

First Year of Sickness Insurance for Railroad Workers

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Retirement benefits for permanent disability have been included in the Railroad Retirement Act since its inauguration. Benefits to compensate for wage loss for unemployment due to temporary disability were incorporated in the Railroad Unemployment Insurance Act in 1946. The results of a full year's operation of the latter provisions are analyzed here.

THROUGH an amendment to the Railroad Unemployment Insurance Act, approved by President Truman on July 31, 1946, the Railroad Retirement Board was charged with the responsibility of establishing and administering a sickness insurance program for railroad employees.¹ Thus, sickness benefits now form an integral part of the railroad retirement and unemployment insurance systems.

The programs for protecting railroad employees against unemployment and sickness are both included in the Railroad Unemployment Insurance Act and are financed by the same employer contributions. They have the same qualifying condition, the same benefit formula, and require the same wage records. Both programs are administered by the same bureau of the Board and the same field organization.

Only two States—Rhode Island and California—had similar sickness insurance programs in operation earlier. The program under the Railroad Unemployment Insurance Act differs in coverage from the State programs since it is Nation-wide in scope and covers an entire industry, while the State programs cover many industries

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¹ For the provisions of the amendment and its legislative history, see Jack M. Elkin, "The 1946 Amendments to the Railroad Retirement and Railroad Unemployment Insurance Acts," *Social Security Bulletin*, December 1946. The terms "sickness insurance," "sickness benefits," "sickness program," and the like used here refer to benefits for days during which the individual is unable to work because of a physical or mental illness or injury and with respect to which he receives no remuneration.

but are confined to their respective States.

Benefit Provisions

The railroad sickness benefit program, effective July 1, 1947, provides that benefits to partially replace wages lost by railroad employees when they are unemployed because of sickness shall be paid on the same basis as for unemployment due to lack of work. Benefits are payable for any illness or injury, regardless of the cause.

Any worker is "qualified" for sickness benefits in the benefit year beginning July 1 if he has earned \$150 or more in the railroad industry during the base year, which is the preceding calendar year. The benefit rate depends upon the total railroad earnings in the base year. The lowest rate—\$1.75 per compensable day—is received by those who earned \$150-199 during the year. The highest daily benefit rate—\$5—is received by employees who earned \$2,500 or more.

Base-year compensation	Number of employees in 1946	Benefit schedule	
		Daily rate	Maximum amount payable for a benefit year
Total.....	2,700,000		
Less than \$150.....	431,000	(1)	(1)
150-199.....	74,000	\$1.75	\$227.50
200-474.....	260,000	2.00	260.00
475-749.....	157,000	2.25	292.50
750-999.....	106,000	2.50	325.00
1,000-1,299.....	104,000	3.00	390.00
1,300-1,599.....	107,000	3.50	455.00
1,600-1,999.....	201,000	4.00	520.00
2,000-2,499.....	320,000	4.50	585.00
2,500 and over.....	942,000	5.00	650.00

¹ Not qualified.

The rates apply to compensable days in a 14-day claim period. Benefits are payable for each day of sickness in excess of 7 in the first claim period of the benefit year and in excess of 4 in each subsequent claim period. Thus the noncompensable days provide, in effect, a 7-day waiting period for the first illness in a benefit year and a 4-day waiting period for each subsequent illness. Except for the first claim period, the amount of benefits per week ranges from \$8.75 to \$25.00.

Sickness benefits, like those for unemployment, are payable for a maximum of 130 compensable days in a benefit year. Thus, when the illness is continuous, benefits are payable for as many as 26 weeks after a 1-week waiting period. Sickness benefits are paid entirely apart from, and in addition to, benefits for unemployment, but days of unemployment and days of sickness may not be combined in computing benefits.

The provisions relating to maternity cases differ slightly, but the maximum amounts are the same. Benefits are paid for each day in a 116-day period² and are paid at one and one-half times the usual rate for the first 14 days of the period and the first 14 days after the child is born.

Precautions were taken in framing the act to prevent an individual's receiving benefits from two or more sources with respect to the same period of time. Benefits, therefore, are not payable for periods for which an employee receives vacation or sick-leave pay or other remuneration, for in many cases this would result in more income than would be received for working. Nor are benefits permitted to duplicate other income when

² Defined as beginning 57 days before the day of expected birth of the child and usually extending for 116 consecutive days. If birth takes place after the 84th day of the maternity period, benefits are suspended, resumed with the day of birth, and continued until 116 compensable days are reached.

an injured employee is paid workmen's compensation for the same total disability, a damage settlement for an injury, an age or disability annuity under the Railroad Retirement Act, or other social insurance payments under a Federal or State law.

