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CHAPTER II

THE AMERICAN CAMPAIGN FOR COMPULSORY SICKNESS INSURANCE LEGISLATION (1914-1920)

THE group of disinterested persons who conducted the campaign for compulsory sickness insurance during the years 1914-1920 insisted that the existing types of voluntary sickness insurance in the United States afforded inadequate protection to the mass of American wage-earners. That conviction supplied the driving force of the movement, which before its termination in 1920, compelled attention on the part of legislatures of several states of the Union. In this chapter the various phases and developments of that unsuccessful effort will be discussed.

In December 1907, at the first annual meeting of the American Association for Labor Legislation held in Madison, Wisconsin, the late Professor Henry R. Seager outlined a program of social legislation with special reference to wage-earners. He emphasized that "provision against illness not directly traceable to the employment must be sought either in compulsory illness insurance or in subsidized and state directed sick insurance clubs." It is interesting to note, however, that Professor Seager indicated his belief in the latter plan as better adapted to American conditions than compulsory sickness insurance.

The year following Professor Seager's pronouncement was marked by increasing interest in compulsory insurance on the part of social scientists and professional social workers throughout the United States. In 1908 the Russell Sage Foundation sent the late Dr. Lee K. Frankel, at that time a social work administrator, and Miles M. Dawson, a consulting insurance actuary,

to Europe to study the various systems of social insurance in operation in different countries. The results of their studies were published by the Foundation in 1910 under the title *Workingmen's Insurance in Europe.*

(1916)
JUSTICE BRANDEIS' PLEA FOR "WORKINGMEN'S INSURANCE," 1911

At the National Conference of Charities and Corrections (now the National Conference of Social Work), held in Boston in June 1911, social workers listened to an address by Louis D. Brandeis entitled "Workingmen's Insurance: The Road to Social Efficiency." In his address, Mr. Brandeis urged the social justice and economic wisdom of social insurance against sickness, invalidity, old age, and unemployment. The Conference appointed a committee on Standards of Living and Labor whose function was "to consider and formulate standards of occupational life which are necessary to prevent social distress." A year later, at the Conference of Charities and Corrections held in Cleveland, this Committee brought in its report, consisting of six minimum standards. The last of these was "some effective system of compensation or insurance" for the heavy losses due to accident, sickness, old age and unemployment. The report as a whole was accepted by the Conference. Immediately thereafter the report was taken by certain members of the committee to the National Convention of the new Progressive Party in Chicago, where it was embodied in the platform as the party's plank on social legislation. In May 1913, the Conference of Charities and Corrections, at its meeting held in Seattle, heard Mr. Frank Tucker, in his presidential address on "Social Justice," emphasize the necessity for provision for sickness.

ENACTMENT OF NATIONAL HEALTH INSURANCE IN GREAT BRITAIN

It seems reasonable to assume that the growing interest in sickness insurance in the United States and the decision by the American Association for Labor Legislation in 1912 to under-

take an active campaign for compulsory sickness insurance, were related to the introduction in that year of compulsory health insurance in Great Britain.

The opening gun of the American campaign for compulsory sickness insurance may be said to have been fired in December 1912, when the Labor Legislation Association at its sixth annual meeting, appointed its Committee on Social Insurance. The personnel of the Committee was as follows:

Chairman—Edward T. Devine—Professor of Social Economy, Columbia University; Director, New York School of Philanthropy; Editor, *The Survey;* Author, *Misery and Its Causes;* General Secretary, Charity Organization Society, New York.

Miles M. Dawson—Actuary and Attorney-at-Law; Joint Author, *Workingmen's Insurance in Europe.*

Carroll W. Doten—Professor of Economics, Massachusetts Institute of Technology; Chief Investigator, Massachusetts Commission on Workmen's Compensation.

Henry J. Harris—U. S. Bureau of Labor; Translator, *German Insurance Code of 1911.*

Chas. R. Henderson—Professor of Economics, University of Chicago; Author, *Industrial Insurance in the United States.*

Frederick L. Hoffman—Statistician, Prudential Life Insurance Company. (Mr. Hoffman retired from the Committee shortly after its appointment.)

Isaac M. Rubinow—Physician; Statistician, Ocean Accident and Guarantee Corporation; Lecturer on Social Insurance, New York School of Philanthropy; Contributing Editor, *The Survey.*

Henry R. Seager—Professor of Political Economy, Columbia University; Vice Chairman, New York Commission on Employers' Liability.

John B. Andrews—Economist; Executive Secretary, American Association for Labor Legislation; Editor, *American Labor Legislation Review.*

Others later added to the Committee were:

Dr. Alexander Lambert—Bellevue Hospital; Professor of Clinical Medicine, Cornell University; Chairman, Social Insurance Committee, American Medical Association.

