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Helping Employers Navigate Increased Healthcare Costs

Surging post-pandemic healthcare utilization is creating a cost crisis for employers — and a strategic opening for health systems ready to step in as partners.

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As deferred care floods back into the system and chronic conditions go unmanaged, employers are facing a wave of healthcare cost increases — and they are actively searching for health system partners who can help them control costs, improve outcomes, and protect their workforce.

The Challenge

As businesses reopen and employees return to seeking medical treatment, employers are facing a surge in healthcare costs. Fifty-five percent of the U.S. population reported that they or someone in their household had delayed medical care during the pandemic. That backlog is now flowing back into the system — in the form of rescheduled wellness visits, specialist appointments for chronic conditions that went unmanaged, and elective surgeries that were postponed. Employers who saw a temporary dip in healthcare spend are now bracing for a significant rebound.

Employees with chronic conditions — hypertension, diabetes, heart disease — represent the highest-risk cohort. These employees already cost employers more than eight times that of their healthy coworkers, averaging $11,000 annually. A survey by the Healthcare Research Institute found that 22% of individuals with employer-based insurance delayed care since the start of the pandemic. As that deferred care re-enters the system, employers with unmanaged chronic condition populations will bear disproportionate cost increases.

The pandemic has also introduced new cost variables. COVID-19 treatment drugs like Remdesivir — FDA-approved and priced at $3,120 per course of treatment for privately insured patients — add a new line item to employer health budgets. And as the workforce returns to communal settings, vaccination and ongoing COVID-related care represent cost exposure that employers must plan for. Together, these forces create a healthcare cost environment unlike anything employers have faced before.

55%

of U.S. households delayed medical care during the pandemic — creating a costly surge in deferred utilization

8×

more expensive — the cost of employees with chronic conditions vs. healthy coworkers ($11,000/yr avg.)

WHY THIS IS A HEALTH SYSTEM OPPORTUNITY

Employers are not just facing a cost problem — they are actively looking for partners to solve it. The National Business Group on Health found that 71% of employers will pursue an advanced primary care strategy and 24% intend to contract directly with providers in their local area. Health systems that move now to establish direct employer relationships will capture this demand before competing models do.

The Opportunity

Employers are actively seeking health partners in their communities who can help them navigate rising costs. A survey by the National Business Group on Health shows 31% of employers planned to implement physician-led ACOs or high-performance networks in 2020, with 66% planning to do so by 2022. The pandemic has accelerated this shift — direct-to-employer strategies are now the most viable path for hospitals and health systems to replace lost revenue and grow patient volume.

Health systems are uniquely positioned to meet this demand. Unlike insurance intermediaries or point-solution vendors, health systems bring the full continuum of care, established clinical relationships, and the local market knowledge that employers need. The opportunity is to translate those assets into a

structured employer partnership model that demonstrates measurable cost control, improved outcomes, and a better employee experience.

What Employers Are Looking For in a Health Partner

- **Cost Control:** Employers need partners who can demonstrate a credible, data-driven path to reducing healthcare spend — not just managing it.
- **Quicker Return to Work:** Faster recovery and fewer lost workdays translate directly to productivity gains that employers can measure.
- **Better Outcomes:** Chronic condition management, early detection, and preventive care that keeps employees out of the hospital.
- **Employee Satisfaction, Better Access & Ease of Administration:** A health partnership that employees actually use — convenient, high-quality, and simple to navigate for HR teams and employees alike.

The Solution

Employers who work directly with a hospital or health system will better understand their employee populations through technology and resources that identify high-risk individuals early. Analytics enable employers to see which employees are delaying care or not taking medications — and to deploy health system interventions before conditions escalate. Hospitals and health systems that compete for employer-centric population health initiatives must align their resources to deliver a total health initiative that addresses workforce needs while growing commercial market share.

At the core of Applied Health Analytics' capabilities is a proprietary suite of software applications providing robust data analytics, member engagement, program management, care coordination, incentive management, outcome reporting, and data interoperability — all within a single platform. AHA's technology optimizes the collection and analysis of data to identify risk, manage wellbeing initiatives, optimize workflow, and mitigate risk while driving health system revenue and enhancing payer mix.

Strategy Development	AHA audits existing commercial market initiatives and provides a thorough internal and external review — delivering system-specific recommendations for structure, resources, budgets, and tools needed to implement a strategy that fulfills local employer population health demands and supports health system revenue goals.