If sickness benefits are otherwise payable and the claimant is receiving benefits under the Railroad Retirement Act, the amount of the retirement benefits applicable to the claim period is deducted from the amount of sickness benefits otherwise payable, and the balance of the sickness benefits is paid. This is equivalent to paying the larger of the two benefits to which the claimant is entitled. When the retirement benefits are greater than the sickness benefits, the latter are not paid. This provision also applies to workmen's compensation payments for total disability and to social insurance annuities. Moreover, no sickness benefits are payable at all if the employee is entitled to sickness, maternity, or unemployment benefits under a State or Federal law.

Benefits based on an accident are payable regardless of the liability of other persons to pay damages for the accident. However, if damages paid are equal to, or greater than, the amount of the benefits, the benefits are not paid, or if already paid, must be recovered. If damages are less, the difference is payable. An employee may also be disqualified for sickness benefits, as he may for unemployment

benefits, if, during the registration period and the 2 preceding weeks, he earns more than a certain amount in train-and-engine or other similar service.

Receipt of insurance payments from a commercial insurance company, relief organization, fraternal order, or other privately organized association, on the other hand, does not affect the payment of sickness benefits.

An important provision to prevent false or fraudulent claims is that involving disqualifications for benefits and prosecution in such cases. A false statement made for the purpose of causing benefits to be paid disqualifies a claimant and may also result in a fine or imprisonment. No claimants were disqualified or prosecuted under this provision during the first year.

To receive sickness benefits an employee must file a statement of sickness within a 10-day period beginning with the first day for which he wishes to claim benefits. A separate statement must be filed for each spell of sickness. Attached to the application is a statement of sickness, which is completed by the claimant's doctor. This statement provides medical evidence to support the claim, such as the nature of the illness, its probable duration, and an estimate of the approximate date on which the employee will be able to resume work in his most recent occupation. When the application comes to one of the Board's regional offices, the employee's base-

year earnings are checked to determine whether he is qualified for benefits. If he is and the medical evidence supports the claim, he receives a claim form on which he makes a specific claim for the 14-day claim period beginning with the first day for which he may be entitled to benefits. Claims for succeeding periods are mailed to him as long as he remains sick and his benefit rights are not exhausted. In general, at least every three claim periods the claimant must submit a supplementary medical statement from his doctor.

Program Operations

Applications

In the first year, 234,900 applications for sickness benefits, including 5,100 for maternity benefits, were filed by railroad workers (table 1). Of these, about 8,000—mostly duplicates—were canceled and 5,900 were still being processed when the year ended. Of the remaining 211,000, all but 7,300 were from employees "qualified" by reason of earnings of \$150 or more in 1946. Included in these creditable applications were 18,100 for subsequent illnesses of employees who applied for benefits for more than one spell of sickness during the year and 10,500 advance applications for claimants sick in June who were expected to remain unable to work in the following month—the first month of the next benefit year. Thus, 185,000 applicants were found "qualified," exclusive of those represented in the 5,900 unprocessed applications.

Claims

Railroad workers filed 800,000 claims for benefits in the first year of operations. Fewer than 4 percent of these were for maternity benefits. All but 3,400 had been processed by the end of the year. Of those processed, 4,100 first claims with only 7 days of sickness were credited as waiting periods, and 74,300 were not compensable.

Among the noncompensable claims were 22,700 for which benefits were paid and later recovered—in most cases because the employee later received a damage settlement for personal injury or because an annuity larger than the sickness benefits was

Table 1.—Sickness benefits: Applications, claims, and benefit payments to railroad employees, by month, fiscal year 1947-48¹

Month	Applica- tions received	Accounts		Claims received ²	Benefits paid	
		Opened	Exhausted ³		Number	Amount
Total.....	234,926	150,390	17,105	799,903	711,441	\$26,604,279
1947						
July.....	27,013	9,356	1	15,864	10,032	322,035
August.....	18,370	15,591	18	49,092	40,521	1,549,750
September.....	17,637	12,813	107	63,503	53,030	2,074,250
October.....	17,835	13,869	218	72,287	69,114	2,660,952
November.....	15,304	10,743	255	65,918	55,957	2,128,998
December.....	17,949	12,304	320	79,901	69,130	2,631,733
1948						
January.....	20,197	13,233	3,387	82,503	76,496	2,787,232
February.....	19,507	13,373	3,520	74,162	67,336	2,427,614
March.....	20,621	15,837	2,720	86,136	78,613	2,913,664
April.....	16,630	12,389	2,199	75,018	69,472	2,593,210
May.....	14,347	10,436	2,131	65,484	58,837	2,161,643
June.....	29,516	10,446	2,229	70,035	62,903	2,353,198

¹ Data cover all operations during the year, regardless of when sickness occurred.

