

The University of California at Berkeley



Integrating Occupational and Non-occupational Medical Care:

Helping to Fund Universal Health Insurance

National Academy of Social Insurance

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Survey Research Center/

UC Data Archive and Technical Assistance

“The Jungle” – Upton Sinclair -- 1906

“All day long the blazing midsummer sun beat down upon that square mile of abominations: upon tens of thousands of cattle crowded into pens whose wooden floors stank and steamed contagion; upon bare, blistering, cinder-strewn railroad tracks, and huge blocks of dingy meat factories, whose labyrinthine passages defied a breath of fresh air to penetrate them; and there were not merely rivers of hot blood, and carloads of moist flesh, and rendering vats and soap caldrons, glue factories and fertilizer tanks, that smelt like the craters of hell—there were also tons of garbage festering in the sun, and the greasy laundry of the workers hung out to dry, and dining rooms littered with food and black with flies, and toilet rooms that were open sewers.”

Birth of Workers' Compensation— Early 1900s

- **“Deserving” Population**
 - **Workers**
 - **Seriously injured**
 - **In the workplace**
- **Few other sources of care**
 - **Health insurance was rare**
 - **No Social Security or Medicare/Medicaid**
- **Seeking care often meant costly litigation**

Objectives—(in 12 minutes)

- **Workers' Compensation a very costly and inefficient medical delivery system**
- **Most “occupational” conditions are no longer easily defined—Making distinction an anachronism**
- **Savings from integration could fund significant portion of incremental cost of expansion of health coverage**
- **Savings from integrating occ/non-occ medicine accrue predominately to the employers and workers facing the cost of expanded health coverage**

Primer on Workers' Compensation

- **Size—United States**
 - \$85 Billion Total(2006)
 - \$55 Billion Medical
- **Covers both medical treatment and wage replacement**
- **Mainly property-casualty insurers**
- **Employers premium based on % of payroll**
- **Premium rates vary greatly by occupation**

Primer on Workers' Compensation

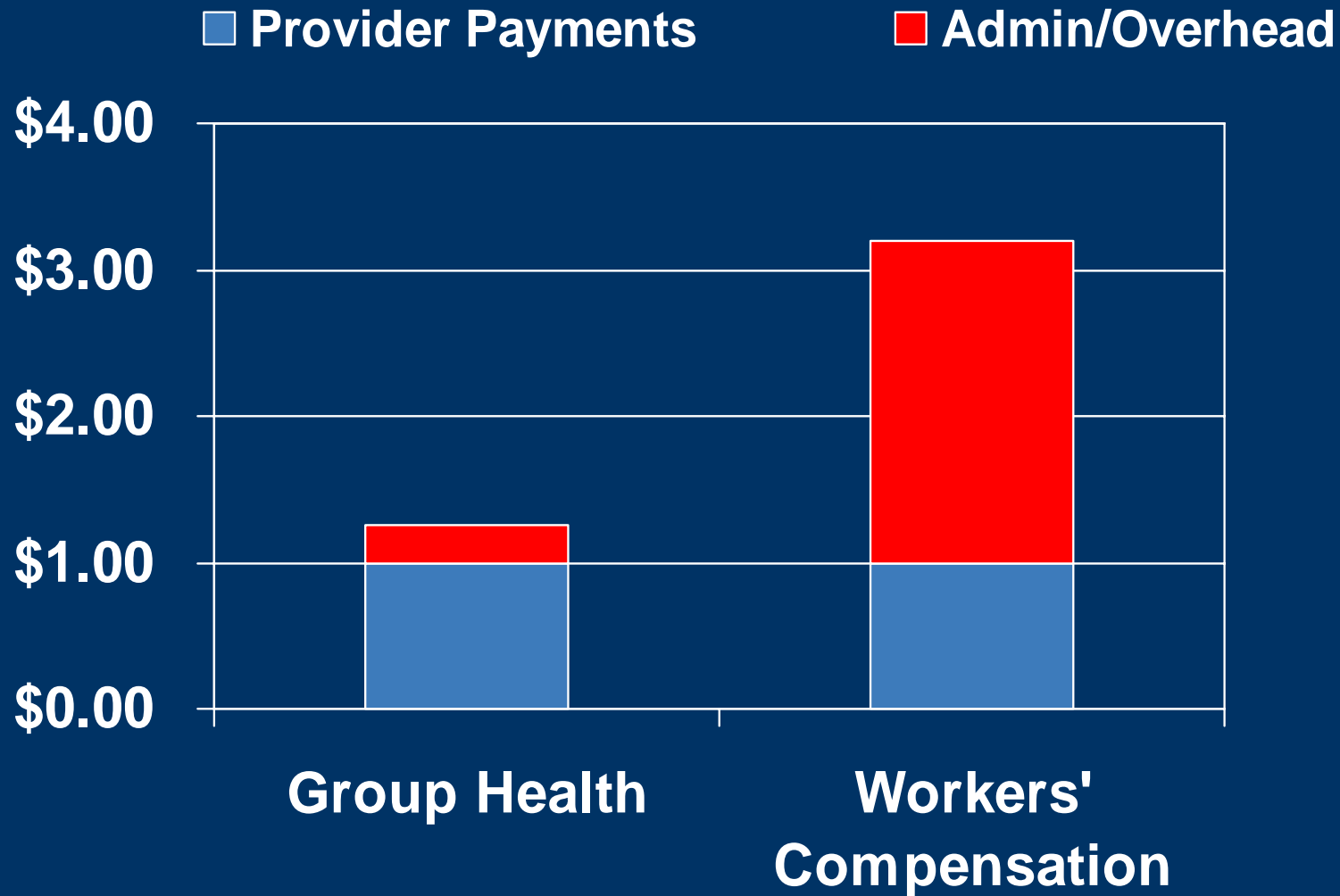
Class	Description	/\$100 payroll
8859	Computer Programming	\$ 0.36
8741	Real Estate Agencies	\$ 0.36
4512	Biomedical Research Labs	\$ 0.92
8810	Clerical Office Employees	\$ 0.94
5645	Carpentry (non-union)	\$28.74
8293	Furniture Moving	\$29.45
5552	Roofing (non-union)	\$41.04
9185	Carnivals or Circuses	\$42.07

