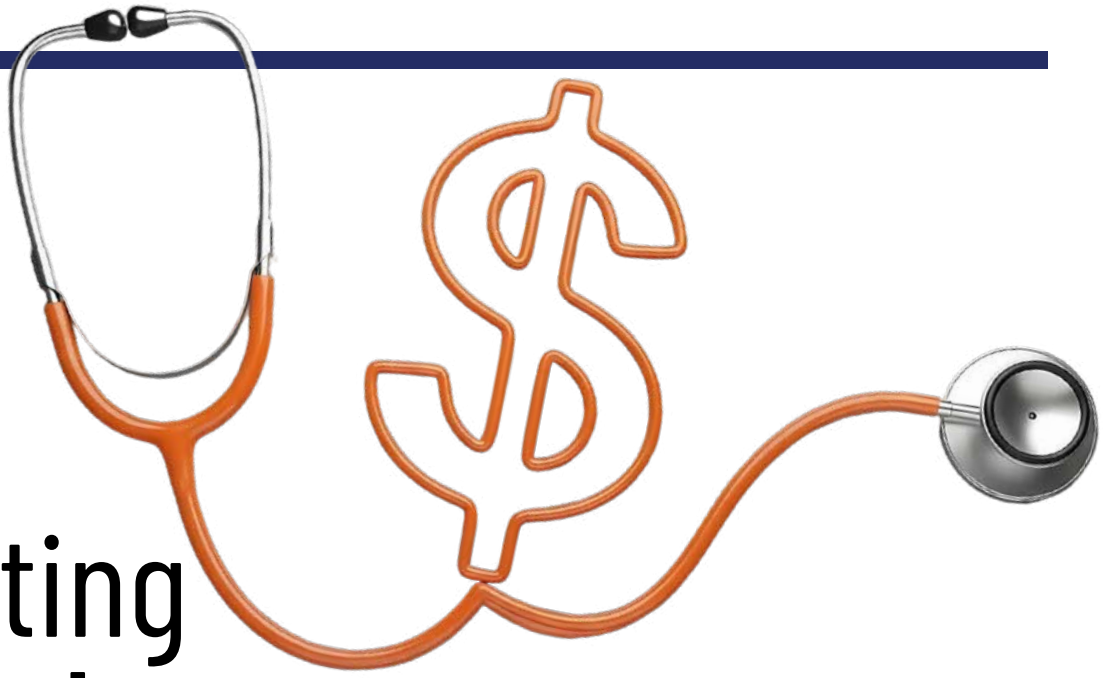

Forecasting **Medical Costs** Enables Timely Intervention

Written By Laura Carabello

You have probably heard about a "Choose Your Own Adventure" book that allows readers to select the next chapter or ending that leads to different paths and outcomes based on the reader's decisions. The reader actually becomes the main character, changes the book's plot and gets to choose what path the characters take -- which changes how the story unfolds.

This is an appropriate analogy for forecasting medical claims where access to the right data, at the right time, enables healthcare decision-makers to intervene in the member treatment journey and impact the outcome.

"For stakeholders throughout the self-insured ecosystem, the ability to predict where costs are heading, not just where they've been, is the defining challenge of modern risk management," Rajiv Sood, General Manager, Insurance & Risk, Evidium, Inc. "Most analytics tools in use today answer the wrong question. They tell you what happened -- a look in the rear-view mirror – rather than seeing through the front windshield for a clear answer to what's coming, and why."

Sood says this gap is especially acute in high-cost conditions like oncology, which has ranked among the top five causes of employer healthcare spending for four consecutive years. With more than 18 million cancer survivors in the U.S. today — a number projected to surpass 26 million by 2040 — the downstream cost burden extends well beyond acute treatment into chronic condition management, care coordination and stop-loss exposure that plan sponsors struggle to anticipate.

Rajiv Sood

"A core problem is data fragmentation," he continues. "Clinical, claims, biomarker, Rx and historical treatment data typically reside in separate systems, slowing processes and obscuring the complete picture of a member's care journey. Claims data tells you a test was ordered, not what the result revealed. It records that a member moved to a second line of therapy, not whether that escalation was clinically appropriate or an artifact of coding convention. Without clinical context layered alongside claims, cost forecasting remains reactive rather than predictive."

He points to the Evidium's AI-powered platform which changes the equation, adding, "Rather than generating risk scores that signal a problem without explaining it, Evidium models each member's actual clinical journey at the individual level. This empowers organizations to track disease progression, care patterns, and cost trajectories with full clinical transparency. Every insight is explainable and auditable, giving nurse case managers, TPA analysts and stop-loss underwriters the context they need to act early and defend their decisions to plan sponsors."

Earlier visibility into emerging high-cost conditions means the difference between intervention and reaction, the ability to manage costs vs. absorbing them.

"Forecasting isn't a back-office function – it's a fiduciary imperative," he avers.

Source: Smart Health Asia

WHAT'S WORKING

In the Milliman MedInsight 2025 Payer Market Survey, reflecting input from data and analytics practitioners at mid-to-large payer organizations, most respondents (85%) indicated that using and analyzing data to generate insights is a primary part of their role. Nearly half (49%) also reported responsibility for identifying clinical and business needs and translating them into analytics requirements and solution specifications.

