



The Crisis of Disability Coverage in America

Educating Working Americans About the Need for Income Insurance

51 million 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 Americans.

Portland, ME, April 9, 2018 — Recent data by the American Council of Life Insurers shows that 51.3 million households in the United States are without disability insurance other than the basic coverage available through Social Security. That means at least 51 million working Americans — as many people as the populations of Texas and

Florida combined — are without adequate income protection.

Yet 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 age 67 (the normal retirement age), and nearly six percent of working Americans will experience a short-term disability (six months or less) due to illness, injury, or pregnancy on average every year.

Without income protection in place, many Americans are experiencing severe financial difficulty when they need to miss work due to illness, injury, or pregnancy.

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About the Campaign

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RealityCheckup is a campaign spearheaded by The Council for Disability Awareness, a national nonprofit organization dedicated to helping working adults understand the importance of having alternate sources of income for times when they cannot work due to illness, injury, or pregnancy.

The campaign website, RealityCheckup.org, launches in April 2018 in the lead-up to Disability Insurance Awareness Month, held annually in May. The first goal of the campaign is to encourage people to take the time to consider the reality of missing work — and a paycheck — for any period of time, and to understand that it happens more than any of us would like to think. It isn't something anyone likes to contemplate, but the risk is real.

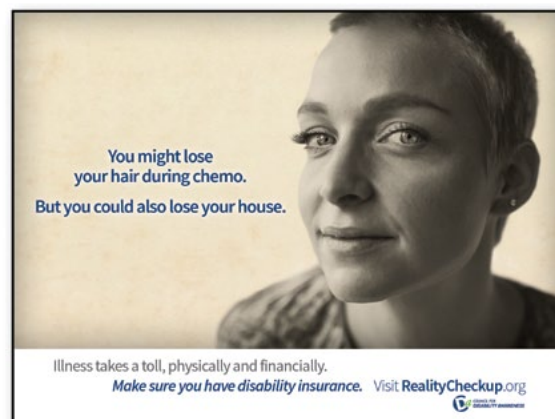
The second goal is to help people identify the steps to insure themselves against this possibility. Each individual's approach and solution will be different, but we want everyone to understand that some form of insurance coverage is a critical part of a responsible financial plan.

Visit RealityCheckup.org

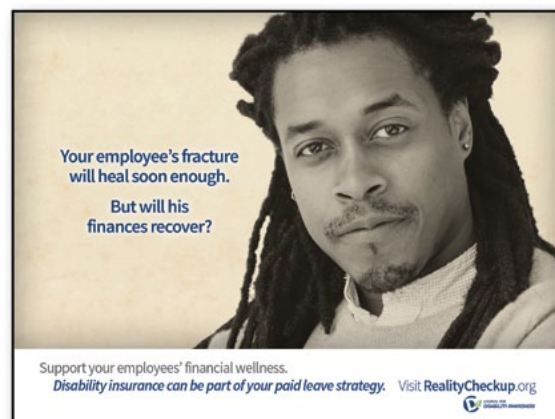


To organize interviews and receive high resolution campaign images, please contact:

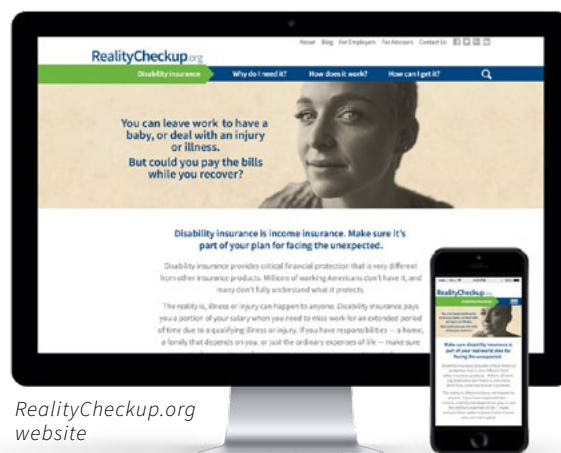
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Consumer messaging



Employer messaging



RealityCheckup.org website

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Key Facts in 2018

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.

Here are the critical numbers.

