



THE DIGITAL HEALTH DILEMMA: WHAT'S WORKING AT WHAT COST?

Written By Laura Carabello

With a whopping 28.4 million Americans expected to wear Apple Watches in 2026 and another 2.5-2.8 million using an Oura Ring, it's likely that many employees will be sporting these devices in the workplace.

Over 26% of Americans own a smartwatch device, including around 81 million Americans using various fitness trackers, with smartwatches leading the category. Aspirational Artificial Intelligence (AI) proponents point to the potential for smartwatches to monitor emotional changes and detect early anxiety and depression. Mayo Clinic scientists believe answers to improving mental well-being “might already be on your wrist.”

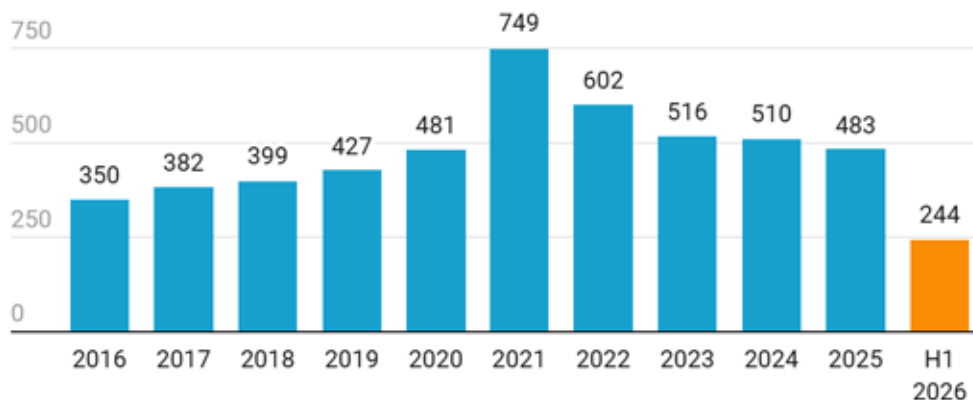
Interestingly, Health and Human Services Secretary Robert F. Kennedy Jr. has suggested every American could use a wearable device to track their health metrics and said HHS would launch a marketing campaign to promote them as a key to preventative health. However, the Medical Device and Diagnostic Industry warns that while consumer wearables promise empowerment, they may be creating anxious patients who over-monitor. They ask the question: “Are we tracking health or fueling health anxiety?”

This upsurge in adoption is reflected in U.S. digital health venture funding, which reached \$7.4 billion across 244 deals in the first half of 2026. Largely fueled by investor interest in mental health, weight management and artificial intelligence (AI), a survey published by the venture capital firm and consultancy

Rock Health shows that overall, 19 digital health companies secured 20 mega deals, representing 45% of all capital invested in the first half of the year compared with 42% in the year-ago period.

U.S. digital health venture funding

Deal count



Note: Includes U.S. deals valued more than \$2 million through June 30, 2026.

Source: Rock Health • Created with [Datawrapper](#)

Investors anticipating significant profits are buoyed by consumer demand for wearables. Today, the American appetite mirrors international trends as US residents increasingly turn to these connected devices to manage their health and share data with providers. Rock Health also reports that nearly 60% of U.S. adults reported owning at least one wearable or connected device, like continuous glucose monitors, smart scales or connected blood pressure cuffs.

As data from these devices becomes integrated into the traditional healthcare system, providers are potentially enabled to see a long-term view of their patients' health. Surveyors report that nearly 60% of wearable owners have already discussed their data with a provider, including 30% who said they do so regularly.

Researchers document that wearables are primarily used to track physical activity, sleep and heart rate, and 59% of respondents reported wearing their devices always or almost always – including at work. From an employer perspective, it's likely that employee owners of connected devices and wearables tend to be younger, wealthier, healthier, more urban and more likely to be commercially insured, although just 12% received a device through their insurer or employer.

The VCA Software narrative indicates that the insurance industry is undergoing a technology transformation unlike anything seen in the last century. U.S. insurance technology budgets are projected to reach \$173 billion in 2026, growing 7.8% year over year, representing 6% of total U.S. technology spending.

MEASURABLE SAVINGS & ACCOUNTABILITY

"Digital point solutions can create savings, but the savings are not created by the application itself," says Dea Belazi, PharmD, MPH, CEO & co-founder, AscellaHealth LLC. "They are initiated by the clinical action the application enables, and the costly event that action prevents, making savings expectations highly dependent on the condition and related form of care."

Belazi explains that in the case of virtual musculoskeletal care, for example, "The Peterson Health Technology Institute's assessment found that physical therapist-guided virtual programs can deliver outcomes comparable to in-



person physical therapy. The study estimated \$4.4 million in annual savings per one million commercially insured members when eligible low-back-pain patients shifted to appropriately priced virtual care as a replacement for in-person care.”

In contrast, Belazi points out a review of digital programs for asthma and COPD which showed results that did not always generate enough medical savings to offset their costs, with results that varied significantly based on the population, intervention and delivery model.

“One of the greatest opportunities to get value from a digital point solution is by strategically targeting high-cost, low-volume claims, like medical benefit specialty pharmacy care,” he continues. “The opportunity is particularly significant because the patient population is smaller, the clinical complexity is higher, and even incremental improvements in coordination and benefit management can have a meaningful impact on total cost of care and member experience.”



