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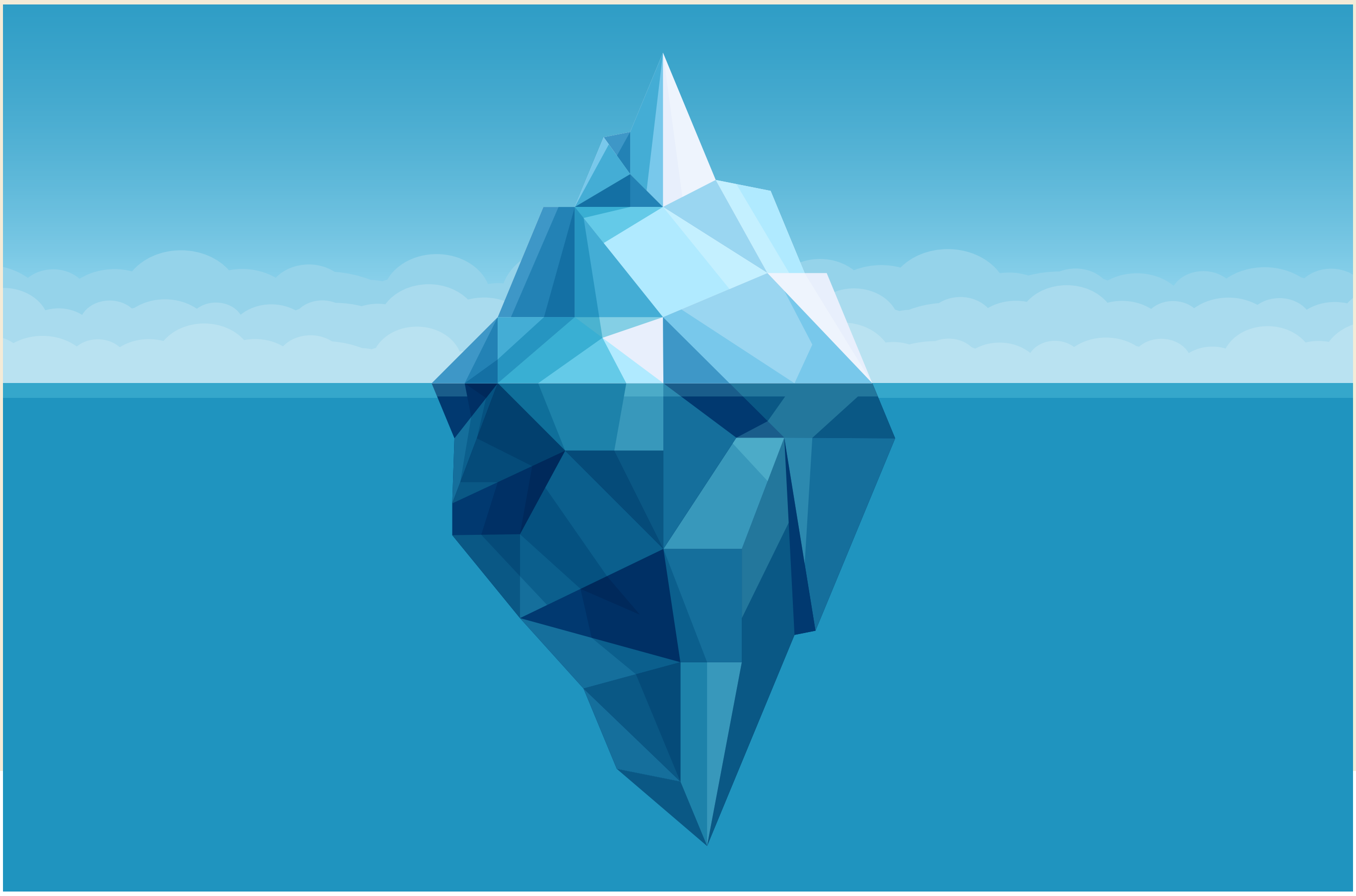

BEYOND THE BALANCE SHEET

THE HIDDEN COSTS OF CHRONIC DISEASES

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www.prudentbrokers.com

Executive Summary

Chronic diseases were traditionally viewed as an older employee challenge - affecting workers nearing retirement, such as Baby Boomers and Gen X, with manageable impact on organisational productivity and healthcare costs. This paradigm no longer holds true. Analysis of corporate health data reveals a dramatic demographic shift: lifestyle-related conditions now predominantly affect prime working-age populations including Millennials and Gen Z, fundamentally altering the business case for employee well-being.

Traditional group mediclaim strategies - focused on reactive medical coverage - cannot address this crisis. Organisations lose substantial productivity and face escalating healthcare costs while their workforce operates in compromised health states.

This whitepaper presents a strategic framework for transforming employee health from a cost center to competitive advantage. Organisations implementing comprehensive well-being ecosystems will secure measurable benefits in talent management, productivity, and operational efficiency.

The imperative is immediate.
The challenge is unprecedented.

