Benefits are paid through three channels commercial insurance policies, publicly operated state insurance funds, and self-insured employers In 1970, more than $1 8 billion in workmen's compensation was paid by private insurers, $0 7 billion by state funds, and $0 4 billion by self-insurers

Income replacement

Of the $1 9 billion benefits paid in 1970 as cash income, almost 90 percent went to disabled workers and the other 10 percent to survivors of workers killed on the job Although 70 percent or more of recent workmen's compensation cases are for temporary total disablement, such cases have accounted roughly for only one-fourth of cash benefits At the same time, income benefits in the last few years to workers for permanent partial disabilities accounted for two-thirds of the total dollar amount

Basic features. In general, the cash benefits provided for temporary total disability, permanent total disability, permanent partial disability, and death are payable as a wage-related benefit—the weekly amount is computed as a percentage of the worker's wage The benefit varies by state and by type of disability but most commonly is set at two-thirds of wages In some states, the statutory percentage varies with the worker's marital status and the number of dependent children, especially for survivors' benefits, which in a majority of states pay 50 percent or less of the deceased worker's wage to surviving widows without dependent children

The benefit rate is limited to less than two-thirds of wages for many beneficiaries by another statutory provision—the maximum ceiling on the weekly benefit payable Disabled workers whose wages are at or above the statewide average receive benefits below the statutory benefit rate in almost all states because of this ceiling, despite an occasional increase in the weekly ceiling by amendments to the law

As inflation boosts wage levels, some states have attempted to prevent the deterioration in effective benefit-wage rates by providing for future increases in the maximum without need for further legislation—14 automatically adjust the maximum (for new beneficiaries only) in relation to changes in the state's average weekly wage Much less common but gaining more interest in the last few years are provisions that, as wage levels of workers rise, will raise benefits for beneficiaries already on the rolls—five states plus the Federal Employees' Compensation Act provide such automatic increases

Another type of limitation on benefits sets maximum time periods or aggregate dollar amounts Such limitations in permanent total disability and death cases may cut off benefits even though the income need continues Nevertheless, a majority of states limit the duration or total dollar benefits to widows and orphans

In order to reduce administrative costs and to discourage malingering, benefits in all states are payable only after a waiting period following the report of disability This delay in payment applies to the cash indemnity payments, not to medical and hospital care The waiting period ranges from 2 days to 7 In all states, workers who are disabled beyond a specified minimum period of time receive payment retroactively for the waiting period For more than three-fourths of covered workers, the minimum period for retroactive payment is a disability exceeding two weeks

Benefits by type of disability. Most compensation cases concern workers who incur temporary disability but recover completely The maximum weekly benefit for temporary total disability is at least $65 in more than half the states. In only eight states is the maximum benefit as high as two-thirds the state's average weekly wage Although about two-thirds of the states have provisions limiting the duration of temporary benefits, these limits do not seriously affect adequacy of benefits because few temporary injuries persist beyond such limits, typically set between 6 and 8 years For workers with dependents, about one-third of the states augment the weekly benefit for temporary disability, usually by some dollar amount for each dependent up to a specified total

Benefits for permanent total disability are for disabilities that preclude any work or regular work in any well known branch of the labor market and that can be of indefinite duration These are similar to benefits for