The hidden impact of health: Connecting medical spend and disability claims

Employers today face a dual challenge: rising healthcare costs and the operational impact of employee absences. According to Alight's analysis of 2 million claimants and $11 billion in medical spend, healthcare costs are projected to rise to the highest rate in over 20 years — yet medical spend is only part of the story. Behind the numbers are workforce trends that matter: higher frequency of disability claims for certain conditions, longer return-to-work durations and productivity ripple effects across teams.

The good news? These challenges present an opportunity. By breaking down silos between medical and disability data, absence management leaders can uncover actionable insights that improve employee outcomes and reduce organizational risk. This analysis sets out to:

— Quantify how chronic and complex conditions influence both medical spend and absence patterns.
— Identify which conditions have the greatest impact on cost and workforce availability.
— Translate these findings into practical strategies for absence programs.

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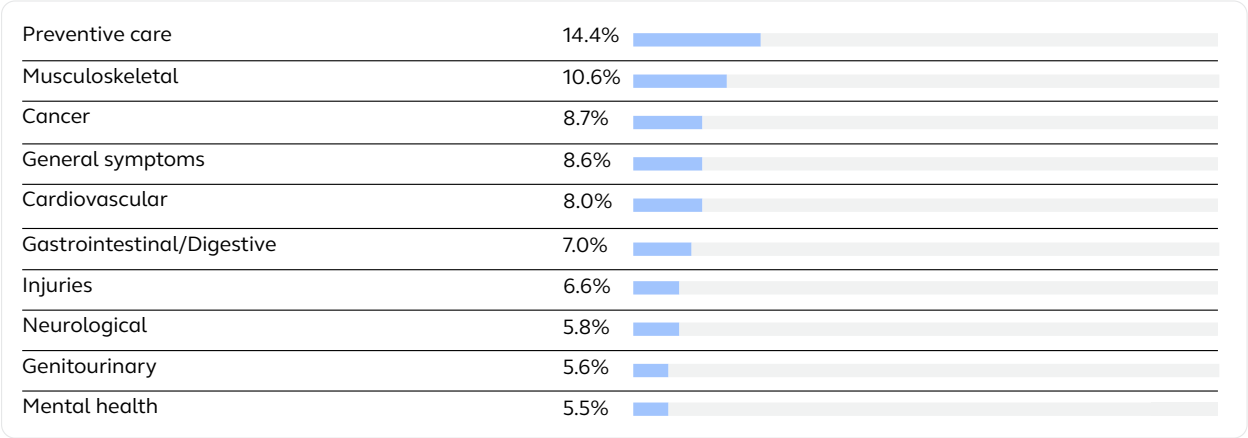
What does the data tell us?

Traditional separation of medical and disability data hides the true impact of health on workforce productivity. Connecting these data streams enables better planning, targeted interventions and cost control. Our analysis revealed five critical insights shaping both medical spend and absence patterns.

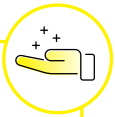
1 Medical spend is concentrated in a few conditions

Medical costs by condition



Five conditions — preventive care, musculoskeletal (MSK), cancer, general symptoms, cardiovascular — account for **over 50% of total medical spend.**

- **Preventive care:** 67% of unique patients; top cost driver.
- **MSK:** 26.6% prevalence; high cost per case.
- **Cancer:** Top 3 by cost, but not in top 10 by prevalence.
- **Cardiovascular:** 14.7% prevalence; high cost and duration.
- **General symptoms:** 41.9% prevalence.



Why it matters

A small set of conditions drive the majority of employer health spend. Understanding which conditions are both prevalent and costly enables targeted interventions, such as preventive screenings or MSK support programs, to mitigate downstream disability and absence costs.

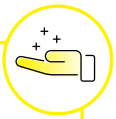
2 Preventive care

Top 10 conditions by prevalence	% of total unique patients*
Preventive care	67.4%
General symptoms	41.9%
Neurological	29.0%
Musculoskeletal	26.6%
Respiratory	26.5%
Diabetes and metabolic	23.2%
Dermatologic	17.4%
Mental health	16.2%
Genitourinary	15.1%
Cardiovascular	14.7%

**Patients may fall in more than one condition.*

Preventive care is the most prevalent and costly category in medical claims.

— 67.4% of unique patients had preventive care claims.
— Preventive care is not included in disability claims.



Why it matters
High engagement in preventive care may reduce downstream disability claims by enabling early detection and intervention. Absence programs should coordinate with health plans to promote preventive services.

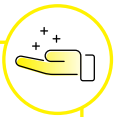
3 Disability absence is driven by a different mix

Top 10 conditions by prevalence	% of total closed claims
Pregnancy and childbirth	18.3%
Musculoskeletal	18.1%
Mental health	14.1%
Injuries	10.3%
Digestive	6.7%
Cancer	5.3%
Neurological	4.6%
Genitourinary	4.4%
Respiratory	4.0%
Cardiovascular	3.8%

Pregnancy/childbirth (18.3%) and MSK (18.1%) are the top two causes of disability claims, together accounting for **over one-third of closed claims.**

— Mental health (14.1%), injuries (10.3%), and digestive conditions (6.7%) round out the top five.

