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CHAPTER VI

FIXED PAYMENT MEDICAL SERVICE IN THE COAL AND METAL MINING INDUSTRIES OF THE CENTRAL STATES

THE INTERIOR COAL PROVINCE

A MAP of the coal fields of the United States shows four fairly distinct coal regions making up what is called the "Interior Province," as follows: 1. Northern region: Michigan; 2. Eastern region: Illinois, Indiana and Western Kentucky; 3. Western region: Iowa, Missouri and Kansas; 4. Southern region: Arkansas and Oklahoma. The 1930 Census shows the following numbers of persons gainfully employed in the coal mining industry in the above states.

Michigan	1,336 ^a
Illinois	59,639
Indiana	17,210
Iowa	7,759
Kansas	5,548
Missouri	6,360 ^b
Oklahoma	5,997
Arkansas	3,751
Total	107,600

^a Number employed in 1929. (*Coal in 1929*. U. S. Department of Commerce, Washington, 1931.)

^b *Forty-third Annual Report, Missouri Bureau of Mines*. The State of Missouri contains two areas in which the mining of lead and zinc ores is extensively carried on. Lead and zinc mining is also carried on in Oklahoma. Arkansas is the principal American source of bauxite, the ore from which aluminum is manufactured. The system of employee group medical service in return for a payroll deduction is rarely found in the lead and zinc mining industry in these states. For convenience, the system of employee group medical service in operation in the bauxite mining industry of Arkansas will be described in conjunction with the account of the system in operation in the coal mining industry of that state.

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For convenience, the northern and eastern coal regions of the interior province (Michigan, Illinois and Indiana) will be considered separately from the southwestern coal field (Iowa, Kansas, Missouri, Oklahoma, and Arkansas).

Michigan. Information received from medical societies in this state shows that it is not customary for the coal mining company to provide medical or hospital care to an employee in case of ordinary sickness or accidental injury.

Illinois. Information received from several of the largest coal producers of Illinois indicates clearly that it is not customary for coal companies to provide medical care or hospitalization for non-industrial injuries in return for a payroll deduction. Where surgeons are employed by coal mining companies, they are to provide first-aid for industrial accidents only. In some districts of the Illinois coal field local unions have undertaken to provide medical care to members. A hospital in the Williamson coal field writes as follows:

"Two local unions in the county have included in their by-laws that they will pay to any member of their local or member of his family \$100 for a needed operation and will pay \$3 per day for a maximum of fourteen days' stay in the hospital. Three other local unions will pay a maximum of \$100 for an operation on any member or family dependent, but make no arrangements for hospital bills. According to the wording of the by-laws, this money should be paid to the member himself; however, it is usually given to the doctor or the hospital concerned. None of the local unions designate any doctor or any hospital that the man must patronize. There are some 18 or 20 local unions in Williamson county, but these five are the only ones that have these regulations in their by-laws.

"It is sometimes possible for a man by applying to his local union to get permission to pass a paper among the other members soliciting help for such an emergency. The amount he collects varies greatly. The money in any case is checked off from the men by the coal company and paid to the local union

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involved. They in turn check it out to the hospital or doctor to whom it is due.

"I believe that there are in the extreme eastern part of the county one or two local unions that have an arrangement with a hospital in Harrisburg, in Saline county. Just what the arrangement is I don't know. Franklin County has a different arrangement, a much more extensive one, although it does not include all the local unions in Franklin county. So far as Williamson county is concerned this arrangement takes care of a very small number of patients brought to this hospital, which is the only hospital in Williamson county."

An official of the United Mine Workers of America, Springfield, Illinois, writes:

"Some of our local unions have arrangements to provide hospital services for their members, which is handled in the same way as their sick benefits. In West Frankfort, the heart of the coal fields of southern Illinois, there is located a miners' hospital, owned by the miners and paid for by them through assessments that are levied on the membership. Doctors and nurses are employed at so much per month, and paid for by the miners through the means of assessments levied by their local unions. In some cases injured and sick miners are taken into privately owned hospitals, and their hospital bills are taken care of by assessments levied on the membership of the local unions.

