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# HEALTH and INSURANCE PLANS UNDER COLLECTIVE BARGAINING



## Major Medical Expense Benefits

Fall 1960

**Bulletin No. 1293**  
UNITED STATES DEPARTMENT OF LABOR  
Arthur J. Goldberg, Secretary





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**UNITED STATES DEPARTMENT OF LABOR  
Arthur J. Goldberg, Secretary**

**BUREAU OF LABOR STATISTICS  
Ewan Clague, Commissioner**



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## Preface

This study of major medical benefit features of health and insurance plans under collective bargaining, based on an analysis of 300 selected plans, is the fourth in a series of 5 reports by the Bureau of Labor Statistics dealing separately with the various components of health and insurance plans. The first report described accident and sickness benefits (BLS Bull. 1250, published in June 1959); the second, hospital benefits (BLS Bull. 1274, March 1960); and the third, surgical and medical benefits (BLS Bull. 1280, November 1960). The final report (forthcoming BLS Bull. 1296) will deal with life insurance and accidental death and dismemberment benefits. As a whole, this series brings up to date the Bureau's earlier Analysis of Health and Insurance Plans Under Collective Bargaining, Late 1955 (BLS Bull. 1221, November 1957).

Each of the 300 plans analyzed covered at least 1,000 workers. The selected plans provided benefit coverage to a total of almost 5 million workers, or about two-fifths of the estimated coverage of all health and insurance plans under collective bargaining. The provisions of these plans do not necessarily reflect the provisions of smaller plans under collective bargaining or those in nonunion situations.

Since this is the Bureau's first bulletin on major medical plans, a brief description of their characteristics and of their more important advantages and disadvantages is also included.

This study was conducted and prepared in the Bureau's Division of Wages and Industrial Relations by Donald M. Landay and Dorothy R. Kittner, with the assistance of Stanley S. Sacks.



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## Health and Insurance Plans Under Collective Bargaining

### Major Medical Expense Benefits, Fall 1960

#### Introduction

Major medical expense or catastrophic illness insurance has been the fastest growing type of health insurance since it was introduced about 10 years ago.<sup>1</sup> In late 1959 and early 1960, about one-fifth of the plant workers in the metropolitan areas included in the Bureau of Labor Statistics community wage survey program had major medical expense insurance—usually as a supplement to basic hospital, surgical, or regular medical insurance.<sup>2</sup> Despite its apparent appeal, it has been opposed by some health insurance experts in the labor movement.<sup>3</sup> There are signs, however, that this opposition is subsiding, especially toward major medical insurance as a supplement to, rather than as a substitute for, basic hospital, surgical, and medical insurance.<sup>4</sup>

Major medical expense or catastrophic illness insurance provides protection against the expenses of virtually all types of personal health care rendered or prescribed by a physician. Unlike "basic" health insurance, which is largely, though not entirely, restricted to in-hospital treatment, major medical insurance covers almost all necessary personal health services and supplies regardless of where they are rendered or dispensed. The chief services usually excluded are the maternity expenses ordinarily covered by basic plans and dental care.<sup>5</sup>

The protection in the covered area, however, is not complete. All plans have a "coinsurance feature" under which the insurer pays 75 or 80 percent of covered expenses and the insured, the balance. All but a few plans also require that the insured pay an initial part of his expenses—a "deductible"—before any benefits begin. If he is also covered by a basic health insurance plan, the deductible and coinsurance in nearly all major medical plans are applied only to the expenses not met by the basic plan. Furthermore, the insured must bear all costs over the maximum amount—usually between \$5,000 and \$10,000—allowed for each disability, for each benefit period, or over his lifetime.

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<sup>1</sup> The Extent of Voluntary Health Insurance Coverage in the United States. (A survey conducted annually by the Health Insurance Council, New York.)

<sup>2</sup> For extent of coverage among office and plant workers in metropolitan areas, see Supplementary Wage Benefits in Metropolitan Areas, 1959-60, Monthly Labor Review, April 1961, pp. 379-387.

<sup>3</sup> Catastrophic Illness Insurance: A Barrier on the Road to Health (AFL-CIO publication No. 51, May 1957) and Jerome Pollack, Major Medical Expense Insurance: An Evaluation (in American Journal of Public Health, March 1957, pp. 322-334). Mr. Pollack is a health consultant on the staff of the United Automobile, Aircraft and Agricultural Implement Workers of America.

<sup>4</sup> See, for example, Jerome Pollack, Organized Labor's Future Benefit Objectives (a paper read to the Council on Employee Benefit Plans, October 1960).

<sup>5</sup> In addition, only the following types of disabilities and benefits are commonly excluded: Cosmetic surgery, unless required because of an accident occurring while the insurance was in effect; and eye glasses and hearing aid expenses.

Major medical plans are of two types: (1) Supplementary plans which coinsure expenses in excess of both the deductible and those covered by a basic plan, and (2) comprehensive plans which replace a basic plan by coinsuring medical expenses exceeding the deductible. Both types place ceilings on the amount of benefits payable for each insured person. The following tabulation illustrates how \$5,000 of covered expenses incurred through a single major illness might be divided between the insurer and the insured under each type of plan.

	Basic and supplementary	Comprehensive
Total medical expense -----	\$5,000	\$5,000
Insurance company pays—		
Basic plan benefits ----- <sup>1</sup>	\$2,100	None
Major medical benefits (80 percent coinsurance) -----	2,240	\$3,960
Total -----	\$4,340	\$3,960
Employee pays—		
Deductible -----	\$100	\$50
Share of major medical (20 percent)-----	560	990
Total -----	\$660	\$1,040

<sup>1</sup> Approximately the maximum reimbursement offered by the average hospital, surgical, and medical insurance plan.

Despite the deductible, the coinsurance feature, and the ceiling on the amount of benefits, major medical expense plans are said to have several advantages over basic benefit coverage:

1. Major medical plans are comprehensive in that instead of covering certain enumerated expenses only, they cover all personal medical expenses (with the few exceptions previously noted) whether incurred in or out of a hospital. They are, therefore, fairer because they reimburse virtually all patients by the same formula regardless of the specialties of the physicians serving them or where they are treated or with which drug or diagnostic techniques.<sup>6</sup> It is also frequently claimed that, unlike most basic plans, major medical plans do not distort medical practice or stimulate unnecessary or prolonged hospitalization by covering a service only if it is performed in the hospital.

2. The maximum amount of benefits payable is much higher than under basic plans, particularly in respect to physicians' and surgeons' fees. As previous reports in the Bureau's series on health and insurance plans under collective bargaining have shown, the maximum cash reimbursements payable to active workers per disability averaged \$1,000 for hospital room and board, \$300 for hospital extras, \$307 for the most expensive surgical procedure, and \$517 for

<sup>6</sup> Patients with mental and nervous disorders are, under some plans, a further exception to this generalization. See also footnote 5.

in-hospital medical care—a maximum of \$2,124 for all expenses.<sup>7</sup> As already indicated, the typical maximum under major medical plans is \$5,000 or more.

