

Breaking the Cost Cycle

How integrated benefits strategies can help control rising health plan costs



The Never-Ending Spiral of Rising Healthcare Costs

Healthcare costs keep rising despite your efforts. You've raised deductibles, re-evaluated contracts and even moved to self-insurance. And you may have changed plan designs, switched funding types and cost-shifted to employees. But these tactics can feel like using sandbags against a tidal wave — they buy time but don't solve the problem.

The real question isn't what you're doing wrong, but what you can do differently in an environment that seems to change every day.

For HR professionals, the pressure is real. With [medical trend projected to rise 9% in 2026](#), specialty drugs account for 2% of prescriptions but half of pharmacy spending in employer-sponsored plans.¹ GLP-1 drug uptake for weight loss is growing astronomically, and dozens of gene therapies expected to reach market in the next five years carry price tags in the millions.

The change to healthcare premiums has been palpable: In 2025, the average family coverage premium reached nearly \$27,000, a 26% increase over five years, with employers covering three-quarters of the costs.² That's a significant amount, but also a significant opportunity for employers who manage it strategically.

Where others see unsolvable problems, we see opportunity. *Organizations that move from passenger to driver — taking control of events rather than reacting to them — will cut costs, improve care and develop a sustainable competitive advantage for the long term.*

This paper examines three of the most significant cost risks — and opportunities — in employer-sponsored healthcare: specialty drugs, GLP-1 management and emerging treatments like gene therapies. Each section provides tangible strategies to cut costs, improve care and help HR demonstrate clear value to the organizations it serves.

A dynamic, data-driven model that identifies risk early, aligns coverage with clinical reality and integrates pharmacy, financial and compliance expertise turns unknowns into planned, controllable risks, delivering measurable savings and better outcomes.



The new reality of employer-sponsored healthcare

At a tech employer with more than 10,000 health plan members, a 13-year-old dependent switched to a medication costing nearly \$400,000 annually, and a single gene therapy claim cost \$4.25 million — the equivalent to more than 20 years of healthcare costs for an entire family. The new math: 41 members drove \$4.8 million in costs, or 21% of total healthcare spending.

¹ Intercept RX, "Understanding Specialty Drugs and Their Impact on Health Plans," February 17, 2025.

² KFF, "Employer Health Benefits 2025 Annual Survey," October 22, 2025.



The Three Pillars of Healthcare Cost Control

Historically, employer-sponsored healthcare plans have followed a predictable cycle:

Costs rise → Reduce benefits → Shift burden to employees → Quality suffers

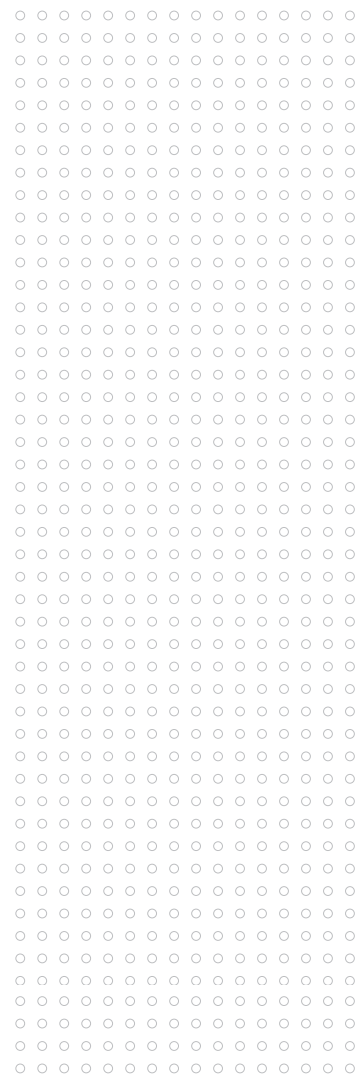
But forward-looking organizations are taking a dynamic approach instead:

Identify future trends → Use data to pinpoint risk → Deploy targeted strategies → Measure and refine → Stay ahead