— The top five categories account for **67% of all disability-related absences.**

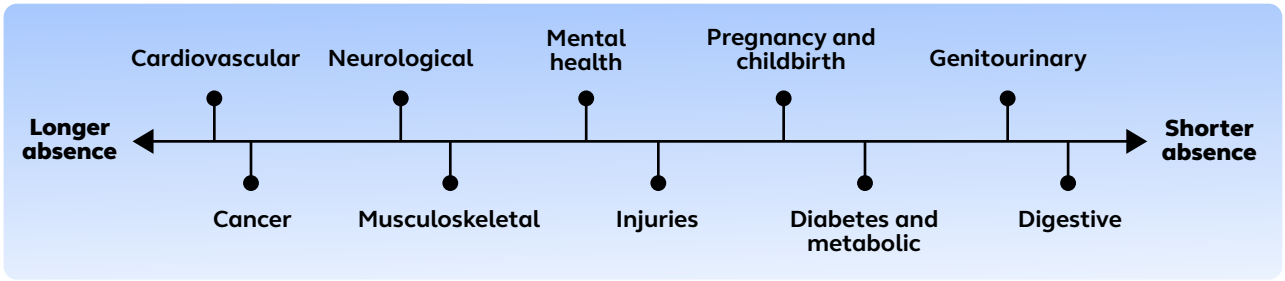


Why it matters

Absence programs must address both high-frequency (pregnancy, MSK) and high-impact (cancer, cardiovascular) conditions. Tailored RTW strategies are critical, especially for employees of childbearing age.

4 Longest absence durations are linked to low-prevalence, high-severity conditions

Conditions from longest to shortest duration



Cardiovascular disease and cancer have the longest average RTW durations, despite being less common.

- **Cardiovascular:** 3.8% of claims; longest duration.
- **Cancer:** 5.3% of claims; second-longest duration.
- MSK and mental health also have extended durations.

Why it matters

Even conditions with lower prevalence can have disproportionate effects on workforce availability and productivity. Programs should prioritize early intervention and case management for these high-severity conditions to reduce extended absences.

5 Generational differences shape condition prevalence and cost

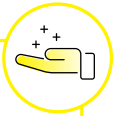
TOP MEDICAL CONDITIONS VARY BY GENERATION

Rank	Generation Z (Age 13–28)	Millenials (Age 29–44)	Generation X (Age 45–60)	Baby Boomers (Age 61+)
1	Mental health	Pregancy and childbirth	Preventive care	Cardiovascular
2	General symptoms	Preventive care	Musculoskeletal	Musculoskeletal
3	Injuries	General symptoms	Cancer	Preventive care
4	Preventive care	Musculoskeletal	Cardiovascular	Cancer
5	Musculoskeletal	Gastrointestinal	General symptoms	General symptoms

— *Age as of 1/1/2025 based on generations defined by birth year: Generation Z (1997-2012), Millennials (1981-1996), Generation X (1965-1980), and Baby Boomers (1946-1964).*
— *Data based on allowed medical cost for claims incurred in 2024 and paid through July 2025.*
— *Claims categorized based on primary diagnosis.*

Top medical and disability conditions vary significantly by age group:

— Mental health and pregnancy dominate for Gen Z and Millennials.
— Cancer and cardiovascular conditions rise with age.
— General symptoms decline as age increases.



Why it matters
Benefit strategies must be tailored to workforce demographics. Younger employees may require more mental health and pregnancy support, while older cohorts need resources for cancer and cardiovascular management.

Implications for absence management programs

Policy and process impacts:

— Eligibility and adjudication criteria should reflect both high-frequency and high-severity conditions.
— Accommodation and RTW protocols must be flexible to address varying durations and workforce demographics.
— Case triage should prioritize conditions with long RTW durations for proactive management.

People and technology impacts:

— Integrate medical and disability data for holistic risk assessment.
— Use analytics to segment by condition, age and duration.
— Automate eligibility checks and flag high-risk cases for manual review.
— Strengthen vendor coordination for seamless handoffs.

Recommendations for employers

Near-term (0–3 months):

— **Integrate medical and disability data:** Map diagnostic categories; establish data-sharing protocols.
— **Review RTW protocols:** Benchmark against current duration trends; revise policies.

Mid-term (3–12 months):

— **Tailor programs by demographics:** Adjust communications and interventions within your workforce by age group.
— **Enhance preventive care engagement:** Promote screenings; coordinate with health plans.

Longer-term (12+ months):

— **Invest in advanced analytics:** Predict high-risk cases; optimize resource allocation in those areas.
— **Strengthen vendor partnerships:** Improve coordination across health and disability programs based on the needs of your workforce.

Risks and mitigations

— **Compliance:** Ensure HIPAA and ADA compliance; conduct regular legal reviews.
— **Data quality:** Standardize data entry; audit periodically.
— **Change management:** Communicate benefits; provide training.
— **Resource constraints:** Prioritize high-impact actions; leverage vendor support.

The intersection of medical spend and disability claims reveals both visible and hidden drivers of workforce absence and cost. By integrating data, tailoring programs to workforce demographics and prioritizing high-frequency and high-severity conditions, employers can improve program effectiveness and employee outcomes.