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HEALTH BENEFITS: LOSS DUE TO UNEMPLOYMENT

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ROBERT J. DOLE, *Chairman*

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HEALTH BENEFITS: LOSS DUE TO UNEMPLOYMENT

1. Problem

As the result of high levels of unemployment in the United States, many workers and their families have lost their employment-based group health benefits and their employers' contributions toward the costs of such important protection. However, the exact dimensions of this problem are not known, since there are no widely gathered data to measure the extent of health benefit protection of those who have been laid-off during the current recession.

Group health benefits are relatively inexpensive for many employees (and their dependents) because group coverage generally costs less than individually purchased insurance and because employers ordinarily pay most or all of the premiums charged for such coverage. Most workers who become unemployed for a period of more than a month or two lose these benefits, and must seek more expensive (or less adequate) coverage on a non-group basis. Moreover, the unemployed workers must also pay the entire costs of any individual or individual family protection just when they are confronted with a significant reduction in their incomes.

In general, the unemployed who lose employer-based health insurance protection are unable to obtain coverage under other existing public health care programs that are targeted toward other specific population groups. The Medicare program, for example, is limited to the aged and the seriously disabled. State Medicaid programs provide protection for many, but not all, of the Nation's poor, but the eligibility requirements of those programs preclude most unemployed workers and families with such workers from obtaining program benefits. Still other publicly sponsored programs, such as those run by the Veterans Administration, can assist only selected numbers of those who lose employment-based health benefit protection.

The loss of group health insurance for those who have lost their jobs is not a new problem, but the growth in the number of workers who have lost their jobs and the duration of such unemployment is unprecedented in recent years. Two legislative proposals that address this issue have been referred to the Committee on Finance.

2. Background

A. EXTENT OF COVERAGE

The majority of workers in the American labor force (together with the dependents of these workers) are covered under some type of group health insurance or group health benefits plan through their place of employment. A Department of Labor study of health insurance coverage (Table 1) of private full-time wage and salary workers in 1979 estimated that about three-fourths of the civilian labor force (private industry and local, State and Federal governments) had group health coverage through their jobs.[1] Coverage in public employment (83 percent) was somewhat higher than coverage in private employment (73 percent).

TABLE 1.—DISTRIBUTION OF FULL-TIME WAGE AND SALARY WORKERS BY GROUP HEALTH INSURANCE STATUS AND TYPE OF EMPLOYMENT

Type of employment	Percent distribution by coverage status			
	Total	Covered	Not covered	Do not know
Total	100	75	23	2
Private	100	73	25	2
Government:				
Federal	100	83	16	1
State	100	88	11	1
Local	100	81	18	1

B. SIZE OF EMPLOYER

There are significant differences in group health coverage by size of employer (Table 2). Small establishments (fewer than 100 persons) had a coverage rate of 62 percent, while the rates for medium size firms (100–499) was 87 and for large establishments (500 or more persons) reached 94 percent.

C. IMPACT OF COLLECTIVE BARGAINING

Workers included in collective bargaining agreements have a significantly higher rate of group health protection than workers not under such agreements (Table 2). More than 9 out of every 10 of the employees in bargaining units were covered, while only 2 out of 3 workers in non-bargaining units were covered under health benefit plans. Though unionized workers accounted for about one-fourth of the full-time labor force, they accounted for one-third of those protected by health benefit plans.

[1] "Health Insurance Coverage of Private Full-Time Wage and Salary Workers, 1979," Arnold J. Hoffman, U.S. Department of Labor, Labor-Management Services Administration, Pension and Welfare Benefit Programs, 1981.

TABLE 2.—COVERAGE OF FULL-TIME WAGE AND SALARY WORKERS IN PRIVATE INDUSTRY, BY SIZE OF FIRM AND UNION STATUS

Size of firm and union status	Percent distribution by coverage status			
	Total	Covered	Not covered	Do not know
Total	100	73	25	2
Union contract	100	91	8	1
No union contract	100	67	31	2
Under 100 persons	100	62	37	1
Union contract	100	87	12	1
No union contract	100	56	42	2
100 to 499 persons	100	87	12	1
Union contract	100	93	7	
No union contract	100	84	15	1
500 or more persons	100	94	5	1
Union contract	100	96	3	1
No union contract	100	93	7	

D. COVERAGE BY INDUSTRY

Health benefit coverage varies widely by industry (Table 3). The highest coverage rates are in the communications and public utilities industries (92 percent) and in durable manufacturing (89 percent). Workers in wholesale trade, and finance, insurance and real estate have fairly high coverage rates. Construction, retail trade and services have lower rates, while agriculture had the lowest coverage rates. Health plan participation for workers represented by a union was at least 84 percent in every industry. In mining, manufacturing (durable and nondurable), transportation, and communications and public utilities, over 9 out of 10 union-represented workers were included in group plans. These industries also have the highest proportion of their workers represented by labor unions.