"These are all voluntary arrangements made by the miners themselves, and the coal companies have no jurisdiction—except to collect the assessments through the medium of the check-off system which is invoked through the contract between the miners and operators, and which applies to the collection of all dues and assessments. The hospital at West Frankfort is quite an institution, and many miners are treated at that hospital."

Indiana. According to reliable information, the system of medical service in consideration of an authorized payroll deduction does not exist in the Indiana coal field. In response to an inquiry, a leading physician of Terre Haute, Indiana, writes, under date of March 17, 1931, as follows:

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"In the Indiana coal fields the custom of contract service does not prevail, nor has it at any time since I started practicing in 1904, at Linton, Indiana, which place at that time was the leading field in the state. No doubt there have been some isolated cases, but none of any consequence. Years ago, some of the local unions would check off the men fifty cents a month, for one of the two hospitals in this City, the hospital agreeing to provide accommodations for a given period; this practice was rather isolated and did not last very long, and at the present time does not exist. It has always been the practice for the miner to call whomever he wanted and for such services he himself was responsible."

Another leading physician of Terre Haute, with a considerable industrial practice, confirms the foregoing statement in the following words (letter of March 13, 1931):

"Concerning medical and hospital service for the employees of mining companies in this region, I wish to state that I know of no example of such service that is paid for entirely or in part by any company, or by regular monthly contributions or deductions from the pay of employees. Aside from the workings of the Workmen's Compensation Act, all medical services are rendered by private physicians on an individual basis, as are all hospital services. I know of no groups of individuals who are cared for, when sick, except on the basis of private patients of individual physicians. Of course we have provisions for the care of the indigent sick, but the services of private physicians are easily accessible to all in this region, and fees are made within the reach of their pocketbooks."

The attitude of the Indiana State Medical Association is indicated in a letter from the Secretary (January 3, 1931), stating that so far as can be found out there is no contract practice among ethical physicians and clinics. The Secretary's letter quotes a statement of one of the large industrial clinics in Indianapolis, as follows:

"It has been the policy of this clinic at all times not to have

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any contract form whatsoever relative to industrial accidents, nor do we operate upon any schedule of fees.

"The only work which we do which might be called contract is the examination of prospective employees, and this is done upon a fixed fee depending upon the type of examination required by the employer.

"It is our opinion that any contract work is upon the wrong basis, not only from the viewpoint of the doctor himself but that of the employer and employee as well. It is our opinion that the best type of work done is that in which there is no contract basis, unless it be perhaps where some physician or surgeon is a full-time employee of an organization."

The Secretary of the Medical Society adds that the Society believes that this is the general attitude toward contract practice of the Indiana profession as a whole.

Iowa. The Iowa Industrial Commissioner (workmen's compensation service) writes that "there is no tendency in this state on the part of employers to provide medical, surgical and hospital treatment in any combined arrangements, taking care of non-compensable as well as compensable cases. . . . I know of no employers who provide such service in their own hospitals."

Kansas. Information received from coal mining companies in Kansas is to the effect that a deduction from the employees' wages is made only when the employee specifically requests it in behalf of a physician selected by himself.

In all of the states mentioned above (excepting the state of Arkansas, which has no workmen's compensation law) the employer makes his own arrangements for the provision of hospital care necessitated by an industrial injury, and leaves to the employee the provision of hospital care arising out of ordinary sickness, or non-industrial injury.

CONTRACT SERVICE IN SOUTHWESTERN COAL FIELD

In the southwestern coal field, groups of employees contract with hospital associations (operating on a profit basis) to provide

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members of the group and their dependents with medical and hospital care at a fixed amount per employee per month.

