

WORKERS' COMPENSATION POLICY REVIEW

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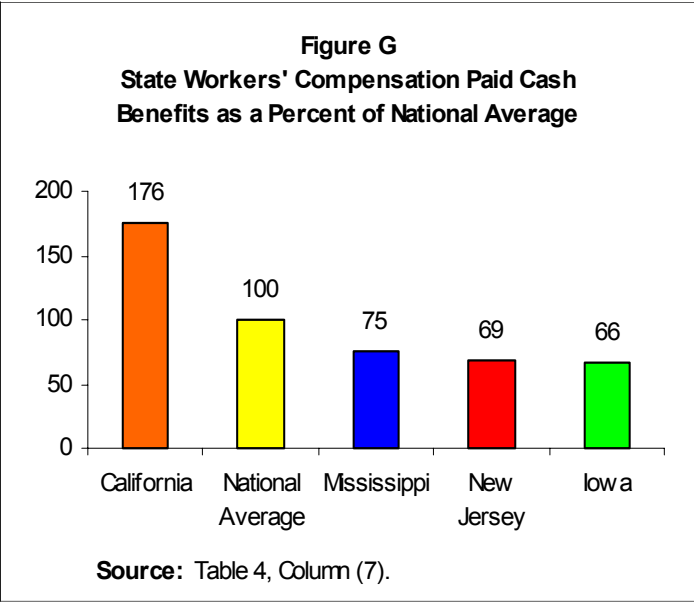
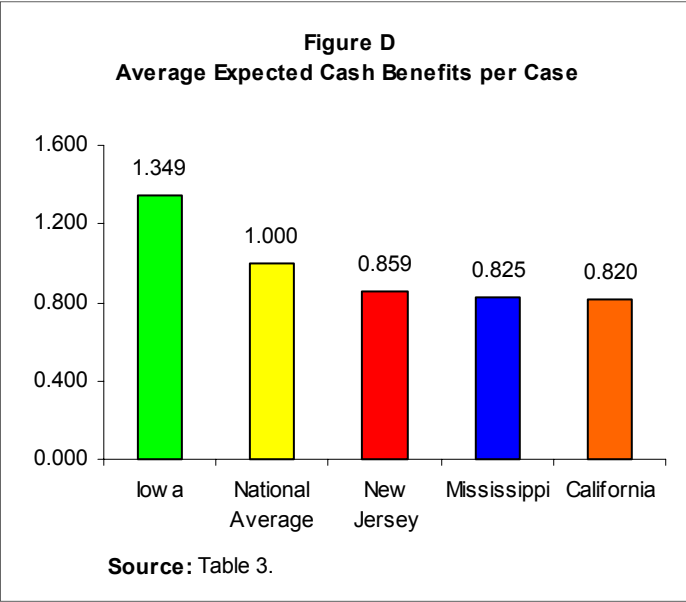
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Summary of the Contents

The lead article examines some of the data on workers' compensation benefits and costs that can be used to compare states' workers' compensation programs. The data selected are available for all or almost all states. Three broad categories of data are examined: (1) statutory benefits, which measure the cash benefits prescribed by state statutes; (2) cash and medical benefits actually provided to workers; and (3) the employers' costs of workers' compensation insurance. Within each of these broad categories, there are "multiple choices" for data.

The choices of which measures of benefits or costs are used for the comparisons can produce considerably different rankings for a particular state's workers' compensation program. If states are ranked in terms of average expected cash benefits per case (one variant of statutory benefits), Iowa has the highest benefits and California has the lowest benefits among the four jurisdictions shown in Figure D. However, if states are ranked by the cash benefits paid to workers (one variant of benefits actually provided to workers), California has the highest benefits and Iowa has the lowest benefits (Figure G).

Glenn Shor provides an interesting and insightful review of a book by John Fabian Witt on the historical origins of workers' compensation. The focus of the book is the late 19th and early 20th centuries, when public policy for workplace injuries evolved from reliance on the market, to several variants of modified legal rules governing injured workers and their employers, to workers' compensation. Shor concludes that the book provides lessons of continuing relevance, including the power of the status quo to inhibit needed adjustments.



Comparing States' Workers' Compensation Benefits and Costs

by John F. Burton, Jr.

This article examines some of the data on workers' compensation benefits and employers' costs that can be used to compare workers' compensation programs in different states. These data have recently been described in the *Workers' Compensation Policy Review Guide to Data and Information on Workers' Compensation Programs (WCPR Guide)*.¹ The data are either included in (1) the *Workers' Compensation Compendium 2005-06 Volume One* (cited as *Compendium Volume One*) (Burton, Blum, and Yates 2005), (2) the *Workers' Compensation Compendium 2005-06 Volume Two* (cited as *Compendium Volume Two*) (Burton and Blum 2005), (3) in the most recent report of the National Academy of Social Insurance (Sengupta, Reno, and Burton 2005), or (4) a recent article in the *Workers' Compensation Policy Review* (Blum and Burton 2005).

The benefits and employers' costs data examined in this article were selected because the information is available for all or almost all states.² Three broad categories of data are examined: (1) statutory workers' compensation benefits, which pertains to the benefits prescribed by state workers' compensation statutes; (2) the benefits actually provided to workers³ and; (3) the employers' costs of workers' compensation insurance. For each of the three broad categories, there are "multiple choices" of data. As will soon become evident, the choices of which measures of benefits or costs are used for the comparisons can produce con-

siderably different rankings for a particular state's workers' compensation program.

The article will focus on four states and national averages in order to simplify the analysis. The article presents a template that can be used by any state to compare itself with other states using the data included in the sources just cited. The four states selected to provide geographical distribution and range of benefits and employers' costs are California, Iowa, Mississippi, and New Jersey.

STATUTORY WORKERS' COMPENSATION BENEFITS

This section compares the cash benefits specified by the workers' compensation statutes for temporary total disability benefits, for permanent partial disability benefits, and for all types of cash benefits.

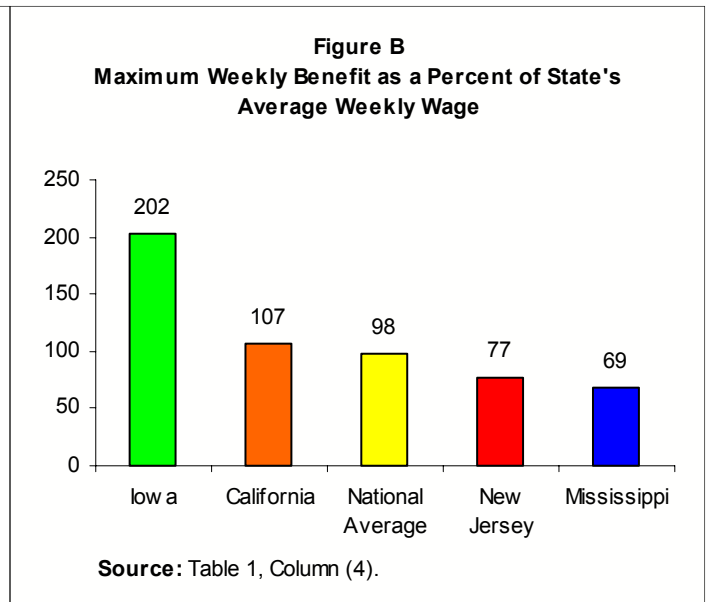
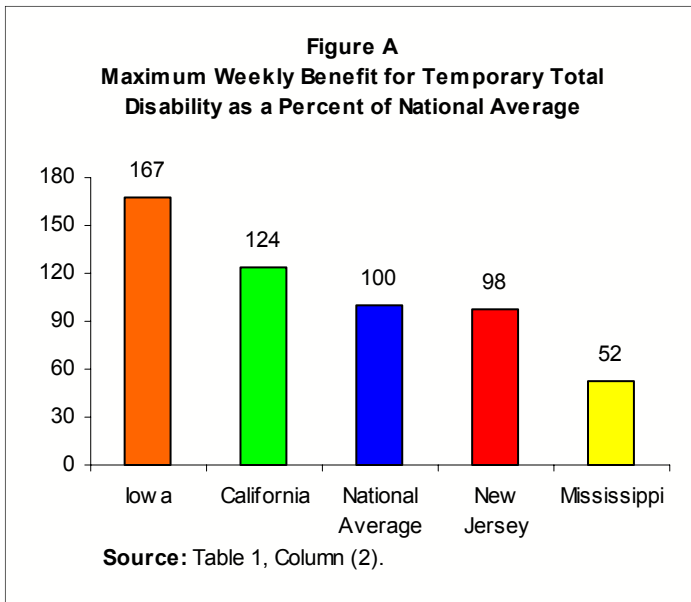
Temporary Total Disability Benefits