Structural forces like provider consolidation, higher labor costs, technology adoption and a significant rise in the frequency and severity of large claims are driving costs in the current environment. Here are three areas — or pillars of cost-containment efforts — that employers can address immediately:

- 1. Optimize high-cost treatments and care.** Eliminate waste in oncology, biologics and expensive specialty therapeutics, while redirecting care to equivalent-quality, lower-cost settings.
- 2. Structure GLP-1 access and usage.** Maintain access to diabetes and cardiovascular disease care with structured weight-management programs.
- 3. Manage emerging catastrophic risks.** For emerging threats, particularly gene therapy exposure, quantify risk before claims materialize.

Each pillar relies on the same foundation: Data analytics paired with clinically informed analytics to turn the unknown into *anticipated risks that can be minimized before they happen*, giving plan sponsors greater control over costs and quality of care.



Pillar 1: Optimizing High-Cost Therapeutics and Procedures

Specialty drugs, including biologics, oncology treatments and rare-condition therapies, represent the largest and fastest-growing cost category in most employer health plans.

Global specialty drug spending is expected to reach \$821 billion in 2026 and \$1.93 *trillion* within a decade, with more than half in North America.³ Though just a fraction of all U.S. prescriptions, specialty drugs account for half of all pharma spending⁴ and as much as 10% of all healthcare spending.⁵

The New Normal for Specialty Drugs

\$821 billion: Expected global specialty drug spending in 2026

\$1.93 trillion: Projected global specialty drug spending within a decade

50% and 2%: Share of total pharmacy spending and share of prescriptions, respectively

10%: Share of all healthcare spending

Those numbers underscore both the scale and the opportunity. A multi-pronged approach to specialty drug costs can help shift plan sponsors from reacting to leading.

FIRST, USE ANALYTICS TO TARGET COSTS

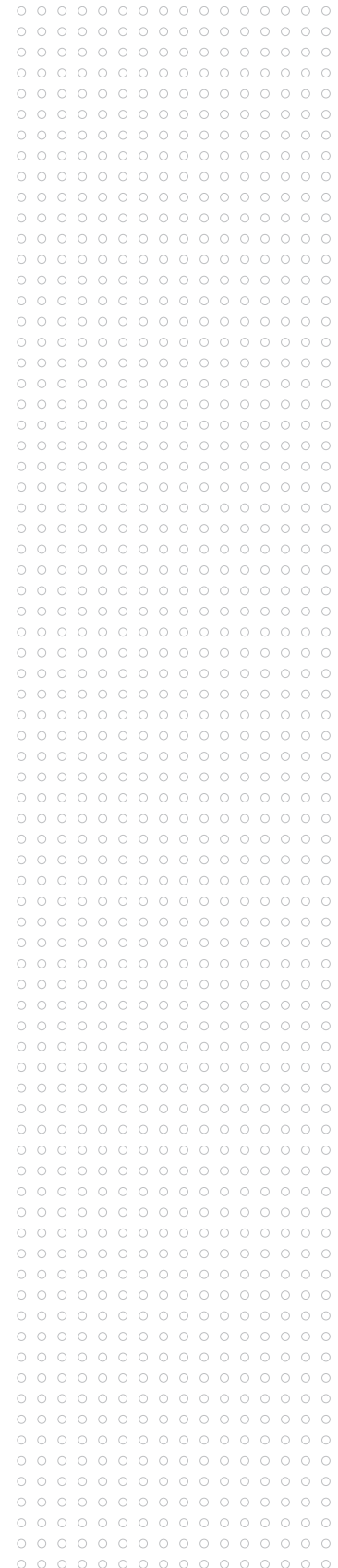
The foundation for reducing specialty drug expenses is *transparency*, which entails working with a pharmacy benefit manager (PBM) that clearly lays out costs, margins and rebates in its contracts.

