

Millions of working Americans are facing financial uncertainty.

The absence of emergency savings, rising medical costs, and an overall trend of fewer employers offering benefits to workers has created a uniquely challenging time. But now as much as ever, it's important to understand that without some kind of income protection, more Americans could face severe financial difficulty if they need to miss work due to illness, injury or pregnancy.

Here are the critical numbers.

- **Just under 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 were without disability insurance other than the basic coverage available through Social Security in 2022.²
- **Nearly 4 out of 10 American adults** indicate they can't pay an unexpected \$400 bill without having to carry a balance on their credit card or borrow money from friends, family, or the bank.³

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

- **Prior to the pandemic, around 5% of working Americans** experienced a short-term disability (six months or less) due to illness, injury, or pregnancy.⁴
 - Almost all short-term disability plans involve non-occupational coverage.⁵
- **The most common reasons for short-term disability claims are⁶:**
 - Pregnancies (18.0%)
 - Infectious/parasitic diseases, including Covid-19 (15.9%)
 - Musculoskeletal disorders affecting the back and spine, knees, hips, shoulders, and other parts of the body (15.1%)
 - Injuries such as fractures, sprains, and strains of muscles and ligaments (9.9%)
 - Mental health issues including depression and anxiety (8.3%)
- **The most common reasons for long-term disability claims are⁷:**
 - Musculoskeletal disorders (25.2%)
 - Injuries such as fractures, sprains, and strains of muscles and ligaments (13.1%)
 - Cancer (11.5%)
 - Mental health issues (9.1%)
 - Circulatory (heart attack, stroke) (7.3%)

The consequences are alarming.

- A 2019 study of consumer bankruptcy filings found that 77.8% of debtors cited income loss as a contributor to their bankruptcy. This included 44.3% specifically citing medically-related work loss as a contributor.⁸
- A large-scale study linking cancer registry data and credit records in western Washington state found that cancer patients were 71% more likely to experience a severe adverse financial event and 28% more likely to have past-due credit card payments than people without cancer.⁹

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 2023, only 1.0 percent of American workers missed work because of an occupational illness or injury.¹⁰
- From 2013 to 2022, only 30 percent of Social Security Disability Insurance (SSDI) claimants had their applications approved: around 20 percent at the initial application stage and the remainder after a reconsideration or appeals process.¹¹
- It generally takes three to five months from time of application for SSDI benefits to get an initial decision.¹²



- The backlog of appeals cases was more than 331,000 at the end of September 2024, with an average processing time of 231 days.¹³
- The average SSDI benefit for a disabled worker as of February 2025 was \$1,581 a month.¹⁴
- That equates to \$18,972 annually – which is below the poverty guideline of \$21,150 for a two-person household.¹⁵

To learn more, visit the Council For Disability Income Awareness' website, [TheCDIA.org](https://www.thecdia.org).

¹ Social Security Administration, Disability and Death Probability Tables for Insured Workers Who Attain Age 20 in 2024 <https://www.ssa.gov/oact/NOTES/ran6/an2024-6.pdf> Table A, Column 1 (Probability of Disability Before NRA).

² According to ACLI analysis of 2022 U.S. Census data and Strategic Business Insights 2020 MacroMonitor Household Survey, 53.7% of non-retired households (51.2 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. (Source: Andrew Melnyk, Chief Economist, ACLI. <https://impact.acli.com/author/andrewmelnyk/>).

³ Federal Reserve, Report on Economic Well-Being of U.S. Households in 2023 - May 2024 <https://www.federalreserve.gov/publications/files/2023-report-economic-well-being-us-households-202405.pdf> Figure 21.

⁴ Integrated Benefits Institute, *IBI Benchmarking Analytics Series: Which Diagnoses Drive STD Incidence, Costs and Lost Time?* <https://www.ibiweb.org/resources/ibi-benchmarking-analytics-which-diagnoses-drive-std-incidence-costs-and-lost-time>. During the pandemic (2020-22), there was a 57% increase in the rate of health-related absences from work compared to the five-year period ending in 2019, and in 2023 absence rates had yet to return to pre-pandemic levels. (Source: <https://www.linkedin.com/pulse/health-related-work-absence-2023-we-entering-new-era-fred-schott-i2f2e/>)

⁵ State-run short-term disability plans are all non-occupational. As for private plans, AskGMS (a group benefits market research firm) reports that 96% of in-force group short-term disability plans provide coverage for non-occupational disabilities only. <https://www.askgms.com/disability-and-life-insurance.html>

⁶ Integrated Benefits Institute, Health and Productivity Benchmarking 2022 (released 2Q 2024), Short-Term Disability, All Employers. Condition-specific results. See <https://www.ibiweb.org/tools-analysis/benchmarking>

⁷ Integrated Benefits Institute, Health and Productivity Benchmarking 2022 (released 2Q 2024), Long-Term Disability, All Employers. Condition-specific results. See <https://www.ibiweb.org/tools-analysis/benchmarking>

⁸ David U. Himmelstein, Robert M. Lawless, Deborah Thorne, Pamela Foohey, Steffie Woolhandler, "Medical Bankruptcy: Still Common Despite the Affordable Care Act," *American Journal of Public Health* 109, no. 3 (March 1, 2019): pp. 431 – 433. See Table 1. Free access available at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6366487/>

⁹ Veena Shankaran et al. Risk of Adverse Financial Events in Patients With Cancer: Evidence From a Novel Linkage Between Cancer Registry and Credit Records. *Journal of Clinical Oncology* 40, 884-891(2022). <https://ascopubs.org/doi/10.1200/JCO.21.01636>

¹⁰ Bureau of Labor Statistics, *Employer-Reported Workplace Injuries and Illnesses (Annual)* 2023, Table 1 Incidence rates of nonfatal occupational injuries and illnesses by industry and case types, cases with days away from work. <https://www.bls.gov/web/osh/table-1-industry-rates-national.htm> Retrieved 3/21/25

¹¹ Social Security Administration, *Annual Statistical Report on the Social Security Disability Insurance Program, 2023* (released October 2024) https://www.ssa.gov/policy/docs/statcomps/di_asr/2023/sect04.html#chart1.1.

¹² Social Security Administration, Factsheet <https://www.ssa.gov/disability/Documents/Factsheet-AD.pdf>

¹³ Social Security Administration, FY 2024 Agency Financial Report, Other Information. <https://www.ssa.gov/finance/2024/Other%20Information.pdf>

¹⁴ Social Security Administration, Monthly Statistical Snapshot February 2025 https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/#table2

¹⁵ HHS Poverty Guidelines for 2025, <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines> Retrieved 3/21/25