TABLE 3.—COVERAGE OF FULL-TIME WAGE AND SALARY WORKERS IN PRIVATE INDUSTRY, BY INDUSTRY

Industry	Percent distribution by coverage status			
	Total	Covered	Not covered	Do not know
Agriculture	100	31	63	6
Mining	100	85	13	2
Construction	100	59	36	5
Manufacturing (durable)	100	89	9	2
Manufacturing (nondurable)	100	84	14	2
Transportation	100	81	17	2
Communication/ public utilities	100	92	6	2
Trade—wholesale	100	78	19	3
Trade—retail	100	58	39	3
Finance, insurance and real estate	100	76	22	2
Services	100	61	37	2

E. COVERAGE BY LENGTH OF EMPLOYMENT

Group health benefit coverages vary by length of employment. About 80 percent of workers with one year or more of employment were included in group plans, compared with only 57 percent of those with less than one year on their present job. This difference occurs because plans typically have eligibility requirements and probationary periods before new employees may participate in most employers' health benefits programs. These periods are generally between 1 to 6 months.

F. COVERAGE BY GEOGRAPHIC LOCATION

There are also variations in the extent of health benefit protection in the labor force by geographic location (Table 4). In general, workers in the industrialized Northeast and Midwest regions of the country have the highest participation rates.

TABLE 4.—COVERAGE OF FULL-TIME WAGE AND SALARY WORKERS IN PRIVATE INDUSTRY, BY GEOGRAPHIC AREA

Geographic area	Percent distribution of coverage status			
	Total	Covered	Not covered	Do not know
New England	100	77	21	2
Middle Atlantic	100	77	20	3
East North Central	100	79	19	2
West North Central	100	70	28	2
South Atlantic	100	69	28	3
East South Central	100	70	28	2
West South Central	100	66	30	4
Mountain	100	67	30	3
Pacific	100	72	26	2

G. FINANCING OF EMPLOYER-BASED GROUP COVERAGE

The cost of group health benefits varies depending upon plan benefit design (e.g., benefits covered, deductibles and coinsurance features, etc.), the age and sex composition of the covered workforce, geographic location, whether dependent coverages are offered and other similar considerations. Many employers today pay the full costs of group health benefits for their workers. In other instances, the employer and covered employees share in the premium costs of coverage. A 1980 study prepared for the Department of Labor indicated that 71 percent of the private nonfarm business establishments in the United States, covering 66 percent of employees, paid 100 percent of the health premiums for the worker. About 45 percent of these establishments covering 40 percent of employees, paid 100 percent of the premiums for the worker and his family. These proportions of contributions were roughly consistent across industries and establishment size classes.

3. Loss of group health benefits due to unemployment

Ordinarily, employees covered by an employer or other group health benefits plan lose whatever protection they may have had when they leave the group, for whatever reason. Dependent coverage is also generally terminated upon separation of the worker from the group plan. Termination of coverage usually occurs at the end of the period for which premium contributions have been made.

The exact dimensions of the present problem of health benefit loss due to unemployment are not known, since there are no widely gathered data to measure the actual benefit protection of those who have been laid off during the current recession. The Congressional Budget Office projected that about 7.4 million of the more than 12 million persons out of work in December 1982 had been laid-off, and that of this number about 5.3 million had already lost coverage under an employer-based health benefits plan. If dependents were included, CBO estimated that approximately 10.7 million persons lacked health insurance coverage in December 1982 because of job loss.

A. CONVERSIONS AND CONTINUATIONS

Most group health plans, though not all, contain some sort of conversion right which permits an employee and his dependents to continue benefit protection on an individual basis when the group coverage ceases. The worker (and, in some cases, his dependents) usually must apply in writing for individual coverage and pay the first premium within 31 days of termination from the group plan. The separated worker ordinarily may choose from a variety of individual or individual family health plans, but the plan selected cannot provide benefits greater than those for which the worker (or his dependents) were covered under the group plan. The costs of coverage purchased as the result of exercising the conversion option is entirely the responsibility of the individual(s) using the option. Such costs are usually much greater than the worker had paid for the same or comparable protection, if he paid anything at all, as a member of the employer group plan, because individual policies are more expensive that group policies, and because the unemployed worker would pay 100 percent of the premium.