Vincent Esposito

From a technology perspective, effective digital solutions need to address system interoperability and connect fragmented processes, not just to help employers better manage complex care journeys but to bring together the data needed to monitor and assess program effectiveness.

“By enabling greater visibility into utilization, prior authorization workflows, specialty pharmacy pathways, financial support options and site-of-care decisions, technology can help identify opportunities to improve outcomes while reducing unnecessary costs,” Belazi concludes.

Vincent Esposito, CEO, Reflect Health, not only sees the rise in solutions by disease state, but also the rise of services that measure the efficacy of vendor services to drive accountability beyond marketing and measuring real ROI/results.

“We also see more stop-loss carriers willing to give rate relief for high-performing vendors,” says Esposito. “Within disease states, we see folks tackling MSK, oncology, dialysis, diabetes, infusions, etc. The list is growing rapidly.”

Employers can flatten the cost curve for their most expensive employee chronic populations by starting directionally, navigating and optimizing the use of a health plan.

“In theory, you get cost impact, but the value it really brings is the assistance it provides in where to seek care next,” he adds. “Directionally, the ability to avoid a trip to the ER for a higher value option impacts cost most meaningfully.”

IMPACT OF AI

AI is an important component of medical device development, which analysts contend is lowering the barriers to building single-use-case digital solutions. AI transforms digital health devices by shifting healthcare from reactive treatments to proactive prevention. Scientists tout AI as a key enabler of continuous monitoring of chronic conditions, allowing devices to interpret vital signs instantly and help predict medical events before they happen:

Remote Patient Monitoring (RPM): Wearable sensors use machine learning to filter movement noise and track irregular heartbeats or blood oxygen levels. **Personalized Insights:** AI analyzes lifestyle, genetic, and biometric data to create custom health plans for users.

NOW AVAILABLE

ocozzio

The 2027 Self-Funded Calendar

Everything you need to plan the year ahead, in one place.



Major Industry Conferences



Critical Compliance & Legislative Dates



Monthly B2B Marketing Advice



AI, SEO/AEO & Digital Insights



Download the **Free**
Calendar Today

ocozzio.com



Adults increasingly own wearables

% of respondents that own a wearable, 2015-2025

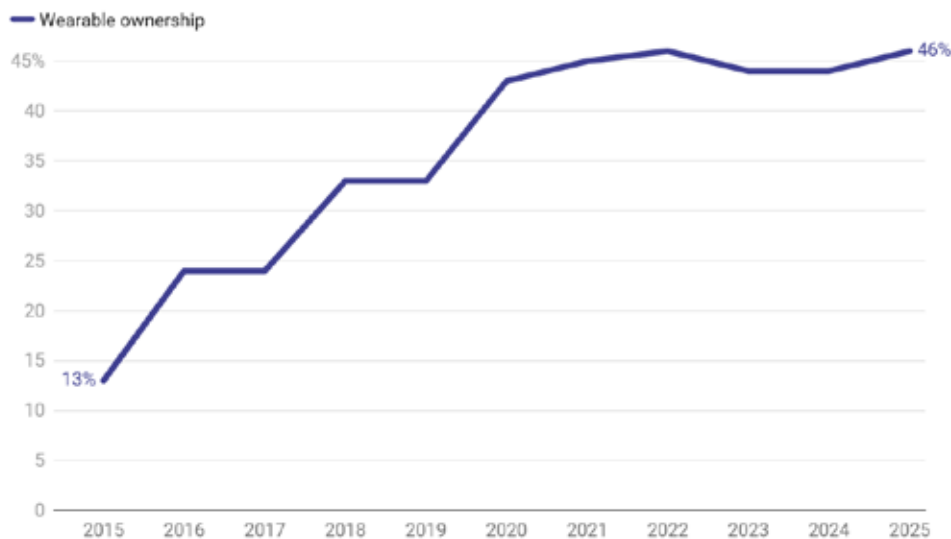


Chart: Emily Olsen/Healthcare Dive • Source: [Rock Health](#) • [Get the data](#) • Created with [Datawrapper](#)

Workflow Automation: AI agents in devices automatically summarize data and send alerts to doctors.

Technology-Driven Solutions Transform Wellness to Well-being

Many self-insured companies have started exploring technological solutions to improve employee health and well-being, facilitating the transition from wellness to well-being. Truworth Wellness points to these benefits:

1. **24/7 Accessibility:** Health and well-being software solutions typically provide a

single login that allows access to all employee information from anywhere and at any time. This enables HR to assign health tasks according to their convenience and availability and track the status of these tasks.

2. **Empowers People:** Health benefits software solutions empower employees by granting them access to well-being programs, health check plans, and services regardless of the device they use. This eliminates the dependency between HR and employees when it comes to well-being activities such as understanding wellness plans, checking healthcare claims and purchasing health check solutions.
3. **Workflow Automation:** Health benefits solutions have introduced automated work environments in workplaces, providing convenience for HR professionals. HR personnel can now focus on new projects and tasks to increase productivity.
4. **Enhanced Decision-Making Skills:** Technology-driven health and well-being solutions have enhanced the decision-making skills of HR professionals. They create a centralized system to store employees' health data, enabling HR to make informed decisions about employee health check plans and well-being programs. HR can easily determine if the existing wellness program is positively impacting the company in terms of improved health and productivity. Based on insights captured in the software, HR can suggest improvements and identify areas for employee well-being.
5. **Boost In Telemedicine:** During the pandemic, employees with chronic health conditions faced challenges in seeking proper medical advice and support while managing their workload. Thanks to telemedicine, a technology-backed service, employees can access medical assistance outside of working hours. This way, they can remain at home without missing work hours or experiencing unnecessary stress.