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Brad Hansen
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THE REINSURANCE PERSPECTIVE

Jakki Lynch

Proactive care management combined with predictive analytics has significant potential to help plans identify members who are likely to become high-cost claimants, allowing for earlier clinical and financial intervention before conditions worsen.

Jakki Lynch, RN, CCM, CMAS, CCFA, Director, Cost Containment, Carbon Stop-Loss, shares, "By analyzing medical claims, pharmacy data, diagnoses, demographics, specialty drug utilization, and provider referral activity, we believe predictive modeling can help identify members at risk for high-cost events. For example, predictive models can assist plans in identifying maternal risk factors such as diabetes, hypertension, or inconsistent prenatal care that increase the likelihood of premature delivery."

While Lynch and colleagues are highly interested in the capabilities these technologies offer, they continue evaluating critical considerations related to data security, privacy protections, PHI handling and data governance.

"We believe these operational safeguards must be fully addressed before broader implementation," she cautions. "We also recognize the absolute importance of validating predictive models for accuracy and equity." Recent industry research published in Health Affairs underscores that many healthcare organizations are still struggling to implement consistent governance standards, noting a distinct divide in how effectively platforms are locally evaluated for clinical accuracy and bias.

"Moving forward, reinsurers and plans must ensure that any deployed models strictly align with emerging industry compliance standards specifically ensuring that algorithms remain Fair, Appropriate, Valid, Effective, and Safe (the FAVES principles)," says Lynch. Furthermore, the operational effectiveness of these predictive models remains entirely dependent upon the quality and completeness of the data available.

"Reinsurers routinely receive fragmented, snapshot data rather than complete clinical pictures, which can obscure a member's true trajectory of care," she explains. "The more comprehensive, accurate, and timely the data received, the more effectively predictive models can support underwriting visibility, early risk identification and overall cost containment efforts."

EMPLOYER MARKET FRENZIED TO ADDRESS HIGH COST CLAIMS

"Forecasting has always existed in healthcare, but it used to be a luxury good," shares Barbora Howell, CEO, Co-Founder, TrueClaim. "AI has made it a utility. Organizations that could never have justified building a predictive analytics team can now plug their data into models that deliver member-level risk insights on day one. The barrier is no longer technology or talent; it's the willingness to act."

Michelle Bounce

In the maelstrom of runaway costs, stakeholders recognize the value of key tools that have some overlap but are highly productive in forecasting health events. Since the raw pricing data can be large and cover multiple conditions, industry thought leaders say it is necessary to provide an engine to process the data to facilitate its usage and understanding. Many recommend creating computational models that predict healthcare costs for various patient conditions and demographics.

Today, many plan sponsors ascribe to the belief that proactive care management, including predictive analytics, can identify patients likely to become high-cost, allowing for interventions before conditions worsen.

"At the end of the day, no matter how well we can predict cost, it has no bearing on prevention," clarifies Michelle Bounce, SVP of Client Operations, VBA. "Current care management models that focus on telephonic outreach are relatively ineffective -- but there is hope. Our current technological landscape offers our industry the opportunity for Impactability Modeling."

She explains that this model allows for better identification of 'Who' is most likely to be impacted by interventions in a given risk pool.

"Imagine reinvested dollars being wasted, chasing people who are unlikely to engage into more effective care management like onsite/near site clinics, stronger transitional care models and significant incentive-based plan models focusing on quality of care," says Bounce.

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Top 20 high-cost claim conditions

Stop-loss claim reimbursements by category

2025 rank	4 Year rank	Condition/Disease/Disorder	2025 claim* count	2025 reimbursements	2022-2025 reimbursements
1	1	Malignant Neoplasm	5622	$564.2M	$1.83B
2	2	Cardiovascular (CVD)	3078	$195.5M	$676.9M
3	3	Orthopedics/Musculoskeletal (Ortho/MSK)	3614	$178.3M	$565.0M
5	4	Newborn/Infant Care	530	$125.8M	$508.5M
4	5	Leukemia, Lymphoma, Multiple Myeloma	991	$141.3M	$492.7M
6	6	Respiratory	1824	$112.5M	$354.9M
7	7	Gastrointestinal/Abdominal	2643	$91.5M	$346.4M
9	8	Sepsis	826	$86.7M	$337.4M
8	9	Neurological	1566	$90.7M	$323.2M
11	10	Congenital Anomaly (structural)	501	$67.8M	$267.0M
10	11	Physician Treatment**	3308	$81.9M	$264.6M
12	12	Urinary/Renal	1271	$60.0M	$241.1M
13	13	Mental and Behavioral Health	1554	$52.8M	$171.7M
14	14	Hemophilia/Bleeding	229	$44.8M	$136.6M
15	15	Malnutrition	394	$41.9M	$136.3M
17	16	Blood and Blood Forming Organs	509	$37.3M	$130.7M
18	17	Cerebrovascular	536	$37.0M	$129.9M
16	18	Immune system	702	$40.5M	$119.5M
20	19	Transplant	290	$21.1M	$102.7M
19	20	Hepatic/Liver	278	$30.0M	$83.0M

Source: SunLife 2026.

