The 2026 **Benefits Cost Refresh**

How to reduce hidden workforce health costs

FOREWORD

The new reality for Benefits and Reward leaders

The job has changed. Benefits and Reward used to be judged mostly on take-up and sentiment: how many people enrolled, how they rated a scheme, whether engagement looked healthy. Those measures still matter, but on their own they no longer carry a renewal.

With health costs rising faster than the rest of the budget, and that pressure expected to last for years rather than months, finance now wants benefits accounted for the way every other line is accounted for. The questions are more numerical, and harder to answer with a survey: what is this costing us, what is it returning, and how can you show it?

> *"The increase is not a one-off shock that will normalise. It is structural - driven by chronic disease, an ageing workforce and the steady arrival of expensive new medical technology.*

For Benefits and Reward, that creates an uncomfortable squeeze. Private medical insurance (PMI) premiums are climbing, the workforce carrying those premiums is getting older, and a large share of the real cost never shows up on an invoice at all. It shows up as people who are at their desks but in pain, working slowly, and slowly getting worse.

This guide does three things: it sets out where the 2026 cost pressure is actually coming from, it focuses on the three drivers a benefits leader can realistically move - PMI, ageing and productivity - and it gives you a simple way to estimate your own exposure and the return on acting. The aim is not more wellbeing. It is measurable cost management you can take into a renewal meeting and defend.

10.3%

global medical trend, 2026 (WTW). Aon 9.8%, Lockton 10.9%[1]

74%

of insurers name new medical technologies as the top cost driver[2]

55%

expect today's elevated costs to persist for 3+ years[6]

EXECUTIVE SUMMARY

Costs are structural - and MSK is now in the *top tier*

The headline numbers from the major 2026 trend reports tell a consistent story. Costs are rising faster than inflation, the rise is expected to persist, and the conditions driving it are increasingly ones that early intervention can influence.

Top 3 **global cost driver**

Musculoskeletal (MSK) disorders have moved into the top tier of global cost drivers for the first time, sitting alongside cancer and cardiovascular disease.[3]

The 2026 cost picture at a glance

- **10.3%** projected rise in global medical costs in 2026, up from 10.0% in 2025 (WTW). Aon puts the global average at 9.8%; Lockton at 10.9%.[1]
- **74%** of insurers name new medical technologies as the leading global cost driver; over half expect costs to keep climbing for more than three years (WTW).[2]
- **Top tier.** MSK has entered the top five cost-driving conditions for the first time (Aon), and ranks among the top three for some carriers (Lockton).[3]
- **Ageing.** Ageing populations are cited as a primary driver of trend across multiple regions (Aon, Mercer Marsh Benefits).[4]
- **Concentration.** A small group of high-cost claimants drives most spend, and the number of members with very large claims has risen sharply (Alliant).[5]

