



Gallagher

Insurance | Risk Management | Consulting

Caring Smarter: Cost Optimization Solutions for Group Plans, Stop-Loss Insurance and Employee Wellbeing

What keeps HR leaders up at night? Balancing care for their people with protecting their organization's future. One costly treatment can jeopardize a benefits plan, so leaders are turning to smart, multi-layered cost strategies to protect both lives and livelihoods. By choosing the right plan designs for their unique needs, HR and finance can safeguard both employee wellbeing and organizational stability.

Rising Costs and Strategic Solutions: Navigating the Future of Employee Benefits

50% increase
in million-dollar claims
over the last four years.¹

Medicare-eligible employees on group
plans cost employers an average of
\$12K per employee per year.²

49% of employers
plan to add a wellbeing
strategy by 2026.³

Supporting Employees: Lower-Cost Alternatives to Group Health Plans

1

COBRA enrollees. With the right education and support, many COBRA participants find that alternative health solutions offer more choices at a lower cost — for themselves and their families.

2

Medicare-eligible employees: Beginning in 2025, Medicare capped out-of-pocket pharmacy costs at \$2,000, potentially saving enrollees an average of \$2,500, making it a more appealing choice for Medicare beneficiaries.⁴

3

Health coverage solutions for pre-65 retirees:

Employers can offer competitive individual plan options to non-Medicare eligible retirees through tailored support and access to the individual market.

4

Non-benefits eligible employees: Offering affordable health options for part-time and non-benefits eligible employees demonstrates care for all staff, enhancing workforce support and improving attraction and retention.

Protect Your Employees and Your Organization: A Case for Wellbeing and Stop-Loss Coverage

Connecting Care, Cost and Culture Through Wellbeing

An effective wellbeing strategy does more than offer perks. By connecting wellbeing to outcomes like chronic disease management, productivity and financial risk reduction, you can build a stronger case for C-suite support.

- 1. Address preventive care:** Identifying gaps in preventive care can lead to significant cost-saving opportunities for disease prevention and management. Consider that employees with diabetes incur health care costs 2.6 times higher than those without the disease.⁵
- 2. Align with organizational goals:** Integrate wellbeing programs with metrics like claims cost reduction and high-performance culture, focusing on financial ROI and outcomes such as reduced absenteeism and improved retention. Prioritize safety by tracking accident-free days and emphasizing sleep health for a safer workplace.
- 3. Streamline point solutions:** With 70% of employers citing participation as their biggest wellbeing challenge,⁶ simplifying your approach can make a big difference. Focusing on fewer solutions that deliver the most value based on employee demographics can eliminate the unnecessary (and costly) overlap of resources.

Safeguard Against Soaring Claims with Stop-Loss Insurance

As the cost of care continues to climb, employers are feeling the pressure. Both self-funded and fully insured groups of all sizes are exploring protective strategies like bundled case agreements, centers of excellence and stop-loss coverage.

- 1. Prepare for rising costs:** Employers can routinely anticipate an 18% to 22% rise in premiums annually. Popular but costly medications like GLP-1s drive up claims when few employers are ready to pass additional costs onto employees.
- 2. Recognize surge in high-cost claims:** Million-dollar claims rose 8% on a claims-per-million-covered-employees basis over the past year and are up 50% over the past four years, with the highest claim being over \$11 million.¹
- 3. Implement winning strategies through centers of excellence:** Gallagher connects employees with the right care at the right time, helping reduce misdiagnosis and unnecessary treatment. We advise on cost-saving strategies based on risk, claims and projections — partnering with vendors and providers to deliver tailored, cost-effective solutions.

35%

of Mayo Clinic Complex Care Program participants avoided a locally recommended surgery.⁷

Balance healthcare costs while enhancing employee engagement. Contact your Gallagher consultant today.

Sources:

¹"High-cost claims and injectable drugs analysis," 2024 Sun Life Report, Accessed 7 May 2025.

²2024 Gallagher Case Study, Alternative Health Solutions

³2024 Gallagher Benefit Strategy and Benchmarking Survey

⁴Purvis, Leigh "Most Medicare Part D enrollees who reach the new \$2000 out of pocket spending cap will see substantial savings despite premium changes," AARP, 16 Jan. 2025.

⁵"Facing the Diabetes Cost Crisis: A Guide for Employers," American Diabetes Association.

⁶2025 Gallagher Benefit Strategy and Benchmarking Survey

⁷2024 Mayo Clinic Complex Care Program

AJG.com The Gallagher Way. Since 1927.



Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. and/or its affiliate Gallagher Benefit Services (Canada) Group Inc. Gallagher Benefit Services, Inc. is a licensed insurance agency that does business in California as "Gallagher Benefit Services of California Insurance Services" and in Massachusetts as "Gallagher Benefit Insurance Services." Neither Arthur J. Gallagher & Co., nor its affiliates provide accounting, legal or tax advice.

© 2025 Arthur J. Gallagher & Co. | GBSUS104179