Jim Carlson, VP, Evidium, head of business development, self-funded, notes, “The real value isn’t simply knowing where a patient’s care journey is headed—it’s understanding why they are going down that pathway and having the insight to intervene before they reach costly or unnecessary treatment. By looking at the entire healthcare journey—not isolated treatments, conditions, or comorbidities—we can create more precise care pathways that improve both the patient experience and clinical outcomes.”

He says there are many solutions in the market, but not every solution is designed to meet an organization’s unique needs.

“The advantage of a solution like Evidium is the ability to customize the platform around those specific needs, rather than forcing the organization into a one-size-fits-all approach,” adds Carlson. “With earlier insight into a patient’s clinical trajectory, we have an opportunity to guide care more effectively and improve delivery. Clinical and financial outcomes are not competing priorities. When we improve the clinical outcome, the financial outcome inherently improves as well.”

PHYSICIAN UNCERTAINTY

A study by the American Medical Association found only 6% of U.S. physicians regularly use consumer wearable data in patient care. The trade group’s study defined consumer digital wearables as nonprescription, commercially marketed technologies used by individuals to monitor personal health, fitness and performance. It did not include prescription medical devices such as continuous glucose monitors and clinical diagnostic tools such as mobile cardiac telemetry or home sleep apnea tests.

More physicians are looking to incorporate patients’ consumer wearables, such as smartwatches and fitness trackers, into their care, but barriers to wider usage remain. A key obstacle to wider adoption is missing reimbursement pathways, as CPT remote monitoring codes don’t cover consumer wearables.

While there appears to be strong physician interest, just 18% of physicians expect consumer wearable data to be more widely used in a clinical setting within the next year.

Increased interest varies across specialties. Some cardiologists and endocrinologists already review data from the devices and are more optimistic about potential care benefits. Other physicians, such as those working in primary care, are more hesitant to add wearable devices to the mix.

IMPACT ON BEHAVIORAL HEALTH

From a behavioral health perspective, Dani Kimlinger, PhD, MHA, SPHR, SHRM-SCP, CEO, Mines and Associates explains, “Digital health solutions can create meaningful value for self-insured employers when they improve access, engagement, and early intervention. We have seen strong results when digital tools are integrated into a broader continuum of care rather than deployed as standalone point solutions.”

For example, she says employees may begin with a digital mental health screening and then be seamlessly connected to counseling, coaching, care navigation, or work-life services when additional support is needed. Similarly, employees managing chronic conditions often benefit when digital monitoring, health coaching, behavioral health support, and primary care are coordinated rather than fragmented.

“While many digital solutions demonstrate positive outcomes, employers are increasingly facing point solution fatigue as multiple apps compete for attention,” says Kimlinger. “Utilization and ROI suffer when employees are unsure where to turn. The future is not simply more digital health tools, but integrated ecosystems that combine physical health, behavioral health, navigation, and human support into a trusted, streamlined experience that improves outcomes while reducing complexity.”

There’s widespread industry support for the value of digital health point solutions to improve access, engagement and outcomes. April Gill, CCO, Smart Data Solutions, says the challenge is what happens as they multiply.



Dani Kimlinger



April Gill

“For TPAs and self-insured employers, every new solution can introduce another data feed workflow, login, integration and reporting requirement,” she advises. “The result can be a fragmented experience for members and growing complexity behind the scenes. The answer is not simply replacing every point solution with one platform. It is building an operational foundation that connects the ecosystem.”

As employers demand greater value and interoperability improves, Gill says the winners will be solutions that work as part of a connected ecosystem. The future of digital health isn’t more apps -- it is making the right solutions work together at scale.

INTEGRATION OF AI IN DIGITAL MENTAL HEALTH

As validated by the Substance Abuse and Mental Health Services Administration (SAMHSA), more than 1 in 5 U.S. adults experience mental illness each year, posing accelerated demand for accessible and affordable solutions. Access to mental health clinicians has been limited by cost, availability, geography or stigma, leaving AI tools and mobile applications as a scalable and reliable response to this challenge that is positioned to close some of these gaps.

Mental health apps work by offering evidence-based techniques such as cognitive behavioral therapy (CBT), meditation, or mindfulness exercises. Covington Digital Health explains that they help users track moods, manage stress and build healthy habits through daily reminders and interactive activities.

Some apps use AI-driven chatbots to provide emotional support, while others connect users to licensed therapists for online consultations. However, their rapid adoption has raised questions about safety, accuracy, legal responsibilities and the protections available to consumers.