Primer on Workers' Compensation

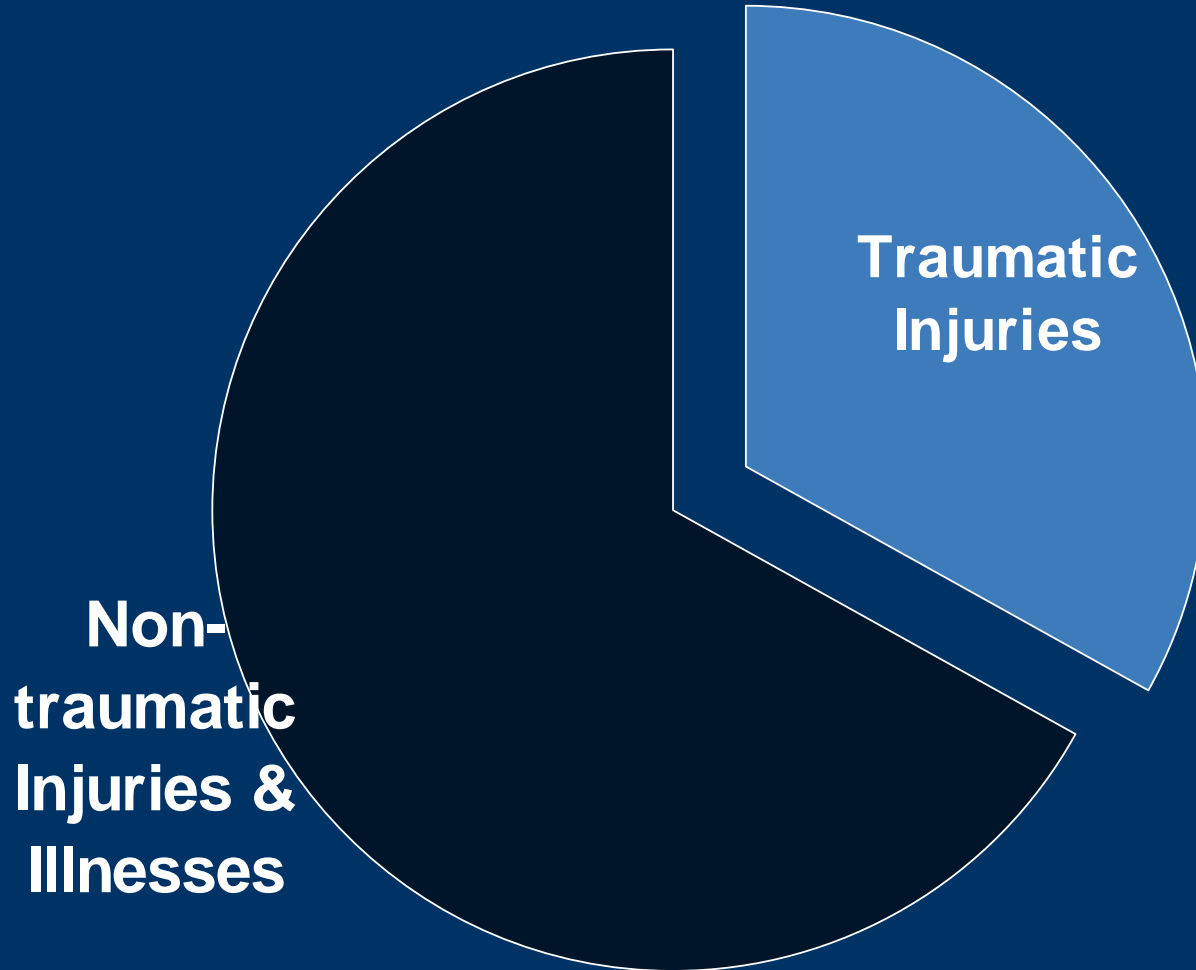
Medical Treatment

- **No co-pays or deductibles**
- **Fee-for-service**
- **Lifetime treatment for condition**