² Includes 1,156 maternity beneficiaries whose maternity period ended before maximum benefits

were paid. Accounts for sickness beneficiaries, other than for maternity, were first exhausted in January.

³ Claims cover 14-day periods.

later awarded for the same period. Some of the other claims could not be paid because it was known at the time they were received that a damage settlement had been made or that an annuity larger than the sickness benefits otherwise payable had been awarded. Other claims included too few days of sickness, were filed too late, or were not supported by medical evidence. Still others were not compensable because the employees received vacation or sick-leave pay or pay for time lost, or earned enough in specified train-and-engine-service occupations to disqualify themselves for receipt of benefits.

Sixty-seven percent of the claims found to be compensable were certified to the United States Treasury for payment within 2 weeks after the end of the 14-day period covered by the claim. Eighty-two percent were certified within 3 weeks. Only about 6 percent were paid more than 6 weeks after the end of the claim period. These claims generally required further investigation of the claimant's inability to work or involved other special problems.

The interval between the end of the claim period and payment of the claim tended to be somewhat greater for sickness than for unemployment. To a substantial degree this reflects the extra time required at the beginning of the year, when the program was new.

Benefit Payments

By June 30, 1948, a net total of \$26.6 million in benefits had been paid to railroad workers for sickness in 711,000 2-week claim periods. The average payment—\$37—was considerably more than the average of \$28 paid for unemployment, because the majority of the sickness beneficiaries were paid at the maximum daily benefit rate and because relatively few sickness claims were for fewer than 14 days of sickness.

Almost one-half of the payments went to railroad employees living in the highly industrialized and populous States east of the Mississippi River and north of the Ohio River. Also, payments to these workers averaged more than for the Nation as a whole. Workers in the West North Central and South Atlantic States shared one-fourth of the payments and benefits but received less per payment. Pacific State residents received 10 percent of the payments.

As would be expected, the payments were concentrated in the States where the largest numbers of railroad employees live. Residents of Pennsylvania received \$2.6 million, or nearly 10 percent of the total. Those in each of three other States—New York, Illinois, and California—also received \$2 million or more. Employees in two States—Ohio and Texas—were paid between \$1 million and \$2 million; and

in 10 other States, more than \$500,000. Vermont workers received the smallest amount of benefits—\$57,000—and also the smallest average payment—\$33.88. The highest average payment, \$39.84, went to employees living in another New England State—Connecticut.

Beneficiaries

Of the 2,270,000 railroad employees "qualified" for benefits in 1947-48, 191,000 filed applications. Payments were made to 158,000 of them, resulting in a beneficiary ratio of 100 for each 1,000 of the average number of railroad employees during the year. Only 4,300 of the beneficiaries received maternity benefits. Although many railroad workers were incapacitated for long periods of time, the majority of the beneficiaries were away from their jobs for relatively short periods. Excluding maternity beneficiaries, 153,700 railroad workers received benefits and were paid an average of \$190 for 65 days of sickness. One-tenth of them were unable to work for at least 27 weeks and so exhausted their benefit rights.

The days of sickness include only days for which credit could be given in computing benefits. Other days on which workers were sick, such as days occurring too long before an application was filed, days in illnesses too short to be compensable, or days after benefit rights were exhausted, are excluded. Likewise, the figures for cases of sickness include only those illnesses or injuries for which benefits were paid or waiting-period credit was given.

