



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



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“There’s a lot of frustration with the uncontained inflation in health care. The only thing this inflationary in our economy other than health care is higher education.”

Ford Koles

Vice President and National Spokesperson
Advisory Board

Hear more from Koles on the state of today’s health care economy. [Listen now](#) →

Health care spending in the U.S. is expected to reach \$6.8T by 2030, a trend that doesn’t show signs of reversing itself anytime soon.¹ For employers, that translates to a 7% forecasted increase in medical costs for 2024,² including double the number of claims surpassing \$3M or more since 2016.³

Some of these increases can be attributed to the economy, the shortage of health care workers driving up unit costs and the persistent surge in pharmacy costs—largely due to an influx of high-cost specialty drugs in the pipeline.⁴ As a result, some employees are forced to make tough decisions around deferring or delaying care: In fact, nearly half of U.S. adults with average or lower incomes said that cost was the reason they skipped some medical care over the past year.⁵

Yet, despite the added pressure on their bottom lines, many employers are not willing to compromise on the quality of health benefits they offer, nor are they willing to raise employee contributions to offset their own costs.⁶ That’s why taking a strategic approach to cost management is so critical.

Strategies that may prove effective for employers include:

- Investing in health plans and networks designed to help make quality care more affordable
- Providing clinical and care management programs that support better health outcomes and lower costs
- Empowering employees with tools and resources that enable more informed health decisions and healthier lifestyles

Health care cost inflators

- Inflation impacting providers, services and supplies
- Increasing drug costs and use of high-cost drugs like GLP-1s
- Health system consolidation and growing market power

Health care cost deflators

- Availability of lower-cost biosimilars
- Shift toward lower-cost sites of care like virtual
- Impact of total cost of care strategies
- No major post-COVID surges in utilization
- Employer adoption of programs to help manage complex/chronic conditions
- Improved health care navigation/advocacy services

Source: UnitedHealthcare National Accounts Market Trends Summary, 2023.

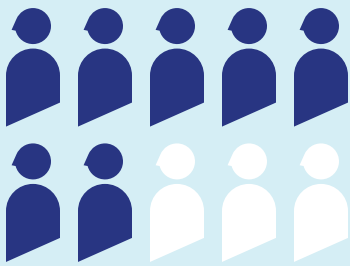


Health plans and networks designed to help make quality care more affordable

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

Kelley Nolan-Maccione

Chief Product Officer
UnitedHealthcare Employer & Individual



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 years⁹

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

Traditionally, employers may have considered the following before choosing a health plan:

- What is the cost to employees? What is the deductible? What is the coinsurance?
- How much of the employee contribution to benefits costs will the company want to cover?
- What type of network access does the health plan offer?

Those are good questions—and answers can often be found in health plan design and network configurations.

Helping employees get the most out of their plan dollars

Perhaps the most obvious way to tackle the cost of health care is to reduce the amount employees have to pay for their health benefits and health care, before coverage kicks in and when the bill arrives. In other words: premiums, deductibles, coinsurance and copays.

Despite the forecasted increase in employer health care costs for 2024, only 16% of surveyed employers said they planned to raise their employee health care contributions—a 6% decrease from the previous year.² In fact, most employers elected to cover 80% of their employees' health care premiums for those in single coverage medical plans and only slightly less for those under a family plan.⁷

Because many employers are not willing to pass costs on to their employees, it's clear they care about reducing costs for their employees. That's why plans that offer no deductibles or coinsurance, as well as greater visibility around cost and quality, are becoming an attractive option to both employees and employers.

Plans without deductibles and coinsurance allow employees to get more immediate perceived value out of their health plan compared to having to satisfy a deductible before the plan contributes to costs. These copay-only plans can also eliminate some of the complexity and confusion for employees, especially considering up to 77% of those surveyed struggled to define “coinsurance” and other basic health care terms.⁸

Greater transparency into cost and quality information may help employees make more informed decisions along the way as well, which can have ripple effects for their health and the cost of care. For instance, seeing the cost differential between an urgent care and 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.¹⁰

Employers can also consider pairing a health plan with an employer-sponsored flexible spending account (FSA) or health savings account (HSA) to offset employee health care contributions since these accounts allow employees to set aside pretax money to help cover health care expenses.

Additionally, if employers have large numbers of employees or employees with family members who are living with chronic conditions like type 2 diabetes, they may want to consider investing in a health plan that is designed specifically to help manage that condition and its related costs.





Primary care providers impacted

60%
of every dollar

employees spent on
health care¹¹

Tapping into quality provider networks

Pairing a health plan with a network that prioritizes providers and health systems with proven quality and cost efficiency may have the power to move the needle on costs long-term.

Broad networks can give employees more options when it comes to choosing a provider and site of care that fits their needs, preferences and budgets. At the same time, while more narrow networks may feel limiting to some employees as they provide guardrails around which providers and sites of care they can visit, these network constructs can help ensure employees are getting care that is medically necessary and cost efficient.

