

## COMPULSORY HEALTH INSURANCE FOR MARYLAND.

COMMITTEE ON HEALTH INSURANCE OF FEDERATED CHARITIES.

Dr. George E. Barnett, Professor of Statistics, Johns Hopkins University; Robert Biggs, President of the Society of St. Vincent de Paul; Francis King Carey, Chairman; John H. Ferguson, President of the Baltimore Federation of Labor; Louis H. Levin, Secretary of the Federated Jewish Charities; Dr. J. Hall Pleasants, President of the Municipal Charity Board of Baltimore.

BALTIMORE, May 8th, 1917.

*To the Members of the City Club:*

*Gentlemen:*

Because of a misunderstanding, chiefly due to a mistake on my part, you were spared the burden of listening to me and I deprived myself of the pleasure of talking to you about Health Insurance, although I greatly hope that your burden and my pleasure are only postponed until next Fall. In my letter to Mr. Steele, presenting my excuses and regrets, I said:

"While, of course, I think that nothing ought to be allowed to interfere with 'our great adventure,' it seems to me it would be most unfortunate if any of us permitted our interest in it unnecessarily to withdraw our attention from current affairs or to make the war an excuse, without good reason, for neglecting matters which will perhaps more than ever deserve our attention. Next after the supreme call for efficient 'team work' in support of the great Commander in Chief of the army and navy of the United States, public philanthropy and sound public economy call for the support of Compulsory Health Insurance, which is a full sister of Compulsory Accident Insurance now written into the institutions of our country. As the efficiency and social democracy of the people of Germany have given this great experiment its first trial and first success, and Great Britain, the fiercest and most enlightened of the enemies of the Imperial German Government, followed Germany's lead two years prior to the breaking out of the European War, Compulsory Health Insurance may at least be regarded as a neutral subject."

The members of our Committee and its Chairman are most anxious to have the earnest support and co-operation of all of



you, and the purpose of this letter is to give you a very brief statement of what is meant by Compulsory Health Insurance; to call your attention to the pressing importance of the subject, and to give you an outline of the reasons which seem to us to compel establishment of Compulsory Health Insurance in Maryland at the earliest possible date.

We plan to bring the matter to the attention of the General Assembly of Maryland next winter and it is our hope that each one of you will in the meantime find it possible to make some study of the subject and offer our Committee all of the advice and aid in reaching sensible and practical conclusions which you are willing to give. Our Committee fully realizes the magnitude of the subject and will keep an open mind in regard to the plan to be advocated. This letter will indicate the differences of opinion which already prevail throughout the United States as to the exact way in which Compulsory Health Insurance should be put in operation. In New York, Massachusetts, California, Ohio and many other States of the Union, where the subject is being carefully studied, it is receiving the earnest attention of social science organizations, medical societies, public health boards, chambers of commerce, life, casualty and industrial insurance boards and labor organizations,—all of whom are engaged in an animated and entirely wholesome and constructive discussion of the advantages and disadvantages of the various plans which have been long in operation in Europe or which are proposed for this country. It is, indeed, a fine tribute to the public spirit and constructive patriotism of our people that even those organizations whose members seem opposed to any of the plans proposed and some of whom might be expected to take a wholly selfish attitude towards any form of social insurance, have in some cases generously employed fair-minded and experienced men to study and report upon Health Insurance, and the pamphlets which they have circulated have in many cases contained criticisms of such a reasonable and constructive character as to aid in the solution of the problem rather than to cloud or retard its in-



telligent study. Our Committee is endeavoring to collect and study all of the arguments of those who challenge the wisdom of too quickly being content to follow either the plans of European Countries—themselves offering most interesting conflicts of views—or even the exact plans which are the fruit of the brilliant and painstaking study of the subject by such useful and reliable organizations as the American Union for Labor Legislation. I venture to say that no great social problem has ever been the subject of more careful examination by wise and trained men, and the reports of Special Commissions of State Governments, reports from the admirable Public Health Bureau of the United States, reports of Special Investigating Committees, reports of public and private health and labor statisticians, reports of philanthropic bodies, etc., etc., have so multiplied that it is “terrifying to the imagination,” as one of our municipal chief magistrates once said, to contemplate—it is impossible to read—the vast accumulation of literature on the subject.