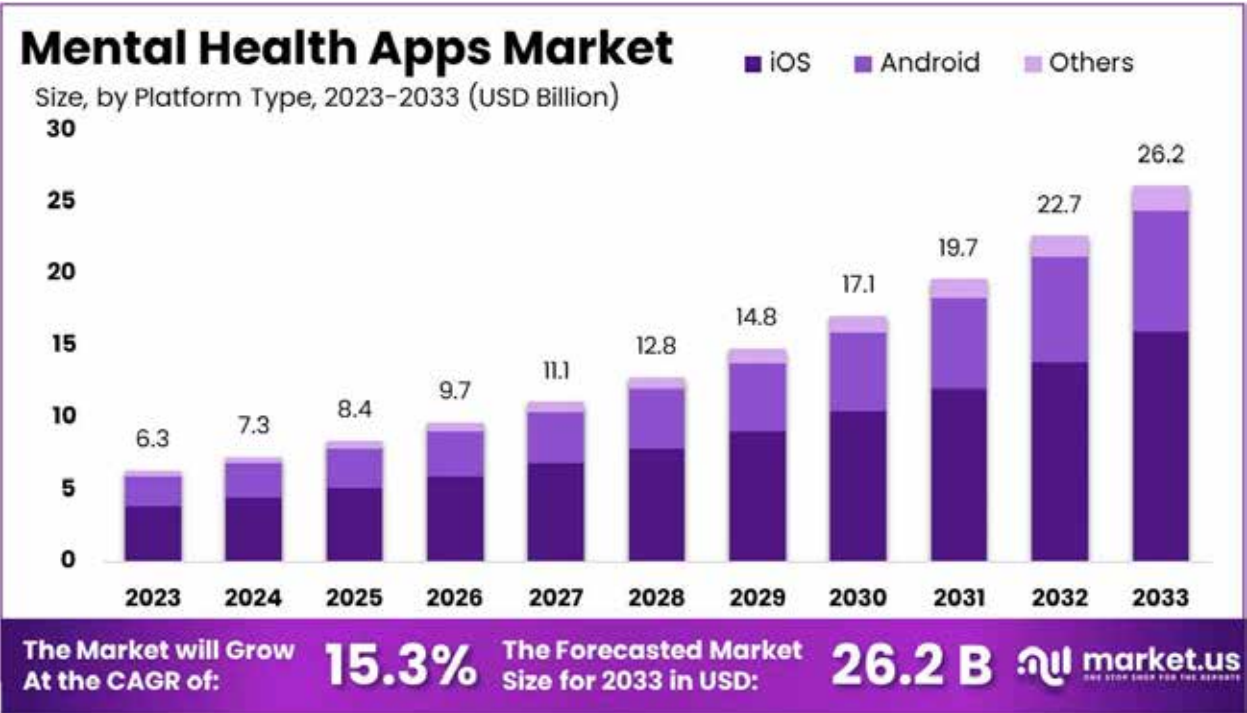


Source: 2026 National Alliance on Mental Illness

Market trackers report that these on-demand solutions are particularly appealing to younger generations and cost-sensitive populations. Market.US contends that the democratization of mental health support is positioning apps as essential tools in preventive care and self-management strategies.

Industry predictions on the use of AI apps for mental health follow a consistent theme, as articulated by Spring Health: “In 2026, employees will increasingly use general-purpose AI tools for mental health support, which will create serious risks around privacy, confidentiality and misuse.”

This matters because employees are increasingly experimenting with general-purpose AI for emotional support, with a focus on text generation, not safety. But they are not substitutes for diagnosis, crisis response or clinician judgment.



These apps include ChatGPT, Character.AI or casual wellness bots that do not guarantee legal medical privacy. They can actually log conversations to train future AI models. Furthermore, they lack human oversight and may provide bad advice, miss signs of crisis or create fake information, such as hallucinations. Unfortunately, they follow no rules and are essentially unregulated wellness bots, not medical devices.

Conversely, mental health companies that utilize AI apps with professional, medical-grade digital therapy employ licensed, human professionals backing the technology. Trends highlighted by the APA Monitor show that AI is not a distant future but a current reality that clinicians must engage with to stay competitive and effective in their practice.

Intelligent healthcare applications intended for medical purposes often qualify as medical devices under FDA regulations as described earlier. It will be incumbent upon plan sponsors to separate consumer AI tools from mental health companies that were built for clinical trust, privacy and continuity.

Employers that contract with reliable, trusted behavioral health platforms are ensured clinical accuracy, strict legal privacy protections, such as HIPAA, and steady, long-term care. They follow strict healthcare privacy laws to keep medical data secure, featuring built-in warning systems to alert human clinicians if the individual is in danger or crisis. They also adhere to rigorous medical and ethical standards established by governing bodies.

When it comes to a behavioral health journey, one digital solution is resolving the challenges of connecting members to the appropriate clinician. As an example, TPN.health provides an integrated ecosystem that fixes these issues.



Trevor Colhoun

“With our solution, the employer has just one contract and one entity accountable for the whole member journey,” says Trevor Colhoun, CEO and co-founder, TPN.Health. “A member texts to start care, without sorting through an outdated directory, a licensed Care Navigator gets them to the right care and credentialing and claims are handled in-house. No directory, just one NPI, one tax ID – all on one dashboard. This translates into a reduced number of unnecessary appointments, better and significant cost savings for the health plan.”

Colhoun attests that this model fixed the provider economics: first by offering fast credentialing and competitive rates within 30 days in addition to free continuing education.

