

ited in amount. Thus, despite the fact that the number of aged persons with income from earnings was only one-third the number receiving payments under social insurance and related programs, the earnings of employed persons were larger than payments under such programs and almost as large as total payments under all public income-maintenance programs, including public assistance.

Workmen's Compensation Payments and Costs, 1958*

Payments for wage loss and medical benefits under workmen's compensation programs continued to rise in 1958, against a backdrop of conflicting economic developments. As the economy dipped downward, (1) the number of workers covered by workmen's compensation in an average week dropped an estimated 1½ million to a total of 40½-41 million; (2) covered payrolls declined a little more than 1 percent to an estimated \$183 billion; and (3) the number of disabling work injuries—compensable and noncompensable—reported by the Bureau of Labor Statistics was some 4 percent less than the 1957 estimate, in part because of an improvement in accident rates.

These recession effects were offset when (1) average wages, on which cash benefits are based, went up 3 percent from 1957 to 1958; (2) medical care prices advanced 5 percent, according to the consumer price index of the Bureau of Labor Statistics; and (3) four States enacted legislation increasing cash benefits for all types of disability, and in a third of the States the full force of liberalizing amendments passed in 1957 was first felt in 1958.

The net effect of these counteracting influences was a rise of \$51 million in workmen's compensation benefit payments to a total of \$1,113 million in 1958. Aggregate benefits as a proportion of covered payroll reached 0.61 percent—the highest

* Prepared by Alfred M. Skolnik, Division of Program Research, Office of the Commissioner.

Estimates of workmen's compensation payments, by State and type of insurance, 1958 and 1957¹

[In thousands]

