How Expanding Cost Drivers are Rewriting the CFO's Healthcare Playbook

Self-funded employers already feel the pains of complex and costly claims—and it's about to hit harder. Here's how finance leaders can brace for challenges while ensuring better outcomes for their workforce.

Executive Summary

CFOs of self-funded organizations have tough asks ahead. They're not only navigating historical and still-persistent healthcare inflation—an 8% jump in 2025—but they're also watching healthcare itself evolve rapidly.

That evolution involves advancements in saving lives while driving claim complexity and costs—including prescription and specialty drug expenses. Examples include cell and gene therapies, complex procedures, genetic testing, and emerging options across obesity, cancer, rare diseases, neonatal care, and beyond. While it's extraordinary to have such options, the already high-cost healthcare landscape could become unthinkably more expensive in the years ahead.

It's something financial leaders are already bracing for, according to a 2024 survey from Mercer among CFOs of companies with mostly self-funded health plans. When asked which cost factors most worried them, high-cost claims and obesity management drugs were top choices.

"For nearly all companies, healthcare is the second highest expense," said Scott Charles, Chief Financial Officer at Personify Health. "If you're not familiarizing yourself with the nuances of that line item and looking at every pullable lever you have to control healthcare costs while optimizing outcomes, you're likely to fall behind."

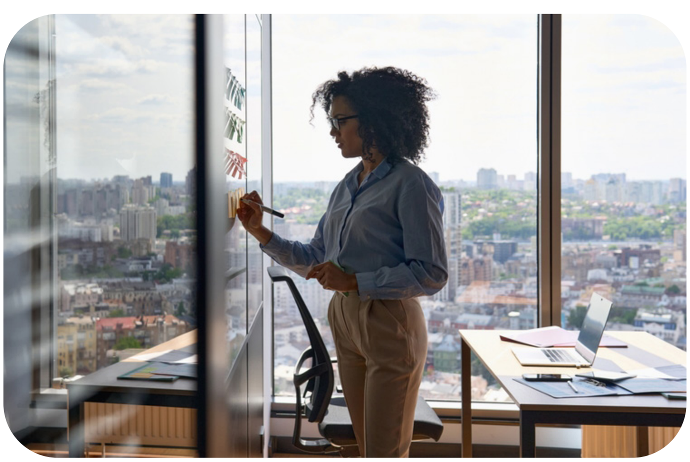
Moving forward, the healthcare cost model could get more serious. For one thing, a new pipeline of specialty therapies—typically billed as medical claims—is expected to be FDA-approved in the near term. And even among treatments already in-market, experts say costs for drugs like GLP-1s are likely to surge. These developments are influenced by factors such as off-label use and demand-driven uptake. Plus, they involve newly patented products, which makes conventional cost control strategies like generic drug education less useful.

Healthcare costs are rising faster than revenue at many organizations, and that squeeze undoubtedly means sacrifice somewhere—whether innovation, talent, or operations. Passing costs on to employees is no longer a tenable choice, meaning, put simply, "something's got to give."

Employers often look for a fix-all for their healthcare cost challenges, but healthcare inflation is more insidious than that. It cuts across multiple factors, and businesses need a more nuanced approach to plug the holes.

CFOs see the trends and their associated risks as a mandate to protect against future costs with a more measured approach—and they're diving more deeply into the specifics of their healthcare expenses than ever before, Charles says. This requires a focus on investments in targeted tools, AI, and human support. A personalized health platform like Personify Health's that integrates multiple levers into one can be a game-changer.

Maybe most importantly, however, as leaders navigate those many cost-saving, quality-improving opportunities, they should look for ways to create short- and long-term impact, added Chris Michalak, Executive Chairman at Personify Health.



"There's a lot of focus in the market on controlling healthcare costs through financial levers such as dynamic copay models, but these are all short-term fixes that have little impact on the risk pool or long-term liabilities," he said. "Personify Health is focused on improving the health risk of a population and managing how people get care that's cost- and outcome-optimized. These are long-term risk reducers and behavior change that will last."

Learn more about these emerging forces and opportunities and how they're pressing CFOs to reprogram their healthcare playbooks with more intentional, proven cost control strategies.