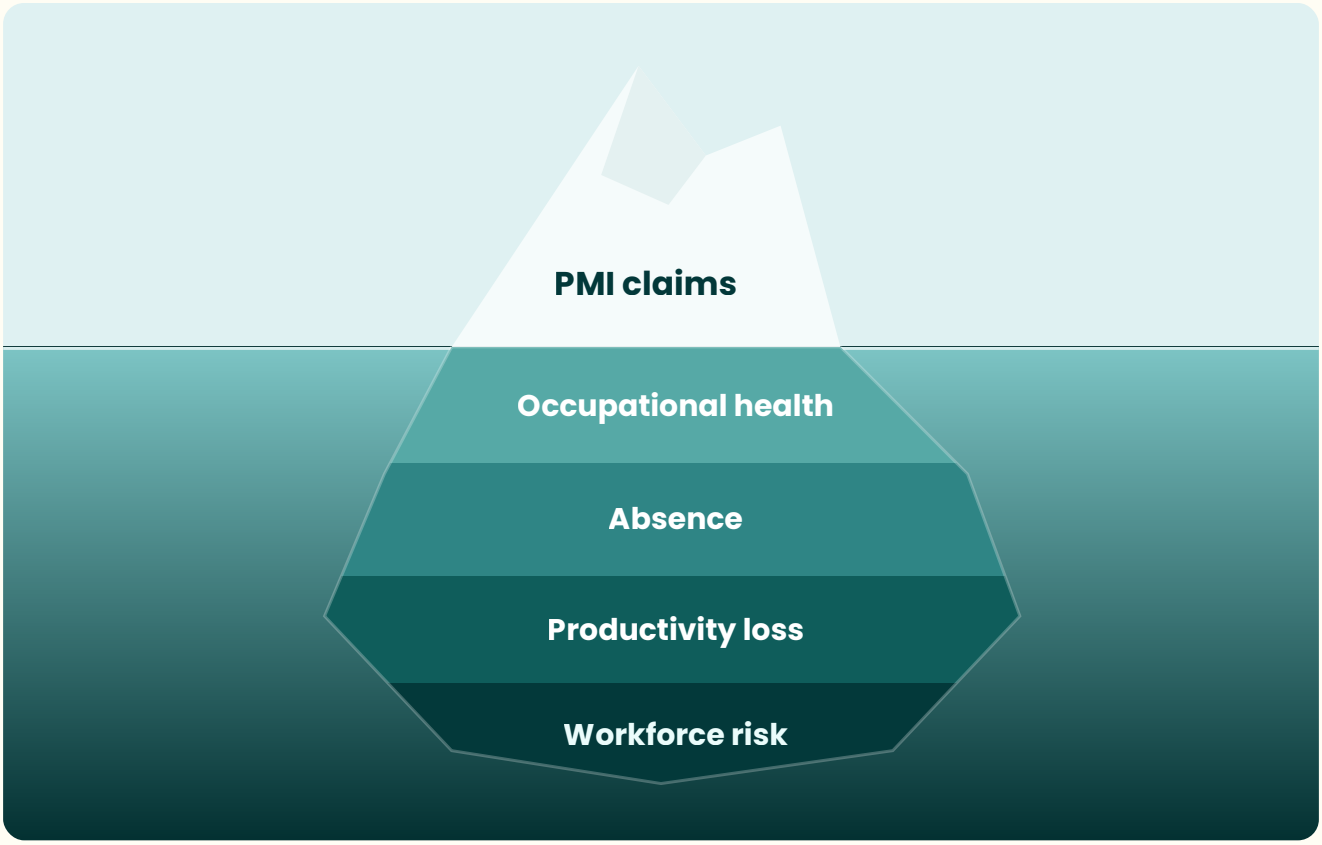
The strategic shift

The reports point the same way: away from **cost shifting**, where employers pass more of the bill to employees through higher excesses and tighter cover, and towards **cost management**, where prevention and earlier intervention keep people out of the high-cost bracket. This guide argues MSK is the most addressable driver: conservative, early care can change its trajectory within a single renewal cycle, and it sits at the intersection of the three pressures that matter most to Reward - PMI claims, an ageing workforce, and lost productivity.

THE HIDDEN COST MAP

Claims are only the *visible part* of workforce health cost

A PMI claim is often treated as the starting point for cost analysis. In reality, it is the point where a much longer cost journey finally becomes visible.



The hidden cost map. Before an employee reaches private treatment, cost has often already built through discomfort, reduced productivity, repeat appointments and short-term absence.

Claims show where cost landed. A better health strategy shows where cost started.

PART 1

Structural, not cyclical: the 2026 cost picture

Medical trend has detached from general inflation

The single most important fact for a 2026 renewal is that medical cost trend is now running well above general inflation, and is expected to stay there. WTW projects global medical trend at 10.3% for 2026. Aon puts the global average at 9.8%, and Lockton at 10.9%, with the gap between medical trend and consumer inflation - what Lockton calls 'real' medical inflation - sitting at roughly five to nine percentage points. In the United States, PwC projects a commercial trend of 9% for 2027, the highest in nearly two decades.[8]

Source	2025	2026	Note
WTW (global, gross)	10.0%	10.3%	9.5% in 2024
Aon (global average)	–	9.8%	MSK enters top five conditions
Lockton (global)	10.4%	10.9%	5–9 pts above CPI
PwC (US commercial)	–	9% (2027)	Highest in ~17 years

Projected medical cost trend by source. Figures are gross of inflation unless stated.