Interim Management	When new initiatives launch, AHA provides interim, in-market leadership while the supporting team is identified, trained, and deployed. This ensures a successful launch that positively reflects on the organization's image, personnel, and service quality.
Strategic Leadership	AHA provides full-time, professional management and execution of the commercial market strategy — recruiting, training, and managing a senior executive who assesses and communicates strategy progress, challenges, metrics, and ongoing initiative development.
Risk-Stratification Engine	Purposefully designed algorithms, health risk assessments, biometric data, and claims data deliver a prescriptive view of individual and overall employee population wellbeing — providing accurate, easy-to-query analytics that empower change and measure impact.
bIQ™ Population Health Platform	A single integrated platform for data analytics, member engagement, care coordination, incentive management, and outcome reporting — giving health systems and their employer partners real-time visibility into population health performance and program ROI.

"Direct to employer strategies will be the path forward for hospitals and health systems looking to replace revenue and increase patient volume — and employers are ready to engage with partners who can deliver on that promise."

— Applied Health Analytics, Helping Employers Navigate Increased Healthcare Costs

Proven Results

Health systems that establish direct employer partnerships gain a durable commercial advantage: protected patient volume, improved payer mix, and a data-driven relationship that compounds in value over time. As employer healthcare costs continue to rise, the health system that has already demonstrated measurable cost savings becomes the indispensable partner — not a commodity to be replaced by the next low-cost vendor.

By deploying AHA's risk-stratification engine and employer engagement model, health system partners are able to identify high-risk employee populations early, coordinate care across the continuum, and report outcomes in terms that matter to employer CFOs and HR leaders — reduced claims costs, fewer hospitalizations, and a healthier, more productive workforce.

The result is a self-reinforcing cycle: employers deepen their commitment to the health system as costs decline and outcomes improve; the health system grows its commercial patient base; and both parties benefit from a partnership built on shared data, shared goals, and shared savings.

71%

of large employers will pursue an advanced primary care strategy — creating immediate demand for health system partnerships

$15K+

projected per-employee health benefit cost in 2020 — the figure employers are desperate to bend downward

A Partnership with Applied Health Analytics

Applied Health Analytics works with hospital and health system leadership to define the strategy and tactics essential to a successful employer initiative launch — from initial market assessment through full execution and ongoing management. AHA's partnership model covers three integrated components.

Strategy Development & Market Assessment

AHA audits existing commercial market initiatives, conducts a thorough internal and external review, and delivers system-specific recommendations for the structure, resources, budgets, and tools needed to build a sustainable employer strategy that serves both population health and revenue objectives.

Technology & Analytics Infrastructure

The bIQ™ platform provides the data analytics, member engagement, care coordination, incentive management, and outcome reporting infrastructure that enables health systems to manage employer populations at scale — and to demonstrate ROI in terms that employer decision-makers understand.

In-Market Leadership & Execution

AHA provides both interim in-market leadership during program launch and ongoing strategic leadership through a dedicated senior executive — ensuring continuity, accountability, and a consistent focus on commercial market performance as the employer program matures.

Conclusion

The surge in deferred care, the chronic condition burden, and the rising cost of new treatments are converging to create a healthcare cost crisis for employers. This is not a temporary disruption — it is a structural shift in how employers think about health benefits and who they trust to manage them.

Health systems that establish direct employer partnerships now — backed by the risk stratification, engagement technology, and strategic execution that Applied Health Analytics provides — will be positioned to capture the commercial market demand that is already in motion.

Applied Health Analytics is ready to help your health system build a direct-to-employer strategy that controls costs, improves outcomes, and grows commercial revenue. Visit appliedhealth.net to schedule a strategy session.

Ready to advance your commercial market strategy? Visit **appliedhealth.net** or call **(615) 665-8825** to schedule a strategy session.

ABOUT APPLIED HEALTH ANALYTICS

Founded in 2009 as a Joint Venture partner with Vanderbilt University Medical Center in Nashville, Tennessee, Applied Health Analytics is recognized by health system executives across the United States as the trusted leader in the execution of employer-centric, population health management strategies. Through the combination of strategy leadership, best-in-class technology, and go-to-market sales support, Applied Health Analytics links the workforce health interests of over 3,700 employers nationwide with the commercial market share and payer mix objectives of health system leadership.