

# **Workers' Compensation: Coverage, Benefits, and Costs, 1988**

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For the fifth consecutive year, payments to beneficiaries in 1988 under workers' compensation programs in the United States rose more than 10 percent from the previous year, reflecting increases in average wages and medical costs and in the number of employed workers. Workers' compensation programs provided about \$30.8 billion in cash and medical benefits to persons with job-related disabilities and in survivors benefits to dependents of those workers whose death resulted from a work-related accident or illness.

Employers paid nearly \$43 billion in 1988 to provide workers' compensation protection to employees, about 12.6 percent more than the \$38.1 billion paid in 1987. This premium consists of the amount needed to pay benefits and to administer the insurance operation, including sales and operating costs, claims processing, rehabilitation costs, profits, taxes, and reserves for future benefits.

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About 91.3 million workers were protected under workers' compensation laws in 51 jurisdictions, including the District of Columbia, and two Federal programs that cover Federal Government employees and longshore and harbor workers. The Longshoremen and Harbor Workers Compensation Act provides coverage for private sector employees deemed to be outside the coverage of State laws. Benefits are paid by insurance companies, special State insurance funds, or by employers acting as self-insurers.<sup>1</sup>

The proportion of covered workers remained at 87 percent as the increase in the number of covered workers paralleled the increase in total employment. In addition, the Federal Black Lung benefits program—a specialized workers' compensation program—provides monthly cash benefits to totally disabled coal miners, their dependents, and their survivors. Medical benefits are also payable on the basis of a diagnosis of pneumoconiosis (black lung disease).

Although workers' compensation laws vary from one jurisdiction to another, the underlying principle is

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<sup>1</sup> In this article, all benefit amounts paid under the Longshoremen and Harbor Workers Compensation Act are included for the State in which such payments are made.

that employers should assume the costs of occupational disabilities without regard to fault. Any resulting economic losses are considered production costs. Employers covered by workers' compensation are relieved from civil actions involving negligence. Before the enactment of workers' compensation laws in the United States, the first of which was in 1908, an injured worker could recover damages only if it could be established that the injury was due to employer negligence. By 1949, all States had established programs to provide income-maintenance protection to workers and their dependents in the event of disability or death from work-related injury or illness.

The State programs generally are administered by industrial commissions or special units within State departments of labor. The U.S. Department of Labor administers the Federal programs except for that part of the Black Lung benefit program administered by the Social Security Administration (claims initiated before July 1973 and, in certain survivor cases, before December 1973).

Approximately three-fourths of all compensable claims for workers' compensation benefits and one-fourth of all such cash benefits paid involve temporary total disability—that is, the employee is unable to

work at all while he or she is recovering from the injury, but is expected to recover fully. Benefits are paid under most State laws as long as the disability lasts and the condition continues to improve with medical treatment. If the temporary total disability becomes permanent, most State laws provide weekly benefits either for life or for the duration of the disability.

When the worker is permanently disabled for any type of gainful employment (less than 1 percent of all compensable workers' compensation claims), he or she may be eligible for cash benefits under both workers' compensation and the Social Security Disability Insurance (DI) program. The 1965 Amendments to the Social Security Act provide for a reduction in Social Security payments so that total benefits under both programs do not exceed the higher of 80 percent of a worker's former earnings or the total family benefit under Social Security before offset.

The remaining disability claims filed under workers' compensation involve permanent partial disabilities in which the severity of the disability was major (25-75 percent) or minor (less than 25 percent). Benefit payments compensate for the injury (including permanent loss of function and handicap) and to offset future reductions in earnings resulting from the disability.

## Coverage

About 91.3 million workers were protected under workers' compensation programs in 1988 (table 1). During the year, several States extended their coverage provisions. In Alaska, Kansas, Maryland, Minnesota, and New York, specified volunteer employees in hazardous occupations are now covered; California and Louisiana extended coverage to prison inmates, under certain conditions; and Vermont followed similar legislation in recent years by most States to cover sole proprietors or partners.<sup>2</sup>

Coverage is compulsory for most private employment except in New Jersey, South Carolina, and Texas. In these States, employers may reject coverage but they lose the customary common-law defenses against suits by employees.

