rose 3 percent above the price level of the base month in each of 3 consecutive months The amount of the increase was based on the percentage rise in the CPI in the highest of the 3 months, rounded to the nearest tenth Another 1 percent was added to the increase based on the CPI rise

The higher benefit amount was effective for the first day of the third month following the 3-month period, for those on the rolls by that date, and was reflected in checks issued at the beginning of the month following the effective date A total of 5 months thus elapsed between the initial month in which the CPI rose by 3 percent over the previous month and the month in which the cost-of-living adjustment was reflected in the annuity checks

The 1-percent increment had been introduced in 1969, partly to compensate for the loss of purchasing power during this 5-month period Another purpose for the increment was to permit annuitants to share in the increased productivity of the economy, as measured by increased real income reflected in higher money earnings

Public Law 94-440 eliminates the 1-percent increment, replacing it with automatic cost-of-living adjustments scheduled twice a year, March 1 and September 1 Each adjustment is reflected in checks issued the following month A benefit increase will take place whenever any rise (adjusted to the nearest 1/10 of 1 percent) occurs in the CPI during the previous 6-month period, measured for the March 1 adjustment from June to December and for the September 1 adjustment from December to June The increases thus will no longer depend on a rise of 3 percent or more in the CPI For the first adjustment—March 1, 1977—the increase was based on the percentage change in the CPI from the time of the last adjustment (December 1975) under the old law to December 1976

Two other laws passed earlier by the 94th Congress affect the civil service retirement program (1) P L 94-183 (signed December 31, 1975) established a statute of limitation for filing an application for Federal civil service retirement benefits, (2) P L 94-166 (signed December 23, 1975) permits annuitants to make allotments or assignments from their annuity checks for purposes considered appropriate by the Civil Service Commission

Public Law 94-183 permits the Civil Service Commission to destroy old individual retirement records on which no claim has been filed within a given period No benefits will be paid from the civil service retirement and disability fund unless a claim is filed by an employee's 115th birthday or within 30 years of the death of an employee or annuitant Previously, benefits to a former employee or survivor were due in perpetuity and, if benefits were unclaimed, the Civil Service Commission had to keep the records forever

Public Law 94-166 permits Federal civil service annuitants to make allotments or assignments from their annuity checks, comparable with those allowed Federal employees in active service Previously, only Federal employees could request deductions from their pay checks for such pur-

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