> *"A double-digit renewal is no longer an unlucky year to be ridden out. It is the baseline you should budget against.*
>
> 56% of insurers expect costs to rise further; 55% expect elevated levels to persist 3+ years (WTW)[6]

Why the increase is structural

Three forces explain why this is not a passing spike. First, expensive new medical technology and pharmacy - named by 74% of insurers as the leading driver - including the rapid spread of GLP-1 weight-loss medication, which Aon highlights as a global cost event in its own right. Second, the steady growth of chronic disease, with cancer, cardiovascular conditions and, newly, MSK all rising up the league table of claims. Third, ageing populations and strained public health systems, which push more demand into employer-funded cover at exactly the moment that demand is most expensive to meet.

+40%

rise over two years in members with more than $100,000 in annual claims (Alliant Analytics)[5]

A window to act

Diabetes and MSK usually build for years *before* they trigger a major claim, so there is time when early care can change the outcome[5]

Alliant's nuance matters: cost is concentrated. A small subset of claims, providers and treatment decisions drives most of the spend. Many catastrophic claims do not appear from nowhere - they build over time, which is exactly what makes earlier, cheaper intervention possible.

PART 2

Three hidden cost drivers you can *actually move*

Much of the 2026 trend is outside an employer's control - you cannot set drug prices or fix a public waiting list. So this section focuses on the three drivers where a Benefits and Reward team genuinely has leverage, and where MSK runs through all three.

PMI: deflating the renewal

PMI is where the cost pressure is felt most directly, because the renewal lands as a single, visible number. The instinct under pressure is to shift cost: raise the excess, narrow the cover, move people to a cheaper plan. It protects this year's budget, but it does nothing about the underlying claims and it quietly erodes the value of the benefit employees actually feel.

The trend reports describe a clear move away from this. Mercer Marsh Benefits notes employers increasingly favour better cost management over shifting responsibility onto employees, and Lockton frames the goal as 'whole-person health' that keeps members well rather than simply repricing their risk.[8] Claims cost is concentrated in a small group of members, and a meaningful share of high-cost MSK claims - in particular surgery - is avoidable with early, effective conservative care.

The deflation logic

Cost shifting lowers your premium by giving employees less. **Cost management** lowers your premium by generating fewer and smaller claims. Only the second is durable, and only the second improves the benefit at the same time. MSK is the clearest place to start.

The ageing workforce: longevity as a balance-sheet risk

As retirement ages rise and people work later into life, the average age of the workforce carrying your PMI premium is rising, and with it the prevalence of age-related health conditions. Ageing populations are now cited as a primary driver of medical trend across multiple regions by both Aon and Mercer Marsh Benefits. For a Reward leader, this is a slow, compounding increase in long-term claims liability that sits on every multi-year plan.

619m → 843m by 2050

People affected by low back pain, the most prevalent MSK condition and the leading cause of disability worldwide (WHO, Low back pain fact sheet, 2023).[9]

MSK is where this shows up first and most expensively. These conditions become more common with age, and they drive not only claims but absence, early retirement and reduced productivity. Left unaddressed, that rising age profile becomes a compounding, unfunded liability - but with an MSK strategy it is also one of the more predictable and preventable risks a benefits leader carries.

The productivity tax: presenteeism costs more than absence

The largest cost of poor MSK health never reaches the insurer at all. It is paid in productivity. Absence is visible and counted; presenteeism - people at work but in pain, working below capacity - is larger and almost entirely uncounted. WTW points to widespread underuse of preventive care, which means a sizeable group is managing pain quietly until it escalates into a referral, a procedure, or long-term absence.