Employee group medical service is found to a limited extent in the southwestern coal field. The system is described in a letter from Mr. W. L. A. Johnson, Commissioner of the Southwestern Interstate Coal Operators Association, reading as follows:

"Formerly, in the mining industry of the southwest, covering Kansas, Missouri, Arkansas, and Oklahoma, a company-doctor check-off at about \$1 per month was quite prevalent among all company 'camps.' This appeared necessary to induce some doctor to locate within the coal camp and take care of the health situation. As a rule such subscriptions were voluntary, but it became necessary to require positive signature for check-off in order to secure definitely the location of a doctor, frequently called the Company Doctor.

"It is true that perhaps many abuses grew out of this plan of operation, and in later years the United Mine Workers organization objected to the system and it was agreed to entirely eliminate the same, so far as the company's check-off was concerned, unless by special request and solicitation of the individual miners themselves. Even this practice has now practically gone out of existence in these four states, and in the place of same various efforts have been made by physicians to organize what is called 'Miners Hospitals' in which they undertake to induce the miners to sign a subscription of \$1 per month, which gives the miner the guarantee of all medical attention necessary, also to cover his entire family, even to the extent of hospitalization in severe cases. The coal operators have been unwilling to become a party to this plan, other than as each individual company complies with petitions from the miners to deduct from wages the amount for such hospital association. In the last two or three years such associations have practically dwindled down to a small following."

From one of the "Miners Hospital Associations" mentioned by Mr. Johnson, the following information as to the present

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system of providing medical care in the southwestern coal field was received:

"It is the common practice for the coal companies to carry a check-off list for their employees when requested by the men themselves. This money is paid over to a physician who takes care of sick employees and their families in their homes. None of the coal companies own hospitals. They make arrangements with local hospitals for the care of workmen's compensation cases only. Hospital care for non-industrial illness is provided by the Hospital Association. This is a private enterprise for group service eliciting the coöperation of employers and employees. Collections are made by the coal company on the payroll from all the men who sign contracts for this service. The full amount of such deductions, less 5 per cent for collecting, is paid over to the Hospital Association by the company. The deduction is \$1 per month, the membership dues being \$5. The service consists of surgical and medical treatment in the hospital, including board, ward, bed, nurse, medicines, dressings, operations, laboratory examinations, and X-ray. The member, his wife and all children under sixteen receive the service when needed, without charge. The Association owns no hospitals, but gives the service at local hospitals. The patient is free to choose his own doctor; the Association cultivates the friendliest relation with the family physician, and coöperates with him in everything for the good of the patient and supplies a need he is unprepared to meet—Hospital Service."

Another of these medical service associations, in a letter dated March 31, 1931, states that it has something over 8,000 members, including employees in practically all the coal mines in Arkansas and eastern Oklahoma. About 98 per cent of the operators cooperate with the Association in the way of collecting dues through the company office. Dependent members of subscribers' families are included in the service. In this case, the contract for medical service is between the certificate holder and the medical staff in the hospital which provides treatment.

"A large per cent of our membership is obtained by solicita-

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tion. We find it no trouble to have the employee carry our protection when the employer coöperates with us and encourages the men to take it. The coal officials endorse it very readily, as we take care of the accidents and injuries, so far as the medical and surgical and hospitalization are concerned. . . . We have a local general practice contract with the local physicians in each community and coal mining town that takes care of the accidents and injuries so far as first-aid is concerned, and also gives their families general practice.

“You wanted to know if we had any arrangements with the miners of the United Mine Workers of America. You will note the United Mine Workers of America is not functioning in Arkansas and Oklahoma. We once had contracts with all the local Unions in Arkansas and Oklahoma where the secretaries of the local Union collected dues for us instead of the Coal Companies. But since the organization has gone down we have our dues collected through the coal company office. We have no compensation law in Arkansas but do have one in Oklahoma.”