Many State programs exempt employees of nonprofit, charitable, or religious institutions. Among the most common exemptions are for employees in domestic service, agricultural employment, and casual labor. Some States limit coverage provided to workers in hazardous occupations. Under 14 programs, employers having fewer than a specified number of employees are exempt from coverage (fewer than three employees in 9 States, fewer than four in 2 States, and fewer than five in 3 States). The coverage of State and local public employees also differs widely from one State program to another.

Wages and salaries of covered workers (total covered payroll) totaled \$2,000 billion in 1988, about

84 percent of all civilian wage and salary disbursements in that year. The amount of covered payroll was nearly 8 percent higher than in the previous year, reflecting increases in average weekly wages and in the number of new workers.

## Benefits

Workers' compensation benefit payments totaled \$30.8 billion in 1988, including \$29.3 billion under the regular programs (all programs except Black Lung) and \$1.5 billion under the Black Lung program (table 2). Total benefit payments, including medical care and hospitalization benefits, were 12.4 percent higher than in 1987, the second highest annual increase since 1980. Regular program benefits increased 13.3 percent from 1987 to 1988, slightly more than the 12.8-percent average annual increase since 1978. The following tabulation shows the percentage change in Black Lung and regular program benefit amounts for the period 1978-88:

Period	Black Lung	Regular
1978-79.....	67.4	17.6
1979-80.....	1.6	15.2
1980-81.....	-2	12.1
1981-82.....	-3.9	10.7
1982-83.....	1.4	7.8
1983-84.....	-3.0	13.6
1984-85.....	-2.3	14.3
1985-86.....	-1.3	11.9
1986-87.....	-2.3	12.1
1987-88.....	-3.0	13.3

In the past decade, annual increases in the total amount of workers' compensation benefits paid has ranged from 22.8 percent (1978-79), when a major expansion of the Black Lung program occurred, to 7.1 percent (1982-83). These increases resulted from a variety of causes, among them: (1) inflationary increases in average wages and medical costs; (2) improvements in State statutory benefit formulas, maximums, and coverage provisions; (3) increases in the frequency and extent of injuries and illnesses; and (4) improvements in State laws dealing with occupational diseases and stress claims.

Since 1978, average annual wages have increased more than 80 percent, and medical costs, as measured by the medical care component of the Consumer Price Index (CPI), have risen more than 125 percent. Over the same period, the CPI rose about 78 percent. In 1988, the average annual wage of workers protected under workers' compensation programs increased nearly 5 percent while medical care costs were 6.5 percent higher than in 1987.

These wage increases result in higher cash benefit payments through the application of State statutory benefit formulas and maximums that are established to provide a framework for payment of benefits for temporary total disability, permanent total disability, permanent partial disability, and death of the worker. Although these cash benefits are usually calculated as a percentage of weekly earnings at the time of injury or death—generally 66-2/3 percent—each State establishes a maximum benefit payable to the disabled worker or to the worker's survivors. This maximum results in some beneficiaries (generally higher-paid

<sup>2</sup> For a further discussion of elective coverage changes, see LaVerne C. Tinsley, "State Workers' Compensation: enactments in 1988," *Monthly Labor Review*, January 1989, pp. 66-71.

**Table 1.—Estimated number of workers covered in average month and total annual payroll in covered employment, by selected years, 1948-88<sup>1</sup>**

Year	Workers covered in average month		Total payroll in covered employment	
	Number (in millions)	Percent of employed wage and salary workers <sup>2</sup>	Amount (in billions)	Percent of civilian wage and salary disbursements
1948.....	36.0	77.0	\$105	79.9
1953.....	40.7	80.0	154	81.5
1958.....	42.5	80.2	192	83.1
1963.....	47.3	80.5	254	83.7
1968.....	56.8	83.8	376	83.0
1973.....	66.3	86.3	578	84.2
1978.....	75.6	86.7	922	84.3
1983.....	78.0	85.6	1,382	84.6
1988.....	91.3	87.0	2,000	84.2

<sup>1</sup> Before 1963, excludes Alaska and Hawaii.

<sup>2</sup> Beginning 1968, excludes those under age 16 and includes certain workers previously classified as self-employed.

