



How ERISA Supports Health System and Employer Partnerships

ERISA gives self-funded employers the flexibility to design tailored health plans — and the opportunity for health systems to become their most strategic partner.

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The Employee Retirement Income Security Act of 1974 (ERISA) creates a powerful but underutilized framework for health systems and self-funded employers to build direct contracting relationships that improve outcomes, reduce costs, and grow patient volume.

The Challenge

The Employment Retirement Income Security Act of 1974, known as ERISA, is a federal law that mandates minimum standards for retirement and health plans offered by private employers. ERISA governs employer-sponsored health plans — also called welfare benefit plans — and critically, it prevents states from regulating these plans.

Utilizing Applied Health Analytics' technology, employers can identify high-risk conditions prevalent in their employee population and create tailored welfare benefit plans to address those health needs — translating ERISA's flexibility into measurable clinical and financial outcomes.

Although self-funded health plans are shielded from certain mandates, they must still comply with regulations governing discrimination. Employers cannot discriminate against employees because of

health status or disability. However, self-funded employers can customize their plan offerings and tailor benefits to address individuals or groups with specific conditions — such as diabetes or high blood pressure — creating an approach that meets the specific healthcare needs of their workforce rather than offering a one-size-fits-all plan.

23%

average tenure for employed professionals —
making long-term health investment worthwhile

5 yrs

average tenure for employed professionals —
making long-term employee health investment
strategically sound

WHY ERISA MATTERS FOR HEALTH SYSTEMS

ERISA-governed self-funded plans are free from state insurance mandates — which means employers can design custom benefit structures and choose their own provider networks through direct contracting. For health systems, this opens a direct pathway to grow employer relationships, increase patient volume, and accelerate the transition to value-based care without depending on traditional insurance channels.

The Opportunity

Hospitals and health systems can establish direct contracting relationships with self-funded employers in their local community. By leveraging their existing resources, services, and provider networks, health systems can offer employers a primary and preventive care narrow network embedded within the benefit plan — one that improves employee health outcomes and lowers healthcare costs for the employer.

A direct contracting relationship creates the opportunity for the employer and the health system to share in savings generated by tailored welfare benefit plans. This model allows hospitals and health systems to grow patient volume while simultaneously pivoting to a value-based care model — a strategic advantage that benefits both parties.

Examples of Tailored Welfare Benefit Plans

- **Plan for Employees with Diabetes:** Covers 100% of diabetes-related provider visits with no deductibles or copays; all insulin and generic medications prescribed for diabetes are covered at 100%.
- **On-Site Health Clinic:** Staffed with healthcare providers from the local health system and available to all employees regardless of health plan participation. No charge for clinic visits; prescribed generic medications are free.
- **Health Coach Program:** A nurse or nurse practitioner from the community hospital counsels employees on-site, by telephone, or virtually — addressing health concerns, recommending behavior modifications, and referring employees for advanced treatment.
- **Condition-Specific Plans:** By offering tailored plans targeting chronic conditions, self-funded employers can decrease absenteeism, enhance productivity, and avoid costs associated with hospitalization and short- and long-term disability.

The Solution

Employers who work directly with a hospital or health system will better understand the health of their employees through technology and predictive analytics. Applied Health Analytics understands the population health needs of employers and links proprietary risk analytics and engagement technology with health system resources to offer a complete array of evidence-based, early detection, and prevention initiatives.

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Welfare Benefit Plan Design	Identifies individuals by health risks, behavior change needs, health history, or gaps in care. Targets these individuals to promote health system services, products, partnerships, and PCPs — mitigating health risk by aligning it with community-based physician and hospital resources.
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Welfare Benefit Plan Design	Helps employers identify, develop, and execute successful welfare benefit plans under ERISA — from population analysis through plan customization, direct contracting support, and ongoing performance measurement.
Risk Stratification Engine	Identifies individuals by health risks, behavior change needs, health history, or gaps in care — targeting them for health system services, PCPs, and preventive programs that reduce cost and improve outcomes.
Early Detection (bMetrix™)	Biometric screenings and health risk assessments surface underlying conditions before they escalate. bMetrix™ enables seamless collection and recording of biometric data across large employee populations.
Health Coaching (bIQ™)	Health coaches serve as accountability partners — monitoring individual conditions, providing corrective guidance, and documenting sessions through the bIQ™ Population Health Management platform.

"Utilizing Applied Health Analytics' technology, employers can identify high-risk conditions that are prevalent in their employee population and create tailored welfare benefit plans to address these health needs."

— **Applied Health Analytics, ERISA & Employer Partnerships Whitepaper**

Proven Results

Self-funded employers who partner with local health systems through ERISA-compliant welfare benefit plans gain a structural advantage in managing workforce health. Rather than relying on one-size-fits-all insurance products, these employers can design targeted interventions that address the specific chronic conditions driving their highest costs.

By deploying Applied Health Analytics' risk-stratification engine, biometric screening tools, and health coaching capabilities, employer-health system partnerships can identify high-risk individuals early — before conditions escalate to hospitalization — and deploy condition-specific plan benefits that change behavior and reduce downstream cost.

The result is a virtuous cycle: employers benefit from a healthier, more productive workforce; health systems grow patient volume and primary care relationships; and both parties share in the savings generated by avoided hospitalizations and improved chronic disease management.

~50%

contracting relationships enable health systems to grow volume while shifting to value-based care models

Direct

of insured employees are in self-funded plans — a vast addressable market for direct health system partnerships

A Partnership with Applied Health Analytics

Applied Health Analytics brings together population health expertise, proprietary technology, and a deep understanding of the employer market to help health systems build and sustain ERISA-based employer partnerships. AHA serves as the connective tissue between health system capabilities and employer benefit strategy — from initial plan design through ongoing population management.

Plan Design & ERISA Strategy

AHA supports the ongoing deployment of welfare benefit plan initiatives — from health coaching and behavior modification programs to early detection screenings — ensuring that employer partners achieve measurable improvements in employee health and sustainable reductions in healthcare costs.

Population Health Technology

The bIQ™ Population Health Management platform powers risk stratification, biometric screening data collection via bMetrix™, health coaching documentation, and engagement tracking — giving both the health system and employer real-time visibility into program performance.

Ongoing Program Execution

AHA supports the ongoing deployment of welfare benefit plan initiatives — from health coaching and behavior modification programs to early detection screenings — ensuring that employer partners achieve measurable improvements in employee health and sustainable reductions in healthcare costs.

Conclusion

Under ERISA, employers can design multiple medical plans best suited to address the health needs of specific populations within their workforce. Plans that target specific health concerns serve to improve employee health, increase productivity, reduce absenteeism, and lower overall healthcare costs.

Self-funded plans benefit from being protected from state insurance laws — opening the door to customized health plan design and direct provider network contracting with hospitals and health systems. Welfare benefit plans under ERISA create an abundance of opportunity for employers and health systems to partner and achieve outcomes that benefit both.

Applied Health Analytics is ready to help health systems capitalize on this opportunity. Contact us to learn how a strategic ERISA-based employer partnership program can grow your patient volume, strengthen community relationships, and accelerate your value-based care transition.

Ready to advance your commercial market strategy? Visit [appliedhealth.net](https://www.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.

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