Dr. S. S. Goldwater—Formerly Health Commissioner, New York City; Superintendent, Mt. Sinai Hospital.

Lillian D. Wald—Head Resident, Henry Street Settlement; Honorary President, National Organization for Public Health Nursing.

ARGUMENTS ADVANCED FOR COMPULSORY INSURANCE

The arguments advanced by the proponents of compulsory sickness insurance may be summarized as follows. They are from the *Brief for Health Insurance* published by the American Association for Labor Legislation at a later stage in its campaign.[1]

1. High sickness and death rates are prevalent among American wage-earners.

2. More extended provisions for medical care among wage-earners are necessary.

3. More effective methods are needed for meeting the wage loss due to illness.

4. Additional efforts to prevent sickness are necessary.

5. Existing agencies cannot meet these needs.

6. Compulsory contributory health insurance providing medical and cash benefits is an appropriate method of securing the results desired.

Taking up these six points in detail:

1. While complete statistics as to morbidity are lacking, all available evidence shows that the amount of disability due to sickness is high; further, that the death rate from tuberculosis and from degenerative diseases in middle life, and the infant mortality rate, are all excessive among the industrial class.

2. Better provision for medical care is necessary because wage-earners are unable to meet expenses of proper care. Free hospital and dispensary facilities are not sufficient and are objectionable to many workers as charity; obstetrical and other home nursing care is insufficient, facilities for laboratory diagnosis and specialist service are demanded by the advance of modern medicine.

3. More effective methods are needed for meeting wage loss due to illness, which amounts to millions of dollars annually, since savings of workers are totally insufficient to meet this loss, and existing voluntary systems for insuring against it are not fulfilling requirements; the great majority of workers are un-

[1] *Labor Legislation Review,* New York, June 1916.

protected; the lowest paid, who most need protection, are least likely to have it.

4. All measures for more adequate medical care and financial protection are wasteful unless accompanied by additional, energetic efforts for the prevention of sickness; factory legislation and inspection have proven insufficient to secure hygienic working conditions; infectious diseases are not being prevented as they might be; deaths from degenerative diseases are rapidly increasing, largely by reason of lack of early diagnosis.[2]

5. The American Association for Labor Legislation was emphatic in stating that existing agencies do not meet these recognized needs for the cure, financial relief, and prevention of illness among wage-earners. It claimed that they have inherent weaknesses which render them incapable of developing properly to meet them. Philanthropic medical and relief organizations cannot be expected to provide an adequate solution even if their extension were wholly desirable. Establishment sick benefit funds are excellent in their limited field, but in the absence of state regulation or control, socially disadvantageous conditions are often unavoidable. Commercial health insurance is high in cost in proportion to benefits; in particular, the cost of providing medical benefit remains prohibitive for commercial industrial insurance companies. Fraternal orders have not a wide enough appeal to meet the needs of wage-earners. The "contract doctor" system of furnishing medical care practiced by some fraternals seems not to be adequate, the members not receiving proper attention nor the doctor adequate pay; many of these

[2] The campaign for workmen's compensation, with its guarantees of indemnification and medical care to a workman injured in the course of his employment, appeared to be won by the time the campaign for compulsory sickness insurance was launched. The American Association for Labor Legislation had been active in that movement. Although the first New York act passed by the legislature in 1910 had been declared unconstitutional, the New Jersey act passed in 1911 had been upheld by the courts. The principle of workmen's compensation was endorsed and its desirability admitted by leading social and industrial organizations. By the end of 1912, workmen's compensation was operative in the states of California, Illinois, Kansas, Massachusetts, Nevada, New Hampshire, New Jersey, Ohio, Washington and Wisconsin. Laws enacted during 1912 in Arizona, Michigan and Rhode Island were to come into operation during 1913. Bills providing for workmen's compensation were before the legislatures of several other states.

orders are financially insecure, and state regulation is urged. Trade union sick benefit funds cover only a small number of workers, and an increase seems unlikely; the main efforts of American unionism are now toward organization of unskilled, low-wage trades, whose workers cannot afford the high rates required to cover even the present low scale of benefits; many union men believe benefit funds to be a handicap to organized labor in its efforts to better working conditions. Voluntary state-subsidized insurance, as practiced in certain European countries, is stimulating to the growth of health insurance, but the increase is slow, leaving large numbers without protection. On the preventive side, voluntary subsidized societies are at a disadvantage because they cannot enter the field of industrial hygiene.