Lynch believes organizations can significantly reduce financial risk by identifying high-risk members earlier and implementing proactive clinical management strategies designed to prevent avoidable hospitalizations, ER visits, and worsening disease progression.

"Organizations that closely manage their populations through strong care coordination, medication adherence programs, accessible outpatient care and early intervention strategies are consistently better positioned to mitigate catastrophic claim severity and reduce overall plan volatility," she says. "However, even with the strongest proactive care management, certain catastrophic conditions and complex disease progressions remain fundamentally unavoidable, and acute, high-cost events will still occur. As a result, rigorous backend financial containment strategies remain equally vital in managing overall catastrophic risk exposure."

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At the start of reinsurance relationships, Lynch and colleagues conduct a structural evaluation of how closely their clients manage their members, looking at what clinical and cost containment programs they have active, and how effectively they identify and engage high-risk claimants.

"Through this upfront assessment, combined with analyzing claims data within our own platform, we can better isolate specific exposure areas and evaluate where additional financial risk mitigation strategies are required," she continues. "We actively assist our clients in securing optimized, pre-negotiated contract rates for catastrophic conditions involving transplants, ventricular assist devices (VADs), congenital heart disease (CHD), complex oncology and cell and gene therapies, while also supporting targeted, one-off negotiations for costly out-of-network admissions."

Additionally, pre-payment forensic bill review paired with a detailed medical record review remains a critical pillar of catastrophic claim management.

"This is particularly vital on high-dollar facility claims that frequently contain upcoding, unbundled billing, excessive markups on implants and specialty drugs, or charges related to hospital-acquired conditions," says Lynch.

"Ultimately, even the strongest provider contracts are only as effective as the underlying billed charges, making detailed pre-payment claim auditing an essential tool to protect plan assets and control catastrophic exposure."

ROLE OF CASE MANAGEMENT

Peggy Choquette

Case management is the operational backbone that turns insight into action. By coordinating care, supporting chronic condition and disease management programs that identify lower-risk individuals before their conditions advance, and reinforcing adherence to treatment plans, case managers help ensure patients receive care in the right setting and at the right time.

Choquette affirms, "This not only improves health outcomes but also helps prevent costly escalations that drive financial risk. Case management remains central to this strategy, directing patients toward the most appropriate level of care and reinforcing preventive health measures, including pre-and post-operative outreach."

She maintains that AI and ML enhance these efforts rather than replace them, noting, "Predictive analytics identifies risk, while AI strengthens execution by streamlining administrative tasks and improving workflow efficiency. By reducing manual burdens, AI allows clinicians to focus more on patient interaction and care delivery. In this way, technology supports better decision-making and enables care teams to apply their clinical skills more effectively. While forecasting is possible with traditional analytics, the scale, speed, and precision required today make AI an increasingly valuable component."

FUNCTIONALITY OF AI & MACHINE LEARNING

The role of AI is critical and is revolutionizing the healthcare industry, as a 2026 Eliciting Insights poll of health systems across the US regarding AI adoption showed 75% of U.S. health systems are using at least one AI intelligence application. Another survey from Health Edge revealed that 94% of payers are either leveraging or actively adopting AI. There is growing consensus that health leaders are using AI tools to identify trends, create intervention strategies, optimize electronic health record (EHR) workflows, and improve many other processes at their organizations.

Scott Geye

Scott Geye, chief technology officer, Handl Health, considers healthcare to be deeply personal: "Integrating AI has to be done thoughtfully with an eye toward preserving human connection. Person-to-person interaction is what makes patients have trust in the healthcare system."

But just as consumers are integrating AI into their daily healthcare lives and doctors layer AI atop patient data to provide better outcomes, Geye says, "The self-funded industry can use AI to reduce costs and improve patient care. AI tools layer on top of healthcare price transparency files and other data to quickly analyze large, complex datasets and identify patterns, enabling timely action at the appropriate cost and setting. AI helps us understand the data by making complex actuarial analysis available to everyone."

As a follow-on to this perspective, Bounce expands, "AI and ML provide us with a meaningful expansion of what we can forecast. Learning to co-exist with these tools will enhance our understanding of the data and provide insights to encourage more effective strategies."

For example, she says to consider a common disconnect: "According to the US Bureau of Labor Statistics, the median tenure of workers ages 25 to 34 is 2.7 years, yet most employer-sponsored healthcare investments often take 2-3 years to achieve ROI. This creates a meaningful barrier in both predictive analytics and managing healthcare spending using current healthcare intervention techniques. Current forecasting models accept this constraint and attempt to optimize around it. AI allows us to ask different questions entirely like "Which sub-populations show measurable health and cost signals within 12 months?" and What interventions actually move those signals?"

AN EMPLOYER STEPS UP: PHIFER, INC.