State	1958				1957				Percentage change in total payments, 1958 from 1957
	Total	Insurance losses paid by private insurance carriers ²	State fund disbursements ³	Self-insurance payments ⁴	Total	Insurance losses paid by private insurance carriers ²	State fund disbursements ³	Self-insurance payments ⁴	
Total.....	\$1,113,253	\$694,373	\$284,983	\$133,897	\$1,061,924	\$660,903	\$271,527	\$129,494	+4.8
Alabama.....	6,307	5,047	-----	1,260	5,550	4,440	-----	1,110	+13.6
Arizona.....	9,187	258	8,700	229	8,600	253	8,099	248	+6.8
Arkansas.....	6,703	5,493	-----	1,210	6,370	5,220	-----	1,150	+5.2
California.....	119,087	78,985	27,772	12,330	107,200	71,361	24,739	11,100	+11.1
Colorado.....	8,896	2,936	5,150	810	8,039	2,891	4,418	730	+10.7
Connecticut.....	17,844	16,059	-----	1,785	18,165	16,350	-----	1,815	-1.8
Delaware.....	1,651	1,321	-----	330	1,604	1,284	-----	320	+2.9
District of Columbia.....	3,757	3,477	-----	280	3,476	3,186	-----	290	+8.1
Florida.....	26,709	24,584	-----	2,125	23,992	22,017	-----	1,975	+11.3
Georgia.....	10,334	8,834	-----	1,500	9,714	8,304	-----	1,410	+6.4
Idaho.....	4,406	2,892	999	515	4,084	2,818	791	475	+7.9
Illinois.....	58,125	47,753	-----	10,372	56,544	46,340	-----	10,204	+2.8
Indiana.....	16,860	14,360	-----	2,500	16,692	14,217	-----	2,475	+1.0
Iowa.....	7,869	6,294	-----	1,575	7,994	6,394	-----	1,600	-1.6
Kansas.....	10,308	8,248	-----	2,060	9,810	7,850	-----	1,960	+5.1
Kentucky.....	11,617	7,902	-----	3,715	11,329	7,659	-----	3,670	+2.5
Louisiana.....	28,700	24,320	-----	4,380	26,114	22,129	-----	3,985	+9.9
Maine.....	2,771	2,411	-----	360	2,639	2,294	-----	345	+5.0
Maryland.....	16,893	12,779	1,774	2,340	14,820	11,100	1,690	2,030	+14.0
Massachusetts.....	37,858	35,053	-----	2,805	37,892	35,087	-----	2,805	-1
Michigan.....	40,081	26,501	2,585	10,995	38,287	25,392	2,576	10,319	+4.7
Minnesota.....	19,202	15,972	-----	3,230	17,501	14,561	-----	2,940	+9.7
Mississippi.....	6,200	5,660	-----	540	5,683	5,149	-----	534	+9.1
Missouri.....	20,258	17,463	-----	2,795	19,502	16,727	-----	2,775	+3.9
Montana.....	5,403	1,211	3,173	1,019	5,372	1,390	2,988	994	+6
Nebraska.....	3,976	3,864	-----	112	3,675	3,570	-----	105	+8.2
Nevada.....	4,333	4	4,124	205	4,326	2	4,119	205	+2
New Hampshire.....	2,671	2,621	-----	50	2,795	2,740	-----	55	-4.4
New Jersey.....	54,113	47,551	-----	6,562	49,287	42,959	-----	6,328	+9.8
New Mexico.....	5,959	5,554	-----	405	5,511	5,136	-----	375	+8.1
New York.....	155,330	95,482	40,091	19,757	151,948	93,302	39,319	19,327	+2.2
North Carolina.....	12,213	10,093	-----	2,120	11,608	9,593	-----	2,015	+5.2
North Dakota.....	2,160	10	2,150	-----	2,072	3	2,069	-----	+4.2
Ohio.....	76,064	103	66,053	9,908	75,502	156	65,518	9,828	+7
Oklahoma.....	15,466	12,213	2,123	1,130	15,019	11,838	1,916	1,265	+3.0
Oregon.....	22,092	2,114	19,978	-----	19,323	1,690	17,733	-----	+14.3
Pennsylvania.....	43,281	28,340	3,720	11,221	43,963	28,508	3,723	11,732	-1.6
Rhode Island.....	6,538	6,227	-----	311	6,470	6,100	-----	370	+1.0
South Carolina.....	6,471	5,306	-----	1,165	5,698	4,633	-----	1,065	+13.6
South Dakota.....	1,349	1,134	-----	215	1,106	931	-----	175	+22.0
Tennessee.....	13,138	10,538	-----	2,600	12,512	9,998	-----	2,514	+5.0
Texas.....	59,727	59,727	-----	-----	58,423	58,423	-----	-----	+2.2
Utah.....	3,300	1,167	1,583	550	3,250	1,157	1,553	540	+1.5
Vermont.....	1,665	1,515	-----	150	1,655	1,505	-----	150	+6
Virginia.....	10,868	8,873	-----	1,995	10,101	8,246	-----	1,855	+7.6
Washington.....	21,996	567	21,069	360	20,877	474	20,043	360	+5.4
West Virginia.....	13,966	56	13,023	887	13,715	43	12,777	895	+1.8
Wisconsin.....	18,634	15,500	-----	3,134	18,637	15,561	-----	3,076	0
Wyoming.....	1,327	1	1,326	-----	1,386	22	1,364	-----	-4.3
Federal workmen's compensation:									
Civilian employees ⁵	40,076	-----	40,076	-----	37,453	-----	37,453	-----	+7.0
Other ⁶	19,514	-----	19,514	-----	18,639	-----	18,639	-----	+4.7

¹ Data for 1958 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 1957 and 1958. 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. 1957 data primarily from the *Spectator: Insurance by States of Fire, Marine, Casualty, Surety and Miscellaneous Lines*, 86th annual issue. For 1958, unpublished data furnished by Chilton Company, publisher of *Spectator*.

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 personnel.

peak of the post-World War II period; in 1957, the ratio was 0.57 percent. The 1958 rise in benefit payments of 4.8 percent represented, however, a lower rate of increase than those registered in 1956 and 1957—9.5 percent and 5.9 percent.