6. Compulsory sickness insurance is urged because it makes certain that all who require protection against sickness will be sure to get it. Under compulsory insurance no expensive reserve fund is necessary; simplified and economical administration is possible; all the needs of the sick wage-earner are supplied, including all medical care for himself and family, as well as income protection; the burden of cost of sickness is distributed fairly among employer, employee and the State, all of whom are jointly responsible for illness, and would profit by its prevention; the distribution of cost puts health insurance within reach of those who otherwise lack it, and offers the advantage of democratic control; the campaign for the prevention of illness will be stimulated.

PERIOD OF EDUCATIONAL PREPARATION

The American campaign for compulsory sickness insurance had two distinct phases. The first was a period of educational preparation, culminating in the publication of the "Standard Bill," in November 1915. The second phase was the period of legislative consideration.

One of the first acts of the Social Insurance Committee of the American Association for Labor Legislation was to arrange for

an American Conference on Social Insurance. It was held in Chicago on June 6-7, 1913. Dr. Willoughby, Dr. Rubinow, and others discussed social insurance, with special emphasis on health insurance as the next logical step. Dr. Rubinow, in reviewing the Conference later in *The Survey,* said, "The need now seems to be for wide propaganda rather than for deep investigation."

The December 1913 meeting of the American Association for Labor Legislation, held in Washington, was devoted largely to consideration of health insurance plans. Professor Joseph P. Chamberlain, of the Legislative Drafting Research Association, talked on the "Practicability of Compulsory Sickness Insurance in America."

At the National Conference of Charities and Correction, held in Memphis in May 1914, a foreshadowing of the later opposition to compulsory sickness insurance was contained in the address delivered by Frederick L. Hoffman, Statistician of the Prudential Insurance Company. Mr. Hoffman reviewed the studies of social insurance made by various individuals and public bodies in the United States since 1893, urged careful study of compulsory sickness insurance, and stated his belief that the problem was not as yet a pressing one in the United States. He expressed the opinion that the propaganda in favor of compulsory sickness insurance in certain states was entirely artificial.

At the same conference, John B. Andrews, Executive Secretary of the American Association for Labor Legislation, in an address entitled "Legislation as a Means of Establishing and Maintaining Standards of Living and Labor" said: "Campaigns for insurance against sickness, invalidity and unemployment are close upon us."

THE STANDARD BILL

In July 1915, the Social Insurance Committee of the American Association for Labor Legislation, after two years of preparatory labor, issued for public circulation its nine "Standards" for a health insurance law; in November the first tentative draft of the "Standard Bill" was published. The December 1915 meet-

ing of the Association devoted much time to health insurance, and Professor Seager exhaustively analyzed the proposed bill. Its provisions may be summarized as follows:

1. *The insured population; income limits.* Insurance to be compulsory for every employed person earning $1,200 per year or less. (The New York bill, introduced in the Legislatures of 1916, 1917, 1918, 1919 and 1920, defined employee as an "employed person entitled to compensation for injury under the workmen's compensation act.") The "Standard Bill" contained special provisions to cover casual and home workers, and for those who wished to insure voluntarily under the act. It presumably included the employees of all industries within its compulsory provisions, the only exceptions being in the case of federal, state or municipal employees for whom provision against sickness was already legally made.

2. *Method of meeting the cost of sickness insurance.* The expenses of the insurance scheme to be met by contributions from employees, employers, and the State, in the following proportions: The State to contribute one-fifth of the total expenditure for benefit (subject to certain provisions for a guarantee fund); of the balance, one-half to come from the employer, one-half from the employee; except in the case of those earning less than $9 per week, for whom a diminishing schedule was arranged, scaling down to no contributions at all for those earning $5 a week or less. The amount of the contributions to be computed so as to be sufficient to cover payment of benefits, the expenses of administration, and reserve and guarantee funds. The rates of contributions might be different in different industries, according to the sickness experience of the industries.

3. *Cash Benefits.* Beginning with the fourth day of illness, a cash benefit equal to two-thirds of the weekly wage to be paid, for a period not exceeding twenty-six weeks in any one year. A cash benefit of one-third of the weekly wage to be paid to the dependents of an insured person receiving hospital treatment, during his stay in the hospital.

4. *Medical Benefits.* "All necessary medical, surgical and nurs-

ing attendance and treatment" to be furnished from the first day of illness, for a period not to exceed twenty-six weeks in any one year. The medical service to be provided by the insurance carriers, who are to "make arrangements for medical, surgical and nursing aid by legally qualified physicians and surgeons, and by nurses or through institutions or associations of physicians, surgeons and nurses." In case the insurance carrier is unable to furnish this service, it is to "pay the cost of such service actually rendered by competent persons at a rate approved by the Commissioner."