Below are some of the most important data concerning sickness beneficiaries for the 1947-48 benefit year:

Number with railroad earnings in base year.....	2,700,000
Number "qualified" for benefits.....	2,270,000
Average employment during benefit year.....	1,570,000
Number of beneficiaries.....	158,000
Per 1,000 with railroad earnings in base year.....	59
Per 1,000 qualified.....	70
Per 1,000 employed, on the average.....	100
Number who received maximum benefits.....	18,000
Average days of sickness per beneficiary.....	66

Except for the total number, the figures shown above and those in the following discussion (which excludes

Table 2.—Sickness benefits: Number of beneficiaries and selected averages, by sickness group, for first cases of sickness in benefit year 1947-48¹

Sickness group ²	Number of beneficiaries	Average for first cases of sickness	
		Days of sickness	Amount of benefits
Total ³	153,720	61	\$176
Infectious and parasitic diseases.....	5,100	82	222
Neoplasms.....	4,100	76	224
Rheumatic fever, diseases of the endocrine glands, and nutritional and other general diseases.....	2,600	71	211
Diseases of the blood and blood-forming organs.....	1,200	66	193
Chronic poisoning and intoxication.....	100	66	184
Diseases of the nervous system and sense organs, including mental disorders.....	12,600	76	222
Diseases of the circulatory system.....	23,700	83	249
Diseases of the respiratory system.....	26,400	40	111
Diseases of the digestive system.....	26,400	52	149
Diseases of the genito-urinary system.....	7,200	56	161
Deliveries and complications of pregnancy, childbirth, and the puerperium.....	300	63	164
Diseases of the skin.....	4,400	38	104
Diseases of the bones and the organs of movement.....	11,500	71	203
Congenital malformations.....	200	63	182
Other and ill-defined diseases.....	3,900	50	139
Injuries and poisonings.....	23,400	59	169

¹ Based on a 20-percent sample of beneficiaries; excludes maternity beneficiaries.

² Classified according to the *Manual for Coding Causes of Illness*, U. S. Public Health Service.

³ Includes data for beneficiaries whose type of sickness was not reported.

maternity beneficiaries) are based on a 20-percent sample. They include all payments made through August 31, 1948, for sickness in claim periods begun during the benefit year July 1, 1947-June 30, 1948. The figures are therefore larger than those in the section on operations. The data are not adjusted for benefits withheld, or paid and later recovered because of concurrent entitlement to benefits under the Railroad Retirement Act or some other social insurance act. Also, the figures are not adjusted for recoveries in cases where the Board was reimbursed from damage settlements. It is known that these adjustments occur more frequently among older beneficiaries and among those engaged in the more hazardous occupations, but sufficient information is not yet available to incorporate them. Recoveries due to damage settlements and to duplication with other social insurance payments together amounted to 10 percent of the benefits paid out. A smaller proportion of the beneficiaries, probably less than 4 percent of the total, had all of their benefits recovered, since the recoveries with respect to other social insurance payments ordinarily reduce the amount payable for each claim period rather than disqualify the claimant entirely.

While most of the beneficiaries reported only one illness during the year, 9 percent reported more than one. A distribution of the beneficiaries by the number of illnesses they reported is shown below:

Total (excluding maternity)	153,700
Number of beneficiaries with 1 illness.....	140,600
Number of beneficiaries with 2 illnesses.....	11,900
Number of beneficiaries with 3 illnesses.....	1,100
Number of beneficiaries with 4 or more illnesses.....	200

¹ The sum of the components does not equal the total because of rounding.

Considering only the first illnesses reported by the beneficiaries, the most frequent causes of sickness among railroad workers in 1947-48 were digestive, respiratory, and circulatory ailments, and injuries (table 2).³

³ The illnesses are grouped according to the *Manual for Coding Causes of Illness*, U. S. Public Health Service.

Workers with illnesses in these four groups accounted for nearly two-thirds of the beneficiaries. Although there were fewer cases of circulatory than of either digestive or respiratory ailments, at any one time during the year more workers were disabled by circulatory ailments, because of their longer duration, than for any other reason.

Among disorders of the digestive system, cases of hernia, ulcer, and appendicitis predominated. Influenza, which reached mild epidemic proportions in the South and Far West in the winter months, disabled nearly three-tenths of the workers suffering from respiratory diseases, but pneumonia and bronchitis were also significant in making that sickness group the next most frequent cause of illness. Since normally only a small part of the respiratory ailments disable workers for as long as 8 days, many workers affected by them did not receive benefits.