SCOPE OF MEDICAL SERVICE CONTRACT

The certificate of membership issued by this Association provides as follows:

The holder, his wife and minor children are entitled to medical and surgical treatment, advice and consultation, as often and as long as required, such service to be provided by a designated local hospital, and its staff of physicians and surgeons. The service is subject to certain limitations, i.e., in confinement cases, physicians' services, but not hospital service, are furnished only after the certificate has been in force twelve months; diseases existing prior to issuance of certificate are not covered by the contract; ordinary examinations, consultations, prescriptions, and vaccinations are furnished at the discretion of surgeon in charge; treatment by eye, ear, nose and throat specialists are furnished on order of the Chief Surgeon, in cases of accident requiring special attention; physicians and operations, but not hospital service, are

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furnished in incurable diseases, such as cancer, etc.; excluded altogether are insanity, attempted suicide, alcoholism, pulmonary tuberculosis, venereal disease, contagious disease.

The membership fees and dues are: \$5 for the first month and \$2 per month thereafter; this covers, as stated, the holder, his wife and minor children. Physical examinations for membership are not required. The member may select as his physician any member of the staff or the associate chief of the designated hospital to attend him. The staff doctors will make residence calls, but the regular charge is made for these. The Employees' Group Plan enables an employee to purchase a membership through his employer by authorizing the deduction of the monthly dues from his wages.

The "local general practice contract" referred to above is issued under the name "General Practice Association." The service described in the certificates may be summarized as follows: Medical treatment, advice, and consultation, as often and as long as required, is provided by a designated physician, whose name appears on the certificate; to the holder, his wife and dependents, subject to the following limitation: In confinement cases, an extra charge of \$15 must be paid; medicines, serums and anti-toxins are extra; house calls are made only when patient is "wholly unable" to go to the doctor's office, and no house calls, except emergency, are made between 10 P.M. and 6 A.M.; treatment of insanity, tuberculosis, cancer or any incurable disease is excluded.

ARKANSAS BAUXITE INDUSTRY

This state ranks first in the United States in the production of bauxite ore. The Federal Census of 1930 shows 1,579 gainfully employed persons in mines and quarries other than coal mines and oil and gas wells. The chief producer of bauxite ore has kindly furnished the following information:

"We maintain a hospital in connection with our mining operations in Arkansas, and we maintain a company physician. The company owns the land and the hospital building and pays

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all of the costs pertaining to the running of said hospital, although as partial reimbursement we deduct \$1.50 per month from the pay envelopes of married men and \$1 per month from single men for which our mining organization gets ordinary medical treatment without further cost. We pay our company doctor a regular salary, and he is permitted to obtain fees from private patients in the district who are not connected with our organization. Our hospital is well equipped and our doctor is an excellent surgeon, and where patients in the hospital, either employees or non-employees, can afford to pay board we charge them \$1 per day for meals. In the case of operations, either employees or non-employees, if the patient can afford it, we charge \$10 for the anesthetic and \$10 for the operating room, plus modest fees for surgical work. Our medical and hospital expenses are substantially higher than the total of our collections, but for this difference we are independent of hospital and medical aid from the neighboring towns."

Arkansas does not have a workmen's compensation law.

LAKE SUPERIOR IRON MINING INDUSTRY

Eighty-four per cent of all the iron ore mined in the United States in 1929 came from the so-called iron range of Lake Superior (Michigan and Minnesota). In that same year, Michigan supplied 9.3 per cent of the total copper produced in the United States. The number of persons gainfully employed in extraction of minerals in these two states, according to the Census of 1930, was 40,895. In both these states it is customary for the iron mining and copper mining companies to provide medical care to the employee for non-occupational injury and ordinary sickness in consideration of a fixed deduction from wages.

The following account summarizes information supplied by several of the leading iron mining corporations of Minnesota and Michigan, as to the system of employee group medical service in operation in the Lake Superior iron ore region. The usual deduction from wages is \$1.25 per employee per month. For this con-