Healthcare *can* and *should* be better

"We're here to figure out how these insurance benefits can be better. And of course, they can. And they should be better. They can be better with better primary care, more focus on quality, use of digital analytics to drive more improvements in healthcare. There's really a lot that we can and should be doing to improve the quality of healthcare in America."

— Dan Mendelson, CEO of Morgan Health at the 2025 JPMorgan Health Care Conference

Managing Costs and Risks of Complex Claims

With six- and seven-digit claims on the rise, CFOs are looking for opportunities to support employees while offsetting the financial impacts of complex care journeys.

Large claimants often drive much of the healthcare cost growth that self-funded employers see—now and in the future.

“If you’re self-insured, a single large claim can throw off your entire budget for the year. We see this in our clients’ data: NICU costs, cancer costs, complex and rare diseases—these are all very devastating, very complicated, very expensive situations,” Charles said. “And they can happen in any population, and quickly—with a diagnosis followed by high-dollar claims, all in a single year.”

Costly claims span a range of high ($100,000 to $1 million) to very high ($1 million or more), but the first tier commands the most concern. According to Mercer’s survey, 83% of CFOs were worried about high-cost claims versus 67% for the million-and-above amounts. This makes sense: Six-digit claims are more common; million-dollar ones are rare. All high-cost thresholds are on the rise, though.

Large claimants represent just 1.2% of insured members but comprise about a third of healthcare spending. Their care journeys can also be non-linear, leading to more claims and costs along the way: Rare disease patients, for example, experience an average of three wrong diagnoses before they get the right one.

These risks are not limited to older employees. Young people are seeing more high-cost claims, especially in areas like prenatal/neonatal care and cancer. In vitro fertilization and prenatal genetic testing (when covered), plus rising incidence of diagnoses like colorectal cancer also factor into these trends among younger employees.

High-cost claimants make up 1.2% of insured members, but 27 times that in healthcare spend.

Ultimately, complex claims could become more concerning long-term. While many novel treatments like advanced cancer therapies are already here, roughly 75% of the not-yet-approved pipeline involves specialty products. And new market entrants could bring new pricing pressures.

Take biologics, for example. Many cell therapies are billed on medical rather than pharmacy benefits and can cost more than a million dollars per dose. Autologous products take cells from a patient, transport them to a facility that creates treatments out of them, and then send them back to the hospital to be infused back into the patient. This requires more complex steps and logistics, driving costs well beyond a traditional drugstore (small molecule) pill. A single employee receiving such care could quickly generate high-cost claims.

Key considerations: PBM support, benefits utilization, and more

Advanced therapies save lives—pushing business leaders toward a balanced approach with tools that help them offset costs they can control, while mitigating risk for costs they can't. One option is pharmacy benefits management, which can help navigate these complex and costly services, especially as healthcare evolves. According to the Pharmaceutical Care Management Association, such support could save roughly $1 trillion in costs over the next decade.

Other opportunities may come from unexpected places, such as benefit utilization. While high-dollar claims represent high utilization, programs across mental and behavioral health and disease management often go underinvested. One survey found that up to 85% of employees don't use provided mental health benefits, for example. These insights validate care management initiatives that guide members toward preventive care, especially when that support is tailored to their needs: In one survey, 82% of employees said they would participate more in the benefits offered if programs were more personalized

Given these trends, a CFO's first action should be simple, Charles advises: Get familiar with the conditions and situations that are driving higher claims for your company and find opportunities to proactively support and manage them.

"It's a good idea to have large claims reviewed every month and understand what they are, what they're projected to do, and what the company can do in response," he said. "In addition to protections such as stop-loss insurance, organizations will obviously also want to manage members for better outcomes and costs. For example, how will the care management team help navigate the member's journey? How can the organization steer them toward the best in-network care? These are all levers that can be pulled to contend with this reality."

Personify Health engages such opportunities internally to control costs, and they're also what we offer our clients: health plan administration, wellbeing and engagement, and navigation and advocacy solutions. Across those diverse, high-value solution categories, one third-party study identified not just stronger reach and engagement, but a stronger value story too—including 23% lower costs.