Cost of Delivering \$1 of Medical Benefits

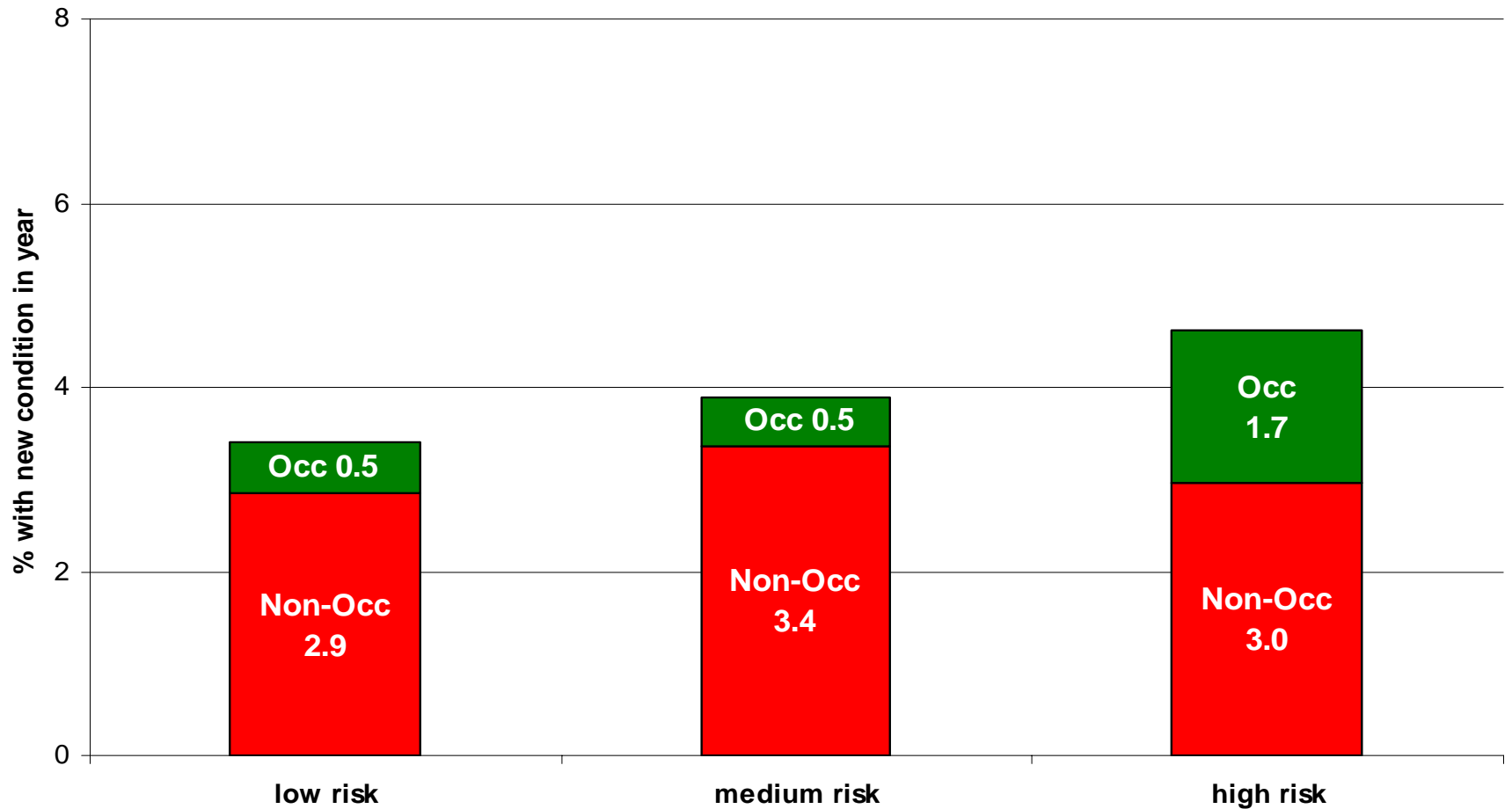


Current Distribution of Occupational Conditions



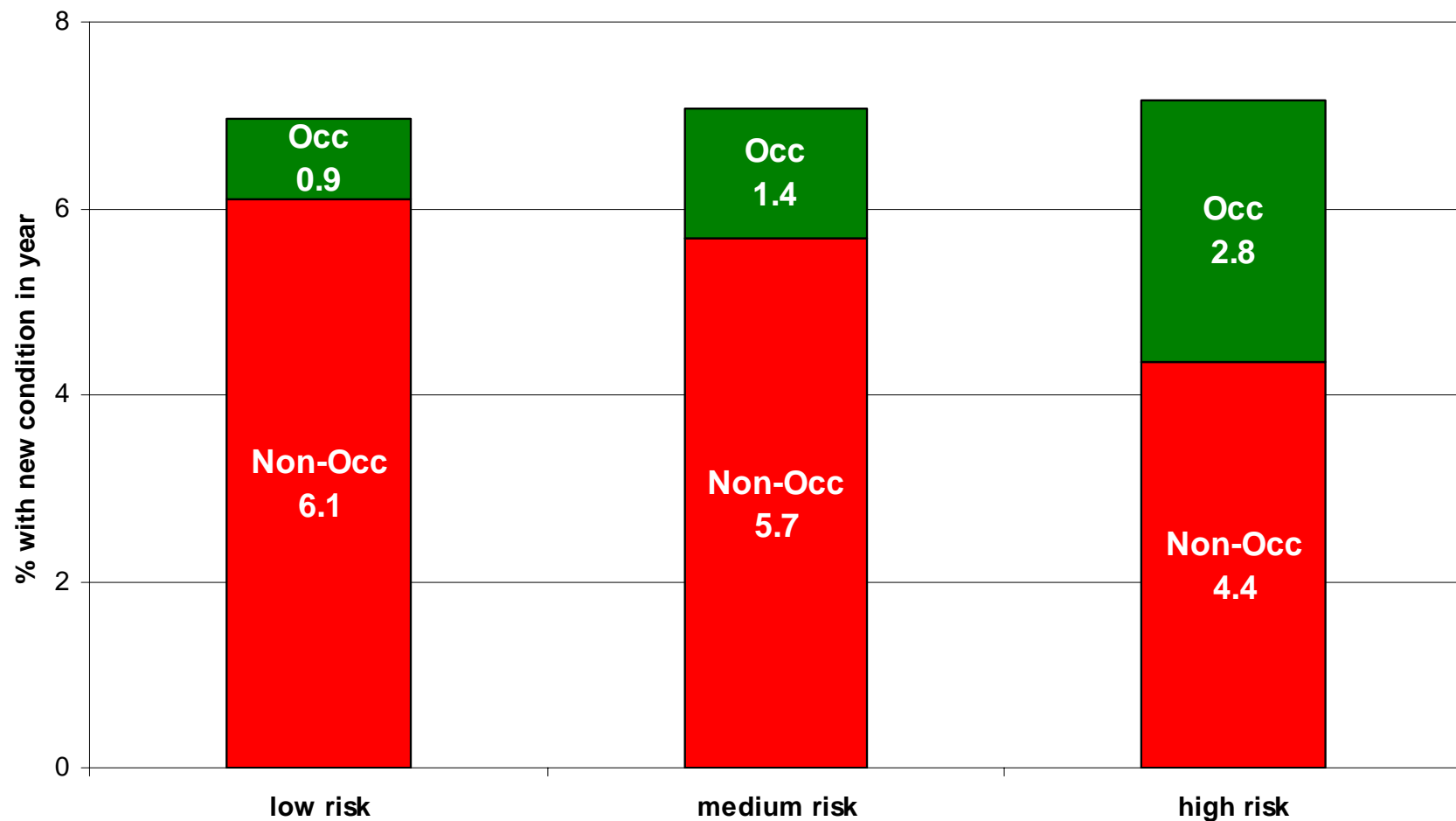
Fractures--MEPS

Fracture
by Occupational/Non-Occupational and Risk