Among railroad employees with circulatory ailments, more than half were suffering from heart diseases. The remainder in this major group had various kinds of blood vessel disorders, among which cases of varicose veins and high blood pressure were most numerous. Fractures constituted nearly half of the injuries recorded, and dislocations and sprains formed about one-seventh. A substantial proportion of the injuries were work connected, with benefits subject to complete or partial recovery if the beneficiaries subsequently received

damage settlements. By the end of August 1948, more than \$800,000 in benefits for injuries during 1947-48 had been refunded to the Railroad Retirement Board under this provision of the law.

Nervous, sensory, and mental disorders and bone, muscle, and similar diseases were the only other major sickness groups including as many as 10,000 beneficiaries. The number of beneficiaries in each of the major groups of illnesses appears in table 2, together with the average number of days of sickness and the amount of benefits received for the first illness.

The majority of the beneficiaries reported sickness for relatively short periods of time. Including first and subsequent illnesses, more than half were on the benefit rolls less than 6 weeks. The average duration, however, exceeded 9 weeks, owing to a substantial proportion of workers with prolonged illness. About one-fourth of the beneficiaries were sick for over 12 weeks during the year and one-fifth, for over 16 weeks. The protection of the sickness benefit program, of course, was most important for those who were sick long enough to exhaust benefit rights—27 weeks. Only 400 with intermittent illness reported a longer total duration. One out of every 10 beneficiaries exhausted benefit rights; on the average, they received \$564 in benefits. Table 3 shows the distribution of beneficiaries by length of sickness during the benefit year and the corresponding average

Table 3.—Sickness benefits: Number of beneficiaries, by weeks of sickness in benefit year 1947-48¹

Weeks of sickness	Beneficiaries			Average amount of benefits per beneficiary
	Number	Percent	Cumulative percent	
Total.....	154,000	100.0	100.0	\$190
More than 1 week, to 2 weeks.....	36,200	23.5	23.5	25
More than 2 weeks, to 4 weeks.....	28,900	18.8	42.3	64
More than 4 weeks, to 6 weeks.....	18,300	11.9	54.2	110
More than 6 weeks, to 8 weeks.....	13,400	8.7	63.0	155
More than 8 weeks, to 10 weeks.....	9,400	6.1	69.1	200
More than 10 weeks, to 12 weeks.....	7,100	4.6	73.8	246
More than 12 weeks, to 14 weeks.....	5,900	3.8	77.6	290
More than 14 weeks, to 16 weeks.....	4,600	3.0	80.6	335
More than 16 weeks, to 18 weeks.....	3,500	2.3	82.8	383
More than 18 weeks, to 20 weeks.....	2,900	1.9	84.7	426
More than 20 weeks, to 22 weeks.....	2,600	1.7	86.4	468
More than 22 weeks, to 24 weeks.....	2,300	1.5	87.9	518
More than 24 weeks, to 26 weeks.....	3,000	2.0	89.8	565
More than 26 weeks.....	15,600	10.2	100.0	564

¹ Based on a 20-percent sample of beneficiaries; excludes maternity beneficiaries.

amounts of benefits received per beneficiary.

The figures cited above do not indicate the full length of the illnesses. As with any new program, many of the people involved were unaware of their benefit rights and so did not claim benefits as soon as they could have. Also, many of the beneficiaries remained sick after their benefit rights were exhausted or after the benefit year ended. While substantial numbers of those who were sick when the program began applied for benefits early in July, others did not apply until some time later, when they learned or were reminded of the new benefits. Many employees waited until they had recovered, thereby losing some or all benefits. Also, many employees did not meet other requirements of the act or were disqualified for part of their illness because they received vacation or sick-leave pay.

The following tabulation shows for selected months the percentage distribution of the beneficiaries by interval between beginning of illness and first creditable day:

Days between beginning of illness and first creditable day of sickness	Month of first claim period				
	July 1947	August 1947	October 1947	February 1948	June 1948
Total.....	100	100	100	100	100
0-1.....	17	32	45	50	56
2-4.....	9	13	15	14	11
5-9.....	11	14	14	11	9
10-19.....	12	16	13	14	14
20-29.....	7	7	3	4	4
30-59.....	13	7	4	4	2
60 or more.....	29	10	5	3	3

Partly because of sickness before the program began and partly because of failure to file for the first part of their illness, 83 percent of those who registered for benefits in July had already been sick for more than 1 day at the time they came on the benefit rolls. The lack of knowledge of the program is further indicated by the fact that 68 percent of those who came onto the benefit rolls in August had been sick more than 1 day previous to their first creditable day of sickness and 17 percent had been sick more than 30 days. There was a substantial improvement in the promptness with which benefits were claimed in later months.