3. Insurance companies and consultants maintain that only partially reimbursing the insured—the combined effect of the deductible and coinsurance—has three advantages over basic plans insofar as the latter provide full reimbursement:

- a. It discourages overutilization of services and indulgence in unnecessarily expensive treatments and facilities.
- b. It gives patients an incentive to police medical fees, which the profession itself admits needs to be policed.
- c. It eliminates the payment of many small claims, which in turn reduces administrative costs and thus saves . . . money which otherwise would be wasted on higher insurance premiums to offset such costs.<sup>8</sup>

These advantages are denied or minimized by union spokesmen who emphasize that major medical insurance does not assist the worker in budgeting his ordinary health care expenditures. Most medical bills

. . . are small, but much more frequent than the big bills. They are under the deduction limits of major medical and they add up to a large proportion of total medical cost. In any one year only a small percentage of wage earners could take advantage of major medical coverage. What the wage earner wants is comprehensive coverage that starts right at the bottom, covering all the small bills and works upward toward the infrequent major expenses. From this point of view, major medical misses the real problem. It is a frill that diverts resources away from the essential need.

\* \* \*

While acknowledging the need to pool resources for the large and unexpected risks, [the AFL-CIO] insists that the first need is to provide a method of budgeting in advance for all forms of medical care.<sup>9</sup>

It is also maintained that where medical bills are large—the situation at which major medical protection is primarily aimed—

. . . the wage earner has to pay a large slice of those big bills because of the deductible and coinsurance provisions—and when you haven't got it, one or two thousand dollars looks as bad as a lot more . . .<sup>10</sup>

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<sup>7</sup> Health and Insurance Plans Under Collective Bargaining: Hospital Benefits, Early 1959, BLS Bull. 1274, pp. 20 and 21, and Surgical and Medical Benefits, Summer 1960, BLS Bull. 1280, pp. 17 and 31. (These bulletins were summarized in the Monthly Labor Review for February, June, and July 1960.) The hospital benefits would be somewhat greater if the value of the semiprivate room and of the extra services furnished by 132 service plans were included in the averages above.

<sup>8</sup> Major Medical Insurance—An Analysis of Evolving Patterns (New York, Industrial Relations Counselors, Inc.), IRC Memo 134, October 1957, p. 5.

<sup>9</sup> AFL-CIO, Catastrophic Illness Insurance, op. cit., pp. 6-8.

<sup>10</sup> *Ibid.*, p. 9.

In addition to its limited pocketbook protection, labor spokesmen claim two other shortcomings for major medical insurance:

(1) Major medical insurance does not encourage prompt use of medical facilities in the early stages of illness. The deductible feature actually discourages timely recourse to medical attention and gives a financial incentive for waiting until the illness is a major one.<sup>11</sup>

Although this argument applies to all comprehensive major medical plans (which completely replace basic benefits) and to most supplementary plans, it does not apply to the small number of plans that supplement basic plans covering the initial expenses of a wide range of health benefits. It is as much a criticism of basic plans as it is of major medical plans.<sup>12</sup>

The other objection is that:

(2) . . . major medical insurance is likely to inflate medical costs. Physicians raise their charges with the patient's ability to pay. In the eyes of the physician, this insurance greatly increases the patient's ability to pay and is likely to lead many physicians to charge patients considerably more than they would in the absence of such coverage.<sup>13</sup>

Considerable statistical evidence has been compiled by insurers, medical societies, unions, and consultants, in support of this charge.<sup>14</sup> To counteract such inflationary tendencies, most plans cover charges to the extent that they are "reasonable and customary." One plan, for example, excludes "charges in excess of those usually made for the services, treatments or supplies in the absence of insurance, or in excess of the general level of the charges in the area." Since such restrictions are difficult to enforce without incurring the disfavor of the insured, who makes up the difference, some insurers have gone back to the principles of basic health insurance underwriting by inserting into their policies maximum limits ("inside limits") for specified expenses. For example, some plans place a restriction on daily hospital room and board expenses, and others set limits on the amount the plan pays per visit for psychiatrist's services outside a hospital.

The two replies most often made to the charge that coinsurance has an inflationary tendency are: (1) The uninsured percentage (20 or 25 percent) is too small to influence the patient's selection of services, and (2) the patient's sophistication in medical economics is rarely adequate for the task he is asked

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<sup>11</sup> Ibid., p. 6.

<sup>12</sup> This "shortcoming" of comprehensive major medical plans is shared, to some extent, by nearly all basic plans except for the comprehensive service plans such as the Kaiser Foundation, the Health Insurance Plan of Greater New York, and the several Group Health associations—the health care programs usually advocated by the labor critics of major medical plans. See, for example, speeches of Nelson Cruikshank, Director of the AFL-CIO Social Security Department.

<sup>13</sup> AFL-CIO, Catastrophic Illness Insurance, op. cit., pp. 9-10.

<sup>14</sup> Some of this evidence is summarized by Jerome Pollack, Major Medical Expense Insurance, op. cit., pp. 330-333.

to perform.<sup>15</sup> Partly to overcome the first difficulty, some plans insure a smaller fraction of charges for services where patient cooperation in policing them is particularly important. Many plans, for example, pay only 50 percent for the out-of-hospital treatment of mental and nervous disorders, compared with 75 or 80 percent of other charges.

### Scope of Study

The 300 health and insurance plans under collective bargaining studied by the Bureau of Labor Statistics, were selected to provide a broadly representative view of the type of protection provided by plans covering 1,000 or more workers.<sup>16</sup> Factors given primary consideration in the selection of the sample were industry, geographic location, type of bargaining unit, and size of plan as measured by active worker coverage. The 300 selected plans, which ranged in coverage from 1,000 to a half million workers, provided health and insurance benefits to a total of 4.9 million workers (table 1), or about 40 percent of the estimated number of workers under all health and insurance plans under collective bargaining agreements. All coverage data reported in this study relate to the number of active workers (men and women) covered by the plans.<sup>17</sup>

Virtually every major manufacturing and nonmanufacturing industry was represented in the sample studied (table 2). Almost 3 out of 4 plans (219), covering two-thirds of the workers, were in manufacturing industries. Nearly a third of the plans (95), covering more than 40 percent of the workers, were negotiated by multiemployer groups.

The 43 major medical plans covering active workers found among the 300 health and insurance plans studied included the supplementary major medical plan covering about 500,000 nonoperating railroad workers.<sup>18</sup> Since this plan accounted for almost half the active workers under supplementary major medical plans, it greatly affects the worker coverage shown in the tables.

### Prevalence

Of the 300 health and insurance plans under collective bargaining studied, 43, covering about 1,200,000 workers, provided major medical benefits for active workers (table 2). Dependents of active workers were covered by 39 plans. Nine plans continued coverage for retired workers and eight for their dependents.

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<sup>15</sup> Ibid., p. 331.

<sup>16</sup> See Health and Insurance Plans Under Collective Bargaining: Hospital Benefits (BLS Bull. 1274), and Surgical and Medical Benefits (BLS Bull. 1280).