Pharmacy analytics can uncover hidden PBM margins, align rebates with utilization and tailor contracts to improve formulary management. This underscores the importance of transparency in your pharmacy contracts. HUB's pharmacy team can help evaluate PBM arrangements and negotiate contract terms that prioritize transparency and fiduciary accountability.

³ Global Growth Insights, "Specialty Pharmaceutical Market Size, Growth, and Industry Analysis," January 26, 2026.

⁴ Intuition Labs, "Specialty Pharmacy: An Analysis of Key Players & Trends," February 12, 2026.

⁵ Global Growth Insights, "Specialty Pharmaceutical Market Size, Growth, and Industry Analysis," January 26, 2026.



FIND OPTIMAL SITE OF CARE FOR SPECIFIC TREATMENTS

Identical therapies don't require the most expensive setting, yet providers frequently refer patients to high-cost hospital settings when lower-cost, equivalent options are available.

What plan sponsors may not fully appreciate is the magnitude of savings available through optimizing the site of care. Infusion therapies administered at hospitals cost about 42% more than the same treatments delivered elsewhere, with no reduction in quality of care.⁶ An infusion costing \$8,500 at a hospital only costs \$3,800 at a doctor's office, a 55% savings.⁷

EXPERT INSIGHT

"When employers ask about reducing specialty drug costs, we start with transparency. You need more visibility into what's approved, how drugs are used and whether they align with your strategy. You need to understand things at a granular level."

— Nelly Rose, Chief Pharmacy Officer,
HUB International

Virtual care offers a similar opportunity, as routine consultations, chronic disease management and behavioral health visits done via telehealth can cost significantly less than in-person equivalents.

Clinical informatics, which examines healthcare data through a clinical lens to identify areas to cut costs and improve patient outcomes, provides real-time guidance, quality scoring and member-friendly communication to support adoption.

MANAGING HIGH-COST CLAIMS AND CLAIMANTS

In most employer health plans, a small fraction of members drives a disproportionate share of costs. Data analytics and clinically informed analytics can identify these members early, before conditions become severe, while dynamic care coordination can improve outcomes and protect plan finances.

Getting ahead of high-cost claims — flagging them before they become catastrophic — turns what was once an unpredictable exposure into a manageable line item.

⁶ JMPC, "Infusion therapy patient outcomes are similar at reduced costs in alternative sites of care compared with hospital outpatient departments," December 20, 2025.

⁷ HUB International site-of-care optimization analysis, 2024-2025.



UNCOVER HIDDEN COSTS IN PHARMACY CONTRACTS

Because PBM contracts are so complex, most employers cannot determine if the contract is competitive or underperforming. However, benchmarking can evaluate discounts, rebates and contract terms against national data and market best practices. Such benchmarking can lead to recommendations on negotiating terms, the issuing of a request for proposal (RFP) or determining the strength of a PBM contract.

HUB's DiagnosticRx™ tool adds another layer of precision — a proprietary benchmarking solution that compares your contract terms against HUB-negotiated arrangements across the market to identify key strengths and pinpoint the gaps most likely to be driving unnecessary costs.

EXPERT INSIGHT

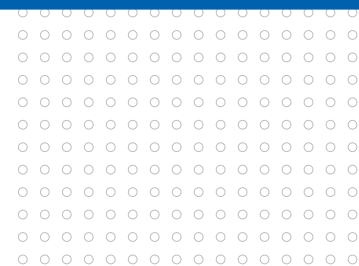
“Whether it’s discount structures that haven’t kept pace with the market, rebate terms that could be renegotiated, contract language that erodes financial value or coverage gaps that are driving up costs, there’s always something worth addressing in a pharmacy contract review. The goal isn’t just finding dollars today but building a contract that works harder over time.”

— Anthony Scott, National Chief Consulting Officer, Employee Benefits, HUB International



Transforming High-Cost Claims

Forty-one employees (out of 10,000) at a high-tech company generated \$4.8 million in healthcare costs. After it turned to HUB for predictive analytics, targeted clinical coordination and site-of-care optimization, the company realized an 18% cost reduction and \$864,000 in annual savings along with measurably higher member satisfaction.