Source: Data on employed wage and salary workers from Current Population Survey, Bureau of Labor Statistics, Department of Labor. Data on wage and salary disbursements from Bureau of Economic Analysis, Department of Commerce.

**Table 2.—Estimated workers' compensation benefit payment amounts, by type of benefit, 1986-88**

[In millions]

Type of benefit	1986	1987	1988
Total.....	\$24,647	\$27,390	\$30,789
Medical and hospitalization.....	8,654	9,940	11,540
Compensation.....	15,993	17,450	19,249
Disability.....	14,348	15,817	17,646
Survivor.....	1,645	1,633	1,603
Regular.....	23,065	25,845	29,291
Medical and hospitalization.....	8,534	9,821	11,423
Compensation.....	14,531	16,024	17,867
Disability.....	13,608	15,120	16,989
Survivor.....	923	905	879
Black Lung.....	1,582	1,545	1,499
Medical and hospitalization.....	120	118	117
Compensation.....	1,462	1,426	1,381
Disability.....	740	698	657
Survivor.....	722	729	725

workers) receiving less than the amount indicated by the percentage. In most States, the maximum benefit is adjusted annually based on the average weekly wage. Maximum weekly compensation levels for total disability and death were increased in 43 States and the District of Columbia in 1988.

In the State of Washington, the maximum benefit was increased more than 40 percent in 1988 when benefit levels were increased from 75 percent to 100 percent of the State's average wage. In Mississippi, the maximum benefit was increased more than 33 percent when legislation mandated that benefit levels be based on 66-2/3 percent of the State average weekly wage, thus replacing previously established statutory amounts.<sup>3</sup> These increases in the maximum benefits will provide a much larger proportion of workers with benefits that are 80-100 percent of their lost after-tax earnings and will decrease the number of workers whose replacement earnings are below 80 percent.

Changes in incidence and severity of occupational injury and diseases also influence the level of benefit receipt. Survey data from the Bureau of Labor Statistics indicate that the number of on-the-job injuries and illnesses per 100 full-time equivalent private sector employees working 40 hours per week was 8.6 in 1988, up from 8.3 in 1987, and the highest level since 1981. More than 8 percent of the workers experienced a job-related accident or illness, and about one-half of them lost time from work or restricted their work activity. In 1988, the number of workdays lost per lost-workday case was 19.1, compared with 18.2 in 1987, and the highest in 50 years of collecting

<sup>3</sup> Ibid., p. 66.

such data.<sup>4</sup> It should be noted that this increase partially reflects improved employer recordkeeping and increased government monitoring of such records.

Although occupational disease claims account for only about 2 percent of all workers' compensation claims, this ratio is expected to increase with the amendment and interpretation of State laws that cover illnesses with long latency periods. And, as technology changes and medical advances occur, different types of disorders will be identified. For instance, more than 48 percent of all occupational illnesses in 1987 were attributed to cumulative trauma disorder, nearly double the rate 5 years ago. This disorder, caused by constant repetitive motion, pressure, or vibration, accounted for nearly 60 percent of the 177,000 occupational illness claims in the manufacturing industry.<sup>5</sup> Similarly, stress-related disorders have been occurring in increasing number. About 17 percent of all lost-time injuries in California in 1986 were such disorders.<sup>6</sup>

### Types of Payments

Total payments for medical and hospital care for work-related disabilities exceeded \$11.5 billion in 1988, about 37 percent of the \$30.8 billion total. This care includes first-aid treatment, physician services, surgical and hospital services, nursing, medical drugs and supplies, and appliances and prosthetic devices. Medical and

<sup>4</sup> *Occupational Injuries and Illnesses in the United States by Industry, 1988*, Bureau of Labor Statistics, U.S. Department of Labor, 1990.

<sup>5</sup> *Ibid.*, p. 47.

<sup>6</sup> Roger Thompson, "Fighting the High Cost of Workers' Compensation," *Nation's Business*, March 1990, p. 28.

hospital care benefits for regular programs (which exclude the Black Lung benefits program) comprised 39 percent of workers' compensation benefits.

Cash compensation payments accounted for the remaining 63 percent of total expenditures in 1988. Among the \$19.2 billion in such payments, nearly 92 percent (\$17.6 billion) was paid to disabled workers while the remainder was paid to the workers' survivors. Among the regular cash compensation payments (those excluding Black Lung), \$17.0 billion of the \$17.9 billion (or 95 percent) was paid to disabled workers.