<sup>17</sup> For example, when reference is made to dependent coverage, the extent of such coverage, is expressed in terms of the number of active workers covered by plans which extend or provide the specified benefits for dependents. No attempt was made to determine the number of women workers, dependents of active workers, retired workers, or dependents of retired workers covered by the plans in this study.

<sup>18</sup> This plan extended major medical benefits to dependents, effective March 1961; this change is not accounted for in this report.

The number of plans covering active workers has tripled since the Bureau's 1955 study (table 3)—substantially less than the increase during the same period in the number of major medical plans covering employee groups in general.<sup>19</sup> Major medical plans are still so uncommon among collectively bargained health and welfare programs that only in the petroleum refining, electrical machinery, and transportation industries did they apply to half or more of the workers under the selected health and insurance plans studied by the Bureau for each industry (table 2). Of the 3.3 million workers in manufacturing industries in the 300 plans studied, approximately 18 percent were covered by major medical benefits. The proportion in nonmanufacturing was twice as great (36 percent) owing chiefly to the weight of the railroad plan covering 500,000 nonoperating railroad workers.

Except for the railroad plan and four others, all of the plans providing major medical benefits were with single employer units. On the other hand, many multiemployer plans provided comprehensive service benefits requiring little, if any, supplementation.<sup>20</sup> Most of the major medical plans, as shown below, were supplementary plans, i. e., they extended the scope of existing basic hospital, surgical, and medical plans.<sup>21</sup>

Groups covered	Total	Supplementary plans	Comprehensive plans
Active workers -----	43	37	6
Dependents of active workers -----	1 39	1 34	5
Retired workers -----	9	5	4
Dependents of retired workers -----	8	5	3

<sup>1</sup> 1 of these plans covered only dependents of maritime workers. See footnote 1, table 2.

### Financing

The entire premium for active workers was borne by the employer in less than one out of three major medical plans (table 4) as contrasted with about two out of three of the basic benefit plans studied in 1959.<sup>22</sup> Moreover, while no basic benefit plans for active employees were financed solely by the worker,

<sup>19</sup> The current sample is comprised of 271 plans also covered in the Bureau's 1955 study, Analysis of Health and Insurance Plans Under Collective Bargaining, Late 1955 (BLS Bull. 1221, November 1957) and 29 replacements that were required because of a decrease in plan coverage to fewer than 1,000 workers, company merger or shutdown, or lack of sufficient current data. The report on the 1955 study presented only summary information on certain aspects of major medical plans. For growth in major medical plans in general, see Health Insurance Association of America and Institute of Life Insurance: Group Insurance Coverages in the United States, a series of annual reports previously issued by the Life Insurance Association of America.

<sup>20</sup> For summary descriptions of some of the comprehensive service benefit plans, see Digest of One Hundred Selected Health and Insurance Plans Under Collective Bargaining, Early 1958 (BLS Bull. 1236, October 1958 appendices, pp. 248-251).

<sup>21</sup> After this analysis was completed, it was learned that one plan was converted from a comprehensive to a supplementary plan with basic benefits.

<sup>22</sup> *Op. cit.*, BLS Bull. 1274, table 5 and BLS Bull. 1280, tables 6 and 7.

five major medical plans (nearly one out of nine studied) were so financed. The burden of financing major medical benefits for dependents was also more often borne by the worker than the employer, when compared with basic benefits. Even if the comparison is limited to single employer plans (all but five of the major medical plans were in single employer bargaining units), the employer paid the entire cost of basic plans more often than that of major medical plans. He paid the entire cost of active workers' benefits, for example, in half the basic plans in single employer units, but in only one-fifth of the major medical plans. On the other hand, while one out of three plans in single employer units required retired workers to pay the entire cost of basic benefits, only one out of nine major medical plans covering retired workers required them to pay the entire cost of major medical benefits.

#### Supplementary Major Medical Plans

The chief characteristics of the 37 supplementary plans covering almost 1 million workers are described in some detail below; those of the 6 comprehensive plans covering about 200,000 workers are separately summarized.

The Deductible.—Nearly all of the supplementary plans had a "corridor" type of deductible, that is, an uninsured area between basic and major medical benefits (table 5). Two plans, however, had an "integrated" deductible whereby the value of the basic benefits was subtracted from the deductible amount; in other words, major medical benefits were payable for expenses in excess of basic benefits or the deductible amount, whichever was greater (table 5).

In all plans, the deductible has three dimensions: (1) The dollar amount, (2) the time period over which the amount of deductible expense may be accumulated, and (3) the number of different disabilities that may be included in a single accumulation. The dollar amount was usually uniform for all workers covered by the plan, but in six plans covering active workers and their dependents, it was based on the workers' earnings.<sup>23</sup>

The number of plans applying the deductible to each disability was about the same as the number applying it to all disabilities occurring within a given time (table 6). The latter type usually had a \$100 corridor deductible and used the calendar year as the accumulation period. To reduce the effect of using an arbitrarily selected 12-month period, most of these plans credited toward the deductible unreimbursed expenses incurred in the last 3 months of the preceding year, even though they may have been used to satisfy that year's deductible.

The accumulation period in the plans on a per-disability basis began on the first day of medical expense and continued for 2 to 24 months. Six of the nine plans with a deductible of \$100 had a 2-year accumulation period, while four of the six plans with a deductible of \$150 or more had an accumulation period of one-half year or less. Thus, instead of offsetting a large deductible with a long accumulation period, the plans with the larger deductibles also had the shorter accumulation periods.

Coinsurance.—About half the plans reimbursed the active worker and his dependents for 75 percent of medical expenses in excess of the sum of basic benefits and the deductible, and half covered 80 percent. One plan stipulated 90-percent coverage. Two out of three plans that accumulated the expenses for all disabilities coinsured 80 percent, while two out of three providing benefits on a per-disability basis reimbursed only 75 percent of the expense. However, under

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<sup>23</sup> To simplify the analysis, the deductible for a \$4,000-a-year worker is given in all tables for these six plans.

some plans, certain expenses incurred outside a hospital were reimbursed at a lower percentage or, occasionally, not at all. Seven plans, for example, paid only 50 percent of physicians' charges for out-of-hospital psychiatric treatment and one plan excluded this type of care from plan coverage.

Length and Application of Benefit Periods.—Slightly over half the plans (20) covered expenses incurred by active workers during a specified period of time—usually a calendar year—for all disabilities, regardless of their number (table 7). If a disability continued from one calendar year into the next, an additional deductible would have to be satisfied before benefits would be payable for the second year, and a third deductible would be payable for the third year, etc. To reduce the effect of arbitrary beginning and ending dates, all but 5 of the 16 plans using a calendar year provided that expenses incurred in the last 3 months of each calendar year might be applied against both the deductible expenses for that year and those for the next.

Somewhat fewer than half the plans (17) geared the length of the benefit period to the length of each disability. Most of these plans covered expenses incurred during the 2 years following the onset of the disability (five plans) or from the time that expenses exceeded the deductible (eight plans). Although only a single deductible was applicable, expenses incurred after 2 years were not covered.

The length and application of benefit periods for active workers' dependents had about the same characteristics as those of the active workers because all but four plans covering active workers also covered their dependents. Retired workers and their dependents, however, were covered by only five plans. All but one of these covered all expenses incurred in a calendar year as a single benefit period to which a single deductible was applicable.

