



Designed *for* Health

**Disability claims in
focus: mental health,
COVID-19 and beyond**



Life's brighter under the sun

Disability incidence has been on a steady upward march. Behind this trend is a steep increase in mental health–related claims. Between 2014 and 2019, long-term disability (LTD) mental health claims rose 27% across Sun Life’s block of business. This is not unique to Sun Life – it’s a trend seen across our industry. Mental health is now the leading cause of disability among employers of all sizes, in every region and sector.

Launched in early 2020, our report [*Designed for Health, a focus on mental health disability claims*](#) unpacks this trend. It also provides guidance on how to support employee mental health.

The pandemic’s effect on mental health has added a critical layer of urgency to this issue. And the full impact on mental health is likely not to be felt until after we return to what looks more like “normal life.”

It’s more important than ever that employers understand the risks they face. Just as important is that they can act now to reduce the potential impacts to their organizations.

Mental health claims are the **leading claim type:**



representing over

30%

of all claims

Mental health claims are the **most costly claims**



representing

45%

of total claim costs

Mental Health LTD claims grew by



27%

between 2014
and 2019



More claims, longer durations

More claims mean higher costs for plan sponsors – higher premiums and costs related to productivity. But it's not just incidence at play. Mental health claims can be more complex to manage and often have longer durations than other claim types. So, while mental health claims account for over 30% of disability claims, they represent 45% of total claim costs.¹

This tendency to longer-duration claims is being tested further by the pandemic. Accessing treatment required for recovery has been more difficult. Many employers have put temporary or permanent layoffs in place. This means there is sometimes no job to return to. And it can be harder to accommodate a return to work when that return is to a “work from home” environment.

The pandemic's impact on mental health

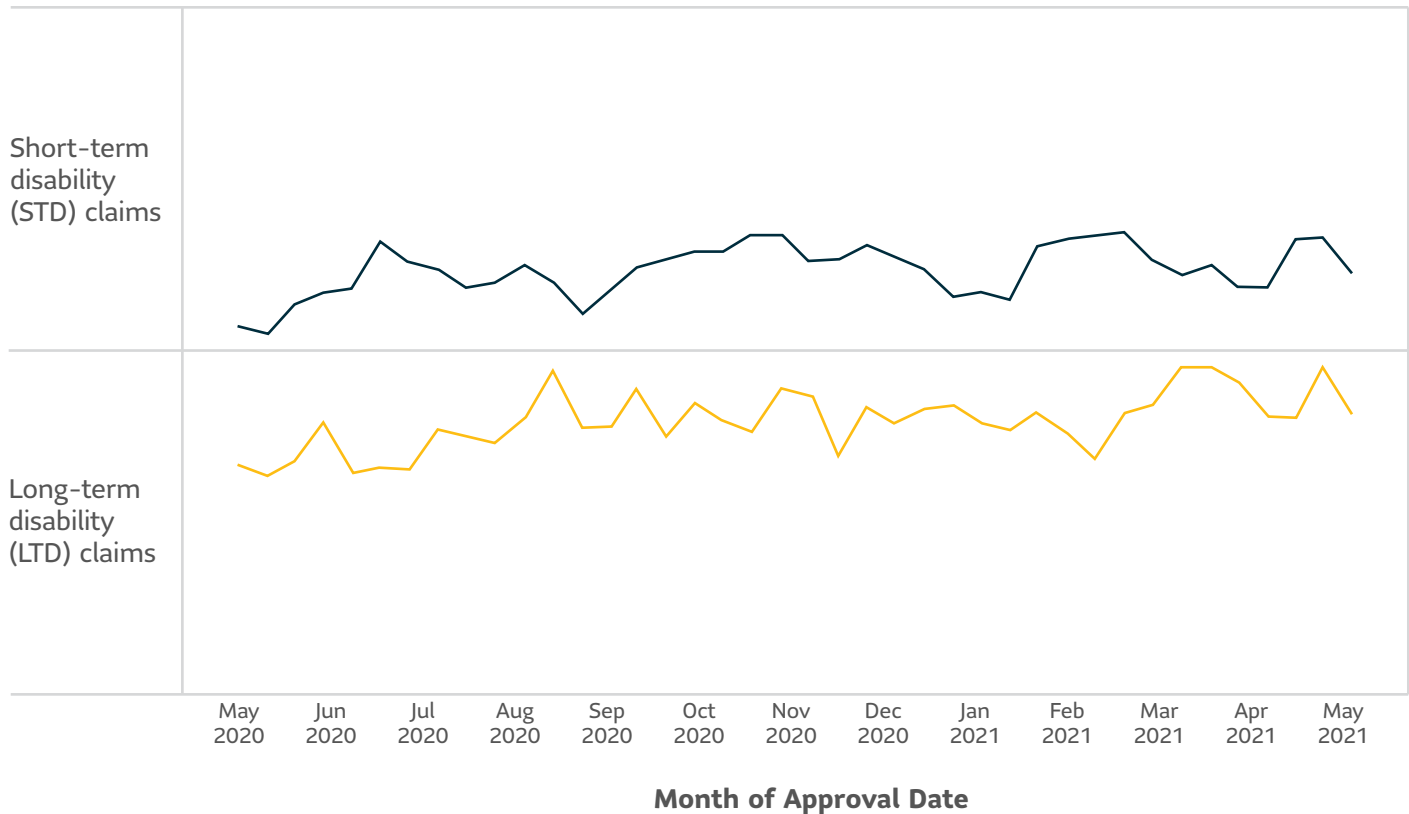
The pandemic is taking a significant toll on our mental health. A Sun Life survey found 60% of Canadians reported the pandemic was negatively impacting their mental health.² A year into the pandemic, Canadians reporting a personal diagnosis of depression or anxiety has increased by 25%.³

Prescriptions for drugs related to mental health have also increased sharply – up 21% year-over-year from 2019 to 2020.⁴

The effect on disability claims may be delayed

Despite the pandemic's impact on Canadians' mental health, we have not seen growth in mental health disability claims incidence. At least not yet.