Russell DuBose, Vice President of Human Resources at Phifer Incorporated, a leading manufacturer of engineered fabrics and innovative screening products, recognized globally for quality, durability, and American craftsmanship, shares this perspective:

"Phifer's healthcare strategy is anchored in proactive care supported by predictive analytics that identify early indicators of disease across the population," says DuBose. "To strengthen this capability, Phifer is implementing an advanced AI-driven analytics platform through selected partners, which expands its clinical dataset by integrating claims information with onsite EMR records, including genomic profiling."

Russell DuBose

He says this richer set of markers will enable far more precise risk identification and earlier intervention, adding, "The resulting insights will guide clinicians in selecting the most appropriate diagnostics, medications and treatment plans, ultimately improving outcomes and elevating the overall performance of the healthcare plan."

Angel Onuoha

ACTION STEPS

For Angel Onuoha, CEO, Avelis Health, AI and ML are most useful when they help organizations move from retrospective reporting to earlier, more actionable signals.

"In medical cost forecasting, the challenge is not just predicting that costs will rise; it is understanding why, where and what can actually be done about it," says Onuoha. "Claims data, plan documents, reimbursement policies, provider behavior, utilization trends, and member risk indicators all contain signals, but they are difficult to interpret manually at scale. Traditional actuarial and claims analysis can identify broad trends, but AI can help surface patterns faster and with more granularity."

He argues that AI should not operate as a black box, noting, "In healthcare, the most valuable systems are explainable, auditable, and grounded in the plan's actual rules, contracts, and policies."

From a cost containment perspective, Lynch asserts that the role of AI and ML are to pull deeply buried clinical patterns out of fragmented data snapshots to identify exactly where plan assets are slipping through the cracks.

"At the start of a new client relationship or during the renewal process, we see a clear opportunity for ML to rapidly scan the initial claims data to uncover hidden risk vulnerabilities, helping reinsurers map out a customized cost containment recipe with the client from day one," she explains. "During the contract year, AI then can continuously monitor 50% notification reports and active reimbursement claims to track a population's clinical trajectory, providing clear visibility into whether the client's current cost mitigation strategies are actually working."

She clarifies that this is the ideal scenario, adding, "The reality is that data quality is still a major bottleneck. The sheer volume of unstructured data such as scanned PDFs, clinical notes, and disparate claim data formats remains a problem for predictive accuracy. To truly leverage AI, the industry will have to adopt better, more standardized data submission practices."

Kari Niblack

While forecasting catastrophic exposure is entirely possible without these tools by relying on historical claims averages, manual trigger reports and standard medical trends, she notes that doing so may keep the approach more reactive than proactive.

"Traditional forecasting methods treat a 50% deductible notification as a static, backward-looking milestone unless of course the condition is chronic, and care is ongoing," she continues. "Conventional approaches can struggle to anticipate sudden cost spikes or the rapid financial impact of fast-tracked, high-dollar specialty therapies. Without advanced data tools to instantly cross-reference sparse notification codes against complex diagnostic patterns, cost containment teams may miss subtle indicators of rising clinical exposure – though this capability ultimately depends entirely on the quality and completeness of the incoming data."

Niblack echoes these perspectives: "AI and ML accelerate something that good data and experienced clinical teams have always done well, which is identifying patterns before they become problems."


David Ostrowsky

She says the tools matter, but they are not a substitute for clinical judgment or member relationships: "A model can flag a member as high-risk, but it takes a real person to call them, build trust, and actually change the trajectory of their care. That said, the scale and speed AI enables is real and provides faster stratification, earlier flags and better timing on outreach. The organizations that get this right are those that use AI to sharpen human intervention, not automate their way around it."

For David Ostrowsky, Manager, Corporate Communications, The Phia Group, the incorporation of AI into the health insurance ecosystem has already had a transformative impact on forecasting medical costs.

"Accurate medical cost projections necessitate a wide range of data sources and AI tools can extract real-time data from pharmacies, hospital records, and insurer databases among many other resources," he states. "Whether it's gathering a patient's up-to-the-minute medical records via APIs or providing empirically sound confidence scores for predictions, AI agents have the ability to generate dynamic expense predictions instantaneously. This still relatively nascent development marks a significant change from prior models that largely operated with fixed datasets and is one that continues to bear watching closely."


David Morris

While forecasting is possible without AI, Morris believes that scaling success and meeting the needs today's 'speed of business' paradigm—no longer months, but now weeks and sometimes days—requires advanced technology and tools.


Carrie Solomon

"AI can illuminate critical insights expeditiously," says Morris. "Rapid advancements with AI in healthcare—if they are developed responsibly—are making predictions faster, easier, and more accurate. Generative business intelligence (BI) tools are now making analysis more accessible through natural language prompts and simplified search tools. These AI tools make insights available to business users without extensive data analytics expertise or in-depth knowledge of a technology platform. Critically, as technology vendors develop these tools, they must include necessary guardrails to secure proprietary data, protect brokers' and employers' competitive advantages, ensuring the information available to users has safeguards for PHI protection and appropriate use."

Solomon believes that AI and ML can play an important role in helping organizations prioritize outreach, identify patterns across large datasets, and scale intervention strategies more efficiently.