Maximum Benefits.—All but 3 of the 20 plans that accumulated expenses for all disabilities during an entire benefit period (12 to 24 months) had no direct limit on the benefits payable in each benefit period. Instead, they set lifetime limits of \$10,000 (nine plans covering active workers), \$7,500 (one plan), or \$5,000 (seven plans) (table 8). Ten of the 17 plans providing benefits for active workers on a per-disability basis had no lifetime limit, and with one exception paid a maximum of \$5,000 per disability. The remainder had a lifetime limit of \$5,000 or \$10,000.

While reimbursable expenses of more than \$5,000 per disability are probably rarely incurred, lifetime limits of \$5,000 or \$10,000—which for the young worker may extend over 45 years of employment—may be restrictive in a significant number of instances. Two out of three plans had lifetime limits of \$10,000 or less for active workers. The restrictive effect of such limits, however, is somewhat mitigated by a provision found in virtually all plans permitting the reinstatement of the maximum amount for those in good health (i. e., "upon satisfactory evidence of insurability"). This provision would seem to exclude workers with recurrent or chronic disabilities—in other words, those with the greatest need for additional benefits.

#### Comprehensive Major Medical Plans

Six of the 43 major medical plans covering active workers were of the comprehensive type; i. e., they supplanted rather than supplemented basic health benefit plans.<sup>24</sup> These plans ranged in coverage from 2,400 workers to 116,000

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<sup>24</sup> After this analysis was completed, it was learned that one plan was converted from a comprehensive to a supplementary plan with basic benefits.

workers, and covered a total of about 200,000 workers. Five of them also covered the dependents of active workers, four covered retired workers, and three covered their dependents. The details of these six plans are presented in the appendix on pages 16 and 17.

Benefits were more frequently forthcoming from these plans than from the supplemental plans because the deductible was easier to satisfy. The deductible was smaller—\$25 or \$50 rather than \$100 or more<sup>25</sup>—and, with one exception, applied to the expenses of all disabilities incurred during a specified period—usually a year or more—rather than just those incurred as a result of a single disability, a limitation found in almost half the supplementary plans. Moreover, no more than one deductible was payable by the insured each year; nearly all the comprehensive plans accumulated all expenses in a calendar year (or longer) into a single benefit period against which a single deductible was applied. While benefit periods of a year or longer, during which the expenses of all disabilities were accumulated, were also found among the supplementary plans, they were contained in only about half of the supplementary plans, compared with nearly all the comprehensive plans.

Three of the six plans reimbursed the active worker for 80 percent of most covered health care expenses, and two plans, 75 percent. However, a higher percentage of specified hospital charges was paid by all six plans. Two paid the entire first \$300 or \$500 of all hospital charges, one paid the entire room and board charges for a semiprivate room, and another paid the entire bill up to \$300 for all extra services. All six plans limited the amount of daily room and board benefits. One plan, for example, limited it to the lowest rate for a private room; another specified that it paid up to \$20 a day, regardless of the type of accommodation.

There were several other exceptions to the general rule that all prescribed personal health care expenses are reimbursed to the same extent regardless of how, where, why, or when they are incurred. For example, the four plans that had a maternity benefit for normal deliveries provided, as in many basic plans, a fixed reimbursement allowance to cover all maternity expenses incurred in a normal delivery. A smaller reimbursement was paid by two plans, as it was by seven supplemental plans, for the expenses of mental and nervous disorders incurred outside a hospital. One plan excluded such out-of-hospital expenses even though they were fully covered when incurred in the hospital. One plan—the largest of the six—paid 85 percent of surgical expenses and of all covered expenses incurred in the hospital, but only 75 percent of physician's services (except surgery) and of covered out-of-hospital expenses. In addition, this plan had an annual deductible of \$50 for physician's and out-of-hospital expenses, compared with \$25 for surgical and in-hospital expenses.<sup>26</sup>

All but one plan had a lifetime maximum benefit per person, which ranged between \$10,000 and \$20,000 for active workers and their dependents. Two of these plans also provided that only half the lifetime limit could be used in a single disability or benefit period, and one had a maximum for each disability equal to 30 percent of the lifetime limit. These limits were considerably higher than those under the supplementary plans. On the other hand, three of the four plans covering retired workers and their dependents had lower lifetime limits than the lowest limit (\$2,500) provided by the supplementary plans.

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<sup>25</sup> One plan with a \$25 deductible for active workers and their dependents had a \$100 deductible for retired workers and their dependents.

<sup>26</sup> Only the \$50 deductible was applicable to patients with expenses in both areas.

Table 1. Health and insurance plans studied in manufacturing and nonmanufacturing industries by number of workers covered and type of bargaining unit, fall 1960<sup>1</sup>

Workers covered	(Workers in thousands)							
	All industries							
	Total		Single employer		Multiemployer			
	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers
All plans studied .....	300	4,933.2	205	2,806.7	95	2,126.5		
1,000 and under 5,000 workers .....	137	351.7	102	262.4	35	89.3		
5,000 and under 10,000 workers .....	59	419.1	39	272.0	20	147.1		
10,000 and under 15,000 workers .....	34	387.0	20	224.6	14	162.4		
15,000 and under 25,000 workers .....	26	472.0	17	302.9	9	169.1		
25,000 and under 50,000 workers .....	28	928.8	17	532.0	11	396.8		
50,000 and under 100,000 workers .....	5	306.6	4	250.8	1	55.8		
100,000 workers and over .....	11	2,068.0	6	962.0	5	1,106.0		
	Manufacturing				Nonmanufacturing			
	Single employer		Multiemployer		Single employer		Multiemployer	
	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers
All plans studied .....	179	2,650.4	40	672.5	26	156.3	55	1,454.0
1,000 and under 5,000 workers .....	86	218.6	14	39.5	16	43.8	21	49.8
5,000 and under 10,000 workers .....	34	240.7	11	77.6	5	31.3	9	69.5
10,000 and under 15,000 workers .....	17	188.6	8	90.8	3	36.0	6	71.6
15,000 and under 25,000 workers .....	16	287.9	1	18.0	1	15.0	8	151.1
25,000 and under 50,000 workers .....	16	501.8	3	109.8	1	30.2	8	287.0
50,000 and under 100,000 workers .....	4	250.8	1	55.8	-	-	-	-
100,000 workers and over .....	6	962.0	2	281.0	-	-	3	825.0

<sup>1</sup> All coverage data reported in this study relate to the number of active workers (men and women) covered by the plans which provide the specified benefit. No attempt was made to determine the number of women workers, dependents, retired workers, or dependents of retired workers covered by the plans.

NOTE: This report is based on a study of 300 health and insurance plans under collective bargaining.