The premium rates for a laid-off worker, who elects to exercise a group conversion option, will vary depending on the benefits covered under the individual or individual family contract, the age and/or sex of those insured, location and other factors. The following are examples of such rates from carriers in Virginia and in Indiana:

Example No. 1. Health plan in Virginia covers full hospitalization and ancillary care, includes major medical coverage with a maximum out-of-pocket liability of $500:

MONTHLY RATES

	Rural		Metropolitan	
	Individual	Family	Individual	Family
Age—mid 1930's......	$61	$165	$78	$210
Age—mid 1950's......	86	200	110	225

Example No. 2. Health plan in Indiana with $250 deductible, with 80 percent payment rate up to $5,000 of expenses; hospitalization and medical/surgical coverage:

INDIVIDUALS COVERED AND PREMIUM RATE	*Amount*
Age—29 male	$21
Age—60 male	80
Age—29 female	57
Age—60 female	80
Family rider	24

In addition to conversion options, some group plans contain provisions that, if the worker leaves the group for some specified reason—e.g., the worker dies or is laid-off—he and/or his dependents can continue the same coverage for up to some time period beyond separation (or until covered under another group plan). Unlike the conversion right, this is a continuation of the original group plan protection usually at the same premium rate. However, unless otherwise provided for, the former worker (or worker's survivors) may be required to pay both the employee share (if any) of the required premium and the contribution that would be paid by the employer, if the worker were still a member of the group.

The costs of continuing group health coverage, where the opportunity exists for a worker and his family to do so, can be quite large. Overall premium costs of group coverage, as noted above, depends on such things as plan and benefit design, age and sex composition of the covered workforce, geographic location and other variables. However, participants in employer plans usually pay only a fraction (and often nothing at all) of total premium cost. Most employers contribute a major share (or all) of the costs of the benefits and plan administration. The laid-off worker, who must pay 100 percent of the overall premium, may be facing a significant expense, as the following plan characteristics help to illustrate:

Example No. 1. Health plan covers about 125 workers in a small town in North Carolina. Coverage includes basic and major medical protection; maternity care, but no dental benefits. Expenses not covered by the basic plan are payable at 80 percent after $100 deductible. Plan is non-contributory (i.e., employer pays full premium):

CATEGORY AND MONTHLY PREMIUM COSTS	*Amount*
Employee only	$49.08
Employee, plus 1 or more dependents	140.04

Example No. 2. Health plan covers about 460 workers in New York City. Coverage includes comprehensive medical with $50 deductible and 80 percent payment rate for all services up to first $4,000 of covered expenses (except hospital, which is at 100 percent). Maternity covered; no dental:

CATEGORY AND MONTHLY PREMIUM COSTS	*Amount*
Employee only	$47.25
Employee, plus 1 or more dependents	150.73

Example No. 3. Health plan covers nearly 35,000 employees of nationwide financial services organization. Coverage includes comprehensive medical; $75 deductible and 80 percent payment rate for all services (except hospital, which is at 100 percent) up to first $2,500 of covered expenses. Maternity and dental included. Employer contributes 85 percent of premium costs:

CATEGORY AND MONTHLY PREMIUM COSTS	*Amount*
Employee only	$63.48
Employee plus 1 dependent	157.69
Employee plus 2 or more dependents	209.33

B. LEGISLATIVE ACTIONS BY STATES

In recent years, some states—all of which regulate health benefit plans to some extent—have also enacted laws dealing with the gaps in health benefit protection that can arise for various reasons, including job loss. Most of these States now require that separated workers be afforded the opportunity to convert from group to individual coverage without proof of medical insurability. A few States have addressed the gaps created by unemployment through mandates requiring that health insurance contracts contain both a conversion right for the worker and an opportunity to continue group coverage for up to some specified period of time after separation from the employer's work force. A 1980 study by the Library of Congress indicated that some 29 States had enacted legislation directly or indirectly dealing with health benefits for unemployed workers, generally by requiring conversion features as part of group plans.

Conversion and continuation provisions in group contracts help to assure the availability of health benefit protection for some unemployed workers and their families. However, such features do not address the question of the affordability of these benefits, a matter of critical importance to individuals who have lost their jobs. Ordinarily, the costs of conversion are included in the premiums charged an employer and are, therefore, already prepaid by the employer and the employer's workers, if the workers share in some part of the costs of the plan. The costs of continuation, on the other hand, are usually financed differently.

None of the state laws mandating continuation require any employer to continue to contribute toward the costs of health benefits for unemployed workers and their dependents. Most of the workers who can continue such coverage generally must finance the entire costs of continuation on their own.

C. EXTENDED COVERAGE UNDER EMPLOYER PLANS

Some employers, particularly in some industries, do provide for continued employer financing, in whole or in part, for the costs of health benefits for laid-off workers. Other plans provide for a delay, often determined by seniority, before any change in the financing arrangements for health benefits following lay-off. Where such financing arrangements change, they involve switching to worker-paid protection.

Collective bargaining appears to have a significant influence on the prevalence of lay-off provisions in health benefits plans. Moreover, benefits tend to be provided for a longer period of unemployment under negotiated plans than under nonnegotiated plans. Negotiated plans also account for most workers (generally in manufacturing industries) whose period of continued benefits after lay-off varies with length of service.

