



Taking a strategic, end-to-end approach to cost management is critical for employers looking to reduce costs without compromising their employees' quality of care or coverage.

# More affordable care matters



**“When we talk to employers, what we hear is that they feel squeezed. They feel squeezed from the cost of care increasing in their health plan, but also they’re feeling squeezed from other operational expenses.”**

**Katy Curry-Lorusso**

Vice President of Health Care Economics  
UnitedHealthcare Employer & Individual

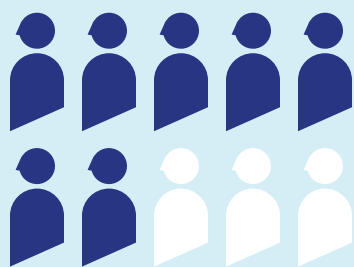
Health care spending in the U.S. is expected to reach \$7.7T by 2032, a trend that doesn’t show signs of reversing itself anytime soon.<sup>1</sup> For employers, that translates to an 8%<sup>2</sup> – or even 9%<sup>3</sup> – projected increase in medical costs for 2025.

Some of these increases can be attributed to the economy, behavioral health utilization and the persistent surge in **pharmacy costs** – largely due to an influx of high-cost specialty drugs in the pipeline.<sup>2</sup> As a result, some employees are forced to make tough decisions around deferring or delaying care. In fact, 1 in 4 adults surveyed said that they skipped or postponed getting health care over the past year because of cost.<sup>4</sup>

Although many employers are reluctant to shift costs to employees, rising health care costs are making it challenging for some, with 44% of surveyed large employers responding that they are “likely” or “very likely” to raise their employee health care contributions in 2025.<sup>5</sup> To better address cost management challenges, employers may want to consider a strategic approach that includes:

- Investing in health plans and networks designed to help make quality care more affordable
- Offering clinical and care management programs that support better health outcomes and lower costs
- Working with a carrier that aims to reduce inappropriate care and wasteful spending

## Health plans and networks designed to help make quality care more affordable



**7 in 10**

surveyed employers ranked plans that reduce employees’ upfront costs as one of the top 3 plan designs that have the most potential to improve health care in the next 5 years<sup>6</sup>

When it comes to group health insurance plans and provider networks, thoughtful design is important. Understanding and selecting the right medical plan and network design for their employee population can help ensure employers and their employees get the most out of their benefits.

Although the forecasted increase in employer health care expenses will cause some to shift costs to their employees in 2025, about 47% of surveyed employers said they were “not very likely” or “not at all likely” to shift costs to employees.<sup>5</sup> That’s why plans designed without deductibles or coinsurance, as well as greater visibility around cost and quality, are becoming attractive options to both employees and employers.

Not only do employees immediately receive more perceived value out of their health plan (since they don’t have to satisfy a deductible before their plan contributes to costs), but some of their confusion might be eliminated as well.

Plus, when plans feature greater transparency into cost and quality information, employees may make more informed decisions around providers and sites of care. That may lead to positive ripple effects for their health and the cost of care. For instance, seeing the cost differential between an urgent care and emergency room (ER) visit may encourage employees to choose a lower-cost site of care for a nonemergency situation, which can drastically cut down on costs for themselves and their employer.<sup>7</sup>



## “These days, health plans must be characterized by simplicity, affordability and personalization.”

### Kelley Nolan-Maccione

Chief Product Officer  
UnitedHealthcare Employer & Individual

# 87%

of surveyed employers indicated they want more transparency around cost and quality data to help employees make informed health care decisions<sup>7</sup>

# 48%

of surveyed chief financial officers believe there should be a “very strong” or “strong” emphasis on networks that prioritize higher-value providers to better manage costs over the next 3 years<sup>5</sup>

Different network strategies may also help manage costs, particularly when networks are focused on quality as well as affordability.<sup>5</sup> Since employer costs are a combination of unit cost – which is typically measured as the cost of visiting a certain provider or facility based on negotiated network discounts – and utilization, it’s critical to consider the role that both can play in determining an employer’s overall cost of care.

Network discounts can fluctuate year-over-year and consequently cause unit costs to increase – a trend projected to impact the cost of care for 2025 and coming years. That’s why carriers like UnitedHealthcare are constantly working to negotiate better rates on behalf of the clients and members they serve while layering on other strategies to manage costs that go beyond network discounts, such as driving more effective utilization of the health system.