- **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 age.¹
- **At least 51 million** working adults in the United States are without disability insurance other than the basic coverage available through Social Security.²
- **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 income.³
- **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 so.⁴

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

- **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 year.⁵ Almost all of these are non-occupational in origin.⁶

• 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 (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 bankruptcy.¹⁰

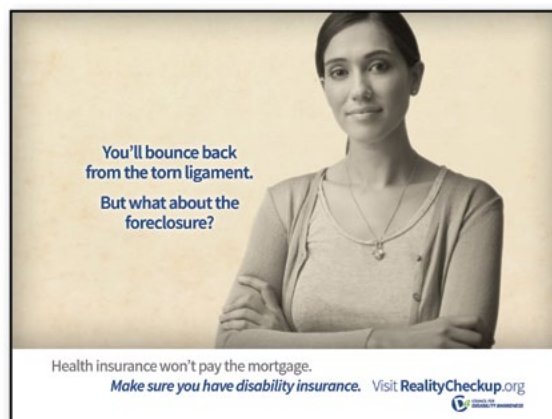
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Workers' Compensation and Social Security do not cover most of these challenges.

- 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 injury.¹¹
- From 2006 to 2015, only 34 percent of Social Security Disability Insurance (SSDI) claimants had their applications approved: 23 percent at the initial application stage and the remainder after a reconsideration or appeals process.¹²
- It generally takes three to five months from time of application for SSDI benefits to get an initial decision.¹³ The backlog of appeals cases was more than one million in 2017, with associated processing time averaging more than 18 months.¹⁴



- The average SSDI benefit as of January 2018 was \$1,197 a month.¹⁵ 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 household.¹⁶

¹ Social Security Administration, Disability and Death Probability Tables for Insured Workers Born in 1997 <https://www.ssa.gov/oact/NOTES/ran6/an2017-6.pdf>, Table A.

² 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.

³ Federal Reserve, Report on the Economic Well-Being of U.S. Households in 2016 <https://www.federalreserve.gov/publications/files/2016-report-economic-well-being-us-households-201705.pdf>, page 26.

⁴ Ibid

⁵ Integrated Benefits Institute, Health and Productivity Benchmarking 2016 <https://www.ibiweb.org/benchmarking/> (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 coverage 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: <https://ssrn.com/abstract=2515321> See especially Table 1

¹⁰ Ramsey, S. D., Blough, D. K., Kirchoff, 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. <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2012.1263>

¹¹ Bureau of Labor Statistics, *Employer-Reported Workplace Injuries and Illnesses (Annual)* 2016, Table 1 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 https://www.ssa.gov/policy/docs/statcomps/di_asr/2016/sect04.html Chart 11

¹³ Social Security Administration, Factsheet <https://www.ssa.gov/disability/Documents/Factsheet-AD.pdf>

¹⁴ Allsup, State-by-State Disability Backlog <https://www.allsup.com/media/files/stateby-state-backlog-2017.pdf> May 2017

¹⁵ Social Security Administration, Monthly Statistical Snapshot https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/#table2 February 2018

¹⁶ ASPE, Poverty Guidelines 2018 <https://aspe.hhs.gov/poverty-guidelines>

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About The Council for Disability Awareness

The Council for Disability Awareness (The CDA) is a national nonprofit organization dedicated to helping working adults understand the importance of having alternate sources of income for times when they cannot work due to illness, injury, or pregnancy. The CDA is a business council that acts as a hub of knowledge for the media and wider public: curating information, releasing research reports, and acting as an industry source for journalists.



Carol Harnett, President

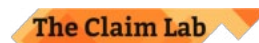
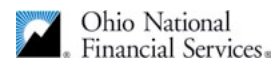
Carol Harnett is a thought leader, speaker, and writer in the fields of general employee benefits, health and productivity management, and value-based health. She authors the employee benefits column for *Human Resource Executive* and co-hosts the radio shows:

CoHealth Checkup and The Financial Health and Income Network.

Previous to her work for The CDA, Harnett held key positions in the insurance industry as the Vice President and National Disability and Life Practice Leader for The Hartford and The Prudential's Director of Resources and Rehabilitation Services. She also led the Kessler Institute for Rehabilitation's industrial medicine department. Harnett sits on the Board of Directors of Disabled Sports/USA.

Member Companies

The CDA is a 501(c)6 nonprofit organization whose members include leading insurance companies:



The CDA website:

DisabilityCanHappen.org

The CDA on social media:



Consumer-focused site:

RealityCheckup.org

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