In addition to the fact that the

illness of many beneficiaries started before the beginning of the benefit year, some of the delay between the first day of sickness and the first creditable day was not due to delay of the employee in filing for benefits. For some employees, benefits were not payable immediately because the employee received vacation pay or sick-leave pay. In other cases, employees were disqualified for a claim period by earnings in train-and-engine service above a stated amount in the period immediately before becoming sick. But the disqualifications mentioned here accounted for only a fraction of the loss of benefits.

Seven-eighths of the beneficiaries worked full time or nearly full time—at least 10 months—for railroads in 1946 and tended, therefore, to be qualified at the higher benefit rates. Of those who worked less than 10 months, about one-fifth entered the industry some time during the base year. Others became unable to work during the base year or had to seek other jobs because of their physical condition. Still others who worked less than full time were laid off or quit voluntarily. Only 1 percent of the entire beneficiary group, however, reported nonrailroad employment intervening between separation from railroad jobs and onset of illness.

The concentration of steadily employed workers among the beneficiaries was reflected in the high proportion paid at one of the top three daily benefit rates. More than half were paid at the maximum rate of \$5.00; one-fifth at \$4.50; and over one-tenth at \$4.00. Way and structures laborers, among whom the rate of turn-over is very high and who are most subject to seasonal lay-offs, were the only group concentrated in the medium and low benefit classes.

Daily benefit rate	Number of beneficiaries	Percent of beneficiaries in group	Percent of total benefits received
Total.....	153,700	100	100
\$1.75.....	500	(¹)	(¹)
2.00.....	2,700	2	1
2.25.....	3,000	2	1
2.50.....	3,000	2	1
3.00.....	4,700	3	3
3.50.....	6,700	4	4
4.00.....	17,400	11	11
4.50.....	31,100	20	21
5.00.....	84,600	55	59

¹ Less than 0.5 percent.

Service and earnings.—Data on whether the beneficiaries are, in general, railroad employees with substantial service or primarily persons who served only a short time were obtained from records, maintained by the Board since 1937, of railroad employment and earnings of employees. Nearly half of the beneficiaries had worked for railroads in 109–120 months during the period 1937–46. Undoubtedly many of them had worked even longer than 9 or 10 years; large proportions of them were beyond middle age and worked in the occupations generally requiring substantial seniority rights.

Five percent of the beneficiaries had from 97 to 108 months of service, and 10 percent had 61–96 months. A considerably larger proportion—24 percent—had service in 13–48 months. This latter group for the most part comprised workers who entered railroad employment during the war years and included a substantial number who in ordinary times could not meet railroad standards with respect to age or physical condition. Fewer than 2 percent of the beneficiaries had 6 months or less of service by the end of 1946, and they received only 0.7 percent of the benefits. The number and proportion of beneficiaries in each cumulative service group and the percent of total benefits paid them appear below.

Months of railroad service since 1936	Beneficiaries		Percentage distribution of benefits
	Number	Percentage distribution	
Total ¹	153,700	100	100
1-3.....	900	1	(²)
4-6.....	1,500	1	(²)
7-9.....	1,700	1	1
10-12.....	2,400	2	1
13-24.....	11,100	7	5
25-36.....	12,100	8	6
37-48.....	13,600	9	8
49-60.....	10,800	7	6
61-72.....	6,200	4	4
73-84.....	4,700	3	3
85-96.....	5,100	3	3
97-108.....	8,300	5	6
109-120.....	75,200	49	56

¹ Includes data for a small number of beneficiaries whose railroad service was not reported.

² Less than 0.5 percent.

Mainly because workers with 8 years or more of service were generally in the older ages and, as a result, sick longer, they received a larger than proportionate share of the bene-

fits. Of the engineers, conductors, executives, supervisors, professionals, and gang foremen who were beneficiaries, more than five-sixths had over 8 years of service. In addition, two-thirds of the station agents and telegraphers and skilled shop employees, three-fifths of the skilled way and structures employees, and one-third of the laborers were in the same group.