Charles exists in both universes—as the CFO of a self-funded organization, as well as a leader whose business model operates in this space. With that dual point of view, he says he can't emphasize this enough: It's a now-or-never moment.

"Today's environment looks very different from what we've seen in the past. We're all facing significant healthcare increases, and we need to think about this differently—starting right now." **– Scott Charles, Chief Financial Officer at Personify Health**

Novel Drug Classes Subject to High Uptake

Trends across GLP-1s and other novel drug classes are driving costs for self-funded employers—creating the need to balance consumer demand with market forces.

Large claimants may be a top driver of rising healthcare costs, but they're not the only contributor. Prescriptions are too—from routine meds like statins and insulin to fertility drugs and even blockbusters like glucagon-like peptide-1 agonists. Those products, known as GLP-1s, are approved for certain limited indications but are increasingly used off-label across obesity management, chronic inflammation, and other needs.

They're worth particular attention: Roughly 40% of CFOs say the cost implications of GLP-1s are very or significantly concerning, a worry that reflects the expectations of these drugs' uptake: Semaglutides were the top drug by spending in 2023, with more room to grow. By the next decade, they could become a $150 billion industry—beating earlier estimates of $100 billion.

Uptake in GLP-1s could nearly quadruple by 2030.

For a drug that won't have generics in the United States until the early 2030s, this boom spells higher costs for employers. Wegovy, a GLP-1 product, already costs businesses up to $10,000 annually per member. (Notably, these trends may offset hopes for cost relief from so-called "patent cliffs" that are introducing generics for other drugs.) Plus, there's the popular culture factor: Few medications have a social media fandom like GLP-1s, which is driving even more employee interest in the drugs.

Many CFOs will be balancing the financial realities of branded products with increasing demand for coverage of them. Offering benefits that account for nuances in novel drug classes could give a competitive advantage talent-wise, especially if they also have significant medical and cost-preventive benefits (such as reducing events like heart attacks). At the same time, drugs like GLP-1s are expensive, which puts financial leaders in challenging situations.

"Finance leaders should absolutely focus on offering an industry competitive benefits package that employees can feel good about so that, from a retention perspective, they're able to support and keep the people they have," Charles said. "But the other element they're weighing is cost, of course, and there's always tension between those two things. The goal is to strike that balance between having a strong benefit while also protecting against the costs involved."

Key considerations: Benefits, care management, and more

As CFOs strategize how and if coverage of these and other products fits into their broader cost framework, they'll need to respond fast. As part of a personalized health platform, a strong health plan administrator partner can help kickstart that journey as leaders navigate their needs across medical management, PBM involvement, and payment integrity. Other resources also factor in, such as disease management, care management, and support to guide members toward their best options—including a push for generics (where available), benefits utilization, wellbeing, and beyond.

Even so, how can organizations feasibly invest in those opportunities when they're already hamstrung by costs?

"It's a particularly intimidating time to look at those investments when healthcare costs are among your biggest business expenses," Kristen Larson, SVP Client Growth at Personify said. "Why would you want to spend a few dollars PEPM for a preventive health or wellbeing program? Initially, you might think the math doesn't make sense."

"But that starts to change when you measure more specifically and effectively. For example, we're seeing an average engagement rate of 51% in our health platform and we know that, on average, saves $699 per participant. The math actually becomes a bit of a no-brainer."

– Kristen Larson, SVP Client Growth at Personify Health

Level Up Your Playbook and Get Ahead of the Trends

CFOs should expand their efforts through a personalized health platform as they prepare for emerging cost drivers.

As leaders work with their teams to build healthcare cost control plans, they have many levers—all of which can be achieved through a personalized health platform like Personify Health's:

Invest in a modern TPA

An experienced **health plan administrator (a modern third-party administrator, or TPA)** can offer support across benefit design, PBM partnership, stop-loss insurance, and payment integrity. Many policies will likely need to flex in the years ahead to account for advanced therapies and new drug classes—and as they do, it can create confusion along the contours of newly modified plans. Partners that can deploy multiple levers at a time are the best positioned to navigate the challenges.