The duration of coverage is also an important aspect of health coverage for those who have been laid-off, particularly when workers may remain out of work for lengthy periods of time. A study by the Social Security Administration in the mid-1970's indicated that a little more than half of the workers with lay-off benefits (about 40 percent of the workers in the plans surveyed had such benefits to some extent) were covered for at least 3 months. The remainder were in plans that either provided less than 3 months protection or where the length of protection was tied to seniority.

TABLE 5.—DURATION OF LAYOFF BENEFIT PROTECTION FOR WORKERS WITH BENEFITS

Length of layoff benefit protection:	*Percent*
All workers with lay-off benefits	100
Less than 3 months	19
3 to 4 months	25
5 or more months	28
Varies by length of employment	22
Data not available	2

D. OTHER STUDIES OF THE PROBLEM

Very few studies of actual health benefit loss due to unemployment have been undertaken. One study of the 1974–75 recession, despite acknowledged limitations, did attempt to quantify the extent of loss of job-related health coverage due to temporary unemployment. This study of union workers under Taft-Hartley health and welfare plans indicated that between 50 and 60 percent of the workers who became unemployed lost their health insurance for an average of 22 weeks. The extent of loss varied by industry and by region, with workers in the Northeast and those in the construction field affected most adversely. The study also estimated that a 10 percent increase in unemployment was accompanied by a 15 to 19 percent increase in lost person-weeks of coverage.

Some of the other conclusions from the study are also of interest. First, workers with shorter spells of unemployment did not lose their health insurance. The duration of unemployment, therefore, is an especially important determinant of when the loss of health benefit protection will actually occur. Second, the periods of unemployment do not generally coincide with the periods of loss of benefits, because workers often continue to have some protection beyond the beginning of lay-off and because of the various waiting periods before coverage begins again for those who eventually return to work.

Another study of the 1974-75 recession concluded, on the basis of enrollment rates among unemployed persons, that 35 to 39 percent of those with health benefits when employed lost them when they became unemployed. The study also estimated that no more than 10 to 14 percent of workers losing group health insurance substituted individual nongroup health insurance. Two-earner households had a lower probability of health insurance loss due to unemployment of the head of the household. The probability of loss of protection varied directly with the duration of unemployment. The majority of the unemployed without private health insurance had no public health insurance alternatives (Medicaid, veterans' care, etc.) whatsoever.

It is not clear whether the conclusions drawn from these studies of the 1974-75 recession or from the other data sources used in that report apply to the current situation regarding loss of job-related health benefits due to unemployment. Many of the major industries particularly affected by current unemployment have renegotiated their labor management agreements since then. Sometimes ad hoc agreements regarding certain fringe benefits for laid-off workers have been worked out in the case of specific job-loss circumstances, such as in the case of some permanent plant closings.

In addition to changes in lay-off benefits that may have been added to employer plans, legislative actions by some States (described earlier) may be having an impact on coverage for unemployed workers as well. There are no data to indicate the extent to which conversion options or continuation provisions are affecting the unemployed and their families.

Still another unknown factor affecting the coverage circumstances confronting the unemployed has been the dramatic increase during the 1970's in the numbers of married women entering the job market. As noted above, households in which both spouses work face a lower probability of health benefit loss due to unemployment.

4. The Unemployment Problem

Since the recession began in July 1981, the number of unemployed workers has risen almost steadily. It climbed to slightly over 12 million in December 1982 before falling to about 11.4 million in January 1983. After edging up in February, the number of workers without jobs in March dropped back to somewhat under January's level.

TABLE 6.—NATIONAL UNEMPLOYMENT AND UNEMPLOYMENT, MARCH 1982-83

	Mar. 1982 seasonally adjusted	Mar. 1983 seasonally adjusted
Civilian Labor Force	109,478,000	110,484,000
Employed	99,597,000	99,103,000
Unemployed	9,881,000	11,381,000
Unemployment Rate (percent)	9.0	10.3

While some industry groups reported smaller proportions of workers without jobs in March 1983 than in December 1982, others have continued to post higher jobless rates. Workers in the durable goods sector (e.g., autos and steel) of the manufacturing industries have fared much better since their 17.1% unemployment rate in December; the rate fell to 14.1% in March. Construction workers also recorded a falloff in their unemployment rate, from 22% to 20.3% between December and March. In the finance and services industries, the jobless rate steadily declined, going from 7.9% in December to 7.2% in March. However, Federal, State, and local government workers and miners reported higher unemployment rates over the past several months. The proportion of unemployed government workers rose from 5.1% to 5.9% between December and March. Over the same period, the jobless rate of miners increased from 18.1% to 18.6%.