Insurance carriers to be permitted four methods of supplying medical service: 1. A panel to which all legally qualified physicians should have a right to belong, and from which the patient might have "free choice" of doctor (subject to the doctor's right to refuse on grounds specified); no panel doctor to have on his list more than 500 insured families or more than 1,000 insured individuals; 2. Salaried physicians in the employ of the carriers among whom the insured should have reasonable free choice; 3. District medical officers, engaged for the treatment of insured persons in prescribed areas; 4. Combinations of above methods.

Medicines, surgical supplies, dressings, eyeglasses, appliances, etc., to be supplied, not to exceed a cost of $50 for any one patient in any single year.

Hospital or sanitarium treatment and maintenance, *instead of all other benefits* (except one-third of the insured employee's wages to his dependents), to be provided when necessary, on approval of the medical officer of the carrier. This benefit might be provided by financial arrangements made by carriers with hospitals and approved by the Social Insurance Commissioners, or in institutions built and maintained by the carriers with the approval of the Commissioners.

5. *Maternity Benefits.* Insured women and the wives of insured men to receive maternity benefits to include "all necessary medical, surgical and obstetrical aid, materials, and appliances," and a cash benefit equal to their regular sick benefit,

to be paid for eight weeks, two prior and six subsequent to confinement.

6. *Funeral Benefit.* The insurance carrier to pay the actual expenses of the funeral of an insured person, up to the amount of $50.

7. *Additional Benefits.* With the consent of the Commission, the carriers might grant additional or increased benefits.

8. *The Insurance Institutions.* For the purpose of administering compulsory health insurance, the State to be divided (by the Insurance Commission) into districts, each to contain not less than 5,000 insured persons; one or more local or trade funds to be established in each district; each fund must be authorized by the Commission after approval of its constitution and filing of names of officers; funds to have all the powers necessary to the carrying out of their duties under the act; employer and employee members to be equally represented in the governments of the funds; every fund to be required to accumulate a reserve; the State to contribute to every fund one-fifth of its total expenditures for benefits and expenses; two or more carriers in a district permitted to combine for the administration of medical benefits subject to the approval of the Commissioners.

9. *Supervision by the State Government.* Compulsory health insurance to be administered under the central authority of a full-time State Social Insurance Commission, consisting of three persons appointed by the governor, one of the three to be a physician. This Commission to appoint officers and employees, make rules and regulations, and "do all things necessary" for the operation of the act.

A Social Insurance Council of twelve members, six elected by the employer directors of the funds, and six by the employee directors, to approve all reports and recommendations of the Commissioners, or if disagreeing, to submit separate reports and recommendations. All regulations proposed by the Commissioner to be laid before the Council for discussion.

A Medical Advisory Board, chosen by the state medical society, to be consulted on all medical matters. Disputes arising

under the act (except medical) to be determined by the Commission, or by a dispute committee assigned by it, from which appeal could be had to the Commission.

Medical disputes to be referred by the Commission to the Medical Advisory Board, which would submit its report to the Commission.

INCREASING INTEREST OF AMERICAN MEDICAL PROFESSION

Increasing interest of the medical profession in the United States was manifested early in 1916, when the American Medical Association appointed its committee on social insurance. The object of this Committee was "to study social insurance in its relation to the medical profession." Dr. Alexander Lambert served as chairman, and Dr. I. M. Rubinow, well known as an advocate of compulsory sickness insurance, as executive secretary. This Committee set up a bureau of information for the medical profession on all questions concerning health insurance, declared its intention to attend all public hearings, and other meetings where health insurance was the subject of discussion. Its first report was presented and accepted at the June 1916 meeting of the Association. The report made no argument either for or against compulsory health insurance, but presented a compilation of facts on the then existing situation, including a discussion of European systems, with special reference to the relation of the doctors to the scheme. The report also presented a special review of the British Act; an analysis of conditions in the United States; gave a summary of the "Standard Bill"; discussed the place of the physician in the proposed United States system and problems that would probably arise. During the spring of 1916, compulsory health insurance was a frequent theme of discussion at state medical association meetings, and many local societies appointed special insurance committees to study this question from the standpoint of the physician.

A special group of the medical profession, viz., the public

health physicians, headed by Dr. B. S. Warren of the United States Public Health Service, favored some form of compulsory insurance, to be under the control of the state public health departments. Another group, closely allied in professional interest to the proposals for compulsory sickness insurance, was the National Convention of State Insurance Commissioners. In 1915 this body appointed a standing Committee on Social Insurance, its chairman being Rufus M. Potts, State Insurance Commissioner of Illinois. In 1916 this Committee reported, recommending a national compulsory health insurance system. However, no action was taken by the Convention on this report.