“This creates a living network with actual depth,” he continues. “Depth is what produces a clinical match, and a match is what produces continuity. Everything the employer cares about, including cost, follows from that.”

PEOPLE ARE HESITANT TO USE MENTAL HEALTH AI

While research suggests individuals may be open to AI tools in therapy, the extent of that comfort level is limited. A national survey by YouGov found that Americans remain hesitant to use AI for mental healthcare, with only about 11% say they would be open to using it, and just 8% say they trust it. Nearly half of respondents said they are reluctant to use the technology. Many point to the lack of human understanding as a major concern, along with fears about inaccurate advice and privacy.

A separate survey from the health research organization KFF found that about 77% of Americans are worried about how their health information would be stored and used by AI systems.

ARE AI AND MACHINE LEARNING (ML) MEDICAL DEVICES REALLY SAFE?

Along with its responsibilities for examining clinical data, manufacturing processes and product labels to ensure human and animal products are safe and effective, the Food and Drug Administration (FDA) reviews medical devices through an appropriate premarket pathway, such as premarket clearance (510(k)), De Novo classification, or premarket approval. The FDA may also review and clear modifications to medical devices, including software as a medical device, depending on the significance or risk posed to patients of that modification.

After publishing multiple discussion papers from 2019 through 2024, in 2025 the FDA published draft guidance proposing both lifecycle considerations and specific recommendations to support marketing submissions for AI-enabled medical devices.



Further ensuring safety, the FDA has established the Digital Health Center of Excellence (DHCoE), a specialized division within the Center for Devices and Radiological Health with a goal to provide regulatory oversight and advance safety for software as a medical device, artificial intelligence and wearables. The DHCoE sets policies for AI and ML in healthcare, establishes medical device cybersecurity standards, adjusts oversight on low-risk consumer wellness products and manages pilots or other programs.

Despite these advancements, challenges remain, including the risk of biased algorithms and data privacy concerns. In response, the regulatory bodies continue to issue safety guidance to address these risks.



Source: 2026 Digital Health Center of Excellence

GET FAMILIAR WITH TEMPO AND ACCESS

Before engaging a vendor, benefits decision-makers should familiarize themselves with recently introduced FDA programs regarding the use and safety of digital medical devices.

TEMPO

There's a brand-new program this year from the FDA: Technology-Enabled Meaningful Patient Outcomes (TEMPO) for Digital Health Devices Pilot, a voluntary pilot designed to promote access to certain digital health devices while safeguarding patient safety. It allows limited, clinician-supervised use of certain digital health devices for chronic disease management, with active performance monitoring. Devices included in the pilot may be intended for low-acuity cardiometabolic conditions such as prediabetes, musculoskeletal issues such as back strain and behavioral health conditions such as depression.

TEMPO is run by FDA's device center in connection with a CMS payment model (ACCESS) and is just getting underway. In late July, the FDA selected Dexcom as the first participant in the digital health pilot.

ACCESS

ACCESS is a 10-year national payment model under the Center for Medicare and Medicaid Innovation that was scheduled to begin on July 5, 2026 and run through June 30, 2036. ACCESS introduces outcome-aligned payments (OAPs) that are intended to provide predictable, recurring payments to participating organizations for managing patients with qualifying chronic conditions.

TEMPO and ACCESS Together

Together, TEMPO and ACCESS are intended to provide regulatory flexibility and value-based payment, with the goal of accelerating adoption of and evidence generation for digital health medical devices. The important limitation is that devices offered under TEMPO may not be marketed for the same intended use outside of ACCESS while relying on TEMPO enforcement discretion.

Practically speaking in terms of employer benefits, TEMPO is a weaker signal than FDA clearance, not a stronger one. If a vendor markets a device as being "part of an FDA program" to imply safety validation, it may be worth pushing back since TEMPO devices are explicitly pre-authorization.

DEFINING THE VALUE PROPOSITION FOR EMPLOYERS

Self-insured employers largely believe digital health tools reduce costs and improve health outcomes. As 2027 is now on track for significant increases in the medical cost trend – the highest in nearly two decades with expectations that it will rise to 9% -- companies now view these tools as critical for better care management:

- **Lower Costs:** Virtual care avoids expensive emergency room visits and controls chronic illnesses like diabetes.
- **Improve Outcomes:** Members gain on-demand access to health coaches, nutritionists, and mental health support.
- **Track Data:** Self-funding gives employers the claims data to independently verify if a tool actually works.



However, managing too many separate apps is creating vendor fatigue. For many employers, vendor "overload" is creating both operational and administrative costs that potentially rival the savings that these programs are meant to provide.

Rajiv Sood, general manager, Insurance & Risk, Evidium, Inc., states, "While there is already no shortage of point solutions/devices -- with more coming to market all the time, digital health solutions in general, have the greatest potential to create measurable value when they help employers address their most complex and costly conditions. With a small percentage of the population driving most of the costs, early identification, evidence-based care pathways and proactive management can significantly impact outcomes and total cost of care."

He says the challenge for self-insured employers is less about whether digital solutions can deliver value, but more about how to determine which programs are truly improving outcomes while navigating a growing ecosystem of disconnected vendors and data sources.