Broad networks, for instance, are popular among employers because they offer flexibility and preserve employee choice. It’s important, however, to pair access to these broad networks with tools and a digital experience that help employees make more informed choices. That may include providing upfront cost estimates and indicators that designate which providers are known to deliver quality care at lower costs.

Limiting the choices employees have to make by offering them a more tailored network consisting of local health systems or a smaller subset of providers and health care facilities can also help keep costs more predictable.

Additionally, plans and networks that encourage or even require employees to establish a relationship with a **primary care provider (PCP)** can help ensure members are referred to care that is medically necessary, appropriate and cost-effective.

There also continues to be a shift toward value-based care models and Accountable Care Organizations (ACOs), in which providers and health systems are paid based on the quality of care they deliver rather than the volume of services they perform. This can lead to better health outcomes and more cost-efficient care, with ACOs generating up to 15% in employer savings.<sup>8</sup>

Centers of Excellence (COEs) are networks of clinically superior, cost-effective health care centers that help manage complex medical conditions, including cancer and congenital heart disease, as well as bariatric, neonatal and transplant needs. Having access to these kinds of curated networks is important when an employee or their family member is dealing with a complex condition, since COEs are built to enable:

- More accurate diagnoses and fewer readmissions and complications
- Reduced initial procedure costs and a simplified billing and payment experience
- Higher survival rates and better outcomes
- Care orchestrated by condition experts who regularly work together
- Appropriate therapy – neither too much nor too little

Overall, an effective network strategy, paired with the right health plan design, has the potential to help navigate members to providers and sites of care that deliver quality, cost-efficient care, which may result in lower net paid costs, fewer ER visits and shorter inpatient stays for patients.



## Clinical and care management programs that support better health outcomes and lower costs

# 29%

of an employer's total health care spend is attributed to chronic conditions<sup>10</sup>

Almost 64% of surveyed chief financial officers indicated that placing a “strong” or “very strong” emphasis on clinical management is key to managing costs over the next 3 years,<sup>5</sup> which can be less abrasive than other cost management levers, such as increasing employee cost-sharing or choosing a narrower network.

“A key strategy for reducing costs is to invest in clinical and care management programs because those can help an employee understand what the most appropriate site of care is for their needs,” says Katy Curry-Lorusso, vice president of health care economics for UnitedHealthcare Employer & Individual.

That’s especially the case when employees or their family members are managing complex and chronic conditions, and research shows that 129M Americans are currently managing a chronic disease, such as heart disease or diabetes.<sup>9</sup>

The prevalence of complex and chronic conditions – and the costs that accompany them – demands clinical and care management programs built to help employees better navigate their care journey. In fact, two-thirds of employers indicated that one of the top 3 areas in which they are seeking the most support in the next 5 years includes strategies for improving care management for high-cost conditions.<sup>6</sup>

**Clinical and care management programs** designed to help manage these conditions have the potential to make a significant difference in health outcomes, as well as in reducing the cost of care for employees, their families and employers, especially as the workforce ages and chronic conditions become more prevalent.

**“What we’re seeing is higher rates of diabetes, heart disease, cancer and joint-related conditions that are often related to physical inactivity and obesity, which underscores an issue with the American lifestyle. It’s going to take a concerted effort across the health care system, government, carriers, employers and individuals to work on this problem together.”**

**Dr. Rhonda Randall**

Chief Medical Officer  
UnitedHealthcare Employer & Individual



## Solutions that reduce inappropriate care or wasteful spending

≈ 25%

of all health care spending is considered wasteful or unnecessary<sup>11</sup>

\$119

saved on average when members switched to a lower-cost prescription with PreCheck MyScript<sup>®12</sup>

About 25% of all health care spending is considered wasteful or unnecessary due in part to administrative errors, fraud, abuse or failures in appropriately coordinating and managing patient care.<sup>11</sup>

That's where payment integrity solutions, which work to ensure employees and their employers are only paying for care or services rendered, become so important. Having checks in place across the lifecycle of a medical claim, from pre-claim to post-payment, helps to eliminate wasteful spending.

Providers also have a role to play, and **point-of-care solutions** that integrate an employee's health plan information into a provider's electronic medical record (EMR) system may help. These tools allow providers to see which prescriptions or services are covered and which aren't, and prompt providers when a lower-cost alternative is available.

Additionally, employers can work with their carrier, broker or consultant to further educate employees about the impact their decisions have on their health – and their wallets. More appropriate and effective utilization of the health system may help employees get more out of the dollars they spend on health care and deliver savings back to the employer.