Workers' compensation programs provide temporary total disability benefits to workers who are unable to work in the initial period after the injury. Almost all states specify that the weekly benefit is 66 2/3 percent of the worker's gross preinjury wage (the wage prior to any withholding for income taxes, social secu-

Table 1
Maximum Weekly Benefit for Temporary Total Disability
as of January 1, 2005

State	Maximum Benefit in Dollars (1)	Maximum as Percent of National Average (2)	State's Average Weekly Wage (2002) (Dollars) (3)	Maximum as a Percent of State's Average Weekly Wage (4)
California	840.00	124	784	107
Iowa	1,133.00	167	561	202
Mississippi	351.14	52	506	69
New Jersey	666.00	98	863	77
National Average (Weighted)	678.00	100	703	98

Source: Columns (1), (3), and (4) from *Compendium Volume Two* (Burton and Blum, 2005) Table 1, pp. 14-15. Column (2) and National Average in column (3) calculated by Florence Blum.



rity taxes, or employee contributions for benefits, such as health care). This 66 2/3 percent replacement rate is specified in the California and Mississippi workers' compensation statute. New Jersey is unusual because the replacement rate is 75 percent of the worker's gross preinjury wage, and Iowa is unusual because the replacement rate is 80 percent of the worker's spendable preinjury wage (the gross wage minus withholding for income taxes and social security taxes). (These replacement rates are shown in the *Compendium Volume Two*, Table 6, pp. 145-55.)

The temporary total disability benefits in each state are subject to a maximum weekly benefit; as a result some of the state's workers receive benefits that are less than the product of the workers' preinjury wages times the replacement rate. These weekly maximums for temporary total disability vary considerably among the states, as shown in column (1) of Table 1. As of January 1, 2005, the maximums among the four states varied from 167 percent of the national average in Iowa to 52 percent of the national average in Mississippi, as shown in column 2 of Table 1 and in Figure A.

One reason that maximum weekly benefits vary among states is that the average wage varies among states. If, for example, each state set its maximum benefit equal to 100 percent of the state's average weekly wage, the maximum for temporary total disability benefits would range from \$863 in New Jersey to \$506 in Mississippi (Table 1, column (3)).

While higher wage states can be expected to have higher workers' compensation benefits, there obviously are other factors affecting the levels of the states' maximum weekly benefits. As shown in column (4) of Table

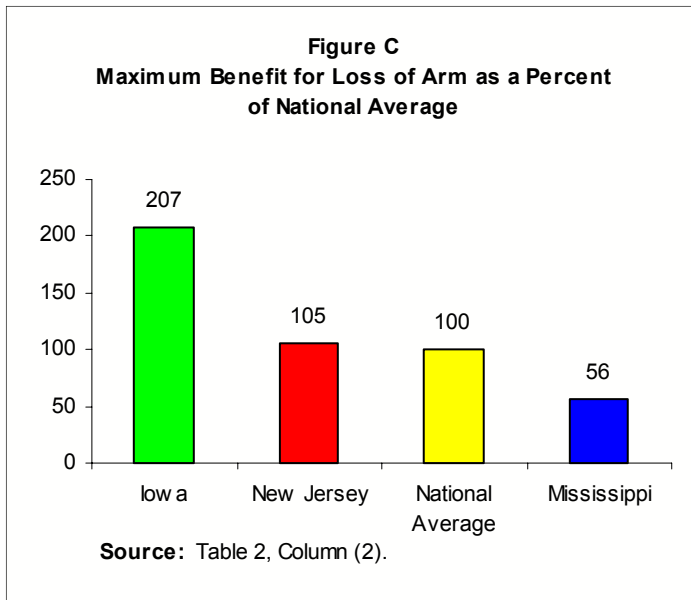
1 and in Figure B, the maximum weekly benefit for temporary total disability benefit as a percent of the state's average weekly wage ranged from 202 percent in Iowa to 69 percent in Mississippi.

Permanent Partial Disability Benefits

One limitation of the comparisons in Figures A and B is that they only involve one type of benefit, namely temporary total disability benefits. While workers' compensation cases providing only temporary total disability benefits are, in most jurisdictions, the most common

State	Maximum Benefit in Dollars (1)	Maximum as Percent of National Average (2)
California	N/A	N/A
Iowa	260,500	207
Mississippi	70,228	56
New Jersey	161,370	105
National Average (Weighted)	125,562	100

Source: Columns (1) and (2) from *Compendium Volume Two* (Burton and Blum 2005), Table 3, pp. 17-18.



type of case involving cash benefits, typically the largest share of cash benefits are paid in cases involving permanent partial disability (PPD) benefits (Burton 2005). PPD benefits are paid to workers who have permanent consequences of their workplace injuries but who are not totally disabled.

An example of a permanent partial disability benefit is the compensation provided to a worker who loses an arm. The maximum payment for loss of arm as of January 1, 2005 in the three jurisdictions with data ranged from 207 percent of the national average in Iowa to 56 percent of the national average in Mississippi (Table 2, column (2) and Figure C).

While the data in Figure C are useful and reinforce the impression that Iowa statutory benefits are more generous than those in other jurisdictions, and those in Mississippi are more paltry, there are limitations to these data. One is that total loss of an arm is (fortunately) a fairly rare occurrence. Partial physical loss or partial loss of use of an arm is much more common than is total loss of an arm. Partial loss requires an evaluation of the extent of loss, and an identical injury may receive dissimilar ratings in two different jurisdictions. It is possible, for example, that an injury that receives a 25 percent rating in Iowa receives a 50 percent rating in Mississippi, thus reducing the apparent disparity in benefits between the two states.

Another limitation to the data in Figure D is the unique (arguably bizarre?) New Jersey approach to PPD benefits, which has a maximum weekly benefit that is only 20 percent of the state's average weekly wage for the first 90 weeks of benefits and that progressively increases the maximum weekly benefit for more

serious injuries until PPD benefits in excess of 400 weeks have a maximum benefit that is 75 percent of the state's average weekly wage. This scheme meant that as of January 1, 2005, a New Jersey worker who lost 100 percent of the arm could receive as much as \$161,370 (as shown in Table 2), while a worker who lost 25 percent of the arm could receive no more than \$14,685.⁴ Thus in New Jersey, a worker who loses 25 percent of an arm receives PPD benefits that are only nine percent of the PPD benefits received by a worker who loses the entire arm.

Average Statutory Benefits

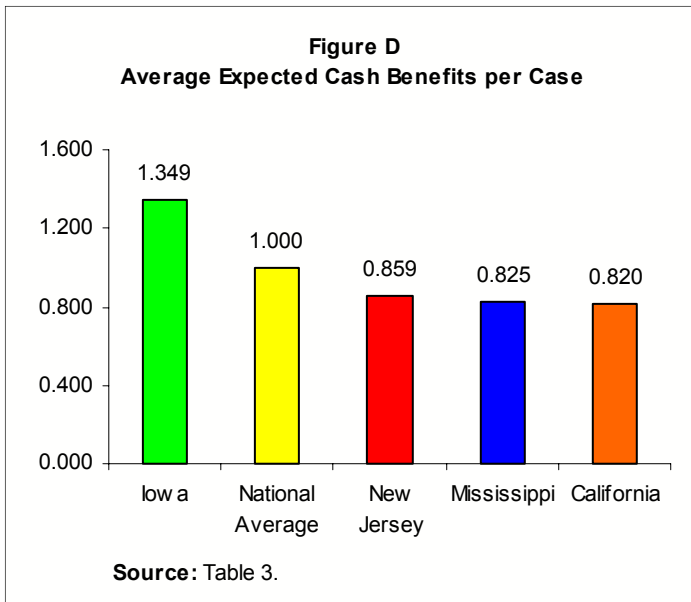
Another approach to comparing the benefits provided in the workers' compensation statutes in various jurisdictions is represented in Table 3 and Figure D. Actuarial and Technical Solutions, Inc. (A&TS) calculates the expected cash benefits for all types of cash benefits (temporary total, permanent partial, permanent total, and death benefits) prescribed by each state's workers' compensation statutes using an actuarial procedure. The expected benefits do not refer to the amounts actually paid in the various jurisdictions, but rather to the benefits prescribed by the states' workers' compensation statutes. A&TS calculates a national average for all U.S. jurisdictions (not including the District of Columbia) and then publishes an index number showing the ratio of expected benefits in each state compared the national average.

