



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.

DISABILITY LEAVES FOR FIVE COMMON TYPES OF CANCER

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Background

A member brought to our attention a January 2018 [Health Affairs](#) report detailing the San Francisco Cancer Initiative's (SFICI) efforts to reduce the burden of five common cancers—breast, lung, prostate, colorectal, and liver—for which there are proven methods of prevention and detection, and for which effective treatments are known.¹ The initiative can serve as a model for municipalities seeking to build coalitions of stakeholders to address public health issues.

Clearly, employers have a stake in the success of this initiative given cancer's impact on employees' lives. Yet their businesses will also benefit if improved prevention, detection and treatment reduces costly lost work time from cancer-related disability leaves from work. This analysis underscores that message by addressing three questions:

- How often do employees claim short-term disability (STD) benefits for common cancers?
- What are the STD wage replacements costs of these cancers?
- How often do STD claimants for common cancers fail to return to work before their benefits expire, and instead transition into long-term disability (LTD) benefits?
- What are the wage replacements costs of LTD claims for common cancers, and how much does this add to the final cost estimates for employees that enter the disability system?

¹ <https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2017.1260>

Summary Findings

- In 2016, neoplasms accounted for 6% of all new STD claims. The STD claims rate for breast, lung, prostate, colorectal, or liver cancer is about 190 per 10,000 employees covered for STD benefits.
- Liver cancers have the highest average STD wage replacement costs (about \$9,700, ± \$1,230), and the highest chance of exhausting disability benefits and transitioning into the LTD system (about 28%). Prostate cancers have the lowest STD costs (about \$6,200 ± \$295) and are comparatively less likely to transition into LTD.
- Once in the LTD system, prostate cancer claims have the highest wage replacement costs (about \$37,000± \$7400).
- Taking wage replacements for both STD and LTD into account, cancer and neoplasm claims are between 20% and 137% higher than costs for other claims. Moreover, LTD costs are about 40% of the total for the most the most expensive types of cancer claims, liver and lung cancers. Each of these cancers costs about \$16,000 once a person enters the disability system.

Implications for Employers

In addition to its human toll, cancer imposes economic costs on communities and the businesses within them. The SFCI provides one model of a public health partnership that could benefit patients, employers and communities alike. Considering many employers' experiences with cancer screening programs as part of their benefits strategies and their pivotal roles as payers for health insurance, efforts to engage the business community as coalition partners would undoubtedly strengthen collective cancer control efforts.

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DETAILED FINDINGS

Data

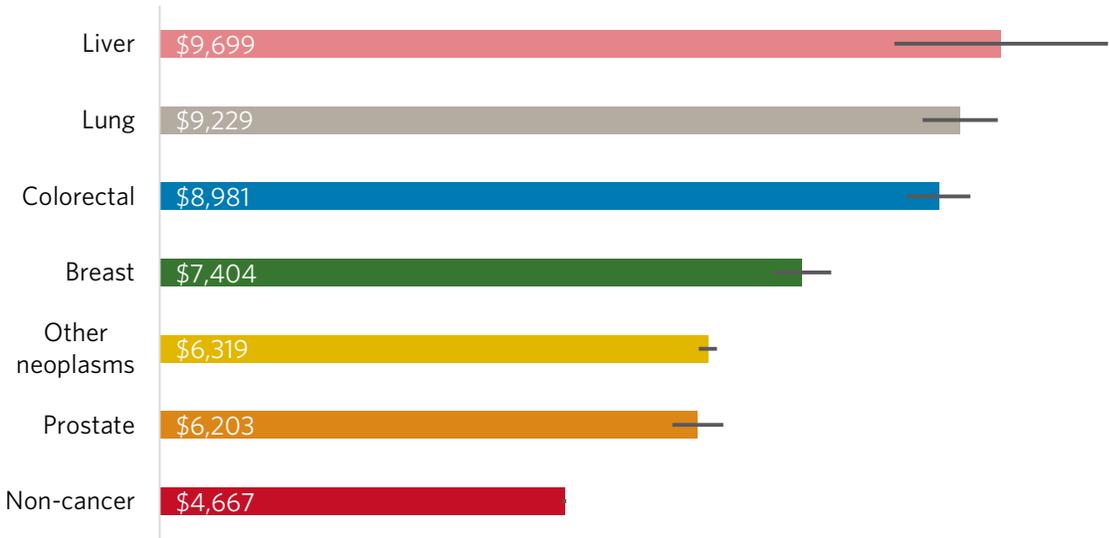
We analyzed STD and LTD benchmarking leave claims contained in [IBI's disability benchmarking system](#), data year 2016. We examined 90,432 STD claims and 46,149 LTD claims indicating a diagnosis (ICD-9 or ICD-10) for breast, lung, prostate, colorectal, and liver cancers, and for all other malignant and benign neoplasms. There were over 868,000 and 110,000 non-cancer STD and LTD claims, respectively.