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tribution, medical care is guaranteed the employee and dependent members of his family. If hospitalization is necessary, a charge is made for an operation and for board, but reduced rates are in effect for contributing employees and their dependents. Medical service is provided from "base" hospitals, located at strategic points on the iron range. Several of these hospitals are owned by mining companies, some are owned by private concerns. However, most of those owned by mining companies are turned over to surgeons for operation under a contract. The total payroll deduction is turned over by the employer to the contracting surgeon, who is expected to provide all necessary service.¹ Physicians employed by the chief surgeon give treatment either at the hospital (out-patient service) or at the patient's home. It should be clearly understood that the deduction from the employee's wages covers only medical service arising out of a non-compensable injury, or ordinary sickness. For industrial injuries, the mining company contracts with the chief surgeon operating the hospital, to provide all necessary surgical and hospital treatment required by the workmen's compensation act. The consideration for this service is a fixed payment per employee per month. Each iron mining company maintains its own staff of surgeons to give necessary first-aid in case of an industrial injury.

The following extract from a letter received from a leading independent iron ore producer in the Lake Superior region will help the reader better to visualize the system in operation.

"In Minnesota our plan is the general plan followed by the iron ore mining companies in the Lake Superior district. Our mining companies carry their own compensation risk, and contract with a doctor in the community to furnish all medical services for their employees, both that required under the Workmen's Compensation Law, and also medical services for their employees and their families. The doctor receives through monthly payroll deductions \$1.25 from the man, which provides for medical attention for himself and family. In addition to this,

¹ Section 3444, *Minnesota General Statutes, 1923*, permits employer to maintain own hospitals, or to contract with independent hospitals or physicians under Commissioner of Labor and Industry and Commissioner of Insurance.

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the contract also provides for certain fixed extra charges for surgical or special medical attention furnished employees or their families. The mining company pays the same doctor 50 cents per month per man, which provides for the medical, surgical and hospital treatment required under the Compensation Law.

"At one of our iron ore mining properties, the payroll deduction provides hospital, as well as medical treatment to employees and members of their families. In a few districts, instead of contracting with a doctor, the mining company owns and operates its own hospital, with the doctors on a salary basis."

SELF-INSURING MINING COMPANIES

It will be noted that the iron mining company quoted above carries its own compensation risk. In other words, it elects, under the Minnesota Workmen's Compensation Act, to "self-insure" its liability to pay compensation and provide medical aid to employees injured in the course of their employment. This authorization by the Minnesota act to employers to "self-insure" constitutes the key element in the existing system of contributory medical service for non-compensation cases in that state. The Industrial Commission of Minnesota, in its report for the year ending June 30, 1930, states that "while the number of self-insurers is small compared to the number carrying insurance, it is probable that the payroll of this class is a very large proportion of the total payroll of the state." The report also states that "such employers are generally provided with an efficient agency for furnishing medical and surgical treatment." Out of a total of \$2,253,525 expended during the year ending June 30, 1930, for medical and hospital benefits for the cure and relief of persons injured in industry, "approximately \$552,494 was for services rendered under what is known as the 'contract medical plan.' Owing to the fact that it is impossible to analyze the 'contract medical' expense, no attempt has been made to show percentages for this item of cost." None of this expense is for medical or

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hospital care for injuries sustained outside of employment, or for ordinary disease.

MEDICAL PLANS LICENSED BY STATE

In Minnesota, employer-maintained plans for providing non-compensation medical or hospital care, or for paying cash benefits outside the field of workmen's compensation are brought under the supervision of the state authorities by Section 3444 of the General Statutes of 1923. In response to an inquiry, the Industrial Commission of Minnesota supplies the following information, shedding further light on the legal basis and present extent of plans for providing medical and hospital service to employees in the event of sickness or non-industrial injury, in return for a fixed, regular deduction from the employee's wages.

"You are advised that Section 3444, G.S. 1923, of this state, provides that 'no employer shall, by agreement with his employees or otherwise, make deductions from their wages for the purpose of furnishing them with medical or hospital care, accident, sickness, or old age insurance or benefits, either directly or through a mutual association, unless he has first received from the commissioner of insurance of this state, a license for the benefit plan he operates or proposes to operate. Such license shall be granted by the commissioner of insurance only when he is satisfied that the benefits given are commensurate with the charges made, and that the said charges are sufficient to keep the fund solvent. All such licenses shall be for the period of one year, and it shall be proper for the commissioner to require a statement of the operation of the fund, on a form to be prescribed by him before granting a renewal. The fee for any license granted under this act shall be \$1, and the fee for filing the annual statement \$1. Provided, that in any case before granting a license the commissioner of insurance shall submit the proposed plan to the commissioner of labor and industries in order that he may determine whether the benefits are in conjunction with benefits under the workmen's compensation act.'