Table 2. Health and insurance plans studied by industry and groups eligible for major medical benefits, fall 1960

Industry	(Workers in thousands)									
	All plans		All plans providing major medical benefits for—							
			Active workers		Dependents of active workers		Retired workers		Dependents of retired workers	
Number	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	
All plans studied .....	300	4,933.2	43	1,185.1	<sup>1</sup> 39	612.0	9	183.7	8	162.5
Manufacturing .....	219	3,322.9	30	600.7	27	535.8	7	166.3	6	145.1
Food and kindred products .....	17	168.1	-	-	-	-	-	-	-	-
Tobacco manufactures .....	3	24.0	-	-	-	-	-	-	-	-
Textile mill products .....	11	44.7	-	-	-	-	-	-	-	-
Apparel and other finished products .....	6	395.1	-	-	-	-	-	-	-	-
Lumber and wood products, except furniture .....	3	44.5	-	-	-	-	-	-	-	-
Furniture and fixtures .....	5	68.1	-	-	-	-	-	-	-	-
Paper and allied products .....	13	49.5	1	1.5	1	1.5	-	-	-	-
Printing, publishing, and allied industries .....	6	21.7	1	4.5	1	4.5	1	4.5	1	4.5
Chemicals and allied products .....	10	109.4	1	10.0	1	10.0	-	-	-	-
Petroleum refining and related industries .....	8	92.7	5	63.7	4	42.5	2	37.0	1	15.8
Rubber and miscellaneous plastics products .....	8	108.3	1	1.5	1	1.5	-	-	-	-
Leather and leather products .....	11	68.7	-	-	-	-	-	-	-	-
Stone, clay, and glass products .....	10	76.8	4	16.8	4	16.8	2	4.8	2	4.8
Primary metal industries .....	21	499.2	-	-	-	-	-	-	-	-
Fabricated metal products .....	11	98.1	2	13.5	2	13.5	-	-	-	-
Machinery, except electrical .....	22	147.0	4	16.7	4	16.7	1	4.0	1	4.0
Electrical machinery, equipment, and supplies .....	16	330.2	3	267.8	3	267.8	1	116.0	1	116.0
Transportation equipment .....	23	902.0	7	195.2	5	151.5	-	-	-	-
Instruments and related products .....	8	33.4	1	9.5	1	9.5	-	-	-	-
Miscellaneous manufacturing industries .....	7	41.4	-	-	-	-	-	-	-	-
Nonmanufacturing .....	81	1,610.3	13	584.4	<sup>1</sup> 12	76.2	2	17.4	2	17.4
Mining, crude petroleum, and natural gas production .....	4	194.9	2	13.6	1	3.6	-	-	-	-
Transportation .....	22	870.7	1	500.0	<sup>1</sup> 1	1.8	-	-	-	-
Communications .....	2	38.3	-	-	-	-	-	-	-	-
Utilities: Electric and gas .....	11	35.2	4	13.0	4	13.0	-	-	-	-
Retail and wholesale trade .....	12	60.4	1	3.0	1	3.0	-	-	-	-
Hotels and restaurants .....	5	67.1	-	-	-	-	-	-	-	-
Services .....	9	140.1	2	21.0	2	21.0	1	15.0	1	15.0
Contract construction .....	15	196.4	3	33.8	3	33.8	1	2.4	1	2.4
Miscellaneous nonmanufacturing industries .....	1	7.2	-	-	-	-	-	-	-	-

<sup>1</sup> 1 plan covering 1,800 workers in the maritime industry provided major medical benefits for only dependents of active workers who receive free care in U. S. Public Health Service hospitals and out-patient facilities.

NOTE: This report is based on a study of 300 health and insurance plans under collective bargaining.

Table 3. Number of plans studied with major medical benefits for eligible groups, fall 1960 and late 1955

Eligible groups	Fall 1960	Late 1955
All plans studied .....	300	300
Groups eligible for major medical benefits:		
Active workers .....	43	14
Dependents of active workers .....	39	9
Retired workers .....	9	1
Dependents of retired workers .....	8	1

NOTE: This report is based on a study of 300 health and insurance plans under collective bargaining.

Table 4. Method of financing 43 major medical benefit plans by groups eligible, fall 1960

Method of financing <sup>1</sup>	(Workers in thousands)							
	Active workers		Dependents of active workers		Retired workers		Dependents of retired workers	
	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers
All plans providing benefit .....	43	1,185.1	39	612.0	9	183.7	8	162.5
Employer only .....	<sup>2</sup> 12	686.9	<sup>3</sup> 8	51.3	<sup>4</sup> 5	148.1	<sup>2</sup> 4	126.9
Jointly .....	<sup>2</sup> 26	459.3	<sup>2</sup> 24	432.0	3	19.8	3	19.8
Worker only .....	5	38.9	<sup>3</sup> 7	128.7	1	15.8	1	15.8

<sup>1</sup> If the worker contributed toward the cost of the health and insurance program as a whole (with the employer paying the remaining cost), the benefit was classified as jointly financed.

<sup>2</sup> Includes 3 comprehensive plans.

<sup>3</sup> Includes 1 comprehensive plan.

<sup>4</sup> Includes 4 comprehensive plans.

NOTE: This report is based on a study of 300 health and insurance plans under collective bargaining.

Table 5. Type and amount of deductible in 37 supplementary major medical plans by eligible groups, fall 1960

Type of deductible	(Workers in thousands)											
	All plans		Amount of deductible <sup>1</sup>									
	Number	Workers	\$100		\$150		\$200		\$300		Other <sup>2</sup>	
		Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	
<u>Active workers</u>												
All plans providing benefit .....	37	979.3	26	881.3	2	34.8	3	23.7	2	11.5	4	28.0
Corridor deductible <sup>3</sup> .....	35	967.8	26	881.3	2	34.8	3	23.7	-	-	4	28.0
Uniform amount .....	29	917.1	24	855.8	1	31.8	2	19.5	-	-	2	10.0
Amount dependent on earnings .....	6	50.7	2	25.5	1	3.0	1	4.2	-	-	2	18.0
Integrated deductible <sup>4</sup> .....	2	11.5	-	-	-	-	-	-	2	11.5	-	-
Uniform amount .....	2	11.5	-	-	-	-	-	-	2	11.5	-	-
<u>Dependents of active workers</u>												
All plans providing benefit .....	34	427.4	24	339.4	2	34.8	3	23.7	1	1.5	4	28.0
Corridor deductible <sup>3</sup> .....	33	425.9	24	339.4	2	34.8	3	23.7	-	-	4	28.0
Uniform amount .....	27	375.2	22	313.9	1	31.8	2	19.5	-	-	2	10.0
Amount dependent on earnings .....	6	50.7	2	25.5	1	3.0	1	4.2	-	-	2	18.0
Integrated deductible <sup>4</sup> .....	1	1.5	-	-	-	-	-	-	1	1.5	-	-
Uniform amount .....	1	1.5	-	-	-	-	-	-	1	1.5	-	-
<u>Retired workers and their dependents</u>												
All plans providing benefit .....	5	40.1	4	25.1	-	-	-	-	-	-	1	15.0
Corridor deductible <sup>3</sup> .....	5	40.1	4	25.1	-	-	-	-	-	-	1	15.0
Uniform amount .....	4	25.1	4	25.1	-	-	-	-	-	-	-	-
Amount dependent on earnings .....	1	15.0	-	-	-	-	-	-	-	-	1	15.0

<sup>1</sup> The deductible for 6 plans, which was based on the worker's earnings, was computed for a \$4,000-a-year worker.