"These technologies are particularly useful when integrating multiple data sources such as claims; precertification requests; pharmacy data; eligibility; member demographics, behavior, and preferences; and care management activity," she observes. "Remember that forecasting healthcare risk existed long before AI. Experienced clinical and utilization management teams have historically used utilization patterns, diagnoses, treatment pathways, and referral triggers to identify members who may require intervention. AI now allows us to speed up that pattern recognition, freeing up valuable time for clinical teams to spend on secondary review, personalized engagement and custom care plan design with patients."

Trevor Colhoun

IMPACT ON BEHAVIORAL HEALTH

AI (AI) has emerged as a transformative force in various healthcare fields and its application in mental healthcare is no exception. Experts say that as the diverse range of applications and implications of AI in this field are explored further, the synergy between human expertise and AI capabilities holds the potential to usher in a new era of mental healthcare.

Researchers are currently seeking to develop a predictive model for behavioral health with a goal to develop AI models trained on continuous behavioral data linked to large-scale electronic health records. Funded by the Advanced Research Projects Agency for Health (ARPA-H), the project focuses on integrating behavioral health data from smartphones, wearables and electronic health records to develop predictive AI models.

Trevor Colhoun, CEO, TPN.Health believes that organizations reduce their financial risk by anticipating needs and preventing costly hospitalizations and ER visits.

"Organizations that invest in proactive behavioral healthcare navigation – getting members matched to appropriate care quickly and keeping them engaged – are addressing one of the most overlooked drivers of high-cost claims," says Colhoun. "Untreated mental health and substance use conditions drive medical costs two to three times higher across the entire system, generating higher ER utilization, more preventable admissions, and worsening comorbidities that compound over time."

He points to TPN.Health's 95.2% match proficiency rate that reflects what human-guided care navigation achieves when the network data behind it is accurate.

"Getting people matched to the right behavioral health provider the first time is where the savings begin, and where behavioral health stops being a blind spot and starts driving financial strategy," says Colhoun.

TOOLS AND COMPONENTS FOR FORECASTING

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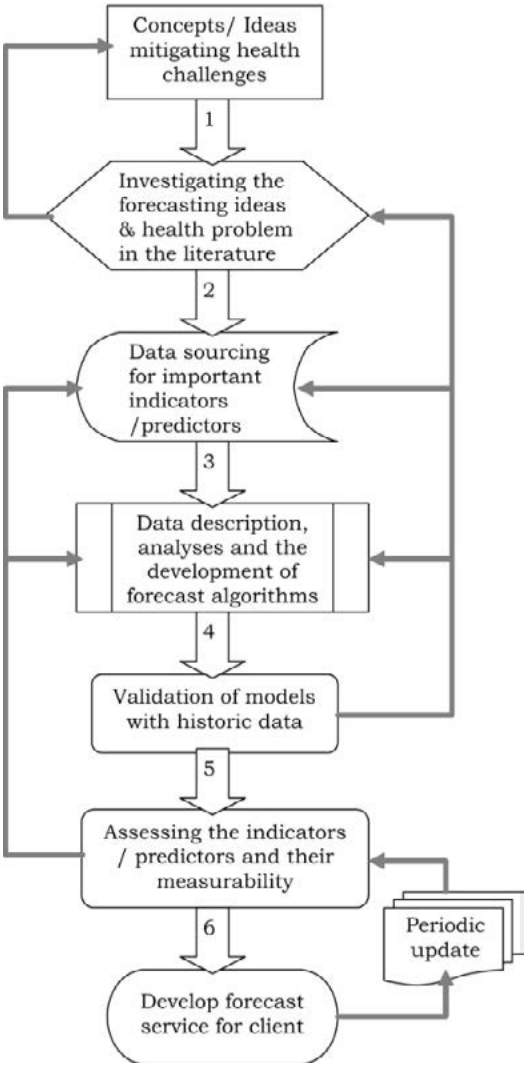
These tools are crucial for several core reasons, especially proactive disease management. They identify early signs of illness or high-risk patients before acute symptoms appear, which is vital for managing costly chronic conditions like diabetes or heart disease. They enable precision medicine by matching patient profiles with vast datasets to determine the most effective and least toxic therapies for an individual. By anticipating patient deterioration or discharge complications, providers can intervene early to prevent costly emergency room visits and hospital readmissions.



Source: Environmental Health and Preventive Medicine; https://pmc.ncbi.nlm.nih.gov/articles/PMC3541816/

PREDICTIVE ANALYTICS IN HEALTHCARE

This refers to a type of data analysis that evaluates current and historical data to predict future events, make informed decisions about health management and benefits and enhance employee wellness while controlling costs.

Source: Stony Brook University. Institute for Engineering-Driven Medicine

Another trend is the integration of real-time data and analytics to provide immediate insights into employee health and benefits utilization. This immediacy allows companies to adjust their benefits offerings dynamically, based on current data rather than outdated information. There is also the benefit of using predictive analytics to evaluate stop-loss insurance needs, determining at what point stop-loss coverage should kick in and how much coverage is necessary based on claims data.