The movement for compulsory sickness insurance reached the Congress of the United States during 1916. A resolution was introduced in the House of Representatives (H. J. Res. 159) to create a Federal Commission to prepare a plan for a national insurance fund against sickness, invalidity and unemployment. Public hearings on the resolution were held, but no action taken. The resolution was brought up again at the next session of Congress, referred to committee, and not heard from thereafter. Samuel Gompers, then President of the American Federation of Labor, was active in opposition to the proposals for Federal legislation for sickness insurance.

The outbreak of the World War had prevented the carrying out of a plan to hold the International Conference on Social Insurance in Washington in 1915. As a partial substitute, a conference was called by the International Association of Accident Boards and Commissions on the American continent, and held in Washington December 5 to 9, 1916. The proceedings of this conference were printed as Bulletin 212 (1917) of United States Bureau of Labor Statistics, the section on health insurance constituting a summing up of the major arguments in favor of and against compulsory health insurance, the details of operation, the relation of the doctor to the system, etc. No formal action for or against compulsory sickness insurance was taken by the conference.

THE PERIOD OF LEGISLATIVE CONSIDERATION

Among the states of the Union which gave legislative consideration to the question of compulsory sickness insurance were California, New York, Massachusetts, Pennsylvania, New Jersey, Ohio, Illinois, Connecticut and Wisconsin. In all of these except New York, where the Reconstruction Commission made a special study, commissions were created by the legislatures to study the question. In five states bills were introduced in the legislature to provide systems of compulsory sickness insurance. These were: New York (1916, 1917, 1918, 1919, 1920); Massachusetts (1917, 1918); New Jersey (1918); Ohio (1919); Pennsylvania (1917).

THE CALIFORNIA INVESTIGATION

The California Commission provided the earliest and one of the most thorough of the studies. It made scientific investigations of wage rates and earning power; of the cost of medical treatment (which it found more expensive in California than elsewhere); of sickness as a chief cause of dependency; of existing sickness insurance funds (found entirely inadequate for support and care during illness of insured, and furthermore, carried by only one-third of California wage-earners). The Commission concluded that health insurance would offer a "powerful remedy" for these conditions, and recommended that such legislation be prepared for by passing the necessary constitutional amendment. No attempt was made by this first Commission to frame a bill, but the essential features for one were broadly outlined. Objections were made to three points of the "Standard Bill" of the American Association for Labor Legislation: (1) Existing voluntary agencies should be used, not abandoned; (2) Joint control by employers and employees might produce deadlocks in disputes; (3) Success depends on management; the "Standard Bill" gave no assurance that persons of special fitness would be chosen.

The second California Commission continued the work begun by the first, and specifically outlined a suitable act for

California. In October 1918, however, the proposed constitutional amendment giving the legislature the right to pass social insurance legislation was voted down by the people of the state two to one.

THE OHIO COMMISSION ON SOCIAL INSURANCE

The Ohio Commission, created in 1917 to study sickness prevention, old age and health insurance, secured the coöperation of social agencies, of the State Manufacturers' Association, of the State Medical Association, and of the State Federation of Labor. In 1919 it submitted a report based on thorough research. Some of its topics were: child welfare, national vitality, sickness and economic distress, losses from sickness, distribution of losses, responsibility and liability for sickness, measures of prevention. A study of health insurance systems in European countries was also made. Compulsory health insurance legislation was recommended as a means, first, of distributing the cost of sickness; second, of providing adequate medical care, adequately compensated. The possible function of health insurance as a means of sickness prevention was not emphasized, this field being specifically cared for in recommendations for the development of a state program of prevention. All of the Commission's recommendations except that for a health insurance bill were immediately passed by the Ohio Legislature.

THE PENNSYLVANIA LEGISLATIVE COMMISSION

The Pennsylvania Commission was handicapped by limited funds and shortage of time. Recognizing this, it devoted its efforts to assembling facts already gathered by public and private agencies. Valuable data were thus brought together on the following subjects: the nature and extent of sickness in Pennsylvania; losses to individuals, employers and the state through preventable sickness; adequacy of existing methods of care and of health insurance; health conditions in the industries; occupational disease;

sickness prevention. Its recommendations (submitted in 1919) were for the creation of a special Commission on which the medical, nursing and legal professions, organized labor and organized industry should be represented, to study profoundly possible remedial legislation looking to adequate medical care, meeting of wage loss, and state-wide preventive work.