<sup>2</sup> Includes plans with deductible amounts of \$50, \$62.50, \$75, and \$120.

<sup>3</sup> Uninsured area between basic and major medical benefits.

<sup>4</sup> Subject to reduction by amount of basic benefits.

NOTE: This report is based on a study of 300 health and insurance plans under collective bargaining.

Table 6. Length and application of accumulation period and deductible amount in 37 supplementary major medical plans by eligible groups, fall 1960

Accumulation period	(Workers in thousands)											
	All plans		Application of accumulation period and deductible amount <sup>1</sup> —									
			All disabilities									
	Plans	Workers	Total		\$100		\$200		Other <sup>2</sup>			
Plans			Workers	Plans	Workers	Plans	Workers	Plans	Workers			
<b>Active workers</b>												
All plans providing benefits----	37	979.3	19	646.4	17	621.9	1	9.5	1	15.0		
Calendar year -----	<sup>3</sup> 16	627.3	16	627.3	15	612.3	-	-	1	15.0		
Specified number of months ----	21	352.0	3	19.1	2	9.6	1	9.5	-	-		
3 months -----	4	135.7	-	-	-	-	-	-	-	-		
12 months -----	6	81.4	2	13.1	1	3.6	1	9.5	-	-		
24 months -----	<sup>4</sup> 8	94.6	-	-	-	-	-	-	-	-		
Other -----	<sup>5</sup> 3	40.3	1	6.0	1	6.0	-	-	-	-		
<b>Dependents of active workers</b>												
All plans providing benefits----	34	427.4	18	130.9	16	106.4	1	9.5	1	15.0		
Calendar year -----	<sup>3</sup> 15	111.8	15	111.8	14	96.8	-	-	1	15.0		
Specified number of months ----	19	315.6	3	19.1	2	9.6	1	9.5	-	-		
3 months -----	3	125.7	-	-	-	-	-	-	-	-		
12 months -----	6	81.4	2	13.1	1	3.6	1	9.5	-	-		
24 months -----	<sup>4</sup> 7	68.2	-	-	-	-	-	-	-	-		
Other -----	<sup>5</sup> 3	40.3	1	6.0	1	6.0	-	-	-	-		
<b>Retired workers and their dependents</b>												
All plans providing benefits----	5	40.1	4	24.3	3	9.3	-	-	1	15.0		
Calendar year -----	<sup>6</sup> 1	24.3	4	24.3	3	9.3	-	-	1	15.0		
Specified number of months ----	1	15.8	-	-	-	-	-	-	-	-		
12 months -----	1	15.8	-	-	-	-	-	-	-	-		
Application of accumulation period and deductible amount <sup>1</sup> —Continued												
Each disability												
Total		\$100		\$150		\$200		\$300 <sup>7</sup>		Other <sup>2</sup>		
Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	
<b>Active workers</b>												
All plans providing benefits----	18	332.9	9	259.4	2	34.8	2	14.2	2	11.5	3	13.0
Calendar year -----	-	-	-	-	-	-	-	-	-	-	-	-
Specified number of months ----	18	332.9	9	259.4	2	34.8	2	14.2	2	11.5	3	13.0
3 months -----	4	135.7	1	120.0	-	-	1	4.2	2	11.5	-	-
12 months -----	4	68.3	2	50.8	-	-	1	10.0	-	-	1	7.5
24 months -----	8	94.6	6	88.6	1	3.0	-	-	-	-	1	3.0
Other -----	2	34.3	-	-	1	31.8	-	-	-	-	1	2.5
<b>Dependents of active workers</b>												
All plans providing benefits----	16	296.5	8	233.0	2	34.8	2	14.2	1	1.5	3	13.0
Calendar year -----	-	-	-	-	-	-	-	-	-	-	-	-
Specified number of months ----	16	296.5	8	233.0	2	34.8	2	14.2	1	1.5	3	13.0
3 months -----	3	125.7	1	120.0	-	-	1	4.2	1	1.5	-	-
12 months -----	4	68.3	2	50.8	-	-	1	10.0	-	-	1	7.5
24 months -----	7	68.2	5	62.2	1	3.0	-	-	-	-	1	3.0
Other -----	2	34.3	-	-	1	31.8	-	-	-	-	1	2.5
<b>Retired workers and their dependents</b>												
All plans providing benefits----	1	15.8	1	15.8	-	-	-	-	-	-	-	-
Calendar year -----	-	-	-	-	-	-	-	-	-	-	-	-
Specified number of months ----	1	15.8	1	15.8	-	-	-	-	-	-	-	-
12 months -----	1	15.8	1	15.8	-	-	-	-	-	-	-	-

<sup>1</sup> See footnote 1, table 5.<sup>2</sup> See footnote 2, table 5.<sup>3</sup> Includes 1 plan on a policy year basis. 12 plans permitted unreimbursed expenses incurred during last quarter of previous year to be counted toward deductible in current year.<sup>4</sup> All plans required total disability.<sup>5</sup> 1 plan provided a 2-month accumulation period and 2 plans, a 6-month accumulation period.<sup>6</sup> 3 plans permitted unreimbursed expenses incurred in last quarter of previous year to be counted toward deductible in current year.<sup>7</sup> Integrated deductible.

NOTE: This report is based on a study of 300 health and insurance plans under collective bargaining.

Table 7. Length and application of benefit period and deductible amount in 37 supplementary major medical plans by eligible groups, fall 1960

(Workers in thousands)