Results

In 2016, neoplasms accounted for about 6% of all new STD claims. Considering that the cancers identified by SFCI accounted for 32% of all neoplasm claims, each year we would expect about 190 new claims for breast, lung, prostate, colorectal, or liver cancer per 10,000 employees covered for STD benefits.

Wage replacement costs for STD claims are a function of the claimant's wages and the disability policy's wage replacement rate—but also a strong reflection of the duration for which a claimant is absent from work. Figure 1 shows that among the five common cancers and other neoplasms, leaves for liver cancer have the highest costs (about \$9,700, ± \$1,230), while prostate cancers have the lowest costs (about \$6,200 ± \$295). STD wage replacements for cancers and neoplasms are between 33% and 170% higher than costs for all other types of disability claims.

Figure 1: Average STD wage replacements for common and other cancers

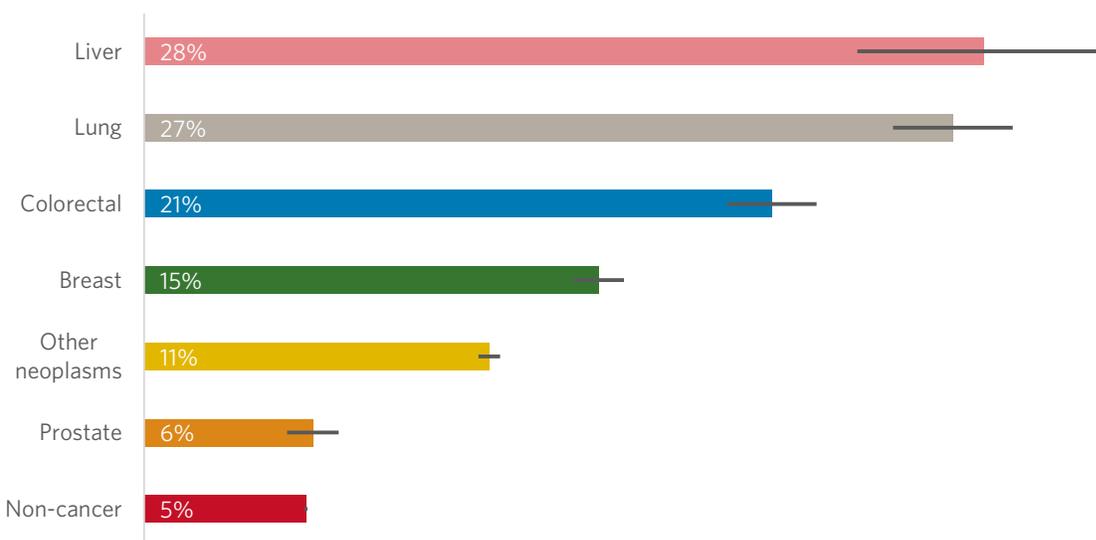


Note: The horizontal lines at the end of each bar represent the 95% confidence interval around the mean.

The costs shown in Figure 1 partly reflect the duration of STD claims. All else equal, claims are more expensive the longer an employee is on disability leave. Disability policies typically allow employees to collect benefits for up to 13 weeks or 6 months. Employees who cannot return to work before the maximum benefit duration for their policy will often transition into the LTD if they are covered for benefits.

Consistent with the costs shown in Figure 1, Figure 2 shows that more than one in four claims for liver and lung cancers transition into the LTD system compared to about one in ten neoplasm claims overall and only one in 16 prostate cancer claims. With the exception of prostate cancer, neoplasm claims between 100% and 500% more likely than other disability claims to enter the LTD system.

Figure 2: Percentage of STD claims for common and other cancers that convert to LTD

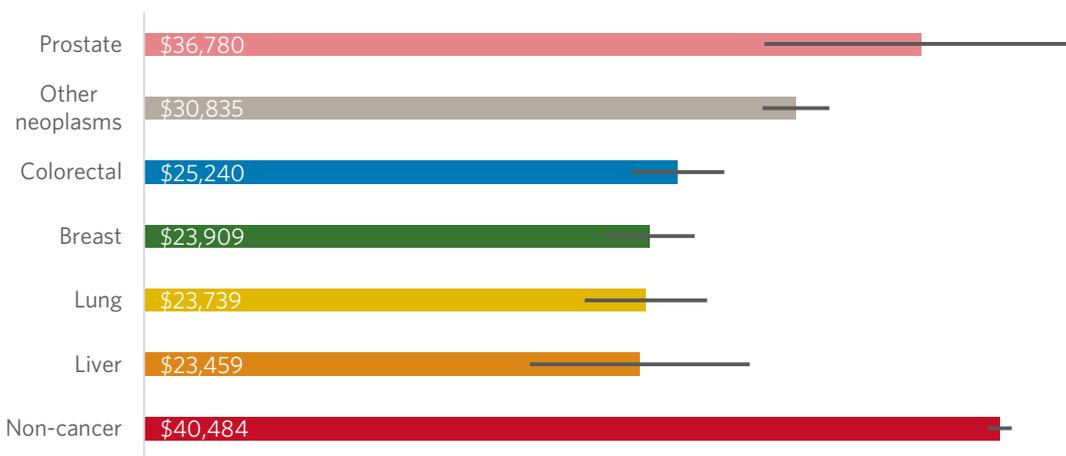


Note: The horizontal lines at the end of each bar represent the 95% confidence interval around the mean.