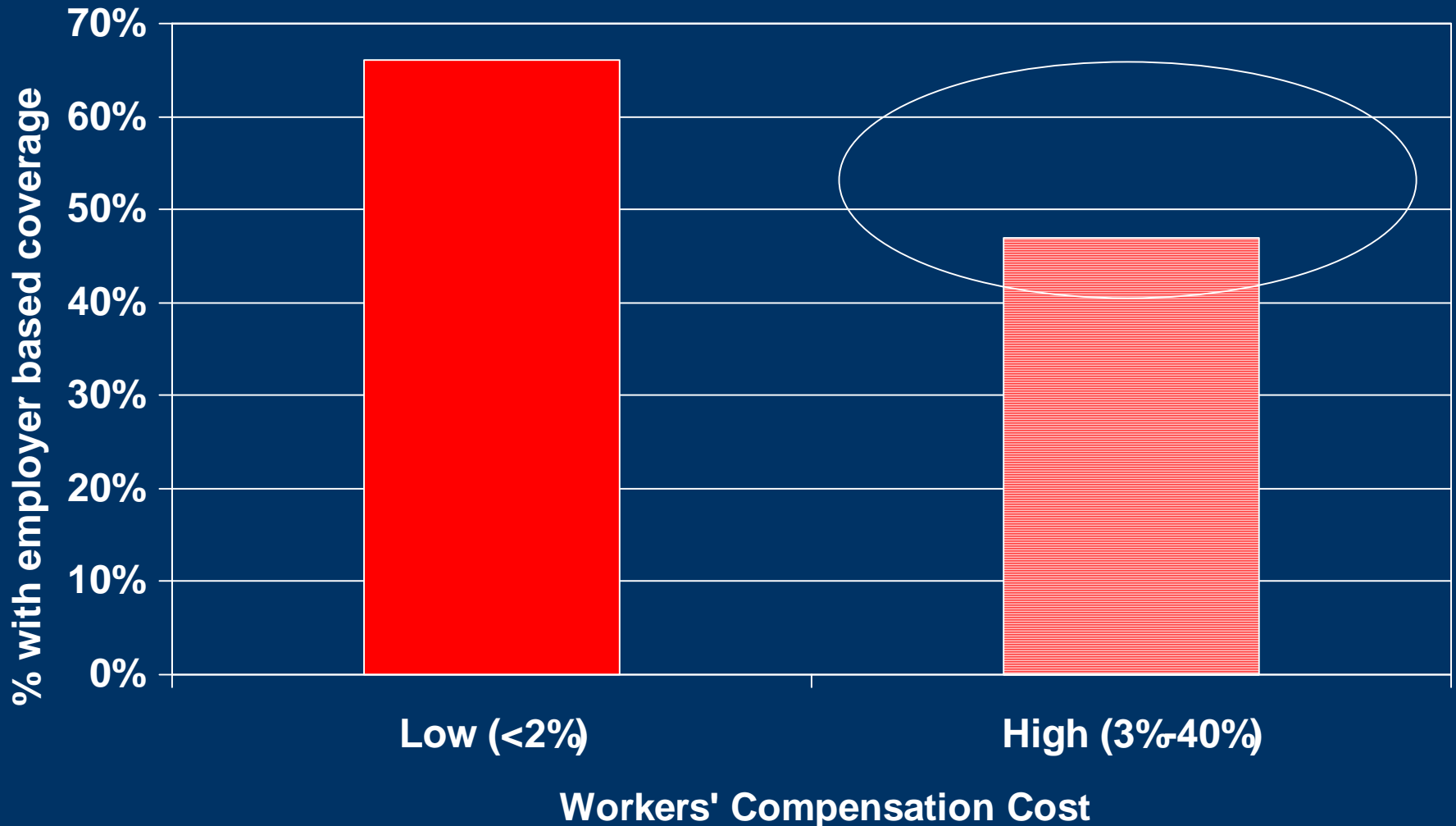
Back Conditions--MEPS

Back Condition
by Occupational/Non-Occupational and Risk

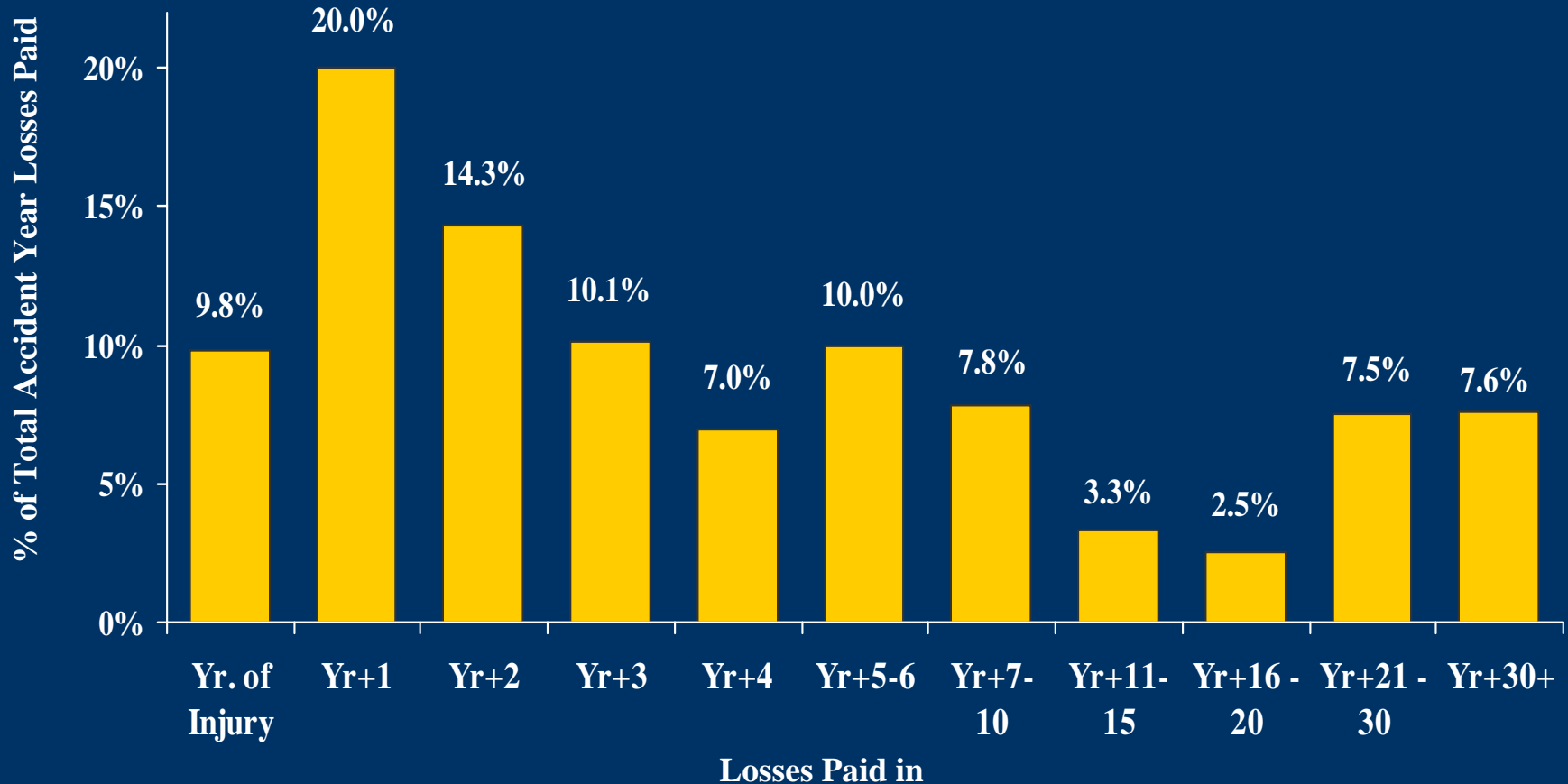


Percent of Non-Union Workers Covered by Employment-Based Health Insurance