TABLE 7.—UNEMPLOYMENT RATES IN SELECTED INDUSTRIES, MARCH 1982-83

	Mar. 1982 seasonally adjusted (percent)	Mar. 1983 seasonally adjusted (percent)
Industry, wage and salary workers:		
Nonagricultural private wage and salary workers	9.4	10.8
Mining	9.3	18.6
Construction	18.2	20.3
Manufacturing	10.7	12.8
Transportation and public utilities	5.7	7.8
Wholesale and retail trade	10.1	11.2
Finance and service industries	6.8	7.2
Government workers	4.8	5.9
Agricultural wage and salary workers	14.0	16.3

The ranks of the unemployed continue to be dominated by job losers, particularly by workers permanently separated rather than temporarily laid off from their former jobs. After the number of job losers decreased by 591,000 between December and January, their numbers grew by 119,000 between January and March. All of the increase occurred among workers not waiting to be recalled to their former positions.

TABLE 8.—REASONS FOR UNEMPLOYMENT

	Mar. 1982 seasonally adjusted (percent)	Mar. 1983 seasonally adjusted (percent)
Total unemployed (percent)	100.0	100.0
Lost last job	57.2	60.4
Left last job	9.0	8.0
Reentered the labor force	23.0	21.5
Seeking first job	10.8	10.2

The average duration of unemployment remained at about 19 weeks in March. However, the median duration of unemployment increased from 9.6 weeks in February to 10.3 weeks in March. This is explained by the greater number of persons in March than in February who were jobless for half a year or more while the number of short-term unemployed (less than 5 weeks) decreased.

TABLE 9.—DURATION OF UNEMPLOYMENT

	Mar. 1982 seasonally adjusted (percent)	Mar. 1983 seasonally adjusted (percent)
Total unemployed (percent)	100.0	100.0
Less than 5 weeks	38.7	30.7
5 to 14 weeks	31.3	28.1
15 to 26 weeks	16.2	16.7
27 weeks and longer	13.7	24.5

Total unemployment rates rose in 44 States and the District of Columbia over the year ending in February 1983, although the magnitude of the increases continued to decline in most States. Jobless rates climbed by 2 percentage points or more in 18 States between February 1982 and 1983. The national rate for all civilian workers rose 1.7 percentage points over this period from 9.6 to 11.3 percent, without adjustment for seasonal variation. The State and local unemployment data are not seasonally adjusted.

Increases of 4 percentage points or more over the year were recorded for unemployment rates in three States—Oklahoma (8.6 percent in February 1983), West Virginia (21.0 percent), and Wyoming (10.9 percent). Only one State, Delaware, recorded a decrease of 2 percentage points or more over the year.

Jobless rates were at or above the national rate in 22 States during February 1983. West Virginia (21.0 percent), Michigan (16.5 percent), and Alabama (16.1 percent) continued to register the highest rates. Manufacturing employment declines contributed to the high unemployment rates in Alabama and Michigan, while a reduction in mining employment was the primary factor in West Virginia.

Some 30 States and the District of Columbia showed unemployment rates of 10 percent or more in February 1983, compared with 21 States and the District a year earlier and 10 States in February 1981.

TABLE 10.—CIVILIAN LABOR FORCE UNEMPLOYMENT, BY STATE, FEBRUARY 1982-FEBRUARY 1983

[Number in thousands]

State	Unemployment			
	Number		Percent of labor force	
	Feb. 1982	Feb. 1983 (percent)	Feb. 1982 (percent)	Feb. 1983 (percent)
Alabama	214	280	12.9	16.1
Alaska	24	26	12.2	12.5
Arizona	108	151	8.3	11.3
Arkansas	107	107	10.7	10.6
California	1,149	1,451	9.6	11.9
Colorado	109	151	7.1	9.5
Connecticut	116	131	7.3	8.3
Delaware	30	24	10.5	8.3
District of Columbia	32	33	10.3	10.4
Florida	320	444	7.1	9.5
Georgia	211	225	8.1	8.5
Hawaii	30	26	6.5	5.6
Idaho	49	57	11.5	13.0
Illinois	560	770	10.1	13.8
Indiana	329	339	12.7	13.2
Iowa	126	153	9.2	10.8
Kansas	66	88	5.6	7.4
Kentucky	183	208	11.2	12.5
Louisiana	163	211	8.9	11.6
Maine	47	55	9.5	10.9
Maryland	195	184	9.2	8.8
Massachusetts	246	238	8.3	8.2
Michigan	682	699	16.1	16.5
Minnesota	165	217	7.8	10.3
Mississippi	113	130	10.9	12.4
Missouri	228	252	10.1	11.3
Montana	38	41	10.1	10.6
Nebraska	48	62	6.3	7.9
Nevada	46	60	9.7	12.4
New Hampshire	35	41	7.4	8.4
New Jersey	327	325	9.3	9.1
New Mexico	48	64	8.4	10.8
New York	722	754	9.0	9.5
North Carolina	257	296	8.9	10.2
North Dakota	19	27	6.7	8.9