Pillar 2: Strategic GLP-1 Management

Fueled by GLP-1 adoption, high-cost specialty drugs and other expensive treatments, pharmacy costs have emerged as the dominant driver of increased spending, accounting for 24% of all healthcare spending in 2024.⁸

One area of particular concern is GLP-1 drugs like Wegovy and Ozempic. While GLP-1s have transformed treatment for diabetes and cardiovascular disease, their use in weight management is creating the most demand and cost growth,⁹ with the drug class accounting for insurance premium hikes ranging from 5% to 14%.¹⁰ The opportunity lies in designing programs that maintain appropriate access while keeping spending sustainable.

EXPERT INSIGHT

“GLP-1 management has evolved. In the early days, they were just covered by PBMs. Then the overcorrection, which was not covering them at all. Now we’re seeing middle ground, with active management of GLP-1s with medical oversight, regular check-ins with coaches and nutritionists. This structured approach is delivering results on both costs and member health.”

— Cory Jorbin, Director of Compliance Consulting,
HUB International

The most effective approach differentiates by indication. It’s essential to cover GLP-1 drugs for diabetes and cardiovascular disease, but to treat obesity, optimizing GLP-1 use requires structured programs with step therapy, BMI thresholds with comorbidities, lifestyle program participation and six-month progress reviews.

Nutrition coaching, adherence monitoring and medical oversight make GLP-1 programs both clinically effective and financially defensible. Without these guardrails, longer-term risks that include muscle loss, bone density reduction and regaining weight may generate new medical costs that offset any short-term pharmacy savings.

HUB provides access to alternative pharmacy program models that actively manage dispensing, data and outcomes, giving multi-state employers a structured path between blanket coverage and exclusion.

⁸ Business Group on Health, “2026 Employer Health Care Strategy Survey: Executive Summary,” August 19, 2025.

⁹ IQVIA, “Non-Traditional Channels: The Compounded GLP-1 Market,” October 22, 2025.

¹⁰ EBRI, “GLP-1 Coverage and Its Impact on Employment-Based Health Plan Premiums: A Simulation-Based Analysis,” October 9, 2025.

Pillar 3: Managing Emerging Risks

Gene therapy holds extraordinary promise to deliver cures for previously incurable conditions, along with price tags that are truly astonishing.

A single, unplanned therapy can create multimillion-dollar exposure and erode stop-loss leverage. The FDA has created a pathway for personalized, “bespoke” gene therapies,¹¹ which could come with enormous price tags. Gene therapies for Type 1 diabetes, Parkinson’s and Alzheimer’s are expected within the next three to five years, with the market projected to reach \$5.1 billion by 2030 and \$9.1 billion by 2034.¹²

Blanket exclusions carry additional risk: Broad gene therapy exclusions may face legal challenges, making it essential to design a thoughtful plan that minimizes such risk.

Effective planning makes gene therapies manageable. Plan sponsors can begin immediately by identifying likely gene therapy candidates before the need arises. Claims analysis can identify genetic condition markers and human leukocyte antigen (HLA) testing signals, while clinical informatics will generate population-specific risk assessments and therapy eligibility reviews.

Evaluating gene therapy riders, carve-outs and outcomes-based models lets employers translate quantified risk into structured protection. HUB brings clinician-defined triggers and deep experience structuring stop-loss and captive solutions.

An ROI of 11,900%

HUB’s review of a medium-sized employer’s healthcare plan members revealed 43% of dependents carried genetic risk markers, representing \$33.8 million in potential exposure. The employer restructured its coverage using a higher-premium option, making a \$290,000 annual investment that eliminated coverage gaps with a potential ROI of 11,900% and strengthened the employer’s negotiating position.