Key Findings and Market Reality

DEMOGRAPHIC SHIFT

25% of employee-only circulatory claims are from individuals below 35 years of age

47% of employee-only diabetes claims are from individuals below 40 years of age

(Source: Prudent's data)

NATIONAL IMPACT

61.8% **of deaths from Non-communicable diseases (NCDs)**[1]

BUSINESS COST

INR 1.12 Lakh
Lost per employee annually
Presenteeism & chronic illness[2]

EMPLOYEE WELL-BEING CRISIS

80-86% **experiencing burnout**[3]

The critical insight: medical coverage alone cannot solve this crisis. These lifestyle-related disorders require sustainable behavioural changes. While Out-patient Department (OPD) consultations and screenings help, they deliver limited impact without comprehensive well-being programs driving meaningful lifestyle modifications.

Organisations implementing holistic well-being strategies—combining medical coverage with lifestyle intervention programs and workplace culture transformation—will secure competitive advantages in talent acquisition, retention, and productivity.

The Uncomfortable Truth

Is Your Workforce Silently Ailing?

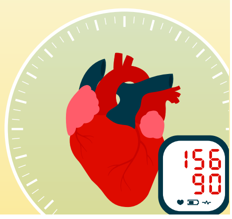
THE ALARMING COST OF CHRONIC CLAIMS

Circulatory disorders account for approximately **10%** of employee-only ailments, with average treatment cost reaching **INR 1.83 Lakh** per episode.

(Source: Prudent's data)

THE RISE OF HEART RISK IN YOUNGER EMPLOYEES

70%
increase in heart risk factors among employees aged
35-45
over the past three years[4].



THE HIDDEN DIABETIC POPULATION

20%
of the corporate workforce has prediabetic blood sugar levels[5].

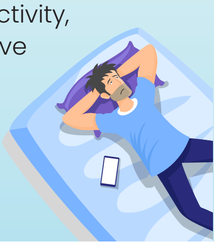
THE PREVENTION BLIND SPOT

Despite **79%** screening coverage, heart risk among employees aged **35–45** has surged by **70%** in the past three years[2]

(Source: Prudent's data)

THE INACTIVITY & SLEEP EPIDEMIC

65%
of corporate employees report less than 30 minutes of daily physical activity, and nearly half have taken sick leave due to sleep deprivation[4, 6].



THE MORTALITY CRISIS

Illness-related causes represent the majority of group term life policy claims, accounting for over
50%
of deaths.

(Source: Prudent's data)

The Tangible Impact

Productivity and Cost to Employers

Absenteeism and Presenteeism: The Dual Productivity Challenge

Chronic diseases create dual productivity impacts. Absenteeism—employee absence due to illness—represents measurable productivity loss. Presenteeism—employees who are present but operating at reduced capacity—represents the more significant challenge.

As per *Prudent's internal data*, employees with circulatory disorders and diabetes require an average hospital stay of four days each, while those with hypertension or fatty liver conditions typically stay for five days each.

However, the productivity impact extends beyond hospitalisation periods. Employees typically experience reduced productivity before diagnosis due to unmanaged symptoms, take additional sick leave during recovery (one-two days after discharge), and may operate at diminished capacity during the rehabilitation period. This comprehensive impact cycle significantly amplifies the true cost of chronic diseases beyond direct medical expenses.

Industry research shows chronic conditions reduce productivity by 9-14%, equivalent to over 20 lost workdays per employee annually[6].

As stress, anxiety, and burnout increasingly affect a large share of the workforce, organisations are compelled to navigate the challenges of managing teams that are often operating below their optimal capacity.

Escalating Healthcare Costs and Premium Pressures

Claims ratios for health insurers reached 90% in FY22–23, significantly higher than the traditional range of 60–70%[7]. However, for corporate health insurance policies, claims ratios tend to be even higher due to broader coverage and higher utilisation. Medical inflation operates at 14% annually[7], forcing premium increases ranging from 15% to 35%[7].

The escalation stems from multiple factors: increasing claim frequency among younger demographics, higher treatment costs for lifestyle-related conditions, and inadequate preventive care infrastructure. Chronic disease management costs have increased by 25% annually[7], with diabetes treatment costs rising 30% year-over-year[8].

Prudent's data shows that treatment costs vary across different chronic illnesses, measured per hospitalisation episode: INR 3,83,000 for circulatory disorders, INR 82,000 for diabetes, INR 1,13,000 for hypertension, and INR 2,10,000 for fatty liver. Industry analysis quantifies INR 1,12,000 lost per employee annually due to health-related productivity reductions[2].

The compounding effect: Organisations face dual financial pressure from escalating premiums and declining workforce productivity. Premium negotiations have become increasingly challenging, with insurers demanding comprehensive wellness programs as prerequisites for competitive rates[7].