TABLE 10.—CIVILIAN LABOR FORCE UNEMPLOYMENT, BY STATE, FEBRUARY 1982-FEBRUARY 1983—Continued

[Number in thousands]

State	Unemployment			
	Number		Percent of labor force	
	Feb. 1982	Feb. 1983 (percent)	Feb. 1982 (percent)	Feb. 1983 (percent)
Ohio	607	713	12.2	14.5
Oklahoma	66	124	4.5	8.6
Oregon	168	172	12.9	13.1
Pennsylvania	597	759	11.0	14.1
Rhode Island	50	58	10.4	12.1
South Carolina	149	172	10.3	11.6
South Dakota	19	24	6.2	7.6
Tennessee	260	289	12.4	13.6
Texas	421	666	5.8	8.8
Utah	54	66	8.3	9.9
Vermont	18	21	7.0	8.1
Virginia	205	231	7.9	8.6
Washington	248	261	12.5	12.8
West Virginia	100	160	13.1	21.0
Wisconsin	258	308	10.7	12.7
Wyoming	13	27	5.2	10.9

5. The Unemployment Insurance System

A. BACKGROUND

Each of the legislative proposals before the committee (described in section 6) to address the problem of lost health insurance because of unemployment uses the present unemployment benefits system, in differing ways, to (1) determine who may qualify for the kind of assistance provided for in each bill, (2) establish when such aid commences and when it will cease, and (3) determine the extent of financial aid provided to the States to develop and help finance health benefit programs for unemployed workers and their dependents.

The current system of unemployment insurance covers about 88 percent of all employed persons, but about 50 percent of the unemployed presently qualify for benefits. Half the unemployed do not qualify because they: (1) lack enough recent employment and earnings to meet State requirements; (2) were disqualified for quitting their last job, refusing suitable work, or for other reasons; (3) ran out of or "exhausted" their benefits; or (4) had not worked in covered employment.

The States determine the size of benefits, usually setting the weekly benefit between 50-70 percent of the worker's average weekly wage up to a maximum of between 50 and 70 percent of the State's average weekly wage. The Federal Government sets no minimum or maximum benefit level.

The level of benefits determined under the regular State program is used for the Extended Benefits (EB) program and for the temporary Federal Supplemental Compensation (FSC) program.

The maximum period of benefit eligibility ranges from 34 to 65 weeks, depending on the State unemployment levels. This is provided under three programs:

(1) Regular State programs usually provide up to 26 weeks;

(2) Federal-State Extended Benefits (EB) may add up to 13 weeks, if the State insured unemployment rate is high enough to activate the extension in that State; and

(3) Temporary Federal Supplemental Compensation (FSC) adds another 8, 10, 12, or 14 weeks in all States, depending on the level of unemployment in the State. (FSC claimants who have exhausted their benefits before April 1, 1983, receive an additional 6, 8, or 10 weeks beyond their original FSC entitlements that may have been as much as 16 weeks.) The FSC program will expire on September 30, 1983.

About half of the 11.4 million people unemployed in March 1983, or about 5.6 million, received unemployment compensation benefits: 4.3 million received regular benefits; 0.6 million received Extended Benefits (EB); 0.7 million received Federal Supplemental Compensation (FSC).

TABLE 11.—AMOUNT OF WEEKLY BENEFITS BY STATE, AS OF FEBRUARY 1983

State	1983 weekly benefit amount [1]		1982 average weekly benefit
	Minimum	Maximum	
Alabama	$15	$90	$77
Alaska	34-58	156-228	126
Arizona	40	115	96
Arkansas	31	136	90
California	30	166	97
Colorado	25	190	134
Connecticut	15-22	156-206	114
Delaware	20	150	96
District of Columbia	13-14	206	136
Florida	10	125	91
Georgia	27	115	91
Hawaii	5	178	123
Idaho	36	159	109
Illinois	51	168-224	142
Indiana	40	84-141	92
Iowa	17-21	158-190	130
Kansas	40	163	123
Kentucky	22	140	110
Louisiana	10	205	135
Maine	22-27	124-186	93
Maryland	25-28	153	112
Massachusetts	14-21	172-258	109
Michigan	41-44	197	149
Minnesota	30	184	132
Mississippi	30	105	76
Missouri	14	105	89
Montana	39	158	111
Nebraska	12	106	94
Nevada	16	149	112
New Hampshire	26	132	91
New Jersey	20	158	109
New Mexico	29	142	101
New York	25	125	95
North Carolina	15	166	95
North Dakota	47	175	123
Ohio	10	147-233	138
Oklahoma	16	197	130
Oregon	44	175	114