Age, sex, and race of beneficiaries.—The overwhelming majority of workers who received benefits for sickness were in the older age groups. Nearly two-thirds were 45 years of age or older, and nearly one-fifth were between 35 and 44. Fewer than 4 percent were under 25, and about 7 percent were over 65. Among the 5-year age groups, workers 55–59 were most numerous, but almost as many were in each of the groups 60–64 and 50–54. White men, who made up 83 percent of the beneficiaries, were more heavily concentrated in the higher age groups than were Negro men and white women. Ten percent of the beneficiaries were Negro men, and 6 percent were white women. The latter were the youngest group; three-fifths of them were under age 45. Beneficiaries in other population groups were too few in number to be considered separately.

Age group	Number of beneficiaries	Averages per beneficiary		Exhaustions per 100 beneficiaries
		Days of sickness	Amount of benefits	
Total.....	153,700	65	\$190	10
Under 25.....	5,600	46	105	4
25-34.....	19,100	49	130	6
35-44.....	28,100	54	151	7
45-54.....	43,100	65	189	10
55-64.....	47,500	77	234	13
65 and over.....	10,300	85	257	16

As the tabulation shows, the average amount of sickness ranged from 85 days for beneficiaries aged 65 or older down to 46 days for those under 25. The latter group, although the one with shortest average duration, included substantial numbers of beneficiaries with sicknesses which served to lengthen the average—injuries, nervous disorders, tuberculosis, hernias, and appendicitis. Considering each age group separately, women generally recorded a somewhat longer duration of illness than men, but the

Table 4.—Sickness benefits: Amount of benefit payments recovered or withheld in fiscal year 1947–48

Month	Recoveries and withholdings by reason ¹			
	Total	Other social insurance payments	Damage settlements	Other ²
Total.....	\$2,577,246	\$1,749,577	\$584,852	\$242,816
1947				
July.....	129	94	0	35
August.....	6,407	2,896	0	3,511
September.....	43,087	30,341	1,282	11,464
October.....	138,687	108,428	8,148	22,111
November.....	191,692	143,528	34,345	13,819
December.....	243,738	178,567	40,972	24,199
1948				
January.....	343,012	247,862	64,181	30,969
February.....	308,452	224,961	54,539	28,951
March.....	315,640	202,146	86,408	27,086
April.....	313,162	197,790	83,820	31,552
May.....	345,300	212,803	106,897	25,600
June.....	327,942	200,162	104,260	23,520

¹ Excludes maternity benefit payments.

² Includes a small amount recovered from claimants because of damage settlements.

differential was much less than that in incidence, discussed below. The figures, of course, exclude most illnesses of less than 7 days, which are more frequent among women than among men.

The sickness experience of the beneficiaries corresponded generally to that of workers covered by other sickness benefit systems—that is, sickness was more frequent and lasted longer for older than for younger workers; and, considering workers of the same age, women were ill more often and longer than men. However, contrary to Public Health Service statistics of sickness among various population groups, white men and women on the whole were sick oftener and longer than Negro men. Since most nonwhite workers are found in occupations in which turn-over is high and employment tends to be intermittent, many of them may not have been working in the railroad industry when they became sick. As a result they probably were not aware of their rights to benefits and so did not apply.

Regardless of sex or color, the rate of incidence of illness (that is, the number of cases per 1,000 qualified employees) increased markedly for each 10-year age group. It rose from 22 for those under age 25 to 139 for those in the ages 56–64. However, the rate dropped to 110 for those 65 and over. Since 83 percent of the beneficiaries were white men, the white male rates of incidence differed very little from those for all beneficiaries.

The incidence rates for white men

can be compared with those for white men who belonged to six railroad sick-benefit organizations in 1930–34. The experience of these organizations, as analyzed by the Public Health Service, was used widely in making cost estimates when the sickness insurance provisions went before the Congress for consideration. The results of the studies by the Public Health Service ⁴ have, up until the present time, been recognized as the best available information on sickness among white male railroad employees.

Age group	Number of cases of illness per 1,000	
	White male qualified railroad workers, 1947–48	White male members of railroad sick-benefit organizations, 1930–34
Total.....	78	124
Under 25.....	21	98
25-34.....	39	105
35-44.....	64	116
45-54.....	96	129
55-64.....	142	157
65 and over.....	109	169

The comparison shows that the rates for white men in all ages except those 55–64 were much lower among the beneficiaries in 1947–48 than in

⁴ William M. Gafafer, "Frequency of Sickness and Non-Industrial Accidents Causing Disability Lasting Eight Calendar Days or Longer Among 60,000 White Male Railroad Employees, 1930–34, Inclusive," *Public Health Reports*, Vol. 53, No. 15, Apr. 15, 1938.