Managing costs also means reducing wasteful spending and ensuring claims are paid correctly. [Learn more](#) →

## A proven approach to reducing the cost of care with UnitedHealthcare

UnitedHealthcare is committed to reducing the cost of care and understands that doing so requires employers to have the right mix of health plan and network strategies, clinical and care management programs and solutions that work to reduce inappropriate care or wasteful spending.

**Proof is greater than promises:** A third-party study conducted by Wakely Consulting Group found that the approach UnitedHealthcare takes to manage costs beyond just network discounts has proven to deliver around a 10% average lower total cost of care compared to competition.<sup>13</sup>

[Discover how](#) →

≈ 10%  
average lower total cost of care when compared to competition<sup>13</sup>



## Learn more

Contact your broker, consultant or UnitedHealthcare representative or visit [uhc.com/broker-consultant](https://uhc.com/broker-consultant) and [uhc.com/employer](https://uhc.com/employer)

**United  
Healthcare®**  
There for what matters™

<sup>1</sup> National Health Expenditure Projections, 2023-32: Payer Trends Diverge As Pandemic-Related Policies Fade. Health Affairs, June 12, 2024. Available: <https://www.healthaffairs.org/doi/10.1377/hlthaff.2024.00469>.

<sup>2</sup> Medical cost trend: Behind the numbers 2025. PricewaterhouseCoopers. Available: <https://www.pwc.com/us/en/industries/health-industries/library/behind-the-numbers.html>.

<sup>3</sup> Aon projects employer health costs will rise 9% next year. Fierce Healthcare, Aug. 16, 2024. Available: <https://www.fiercehealthcare.com/payers/aon-projects-employer-health-costs-will-rise-9-next-year>.

<sup>4</sup> Americans Challenges with Health Care Costs. Kaiser Family Foundation, Mar. 1, 2024. Available: <https://www.kff.org/health-costs/issue-brief/americans-challenges-with-health-care-costs/>.

<sup>5</sup> Survey on Health & Benefit Strategies for 2025 Report. Mercer, 2024. Available: <https://www.mercer.com/en-us/insights/total-rewards/employee-benefits-strategy/health-and-benefit-strategies-report/>.

<sup>6</sup> Advisory Board 2023 Employer Innovation Survey.

<sup>7</sup> 2024 Large Employer Health Care Strategy Survey. Business Group on Health, Aug. 22, 2023. Available: <https://www.businessgrouphealth.org/resources/2024-large-employer-health-care-strategy-survey-intro>. Accessed: Aug. 15, 2024.

<sup>8</sup> Actual savings may vary depending upon plan design, network configuration, contracting and utilization. UnitedHealth Network Access internal analysis, Sept. 1, 2023.

<sup>9</sup> Chronic disease prevalence in the U.S.: Sociodemographic and geographic variations by ZIP code tabulation area. Centers for Disease Control and Prevention. Feb. 24, 2024. Available: [https://www.cdc.gov/pccd/issues/2024/23\\_0267.htm](https://www.cdc.gov/pccd/issues/2024/23_0267.htm).

<sup>10</sup> UnitedHealthcare Employer & Individual book-of-business data, Dec. 2023. Excludes Alaska, Hawaii, Puerto Rico and the U.S. Virgin Islands.

<sup>11</sup> Almost 25% of Healthcare Spending is Considered Wasteful. Here's Why. Peter G. Peterson Foundation, Apr. 3, 2023. Available: <https://www.pgpf.org/blog/2023/04/almost-25-percent-of-healthcare-spending-is-considered-wasteful-heres-why>.

<sup>12</sup> Optum Rx® analysis of full-year (Jan. - Dec. 2023) trial claim and production claim data.

<sup>13</sup> Wakely Consulting Group: By looking at risk-adjusted allowed claims per member per month (PMPM) in 2021, Wakely was able to perform a holistic comparison of UnitedHealthcare's ability to drive cost savings for members and determined it outperformed the market by approximately 10% – even though UnitedHealthcare is not the leader in discounts in many of these markets. Site of care redirection, inpatient management and preventive care utilization are key savings drivers.

The Centers of Excellence (COE) program providers and medical centers are independent contractors who render care and treatment to health plan members. The COE program does not provide direct health care services or practice medicine, and the COE providers and medical centers are solely responsible for medical judgments and related treatments. The COE program is not liable for any act or omission, including negligence, committed by any independent contracted health care professional or medical center.

Employee benefits including group health plan benefits may be taxable benefits unless they fit into specific exception categories. Please consult with your tax specialist to determine taxability of these offerings.

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