

Report: Employers Focusing on Plan Redesign to Reduce Health Care Costs

The [2024 Best Practices in Healthcare Survey](#) by WTW found that increasing health care costs are driving employers to focus on redesigning health care plans to improve affordability.

According to the survey, more than half (51%) of U.S. employers expect to redesign health care plans to lower costs. They will likely focus on adopting new plan designs and implementing network strategies that direct employees toward more affordable, high-quality providers and care facilities.

The report said U.S. health care costs have reached record highs since the COVID-19 pandemic, with nearly half of employers expecting costs to exceed budget projections this year.

Employers predict health care costs to rise by 7.7% in 2025, up from 6.9% in 2024 and 6.5% in 2023.

- *WTW's 2024 Best Practices in Healthcare Survey*

A projected increase of 7.7% aligns with other market forecasts, which range from 5%-9%. Recently, a report from the International Foundation of Employee Benefit Plans predicted a median 8% hike in health care costs in 2025, largely due to rising pharmacy costs and catastrophic health claims. The Business Group on Health also released a report with similar estimates.

Cost Mitigation Strategies

Aside from plan redesign, 52% of employers plan to introduce programs aimed at cutting expenses.

Strategies mentioned by the report to lower costs include alternative drug channels and pricing, such as promoting drug discount cards and allowing members to buy medications from retail or “cost plus” outlets. Other cost-cutting measures employers are planning to implement over the next two years include:

- Putting vendors and health plans up for bid
- Evaluating employee assistance and mental health programs
- Exploring technology-enabled solutions to manage expenses
- Carving out pharmacy benefits

Meanwhile, about a third (34%) of employers plan to transfer costs to workers through premium contributions, and 20% intend to promote account-based or high deductible health plans.

Takeaway

With health care costs continuing to rise, employers are likely to pursue proactive strategies. Plan designs will vary by employer, but the right strategies may help offset the rising prices projected in 2025.

Contact us today for more resources on plan design.