



Berkshire Advisor Resource, Inc.

CHANCES OF DISABILITY ME, DISABLED?

Disability statistics

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Millions of working Americans are facing a growing crisis: a lack of adequate disability insurance coverage. Today, the absence of emergency savings, rising medical costs, and an overall trend of fewer employers offering benefits to workers has created a critical blind spot for many American workers and their families. Without some kind of income protection, more Americans are experiencing severe financial difficulty if they need to miss work due to illness, injury, or pregnancy.

A lack of adequate disability coverage.

- At least 51 million working adults in the United States are without disability insurance other than the basic coverage available through Social Security¹.
- Only 48 percent of American adults indicate they have enough savings to cover three months of living expenses in the event they're not earning any income².
- Almost half of American adults indicate they can't pay an unexpected \$400 bill without having to take out a loan or sell something to do so³.

Chances of missing work due to illness, injury, or pregnancy are greater than most realize.

- More than one in four of today's 20-year-olds can expect to be out of work for at least a year because of a disabling condition before they reach the normal retirement age⁴.
- 5.6 percent of working Americans will experience a short-term disability (six months or less) due to illness, injury, or pregnancy on average every year⁵. Almost all of these are non-occupational in origin⁶.

The most common reasons for short-term disability claims are⁷:

1. Pregnancies (25%)
2. Musculoskeletal disorders affecting the back and spine, knees, hips, shoulders, and other parts of the body (20%)
3. Digestive disorders, such as hernias and gastritis (7.8%)
4. Mental health issues including depression and anxiety (7.7%)
5. Injuries such as fractures, sprains, and strains of muscles and ligaments (7.5%)

The most common reasons for long-term disability claims are⁸:

1. Musculoskeletal disorders (29%)
2. Cancer (15%)
3. Pregnancy (9.4%)
4. Mental health issues including depression and anxiety (9.1%)
5. Injuries such as fractures, sprains, and strains of muscles and ligaments (9%)

The consequences are alarming.

- A 2014 study of consumer bankruptcy filings identified the following as primary reasons: medical bills (26%), lost job (20%), illness or injury on part of self or family member (15%)⁹.
- A 2013 study of bankruptcy filings in Washington state found that cancer patients were 2.65 times more likely to go bankrupt than people without cancer, with younger (under age 50) cancer patients having the highest rates of bankruptcy¹⁰.

Workers' Compensation and Social Security do not cover most of these challenges.

- Workers' Compensation only covers time away from work if the disabling illness or injury was directly work-related. In 2016, only one percent of American workers missed work because of an occupational illness or injury¹¹.
- From 2006 to 2015, only 34 percent of Social Security Disability Insurance (SSDI) claimants had their applications approved: 23% at the initial application stage and the remainder after a reconsideration or appeals process¹².
- It generally takes three to five months from time of application for SSDI benefits to get an initial decision¹³. The backlog of appeals cases was more than one million in 2017, with associated processing time averaging more than 18 months¹⁴.
- The average SSDI benefit as of January 2018 was \$1,197 a month¹⁵. That equates to \$14,364 annually — barely above the poverty guideline of \$12,140 for a one-person household, and below the guideline of \$16,640 for a two-person household¹⁶.

1. American Council of Life Insurers, unpublished data from study released in September 2017 as Assessing Americans' Financial and Retirement Security. ACLI found that 54.3% of non-retired households (51.3 million in total) did not report having disability insurance. Assuming there is at least one adult in each household, this means the number of "uncovered" adults is at least equal to the number of "uncovered" households.
2. Federal Reserve, [Report on the Economic Well-Being of U.S. Households in 2016](#) (PDF), page 26.
3. Ibid
4. Social Security Administration, [Disability and Death Probability Tables for Insured Workers Born in 1997](#), Table A.
5. Integrated Benefits Institute, [Health and Productivity Benchmarking 2016](#) (released November 2017), Short-Term Disability, All Employers. Group average for new claims per 100 covered lives.
6. Group MarketShare, a disability-benefits market research firm, reports that 96% of in-force group short-term disability plans provide cover- age for non-occupational disabilities only
7. Integrated Benefits Institute, Health and Productivity Benchmarking 2016 (released November 2017), Short-Term Disability, All Employers. Condition-specific results.
8. Integrated Benefits Institute, Health and Productivity Benchmarking 2016 (released November 2017), Long-Term Disability, All Employers. Condition-specific results.
9. Austin, Daniel A., Medical Debt as a Cause of Consumer Bankruptcy (2014). Maine Law Review, Volume 67, No. 1, pp. 1 – 23 (2014); Northeastern University School of Law Research Paper No. 204-2014. Available at [SSRN](#). See especially Table 1.
10. Ramsey, S. D., Blough, D. K., Kircho , A. C., Fedorenko, C. R., Snell, K. S., Kreizenbeck, K. L., ... Overstreet, K. A. (2013). Washington Cancer Patients Found To Be At Greater Risk For Bankruptcy Than People Without A Cancer Diagnosis. [Health Affairs](#) (Project Hope), 32(6), 1143–1152.
11. Bureau of Labor Statistics, Employer-Reported Workplace Injuries and Illnesses (Annual) 2016, Table1 Incidence rates of nonfatal occupational injuries and illnesses by industry and case types, cases with days away from work.
12. Social Security Administration, [Annual Statistical Report on the Social Security Disability Insurance Program](#), 2016. Chart 11.
13. Social Security Administration, [Factsheet](#)
14. Allsup, [State-by-State Disability Backlog](#), May 2017
15. Social Security Administration, [Monthly Statistical Snapshot](#), February 2018
16. ASPE, [Poverty Guidelines](#) 2018

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