TABLE 11.—AMOUNT OF WEEKLY BENEFITS BY STATE, AS OF FEBRUARY 1983—Continued

State	1983 weekly benefit amount [1]		1982 average weekly benefit
	Minimum	Maximum	
Pennsylvania	$35–40	$205–213	$133
Rhode Island	37–42	154–174	104
South Carolina	21	118	91
South Dakota	28	129	108
Tennessee	20	110	85
Texas	27	168	120
Utah	10	166	125
Virgin Islands	15	124	83
Vermont	18	146	101
Virginia	44	138	102
Washington	49	178	123
West Virginia	18	211	119
Wisconsin	37	196	131
Wyoming	24	180	131
Puerto Rico	7	84	63

[1] A range of amounts is shown for those States which provide dependents allowances.

Source: U.S. Department of Labor.

B. INSURED UNEMPLOYMENT RATE (IUR)

One of the mechanisms used in the unemployment insurance system as a triggering device (or program activation device) is the "insured unemployment rate," or IUR. The Extended Benefits (EB) program "triggers" within a State, if a State's current 13-week IUR is at certain levels. The 13-week average IUR is a percent obtained from the ratio of the average number of insured unemployed people under the regular State programs in the last 13 weeks to the average covered employment in the first 4 of the last 6 completed calendar quarters. The EB program activates in a State under two conditions (1) if the State's 13-week average IUR in the most recent week is at least 120 percent of the average of its 13-week IUR in the last 2 years for the same 13-week calendate period *and* its current 13-week average IUR is at least 5.0 percent; *or* (2) at State option, if its current 13-week average IUR is at least 6.0 percent. All but 14 States have adopted the second option. The IUR in each of the States during the most recent annual period for which data are available is shown in Table 12.

TABLE 12.—INSURED UNEMPLOYMENT RATE (IUR) BY STATE, AS OF MARCH 26, 1983

	13-week IUR
Alabama	6.31
Alaska	9.31
Arizona	4.19
Arkansas	7.00
California	5.94
Colorado	4.31
Connecticut	4.18
Delaware	3.87
District of Columbia	4.01
Florida	2.55
Georgia	3.56
Hawaii	3.44
Idaho	8.28
Illinois	6.62
Indiana	5.72
Iowa	5.78
Kansas	4.40
Kentucky	7.29
Louisiana	6.23
Maine	6.13
Maryland	5.01
Massachusetts	4.71
Michigan	7.48
Minnesota	5.07
Mississippi	7.05
Missouri	5.20
Montana	6.72
Nebraska	4.16
Nevada	5.59
New Hampshire	3.43
New Jersey	5.26
New Mexico	4.97
New York	4.46
North Carolina	5.08
North Dakota	5.75
Ohio	6.41
Oklahoma	4.12
Oregon	7.57
Pennsylvania	8.10
Puerto Rico	8.04

Rhode Island	6.56
South Carolina	5.51
South Dakota	3.12
Tennessee	5.34
Texas	3.13
Utah	6.18
Vermont	6.33
Virginia	2.96
Virgin Islands	5.50
Washington	7.27
West Virginia	10.52
Wisconsin	7.65
Wyoming	6.30

Source: U.S. Department of Labor.

6. Legislative Proposals Before the Committee

S. 307 (MR. RIEGLE, MR. LEVIN AND MR. METZENBAUM)

Health Insurance for Unemployed Workers Act of 1983. Amends the Internal Revenue Code relating to the requirements under which employers may deduct, as business expenses, contributions toward employee group health benefit plans. In order to qualify for such deductions, employers would have to provide for continuation of coverage of workers (and, if also covered under such plans, the dependents of the workers) for at least 6 months following involuntary termination or lay-off (except for cause). Employer plans would also have to provide an open enrollment opportunity for certain workers who lose their coverage because they are dependents of some other worker who was laid off or involuntarily separated. Unless granted a waiver, employers would also be required to secure coverage from a "group health plan provider" (insurance company, Blue Cross/Blue Shield plan, health maintenance organization, or through a self-insured arrangement, etc.) which participates financially in qualified State reinsurance pools designed to provide additional health benefit coverage for unemployed workers. Waivers from participation in the reinsurance pools would be granted only to employers which, as of Oct. 1, 1982, already extended coverage for involuntarily terminated or laid-off workers for a period equal to or greater than the extended coverage provided through a qualified pool.

Coverage through a reinsurance pool would be available for up to 12 months or for 60 days after the unemployed individual becomes gainfully employed. Unemployed workers would be able to choose from among three or more qualified pool health plans. Coverage would have to be at least as broad in scope as benefits under Medicare, except that deductibles of more than $500 would not be permitted. Enrollees in pool plans could be required to pay up to 20 percent of the premium costs of such coverage. Premium rates for particular coverages could not exceed 125 percent of the average premium rates for equivalent benefits for small groups (less than 25 employees) in any State.