“By providing clinically grounded, explainable healthcare predictions, our predictive clinical disease state, care and cost modeling solution focuses on bringing together clinical intelligence, claims and other insights,” says Sood. “Evidence-based analyses help employers better understand risk and changes in clinical state, earlier in the timeline and then make more informed decisions around care. The future of digital health will depend on moving beyond individual point solutions toward broader and more actionable intelligence that helps actually manage complexity and improve outcomes via clinical intelligence, and more.”

Juggling these vendors was the focus of a Solera Health survey of 106 U.S.-based senior benefits leaders in mid-, large and major enterprises across various sectors, including healthcare. Forty-two percent of surveyed employers in the April 2026 report say they manage eight or more digital health vendors, and 90% report spending more than \$1 million annually on costs. According to the report, the estimated median cost of managing digital health vendors is \$580,000 on top of annual digital health benefits budgets.

Sixty percent of organizations report that vendor management burdens have increased over the past three years, with 80% of benefits teams spending five or more hours per week on maintaining vendors. And 75% of respondents report that their organizations have two or more dedicated full-time employees for vendor management, and 81% have requested additional support.



The advertisement features a light blue background. On the left, a vertical photo shows two men in business suits shaking hands. A green asterisk icon is in the top left corner of the photo. A green arrow points from the photo towards a blue call-to-action box. This box contains the text 'Set Up a Consultation Today', a QR code, and 'Scan to start the conversation.' To the right of the photo, the '90 Degree Benefits' logo is displayed. Below the logo is the headline 'The Right Plan Starts with the Right Partner'. Underneath the headline is a paragraph describing the company's services. At the bottom right, four rounded rectangular buttons are arranged in a 2x2 grid, each containing a service offering.

90 Degree Benefits

The Right Plan Starts with the Right Partner

90 Degree Benefits helps brokers and employers manage the day-to-day work behind a strong health plan, from accurate claims administration to responsive member support.

With national resources and localized service, we work alongside you to evaluate plan performance, identify opportunities, and consult on solutions designed around real needs.

- Claims Administration
- Premier Customer Service
- Unique Plan Designs
- Local Support

For organizations needing extra support, 72% report using outside consultants, brokers or third-party administrators and 60% of organizations spending \$500,000 or more on external consultants still intervene on issues weekly or more.

Surveyors conclude that when digital health is delivered as a curated network instead of a stack of point solutions, it eliminates the complexity at the source rather than hiring more people to manage the vendors.

Barbora Howell, co-founder and CEO of TrueClaim, shares that she heard of a Fortune 500 company that hired consultants to gather data on which point solutions they had purchased and, "...they had 26 unique solutions in place, each with poor utilization rates. Recently, employers have become more interested in carve-outs and direct contracts, which allows them to deliver similar benefits directly within the health plan, driving higher utilization and ROI."



Barbora Howell

To address these issues, companies are moving away from single-focus apps and are looking for all-in-one navigation platforms to guide members. They are also using artificial intelligence (AI) to make recommendations.

Howell maintains, "Integrated digital ecosystems are not a new idea. However, generative AI gives the market a renewed opportunity to build highly individualized experiences and finally drive the adoption needed to achieve results from members and employers alike." What's even more arresting are reports that most employees are bypassing employer-sponsored programs and benefits and instead building their own ecosystem of digital tools – often at their own expense. Castlight Health's 2026 Employer Health Benefits Experience Survey shows a widening disconnect between the benefits companies offer and what employees actually use, despite significant employer investment in digital health and well-being programs. More than half of those surveyed use at least one consumer health or wellness app, and 46% pay out-of-pocket for solutions that feel more relevant or easier to use.



Esposito maintains that education and utilization are the most undervalued parts of the ecosystem.

“Yes, there is vendor fatigue but no one will have fatigue if something is making an impact,” he emphasizes. “The fatigue sets in when there are solutions that are not being utilized and failing to deliver the ROI that is promised – this directly ties back to member education and communication of the plan. Member experience is critical. Apple took over the music and telecom space through ease of use and a consolidated offering with always reduce confusion.”



Jenny Wan

Employers aren't alone in this experience as employees also experience vendor fatigue. Jenny Wan, director, Sales & Marketing, Health Portal Solutions suggests that every additional login and user interface increases friction. And friction reduces employee engagement.

“Employers do experience vendor fatigue,” she notes. “Managing multiple vendor contracts, relationships, and platforms can quickly absorb an employer's time and focus, leaving less time for managing health plan strategy. When engagement falls, program utilization declines, and ROI is underwhelming.”

Wan says increasing program ROI is less about adding more digital tools and more about converting the tools we already have into one experience, adding, “When programs are organized into a unified, cohesive platform, they're easier

for employers to manage and more convenient for employees to access and use. Ultimately, this sets the stage for improving health outcomes and ROI.”



Measurable Results. Lasting Impact.

Prepping All Systems for Renewal Season Takeoff

1/1 decisions call for more than lofty promises. BRMS helps brokers and employers evaluate plan performance through administration expertise and actionable data, with the proof to back it up.

- ✓ 30+ years of industry expertise
- ✓ In-house systems built for clients and members
- ✓ Premier partnerships, vetted for efficiency
- ✓ 5:1 ROI on in-house care management



BRMS is Your Partner in Every Season.

Learn more at brmsonline.com

The best payment partner is the one you don't see.