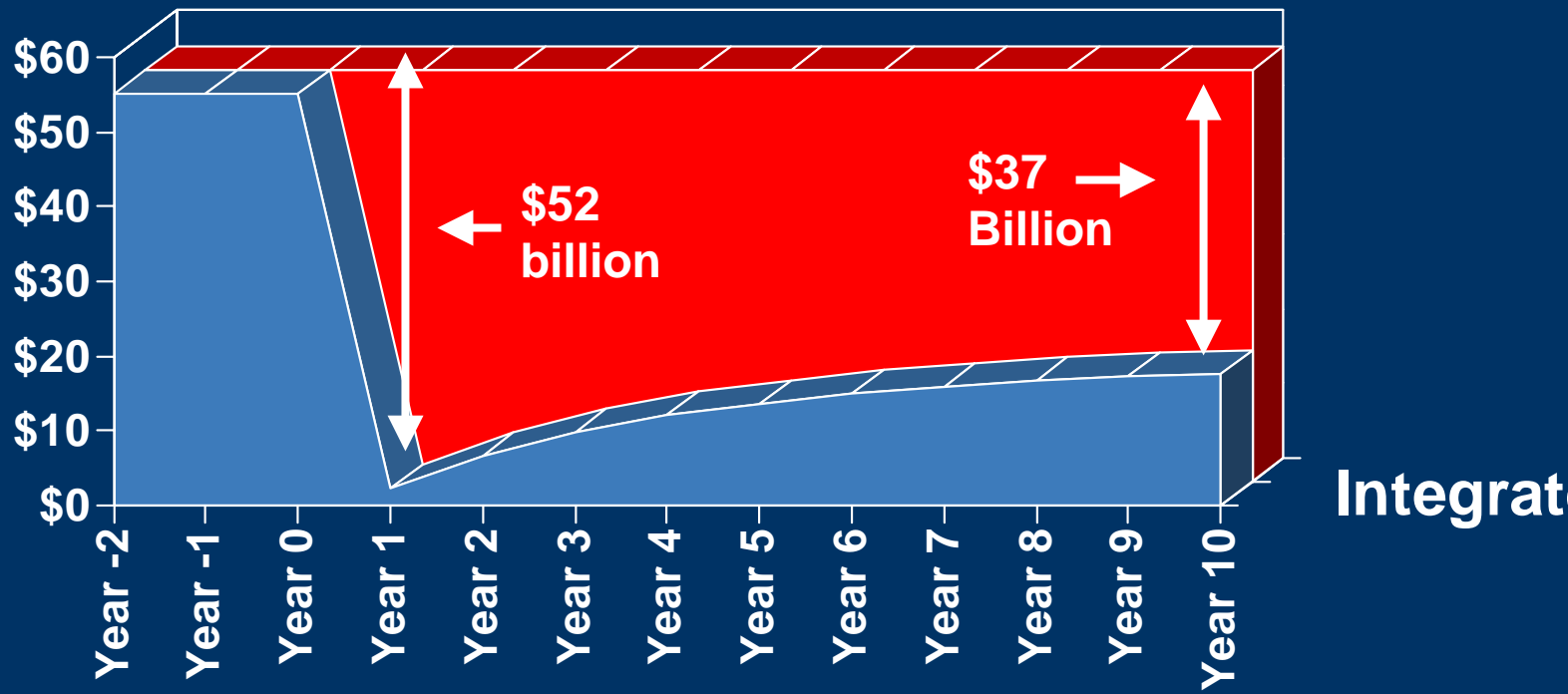
(By Employers' Cost for Workers Compensation)



CALIFORNIA WORKERS' COMPENSATION MEDICAL PAYMENTS BY DURATION FROM YEAR OF INJURY



“Occupational” Medical Cost Under Integration (\$ billions)



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Summary

- **Workers' Compensation somewhat anachronistic**
- **Majority of conditions hard to identify as occupational or non-occupational**
- **Medical treatment very costly under "comp"**
 - **Mostly administration and overhead**
- **Integration could save as much as \$30-50 billion/year**
- **Savings accrue to employers and workers facing the cost of expansion under universal health insurance**