Cover-Gap Analysis

Systematic Assessment and Strategic Solutions

Current group mediclaim frameworks focus on treatment rather than prevention and lifestyle modification. Here's the comprehensive analysis of gaps and strategic solutions:

	Current Gap	Action Plan	Implementation
 **PREVENTIVE SCREENING & LIFESTYLE ASSESSMENT**	Despite 79% of organisations offering comprehensive health screenings (*Prudent's data*), over 70% of employees continue to have lifestyle-related health risks[2]. Most efforts focus on detection rather than prevention.	Prevention programs are needed as 25% of circulatory claims come from employees under 35 years (*Prudent's data*).	Introduce age-appropriate health screenings and use early risk detection tools to shape wellness programs that drive lasting lifestyle changes. For instance, starting cardiac assessments at age 30 can support timely interventions for rising heart health risks.
 **OUT-PATIENT CARE & CHRONIC DISEASE MANAGEMENT**	OPD penetration is below 0.1%[2], despite accounting for 70% of out-of-pocket healthcare spending[2]. There is limited support for lifestyle modification.	Build out-patient care infrastructure that combines medical services with lifestyle support to close major coverage gaps.	Provide health wallets (INR 15,000+ per employee) for OPD and wellness services. Offer access to medical and lifestyle coaching through 24/7 digital platforms.
 **MENTAL HEALTH & STRESS MANAGEMENT**	80–86% of employees experience stress, anxiety, or burnout[3]. Most organisations offer minimal psychological support and lack preventive mental health programs.	Integrate mental health and stress management into daily work life through structured programs.	Provide structured mental health support via Employee Assistance Programs (EAP), counseling, and resilience training. Equip managers to spot early stress signs and lead initiatives that reduce burnout and boost emotional well-being.

Current Gap	Action Plan	Implementation	
Only 12% of employers offer structured disease management programs. There is limited focus on helping employees make sustainable lifestyle changes.	Foster a wellness-focused culture by using early indicators like prediabetic levels (seen in 20% of employees)[5] to drive proactive lifestyle interventions and long-term health improvement.	Encourage healthy habits through leadership commitment, supportive environments, and team-based wellness activities. Integrate lifestyle goals into performance systems to promote long-term behaviour change.	LIFESTYLE INTERVENTION & BEHAVIOUR CHANGE
While many organisations collect employee health data, it is not consistently used for strategic decision-making. Predictive analytics tools that can identify high-risk employees and guide timely interventions are still underutilised.	Use employee health data more effectively to guide timely and focused wellness actions that improve outcomes.	Set up systems to regularly review employee health trends and identify those who may need support. Share personalised health tips and track program outcomes to ensure they deliver measurable value and ROI.	ADVANCED ANALYTICS & OPTIMISATION
Multimorbidity is increasingly affecting India's working population. A 2025 study found that currently employed individuals aged 45+ face higher multimorbidity risk, especially when combined with obesity and poor childhood health[9].	Implement integrated disease management programs that address the complexity of multiple co-occurring conditions.	Design specialised programs for high-risk employees (e.g., diabetes, hypertension). Establish coordinated care pathways with early detection and lifestyle support tailored to working adults.	MULTIMORBIDITY & DISEASE MANAGEMENT

Strategic Partnership for Transformation

As India's largest benefits consultants, we understand that addressing the chronic disease crisis requires more than traditional insurance coverage - it demands a comprehensive approach integrating medical benefits with employee well-being strategies.

We serve as your strategic partner in transforming workforce health, built on a foundation of deep industry knowledge, continuous policy review, and a commitment to thought leadership. Our approach is defined by:

- **Continuous Policy Performance Review:** Our engagement extends beyond annual renewal. We conduct regular, in-depth reviews of your policy performance, claims ratios, and utilisation patterns to proactively manage risk and identify opportunities for mid-term adjustments and premium optimisation. This ensures your benefits package remains competitive and cost-effective
- **Industry Benchmarking and Health Risk Profiling:** We provide detailed, anonymised comparisons of your benefits structure, utilisation, and cost against industry standards and best-in-class organisations. Furthermore, we analyse your organisation's claims data to identify the top ailments, demographic risk concentrations, and emerging health trends, providing the critical intelligence needed to design targeted, high-impact interventions
- **Employee Well-being Roadmap:** Leveraging our insights, we co-design and implement a holistic wellness strategy that is tailored to your organisation's specific health profile and business goals. This includes integrating medical coverage with lifestyle intervention programs, ensuring a shared commitment to achieving measurable health outcomes

By integrating these insights with our deep understanding of the benefits landscape, we enable organisations to leverage wellness program outcomes in policy design discussions and premium management, turning employee health into a measurable strategic advantage.

Conclusion

A Call to Action for Indian Businesses

Chronic disease represents a growing threat to productivity, financial stability, and talent retention in Indian businesses. Early-onset chronic conditions impact the youngest workforce segments, leading to escalating costs, reduced efficiency, and significant gaps in traditional employee benefits. Generic, hospitalisation-only group mediclaim policies have become obsolete in addressing these evolving challenges.

Business leaders must recognise this strategic imperative and act decisively. A proactive, comprehensive, data-driven benefits strategy is no longer optional - it is essential for organisational survival and growth. Investing in expanded out-patient and disease management, risk-stratified prevention, mental health prioritisation, multimorbidity and elder care solutions, and leveraging robust analytics will safeguard employees while securing long-term financial health. The time for action is now.

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