The bill encourages the establishment of state-regulated health reinsurance pools, but provides for creation of Federally administered State pools, if such pools are not established by the States in a reasonable period of time. The bill also provides for Federal financial contributions to reinsurance pools during periods when the national unemployment rate exceeds 7.5 percent and a State's particular unemployment rate is 110 percent or more of the national rate for the previous 6-month period. The Federal contribution would equal 40 percent of the premium costs multiplied by the number of all pool plan participants.

In addition to these changes, the bill establishes an emergency health benefits program for certain individuals already unemployed within 12 months prior to enactment of the legislation. Individuals eligible under this part of the bill would be covered for the same range of benefits that would be provided through pools and would be subject to a premium contribution rate (up to 20 percent) from plan enrollees. Under the emergency program, eligible individuals would be deemed entitled to benefits under Medicare until a State pool (or the Federal pool in the absence of State action) was established. In lieu of the Medicare Part B premium, eligibles would pay 20 percent of the small group rate otherwise applicable to pool enrollees. Until such individuals became covered through a pool mechanism, the Federal Government would pay the remaining 80 percent of the small group premium costs of the individuals covered under the emergency program.

Introduced Jan. 31, 1983.

S. 951 (MR. DOLE, MR. DURENBERGER, MR. HEINZ, MR. SPECTER, MR. ROTH AND MR. BRADLEY

Health Services for the Unemployed. Amends title XX of the Social Security Act to provide certain unemployed workers and their families with inpatient and outpatient hospital services, physicians' services and prenatal and post-partum care. Coverage under the program would be voluntary on the part of the unemployed and their dependents. States would be entitled to Federal matching payment for the costs of benefits for enrolled unemployed workers and dependents up to a maximum payment amount for each State determined by a special allocation formula. The formula would take into account State insured unemployment rates in comparison with the national unemployment rate and long term unemployment.

Unemployed workers (and their immediate families), who receive benefits under a State unemployment compensation program (including regular, extended and Federal supplemental benefits) and who were enrolled in an employer or other group health benefits plan when they lost their jobs, would be eligible to enroll in the program. Coverage for those electing to enroll would begin no sooner than 6 weeks following the week in which the unemployed worker first received unemployment compensation benefits and has made application for such coverage. States would be permitted to establish longer waiting periods. Coverage would end no later than 6 months following the date on which the covered worker no longer received unemployment compensation benefits (or for a lesser period, at the option of the State) or one month after reemployment, whichever occurs first.

States could determine the amount, duration and scope of services covered, but in no case could they exceed those offered under the State's medicaid program. States would be permitted to establish a premium for coverage equal to an amount no greater than 8% of the individual's weekly unemployment compensation (UC) payment. States could also impose cost-sharing requirements on covered services, except that such requirements could not, on average, exceed 10% of the State's average monthly UC benefit.

Under the program, $750 million in Federal matching funds would be authorized for the 12-month period beginning June 1, 1983 and $750 million for the 12-month period beginning June 1, 1984. An additional $150 million would be authorized for each 12 month period to lower administration costs.

All States would be entitled to Federal matching payments to finance the program through September 1983. Beginning on October 1, 1983 only those States with insured unemployment rates (based on an average of the preceding three months) equal to or exceeding 4% could elect to participate. Any State making an election after September 30, 1983, would be guaranteed participation in the program for at least 6 months, (not to go beyond May 31, 1985) regardless of any change in its insured unemployment rate.

The Federal matching rate would be 80 percent for States with insured unemployment rates below 5 percent, and 95 percent for States with IUR's equal to or greater than 5 percent during the initial 4-month and any 6-month participation period beginning after September 30, 1983. The matching rate would remain stable for a participation period unless the rate was 80 percent and the State's

IUR rose to 5 percent or greater, based on a 3 month moving average. In that case the Federal matching rate would be increased from 80 to 95 percent for the remainder of the period.

Any State which experiences a break in program participation because its IUR falls below 4 percent, based on a 3-month moving average, would be required to stop enrolling eligible individuals. Federal matching at the rate in effect at the time of the break in participation will continue to be provided for services to enrollees until their State-determined individual coverage period expires, but in no case beyond November 30, 1985.

The Secretary of Health and Human Services is directed to allot amounts appropriated under the Act for services among the States as follows—

(1) One-half on the basis of the number of insured unemployed in each State to the total number of insured unemployed in all States;

(2) One-half on the basis of the number of persons unemployed for 26 weeks or more in each State to the total number of such persons in all States.

Introduced March 24, 1983.

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