Generally speaking, the passage of a law by the State of Maryland providing for Compulsory Health Insurance involves the adoption by the State of a public policy which requires all wage workers earning less than a given annual sum (where employed with sufficient regularity to make it practicable to compute and collect assessments), to contribute from their wages part of the cost of an insurance premium which will provide for weekly payments to the employee during illness for the support of himself and his family; provide for adequate medical and, if necessary, hospital service, including medical supplies; (perhaps maternity benefits for women and the wives of married men), and provide funeral expenses in case of death. Almost all forms of Health Insurance now in operation abroad provide for general supervision by a State or National Commission. In Germany the Government meets the cost of administration and the remainder of the cost is divided between the employer and the employee. In Great Britain four-ninths of the total



cost is paid by the employee, three-ninths by the employer and two-ninths by Parliament. The so-called Standard Bill, advocated by the American Union for Labor Legislation, provides for the payment of forty per cent. of the total cost by the employer, forty per cent. by the employee and twenty per cent. by the State. The admirable report issued by the United States Public Health Service, known as Public Health Bulletin No. 76, prepared by the direction of Surgeon General Blue, summarizes its investigations with the following statement:

“Under an efficient health-insurance system a contribution of approximately 50 cents per week per insured person (25 cents by employees, 20 cents by employers, and 5 cents by Government) should enable the insured person to receive (a) \$7 per week when disabled on account of sickness or nonindustrial accident for a period as long as 26 weeks in one year; (b) adequate medical and surgical care during disability; (c) medical and surgical care of wife of insured persons during confinement; (d) a death benefit of \$100. Budgetary studies of large numbers of workingmen's families show that many workers pay as high as 90 cents per week and receive little more than actual funeral expenses.”

It will be observed that this plan proposes the payment of fifty per cent of the cost by the employees, forty per cent by the employer and ten per cent by the State. It seems reasonably safe to say that the tendency of public opinion in this country on the subject, so far as it may be drawn from reports of State Commissions and the opinions of experts, is towards the payment of administrative expenses by the State and the division of the remainder of the cost equally between the employer and the employee.

It will be remembered, of course, that compulsory accident insurance, long disapproved by conservative public opinion, but now generally established by law throughout the United States, requires the employer to pay the entire cost of insurance,—but this is manifestly based upon the theory that the accident insured against must happen at or within the plant of the employer and while the employee is actually engaged on the em-



ployer's service. Sickness, on the other hand, may be partly due to occupational disease or disease growing out of bad sanitary conditions permitted by the employer at his plant; or it may be due to the imprudence of the employee when not actually engaged in his employment, or it may be due to bad sanitary conditions or other circumstances for which the neglect of the State is responsible. The true foundation of Health Insurance is the immediate relation between sickness and poverty, and Health Insurance laws are primarily aimed at the protection during sickness of employees receiving wages so small that they barely suffice to take care of normal conditions when the employee is in a state of health and fail utterly to enable the employee to meet emergency expenses due to sickness which deprives the wage earner for the time of his means of support. If, for example, a man with a wife and several children is earning, we will say, as much as fifteen dollars (\$15) a week, it is possible for him while remaining well to barely provide for the needs of himself and his family. If he falls ill and his wages stop for more than a short period, the foundation of a floating debt and destitution is laid; and if, as is too often the case, his illness continues for a number of weeks, it is inevitable that he will exhaust his credit and both he and his family become subjects of charity. Poverty statistics prove that sickness under these circumstances is the chief cause of destitution and family demoralization, undermining the character and life of its victims, and, with all its attendant evils, compelling the resort to public and private alms and adding to the class of discouraged and dependent members of the community who finally fill our alms houses, our orphan asylums, our houses of correction and, too often, our jails.

The constructive and remedial objects aimed at by Health Insurance relate to the opportunity which is offered for mobilizing the health and medical resources of the State. It involves no reflection upon the generous and public-spirited profession of medicine to say that a man receiving low wages, barely suffi-



cient for the support of himself and his family under normal conditions, hesitates long before paying, even if he is able to pay at all, even moderate charges of physicians for professional visits or professional care. The consequence is that it is too often the case either that the wage earner receiving low wages postpones until it is too late the expenditure of even a couple of dollars to call in a physician, or else becomes the victim of quack medicines bought at the nearest drug store. Knowing that every hour of absence from work means the loss of wages, a wage earner of the class we are dealing with stays at work when ill or returns after illness before really able to go to work, and a comparatively slight illness is by this means made a serious or perhaps a fatal one. No worker of this class can possibly afford hospital or sanitarium care, although they may be necessary for his cure. He postpones a surgical operation or even the obtaining of simple surgical supplies, like trusses, because he naturally does not know where to turn for money to pay for them. Moreover, one of the great results of Health Insurance abroad has been that it encourages the employer to provide healthful and sanitary surroundings for his employees and the general medical supervision which Health Insurance promotes among employees, who are least able to protect themselves, tends to promote good housing conditions and bring pressure upon the public health boards to provide clean and sanitary neighborhoods.