The data as of January 2005 shown in Figure D indicate that Iowa has the highest expected benefits, which is consistent with the other comparisons involving statutory benefits. However, the lowest state using the A&TS method is California. The A&TS results suggest that Iowa has benefits prescribed by statute that are about 35 percent above the national average for states, while California, Mississippi, and New Jersey

Table 3
Average Expected Cash Benefits per Case as of January 1, 2005

State	Index
California	0.820
Iowa	1.349
Mississippi	0.825
New Jersey	0.859
National Average	1.000

Source: *Compendium Volume Two* (Burton and Blum 2005), Table 4, p. 22.



have benefits that are about 15 percent below the national average.

There are several virtues of the A&TS data on expected benefits shown in Figure D. All significant types of cash benefits are included, in contrast to the single-benefit comparisons shown in Figures A to C. Moreover, the measure is derived from an actuarial procedure that has been used by A&TS for more than a decade and that has been widely cited.

There are, however, limitations to the A&TS measures of the generosity of workers' compensation benefits. Although statutory features of each state's workers' compensation law are taken into consideration by A&TS's procedure, the results nonetheless depend on national data that may not be applicable to an individual state, such as Iowa. An obvious example is the use of the national distribution among the four types of cases to produce the average benefit for each state. In fact, the distributions among the types of benefits vary considerably among the states.⁵

In addition, the average expected benefits figures in Figure D suffer from the same limitation as all the data presented in this section: what a jurisdiction's workers' compensation statute specifies is not necessarily what workers actually receive. This is due to factors such as administrative practices and legal doctrines. The next section presents data that attempt to measure the benefits actually provided to workers.

Consistency Among the Measures of Statutory Benefits

The four measures of cash benefits prescribed by workers' compensation statutes display two interesting

results. First, measures for particular types of cash benefits (shown in Figures A to C) have a ratio of at least three to one between the highest and lowest benefit states, while the comprehensive measure of all types of cash benefits (shown in Figure D) has a ratio of less than two to one between the highest and lowest benefit states. This suggests that states may trade off generous features for one type cash benefits for more parsimonious features of another type of cash benefit.

The second interesting result is that the relative generosity of a state's statutory provision of cash benefits varies depending on which basis for comparison is used. For example, California was above the national average in the comparisons of temporary total disability benefits shown in Figures A and B, but was almost 20 percent below the national average in the most comprehensive measure of cash benefits shown in Figure D. The lesson is that focusing on only one aspect of a state's statutory cash benefits may provide misleading information.

BENEFITS PROVIDED TO WORKERS

This section compares two sources of data on cash and medical benefits actually provided to workers, as opposed to the benefits prescribed by statute.

Benefits Paid in the Year

The National Academy of Social Insurance (NASI) annually publishes estimates of the total amount of workers' compensation cash and medical benefits paid, the percent of total benefits paid for medical benefits, the total of wages for workers covered by the program, and the benefits per \$100 of covered wages. The information is available for all states (including the District of

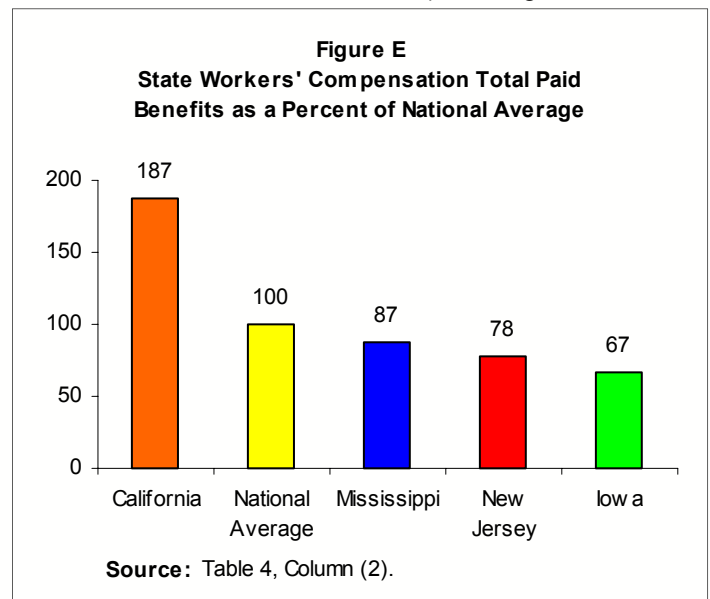


Table 4
State Workers' Compensation Paid Benefits, 2003

State	Paid Total Benefits in Dollars Per \$100 of Payroll (1)	Paid Total Benefits as Percent of Nat'l Avg. (2)	Percent Medical (3)	Paid Medical Benefits in Dollars Per \$100 of Payroll (4)	Paid Medical Benefits as Percent of Nat'l Avg. (5)	Paid Cash Benefits in Dollars Per \$100 of Payroll (6)	Paid Cash Benefits as Percent of Nat'l Avg. (7)
California	2.11	187	50.7	1.07	198	1.04	176
Iowa	0.76	67	48.7	0.37	69	0.39	66
Mississippi	0.98	87	55.1	0.54	100	0.44	75
New Jersey	0.88	78	53.4	0.47	87	0.41	69
National Avg. (non-federal)	1.13	100	47.8	0.54	100	0.59	100

Source: Columns (1) from Sengupta, Reno, and Burton (2005), Table 10, pp. 26-27. Column (3) from Sengupta et. al. (2005), Table 8, pp. 20-21. Other entries calculated by Florence Blum.

Columbia). The latest data are for 2003 (Sengupta, Reno, and Burton 2005). The data pertain to benefits paid in a particular year regardless of the year in which the workplace injury or disease occurred.

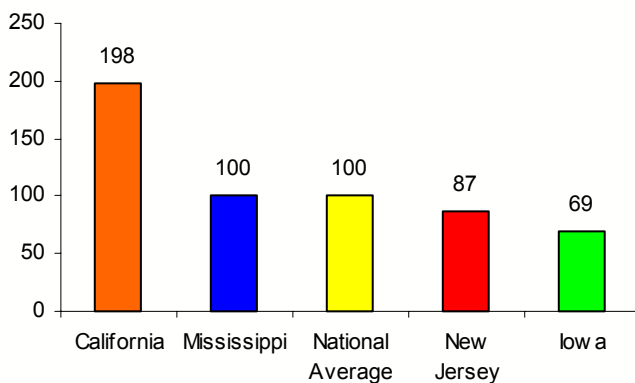
The total (cash plus medical) benefits per \$100 of payroll in 2003 are shown in column (1) of Table 4. Each state's total benefits as a percent of the national average are shown in column (2) of Table 4 and in Figure E. The range is from 187 of the national average in California to 67 percent of the national average in Iowa.

The percentages of benefits accounted for by medical benefits are shown in column (3) of Table 4. The range is from 55.1 percent in Mississippi to 48.7 percent in Iowa, with a national average of 47.8 percent.

(This means that states devote almost half of their benefits to medical care, with the balance accounted for by cash benefits.) Medical benefits per \$100 of payroll in 2003 are shown in column (4) of Table 4, and each state's medical benefits as a percent of the national average are displayed in column (5) of Table 4 and in Figure F. The range is from 198 percent of the national average in California to 69 percent of the national average in Iowa.

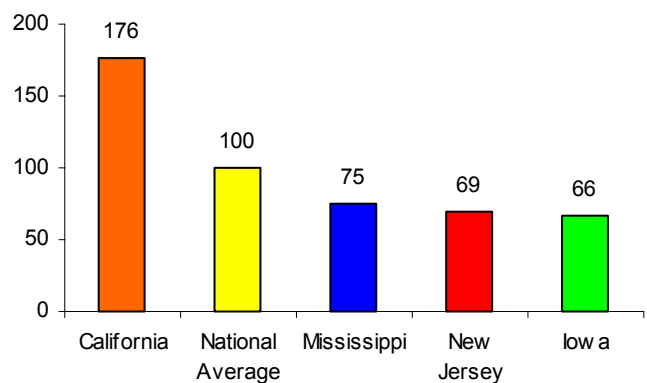
Cash benefits per \$100 of payroll in 2003 are shown in column (6) of Table 4, and each state's cash benefits as a percent of the national average are presented in column (7) of Table 4 and in Figure G. The range is from 176 percent of the national average in California to 66 percent of the national average in Iowa.

Figure F
State Workers' Compensation Paid Medical Benefits as a Percent of National Average



Source: Table 4, Column (5).

Figure G
State Workers' Compensation Paid Cash Benefits as a Percent of National Average



Source: Table 4, Column (7).