Benefit period	All plans		Application of benefit period and deductible amount <sup>1</sup>																			
			All disabilities								Each disability											
	Total		\$100		\$200		Other <sup>2</sup>		Total		\$100		\$150		\$200		\$300 <sup>3</sup>		Other <sup>2</sup>			
	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers		
<b>Active workers</b>																						
All plans providing benefit ----	37	979.3	20	648.9	17	621.9	1	9.5	2	17.5	17	330.4	9	259.4	2	34.8	2	14.2	2	11.5	2	10.5
Calendar year -----	<sup>4</sup> 17	629.8	17	629.8	15	612.3	-	-	2	17.5	-	-	-	-	-	-	-	-	-	-	-	-
Specified number of months ---	20	349.5	3	19.1	2	9.6	1	9.5	-	-	17	330.4	9	259.4	2	34.8	2	14.2	2	11.5	2	10.5
12 months -----	6	81.4	2	13.1	1	3.6	1	9.5	-	-	4	68.3	2	50.8	-	-	1	10.0	-	-	1	7.5
From incurrence of expense in excess of deductible -----	4	36.9	1	3.6	1	3.6	-	-	-	-	3	33.3	1	15.8	-	-	1	10.0	-	-	1	7.5
From start of disability -----	2	44.5	1	9.5	-	-	1	9.5	-	-	1	35.0	1	35.0	-	-	-	-	-	-	-	-
24 months -----	14	268.1	1	6.0	1	6.0	-	-	-	-	13	262.1	7	208.6	2	34.8	1	4.2	2	11.5	1	3.0
From incurrence of expense in excess of deductible -----	<sup>5</sup> 8	121.1	-	-	-	-	-	-	-	-	8	121.1	4	73.6	1	31.8	1	4.2	2	11.5	-	-
From start of disability -----	<sup>5,6</sup>	147.0	1	6.0	1	6.0	-	-	-	-	5	141.0	3	135.0	1	3.0	-	-	-	-	1	3.0
<b>Dependents of active workers</b>																						
All plans providing benefit ----	34	427.4	19	133.4	16	106.4	1	9.5	2	17.5	15	294.0	8	233.0	2	34.8	2	14.2	1	1.5	2	10.5
Calendar year -----	<sup>4</sup> 16	114.3	16	114.3	14	96.8	-	-	2	17.5	-	-	-	-	-	-	-	-	-	-	-	-
Specified number of months ---	18	313.1	3	19.1	2	9.6	1	9.5	-	-	15	294.0	8	233.0	2	34.8	2	14.2	1	1.5	2	10.5
12 months -----	6	81.4	2	13.1	1	3.6	1	9.5	-	-	4	68.3	2	50.8	-	-	1	10.0	-	-	1	7.5
From incurrence of expense in excess of deductible -----	4	36.9	1	3.6	1	3.6	-	-	-	-	3	33.3	1	15.8	-	-	1	10.0	-	-	1	7.5
From start of disability -----	2	44.5	1	9.5	-	-	1	9.5	-	-	1	35.0	1	35.0	-	-	-	-	-	-	-	-
24 months -----	12	231.7	1	6.0	1	6.0	-	-	-	-	11	225.7	6	182.2	2	34.8	1	4.2	1	1.5	1	3.0
From incurrence of expense in excess of deductible -----	<sup>7</sup> 6	84.7	-	-	-	-	-	-	-	-	6	84.7	3	47.2	1	31.8	1	4.2	1	1.5	-	-
From start of disability -----	<sup>6,8</sup>	147.0	1	6.0	1	6.0	-	-	-	-	5	141.0	3	135.0	1	3.0	-	-	-	-	1	3.0
<b>Retired workers and their dependents</b>																						
All plans providing benefit ----	5	40.1	4	24.3	3	9.3	-	-	1	15.0	1	15.8	1	15.8	-	-	-	-	-	-	-	-
Calendar year -----	<sup>8</sup> 14	24.3	4	24.3	3	9.3	-	-	1	15.0	-	-	-	-	-	-	-	-	-	-	-	-
Specified number of months ---	1	15.8	-	-	-	-	-	-	-	-	1	15.8	1	15.8	-	-	-	-	-	-	-	-
12 months from date of incurrence of expense in excess of deductible ---	1	15.8	-	-	-	-	-	-	-	-	1	15.8	1	15.8	-	-	-	-	-	-	-	-

<sup>1</sup> See footnote 1, table 5.

<sup>2</sup> See footnote 2, table 5.

<sup>3</sup> Integrated deductible.

<sup>4</sup> Includes 1 plan on a policy year basis. 12 plans permitted unreimbursed expenses incurred during last quarter of year to be carried over into first quarter of next year, and 1 plan allowed carryover of only 2 months.

<sup>5</sup> 4 plans required total disability.

<sup>6</sup> 1 plan specified a benefit period of 12 months if insured was not totally disabled.

<sup>7</sup> 3 plans required total disability.

<sup>8</sup> 3 plans permitted unreimbursed expenses incurred in last quarter of year to be carried over to the first quarter of next year.

NOTE: This report is based on a study of 300 health and insurance plans under collective bargaining.

Table 8. Maximum benefits payable and length of benefit period in 37 supplementary major medical plans by eligible groups, fall 1960

Maximum amount of benefit payable		(Workers in thousands)																
		Total		Application of benefit period				Length of benefit period										
				All disabilities		Each disability		Calendar year		12 months				24 months				
				Plans	Work-ers	Plans	Work-ers			Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	
Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers			
<u>Active workers</u>																		
All plans providing benefit .....		37	979.3	20	648.9	17	330.4	<sup>1</sup> 17	629.8	4	36.9	2	44.5	8	121.1	6	147.0	
Per benefit period	Per disability	Per lifetime																
\$5,000	-	\$10,000	3	28.3	1	2.5	2	25.8	1	2.5	2	25.8	-	-	-	-	-	
10,000	-	15,000	1	9.5	1	9.5	-	-	-	-	1	9.5	-	-	-	-	-	
10,000	-	20,000	1	15.0	1	15.0	-	-	1	15.0	-	-	-	-	-	-	-	
-	\$5,000	10,000	1	120.0	-	-	1	120.0	-	-	-	-	-	-	<sup>2</sup> 1	120.0	-	
-	5,000	-	9	133.0	-	-	9	133.0	-	-	-	-	6	115.0	3	18.0	-	
-	10,000	-	1	3.0	-	-	1	3.0	-	-	-	-	-	-	1	3.0	-	
-	-	\$5,000	10	584.2	7	537.5	3	46.7	7	537.5	1	7.5	1	35.0	1	4.2	-	
-	-	7,500	1	2.0	1	2.0	-	-	1	2.0	-	-	-	-	-	-	-	
-	-	10,000	10	84.3	9	82.4	1	1.9	7	72.8	1	3.6	-	-	1	1.9	1	6.0
<u>Dependents of active workers</u>																		
All plans providing benefit .....		34	427.4	19	133.4	15	294.0	<sup>1</sup> 16	114.3	4	36.9	2	44.5	6	84.7	6	147.0	
Per benefit period	Per disability	Per lifetime																
\$5,000	-	\$10,000	3	28.3	1	2.5	2	25.8	1	2.5	2	25.8	-	-	-	-	-	
10,000	-	15,000	1	9.5	1	9.5	-	-	-	-	1	9.5	-	-	-	-	-	
10,000	-	20,000	1	15.0	1	15.0	-	-	1	15.0	-	-	-	-	-	-	-	
-	\$5,000	10,000	1	120.0	-	-	1	120.0	-	-	-	-	-	-	<sup>2</sup> 1	120.0	-	
-	5,000	-	7	96.6	-	-	7	96.6	-	-	-	-	4	78.6	3	18.0	-	
-	10,000	-	1	3.0	-	-	1	3.0	-	-	-	-	-	-	1	3.0	-	
-	-	\$5,000	9	68.7	6	22.0	3	46.7	6	22.0	1	7.5	1	35.0	1	4.2	-	
-	-	7,500	1	2.0	1	2.0	-	-	1	2.0	-	-	-	-	-	-	-	
-	-	10,000	10	84.3	9	82.4	1	1.9	7	72.8	1	3.6	-	-	1	1.9	1	6.0
<u>Retired workers and their dependents</u>																		
All plans providing benefit .....		5	40.1	4	24.3	1	15.8	4	24.3	1	15.8	-	-	-	-	-	-	
Per benefit period	Per disability	Per lifetime																
-	-	\$2,500	2	4.8	2	4.8	-	-	2	4.8	-	-	-	-	-	-	-	
-	-	<sup>3</sup> 3,000	1	15.0	1	15.0	-	-	1	15.0	-	-	-	-	-	-	-	
-	-	<sup>4</sup> 5,000	2	20.3	1	4.5	1	15.8	1	4.5	1	15.8	-	-	-	-	-	

<sup>1</sup> Includes 1 plan on a policy year basis.  
<sup>2</sup> If worker or dependent is not totally disabled, the benefit period is 12 months.  
<sup>3</sup> This amount is the difference between the unused balance of the lifetime maximum as an active employee, or \$3,000, whichever is less. In addition, a further reduction takes place at age 70; if the unused balance of the retiree's or his dependent's unused balance is more than \$2,500—this amount then becomes the new limit.  
<sup>4</sup> 1 plan provided that this amount is the difference between the unused balance of the lifetime maximum as an active worker or \$5,000, whichever is less. The retiree and his dependents are guaranteed a minimum lifetime maximum of \$2,500 regardless of the amount of benefits used as an active employee.