All but seven States—Connecticut, Iowa, Massachusetts, New Hampshire, Pennsylvania, Wisconsin, and Wyoming—reported higher benefit payments for 1958. The increases ranged from less than 1 percent in Montana, Nevada, Ohio, and Vermont to more than 14 percent in Oregon and South Dakota. Thirteen States, with about 35 percent of the covered workers, had increases of 1.0-4.9 percent. In the systems of 17 jurisdictions and the Federal system, which combined took in one-fourth of all covered employment, the increases ranged from 5.0 percent to 9.9 percent. The remaining six States, accounting for 16 percent of the coverage, had increases of 10.0-13.9 percent.

Payments were higher in all regions except New England. The greatest relative advances took place in the Far West and Southeast. The smallest percentage gains were scored in the Middle Atlantic States and the industrial States of the Middle West.

Private carriers were responsible for 62 percent of total benefit payments, State funds (including the Federal workmen's compensation system) for 26 percent, and self-insurers for 12 percent. This distribution is unchanged from that in 1956 and 1957, although payments under self-insurance are not increasing at quite the same pace as the benefit amounts paid through the other two types of insurance.

Data usually presented in the accompanying table on the Federal workmen's compensation system have been refined this year to show separately benefit payments to civilian employees of the Federal Government (including workers employed under emergency relief acts). Injuries sustained by such employees accounted for two-thirds of the benefit disbursements from the Federal employee's compensation fund in the fiscal year 1957-58. The remaining one-third was attributable to cases involving military reservists on active

duty, members of the Civil Air Patrol, employees injured or killed as a result of enemy action or detention while performing duties for Government contractors outside the United States, and other civilians incurring injury or death as a result of enemy action or a war-risk hazard.

A decline in payrolls, combined with a leveling off in the dollar amounts spent by employers to insure or self-insure their risks under workmen's compensation programs, produced a relative increase in costs for 1958. The more than \$1,760 million estimated as having been spent by employers in 1958 represented about 96 cents per \$100 of covered payroll, compared with 94 cents in 1957. The 1958 total consists of (a) \$1,235 million in premiums paid to private insurance carriers; (b) \$384 million in premiums paid to State funds (for the Federal workmen's compensation programs, which are financed through congressional appropriations, these "premiums" are the sum of the benefit payments and the cost of the administrative agency); and (c) about \$145 million as the cost of self-insurance (benefits paid by self-insurers, with the total increased 5-10 percent to allow for administrative costs).

Of the total employer cost of almost \$1.8 billion, the benefit payments of \$1,113 million represented 63 percent—an increase of 2 percentage points from the preceding year. The loss ratio (losses paid as a percentage of direct premiums written) of private carriers experienced a similar increase—from 54 percent to 56 percent. The latter was the highest loss ratio reported for private carriers in the past decade. 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 *Spectator* data, direct losses incurred by private carriers, as a percentage of direct premiums earned, amounted to 63 percent in 1958.

State funds (with the Federal fund excluded) showed a rise of 3 percentage points in their loss ratio (based on losses paid)—from 68 percent in 1957 to 71 percent in 1958. The loss ratios of private carriers and, to some extent, of 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.

Medical and hospital benefits probably account for as much as \$380 million of the total of \$1,113 million. Though 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 by the increased cost of medical services rendered to injured workmen. The estimated distributions by types of payment are shown below; data for 1958 are preliminary, and those for 1957 have been revised.

[In millions]

Type of payment	1958	1957
Total.....	\$1,113	\$1,062
Medical and hospitalization.....	380	365
Compensation, total.....	733	697
Disability.....	648	617
Survivor.....	85	80

Old-Age Benefits in Current-Payment Status, by State, February 28, 1959*

Old-age insurance benefits under the old-age, survivors, and disability insurance program were being paid on February 28, 1959, to 7 million persons—830,000 more than in December 1957.

The average old-age benefit amounted to \$71.62, which was \$7.04 higher than the average in December 1957. A large part of this increase in average amount was due to the provisions of the 1958 amendments that raised benefit rates by about 7 percent, effective January 1959. The higher average resulted also from (1) the greater proportion of benefits computed on the basis of earnings after 1950 and (2) the rise in the proportion of beneficiaries whose benefits were computed under the provision that permits up to 5 years of lowest earnings to be excluded in

* Prepared in the Division of Program Analysis, Bureau of Old-Age and Survivors Insurance.