Table 5
Incurred Benefits per \$100 of Payroll, 2001

State	Incurred Cash Benefits in Dollars (1)	Cash Benefits as Percent of National Avg. (2)	Incurred Medical Benefits in Dollars (3)	Incurred Medical Benefits as Percent of National Avg. (4)	Total Incurred Benefits in Dollars (5)	Total Incurred Benefits as Percent of National Avg. (6)
California	61,688,800	229	80,693,152	246	142,381,952	238
Iowa	20,318,714	75	20,165,631	62	40,484,345	68
Mississippi	17,776,122	66	27,263,174	83	45,039,296	75
New Jersey	23,380,379	87	19,864,295	61	43,244,674	72
National Average	26,954,867	100	32,771,314	100	59,726,181	100

Source: Blum and Burton (2005), Table 1.2001, p. 8.

The rank ordering of the four states is the same for all three measures of benefits per \$100 of payroll (total, medical, and cash): California had the highest amount of benefits, followed by Mississippi, New Jersey, and Iowa.

Benefits Incurred in the Year

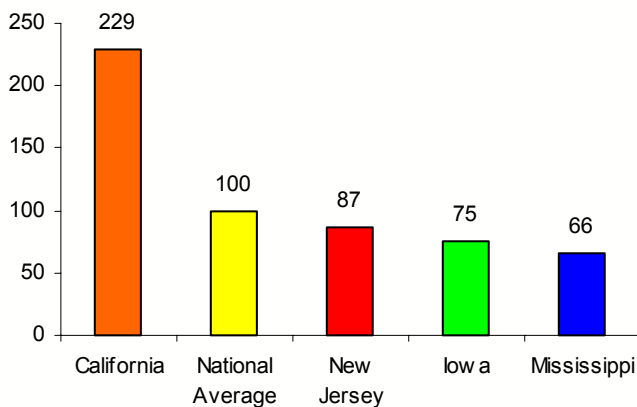
The *Workers' Compensation Policy Review* regularly publishes two articles with data on incurred benefits. The data pertain to the benefits for claims that result from injuries or diseases that occur in a particular year and include payments already made for those claims plus reserves for future payments for those claims. The data are available for 42 or 43 jurisdictions (including the District of Columbia) depending on the year.

Benefits per 100,000 workers. One of the *WCPR* articles (Blum and Burton 2005) provides data for 1985 to 2001 on total benefits, cash benefits, medical benefits, and total benefits (cash plus medical) per 100,000 workers. The information in Table 5 and Figures H, I, and J is taken from that article.

The incurred cash benefits per 100,000 workers are shown in column (1) of Table 5, and the state's benefits as a percent of the national average are shown in column (2) of Table 5 and in Figure H. The range is from 229 percent of the national average in California to 66 percent of the national average in Mississippi.

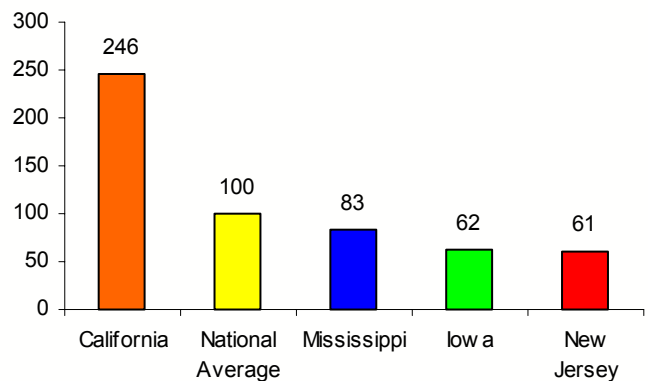
The incurred medical benefits per 100,000 workers are shown in column (3) of Table 5, with the state's average as a percent of the national average presented in

Figure H
Incurred Cash Benefits per \$100 of Payroll, 2001



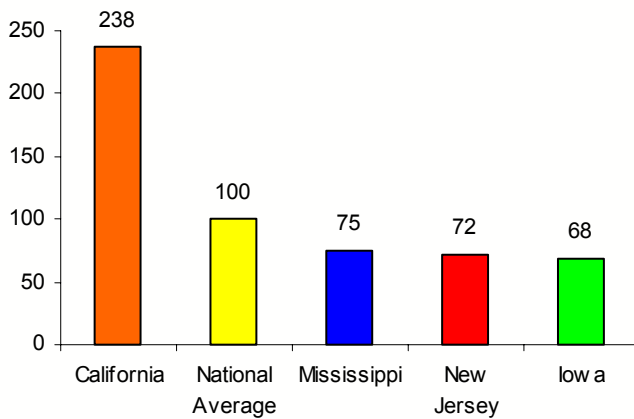
Source: Table 5, Column (2).

Figure I
Incurred Medical Benefits per \$100 of Payroll, 2001



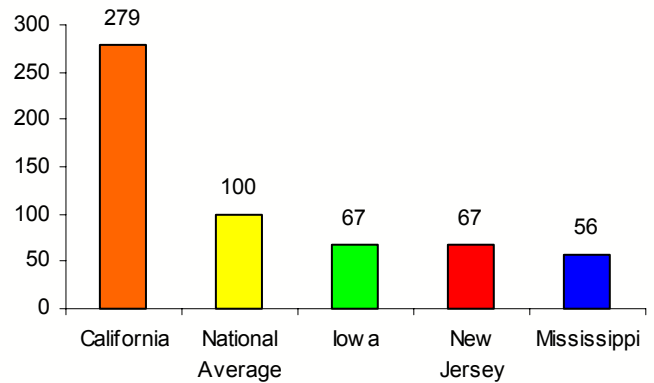
Source: Table 5, Column (4).

Figure J
Incurred Total Benefits per \$100 of Payroll, 2001



Source: Table 5, Column (6).

Figure K
Incurred Permanent Partial Disability Cash Benefits as a Percent of National Average



Source: Table 6, Column (2).

column (4) of Table 5 and in Figure I. The range is from 246 percent of the national average in California to 61 percent of the national average in New Jersey.

The incurred total benefits (cash plus medical) per 100,000 workers are shown in column (5) of Table 5. The state's total benefits as a percent of the national average are shown in column (6) of Table 5 and in Figure J. The range is from 238 percent of the national average in California to 68 percent of the national average in Iowa.

California is consistently the state with the highest level of incurred benefits per 100,000 workers. The ranking of the other three states varies on which measure of incurred benefits is used: Mississippi has the

lowest amount of cash benefits per 100,000 workers, New Jersey has the lowest amount of medical benefits per 100,000 workers, and Iowa has the lowest amount of total benefits (cash plus medical) per 100,000 workers.

Permanent Partial Disability Benefits. The other *WCPR* article presenting information on incurred benefits (Burton and Blum 2004), which was reprinted in the *Compendium Volume One*, presents data for 1995 to 2000 on the frequency, average benefits per claim, and benefits per 100,000 workers for four types of cash benefits and for medical benefits.⁶

Permanent partial disability (PPD) benefits are the type of cash benefits with the greatest variability among states. The PPD cash benefits per 100,000 workers are presented in column (1) of Table 6. As shown in column (2) of Table 6 and Figure K, the amount of incurred cash benefits per 100,000 workers for PPD benefits varies from 279 percent of the national average in California to 56 percent of the national average in Mississippi.

Consistency Between the Measures of Benefits Provided to Workers

There are two types of measures of benefits provided to workers: benefits paid in the year and benefits incurred in the year, and for each type, there are measures of total benefits, medical benefits, and cash benefits.⁷

There is general agreement for the two measures of total benefits (cash plus medical) provided to workers shown in Figure E (paid benefits) and Figure J (incurred

Table 6
Incurred Permanent Partial Disability (PPD) Cash Benefits per \$100 of Payroll, 2001

State	Incurred PPD Cash Benefit in Dollars (1)	Incurred PPD Cash Benefits as Percent of National Average (2)
California	54,175,104	279
Iowa	13,053,573	67
Mississippi	10,768,835	56
New Jersey	13,012,992	67
National Average	19,396,047	100

Source: Blum and Burton (2004), Table 3.

benefits): California provides the most benefits and is well above the national average, while Mississippi, New Jersey, and Iowa (in that order) provide benefits that are below the national average.

There is less agreement for the two measures of medical benefits provided to workers shown in Figure F (paid benefits) and Figure I (incurred benefits). California provides the most benefits and is well above the national average for both paid and incurred medical benefits. Mississippi ranks second on both measures, although for paid benefits Mississippi is exactly at the national average (Figure F), while for incurred medical benefits, Mississippi is only 83 percent of the national average. New Jersey ranks third in paid medical benefits and fourth in incurred medical benefits, while Iowa ranks fourth in paid medical benefits and third in incurred medical benefits (Figures E and I).

