



U.S. SHORT-TERM DISABILITY (STD) AND SICK LEAVE COST PROJECTIONS FOR CONFIRMED COVID-19 CASES

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Executive Summary

To provide insights into the financial burden of COVID-19 associated with lost work time costs, IBI reviewed employment, wage and leave benefit data from the U.S. Bureau of Labor Statistics (BLS) and lost workday experiences contained in IBI’s dataset of employer-sponsored short-term disability (STD) claims to estimate the incidence and absence compensation for employees who take extended sick days or STD leaves for a coronavirus diagnosis. To help support the public policy discussion on strategies to respond to the pandemic, the analysis offers insights into low-, mid- and high-range scenarios depending on the total COVID-19 cases across the country.

| | Low-range (4M US cases) | Mid-range (8M US cases) | High-range (15M US cases) |
|-----------------------|----------------------------|----------------------------|------------------------------|
| Employee cases | 1.5M | 3M | 5.6M |
| Small firms (>500) | 789K | 1.6M | 3M |
| Large firms | 716K | 1.4M | 2.7M |
| STD claims | 648K | 1.3M | 2.4M |
| STD wage replacements | \$1.2B | \$2.4B | \$4.5B |
| Total costs | \$6.1B | \$12.7B | \$23.3B |

Under a low-range scenario of 4 million U.S. coronavirus cases:

- Employed patients will make up 1.5 million of the cases. Almost 800,000 of those cases will be from employees of small firms (<500 employees) who are now entitled to paid sick days under the Families First Coronavirus Response Act (FFCRA) that went into effect April 1, 2020.
- Nearly 650,000 coronavirus STD claims will increase the average annual STD claims volume from 2011-2018 (3.1 million) by 21%.

- STD wage replacement payments for eligible employee coronavirus cases will total \$1.2 billion. This is the equivalent of 20% of the in-force premiums collected by insurance carriers in 2018 (\$6.1 billion).
- Based on an average absence duration of 20 lost workdays per case (the weighted average duration of STD claims for influenza, pneumonia and respiratory failure), lost work time cost for employee coronavirus cases is projected to total \$6.1 billion. This amount equates to a 6.4% increase in sick day and STD payments from 2018 (\$97 billion).

Under a mid-range scenario of 8 million U.S. coronavirus cases:

- Employed patients will make up 3.0 million cases. 1.6 million cases will be from employees of small firms.
- 1.3 million coronavirus STD claims will increase the average annual STD claims volume by 42%.
- STD wage replacement payments for eligible employee coronavirus cases will total \$2.4 billion, the equivalent of 40% of 2018 in-force premiums.
- Lost work time cost for employee coronavirus cases is projected to total \$12.7 billion, the equivalent of a 13% increase in 2018 sick day and STD payments.

Under a high-range scenario of 15 million U.S. coronavirus cases:

- Employed patients will make up 5.6 million cases. Almost 3 million cases will be from employees of small firms.
- 2.4 million coronavirus STD cases will increase the average annual STD claims volume by 79%.
- STD wage replacement payments for eligible employee coronavirus cases will total \$4.5 billion, the equivalent of 75% of 2018 in-force premiums.
- Lost work time cost for employee coronavirus cases is projected to total \$23.3 billion, the equivalent of a 24% increase in 2018 sick day and STD payments.

The full lost work time impact of employees directly impacted by the pandemic—which would include expanded family medical leave to care for out-of-school children and sick leave due to quarantines, isolation orders and undiagnosed conditions with coronavirus symptoms—is beyond the scope of this analysis.



About IBI

Founded in 1995, the Integrated Benefits Institute (IBI) is a national, nonprofit research and educational organization focused on workforce health and productivity. IBI provides data, research, tools and engagement opportunities to help business leaders make sound investments in their employees' health. IBI is supported by more than 1,200 member companies representing over 20 million workers.

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