NOTE: This report is based on a study of 300 health and insurance plans under collective bargaining.

## APPENDIX: DIGEST OF 6 COMPREHENSIVE MAJOR MEDICAL PLANS

Industry	Number of active workers covered	Groups covered and financing				Deductible			Benefit period
		Active		Retired		Type of expense subject to deductible	Amount	Accumulation period and its application	
		Workers	Dependents	Workers	Dependents				
Transportation equipment <sup>3</sup>	58,000	Company	Worker	No benefit		All except hospital	Worker \$25 Dependent \$50	2 years per disability; total disability required	2 years; total disability required
Petroleum refining and related industries	21,000	Company	(6)	Company	(6)	<i>Active workers</i>			
						All except hospital room and board	\$50	3 consecutive months; all disabilities	Calendar year
						<i>Retired workers</i>			
						All	\$50	3 consecutive months; all disabilities	Calendar year
Machinery, except electrical	4,000	Jointly		Company		All except hospital and surgical	\$60	60 days per calendar year; all disabilities	<u>Hospital and surgical:</u> Per disability  <u>Other:</u> Calendar year
Electrical machinery, equipment, and supplies	116,000	Jointly		Company		<i>Active workers and dependents</i>			
						All	Hospital and surgical—\$25; other—\$50; maximum aggregate—\$50	Calendar year; all disabilities	Calendar year
						<i>Retired workers and dependents</i>			
						Hospital and surgical (other expenses excluded from plan coverage)	\$25	Calendar year; all disabilities	Calendar year
Construction	2,400	Company		Company		<i>Active workers and dependents</i>			
						All except hospital and surgical	\$25	Calendar year; all disabilities	Calendar year
						<i>Retired workers and dependents</i>			
						All	\$100	Calendar year; all disabilities	Calendar year
Utilities: Electric and gas	4,200	Jointly		No benefit		All except hospital and surgical	\$25 (\$400 for maternity cases)	365 days; per disability	Per disability

<sup>1</sup> Except where indicated, all provisions apply to each person in all groups covered.

<sup>2</sup> General reimbursement applies to charges not specified; "All" is used where all hospital charges (room and board and extra services) are reimbursed to the extent specified.

<sup>3</sup> Limitations that may be applicable to other than psychiatric care are not described.

<sup>4</sup> Not subject to deductible or coinsurance; a higher allowance is generally provided for a caesarean section; and regular benefits, subject to deductible and coinsurance, are usually payable for more complicated cases.

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Coinsurance			Maximum benefit				Limitations on psychiatric care <sup>3</sup>	Normal maternity benefits <sup>4</sup>	Industry	
General reimbursement	Special reimbursement for specified hospital charges <sup>2</sup>	Restrictions on hospital room and board benefits	Per disability	Per benefit period	Per lifetime	Reinstatement				
80%	Extra services: Worker—100% of first \$300; 80% of remainder; dependents—100% of first \$100; 80% of remainder	Maximum benefit—\$16 a day	—	\$7,500	—	No provision	Limited to expenses incurred during hospital confinement	\$150	Transportation equipment <sup>5</sup>	
<i>Active workers</i>										
80%	Semiprivate room: 100%  [Out-of-hospital care—75% <sup>7</sup> ]	Maximum private room benefit—semiprivate rate plus \$5	\$10,000	—	\$20,000	No provision	One lifetime benefit not to exceed 2 months in hospital and, if confinement exceeded 6 days, 1 month out-of-hospital	None	Petroleum refining and related industries	
<i>Retired workers</i>										
80%	No special reimbursement	Limited to 31 days and to 3-bed room rate plus \$5 <sup>7</sup>	—	—	\$5,000	No provision	One lifetime benefit not to exceed 31 days; hospital confinement of at least 7 days required to qualify for benefits			
<i>Active workers and dependents</i>										
75%	All: 100% of first \$300	Maximum private room benefit \$20	—	—	\$10,000	If during a 6-month period, the insured did not use or receive \$25 or more of covered services	No limitation	\$225	Machinery, except electrical	
			<i>Retired workers and dependents</i>							
			—	—	\$2,000	No provision				
<i>Active workers and dependents</i>										
75%	All: 100% of first \$225; 85% of remainder  [Surgical expenses included with hospital expenses <sup>8</sup> ]	Maximum private room benefit—semi-private rate	—	\$7,500	\$15,000	On evidence of insurability	If not totally disabled: Coinsurance 50%	\$150	Electrical machinery, equipment, and supplies	
<i>Retired workers and dependents</i>										
None	All: 100% of first \$225; 85% of remainder  [Surgical expenses included with hospital expenses <sup>8</sup> ]	Maximum private room benefit—semi-private rate	<u>15 years<sup>9</sup> service and over</u>		—	—	\$1,500	No provision		No limitations
			<u>10 to 15 years<sup>9</sup> service</u>		—	—	\$1,000			
<i>Active workers and dependents</i>										
70%	All: 90% of first \$1,000; 80% of remainder  [Surgical—80% <sup>8</sup> ]	Limited to ward <sup>9</sup> charges, but not less than \$14.50 a day for worker and \$12.50 for dependents	\$3,000	—	\$10,000	On evidence of insurability	No limitation	\$75	Construction	
<i>Retired workers and dependents</i>										
75%	Ward <sup>9</sup> room and board: 90%	Minimum of \$14.50 a day for worker and \$12.50 for dependents	—	—	\$1,500	No provision				
80%	All: 100% of first \$500	Limited to lowest private room rate	—	—	\$10,000	On evidence of insurability	No limitation	None	Utilities: Electric and gas	

<sup>5</sup> After this analysis was completed, it was learned that this plan was converted from a comprehensive to a supplementary plan with basic benefits.

<sup>6</sup> No benefit provided; most dependents are covered by basic hospital, surgical, and medical benefits paid for by the worker.

<sup>7</sup> This plan also limits in-hospital medical care to \$6 per day and does not cover out-of-hospital nursing care.

<sup>8</sup> Total payable for all expenses of retiree and wife.

<sup>9</sup> Room with 3 or more beds.