The two measures of cash benefits provided to workers (paid and incurred) show the least consistency (as opposed to medical benefits and total benefits). One constant is that California provides the most cash benefits, whether measured as paid benefits (Figure G) or incurred benefits (Figure H). Another constant is that the other three states (Iowa, New Jersey, and Mississippi) all provide cash benefits that are in the range of about 15 to 35 percent below the national average. However, the ranking of those three states varies on whether we rely on paid benefits (where, e.g., Mississippi provides the most benefits, as shown in Figure G) or on incurred benefits (where, e.g., Mississippi provides the least benefits, as shown in Figure H).

EMPLOYERS' COSTS OF WORKERS' COMPENSATION INSURANCE

This section discusses two sources of data on the employers' costs of workers' compensation insurance.

Premium Rates

The Oregon Department of Consumer & Business Services publishes the average manual rates for 50 insurance classes weighted by Oregon payroll. The Oregon Premium Rate Rankings are available for 51 jurisdictions for even-numbered years between 1986 and 2004. The manual rates (or simulated manual rates, which are calculated for states that only publish pure premiums by adding the traditional loading factor for administrative expenses and profits to the pure premiums) are not adjusted for factors that influence the insurance costs actually paid by employers, such as experience rating, dividends, deviations, and schedule rating.

The premium rates per \$100 of payroll in 2004 are shown in column (1) of Table 7. The state's premiums as a percent of the national average are presented in column (2) of Table 7 and in Figure L. The range for the premium rates is from 236 percent of the national average in California to 74 percent of the national average in Iowa.

Insurance Costs for Manufacturing Industries

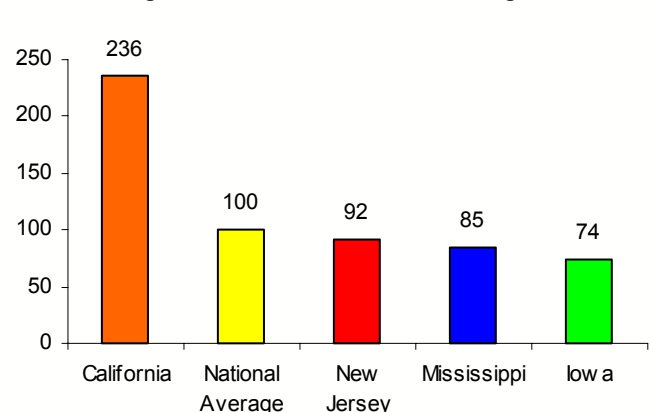
Another approach to measuring workers' compensation insurance rates is taken by Actuarial and Technical Solutions, Inc. (A&TS). The employers' costs of

**Table 7
Workers' Compensation Premium
Rate Rankings: 2004**

State	Index Rate in Dollars per \$100 of Payroll (1)	State Percent of National Average (2)
California	6.08	236
Iowa	1.91	74
Mississippi	2.19	85
New Jersey	2.38	92
National Average	2.58	100

Source: Burton and Blum (2005), Table 6, p. 34.

**Figure L
Workers' Compensation Premium Rate
Rankings as a Percent of National Average, 2004**



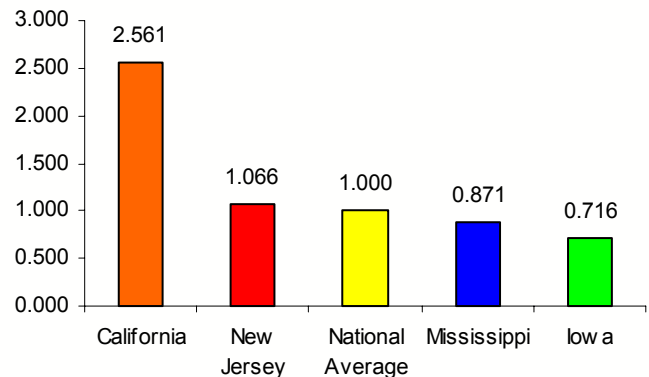
Source: Table 7, Column

Table 8
Workers' Compensation Insurance
Net Costs for Manufacturing Industries, 2005

State	Net Costs in Dollars per \$100 of Payroll (1)	Comparative Costs (2)
California	10.55	2.561
Iowa	2.95	0.716
Mississippi	3.59	0.871
New Jersey	4.39	1.066
National Average	4.12	1.000

Source: Burton and Blum (2005), Table 5, p. 28.

Figure M
Workers' Compensation Insurance Net Cost for Manufacturing Industries, 2005



Source: Table 8, Column (2).

workers' compensation insurance for manufacturing classes are available for 45 jurisdictions for each year between 1992 and 2005. The manual rates or pure premiums for the insurance classes are adjusted for factors such as experience rating, dividends, deviations, and schedule rating to produce what A&TS terms the state's comparative cost. In turn, the state's comparative cost is divided by the countrywide average comparative cost to produce an index rate. Burton and Blum (2005:24-28, Table 5) multiplied each state's index rate by the countrywide average comparative rate (\$4.120 in 2005) to produce the net costs per \$100 of payroll for each state.

The net costs per \$100 of payroll in the manufacturing sector in 2005 are shown in column (1) of Table 8, and the state's costs as a ratio of the national average of costs are shown in column (2) of Table 8 and in Figure M. The range of net costs is from 256 percent of the national average in California to 72 percent in Iowa

Consistency Between the Measures of Insurance Costs for Employers

There is considerable consistency between the two measures of the employers' costs of workers' compensation insurance shown in Figure L and Figure M. The two measures represent the employers' expenditures on workers' compensation insurance as a percent of payroll. California insurance costs are approximately 240 to 260 percent of the national average; New Jersey insurance costs are approximately 90 to 110 percent of the national average; Mississippi costs are approximately 85 percent of the national average; and Iowa costs are approximately 70 to 75 percent of the national average. The modest difference between the two

measures is that New Jersey is slightly below the national average using the Oregon measure of premiums (Figure L) and the Garden State is slightly above the national average using the A&TS measure of premiums (Figure M).

CONCLUSIONS

Are There Consistent Patterns Among Benefits and Costs?

What are the relationships among the three broad categories of workers' compensation data examined in this article: (1) statutory benefits, for which there are several measures of cash benefits; (2) benefits actually provided to workers, for which there are alternative measures of cash, medical, and total benefits; and (3) the employers' costs of insurance, for which there are alternative measures? Are there consistent patterns among these categories of data, so that, for example, states with high statutory benefits also have high benefits provided to workers and high insurance costs for employers?

An analysis of the relationships among benefit and costs based on only four states can only be suggestive, but the evidence provides some interesting patterns. Two relationships will be examined. First, what is the relationship between the statutory benefits, as measured by average expected benefit for all types of cash benefits (Figure D) and the paid and incurred cash benefits provided to workers (Figures G and H)? Second, what is the relationship between paid and incurred total benefits (Figures E and J) and employers' costs of workers' compensation insurance (Figures L and M)?

Mississippi has relatively good consistency for both these relationships, and arguably is the best of the four states in terms of consistency. Statutory cash benefits are 85 percent of the national average, while paid cash benefits are 75 percent and incurred cash benefits are 66 percent of their national averages, respectively. Paid total benefits are 87 percent and incurred total benefits are 75 percent of their national averages, while employers' costs are 85 percent to 87 percent of their national averages.

New Jersey also demonstrates relatively good consistency for both these relationships. Statutory cash benefits are 86 percent of the national average, while paid cash benefits are 69 percent and incurred cash benefits are 87 percent of their national averages, respectively. Paid total benefits are 78 percent and incurred total benefits are 72 percent of their national averages, while employers' costs are 92 percent to 109 percent of their national averages.

California presents a different story for the relationships. Statutory cash benefits are 82 percent of the national average, while paid cash benefits are 178 percent and incurred cash benefits are 229 percent of their national averages, respectively. Paid total benefits are 187 percent and incurred total benefits are 238 percent of their national averages, while employers' costs are 238 percent to 256 percent of their national averages.

Iowa provides still a different story for the relationships. Statutory cash benefits are 135 percent of the national average, while paid cash benefits are only 66 percent and incurred cash benefits are 75 percent of their national averages, respectively. Paid total benefits are 67 percent and incurred total benefits are 68 percent of their national averages, while employers' costs are 74 percent to 72 percent of their national averages.

The overall story for this sample of four states appears to provide two lessons. First, there is a reasonably close relationship between total benefits provided to workers and the employers' costs of workers insurance. This relationship was found in all four states. Second, the relationship between the statutory level of cash benefits and the cash benefits provided to workers is not consistent among the four states. New Jersey and Mississippi demonstrated a reasonably good fit between the statutory level of benefits and the benefits provided to workers. However, benefits provided to workers were much lower than the statutory levels of cash benefits in Iowa and were much higher than the statutory levels of cash benefits in California.