1930-34 and that the difference from the earlier figures was largest for the younger workers. These differences probably are due mainly to the newness of the program and the workers' lack of familiarity with it. As said earlier, turn-over in employment is most prevalent among younger railroad workers, and it is likely that a relatively smaller proportion of qualified workers in these ages were aware of the sickness program and claimed benefits. The decrease in the incidence rate after age 65 in the 1947-48 figures is probably attributable to the earlier retirement in recent years of employees in poor health; the employees still in active service after 65 therefore represent a hardier group. The establishment of disability and age retirement benefits for railroad workers and changes in sick-leave practices since 1934 have affected the rates for 1947-48. Also, the 1947-48 figures cover the entire industry, including many no longer actively employed, while the earlier figures were for only six railroads and not all employees of those roads. On the other hand, the sick-benefit organizations required a physical examination of prospective members and did not pay benefits for certain illnesses or for work-connected injuries.

Maternity Benefits

The sickness benefit program also provides maternity benefits for women in railroad employment for the periods immediately before and after their babies are born. For maternity periods begun in the 1948 fiscal year, benefits totaling \$1,944,000 were paid to 4,300 women. The maternity beneficiary rate was 23 per 1,000 women eligible for benefits. Most of these beneficiaries were office employees in the ages under 30; only a small proportion were car cleaners or engine wipers. Seven-tenths qualified for one of the three highest daily benefit rates; those who earned from \$2,000 to \$2,499 in 1946 and qualified for \$4.50 per day were most numerous.

Well over half the maternity beneficiaries received payment for all the 116 days in their "maternity periods." Most of the others could not be paid for all days because the period began before July 1, 1947, the effective date of the program, or because they filed their application or claim forms too late. Still others continued to work for a while after the maternity period began or returned to work before the period ended.

Financing the Program

The sickness benefit program is financed jointly with the unemployment benefit program by contributions received under the Railroad Unemployment Insurance Act. The contributions are paid entirely by the employers. From July 1, 1939, through December 1947, contributions were collected under the Railroad Unemployment Insurance Act at the rate of 3 percent of pay roll, excluding earnings in excess of \$300 in any month. By June 30, 1948, the balance in the unemployment insurance account had grown to \$956 million.

By an act of Congress on June 23, 1948, the uniform contribution rate was replaced by a sliding scale retroactive to January 1, 1948. If the balance is greater than \$450 million at the end of September the rate for the following year is 0.5 percent. The rate increases by 0.5 percent for each \$50 million that the balance is below \$450 million. The maximum rate is 3.0 percent, which is applicable when the balance is less than \$250 million. Thus the rate in effect at the present time and for some years to come is 0.5 percent.

The amount of benefits paid in the first year of the sickness program was equal to 0.5 percent of the taxable pay roll of \$4.9 billion. There are a number of factors that contribute to the small amount of benefits paid. It takes some time for the knowledge of a new benefit program to reach the widest circles of employees and for

employees to establish the habit of claiming benefits when sick. In the meantime there is much sickness for which benefits are not claimed. During the early months of the program, also, many applications were received at the end of the spell of sickness instead of at the beginning, which frequently made it impossible to pay benefits.

Another important element which kept the net amount of benefits low was the large amounts of benefits recovered or withheld to prevent duplication with damage settlements, workmen's compensation for total disability, or other social insurance payments. The amounts recovered or withheld in 1947-48 formed nearly 10 percent of the net amount of benefits (table 4). By far the largest amount recovered or withheld—about two-thirds—resulted from a concurrent entitlement to other social insurance benefits. Most of these were railroad retirement annuities for age or disability. Most of the remainder was recovered as a result of damage settlements.

Maternity benefits amounted to 0.03 percent of taxable pay roll. Three factors tended toward a larger amount of maternity benefits than is likely to be the case in the future. First, the number of women employed on the railroads has declined since 1946, the base year for the benefit year 1947-48. Second, labor turn-over has also declined since then, so that fewer women, in relation to average employment, will be eligible for benefits. And finally, a declining birth rate will reduce the number of applications and amount of benefits.

It is expected that benefit payments for the second year of operations of the sickness benefit program will be larger, principally because of increased familiarity of railroad employees with it and with the requirements for benefits. Benefits for the second year, it is estimated, will total about \$35 million, of which \$2 million will be maternity benefits.