Figure 3 indicates that while STD claims for prostate cancer have a relatively low likelihood of transitioning into the LTD system, they have higher costs (and potentially a lower likelihood of returning to work) than other common types of cancer (about \$37,000± \$7400, compared to between \$24,000 and \$25,000 for other common cancers).

Unlike what was observed for STD claims, with the exception of prostate cancers, LTD wage replacements for neoplasms tend to be lower than those for other types of disability claims. One possible explanation is that much of the long durations observed for STD is driven by the course of cancer treatments—but that early detection and effective treatments for cancers nonetheless can minimize lost work time in the longer term. Alternately, cancer claims may have a higher rate of closing due to mortality rather than due to the claimant aging in to normal Social Security Retirement age.

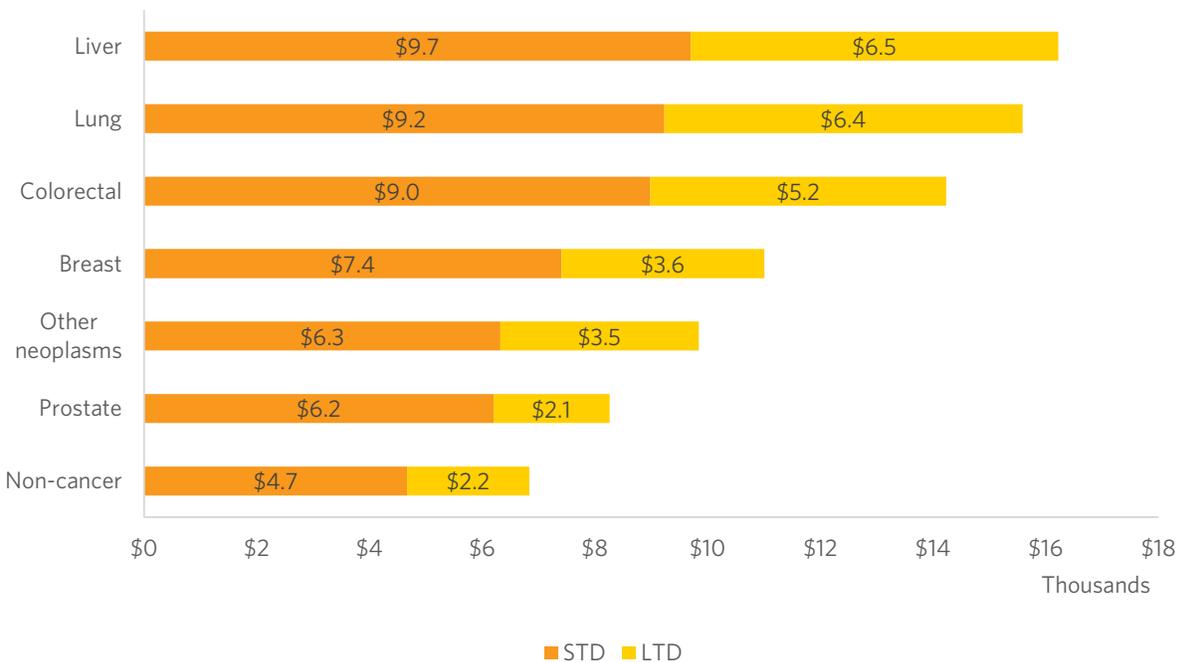
Figure 3: Average LTD wage replacements for common and other cancers



Note: The horizontal lines at the end of each bar represent the 95% confidence interval around the mean.

The total costs for an employee who enters the disability system with an STD claim for cancers and other neoplasms can be estimated by adding the adjusted LTD costs² to the average STD costs. Figure 4 not only shows the relatively high disability costs of liver and lung cancer claims—around \$16,000—but also that LTD costs for these claims (about 40% of the total) are disproportionately high compared to other cancers and to neoplasms more generally (between 25% and 37% of the total). LTD wage replacements for cancers and neoplasms are between 33% and 170% higher than costs for all other types of disability claims.

Figure 4: Total Claim Costs (in Thousands) for common and other cancers



² The adjusted LTD costs are the product of the average LTD claim costs and the average proportion of STD claims that convert to LTD.