27%

of all work-related ill health cases are musculoskeletal (HSE, Great Britain, 2024/25)[13]

up to 60%

of health-benefit spend can be driven by MSK claims V

As the trend reports stress, MSK does not only show up in claims; it affects productivity, mental health, absence and disability exposure at the same time.[10] Lockton frames poor care management - people escalating to surgery who did not need to - as a cost driver in its own right, and positions care navigation as the answer. Treating the productivity tax is therefore not a soft 'wellbeing' aim. It is the part of the MSK cost that is largest, least visible and, with the right data, most controllable.

PART 3

Renewal readiness: proving measurable outcomes

Renewal season has a new language

In 2026 a renewal is conducted much more like a financial review. Scrutiny has shifted from the abstract value of a scheme to its concrete effect on cost, and finance leaders are applying the same tests they would to any capital decision. Those who can answer in numbers keep their budgets; those who can only describe engagement are asked to justify, consolidate or cut. The common thread is independent, claims-based validation, and a payback measured in months rather than years.

The question finance will ask	What answers it
What is our cost per employee per year (PEPY) for this category?	Baseline claims and absence data for MSK, segmented by cost band.
What are peer organisations paying and getting?	Sector benchmarks, not a vendor's own averages.
Can we see independently validated ROI, not vendor-reported data?	Outcomes tied to claims and productivity, validated externally.
Which categories show measurable impact within 12 months?	Addressable, high-cost conditions where early care moves the curve, led by MSK.
How fast does it pay back?	A defined payback period, modelled on your own exposure.

The new language of renewal.

From cost shifting to cost management

There is also a market dynamic working in your favour. Benefits consultants report widespread point-solution fatigue, with a large majority of clients actively considering consolidating the single-issue apps they have accumulated.[11] That is an opportunity to rationalise spend around the few categories that demonstrably move cost.

84%

of benefits consultants report client point-solution fatigue[11]

63%

are actively considering vendor consolidation[11]

For most employers, MSK tops the consolidation list: it is large, addressable, and connected to PMI, ageing and productivity at once. Consolidating toward measurable outcomes is itself a cost-management strategy, not just a tidying exercise.

> *A defensible range beats an impressive figure that finance can pick apart.*

PART 4

Estimating your exposure: a benefits leader's *calculator*

Proving measurable outcomes starts with a credible estimate of what poor MSK health is costing you now, and what acting could return. You do not need a complex actuarial model. Four numbers will carry most renewal meetings.

1. Cost pressure

Current PMI spend × the projected renewal increase. At a 10% trend, a £1m premium adds roughly £100k next year alone.

2. Addressable spend

The share of claims and absence attributable to MSK - for desk-based employers, a meaningful slice, not a rounding error.

3. Projected savings

The portion of addressable spend early intervention and care navigation could realistically influence, as a range.

4. Payback

Projected annual savings set against programme cost, as a payback period in months - the number finance cares about most.

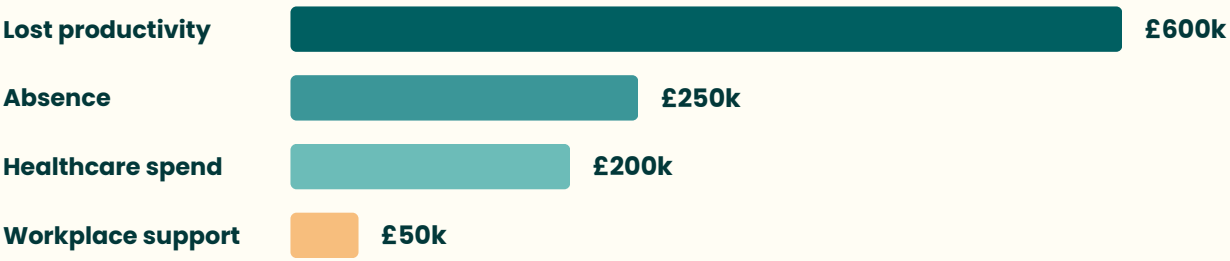
A worked MSK example (illustrative)

MSK is the clearest place to run this calculation, because its cost is spread across four areas that rarely get added up together. Take an illustrative employer of 1,000 desk-based staff. The figures below are **illustrative and for explanation only** - not a forecast for any specific organisation.[12]