THE ILLINOIS INVESTIGATION

The Illinois report, published in 1919, for which the investigations were made under the direction of Professor H. A. Millis of the University of Chicago, was the most exhaustive and scientific of all these reports in the data submitted. It contained a wealth of original research, including studies of sickness in a group of some 3,000 families in 41 selected city blocks in Chicago; existing facilities for medical care and preventive work; incidence, duration and cost of sickness among wage-earners, and their effect on standards of living; responsibility for sickness and premature death, and their prevention; vital statistics; causes of disease and death; existing health insurance in the various mutual benefit funds. Reference was made to the 35 per cent found unfit in the first (1917) Army draft, and to the fact that 33 per cent of a group of 69,171 applicants for work in Illinois were diseased or defective. The wage-loss resulting from sickness was carefully tabulated and discussed. Including medical outlay and wage-loss, the cost of sickness was found to be about $75 per family per year, which was more than 5.8 per cent of income from all sources. Applied to the entire state, the total figure on this basis of the cost of sickness to wage-earners would be $57,000,000; adding medical care for dependents would bring the total to approximately $85,000,000 per year. Discussing health insurance as a possible remedy for these conditions, a majority of the Illinois Commission concluded that the application of the insurance principle to the sickness hazard was clearly justified, but that this should be done by individual action rather than by state compulsion, therefore no legislation was recommended. A minority report

signed by Alice Hamilton, M.D., and John E. Ransom, social economist, disagreed with the negative recommendation of the majority, and declared for compulsory health insurance as the logical conclusion of the Commission's findings.

THE MASSACHUSETTS COMMISSION

The Massachusetts Commission, created in 1916 to report in 1917, was directed to investigate sickness, unemployment, old age, and hours of labor in 24-hour-a-day industries. Its report submitted 13 statements representing the opinions held by different members of the Commission, formulated after public hearings and conferences with experts on the various subjects; three of these statements were on health insurance. Four of the nine members of the Commission subscribed to the statement that "some plan for health insurance should be adopted as an important early step in the interests of social welfare." The Commission as a whole, endorsing the principle of health insurance, recommended further thorough study by a special commission. The legislature created a second commission which reported in 1918, stating its conclusion that compulsory health insurance was neither needed nor wanted in Massachusetts by the wage-earners, and no legislation was recommended.

THE NEW JERSEY COMMISSION

In November 1918, the New Jersey Commission, originally appointed in 1911 to study old age insurance, finally submitted a report stating its conclusion that protection against sickness should precede any provision for old age. This step, the Commission believed, was the more urgent because of industrial changes following the entry of the United States into the War, causing thousands of new workers, especially women, to be exposed to extra hazards of sickness. The Commission therefore recommended the immediate passage of health insurance legislation,

especially emphasizing provisions for sickness prevention. However, no bill was introduced in the Legislature.

THE WISCONSIN SOCIAL INSURANCE COMMISSION

This Commission, composed of five members of the legislature, presented a report setting forth the views of certain groups such as organized labor and the state medical society, gave data on savings in the state, and pointed to the healthful climate of Wisconsin and the hardy strength of its pioneer settlers. The cost of compulsory health insurance, so far as it could be estimated, was declared to be excessive. Furthermore, the Commission stated the proposed measure to be unconstitutional. More liberal appropriations were urged for the support of already existing public health and welfare institutions, and the inclusion of occupational diseases in the provisions of the workmen's compensation act was recommended. One member of the Commission made a minority report declaring his opinion that the law would not be unconstitutional, and disagreeing with the declaration that the "voluntary thrift" of Wisconsin citizens and the health of their forebears was a sufficient protection against the hazards of sickness.

THE CONNECTICUT COMMISSION

The Commission appointed by the Legislature of Connecticut in 1919 was directed to study a large number of subjects, many of them unrelated to social insurance. Of these it reported on five, one of which was health insurance. The report contained a summary of arguments for and against compulsory health insurance, general data on extent of sickness in the state, and several drafts of bills, including one by opponents of health insurance. The Commission definitely recommended against legislation for health insurance, but suggested that more be done by the state to improve living conditions and prevent sickness.

THE NEW YORK STATE INVESTIGATION

During the years 1916 to 1919, the New York State Reconstruction Commission carried on certain investigations and held public hearings, after which, in 1919, it declared in favor of the introduction of compulsory health insurance legislation.

Because of its commanding position as a leading industrial state, New York was chosen by the American Association for Labor Legislation as the principal legislative campaign ground. In five successive years a health insurance bill was introduced in the state legislature. The session of 1919 saw the climax of the campaign. On April 10 of that year the bill introduced by Senator Davenport was passed by the Senate, under an emergency message of Governor Alfred E. Smith urging its passage. It was sent to the Assembly, where, after sharp debate, it was defeated. At the session of 1920 Senator Davenport once more introduced a bill for compulsory sickness insurance. It was referred to a committee and was never thereafter heard from. With the defeat of the bill by the New York State Assembly, the campaign for compulsory sickness insurance in the United States came to a halt.