Key Levers

- **Cost containment, care and condition management:** In an independent actuarial study from Wakely Consulting Group that was commissioned by Personify Health, researchers found that cost containment along with care and condition management yielded 23% overall savings, equating to $762.96 PEPY. Among claimants above $100,000, the study saw 14% savings.

- **Payment integrity, fraud, waste, and abuse detection :** AI-enabled fraud, waste, and abuse (FWA) detection can help by flagging claims for further review. An estimated total of $36 billion a month is already wasted on unused and misused benefits, and that may increase as emerging cost drivers come to bear. One peer-reviewed effort from Personify Health, Health at Scale, MIT, and the University of Michigan found that employing an AI-powered FWA detection solution helped save an immediate $11.8 million. Among claims over $50,000, 58% of claim amounts were reduced.

- **Stop-loss insurance:** Even after mitigating policy noncompliance and FWA, high-cost claims still pose a risk for self-funded organizations—and that's where opportunities in stop-loss insurance play a role. These plans can protect against uncontrollable costs, assuming CFOs negotiate limits from a more informed place (again, through the help of an HPA like Personify Health).

These behind-the-scenes tools—payment integrity, FWA detection, even stop-loss—can't fully reach their potential without equally important, member-facing levers: **care navigation, care advocacy, condition management, and mental and physical wellbeing.** These resources help members choose cost-effective preventive screenings, understand and navigate their benefits, and manage everyday health, medications, and complex conditions.

Member-Facing Levers

- **Wellbeing support:** We found that employers stand to lower their total healthcare costs year over year by 14% with wellbeing support that empowers users to improve their health. That savings accounted for $699 PMPY.

- **Care navigation and advocacy, condition management:** Other member-centric opportunities include guidance on branded versus generic medications (where available), coaching, and care journey support. Urgent care versus emergency department, for example, or inpatient versus outpatient.

- **Mental health network:** Even out-of-network claims are worth a look, especially since mental health needs—which often go out-of-network—are on the rise. These trends are pushing business leaders to evaluate opportunities that guide their members toward more informed, empowered choices to improve care and costs.

Even so, while an effective strategy is a measurable one, value doesn't always have to be defined across these and other levers the same way. Kristen Larson explains:

"Sometimes measurability comes from direct specific year-over-year healthcare costs," she said. "Employers should really look at programs that impact future risks and likely costs as well. To track those key investments, look for improvements to key behaviors and health risks. Maybe it's better daily habits like walking more, better mental health management, improved biometrics/lower metabolic syndrome prevalence, or reduced risk of a heart attack. All of these result in better cost management today and in the future."

Overcome Siloes

Remember that collaboration is vital—and leaders in finance, HR, operations, and other teams can and should break down the walls between them regarding healthcare costs. A proactive approach to partnership is dependent on transparency in data sharing, planning, and activation.

23%
Lower costs

- 26% lower claims among those using dialysis services
- 17% lower emergency room costs vs market average

Wakely
An HMA Company

$11.8
Millions in savings

- 50% of reviewed claims showed savings
- Vulnerable members saving average of $3,973 per flagged claim

NEJM Catalyst

$699
Saved PMPY

- 23% more preventive visits (inc. cholesterol, mammogram, and cervical cancer screening rates)
- 14% improvement in anxiety-related costs and prevalence

merative

The Writing's on the Wall—and the Next Move is Yours

Surging expenses are a bellwether for an uncertain future. Is your playbook ready to control healthcare costs while improving quality?

Ultimately, healthcare complexity can and will continue to perpetuate cost concerns. With emerging therapies, high-demand options like GLP-1s, and other clinical trends, financial leaders increasingly need to invest in member-centric guidance alongside operational cost containment.

“The healthcare landscape today looks very different than it did a few years ago,” Charles said. “The goal remains the same—we want to get people to the best health outcomes at the lowest cost. Given rising healthcare costs, it's more important than ever to be proactive in managing them, which requires finance leaders to utilize a new set of tools.”

If your organization could benefit from a personalized health platform inclusive of health plan administration, navigation and advocacy, and wellbeing and engagement, learn how we can help at www.personifyhealth.com.

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