For example, plans and networks that encourage or even require employees to establish a relationship with a primary care provider (PCP) who can coordinate and manage their care, including referring out to specialists when needed, have the potential for reduced costs.

Network strategies that pay groups of providers based on the quality of care delivered rather than the volume of services rendered can also help generate better health outcomes and more cost-efficient care. This is the concept behind value-based care arrangements and Accountable Care Organizations (ACOs). Plus, it's what many employers are asking for, with 58% of surveyed employers wanting additional reporting and better provider quality measurement standards.³

Centers of Excellence (COEs) offer another approach—a network of clinically superior, cost-effective health care centers that support complex medical conditions, including cancer and congenital heart disease, as well as bariatric, neonatal and transplant needs. COEs are built to enable:

- More accurate diagnoses
- More coordinated and appropriate care
- Better health outcomes and higher survival rates, with fewer readmissions and complications
- Lower costs for procedures
- A simpler billing and payment experience

Having access to this kind of curated network matters when an employee or their family member is dealing with a complex condition.

Overall, an effective network strategy helps guide employees to providers and sites of care that deliver quality, cost-efficient care, resulting in lower net paid costs, fewer ER visits and shorter inpatient stays for their patients.¹¹

- Up to 15% in employer savings for ACO networks¹²
- 10% lower total cost of care among designated high-value physicians¹³



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

“Clinical and care management programs are all about providing employees with end-to-end support across the entire health care continuum, which can result in better health outcomes and reduced costs.”

Dr. Rhonda Randall

Chief Medical Officer
UnitedHealthcare Employer & Individual

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.¹¹

That may look like a cancer-specific program designed to offer employees personalized support in managing their cancer journey, helping them better understand their diagnosis, treatment options and more. Programs like these may also help employees make more informed decisions about their care, which can result in better outcomes and lower costs. Employers may see financial savings, too, through contractual discounts and quality-related cost-avoidance savings.

Delaying or deferring preventive care, ignoring care recommendations or even receiving inappropriate or unnecessary care may result in suboptimal health and higher costs. That’s why programs that use data and analytics to enable more personalized care can make a real difference in the lives of employees who are managing high-cost conditions.

Clinical strategies, for instance, that help guide employees to the right care, in the right place and at the right cost may help alleviate some of employers’ high costs. Programs that help ensure clinically appropriate procedures and bed days may also result in savings.

As the workforce continues to age and chronic conditions grow in prevalence, clinical management strategies like these will become even more important in containing costs.

6 in 10

U.S. adults were managing a chronic condition¹⁴

≈70%

of stop loss claims came from 10 conditions¹⁵

1 in 2

employers reported cancer as their top cost driver³



Tools and resources that enable more informed decisions and healthier lifestyles

87%

of surveyed employers indicated they want more transparency around cost and quality data to help employees make informed health care decisions¹⁷

The more employees know, the better decisions they may make concerning their health—and the costs associated with their care.

Employers can help employees get more engaged with their health in a variety of ways, starting with simply encouraging them to make full use of the benefits and resources available to them. In fact, research showed that higher levels of health plan and program engagement are linked to improved health outcomes, lower costs and higher productivity.¹⁶

Helping employees live a healthier life can also impact the costs employers are on the hook for, especially since healthy behaviors have been found to contribute as much as 50% of a person's health status.¹⁶ Offering programs that encourage and reward employees for making informed and healthier lifestyle decisions can reinforce employee ownership over their health and drive lower health care costs long-term.

Ensuring employees have access to the information they need to make more informed decisions also matters.

While it's important that a carrier provides visibility into quality and cost information through its portfolio of offerings, employers may want to take this into consideration when selecting the products, benefits and tools they offer. This is especially the case for younger employees coming into the workforce who may be unfamiliar with how to navigate the health system.

Additionally, employers can work with their carrier and benefits administrators to further educate employees about the impact their decisions can have on their health—and their wallets. More effective use 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.

Providers also have a role to play, and that's why point-of-care solutions that integrate an employee's health plan information with a provider's electronic medical record (EMR) system are so important. These tools allow providers to see which prescriptions are covered and which aren't, whether there is a lower-cost alternative available and which facilities may be more affordable.

“We can empower employees to make optimal health care decisions by making the information they need to do so available at their fingertips.”

Samantha Baker

Chief Consumer Officer
UnitedHealthcare Employer & Individual

Employers who help educate their employees about their health plan and benefits can help drive engagement, which may result in better outcomes and lower costs. [Learn more](#) →



Taking a proven approach to cost management

UnitedHealthcare is committed to reducing the cost of care and understands that doing so requires employers to have the right health plan and network, employee access to clinical and care management programs and the tools and resources needed to make informed decisions.

This strategic approach, paired with the work UnitedHealthcare is leading to help reduce waste and ensure employees are billed appropriately, has proven to deliver around a 10% average lower total cost of care compared to competition.¹⁸

[Discover how →](#)

≈ **10%**

average lower total cost of care when compared to competition¹⁸

Learn more

Contact your broker, consultant or UnitedHealthcare representative or visit uhc.com/broker-consultant and uhc.com/employer

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¹ CMS Office of the Actuary Releases 2021-2030 Projections of National Health Expenditures. CMS, Mar. 28, 2022. Available <https://www.cms.gov/newsroom/press-releases/cms-office-actuary-releases-2021-2030-projections-national-health-expenditures>. Accessed: Nov. 2, 2023.