Mental Health as Proportion of New Claims



Source: Sun Life block of business

This is consistent with research indicating that disability claiming tends to lag a crisis.⁵ The hypothesis is that during more difficult economic times, people experience increased stress, leading to anxiety and depression. However, they are able to keep functioning in the short term.

But as the crisis subsides, many employees are left depleted or "burned out." A healthier economy may also give people a sense of "safety" in their employment. They may be more confident in seeking support from their workplace, including applying for a disability claim.

Previous crises, such as the 2003 SARS outbreak and the Alberta wildfires, also provide insight. These experiences also tell us the full effects of the pandemic may have yet to be felt. They

indicate that post-traumatic stress disorder (PTSD), depression, anxiety and substance use issues may peak and remain elevated for months, even years, after the crisis.⁶

Other COVID-19 effects lead to further and even greater disability concerns. Pandemic restrictions have delayed the diagnosis and treatment of all types of health issues. They've also made managing chronic conditions, such as diabetes and heart disease, more difficult. This is a significant concern. The 2020 Sanofi Canada Healthcare Survey found that half of plan members reported having at least one chronic condition. Here too, the outcome may be more serious illness and a resulting increase in disability claims.

We're here to help

Disability incidence and cost are on the rise, driven primarily by mental health claims. And COVID-19 has the potential to accelerate this trend.

We have resources that can help. A successful mental health strategy is within reach of all organizations, no matter the size or available budget. Here are two free resources that can help guide you.

- **Mental Health Strategy toolkit.** A great place to start is our free online resource, the [Mental Health Strategy toolkit](#). It's a one-stop-shop that brings together our mental health practices, tools and resources. Consistent with the principles of the National Standard for Workplace Mental Health, it's a step-by-step guide to building an effective strategy for your organization
- **Manager training videos.** Our [online manager training videos](#) are available to all employers 24/7 at no cost. Through self-teaching video modules, people leaders learn to:
 - Identify potential mental health issues in the workplace
 - Communicate effectively
 - Help build a healthy environment
 - Identify and address the stigma related to mental health issues

We continue to add innovative solutions to support your employees. These include solutions for those at work experiencing mental health issues, as well as those on mental health-related leave. Here are some important examples:

- **Lumino Health Virtual Care** – 24/7 on-demand virtual care services, including mental health support⁷
- **Digital coach (“Ella”)** – uses AI to provide personalized health information and guidance to employees. This includes gentle nudges pointing employees to the mental health tools and resources available to them through their plan
- **Online Cognitive Behavioural Therapy (CBT)** – provides affordable, convenient therapy options
- **Pharmacogenomics** – a simple, non-invasive genetic test that identifies the right mental health medication faster
- **Mental Health Navigator** – guidance from a team of mental health specialists. This includes diagnosis, second opinions, creating a treatment plan, engaging care providers and prescribing
- **Virtual independent medical exams (IMEs)** – provide faster, less stressful mental health assessments





New pilot project: mental health coach

We're now piloting an innovative mental health coaching program with our own employees. The program uses predictive analytics to identify and reach out to high-risk plan members.

Employees are presented with the option of engaging with a "coach" – a licensed mental health practitioner. These coaches know the employee's available coverage and resources and can guide them on their individual mental health journey.

We will be assessing the program's effectiveness prior to rolling it out more broadly.

Learn more

Our most recent [Bright Paper](#) features how three employers made a great impact on their workplace mental health. They show that with the right approach, much is possible. Learn how you can apply the same principles to develop a successful mental health strategy for your organization.

For more information on how Sun Life can help, talk to your Sun Life representative.

¹Sun Life block of business

²Sun Life COVID-19 and Mental Health OMNI Study. Online interviews were conducted with 1000 Canadians across the country from April 29 – May 1, 2020.

³Mental Health Research Canada, Mental Health During COVID-19 Outbreak: Poll #5 of 13 in Series (Data collected in February 2021).

⁴Sun Life block data, 2019, 2020.

⁵Designed for Health, a focus on mental health disability claims, Sun Life, 2020.

⁶Mental Health in Canada: Covid-19 and Beyond – CAMH Policy Advice, July 2020; Uncovering the hidden iceberg: Why the human impact of COVID-19 could be a third crisis, Deloitte, 2020.

⁷Please consult our virtual care FAQ before recommending virtual care to clients and plan members: <https://www.sunlife.ca/content/dam/sunlife/regional/canada/documents/cxo/lhvc-plan-member-faq-vc-9317.pdf>

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