



## IBI BENCHMARKING ANALYTICS

*IBI members occasionally request information about disability leaves that is not included in the standard benchmarking reports. When IBI can provide an answer that may be of interest to other members, we make the results available in a series of analytic findings.*

### SHORT- AND LONG-TERM DISABILITY OUTCOMES FOR MENTAL AND BEHAVIORAL HEALTH CLAIMS

[National Mental Health Awareness Week](#)<sup>1</sup> occurs the first week of each October. To help understand the impact of mental and behavioral health disorders on disability, IBI conducted an analysis of disability costs and durations using claims from its Benchmarking data system. Our analysis finds that mental/behavioral health claims—particularly claims for depression and other mood disorders—are relatively common, last longer than claims for many other diagnoses, and are costly in terms of payments made to absent workers.

#### Summary Findings

- Mental and behavioral health claims comprised 7% of new short-term disability (STD) claims from 2011-2017, and 9% of active long-term disability claims. The majority of mental/behavioral health claims were for depression and other mood disorders.
- The average depression/mood disorder STD claim lasts 81 days, compared to 72 days for anxiety claims, and 67 days for other diagnoses.
- The average depression/mood disorder STD claim costs \$7,200, compared to \$6,200 for anxiety claims, and \$5,100 for other mental/behavioral health claims. Non-mental health STD claims cost an average of \$4,700.
- 10% of depression/mood disorder STD claims convert to LTD, at an average cost of \$40,200, compared to 7% of claims for anxiety at an average cost of \$34,200. STD claims for other mental/behavioral health conditions were less likely to convert to long-term disability (LTD), but were more expensive when this occurred (\$50,000 per LTD claim).
- Taking into account STD payments and the costs for STD claims that convert to LTD, the modeled cost of a disability event for depression/mood disorders is \$11,100 compared to \$8,600 for anxiety disorders. Other mental/behavioral health disabilities cost about \$8,000, while non-mental health disabilities cost about \$6,600.

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<sup>1</sup> National Alliance on Mental Illness, <https://www.nami.org/Get-Involved/Raise-Awareness/Awareness-Events/Mental-Illness-Awareness-Week>

## Data

The analysis was conducted using disability claims data from [IBI's disability benchmarking system](#). Each year, 14 major US disability insurers and absence management firms provide IBI with more than 6 million STD, LTD, Worker's Compensation (WC), and federal Family and Medical Leave Act (FMLA) claims from more than 65,000 employer disability and leave management policies.

This analysis used STD and LTD claims that were on suppliers' books of business in calendar years 2011 through 2017. These come from 44,000 unique employers' STD policies, and 60,000 unique employers' LTD policies. Claims include information on costs and durations of disability, as well as claim and claimant characteristics such as industry, plan design, state, date of birth, sex, and the primary diagnosis (International Classification of Diseases, 9th Revision [ICD-9] or 10th Revision [ICD-10]). Mental and behavioral health claims are indicated by ICD-9 codes 290.xx through 319.xx or ICD-10 codes F01.xx through F09.xx.

Payment information comes from nearly 7 million closed STD claims and nearly 900,000 closed LTD claims. Duration information for STD claims comes from more than 9 million closed claims.

## Data preparation

We report average claim outcomes based on the metric definitions used in IBI's industry summary benchmarking reports. We model the costs of a claim that enters the disability system as the sum of average STD payments and the product of the share of STD claims converting to LTD and average LTD payments. This is represented by the formula:

$$\text{Total disability costs} = \text{STD payments} + (\% \text{ converting to LTD} \times \text{LTD payments})$$

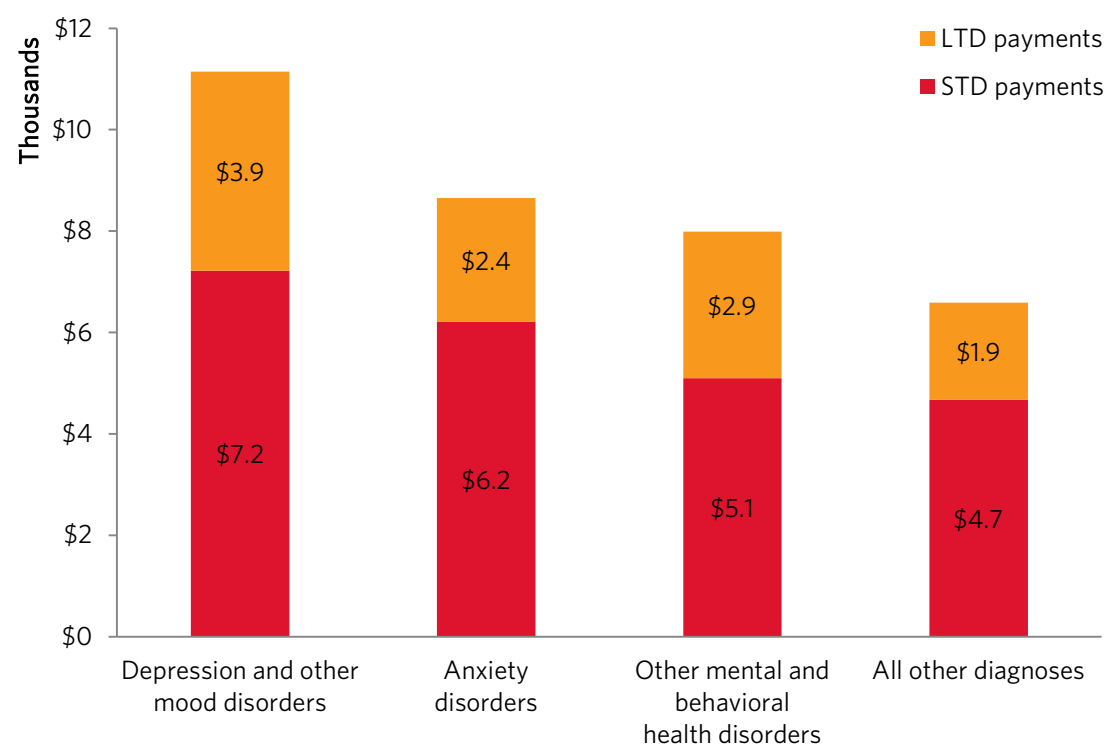
## Results

The table below shows the prevalence, cost and lost work time outcomes for STD and LTD claims for selected mental/behavioral health claims and for other diagnoses.

Compared to other conditions, STD claims for depression/mood disorders have the longest durations and highest costs. They are also the most likely to convert to LTD, where they continue to incur higher costs.

	Anxiety disorders	Depression and other mood disorders	Other mental and behavioral health disorders	All others
% of all new STD claims	2%	4%	1%	93%
% of all active LTD claims	2%	5%	2%	91%
<b>Average durations and costs</b>				
STD claim duration from disability to close (incl. EP), in days	72.0	80.8	66.6	67.1
Paid lost workdays for closed STD claims	42.9	48.7	39.8	39.8
Payments for closed STD claims	\$6,212	\$7,217	\$5,096	\$4,675
Share of closed STD claims converting to LTD	7%	10%	6%	6%
Payments for closed LTD claims	\$34,243	\$40,293	\$50,152	\$34,348

The figure below shows the modeled wage replacement cost of a disability event using the formula described in the data preparation section.



Analysis conducted October 2018.