These lessons should serve as warnings to persons attempting to categorize states. In particular, some states are described as low benefit-high cost states without specifying which category of benefits are being used for the comparison: statutory benefits or benefits paid to workers. As the Iowa and California examples illustrate, there can be disparities between the statutory levels of cash benefits and the benefits provided to workers. California may have relatively low statutory cash benefits, but the cash and medical benefits provided to workers were relatively high, and so it is misleading to describe the state as a low benefit-high cost state.

Some Caveats About the Relationship Between Benefits and Costs

The preceding discussion suggested that there was not a consistent relationship between the statutory level of benefits and the benefits actually provided to workers, but that there was a reasonably consistent relationship between benefits provided to workers and the employers' costs of workers compensation. Even this latter relationship must be viewed with caution, however.

The latest edition of the annual report on workers' compensation benefits, coverage, and costs prepared by the National Academy of Social Insurance (NASI) (Sengupta et al. 2005:25-27) contains a number of caveats about drawing inferences about the employers' costs of workers' compensation in a jurisdiction based on the benefits paid to workers in that jurisdiction. Since I am a co-author of that report, I would be remiss if I did not call attention to the caveats.

The essence of the NASI discussion is that employers should be interested in the premiums that comparable employers are charged in various states. Aggregate paid benefits relative to total wages in a state do not provide a reliable guide to the insurance rates that a particular employer would be charged in that state for several reasons. First, an employer in a state in a high-risk industry would not necessarily have lower costs if it moved to a state with predominantly low-risk industries, since the employer will still be in a high-risk insurance classification. Second, changes in state workers' compensation provisions will affect rates for new insurance policies (since they are based on incurred benefits in the policy period) but will not affect paid benefits, which are in large part determined by injuries in previous policy years. Third, the relationships between benefits and insurance costs vary among states because of factors such as the administrative costs and profits (or losses) of carriers.

Where is the Free Lunch? The Author's Commentary

One mantra associated often with the University of Chicago approach to economics is: "There is no such thing as a free lunch." I don't consider myself a member of the Chicago school of economics.⁸ Nonetheless, it is hard to avoid invoking the Free Lunch mantra when reflecting on much of the workers' compensation reform that has occurred in the last 15 years.

The reform often takes on this sequence. Employers' costs of workers' compensation in jurisdiction X are asserted to be high relative to other states. The costs are alleged to make the employers in jurisdiction X less competitive with employers in other jurisdictions. The solution is to reduce benefits (because they are "too high"), and/or to limit access for injured workers to the workers' compensation program (because it is "too easy" to qualify for benefits), and/or to reform administrative procedures and insurance arrangements (because they are "too inefficient").

I support some aspects of this reform scenario. Deregulation of the workers' compensation insurance market has markedly reduced the employers' costs of workers' compensation insurance (Thomason, Schmidle, and Burton 2001). And certain types of workers' compensation benefits were poorly designed and too expensive, including the wage-loss PPD benefit in the 1979 Florida reforms (Burton 1983:41-46), which deserved to be reformed, and the increase in the maximum weekly benefit for PPD benefit in the New York reforms in the early 1990s without corresponding changes in the basis for those benefits (Burton 1992).

But reform situations where benefits reductions are justified are essentially aberrations. The dominant evidence is that workers' compensation benefits are inadequate. This was the conclusion of the National Academy of Social Insurance (Hunt 2004 and Hunt 2005)⁹ and the evidence from a recent series of studies of permanent partial disability benefits (Boden, Reville, and Biddle 2005).¹⁰

And so I suggest that the "No such thing as a Free Lunch" mantra can be translated into recent workers' compensation experience in this manner. Workers' compensation costs for employers can be reduced by legislative changes. The primary determinant of workers' compensation cost for employers is the benefits paid to workers. In general, workers' compensation benefits for workers are inadequate. Ergo, the lower costs for employers that a consequence of recent reforms of state workers' compensation programs have been "paid for" by making benefits for workers even less adequate. Whether the lunch is free depends on who is invited to the table.

Editor's note: The author's commentary in the preceding subsection constitutes an opinion piece that some readers of this esteemed journal may find objectionable. The Editor welcomes contrary submissions, which, within the bounds of libel and the page limits mandated by a parsimonious Publisher, will be included in a future issue of the *Workers' Compensation Policy Review*.

ENDNOTES

1. The full title of the *WCPR Guide* is *The Workers' Compensation Policy Review Guide to U.S. and Canadian National and Multi-Jurisdictional Data and Information on Workers' Compensation Programs*. The *WCPR Guide* is included in Burton and Blum (2005): 1-13.

2. As noted by Burton and Blum (2005: 4), the Workers Compensation Research Institute (WCRI) publishes data on a large number of aspects of the cost and duration of benefits and performance of the delivery system for workers' compensation benefits in *CompScope Benchmarks* publications. However, the WCRI data are only available for 12 states, of which only California is among the four states examined in the present article, and so the data are not described in this article.

3. The benefits actually provided to workers means benefits prior to the subtraction of claimants' attorneys' fees. I am unaware of any multi-state data on the net benefits received by workers after attorneys' fees are subtracted.

4. A New Jersey worker who loses a body part by amputation (as opposed to loss of use of the body part) receives an additional 30 percent of benefits.

5. The methodology used by Actuarial & Technical Solutions to calculate average expected values is discussed in more detail in Burton and Blum (2005): Table 4, p. 23.

6. The data on frequency, average benefits per claim, and benefits per 100,000 workers for four types of cash benefits and for medical benefits will be updated through 2001 in an article scheduled for the March/April 2006 issue of the *Workers' Compensation Policy Review*.

7. Because of the considerable variability among the states in the amounts of permanent partial disability benefits provided to workers, the discussion of the consistency of the measures of benefits provided to workers is limited to comparisons of the A&TS measure of the expected benefits for all types of cash benefits.

8. I make this confession even though I am an economist and I spent most of my initial career at the University of Chicago Graduate School of Business.

9. Hunt (2005: 152) indicates "the conclusion is that workers' compensation benefits appear to be inadequate using the historical standard of two-thirds gross wage replacement. They also appear to be inadequate compared to the

provisions of the *Model Act (Revised)*, a statement of 'best practice' adopted by the Council of State Governments in 1974."

10. Boden, Reville, and Biddle (2005: 60) reach this conclusion: "Benefits adequacy is a central goal of workers' compensation. Yet, in most states we know little about whether cash benefits are indeed adequate. Our initial studies in five states have shown that, for many groups of injured workers, replacement rates do not approach the two-thirds benchmark for adequacy. This gives us cause for concern, as there is no reason to believe that other states' replacement rates will be much higher than the five states we have studied to date."

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- Posting of Job Opportunities and Resumes for those seeking candidates or employment in workers' compensation or related fields.
- The full text of the *Report of the National Commission on State Workmen's Compensation Laws*. The report was submitted to the President and the Congress in 1972 and has long been out of print.

Review of *The Accidental Republic: Crippled Workingmen, Destitute Widows, and the Remaking of American Law* by John Fabian Witt

Reviewed by Glenn Shor, Ph.D. Research Specialist, California Division of Workers' Compensation; and Visiting Policy Analyst, University of California Center for Occupational and Environmental Health

Published by the Harvard University Press. 311 pages. \$52.50 hard cover. ISBN 0-674-01267-4. Published 2004.

In the late 19th and early 20th century, occupational injury and illness increased dramatically as a result of massive industrialization, demographic shifts, and legal and economic systems that were slow to respond to the changing conditions. Recognition and response to the problem began in many nations of Europe, but, as comprehensively documented in John Fabian Witt's *The Accidental Republic: Crippled Workingmen, Destitute Widows and the Remaking of American Law*, the United States took longer to perceive the problem as a social issue requiring government action. To be sure, between the period after the Civil War and the First World War, the U.S. went through a transformation in attitudes and beliefs toward the roles of labor and employers in a quickly shifting economy. While eventually a broad-based social movement arose in the United States to deal with the aftermath of increasingly severe and widespread occupational injury and illness, and to attempt to achieve a safer and more healthful work environment, the timing, scope and boundaries of the response had an uncertain path and outcome. Witt's perceptive account of the complexities of the conflicts of laws and of the development of institutions to address emerging problems teaches valuable lessons about the evolution of public policies.