² Employers Anticipate 7% Rise in Health Care Costs for 2024. SHRM, Aug. 17, 2023. Available: <https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/employer-healthcare-cost-projection-2024-international-foundation-employee-benefit-plans.aspx>. Accessed: Nov. 21, 2023.

³ 2023 Large Employer Health Care Strategy: Executive Summary. Business Group on Health, Aug. 23, 2022. Available: <https://www.businessgrouphealth.org/resources/2023-plan-design-executive-summary>. Accessed: Nov. 21, 2023.

⁴ Medical cost trend: Behind the numbers 2024. PwC. Available: <https://www.pwc.com/us/en/industries/health-industries/library/behind-the-numbers.html>. Accessed: Nov. 21, 2023.

⁵ The Cost of Not Getting Care: Income Disparities in the Affordability of Health Services Across High-Income Countries. The Commonwealth Fund, Nov. 16, 2023. Available: <https://www.commonwealthfund.org/publications/issue-briefs/2023/nov/cost-not-getting-care-affordability-high-income-countries-survey>. Accessed: Nov. 21, 2023.

⁶ National Survey of Employer-Sponsored Health Plans. Mercer, 2022. Available: <https://www.mercer.com/en-us/solutions/health-and-benefits/research/national-survey-of-employer-sponsored-health-plans/>. Accessed: Nov. 21, 2023.

⁷ Medical plans: Share of premiums paid by employer and employee for single coverage. U.S. Bureau of Labor Statistics, March 2023. Available: <https://www.bls.gov/news.release/ebs2.t03.htm>. Accessed: Nov. 21, 2023.

⁸ More than Half of Americans Have Low Health Insurance Literacy. HealthPayer Intelligence, July 25, 2022. Available: <https://healthpayerintelligence.com/news/more-than-half-of-americans-have-low-health-insurance-literacy>. Accessed: Nov. 21, 2023.

⁹ Advisory Board 2023 Employer Innovation Survey.

¹⁰ What are my care options and their costs? UnitedHealthcare. Available: <https://www.uhc.com/member-resources/where-to-go-for-medical-care/care-options-and-costs>. Accessed: Nov. 21, 2023.

¹¹ National Health Expenditures 2021 Highlights, CMS accessed 1/24/2023. Available: [cms.gov/files/document/highlights.pdf](https://www.cms.gov/files/document/highlights.pdf). Accessed: Nov. 21, 2023.

¹² Customer-level potential savings will be a function of plan design, geographic mix, service mix, the proportion of total spend currently associated with non-Tier 1 providers and the extent to which that current spend is redirected to Tier 1 providers. Savings estimates relate to UnitedHealthcare's book-of-business results. All figures and estimated savings represent historical performance and are not a guarantee of future savings. Meaningful benefit design differentials needed to achieve the upper bound of savings. Projected savings of Nexus ACO tiered and primary care-centered. Data accessed May 12, 2017.

¹³ Savings estimates as of Nov. 2021 UnitedHealthcare Network (Par) Commercial Claims analysis for 172 markets. Figures are based on book-of-business results and represent the national average expected cost.

¹⁴ About Chronic Diseases. Centers for Disease Control and Prevention, July 21, 2022. Available: <https://www.cdc.gov/chronicdisease/about/index.htm>. Accessed: Nov. 21, 2023.

¹⁵ The 10 Highest Cost Claim Conditions for 2022. Benefits Pro, July 20, 2023. Available: <https://www.benefitspro.com/2023/07/20/the-10-highest-cost-claim-conditions-for-2022/>. Accessed: Nov. 21, 2023.

¹⁶ UnitedHealthcare large employer analysis of highly activated individuals (HAI >75%) 2018 allowed costs vs. median (adjusted for risk, geography, age/gender, catastrophic claimants). 4.9M members.

¹⁷ 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-executive-summary>. Accessed: Nov. 21, 2023.

¹⁸ 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.

Flexible spending accounts (FSAs) are administered by UnitedHealthcare and are subject to eligibility and restrictions. A flexible spending account is not insurance. It may also be referred to as a flexible spending arrangement. This communication is not intended as legal or tax advice. Please contact a competent legal or tax professional for personal advice on eligibility, tax treatment, and restrictions. Federal and state laws and regulations are subject to change.

The UnitedHealthcare plan with Health Savings Account (HSA) is a qualifying high deductible health plan (HDHP) that is designed to comply with IRS requirements so eligible enrollees may open a Health Savings Account (HSA) with a bank of their choice or through Optum Bank, Member FDIC. The HSA refers only and specifically to the Health Savings Account that is provided in conjunction with a particular bank, such as Optum Bank, and not to the associated HDHP.

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.

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