Black Lung benefit payments totaled \$1.5 billion in 1988, a decrease of 3.0 percent from the 1987 level. This was the sixth annual decrease in the past 7 years, as older beneficiaries die and a smaller number of new claimants enters the program. The maximum monthly benefit payable to a disabled miner or surviving dependent was \$338, increasing to a maximum of \$676 for a disabled worker with three or more dependents.

### Types of Insurers

Workers' compensation programs vary regarding the methods used to assure that compensation will be paid when due. Employers generally are permitted to carry insurance against work accidents with commercial insurance companies or to qualify as self-insurers by giving proof of financial ability to carry their own risk. In addition, 19 States have established their own State funds to provide the required protection. State funds are the sole insuring mechanism in two States—North Dakota and Wyoming; only State funds and self-insurance options are available for employers

in Nevada, Ohio, Washington, and West Virginia. Federal employees are provided protection through a federally financed and operated system.

Private insurance companies paid about three-fifths of all regular benefits in 1988, virtually unchanged over the past decade. State funds and self-insurers each paid about one-fifth of the benefits (table 3).

The annual rate of increase in self-insurance payments since 1978 has been 14.6 percent, compared with 12.8 percent in private insurance payments and 9.4 percent in State and Federal fund disbursements (table 4). Over that same period, total benefits increased at an annual average rate of 12.1 percent.

### Geographic Variations in State Benefits

Each year, there is wide variation in the amount of benefits paid among the States as well as in the amount of benefits by type of insurance. This range reflects a number of influences, such as variation in State benefit formulas and maximum benefits, the differences in methods of administration, extent of litigation, occupational distributions and incidence of disability, and, most importantly, the overall size of the labor force.

Total benefits (excluding those for Black Lung) increased 13.3 percent from 1987 to 1988 with payments exceeding that level in 24 States. The two largest programs, in terms of dollars paid, were in California and Texas, where the increases were 13.2 percent and 18.7 percent, respectively (table 5). The maximum

**Table 3.—Workers' compensation benefit payment amounts, by percentage paid and type of insurer, selected years, 1939-88**

Year	Total		Percent of benefits paid by—		
	Amount (in billions) <sup>1</sup>	Percent	Private Insurance	State and Federal funds <sup>1</sup>	Self-insurance
1939.....	\$0.2	100.0	52.0	29.2	18.8
1949.....	.6	100.0	62.4	23.3	14.4
1959.....	1.2	100.0	62.2	26.1	11.7
1969.....	2.6	100.0	62.3	23.0	14.7
1979.....	10.3	100.0	59.7	22.4	17.9
1980.....	11.9	100.0	59.2	21.8	19.0
1981.....	13.3	100.0	59.1	21.5	19.4
1982.....	14.7	100.0	58.7	21.0	20.3
1983.....	15.9	100.0	58.3	21.2	20.5
1984.....	18.0	100.0	58.8	20.9	20.3
1985.....	20.6	100.0	59.8	20.1	20.1
1986.....	23.1	100.0	59.9	20.2	19.8
1987.....	25.8	100.0	59.8	20.3	19.9
1988.....	29.3	100.0	59.8	20.3	19.9

<sup>1</sup> Excludes black lung benefits, 1979-88.

**Table 4.—Percentage of change in workers' compensation benefit payment amounts by type of insurer, 1978-88**

Period	Total workers' compensation program	Type of insurer		
		Private insurers	State and Federal funds <sup>1</sup>	Self-insurers
1978-79.....	22.8	17.1	14.4	23.5
1979-80.....	13.2	14.2	12.2	22.2
1980-81.....	10.5	12.1	10.4	14.3
1981-82.....	9.0	9.8	8.4	15.8
1982-83.....	7.1	7.2	8.7	8.6
1983-84.....	12.0	14.5	11.7	13.0
1984-85.....	12.9	16.3	6.3	12.0
1985-86.....	10.9	12.0	8.8	10.4
1986-87.....	11.1	11.8	8.5	12.7
1987-88.....	12.4	13.3	13.5	13.2
Average annual increase.....	12.4	12.8	9.4	14.6

<sup>1</sup> Excludes black lung benefits.

weekly benefit on July 1, 1988, ranged from \$175 in Georgia to \$1,094 in Alaska; the median amount was \$340.50.

