

# Trends

Statistics and Strategies for Health Plan Sponsors

First Quarter 2026



## Key statistics

Typically, nearly one-third of participants in group health plans have a diagnosed musculoskeletal condition. Many of them do physical therapy, but a small percentage undergo surgery.

Musculoskeletal treatments account for nearly 15 percent of total medical expenditures. Although musculoskeletal-related costs are rising, they are increasing at a lower rate than overall medical trend.



**30%+** of group health plan participants in a given year **are treated for musculoskeletal conditions**.



About **14%** of total **medical costs** were for **musculoskeletal treatments** in recent years.



**Musculoskeletal medical costs grew by 7.1% from 2023 to 2024**, a lower rate than all medical costs at 9.3%.



**Nearly 1/3 of patients undergo physical therapy (PT) each year**, while about **5% of patients get surgery**.

Source: SHAPE, Segal's proprietary health data warehouse

## Strategies for managing the cost and quality of treating musculoskeletal conditions

Musculoskeletal care encompasses a broad range of conditions, from acute to lifelong. [The Orthopaedic Research Society](#) estimates that over half of adults in the United States have a musculoskeletal condition, including arthritis, low back pain, osteoporosis and gout, with an even higher disease burden among older adults. Musculoskeletal conditions are the leading cause of disability worldwide. Researchers [anticipate a steep increase in the number of people living with musculoskeletal conditions](#) in the coming years.

These broader trends place group health plans at high risk of seeing increased costs for musculoskeletal treatments in the future. Other environmental factors — including increased rates of obesity and other inflammatory conditions, sedentary lifestyles and occupational hazards in the building trades — increase the exposure for accident, disability and health plans.

## The musculoskeletal treatment landscape

Musculoskeletal conditions represent a wide range of health problems, including genetic deformities, injury and chronic diseases. Though some musculoskeletal disorders may eventually resolve, others can be debilitating and long term. PT is a common initial treatment, but for serious cases, advanced imaging and/or surgery may be necessary.

Although relatively rare, musculoskeletal surgeries are a common source of large claims, and pricing can be highly variable. In recent years, health plans have successfully shifted many procedures from inpatient hospitals to lower-cost outpatient and ambulatory surgery center (ASC) settings. Though this migration has helped to moderate cost trend, there are only so many procedures that can shift to ASCs and outpatient hospitals. Once a significant proportion of procedures has migrated, costs will likely begin to rise again. Additionally, the increasing pace of hospital consolidation in many local markets may erode the savings potential of migration.

## Not all musculoskeletal treatments are equally beneficial

Many common musculoskeletal procedures are considered low-value care, meaning they offer little to no clinical benefit, often at a high cost. Authorities such as Choosing Wisely and the *British Medical Journal* have identified several common treatments as being of low value, including [imaging for low back pain](#), [spinal injection](#) and [arthroscopy for degenerative knee disease](#). Other treatments, like opioids for acute pain, carry their own extreme health risks. Major surgeries can also have mixed success rates. Estimates of the failure rate of [shoulder](#) and [spinal surgery](#) run as high as 40 percent and 46 percent, respectively, while more common procedures, like [hip](#) and [knee](#) replacements, appear to deliver better results.

Digital health solutions offer a better alternative for musculoskeletal therapies and can also reach members at earlier stages. Many point solutions now exist, with interventions ranging from self-paced resources to guided virtual PT. A recent Segal analysis of one such program found that participants had fewer emergency room visits and lower cost trends than non-participants with similar conditions.

When properly implemented, virtual PT can help people restore functional status, prevent the overuse of painkillers and avoid further damage. Widespread access to PT can also improve the likelihood that future surgeries will be successful and may help avoid some procedures altogether.

## Strategies for managing musculoskeletal costs and quality

Given the broad spectrum of musculoskeletal conditions and treatments, plan sponsors have a range of options for promoting quality while managing costs.

Key strategies include:

- **Emphasize prevention.** One of the best ways to limit the impact of costly musculoskeletal procedures, especially surgery, is early intervention. Advanced imaging claims or orthopedics visits may be early signs that members have serious concerns that, if unaddressed, could ultimately make surgery necessary. These medium-risk groups are prime targets for additional outreach and support.
- **Explore digital health partnerships.** Engaging with a musculoskeletal point solution can promote broader access to PT, helping participants avoid and recover from minor injuries in lower-cost, flexible settings. Clearly defined performance guarantees and periodic claims evaluation can ensure that vendors deliver a meaningful return on investment, with fees at risk for missed targets.

- **Build and maintain a high-quality network.** Consider adopting a Center of Excellence model for musculoskeletal surgeries to steer participants toward providers with a proven track record of delivering superior outcomes. There are also vendors that manage specialty surgery networks, offering competitive bundled rates with travel benefits for members without providers near them.

- **Stay vigilant on quality of care.** Musculoskeletal patients frequently receive low-value care, including unnecessary imaging, ineffective treatments and potentially dangerous opioid prescriptions. Care management, in collaboration with vendors and third-party administrators, can help ensure that participants with musculoskeletal conditions are on a safe, evidence-based treatment plan. Care management is also critical for participants recovering from surgery to minimize the risk of complications or repeat procedures.

- **Promote site-of-care optimization.** Where possible, encourage and incentivize moving elective procedures from inpatient to outpatient and ASC settings. ASC-based musculoskeletal procedures are significantly less costly and offer a better patient experience, as they are often same-day services, allowing patients to recover at home. Plan sponsors may be able to realize greater or lesser savings depending on the hospitals and facilities in their region.

Depending on a plan's demographics, geography and priorities, a hybrid approach will likely be the most successful.

## Compliance update: 2026 reporting and disclosures for ERISA plans

As a new year begins, Segal can help ERISA plan sponsors stay on top of their reporting and disclosure requirements for health and retirement plans. Request your copy of Segal's [2026 Reporting and Disclosure Guide for Benefit Plans](#) here.

To discuss the implications for your plan of anything covered here, contact your Segal consultant or [get in touch via our website, segalco.com](#).

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