Accurately delivering **\$220B+ a year** to **1.6+ million payees**.
The infrastructure beneath healthcare for nearly 30 years.

She maintains that centralizing multiple platforms under one digital roof does not resolve every challenge associated with vendor fatigue, but it does address one of the biggest roadblocks: Ease of access.

“Consumer behavior has proven that the more steps required, the less a user is likely to take action, says Wan. “This is especially true regarding employee participation in healthcare programs. An essential first step for employers to drive participation is giving employees ease of access to the programs.”

When health resources are centralized, instead of spread out across multiple platforms, the employee experience becomes simple, more accessible, and inviting. The easier it is for employees to access their healthcare, the stronger the utilization will be. Ultimately, as program utilization grows, the positive outcomes from the program will grow as well.

THE EVALUATION CHALLENGE

As part of a State of Healthcare 2024 study, sponsored by Quantum Health and conducted by Arizent, only 22% of employers fully trust that digital health tool vendors are acting in the employer’s best interest when sourcing better information and guidance for making health benefits decisions.

Self-insured employers use digital health apps to manage chronic conditions and lower expensive doctor and hospital bills, but evaluating these tools is hard for several reasons. As the Castlight survey confirms, many employees prefer their own familiar health apps, meaning employer-provided tools often go unused.

But it is fee misalignment that most seriously challenges vendor value, as many charge a flat “Per Employee Per Month” (PEPM) fee and get paid whether the tool actually helps the employee or not.

Solera recounts that the PEPM model became popular in digital health because it was simple and predictable, offering a structure that made sense because it allowed employers to offer wide access to emerging tools without having to micromanage individual utilization. But today’s circumstances upend the traditional paradigms amid accelerating costs that demand greater accountability. Every dollar invested in a digital model must produce actual value, not simply theoretical access.

They maintain that the real problem with PEPM pricing is that it completely misaligns incentives – and vendors get paid no matter what. There’s no built-in pressure for them to drive engagement or deliver better outcomes, so if employees don’t engage, participate, or complete programs, the vendor’s revenue stays exactly the same. This leaves employers in the unenviable position of covering costs for services that may be sitting idle while facing wasted budgets, overcrowded vendor rosters, and very little motivation for digital health partners to innovate or improve their performance.



Solera contends that outcome-based pricing flips the equation so that employers pay for results, not simply access. Payments are tied directly to measurable success, whether that's assessed by employees actually engaging with the program and demonstrating sustained behavior change or improving biometric markers and hitting pre-defined health milestones.

Employers avoid paying for programs that aren't working for their population and can take advantage of more sophisticated claims-based modeling and population health assessments that enable greater cost predictability. With greater clarity around success metrics, employers gain greater control, clearer reporting and a higher ROI.

Certain digital point solutions certainly have the potential to generate measurable savings for self-insured employers by averting expensive escalations, emergency room visits, and physical health comorbidities.



David Ostrowsky

David Ostrowsky, manager, Corporate Communications, Phia, points to this prime example: the incorporation of telehealth appointments into the Direct Primary Care (DPC) healthcare model.

"Under DPC, patients would pay a regular monthly fee—generally speaking, between \$50-\$150—and subsequently have access to an unlimited number of both in-person and virtual appointments with their respective physicians," he explains. "The latter option is particularly effective for generating cost savings."

He stresses that for the patient, everything associated with the telehealth appointment would be covered under that monthly fee—there would be no co-pays, nor would there be any additional fees for communication with one's doctor.

"That's not to mention travel expenses (i.e., gas and parking) would be spared as well," he adds.

"Meanwhile, for self-insured plan participants, constant virtual access to care could motivate them to become more proactive in seeking care for relatively minor issues before they mushroom into ones necessitating ER visits.

PROVING REAL VALUE

Digital health ROI is strongest when early intervention, high engagement and outcomes-based pricing work together to the benefit of the plan sponsor. Sword Health poses this question: Despite years of benefit investment, many organizations are still asking the same fundamental question: what are we actually getting for our spend?

Sword analysts maintain that digital healthcare programs become a strategic requirement for plan managers looking to increase returns. Employers are no longer evaluating whether digital programs are interesting or innovative, they are now understanding the power of digital healthcare options that reliably change cost trajectories in ways that can be measured, forecasted and defended. The strongest digital health models do not simply expand access -- they reshape the cost trajectory itself by intervening earlier, keeping people engaged and aligning payment to outcomes rather than activity.

Finance leaders apply specific parameters for measuring ROI in digital health. CFOs aren't looking for adoption rates or feel-good testimonials when they evaluate ROI. Their real question is simpler: does this investment lower financial risk in ways that can be tracked, repeated and projected forward?

In healthcare specifically, that question usually comes down to a handful of factors that impact the bottom line directly:

- Direct medical spend — costs avoided when imaging, injections, surgery, or specialist visits don't happen because care wasn't delayed or abandoned
- Hidden workforce costs — absenteeism, disability claims, and productivity losses tied to pain or physical impairments that go unmanaged
- Budget unpredictability — the risk that a small number of severe claims throws off annual cost projections
- Speed of impact — whether results show up in months rather than years

If a digital health program can't tie its outcomes back to these specific levers, it won't hold up under finance scrutiny in the long-term. This distinction matters because it's precisely why so many conventional care approaches fall short on ROI. It's not for lack of clinical value, but because they were never initially built to answer the financial questions.