Benefit payments decreased in three jurisdictions—Alaska, District of Columbia, and Utah—while increasing less than 5 percent in seven others (table 6). These jurisdictions generally covered small numbers of workers. Combined, they account for about 8 percent of the covered population.

### Employer Costs

The cost of workers' compensation to employers in 1988 was estimated at \$42.9 billion, an increase of 12.6 percent over the previous year's cost (table 7). This insurance premium varies with the risk involved and is influenced primarily by such factors as the employer's industrial classification and the hazards of that industry, sometimes modified by experience rating. Employer costs are also influenced by the method used to insure for compensation liability—through a commercial carrier, State fund, or self-insurance—and the proportion of the employer premium assigned to acquisition costs and costs for services and general administration.

Components of the premium paid in 1988 were:

- (1) \$28.5 billion paid to private carriers;
- (2) \$8.1 billion paid to State funds and for Federal programs (the Federal employee program and that part of the Black Lung benefits program financed by employers); and
- (3) \$6.3 billion in the cost of self-insurance (benefits paid by self-insurers plus estimated administrative expenses).

**Table 5.—Estimated workers' compensation benefit payment amounts, by State and type of insurance, 1987-88<sup>1</sup>**

[Amounts in thousands]

Jurisdiction	1987				1988				Percentage change in total payments
	Total	Insurance losses paid by private insurance <sup>2</sup>	State and Federal fund disbursements <sup>3</sup>	Self-insurance payments <sup>4</sup>	Total	Insurance losses paid by private insurance <sup>2</sup>	State and Federal fund disbursements <sup>3</sup>	Self-insurance payments <sup>4</sup>	
United States	\$27,389,988	\$15,453,355	\$6,782,360	\$5,154,273	\$30,789,483	\$17,512,113	\$7,441,670	\$5,835,700	12.4
Alabama	273,765	195,765	...	78,000	310,568	221,568	...	89,000	13.4
Alaska	139,367	114,367	...	25,000	119,595	97,895	...	21,700	-14.2
Arizona	222,355	109,370	71,682	41,303	300,887	126,670	118,217	56,000	35.3
Arkansas	160,019	121,019	...	39,000	176,814	133,914	...	42,900	10.5
California	4,250,941	2,328,020	647,921	1,275,000	4,810,305	2,548,616	817,689	1,444,000	13.2
Colorado	402,390	163,474	177,916	61,000	474,482	196,913	205,869	71,700	17.9
Connecticut	433,535	343,654	...	89,881	495,535	390,535	...	105,000	14.3
Delaware	51,334	38,334	...	13,000	57,345	42,945	...	14,400	11.7
District of Columbia	86,677	69,677	...	17,000	80,597	64,497	...	16,100	-7.0
Florida	1,178,113	738,113	...	440,000	1,421,550	888,550	...	533,000	20.7
Georgia	510,062	440,062	...	70,000	580,766	500,766	...	80,000	13.9
Hawaii	137,028	101,028	...	36,000	151,144	111,144	...	40,000	10.3
Idaho	70,343	46,159	17,384	6,800	84,983	52,030	24,753	8,200	20.8
Illinois	1,068,067	778,067	...	290,000	1,277,476	932,476	...	345,000	19.6
Indiana	201,532	178,532	...	23,000	244,703	216,703	...	28,000	21.4
Iowa	140,734	133,734	...	7,000	169,464	161,464	...	8,000	20.4
Kansas	174,953	147,953	...	27,000	197,473	166,473	...	31,000	12.9
Kentucky	274,434	205,434	...	69,000	292,872	219,872	...	73,000	6.7
Louisiana	544,012	434,012	...	110,000	565,141	452,141	...	113,000	3.9
Maine	276,518	228,518	...	48,000	314,353	259,853	...	54,500	13.7
Maryland	373,756	242,855	60,901	70,000	396,734	259,933	76,801	60,000	6.1
Massachusetts	734,088	674,088	...	60,000	858,587	787,587	...	71,000	17.0
Michigan	885,398	489,080	56,318	340,000	1,010,014	549,610	70,404	390,000	14.1
Minnesota	489,541	366,835	10,706	112,000	501,901	369,454	16,447	116,000	2.5
Mississippi	136,787	126,987	...	9,800	154,799	143,299	...	11,500	13.2
Missouri	320,379	264,379	...	56,000	378,777	312,777	...	66,000	18.2
Montana	138,346	45,513	<sup>5</sup> 80,552	12,281	150,436	46,035	<sup>5</sup> 91,101	13,300	8.7
Nebraska	87,537	74,537	...	13,000	101,311	86,611	...	14,700	15.7
Nevada	180,204	1,012	151,445	27,747	236,861	861	200,000	36,000	31.4
New Hampshire	128,392	111,992	...	16,400	143,153	124,953	...	18,200	11.5
New Jersey	626,536	528,036	...	98,500	682,437	575,437	...	107,000	8.9
New Mexico	145,788	136,288	...	9,500	168,121	157,121	...	11,000	15.3
New York	1,206,565	625,671	356,894	224,000	1,344,539	662,127	432,412	250,000	11.4
North Carolina	271,990	216,990	...	55,000	334,179	267,179	...	67,000	22.9
North Dakota	43,983	117	43,866	...	44,441	124	44,317	...	1.0
Ohio	1,561,937	5,537	1,156,400	400,000	1,716,339	6,339	1,260,000	450,000	9.9
Oklahoma	288,693	165,292	56,401	67,000	301,992	166,992	65,000	70,000	4.6
Oregon	509,584	201,584	230,000	78,000	555,769	217,505	245,264	93,000	9.1
Pennsylvania	1,271,742	938,094	<sup>5</sup> 82,000	251,648	1,499,049	1,098,417	<sup>5</sup> 100,632	300,000	17.9
Rhode Island	142,547	131,647	...	10,900	168,322	155,322	...	13,000	18.1
South Carolina	185,989	160,989	...	25,000	207,909	178,909	...	29,000	11.8
South Dakota	35,557	30,657	...	4,900	40,156	34,656	...	5,500	12.9
Tennessee	288,738	262,738	...	26,000	341,270	310,270	...	31,000	18.2
Texas	2,073,707	2,073,707	...	...	2,461,702	2,461,702	...	...	18.7
Utah	125,840	26,637	79,203	20,000	115,563	29,201	68,362	18,000	-8.2