"Our records show that at the present time there are 115 employers in this state who have taken advantage of this section of the law, and are now deducting a certain amount of money per month from the employees' wages for the purpose of providing additional benefits to the injured employees other than those prescribed in the Compensation Law. Different employers have different plans of operating their benefit fund. The Oliver Iron Mining Company (subsidiary of United States Steel Corporation) of Duluth, Minnesota, operates under what is known as the Mesaba plan. This same plan is being used by practically all iron mining companies in this state. The Northwestern Bell Telephone Company and the International Harvester Company, and many others too numerous to mention, all have their own plan of operation. The Oliver Iron Mining Company have their own doctors and hospitals, as do many other iron mining companies."

Inquiry of the Insurance Division of the Department of Commerce of the State of Minnesota brings out that licenses have been issued to 84 corporations, classified as follows: iron mining corporations, 30; manufacturing corporations, 16; public utilities, 4; other corporations, 34. The employer's application for a license sets forth that "no part of the sums collected from employees, as herein stated, has been used to pay for or defray any of the cost of said employer for medical, surgical or hospital services incurred on account or by reason of any accident for which said employer would have been liable under the provisions of section 23-a, general statutes, 1923, otherwise known as the Minnesota Workmen's Compensation Law." The report accompanying the application for license sets forth the number of non-compensation accident cases, and the number of cases other than accident, cared for during the period covered; also the amount paid out by the benefit fund for cases other than accidents. The report further separates the amount of benefits paid out to employees in case of industrial accident from the amount paid out by the benefit fund for medical and hospital service, outside the field of compensation.

The Insurance Division further states that "the iron mining corporations usually furnish their employees, and in some in-

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stances members of the employee's family, with medical, surgical and hospital services, and to cover such expense, deduct stipulated sums from the monthly wages of each employee. A number of logging camps (listed under 'other corporations') also supply their employees, but not members of their families, with medical and surgical aid as above, and to the payroll deductions of employees, usually contribute a sum equal to or in excess of the per capita payment by employees." ²

MICHIGAN COPPER MINING INDUSTRY

The leading producer of copper in the state is the Calumet and Hecla Consolidated Copper Company. In 1929 this company produced close to 50 per cent of the entire production of the state.³ This company writes that physicians and nurses are provided by the company, for which the employee contributes \$1.50 per month. This payment also entitles members of the employee's family to medicines and medical attendance. If confined to a hospital, there is a charge for hospital board. Examination of the Michigan workmen's compensation law fails to show any special provision relating to plans by which "self-insuring" employers undertake, in agreement with their employees, to provide medical or hospital care for non-compensation injuries and sickness, in return for an authorized payroll deduction. No information is available as to the extent of medical service in other copper companies operating in the state of Michigan.⁴

² The other benefit associations reported by the Insurance Division of Minnesota are, as far as can be judged by the information submitted, typical "establishment mutual benefit associations," like those described in Chapter XII. These associations pay cash benefit in the event of disability, but do not (except in a few instances) provide medical or hospital care.

³ *Copper in 1929*. U. S. Department of Commerce, Washington, 1931.

⁴ Personal inquiry by the author of this report in the chief industrial cities of Michigan satisfies him that outside of the iron ore and copper mining industries, it is not customary for the employer to provide medical care. The medical staff maintained by leading industrial corporations in connection with safety and accident-prevention programs are usually available for consultation by employees. The industrial health service does not, however, follow the employee into his home. The Wayne County Medical Society (Detroit and vicinity) informs us that it does not know of any company in which payroll deductions are made to cover the cost of medical care.