The Gene Therapy Revolution Will Not Be Cheap

In the next three to five years, gene therapies are expected for the following:

- Type 1 diabetes
- Parkinson’s treatments
- Alzheimer’s interventions

Market growth:

- \$5.1 billion by 2030
- \$9.1 billion by 2034
- 140+ therapies expected by 2030

Cost reality:

- \$913K minimum per treatment
- \$4.25M maximum per treatment
- Prices holding steady as approvals accelerate

¹¹ Fierce Pharma, “FDA illuminates new approval pathway for bespoke gene editing therapies,” February 23, 2026.

¹² BioSpace, “Gene Therapy Platform Market Size to Hit USD 9.05 Billion by 2034, Driven by Advancements in CRISPR and Personalized Medicine,” November 6, 2025.

EXPERT INSIGHT

“Employers historically haven’t been open to covering gene therapy. We’re having that conversation more often now, because the risk is real and quantifiable – not theoretical”

– Kirsten Bot, VP, Actuarial Services & Financial Consulting,
HUB International

THE POWER OF AN INTEGRATED SOLUTION

No single strategy can address the full scope of healthcare cost growth – whether that strategy is high-cost risk management, specialty drug controls or financing solutions. Yet as part of an integrated, holistic approach, the power is magnified exponentially.

Here’s how innovative tools build on each other:

Baseline assessments build the foundational data that informs every downstream decision

Clinical informatics and predictive analytics convert that data into targeted action

Those insights drive specialty drug and gene therapy strategies like biosimilar adoption, dose optimization, contract transparency and rebate alignment that systematically eliminate waste

The same analytics reveal optimal financing structures, from reference-based pricing and spousal incentive health reimbursement arrangements (SIHRAs) to centers of excellence and gene therapy carve-outs

EXPERT INSIGHT

“Think strategically. So instead of mixing all your strategic levers into one pot, separate what you can do on the plan design side from the health of the population side. Then you can work with data showing what’s working and what needs adjustment over the long term.”

– Fran Scott, National Health & Performance Practice Leader,
HUB International



Why integration matters

HUB’s integrated model connects all levers under a single coordinated strategy informed by clinical, pharmacy, financial and compliance expertise working in concert.

Start with your most pressing cost issue. That creates cleaner data, stronger negotiating leverage and clearer visibility into what’s next.

SIHRA Hero

For a regional hospital dealing with rising costs and significant out-of-network volatility for its 1,600-subscriber healthcare plan, HUB implemented a spousal incentive health reimbursement arrangement (SIHRA) program combined with incentives to use in-system care. The result: 218 employees moved to spousal plans, generating \$810,000 in gross cost reduction and \$428,000 in annual plan savings.

YOUR PATH FORWARD

The right starting point is where cost pressures are the most acute.

If catastrophic volatility is the concern, start with gene therapy risk assessments and stop-loss optimization. If specialty drug spending is untenable, a PBM contract review combined with specialty drug controls and a biosimilar strategy can yield immediate impact. If a small percentage of members account for a disproportionate amount of spend, predictive analytics and targeted care coordination are the priorities.

Any starting point builds the data foundation for tackling the next area, creating compounding returns over time.

A 12-Month Roadmap to Success

First month: Foundation

Request comprehensive claims analysis → Review PBM and stop-loss terms → Assess gene therapy exposure