MSK cost area	Illustrative annual cost	What it captures
Absence	£250,000	Sickness days attributable to MSK pain
Healthcare spend	£200,000	PMI claims, physiotherapy, referrals, surgery
Lost productivity	£600,000	Presenteeism: at work but in pain and below capacity
Workplace support	£50,000	Adjustments, equipment and administration

MSK cost area	Illustrative annual cost	What it captures
Total annual MSK cost	~£1.1m	The hidden cost - most of which never appears as a claim

Illustrative MSK cost for a 1,000-person desk-based employer. Presenteeism, the largest line, is also the least visible.



Where the cost sits. Lost productivity alone outweighs absence and healthcare spend combined.

From cost to return

Lost productivity, not healthcare spend, is the largest line - which is exactly why a PMI-only view understates the true cost. Apply category inflation and the total compounds materially over five years. Against that:

20–40%
of addressable cost potentially influenceable by early care

£220–440k
illustrative projected annual saving (modelled range)

Months
indicative payback, not years

Illustrative model. Vitrue Health figures are presented as projected ranges, never guarantees.

Benchmarks to anchor against

To make an estimate defensible, anchor each input against external evidence rather than internal assumption. Use the published trend figures (WTW, Aon, Lockton) for the cost-pressure line; the condition rankings (Aon, Mercer Marsh Benefits) to justify MSK as a material share; and the concentration data (Alliant) to explain why a small, well-targeted intervention can have an outsized effect.

Vitrue Health

NEXT STEPS

Act on the cost you can *control*

Vitrue Health's VIDA platform finds the hidden, addressable MSK spend early and proves what acting returns, the deflationary force your renewal now demands.

72%

reduction in onward referrals. VIDA proactively tackles the cost of MSK pain before it escalates to specialists and surgery. [v]

What to do *before* costs reach renewal

The priority is to improve visibility, identify the most addressable cost areas and build a stronger business case before renewal. A focused, three-step plan can carry most of the work.

The detailed checklist

1. **Rebaseline your assumptions.** Budget for double-digit medical trend as the norm, not the exception.
2. **Find your addressable spend.** Quantify the MSK share of your claims, absence and productivity loss, including the presenteeism that never reaches the insurer.
3. **Map your high-cost concentration.** Identify where claims are concentrated and which conditions tend to escalate before they become catastrophic.
4. **Shift from cost shifting to cost management.** Protect the value of the benefit by reducing claims, not by reducing cover.
5. **Address the ageing liability now.** Treat age-related MSK risk as a predictable, preventable cost rather than an inevitable one.
6. **Prepare renewal evidence.** Assemble PEPY, benchmarks, independently validated outcomes and a payback period before the meeting, not during it.
7. **Consolidate toward what moves cost.** Rationalise point solutions around the few categories, led by MSK, that demonstrably influence trend.

FREE TOOL

Estimate your hidden *MSK cost*

MSK costs rarely start with a claim. Use our free MSK Cost Calculator to estimate how pain may already be affecting absence, healthcare spend and productivity across your organisation, and what it could cost over the next five years.

You get annual MSK costs, a five-year projection, and the projected savings, ROI and payback from prevention. The tool is free, and Vitrue cannot see or access the data you enter. Built on ONS, Aon and IHPM research and Vitrue's data from a sample of more than 20,000 employees.

Build your renewal case →

vitruehealth.com/resources/calculate-the-hidden-cost-of-msk-pain-in-your-workforce

What you'll get

✓

Annual MSK cost

Across absence, healthcare, productivity and workplace support.

✓

Five-year outlook

How costs could rise if nothing changes, using category inflation.

✓

Savings, ROI & payback

The projected impact of prevention, with a shareable summary.

Three ways VIDA by Vitrue Health *bends the cost curve*

The argument of this guide is independent of any one supplier: in 2026, the way to manage health cost is to find the hidden, addressable spend early and prove what acting returns. Vitrue Health is built for exactly that job on the MSK driver that runs through PMI, ageing and productivity.