THE OPPOSITION

The forces opposed to compulsory sickness insurance grouped themselves into four general divisions: employers, insurance companies, organized labor, the medical profession. All of these groups voiced their recognition of the need for some organized measures for the solution of the problem of preventable sickness and its burden of human suffering and economic loss. They were opposed to the system of compulsory state-operated health insurance as a means of meeting that need.

Employers objected to the expense of the system, which they considered bore disproportionately on industry; this they claimed could not successfully be distributed in the cost of production and passed on to the consumer; if there was to be such a law, they argued, it should be supported by a tax in which the whole

community bore an equal share; they labeled the measure a form of class legislation because it provided for a certain economic group only; they considered the system on the whole out of line with American institutions and industrial development.

The "Standard Bill" for compulsory health insurance expressly excluded the commercial insurance companies as carriers under the act. The writings of Dr. Frederick L. Hoffman of the Prudential Insurance Company, under the general title *Facts and Fallacies of Compulsory Health Insurance,* were given wide circulation. He appeared at legislative hearings, at medical association and other meetings. His chief arguments were that the proposed compulsory system was not based on sound actuarial findings, or correct insurance principles; that the need for a compulsory system in America was not pressing; that voluntary agencies could be developed to take care of cash benefits; that medical care and prevention work were outside the province of insurance; and finally that the whole idea was "un-American." The late Dr. Lee K. Frankel, at that time with the Metropolitan Life Insurance Company, took the stand that insurance is, strictly speaking, indemnity for loss, and that prevention of sickness and provision of medical care come in only incidentally; that the functions of the attending physician are distinct, and should be kept free from insurance claims. He proposed universal rather than compulsory insurance, by a method of taxation of employers and workers which would make it universal, while not legally compulsory.

The attitude of organized labor toward compulsory health insurance legislation was a divided one. As already pointed out, Samuel Gompers, President of the American Federation of Labor, opposed compulsory sickness insurance in principle, as paternalistic, socialistic, and an unjustifiable interference with the individual rights of wage-earners, who should, he believed, be let alone to take care of all such matters through their trade unions. The American Federation of Labor at its annual convention in 1916 declared against "private insurance or insurance for profit, as it may apply to industrial, social or health insurance"; in 1918 it

instructed its Executive Council to investigate the subject of health insurance. On the other hand, many of the State Federations of Labor placed themselves on record as favoring compulsory health insurance. The New York State Federation secured a modification of the terms of the "Standard Bill" to meet the demands of the trade unions, the resulting bill being introduced by Senator Nicoll in the 1918 legislature.

The attitude of the medical profession appears to have undergone some transformation between 1913 and the introduction of bills in state legislatures. During 1912, 1913 and 1914, the members of that profession were supplied with a steady stream of information which flowed through the columns of the *Journal of the American Medical Association*. The "London Letter," appearing weekly in the *Journal,* narrated the opposition of the British medical profession to the National Health Insurance Act. These articles reported the progress of the controversy between the British doctors and the government over the medical provisions of the Act, which had aroused the bitter opposition of medical men, even up to the point of a threatened "strike" of the entire profession. More than 27,000 doctors had in fact signed pledges to refuse to work under the Act except on terms acceptable to the British Medical Association; 10,000 contract doctors of the Friendly Societies which were to function as carriers under the Act, sent in their resignations. Throughout 1914 the "London Letter" continued to report on the workings of the Act and on any difficulties that arose in the administration of medical benefit. The cessation of the "Letter" in 1915 was doubtless due to the fact that the war was absorbing the energies of the British nation. On the other hand, a satisfactory *modus vivendi* had by that time been worked out between the British medical profession and the national health insurance administration.

Up to about January, 1917, letters and articles appearing in the *Journal of the American Medical Association* were noticeably favorable to health insurance, both as to principle and as to the system proposed for the United States. From January to June 1917, however, the arguments against the system seemed to

occupy chief place. In July 1917, probably due to the preoccupation of American doctors with the war, the discussion in the *Journal* ended abruptly. When, however, early in 1919 a bill for compulsory sickness insurance was under consideration in the New York Legislature for the fourth time, opposition to the bill on the part of the medical profession of New York State was voiced. This notwithstanding certain demands of the doctors had been met by eliminating the local panel system, by providing absolute state-wide free choice of doctor, by making mandatory the appointment of a doctor as head of the state health insurance bureau, and by changes in the system of fees.

