

Associating Changes in Health Risk Levels with Changes in Medical and Short-Term Disability Costs.

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The purpose of this report was to confirm the patterns of medical cost change previously associated with changes in health risk levels and to examine whether similar changes occur in short-term disability costs among four health risk transition groups. Analyses were conducted at the Progressive Corporation and followed two-time HRA participants from 1998 to 2001 (N=923). Transition groups were constructed by the participants' Time One risk level (Low or High) and their Time Two risk level (Low or High). Therefore, four groups (L-L, L-H, H-L and H-H) were created. It was found that medical costs increased when health risk levels remained high or increased to high. Medical costs decreased by more than a third when health risk levels improved from Time One to Time Two. Similar results were found for short-term disability costs. Improving health risk levels provides a strategy for containing medical costs and improving productivity through decreased short-term disability.