John Witt, an Associate Professor of Law at Columbia University, meticulously describes the evolution of legal thought in the post-Civil War era that led to developments of tort and employers' liability law. Economies in the developed world were moving from an agrarian to urban focus, and from subsistence and locally based markets to a wage economy. As more people moved into the roles of employee or employer, working relationships in the mid 19th century U.S. were primarily developing around private contractual arrangements. The hazards inherent in increasingly mechanized workplaces and factories challenged the image of a workman who was responsible and accountable for his own actions. Prior theory and law had given workers freedom to contract out their services, but in making a contract for the labor exchange workers had "accepted" the risks of the job, presumably getting a premium wage for more dangerous or onerous conditions. Workers could

not blame their employers for risks that were brought through the worker's own negligence, nor any fault of fellow workers. While fellow workers could be held responsible in some situations, the amount of damages that could be assessed and collected against this class was minimal. The 1837 British case of *Priestly v. Fowler* established the principle of an employee's "assumption of risk" of dangerous work by limiting the recovery of damages to situations in which the employer was provably negligent. In the U.S., a 1842 Massachusetts case, *Farwell v. Boston & Worcester Rail Road Corp.*, found an employee responsible for "the natural and ordinary risk and perils incident to the performance" of services for the employer, including the "carelessness and negligence of those who are in the same employment," later recognized as the "fellow servant" defense. Massachusetts Chief Justice Lemuel Shaw focused responsibility on the worker because as the employee was "as likely to know" of dangers and could "as effectually guard" against them as the employer, the employee could "best promote the safety and security of all parties involved." Ralph Waldo Emerson's 1841 essay on "Compensation" contended that there was a natural system of action and reaction acting as a "deep remedial force" to assure that all calamity gave rise to corresponding and compensating benefits. (p. 15) No extra after-the-fact compensation for injury was warranted under these principles since any risk was expected to be factored into the contractual relationship, such that the pay for a job would be "adjusted" to "provide for" the risks assumed by the employee. But the post-Civil War ideology of "free labor" and its principles of skilled worker autonomy, independence, and discretion confronted issues of risk and compensation in a much more complex and dangerous work setting. Witt raises the provocative notion that the worker autonomy that developed from the "free labor" ideology was in large part responsible -- indeed "had helped create" -- the relatively extreme problems of industrial injuries in the United States, as opposed to other nations. "Reductions in industrial-accident rates seemed to require a trade-off in diminished work discretion and independence...Making workers free from risk thus seemed to require making them less free in their

day-to-day employment; free labor, to put it another way, seemed to give way to *risk-free* labor, or at least *risk-reduced* labor.” (p. 188)

Witt deftly depicts the transition from the belief in the limit of law to the recognition of an increasingly broad and dangerous social problem. “The abstract doctrinal structure of American tort law perched precariously atop a rising mountain of accidents from machinery, railroads, streetcars, and elevators.” (p. 44) Increasingly, he notes, nineteenth century tort law, which linked liability to fault, had no good answer to the problem of “nonnegligent victim of nonfaulty harm.” Labor bureaus, academics, and social reform entities came to believe that in many cases “no one is to be blamed.” Much of the toll of work accidents was considered “unavoidable”; a 1912 Iowa state report found that “even when all possible precautions have been taken, modern industry will continue to exact a fearful toll of life and limb.” Various states began to recognize that there was “inherent danger” in mechanized, machinery-centered, close-quartered work. And the lack of any relief for those injured in such “faultless” settings led to a moral crisis. The Ohio Bar Association in 1913 found that “a system of laws which permits no recovery in so large a percentage of deaths and injuries occurring is unjust.” The free labor ideal of individual autonomy was set on its head when the standard of no relief without negligence had, in Witt’s words, “come to license the massive infliction of remediless injury on thousands of Americans each year.” (p. 65) Witt ably depicts a progression of alternative ideals for remedies tried in the states: rebuttable presumptions of negligence, strict liability attempts, abolition of fellow servant rules, restriction against contractual inclusion of “assumption of risk”, and reaction against the doctrine of contributory negligence. (Federal law in 1906 abolished the full use of the contributory negligence defense; damages would be reduced, but not eliminated, in proportion to the share of negligence attributable to the employee.)

As states and federal governments continued to rely on tort law as the social problem multiplied, some nongovernmental entities attempted to at least provide some relief to those injured (or to the families of deceased workers) who were without the ability to pursue tort cases. In a fascinating and insightful chapter on voluntary approaches to the increasing social problem of accident victims, Witt reveals a rich and extensive portrait of cooperative efforts and the establishment and dispersal of the fraternal insurance movement. His description of the genesis and evolution of various types of these entities shows their strengths and weaknesses in addressing the problem. Many of these cooperative insurance associations developed when private life insurance markets refused to write policies for

individuals working in hazardous occupations, such as mining, railroads, iron and steel works, lumbering, and bridge construction. Some of the private policies also excluded specific work-related exposures. Finally, many of the private entities had such limits that they were, for all intents and purposes, only significant enough to pay for burials, not the ongoing sustenance of deceased workers’ families. “As a result of such policy exclusions, commercial accident policies covered only a small portion of the accidents that caused individuals to seek disability insurance in the first place.” (p. 75)

Witt describes the development and construction of the cooperative insurance organizations in great detail, discussing the varied efforts by trade unions, brotherhood beneficiary associations, local and national mutual societies, and other models. He analyzes the ideological conflicts that many of the organizations had to face as they attended to the dual roles of administering a cooperative insurance plan: “the business side and the social and educational side.” The organizations were begun as a humanitarian response to a problem of disability, dependency, and widespread insecurity. But, from a business standpoint, some decisions required excluding the most vulnerable segments of a community. Pre-enrollment medical screenings, medical histories of members and their families, and requirements that applicants waive the confidentiality and doctor-patient privilege about medical information were required by some plans. “Although such medical screenings made good actuarial and business sense, in practice they limited to the healthiest members of the community the scope of the associations’ benevolence and fraternity.” (p. 92) The voluntary nature of the organizations also made them vulnerable to adverse selection and moral hazard. Increasingly strict provisions existing on the commercial life insurance contract side were applied to cooperative ventures as well, overlaying private commercial regulatory sanctions on a mutual benefit society.

Witt also explains the challenge faced by the workmen’s organizations that sought to defend the dignity of labor and workers’ discretion and independence in the processes of production. “The difficulty with employers’ liability reform was that it seemed to require that workers become complicit in employers’ attempts to strip them of discretion and autonomy in the production process.” (p. 89) In the “free labor” ideology, worker autonomy was a primary prerogative. To accept a redefinition that positioned the managers, rather than the employees, as those in control, and therefore responsible for any problems with the production process, was against many of the organizations’ founding principles. Yet, the cooperatives faced a plethora of problems that

they could not overcome, among them the difficulty of keeping newer societies that could initially offer lower rates to younger members from raiding their market share and viability. Their inability to control and stabilize the market was complicated by some aversion to the idea itself. While some of the societies sought to compel uniform legislation, minimum rate tables, and standardized reserve requirements, others actively opposed any regulation of the cooperative and voluntary societies.

Witt views the labor movement as ambivalent about the rise of mandatory compensation programs but without a clear alternative to improve the dismal situation that industrial injuries were causing. In 1910, he writes, American Federation of Labor chief Samuel Gompers considered the new legislation as “less as a desirable end than as a foregone conclusion.” Gompers was witnessing the beginning of the end of the skilled labor force that he had been instrumental in organizing and bringing some power to. He viewed the introduction of the system as further evidence that the ability of the worker to “demonstrate his individuality and capacity and intelligence...is passing fast... Labor is becoming so divided and subdivided and specialized that the workman has simply... become part of the machine.” (p. 147)

Witt argues that the cooperative (and voluntary) insurance movement had inherent inadequacies in promoting safety and accident prevention. It could not overcome the failures of state factory inspection regimes that were critical to enforcing regulatory sanctions. Two other developments, the influx of vast numbers of immigrants and the onset of Frederick Taylor’s “gospel of scientific management” were reorganizing the factory workplace into a place mostly devoid of worker autonomy and independence of action. “... students of American industry—at once describing the transformations wrought by new managerial strategies and tacitly participating in them – began increasingly to doubt the capacity of workingmen themselves to gauge the risk of accidents and to insure themselves appropriately... by 1910, even many cooperatives had come to see the work-accident problem as one with which they were peculiarly unprepared to deal.” (p. 101) Furthermore, Witt emphasizes that unlike their European counterparts, the American cooperative movement was not cushioned by a broad focus; it was preoccupied with the industrial injury problem, so less diversified and less open to the broad range of social insurance ventures such as health insurance which was helping to keep the European associations active and vibrant.

Witt explicates the influence and power of reformers, led by researchers and activists like Crystal East-

man, to acknowledge and unmask the contradictions of the “free labor” ideal and to give a human face of suffering to the issue by organizing work-accident policy debates around the image of the wounded family. (p. 130) In focusing on “crippled workmen and destitute widows,” Witt shows that reformers influenced many governmental and private entities of the impact of work injuries on dependent families. “A workingman free to be injured at work was a workingman at risk of not being able to support his wife and children. Industrial accidents thus undid free labor’s distinction between home and work. Like slavery, injuries to male wage earners threw women and children into the labor market and broke up previously intact families.”