LACK OF ACTIVITY SINCE 1920

After 1919 the interest of professional social workers in the movement for compulsory sickness insurance appears to have waned. At the 1917 meeting of the National Conference of Social Work held in Pittsburgh two months after the entry of the United States into the World War, Professor Irving Fisher, in an address entitled "Public Health a Social Movement," had urged the need of universal health insurance. In the section devoted to social insurance, Royal Meeker had urged the enactment of state legislation making sickness insurance compulsory. John B. Andrews had reported progress toward health insurance and cited "the rapidly increasing public demand." On the other hand, A. E. Forrest, President of the Health and Accident Insurance Underwriters' Conference, Chicago, had opposed compulsory sickness insurance. Eugene T. Lies, Superintendent of the United Charities of Chicago, in an address entitled "Sickness Dependency and Health Insurance," had urged compulsory sickness insurance. Two lawyers, Professor Ernest Freund of the University of Chicago, and Professor Joseph P. Chamberlain of Columbia University, had called attention to certain constitutional aspects of compulsory health insurance legislation.

At its May 1918 meeting the National Conference heard from James H. Tufts, Chairman of the Illinois Committee for Social

Legislation (then engaged in an investigation of the need for health insurance on the part of the wage-earners of Illinois), a plea for careful consideration before enacting compulsory sickness insurance legislation. At the same Conference Royal Meeker expressed the belief that "social legislation is necessary to bring to the workers better and cheaper food, clothing, houses, medical treatment and insurance."

The subsequent lack of interest in compulsory sickness insurance on the part of professional social workers is further shown by the dearth of major articles dealing with the subject in the *Survey* magazine during the years 1921 to 1931, inclusive. One article appeared in the number for May 15, 1926. It was by Dr. I. M. Rubinow, who, it will be recalled, was Secretary of the American Medical Association Committee on Social Insurance, and an active leader in the American campaign. Dr. Rubinow urged the revival of the movement for social insurance, and suggested that the inertia of social workers in the field of social legislation was partly responsible for the lack of progress. He referred to the "somewhat naïve optimism . . . so rampant a decade ago." While admitting that at the moment there was no sign of any active movement for social insurance, Dr. Rubinow expressed the hope of "a recovery from a reaction which came suddenly after a striking and promising development about a decade ago."

Since the defeat of the New York State bill in 1920, the American Association for Labor Legislation has not been active in behalf of compulsory sickness insurance. The quarterly issues of the *Labor Legislation Review* since 1920 have not contained any major articles dealing with compulsory sickness insurance, or indicating any active efforts on the part of the Association to secure the enactment of legislation.

At the National Conference of Social Work held in Boston in May, 1930, Dr. John B. Andrews, Executive Secretary of the Association, gave a review of progress since Justice Brandeis' address to the National Conference of Charities and Corrections in that city nineteen years previously. On the subject of sickness

insurance Dr. Andrews stated: "It is increasingly apparent that the cost of adequate medical care in America cannot be met without insurance against sickness." He reminded his hearers that in 1919 "the campaign for a universal system of workmen's health insurance had been advanced to a point where a well-considered bill was passed by the New York Senate." Dr. Andrews gave no indication of any prospective resumption of the campaign by his Association.

In concluding this recital of the unsuccessful campaign for compulsory sickness insurance legislation, it should be mentioned that the situation as to voluntary sickness insurance and fixed payment medical service in the United States has changed little since 1920. Of the eleven chapters which follow, all but one are given over to a consideration of plans which the proponents of compulsory sickness insurance fifteen years ago regarded as inadequate to protect the average wage-earner. This conviction constituted the chief driving force in their campaign. Chapter X describes four types of fixed payment medical service which have come into operation on a limited scale during the last fifteen years. Fixed payment medical service offered by group clinics, and fixed payment hospital service offered by non-profit community hospitals and by coöperative health associations in a number of American cities, are comparatively recent developments. No great change has taken place in the scope of benefits under commercial health and accident insurance, unless it be the wider utilization by large employers of the plan of group disability insurance. This form of protection, as already emphasized, does not provide medical, surgical or hospital care. Employee mutual benefit associations and trade union sick benefit funds are much the same as they were during the period of the campaign for compulsory sickness insurance, and their number does not appear to have greatly increased.

Industrial medical service for employees, paid for by means of

a fixed regular deduction from wages, has been modified to some extent by the enactment of workmen's compensation laws. The chief result of this legislation has been to fix with exactitude the employer's responsibility for providing medical care to an employee injured at his work. In form of organization, administrative methods and scope of medical care available, the company plans have undergone slight evolution.

Railroad employee hospital associations would not in any case have been directly affected by the enactment of compulsory sickness insurance laws by the different states, their members being chiefly engaged in interstate commerce. Apparently, the campaign of the American Association for Labor Legislation did not envisage a Federal law to cover these employees.

The static nature of voluntary sickness insurance in the United States and the slowness of new developments are facts of considerable social significance.