See footnotes at end of table.

**Table 5.—Estimated workers' compensation benefit payment amounts, by State and type of insurance, 1987-88<sup>1</sup>—Continued**

[Amounts in thousands]

Jurisdiction	1987				1988				Percentage change in total payments
	Total	Insurance losses paid by private insurance <sup>2</sup>	State and Federal fund disbursements <sup>3</sup>	Self-insurance payments <sup>4</sup>	Total	Insurance losses paid by private insurance <sup>2</sup>	State and Federal fund disbursements <sup>3</sup>	Self-insurance payments <sup>4</sup>	
Vermont.....	\$41,240	\$37,740	...	\$3,500	\$43,636	\$39,636	...	\$4,000	5.8
Virginia.....	354,154	290,154	...	64,000	408,904	334,904	...	74,000	15.5
Washington.....	678,458	13,458	\$525,000	140,000	705,478	13,478	\$550,000	142,000	4.0
West Virginia.....	354,655	1,172	236,370	117,113	363,391	735	249,656	113,000	2.5
Wisconsin.....	368,910	292,910	...	76,000	422,163	335,163	...	87,000	14.4
Wyoming.....	44,557	1,367	43,190	...	45,594	751	44,843	...	2.3
Federal.....	2,698,211	...	2,698,211	...	2,759,903	...	2,759,903	...	2.3
Civilian employee program <sup>6</sup> .....	1,145,903	...	1,145,903	...	1,253,277	...	1,253,277	...	9.4
Black Lung program <sup>7</sup> .....	1,544,522	...	1,544,522	...	1,498,814	...	1,498,814	...	-3.0
Other <sup>8</sup> .....	7,786	...	7,786	...	7,812	...	7,812	...	.3

<sup>1</sup>Data for 1988 preliminary. Calendar-year figures, except that data for Montana, Nevada, and West Virginia, for Federal civilian employees and "other" Federal workers' compensation, and for State fund disbursements in Maryland, North Dakota, and Wyoming, represent fiscal years ended in 1987 and 1988. Includes benefit payments under the Longshoremen's and Harbor Workers' Compensation Act and extensions for the States in which such payments are made.