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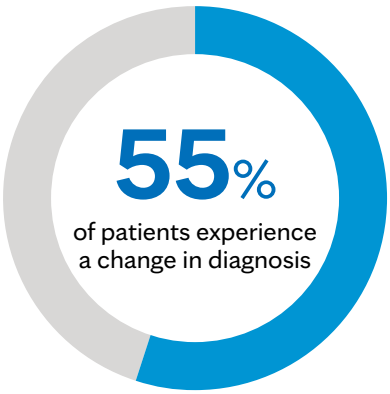

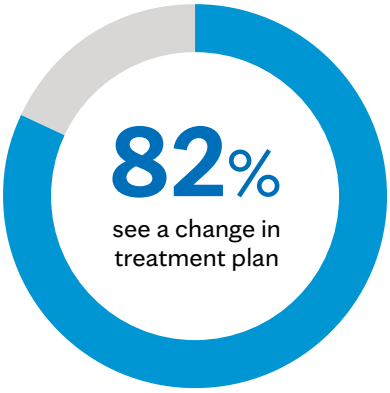

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Ali Panjwani

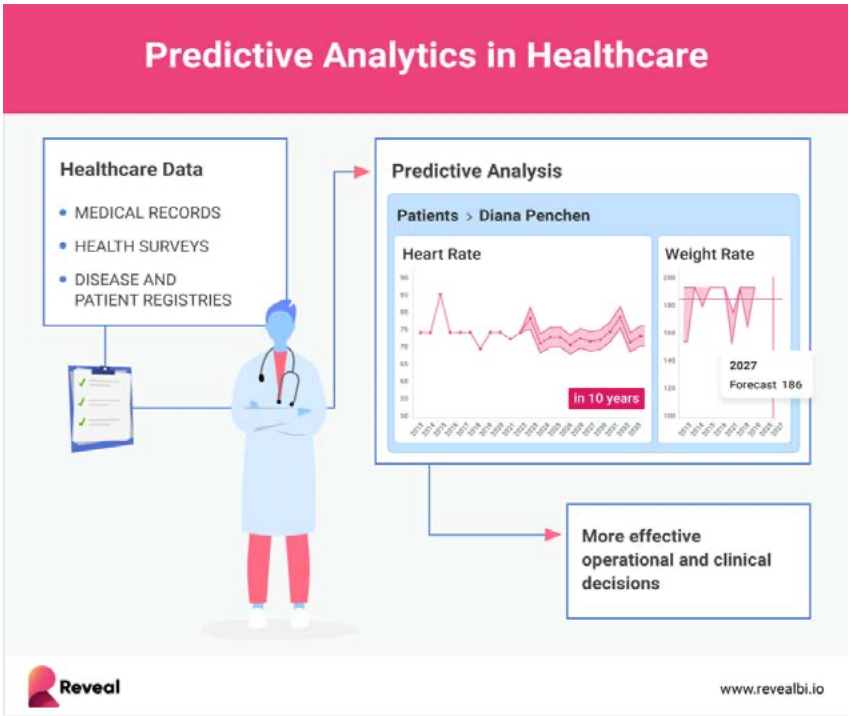
"The groups that hurt a stop-loss portfolio rarely look dangerous at bind – they look average," says Ali Panjwani, CEO and Founder, Merit Medicine. "What sets them apart is volatility – unpredictable claim concentration in a small number of members that traditional underwriting inputs struggle to see early enough."

He points out that Merit Medicine's Merit Predict was built to solve exactly that problem. "Our AI and ML models evaluate risk at the member level – clinical trajectories, high-cost drug signals, comorbidity progression – and surface the handful of groups most likely to produce extreme outcomes before pricing decisions are finalized," he continues. "In a recent actuarially validated retrospective study, identifying the highest-risk groups before binding would have improved underwriting margin by 107% and cut reimbursements in half."

At this resolution, forecasting is not possible without AI and ML, as he explains, "But the technology alone is not enough. TPAs, brokers, stop-loss carriers, and employers each hold a piece of the picture. Making that collaboration work – getting the right predictive insights to the right stakeholder at the right time – is what turns forecasting into timely intervention and ultimately better outcomes for the members we all serve."

Sood at Evidium affirms that underwriting is not simply a data exercise, "It is grounded in experience, context, and informed judgment. At the same time, this view reflects how both AI and healthcare risk are currently understood. At Evidium, we see a broader shift taking place. As healthcare risk becomes more clinically driven, the ability to connect medical knowledge with financial outcomes is becoming increasingly important to how risk is evaluated."

He further explains that today, AI is primarily used to improve efficiency within underwriting workflows, noting, "It helps with the RFP process, cleans and normalizes data, identifies high-cost claimants, generates baseline pricing assumptions, and helps streamline renewal analysis. These applications are valuable and help reduce manual effort, allowing underwriters to focus more on actual decision-making. In a market where margin discipline and stricter underwriting standards are increasingly non-negotiable, this kind of investment in better underwriting tools is becoming a competitive necessity."