Nor is it any reflection upon such generous and useful organizations as labor unions, fraternal societies, mutual benefit organizations and industrial insurance companies, whether of a mutual character or engaged in the business for profit, all of which provide some form of voluntary insurance for employees, to call attention to the fact that all of these forms of voluntary insurance put together fail to provide for more than a fraction of employees and fail to reach at all but an insignificant minority of the class of low-paid wage earners who are neither able



nor willing to pay the costs of voluntary insurance. Compulsory Health Insurance under the plan proposed begins by cutting at least in half the cost of the Health Insurance to the employee, but it is well known—and imputes no fault to the voluntary industrial insurance organizations—that a very large part of the cost of the insurance of this character is the great expense involved in collecting the small weekly, bi-monthly or monthly premiums. Under Health Insurance plans the contribution of the employer is, of course, paid at stated periods by him and the contribution of the employee is deducted from his wages by the employer and, if the State contributes, its share is paid also without the cost of collection,—so that the total cost of Health Insurance so far as the collection and payment of premiums is concerned is confined almost entirely to administrative expenses which experts tell us can be confined within ten per cent. The great Leipzig fund in Germany covering about two hundred thousand (200,000) employees, which is operated under the German Health Insurance laws, is said to conduct all of its operations for eight per cent of its total receipts, so that for every dollar paid in for Health Insurance under that fund ninety-two cents (92c) is returned to the beneficiary.

But this letter is not designed to indicate in any way that the members of our Committee have as yet any definite plan in view. Next fall the Committee hopes to confer with leaders of public opinion in the City and State for the purpose of getting their advice. It hopes to be advised by large employers of labor, by wise and public-spirited members of labor organizations, by the medical fraternity and by State and County and Municipal health officers. It hopes that the subject will be taken up by Committees of trade organizations, like our Board of Trade; the Merchants & Manufacturers Association; the Chamber of Commerce, etc.; by our public improvement associations, by our charitable agencies (whose work in reliev-



ing destitution is largely made necessary by destitution arising out of sickness), and by all others who have the real welfare of our people at heart. The main purpose of this letter is to impress upon the members of your useful organization the signal fact that it seems everywhere conceded that illness and destitution among employees who have neither the money nor the prudence to meet the emergencies of sickness must in some way be met in the United States as it has been successfully met in practically every other civilized nation in the world. The method of meeting it is, of course, a proper subject of differences of opinion, but I believe it is almost everywhere conceded that public and private charity is no longer able to cope with the problem presented by sickness among employes receiving low wages without some such intelligent and scientific method as that which a proper form of Compulsory Health Insurance is intended to provide. In the Public Health Bulletin of the United States Public Health Service (No. 76) from which I have quoted above, the statement is made that—

“At present each of the 30,000,000 wage earners in the United States, according to available data, loses about nine days each year on account of sickness. Estimating the loss in wages at \$2 a day and the cost of medical attention at \$1 a day, the total loss of the wage earners of the nation is approximately *three-quarters of a billion dollars annually.*”

If, therefore, we approach this subject from the purely commercial standpoint it goes without saying that if a properly organized plan for Compulsory Health Insurance will be able to reduce sickness and shorten the number of days that the average employee loses on account of sickness, it will pay for itself many times over. I believe it is now conceded that Health Insurance in Germany is credited with the substantial increase in the average length of life of the German people and is credited with no small part of its notable increase in general health and efficiency. If at the same time Compulsory Health Insurance will reduce the pressure on public and private charity and



lessens the enormous sums which the State is now paying in a futile and often wasteful effort to meet destitution, one does not have to be either a humanitarian or a philanthropist to give Compulsory Health Insurance his earnest support.

Faithfully yours,

FRANCIS KING CAREY,  
*Chairman of the Committee on Health  
Insurance of the Federated Charities.*