Practitioners of workers’ compensation today accept the notion that costs should be proportional to risk, but are mostly unaware that the system’s early focus on statistical and actuarial distinctions in the underwriting process, which had emerged earlier in Europe, was a radical notion for its time in the United States. Witt highlights a 1889 French study of industrial accident statistics that concluded “...in the face of such statistical regularity, risk-spreading programs suddenly seemed exceedingly important. Individuals could not be blamed for such events, as it was inevitable that they would occur. Social insurance, however, could provide individuals guaranteed protection against the inexorable risks of industrial life. Moreover, (mandatory) social insurance could spread across an entire society the costs of accidents that were bound to happen to an unlucky few.” (p. 140) The acceptance of statistical and actuarial sciences reframed the industrial injury problem as not so much individual but aggregate. First, the analysis of accidents and their causes and circumstances deflated the theory that injuries were primarily due to worker carelessness. Injuries were more clearly understood in terms of probabilities, which made possible the use of actuarial techniques that could at least begin, and within limits, to shift the cost of injuries to the correct industry, if not the responsible employer. Witt succinctly describes the development of actuarial awareness in the design of the early programs. The programs’ aim, then, was not only to provide a modicum of justice after industrial injury, but also to establish, in Eastman’s words, “a distribution of the loss which shall be to the best interests of all concerned.” Theory held that identifying and pricing the variations in loss would also provide incentives to develop prevention mechanisms.

With the understanding that system changes could have more effect than influencing individual behavior, attention to engineering and management emerged. The employer embrace of a safety movement that served humanitarian and moral purposes, and a legal

construct that limited their scope of responsibility, corresponded with their desires to have more control over the elements and practice of work. There was clearly pushback as to the responsibility and accountability on some cases outside their control, but the tradeoff was acceptable.

By Witt's account, social insurance proponents were not so conflicted. They saw workers' compensation not just as a solution to the financial, organizational, and competitive problems of the legal logjams and voluntary private accident compensation programs, but as an "entering wedge in the establishment of a whole panoply of social insurance schemes, schemes that by the middle of the twentieth century would become the modern welfare state." (p. 148) Across the country, fact-finding policy commissions, a relatively new phenomenon during the short-lived Progressive Era, were seeing workers' compensation and its actuarially based financing as a precursor to programs of health care, unemployment, sickness, old age and death coverage, even for dealing with the then-new problem of automobile accidents. When there were crises, such as the Triangle Factory Fire in New York that killed 146 people, policymakers could be moved to action. Witt quotes Downey that workers' compensation had "brought in its train new conceptions of social responsibility," contributing to a "new social and economic condition in this country." (p. 149) The social responsibility could also be seen in more utopian dreams of bringing a new type of democratic collective accountability. Even more mainstream opinion leaders such as Louis Brandeis (later appointed a U.S. Supreme Court Justice) envisioned a system where state

policymakers set the boundaries of the system, and a structure of Cooperative Accident Insurance Law implemented by juries of workers would convene to inquire into work accidents and determine steps for both injury prevention and appropriate compensation. (p. 150)

This is an important book for practitioners, analysts, researchers, and others on the front lines in workers' compensation who wonder how we got to the system we have, and whether there were other paths we might have followed. The book is extensively documented, with 81 pages of notes and references to pre- and post-workers' compensation laws, practices, and schemes. It provides an expansive historical context of legal, institutional, and societal changes, with the detailed history illuminating the evolution of a new social context during rapid and forceful change. It chronicles multiple viewpoints that contributed to the responses, revealing the development of actuarial and statistical sciences, industrial hygiene and safety, social engineering, administrative dispute resolution, social welfare, and regulation of financial institutions. In discussing obstacles to and backlash against social change, the book provides a sobering view on the power of the status quo to inhibit needed adjustments and rethinking. The lessons of concentrating on systemic responses rather than victim blaming are important to remember today, when too often behavioral approaches to claims control that inhibit injury reporting substitute for real public health interventions. And in an era when the scope, relevancy, boundaries, and success of our existing solutions are being challenged, the view of history provides helpful clues to map our response.

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WORKERS' COMPENSATION COMPENDIUM 2005-06

The **Workers' Compensation Compendium 2005-06** is the first edition of an annual publication designed to serve several audiences:

(1) *workers' compensation practitioners*, such as state and federal administrators and adjudications, employers, union officials, insurers, attorneys, who need current information about the benefit levels, coverage provisions, costs, and other aspects of workers' compensation programs in various states;

(2) *workers' compensation policymakers* who want analyses of significant issues, such as the policies that may control workers' compensation medical costs and the challenges to the exclusive remedy provision, which limits the right of injured workers' to bring tort suits against their employers; and

(3) *researchers* who need information about recent studies and program developments in order to improve their own analyses.

The *2005-06 Compendium* consists of six parts published in two volumes.

Volume One contains Parts I and II of the 2005-06 Compendium.

Part I includes reprints of significant articles from the first 26 issues of the *Workers' Compensation Policy Review*, spanning the issues from January/February 2001 through March/April 2005, as well as some material that appeared in subsequent issues.

Part I also includes significant articles, chapters, and reports that were originally published elsewhere but that warrant reprinting in the *2005-06 Compendium*. The articles originally appeared in the *Monthly Labor Review*, *The Millbank Quarterly*, the *Journal of the American Medical Association*, the *Journal of Occupational and Environmental Medicine*, and the *IAIABC Journal*. The chapters and reports originally appeared in the *International Encyclopedia of Business & Management* and in publications of the Workers Compensation Research Institute, the Labor and Employment Relations Association (formerly the Industrial Relations Research Association), the RAND Institute for Civil Justice and Health, and the California Commission on Health and Safety and Workers' Compensation.

Part II contains a detailed Subject Index plus a Jurisdiction Index to the articles, chapters, and reports contained in Part I.

Volume One Examines a Variety of Topics Pertaining to Workers' Compensation.

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Part III, Section A contains *The Workers' Compensation Policy Review Guide to U.S. and Canadian National and Multi-Jurisdictional Data and Information on Workers' Compensation Programs*. The *Guide to Data and Information* includes a catalogue of sources of available data and information on eleven topics, including in-

ter alia coverage of employees and employers, cash benefits prescribed by statute, medical benefits prescribed by statute, the costs of workers' compensation, and workers' compensation insurance arrangements.

The *Guide to Data and Information* also contains detailed information on the sources from which data can be obtained.

Part III, Section B includes a set of 13 tables with extensive information on workers' compensation programs, including extensive historical data on the costs of workers' compensation insurance and on the statutory adequacy of cash benefits.

Part III, Section C includes selected tables from the latest report by the National Academy of Social Insurance on the coverage, benefits, and costs of U.S. workers' compensation programs.

Part III, Section D includes information on state workers' compensation agencies.

Part III, Section E provides information on special funds that operated as part of the workers' compensation programs in many states.

Part III, Section F documents the extent of state compliance with the 19 essential recommendations of the National Commission on State Workmen's Compensation Laws.

Part III, Section G includes excerpts from the Model Workers' Compensation Law published by the Workmen's Council of State Governments.

Part IV reproduces the 20 tables from the January 2005 edition of *State Workers' Compensation Laws*, which is published by the Office of Workers' Compensation Programs, Employment Standards Administration of the U.S. Department of Labor. We have found this to be the most reliable and comprehensive source of information on current U.S. workers' compensation programs. We appreciate the assistance of Shelby Hallmark of the U.S. Department of Labor in making this publication available to us on a timely basis.

Part V provides descriptions of three organizations that conduct and sponsor research on workers' compensation and workplace safety and health. They are the Workers Compensation Research Institute, the California Commission on Health and Safety and Workers' Compensation, and the Institute for Work and Health.

Part VI is an index to the material contained in Parts III to V.

Volume Two provides a plethora of information and data on workers' compensation programs.

There are 319 pages in Parts III to V plus the index on Part VI. The Table of Contents can be examined at the Web site www.workerscompresources.com under *Workers' Compensation Compendium*. A brochure with more information on the *Compendium* can be obtained by calling 732-274-060 or by faxing a request to 732-274-0678.

The *Workers' Compensation Compendium Volume Two* can be ordered through any bookstore using the 10 digit ISBN: 0-9769257-1-0 or the 13 digit ISBN: 978-0-9769257-1-2 at the price of \$59.95. An order form is included on the back page of this issue of the *Workers' Compensation Policy Review*, which includes a special rate for subscribers to the *Policy Review*.

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