34% average drop in MSK pain

VIDA goes beyond checklists to change behaviour and prevent muscle, bone and joint injury, with a 34% average reduction in MSK pain. V

1

Risk visibility

VIDA assesses MSK risk across the workforce, including people who are at work and in pain but have never made a claim. Drawing on Vitrue Health data from a sample of more than 20,000 desk-based workers, it turns presenteeism and slow escalation into something you can see, segment and report.

2

Early intervention

By identifying risk before it becomes a referral or a procedure, VIDA supports the conservative, early care that can help reduce avoidable specialist visits and surgery, the low-value claims that push members into the high-cost bracket.

3

A deflationary force at renewal

Because activity ties to MSK risk and outcomes, not logins, VIDA produces the evidence a renewal now demands: a baseline, a measurable change and a projected return you can defend.

Healthcare trend may keep rising. Hidden workforce health cost does not have to.

REFERENCES

Sources & notes

This guide synthesises the major 2026 global medical trend reports. Numbered references below correspond to the superscripts throughout. A V marks figures from Vitrue Health platform data and published Vitrue research.

1. WTW, 2026 Global Medical Trends Survey (October 2025). Global gross medical trend projected at 10.3% for 2026, up from 10.0% (2025) and 9.5% (2024). Aon puts the global average at 9.8%; Lockton at 10.9%.
2. WTW, 2026 Global Medical Trends Survey. New medical technologies cited by 74% of insurers as the leading global cost driver.
3. Aon, 2026 Global Medical Trend Rates Report: MSK has entered the top five cost-driving conditions. Lockton, Global Healthcare Trend Report 2026, ranks MSK among the top three for some carriers.
4. Aon, 2026 Global Medical Trend Rates Report, and Mercer Marsh Benefits, Health Trends 2026: ageing populations cited as a key driver of trend across multiple regions.
5. Alliant, The Hidden Drivers of Healthcare Trend (2026). Members exceeding $100,000 in annual claims up 40% over two years; diabetes and MSK frequently escalate before triggering catastrophic claims (Alliant Analytics).
6. WTW, 2026 Global Medical Trends Survey: 56% of insurers expect costs to rise further; 55% expect elevated levels to persist for more than three years.
7. Mercer Marsh Benefits, Health Trends 2026 (survey of 268 insurers across 67 markets). MSK among leading claims drivers, linked to ageing and obesity, and associated with absence, early retirement and reduced productivity.
8. PwC Health Research Institute, Medical Cost Trend 2027 (June 2026): US commercial medical cost trend projected to reach 9% in 2027, the highest in nearly two decades. Mercer Marsh Benefits and Lockton: employers favouring cost management and 'whole-person health' over cost shifting.
9. World Health Organization, "Low back pain" fact sheet (19 June 2023): low back pain is the leading cause of disability worldwide, affecting an estimated 619 million people in 2020 and projected to rise to 843 million by 2050. Underlying data: GBD 2021 Low Back Pain Collaborators, The Lancet Rheumatology (2023).
10. Mercer Marsh Benefits, Health Trends 2026: MSK affects not only claims but absence, early retirement and productivity. Lockton, Global Healthcare Trend Report 2026, frames poor care management as a cost driver and care navigation as the response.
11. MedCity News and Quantum Health, Benefit Consultant Sentiment Index (June 2024): 84% of consultants report point-solution fatigue and 63% are considering vendor consolidation.
12. Illustrative model for explanation only. Figures are not a forecast for any individual employer and depend on workforce profile, claims history and engagement. Vitrue Health figures are presented as projected ranges, not guarantees.
13. Health and Safety Executive (HSE), Great Britain: work-related musculoskeletal disorders affected an estimated 511,000 workers and accounted for around 27% of all work-related ill health cases, with 7.1 million working days lost (2024/25).

V **Vitrue Health sources:** company-wide pain reduction of 34% (average); 72% reduction in onward referrals; MSK claims drive up to 60% of health-benefit spend; platform data from a sample of more than 20,000 desk-based workers (vitruehealth.com).