**Changing the way
healthcare is
financed, disclosed,
and delivered.**



TPAC

BEST PRACTICES TO PROVE VALUE

To evaluate if a digital tool truly works, self-insured employers should demand independent validation and look for proof from objective groups, such as the Validation Institute that reviews hard medical claims to see if a tool actually lowers health costs.

It is critically important to tie payments to outcomes by shifting from flat PEPM fees to value-based pricing that rewards results. Vendors should only get paid the full price when an employee successfully completes a program or improves their health. Employers must ask vendors to prove specific outcomes rather than sell on potential capabilities.

Rather than contracting with multiple point solutions, plan sponsors should combine digital tools with a central healthcare navigation service that helps employees find the right digital tools and ensures utilization.

Tracking clinical metrics is probably the most important activity for assessing ROI and bottom-line value. The key is to evaluate success by using real health numbers and measuring indicators such as drops in costly procedures -- like surgeries or ER visits -- or changes in medical markers -- like lower blood pressure or HbA1c levels.

TPAS AND BENEFITS BROKERS PROVIDE GUIDANCE

In their rapidly emerging roles as strategists, Third-Party Administrators (TPAs) and benefits brokers actively recommend digital health tools to their clients. As fiscal challenges build, many employers are turning to these advisors for clarity on what's changing, what matters most right now and the opportunity to leverage AI solutions to analyze claims and personalize health benefits for different employees.

Financial pressures naturally lead clients to look for more ongoing guidance as many clients want help understanding how costs or regulations could affect their plans and what options they have to adjust without adding unnecessary risk. However, brokers and TPAs have shifted their focus: Instead of recommending many separate tools, they now focus on centralized platforms that combine solutions in one resource. If a tool does not improve health or save money, they recommend dropping it.

In 2026-2027, plan sponsors can tap these partners for recommendations on AI-powered navigation tools. These apps help employees find the right doctors, check symptoms, and understand costs without confusion. Expect suggestions for platforms that link virtual care, mental health apps and chronic condition management

aequum

Advocacy in Action

Our legal expertise, data-driven strategies and innovative technology protect and defend health plans, plan sponsors and member participants

Full-spectrum NSA and IDR Representation

	Eligibility Reviews	Confirm NSA applicability and Qualifying Payment Amount issues
	Strategic Negotiation Support	Expert guidance during Open Negotiation period
	Comprehensive IDR Defense	Full defense submission, including IDR Entity selection and notice of offer
	Post-Award Advocacy	Defense against enforcement by government entities and providers

Our partnership with a national law firm gives you the power you need to protect your members.

P 216-539-9370 | www.aequumhealth.com | 111 Superior Avenue East Suite 1360 Cleveland, OH 44114

No Guarantee of Results - Outcomes depend upon many factors and no attorney can guarantee a particular outcome or similar positive result in any particular case.

©2025 aequum, LLC. All Rights Reserved

into a single digital dashboard, with vendor consolidation at the root of this change.

But employers have discovered that managing too many tools gets expensive and confusing, as advisors now help clients drop overlapping or unused apps in favor of unified systems.



Shawn Evans

VERIFY THE MATH: DIGITAL HEALTH ADOPTION REACHES NEW HEIGHTS

Analysts across the healthcare ecosystem project that digital health companies are positioned for a breakthrough year in 2026, driven by widespread AI adoption among enterprise customers. Health systems, health plans and employers are actively deploying and scaling AI in their operations, documentation and care navigation – creating strong demand for digital health solutions

that can integrate with and enhance these AI strategies.

“In my experience, digital solutions by themselves do not work nearly as well as they could or should,” remarks Shawn Evans, CEO, Integrated Payor Solutions. If they are not able to work with all the other solutions as well as the claims systems, their effectiveness is limited. This is not due to the fault of company who came up with the solution, it is due to the lack of coordination between all of the systems.”

He believes AI agents are a very current example. If you build the best AI agent to steer a patient to the best and most cost-effective care but the system that processes the prior auth information takes a few days to manually review the information and make a determination -- what is the point of the AI agent?

“Even worse, if the prior auth is not part of the adjudication platform, you are waiting for someone to connect the dots and connect the member with the AI agent -- usually by calling or emailing the member,” he adds. “These solutions need to be real time for maximum effectiveness and the only way that can happen is when the information flows freely and via API. A biweekly file upload eliminates the efficiency gains by using an Agent.”

Evans says if we can get real time continuous engagement between all the point solutions as well as the TPA and PBM, there will be significant savings.

“However, this will entail significant system upgrades for many TPA’s and PBM’s,” he cautions. “Trying to build this out with a platform built over a decade ago simply will not work. These systems were built to be unique as they kept clients from moving or upgrading systems. When you are trying to integrate up to five platforms for a complex case and they are all unique, it is impossible to integrate all of them for maximum efficacy. In most cases it comes down to what do we need to get a working solution rather than best in class.” ■

Laura Carabello holds a degree in Journalism from the Newhouse School of Communications at Syracuse University, is a recognized expert in medical travel and is a widely published writer on healthcare issues. She is a Principal at CPR Strategic Marketing Communications. www.cpronline.com