Helping employers mitigate the impact of high-cost claims

The recent surge in million-dollar claims — especially among younger employees — is challenging employers to find ways to reduce the impact.

Health claims of $1M or more have increased by 29% in the past year and 61% over the last 4 years.[1] In fact, 90% of employers with self-funded health plans have been impacted by these "catastrophic" claims[1] — which just keep getting more costly. Multimillion-dollar claims are becoming more common, with one extreme case exceeding $12.7M.[1]

These claims may be difficult for employers to plan for because they often happen without warning. About half of the employees with these claims had no previous indicators, and only 5% showed an elevated risk in the previous reporting period.[2]

$1M+

health claims have increased by 61% since 2021[1]

"For employers, high-cost claims have been a part of the overall cost of providing health care to employees for years. What's concerning is that the frequency and size of these claims have risen rapidly in recent years."

Jocelyn Herrington

National Spokesperson and Vice President of Strategic Partnerships for Advisory Board

continued

United Healthcare®

What's causing high-cost claims?

While high-cost claims are rising across all funding types, UnitedHealthcare data indicates that self-funded employers experience a consistently higher prevalence of catastrophic cases and spend. From 2023 –2024, there was a 13% increase in per member, per month (PMPM) spend among self-funded employers.[2] Fully insured employers may feel the impact indirectly through rising premiums, but self-funded employers bear the financial burden directly.

According to UnitedHealthcare data, the predominant driver of these claims – by a wide margin – is **cancer**, followed by nervous system diseases and newborn care.[2] Broader analyses also rank **cardiovascular** and **musculoskeletal conditions** among the top contributors.[3]

Employers are also seeing a rise in high-cost claims among younger employees. Individuals aged 20–40 now account for 10% of high-cost claimants, partly due to advances in treatment and improved survival rates for those with cancer.[4]

90%

of surveyed employers with self-funded health plans were impacted by high-cost claims over the last 4 years[1]

"With advances in treatment and mortality rates improving for those impacted by cancer — the leading cause of high-cost claims — we can expect this trend to continue."

Jocelyn Herrington

National Spokesperson and Vice President
of Strategic Partnerships for Advisory Board

How can employers reduce the financial impact of high-cost claims?

It starts with understanding the conditions that may be driving these claims and building a health plan strategy that works to proactively address underlying causes before a condition presents. Employers can also support members in making more informed decisions after a diagnosis.

This includes promoting preventive care, analyzing data to uncover trends, coordinating care with specialized providers, managing chronic conditions with targeted clinical programs, ensuring payment integrity and focusing on employee well-being.

"We're in the middle of a significant evolution of health care in the United States. We're seeing more people dealing with complex and chronic conditions, and we're seeing them present in a younger population. Some of these are preventable with lifestyle modifications. Treating these diseases would cost less if detected earlier, and the chance of survivability would increase as well."

Dr. Rhonda Randall

Chief Medical Officer
UnitedHealthcare Employer & Individual

Here are 7 strategies that may help

1 Encourage employees to seek preventive care

Employers can encourage employees to **engage with their primary care provider** (PCP) for annual wellness exams, which typically monitor biometric measurements and may reveal early indicators of chronic diseases. Regular screenings for certain types of cancers and other conditions are also key. Employers can also work with their carrier to offer on-site workforce wellness screenings to further support early detection. Many of these preventive measures are often included at little to no additional cost to employees and have the potential to make a significant difference in their overall health.

↑16%

more health risks are identified through workforce wellness screenings[5]

2 Analyze claims data to optimize care management

Choosing a carrier that leverages **data and analytics** to respond to claims may enable earlier intervention and more effective care management. This includes identifying, predicting and analyzing needs in real time – such as hospital admission alerts that detail the condition, location and severity of care. These insights help ensure the correct claims are being submitted at the correct price and help inform appropriate clinical care management during and after a health crisis. Regular claims analysis and advance notifications may also help employers prepare for potential future high-cost claims.