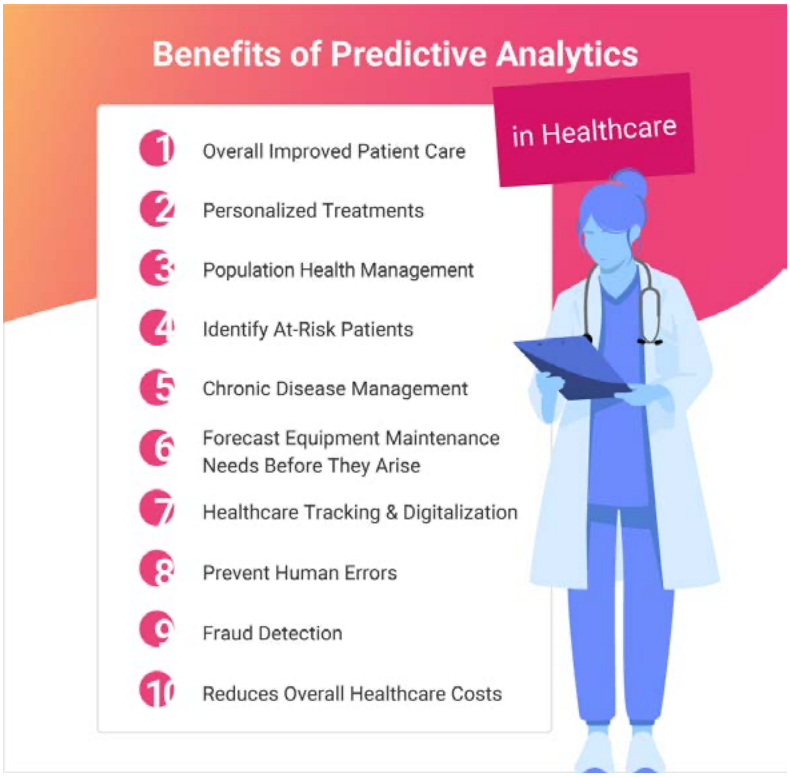


Sood clarifies that these tools and approaches do not fundamentally change how risk is actually understood, adding, "Most approaches still rely on historical claims data and pattern recognition. They are retrospective, focusing on what has already happened and projecting it forward. This is where limitations begin to emerge."

Predictive Modeling: Often used interchangeably and considered a subset of predictive analytics, predictive modeling is the process of running mathematical algorithms on data to predict what's most likely to happen in the future.

Healthcare Cost Modeling: This describes the practice of evaluating historical and current healthcare delivery and expenditures. It focuses on analyzing how much a service costs, why it costs that much and how resources are distributed. It empowers stakeholders to understand the financial impact of various conditions, treatments and populations.

Healthcare Care Modeling: Creating models that are targeted, multimodal and action oriented. Mercer maintains that building successful care models is expensive, advising that insurers must zero in on areas with true, clinically addressable spend. For example, clinically appropriate site-of-care shifts alone could spark approximately $114 billion in savings across the entire US healthcare system.



Source: REVEALBI.io

GO IT ALONE – OR TAP RESOURCES?

The reality is that no single party typically has the full picture.

Onuoha advises, "Forecasting requires clean claims data, plan-specific rules, reimbursement knowledge, clinical context, and the ability to translate insights into action. That is difficult to do well with internal resources alone, especially for smaller or mid-sized employers. The best model is collaborative. Brokers/consultants should set the goals, TPAs should enable the workflow, and outside vendors should provide specialized analytics, AI infrastructure and payment integrity expertise."

From Bounce's perspective, "It will 'take a village' to make impactful change and will require engagement from all stakeholders. The employer must be willing to step outside the box and take the time to understand the needs of their employee population from lifestyle to access to care to language and/or financial barriers."

She explains that they need to work with a broker who will take the time to understand their needs while also partnering with the appropriate resources to adequately address them.

"A great broker will avoid shiny, new objects and easy dollars," she continues. "Their focus should remain on proven methods with a pulse of real breakthrough models. The stop-loss carrier, with all of their data, could play a much more integral role in forecasting and predictive analytics. Their information is being wasted when their only involvement is underwriting at renewals. In addition to predicting spend, they have valuable knowledge on what works and what doesn't to save the plan dollars."

Finally, she recommends that the TPA should be your glue.

"They serve to bring all of the ideas and parties together into a seamless model," she concludes. "They need to be flexible enough to manage the plan accurately, engaged enough to keep all parties aligned, transparent and timely in how they share valuable information, kind enough to build trust, yet strong enough to protect the plan's financial interest."Lynch also thinks that true success requires a synchronized approach.

"The plan owns the strategy, but the TPA or plan payer drives the operation using predictive analytics (internal or resourced) – all while keeping the broker and reinsurer aligned," she notes. "As the reinsurer, if we are given the opportunity to assist, we can help catch what is missed on the front end and help manage the cost of the exposure on the back end. Because we live and breathe these complex cases every day, our volume and familiarity give us the leverage needed to help better mitigate the financial outcomes."

However, effective cost mitigation relies on strong cooperation from the plan payers.