<sup>2</sup>Net cash and medical payments paid during calendar year by private insurance carriers under standard workers' compensation policies. Data

primarily from A.M. Best Company, a national data-collecting agency for private insurance.

<sup>3</sup>Net cash and medical benefits paid by State funds compiled from State reports (published and unpublished); estimated for some States.

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

<sup>5</sup>Includes payment of supplemental pensions from general funds.

<sup>6</sup>Payments to civilian Federal employees (including emergency relief workers) and their

dependents under the Federal Employees' Compensation Act.

<sup>7</sup>Includes \$604,522,000 in 1987 and \$594,814,000 in 1988 paid by the Department of Labor.

<sup>8</sup>Primarily payments made to dependents of reservists who died while on duty in the Armed Forces, to individuals under the War Hazards Act, War Claims Acts, and Civilian War Benefits Act, and to Civil Air Patrol and Reserve Officers Training Corps personnel, persons involved in maritime war risks, and law enforcement officers (P.L. 90-921).

**Table 6.—Number of States<sup>1</sup> and percentage of covered workers, by percentage change in workers' compensation benefits, 1967-87 and 1987-88**

Percentage of change	Number of States		Percentage distribution of covered workers	
	1986-87	1987-88	1986-87	1987-88
Total.....	52	52	100.0	100.0
Increase:				
0.0-4.9.....	2	7	2.3	7.0
5.0-9.9.....	8	8	21.3	15.2
10.0-14.9.....	22	16	45.0	36.0
15.0-19.9.....	9	11	16.5	27.4
20.0 or more..	7	7	10.0	13.0
Decrease.....	4	3	4.7	1.2

<sup>1</sup>Includes programs in all States, the District of Columbia, and for Federal civilian employees.



About \$1 in every \$5 of premium costs are paid into high-risk pools. These pools are State-established to cover high-risk employers who are unable to obtain workers' compensation coverage through private insurance companies.

Although much of the rise in premium costs reflects growth in the covered labor force and in wage levels, these factors are accounted for by examining the relationship of costs to payroll (chart 1). The data indicate that there continue to be "real" increases in employer costs as well as benefits, as employers raise premiums in response to higher benefit payouts.

In 1988, employers paid \$2.15 for every \$100 of payroll to protect workers, up from \$2.06 in 1987 and \$1.67 in 1983. In many potentially hazardous occupations, these payroll costs exceeded \$10 for every \$100 of payroll. Similarly, the amount of benefits paid, per \$100 of payroll, has also increased. In 1988, workers' compensation benefits were \$1.49 for every \$100 of covered payroll compared with \$1.43 in 1987 and \$1.17 in 1983.

**Table 7.—Workers' compensation costs, by type of insurer, selected years, 1952-88**

[Amounts in millions]

Year	Total	Private carriers	State funds	Federal programs <sup>1</sup>	Self-insurers
1952.....	\$1,333	\$956	\$229	\$40	\$108
1957.....	1,734	1,234	301	59	140
1962.....	2,323	1,651	395	68	209
1967.....	3,654	2,640	592	97	325
1972.....	5,786	4,181	854	211	540
1977.....	14,088	9,920	2,297	525	1,346
1982.....	22,765	15,398	2,640	1,509	3,217
1983.....	23,030	15,384	2,695	1,458	3,493
1984.....	25,122	16,632	2,975	1,569	3,946
1985.....	29,185	19,500	3,513	1,721	4,451
1986.....	33,964	22,771	4,507	1,771	4,915
1987.....	38,095	25,448	5,319	1,788	5,541
1988.....	42,906	28,538	6,183	1,911	6,273

<sup>1</sup> Includes Federal employee compensation program and that portion of the Federal Black Lung program financed from employer contributions.

**Chart 1.—Workers' compensation costs and total benefits per \$100 of covered payroll, selected years, 1948-88**