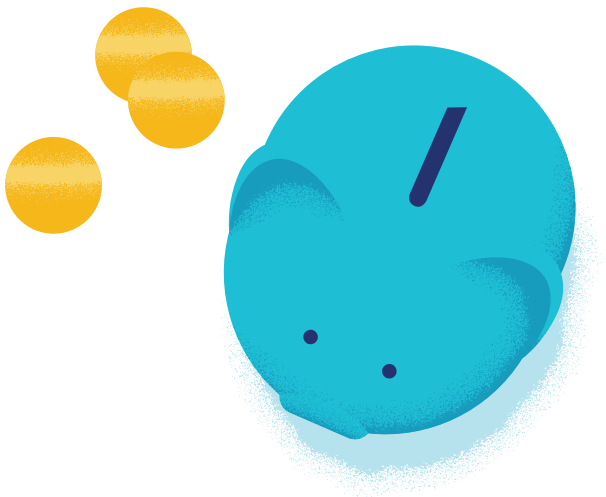
3 Encourage usage of proven Centers of Excellence

Managing complex and chronic conditions requires an integrated approach. Centers of Excellence (COEs) help identify the best available care for conditions where treatment protocols are evolving rapidly. The Clinical Sciences Institute developed by Optum – an affiliate of UnitedHealthcare – collaborates with top clinicians and doctors to develop the criteria to evaluate COEs and is accredited by the National Committee for Quality Assurance (NCQA).

At UnitedHealthcare, these centers deliver value-driven pricing and stringent quality measurement, which may lead to cost savings and improved outcomes. Specialized programs include centers for cancer, bariatric needs and cell, gene and molecular therapy.

25–42%

savings through a COE[6]



4 Ensure access to clinical management programs

Employers can take chronic condition management a step further by working with a carrier that invests in clinical management programs focused on specific chronic conditions. Since cancer is the leading driver of catastrophic claims, it's important to align providers, pharmaceutical companies and other stakeholders throughout an employee's cancer journey.

The UnitedHealthcare **Cancer Guidance Program** provides the latest evidence-based treatment decision support for oncologists, based on analysis from both medical and pharmacy benefits as treatment plans are developed. This evidence-based program can help **streamline the prior authorization process**, allowing employees to begin treatment more quickly.

2M+

prior authorizations completed since Cancer Guidance Program launch in 2019[7]

5 Instill confidence in claims and payment practices

When claims are submitted, employers want to be confident in their accuracy. Proven payment integrity solutions are designed to lower costs for employers and protect their employees' dollars. By putting checks and balances in place at each stage of the claim process, these solutions can help ensure that employers and employees are only paying for care and services rendered.

When carriers do this effectively, the results speak for themselves. An independent study found that **UnitedHealthcare Payment Integrity** solutions generated greater total cost savings than other top national insurance carriers.[8] These savings – $6.8B in 2023 – were achieved through the detection, prevention and recovery of payments related to fraudulent, wasteful or abusive billing practices.

$6.8B

in employer savings generated from UnitedHealthcare Payment Integrity solutions[9]

6 Explore stop loss insurance options

Another strategy employers can consider is purchasing stop loss insurance. This sets an out-of-pocket maximum for employers, helping protect against significant financial losses from high-dollar claims by transferring a portion of the risk to the insurance carrier.

When integrated under a single carrier – such as combining the UnitedHealthcare Stop Loss solution with a UnitedHealthcare, UMR or Surest® medical plan – employers get the advantage of a powerful network, renowned risk management initiatives and more connected systems. This can deliver affordability, consistency and administrative ease that may not be replicated with a third-party vendor.

7 Focus on employee well-being

Employers can also **develop a well-being strategy** that puts wellness front and center, including rewards programs that incentivize employees to build healthier habits. These programs are also proven to boost overall engagement with their health plans. For example, UnitedHealthcare Rewards program participants made 2.3x more visits to the **UnitedHealthcare® app**[10] and saw an estimated 6.7% savings in claims costs.[11]

6.7%

estimated claims savings among UHC Rewards participants[11]

The power of engagement

Giving employees the information they need to make more informed decisions for their health – and their wallets – may help mitigate some of an employer's catastrophic claims. Understanding whether members are making optimal health care decisions allows employers to identify potential areas of opportunity, and this is especially important when trying to reduce the impact of high-cost claimants. Each year, the UnitedHealthcare Health Activation Index® (HAI®) score analyzes and ranks over 100M choices made by more than 14M members to arrive at an employer's score. The higher the score, the better the choices employees are making. And for every 1-percentage point increase, employers may see an estimated 1.01% in cost savings.[12] Using these HAI scores, UnitedHealthcare then works with clients to identify opportunities that may help to prevent future potential high-cost claims and reduce costs overall.

