The Aging U.S. Workforce: Implications for Lost Productivity from Disability Leaves

June 10, 2017
Work, Stress and Health Conference, Minneapolis

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About IBI

• 501(c)(6) non-profit business association
  • Established 1995
  • 1,200+ organizational members – mostly employers

• Help business leaders to:
  • Understand the toll that illness takes on workers’ productivity
  • Recognize the competitive advantages of helping employees get and stay healthy

• Research, data, tools and educational activities
Summary Findings

- Four out of every 1,000 older employees took disability leave for a mental health condition
  - Compared to 8 cardiovascular and 26 musculoskeletal claims
  - 5/1,000 prime age workers took mental health disability leave

- Older workers’ MH disability leaves last longer than prime age and younger workers’ leaves
  - And they are more likely to use long-term disability benefits

- Aging U.S. workforce: Growth in disability lost work time will outpace overall labor force growth
Older Workers Will Account for All the Growth in the U.S. Workforce

- Older workers (55+): 22% of US workforce in 2014
  - 20% growth by 2024
  - Younger workers (16-24) decline by 13%
- 5% overall workforce growth
How Will Aging Workforce Impact Disability Leaves?

• How often do workers from different age groups take short- and long-term work disability leave (STWD & LTWD) for mental health and other common conditions?

• How do leave durations differ by age group? — And what is the risk for transition into LTWD?

• What are the estimated costs of disability leave to employers and employees?
STWD Benefits in the U.S.

- Wage replacement benefits if temporarily unable to work due to non-occupational medical or mental health conditions
- CA, HI, NJ, NY, and RI require STWD coverage for workers
- Typical policy:
  - One week waiting period
  - 6 months maximum benefit
  - About 60% of wages, up to a maximum amount
- About 36% of U.S. workers have access to employer-provided benefits (BLS)
Data Description

• IBI Health and Productivity Benchmarking Database
  • Disability claims collected from 14 large insurance providers’ books of business in 2015
    – 1.6 million STWD claims from 17,000 employer disability policies
    – 300,000 LTWD claims from 40,000 employer disability policies
  • Demographic information from BLS to simulate aggregate disability losses over time
Four Out of Every 1,000 Older Workers Took Disability Leave for a Mental Health Condition

Based on 1.1 million new STWD claims in 2015
Most MH leaves are for depression or anxiety

Based on 99,000 million new MH STWD claims in 2015
Older Workers Experience Longer Disability Leaves …

Based on 1.1 million STWD claims that closed in 2015
... and are More Likely to Transition into LTWD

Based on 494K STWD claimants covered for LTWD benefits in 2015
Social Security Retirement Age Limits
Older Workers’ LTWD Durations

Avg. lost workdays per LTWD claim
- Mental health
- Cardiovascular disease
- Musculoskeletal
- All others

Based on 128k LTWD claims that closed in 2015
Growth in Disability Lost Work Time Will Outpace Overall Labor Force Growth

Notes: Projections assume that 2015 claims rate, coverage, and lost workday values remain constant. Assumes 36% of workers are covered for STWD and LTWD benefits. Incurred lost workdays are counted on first day of claim.
Policy Implications

• Multiple stakeholder interests in reducing disability burden
  – Workers: income protection
  – Employers: Productivity loss
  – Public and private safety net providers

• Primary/preventive care resources may reduce direct and indirect productivity burden of illness

• RTW programs targeted to specific needs of older workers
Questions?
Comments?
Suggestions?
Critiques?

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