"Specifically, Lynch and colleagues look for partners who are fully aligned and willing to: collaborate for a third-party bill review program, provide the necessary detailed data support, allow for targeted cost containment interventions, and adhere to the intervention findings when ultimately paying the claims.

She maintains that when this level of payer alignment is achieved, "It transforms risk management from a reactive safety net into a powerful, proactive financial strategy." Niblack concurs that the TPA has to lead, maintaining that no other party sits closer to the data or the member.

"Brokers are essential translators who help employers understand what's possible, but they don't have the operational capacity to manage interventions," says Niblack. "Stop-loss carriers are increasingly sophisticated partners for high-cost case coordination, and that relationship matters. Employers set the tone, and the plans that perform best have leadership genuinely committed to member health, not just cost reduction. No single party succeeds here without the others. But if someone isn't actively leading, the member falls through the gap, and that's where costs explode."

Morris believes that everyone has a role to play in identifying high cost and utilization, focusing on quality outcomes, measuring ROI, benchmarking risk-adjusted performance and ensuring positive impact on populations we serve.

"Advancing the responsible implementation of analytics and AI are the responsibility of each constituent participate in the healthcare ecosystem," he says. "To be effective, TPAs, broker consultants, and employers need an external strategic technology partner with advanced data management capabilities, in-depth analytics and data for benchmarking—seamlessly integrated into their tech ecosystem—with guardrails for responsible AI development and implementation."

Similarly, he considers that technology vendors should rely on the experience of broker consultants, employers, and stop-loss carriers to inform development and optimization, adding, "The partnership will result in an advanced analytics platform with predictive AI that delivers intuitive insights and actionable steps to curb rising costs and improve employees' care quality Solomon emphasizes that no single stakeholder can independently solve today's cost management challenges because each organization sees a different part of the member journey.

"As such, this process should be collaborative between stakeholders — and, most importantly, with a strategy that centers the member," she explains. "Because of the complexity of healthcare cost management, many organizations benefit from working with vendors. Vendors are especially useful in terms of scalability and can apply their expertise in areas like compliance, security, and current regulation across a variety of organizational types and structures. This results in a level of efficiency and results that individual organizations cannot usually achieve on their own."


Mike Lanza

Mike Lanza, Senior Vice President, USBenefits Insurance Services, LLC, sums up this issue: "To effectively control medical costs, it is essential that the health plan, third-party administrator (TPA), and stop-loss carrier work collaboratively throughout the claims process. Although pre-authorizations often receive negative attention, they remain a critical tool for TPAs to verify that a proposed medical procedure is medically appropriate and covered under the plan document."

He says AI can enhance this process by analyzing large volumes of pre-authorization data and identifying cases that warrant additional review. "For example, approved high-cost procedures can be referred to case management, ensuring that qualified clinical personnel actively monitor the member's care and treatment plan," shares Lanza. "Potential high-dollar claims that may exceed the specific deductible should be reported to the stop-loss carrier as early as possible. Early notification is critical because it allows the TPA and stop-loss carrier to coordinate before provider payments are made. This collaboration helps ensure that claim evaluations are aligned and that stop-loss reimbursements accurately reflect the amounts paid by the plan."

Lanza notes that the review of complex, high-cost cases often require specialized expertise, adding, "Selecting a vendor with deep clinical resources, including physicians across multiple specialties, helps ensure that reviews are based on current medical standards and evidence-based practices. Providing healthcare providers with a comprehensive, well-documented review report can also expedite the process, improve transparency, and reduce the likelihood of appeals."

April Gill

April Gill advises, "No single stakeholder has all the answers. TPAs, employers, brokers, and stop-loss carriers as well as employees themselves, each bring unique insights, but success depends on collaboration and access to connected, actionable data. Organizations that can turn fragmented information into timely interventions will be best positioned to improve outcomes while managing healthcare costs more effectively."

Echoing these perspectives, Choquette insists that no single stakeholder can drive this transformation alone:

"Each contributor brings something others can't replicate—data access, financial oversight, clinical expertise, patient engagement— and the value emerges from coordination rather than parallel effort. Successful implementation depends on a collaborative, multidisciplinary framework in which case management serves as the coordinating force, leveraging the expertise of TPAs, payers, employers and specialized vendor partners."

George Stiles

Geye affirms that outside technology vendors have been pouring time and resources into developing AI and machine learning tools that transform how patients use healthcare.

"These companies work on behalf of all industry stakeholders to bring down collective costs and increase healthcare value," he remarks. "That said, demand for medical cost forecasting must start with employers – after all, they're staring down the largest healthcare cost increases in 15 years. If employers are not already having conversations with their brokers about jumping off the renewal carousel and focusing instead on the heart of the cost issue, they might need to look elsewhere."

He says another reason not to go it alone comes down to security: How do you make sure health data stays secure as it passes through an AI model? How do you ensure AI model vendors aren't training on your data?

"Healthcare technology companies should focus on building AI that can truly reshape the industry," concludes Geye. "Price transparency analysis was just the first wave. Brokers now need detailed modeling, more intelligent plan design, and activation of new variable copay plans that don't exist in the market today. That's where AI can truly shine."

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