"By implementing certain strategies or solutions, employers may find that they are able to improve employee engagement which may be linked with lower incidences of catastrophic claims, lower costs and higher productivity."

Dr. Rhonda Randall

Chief Medical Officer
UnitedHealthcare Employer & Individual

Learn how UnitedHealthcare is working for more affordable care >

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[1] Million-Dollar Medical Claims Soar, Putting Employers Under Pressure. Risk & Insurance, June 9, 2025. Available: https://riskandinsurance.com/million-dollar-medical-claims-soar-putting-employers-under-pressure/.

[2] UnitedHealthcare Employer & Individual book of business data based on claims incurred between Jan. 1, 2024–Dec. 31, 2024.

[3] High-cost claims and injectable drug trends analysis. Sun Life, 2024. Available: https://sunlife.showpad.com/share/EccaYBykBh4AQ1ZCbmvAO.

[4] Rethinking how employers address high-cost claims. National Alliance of Healthcare Purchaser Coalitions, 2024. Available: https://www.nationalalliancehealth.org/wp-content/uploads/NationalAlliance_HCC-24-RPT_FINAL-1.pdf.

[5] Steinfeld D. Comparison of members with and without a biometric screening. UnitedHealthcare Healthcare Economics. Jan. 10, 2018.

[6] Optum internal analytics, 2022–2023.

[7] UnitedHealthcare Cancer Guidance Program launched with Optum in 2019.

[8] Study summary: Independent study of different carriers' payment integrity programs. ZS Associates, Q4 2022. Available: https://www.uhc.com/content/dam/uhcdotcom/en/BrokersAndConsultants/tri1-2023-cost-zs-case-study-lr.pdf.

[9] Based on UnitedHealthcare FI and ASO commercial book of business 2023 claims reporting.

[10] Consumer Digital Product Report. August 2023.

[11] Higher Health Activation Index® (HAI®) scores lead to lower costs for care. Members who use the UnitedHealthcare app and UHC Rewards have 6.7% lower claims costs than those who do not. Every 1-pt increase equals 1.01% savings, according to UnitedHealthcare claims data.

[12] UnitedHealthcare National Accounts employers – 2022 (n = 3.4M adult members).

Certain preventive care items and services, including immunizations, are provided as specified by applicable law, including the Patient Protection and Affordable Care Act (ACA), with no cost-sharing to you. These services may be based on your age and other health factors. Other routine services may be covered under your plan, and some plans may require copayments, coinsurance or deductibles for these benefits. Always review your benefit plan documents to determine your specific coverage details.

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.

Cancer Guidance Program is a program, not insurance. Availability may vary on a location-by-location basis and is subject to change with written notice. UnitedHealthcare does not guarantee availability of programs in all service areas and provider participation may vary. Certain items may be excluded from coverage and other requirements or restrictions may apply. Please check with your UnitedHealthcare representative.

UnitedHealthcare Rewards is a voluntary program. The information provided under this program is for general informational purposes only and is not intended to be nor should be construed as medical advice. You should consult an appropriate health care professional before beginning any exercise program and/or to determine what may be right for you. Receiving an activity tracker, certain credits and/or rewards and/or purchasing an activity tracker with earnings may have tax implications. You should consult with an appropriate tax professional to determine if you have any tax obligations under this program, as applicable. If any fraudulent activity is detected (e.g., misrepresented physical activity), you may be suspended and/or terminated from the program. If you are unable to meet a standard related to health factor to receive a reward under this program, you might qualify for an opportunity to receive the reward by different means. You may call us toll-free at 1-866-230-2505 or at the number on your health plan ID card, and we will work with you (and, if necessary, your doctor) to find another way for you to earn the same reward. Rewards may be limited due to incentive limits under applicable law. Components subject to change. This program is not available for fully insured members in Hawaii, Vermont and Puerto Rico nor available to level funded members in District of Columbia, Hawaii, Vermont and Puerto Rico.

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