Months two to three: Strategy

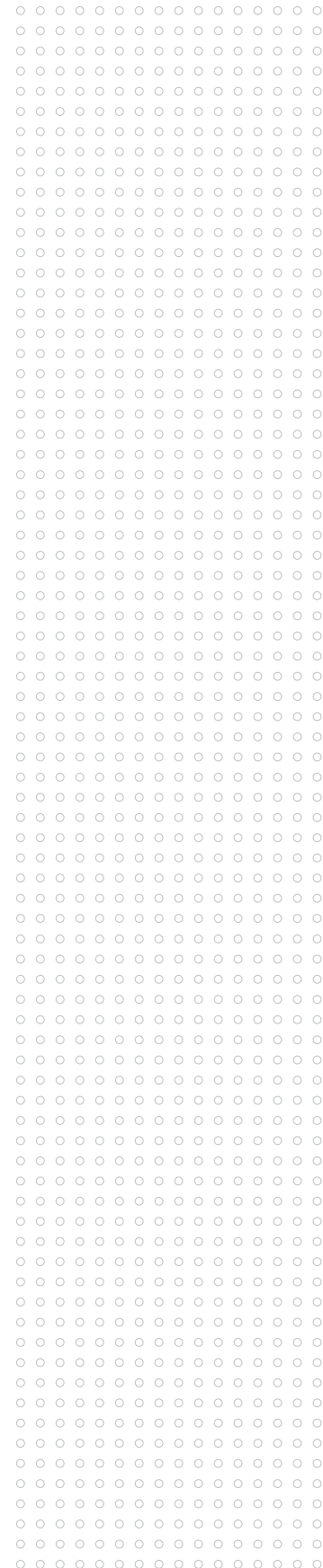
Build integrated plan based on cost drivers → Model top interventions → Engage clinical consulting for high-cost claimants

Months four to 12: Implementation

Launch prioritized solutions → Communicate clearly with members → Track outcomes against metrics

Regardless of where you start, three principles apply:

- **Measure before acting.** Quantify your cost drivers and model return on investment before committing resources.
- **Identify risks in advance.** As in 12 to 18 months in advance, not after the risks come to bear.
- **Integrate expertise.** Effective strategies immediately merge clinical, pharmacy, financial and compliance perspectives.





EXPERT INSIGHT

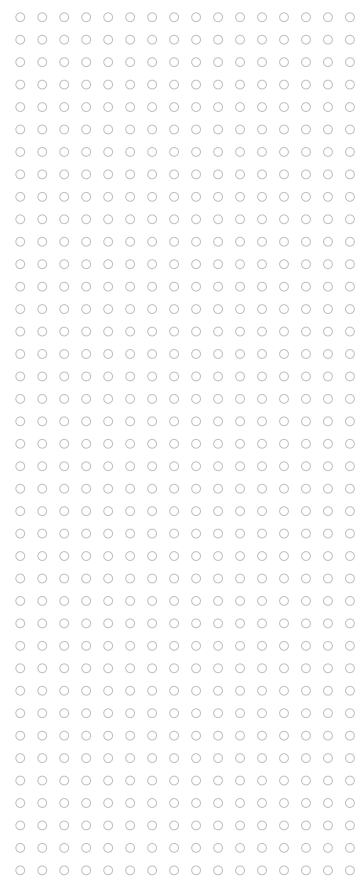
“It’s important to understand your agreements and responsibilities. That influences what we can measure and what your members experience. With multi-year deals, you might be locked in for two years. Nothing we can tell you from the data makes sense if you don’t know your baseline commitments.”

— Raquel McLellan, National Director of Clinical Informatics,
HUB International

TURNING COST CONTROL INTO A COMPETITIVE ADVANTAGE

The advantage belongs to employers who plan ahead. HUB clients have seen double-digit reductions in high-cost claimants, up to 60% savings on certain high-cost claims through site-of-care strategies and orders-of-magnitude protection by aligning stop-loss and gene therapy coverage.

Healthcare costs will continue rising — that’s beyond your control. How you respond is entirely within your control. Organizations that approach this strategically will build a sustainable competitive advantage in attracting and retaining talent, employee health and protecting the bottom line.



Strategic support that puts you in control.

Effectively engaging your multigenerational workforce means personalizing both benefits and communications — and looking beyond generations to individual needs so you can offer the solutions best suited to your employee population.

We can advise you on how to confidently navigate the changing demographics of your workforce by leveraging persona analysis insights to tailor a strategy for your total employee population — from core and voluntary benefits to retirement to their overall health and performance.

Contact a HUB advisor today at:

hubemployeebenefits.com



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