

# Benefits Insights

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## How Population Health Impacts Employer Spending and Plan Design Strategies

Employers are increasingly challenged to manage rising health care costs while supporting a workforce with unique health needs. Traditional health care spending approaches, often focused on responding to claims after costs are incurred, offer limited opportunities to influence long-term outcomes. Population health offers a different, more strategic lens.

Population health refers to the collective health of a defined group, such as employees and covered dependents, rather than on individuals or single high-cost claims. By understanding health patterns, risk factors and care utilization across an entire population, employers can design preventive, forward-looking strategies that improve health outcomes and help lower overall costs for the group.

This article explores how population health helps employers move from reactive cost management to proactive workforce health strategies.

### What Population Health Means for Employers

The National Library of Medicine defines population health as “the health outcomes of a group of individuals, including the distribution of such outcomes within the group,” and argues that the field of population health includes health outcomes, patterns of health determinants, and policies and interventions that link these two.

Population health looks at the full picture of workforce well-being, including physical health, mental health, preventive care, chronic condition prevalence and social factors that influence health access and outcomes. The goal is not to predict which individual will have the next large claim, but to

identify trends that affect the population as a whole and to intervene earlier and more effectively.

This holistic view recognizes that health risks tend to cluster. For example, higher rates of obesity may correlate with cardiovascular disease, Type 2 diabetes, musculoskeletal (MSK) issues and increased pharmacy utilization across the population. When these patterns are addressed proactively, employers can influence both health outcomes and long-term cost trajectories.

As such, prevention is central to population health. Rather than treating prevention as a standalone wellness initiative, employers integrate it into benefit design and workforce strategy. This includes encouraging routine screenings, improving access to primary care, supporting healthy behaviors, reducing barriers to evidence-based care and encouraging the use of tobacco cessation and wellness programs. For example, a sustained increase in spending on GLP-1 medications for weight management may signal that a population’s health risk profile is skewing toward obesity-related conditions, indicating that broader preventive strategies, such as nutrition support, physical activity programs and earlier metabolic risk identification, could improve outcomes while reducing long-term costs.

Preventive strategies are particularly effective when applied broadly across a population. Even modest improvements in areas such as blood pressure control, diabetes management, physical activity or stress reduction can produce meaningful cost and productivity impacts when multiplied across an entire workforce.



### Why a Population-level View Impacts Cost

Health care spending is not evenly distributed. The latest KFF data revealed that 5% of the population accounted for nearly half of all health spending, spending an average of \$72,918 per person annually in 2023. A relatively small share of a covered population often accounts for a large percentage of total costs, largely driven by chronic and behavioral health conditions. In fact, the U.S. Centers for Disease Control and Prevention reports that 90% of the nation's \$4.9 trillion in annual health care expenditures are for people with chronic and mental health conditions. While individual claims vary year by year, population-level risk patterns tend to be more stable and more actionable.

When employers focus only on cost containment after claims occur, opportunities for prevention are missed. Instead, a population health approach shifts the focus upstream, emphasizing the following factors:

- Earlier identification of emerging health risks
- Increased use of preventive and primary care
- Better management of common, high-impact conditions

Over time, these strategies help reduce avoidable utilization such as emergency visits, hospital admissions and complications from unmanaged conditions.

### The Power of Predictive Analytics

Predictive analytics plays a key role in helping employers understand the health of their population and anticipate future risk. Rather than looking backward at isolated claims, employers use aggregated data to identify patterns and trends across their workforce. This population-level view helps answer anticipatory questions about where health risks may grow, which conditions are most likely to drive future costs, and where early intervention can make the greatest difference.

To assess population risk, employers typically review a combination of medical and pharmacy utilization trends, preventive care gaps, chronic condition prevalence, demographic insights and behavioral health indicators. When analyzed together, these data points reveal shared risk patterns across the group, allowing employers to prioritize

strategies that address common drivers of utilization and cost. Common focus areas include the following:

- Chronic conditions with rising prevalence across the workforce
- Underutilization of preventive or primary care services
- Emerging behavioral health or MSK risk trends

The real power of predictive analytics lies in translating insights into preventive action. Employers use population risk assessments to guide benefit design, care access strategies and vendor partnerships, such as expanding access to primary or behavioral health care, strengthening condition management programs, or aligning benefits to encourage early, high-value care. By focusing on what the population is likely to need next, predictive analytics supports a proactive, sustainable approach to managing health care costs and improving outcomes across the entire group.

### How a Population-level View Informs Plan Design

Population health insights help employers move from uniform benefit designs to more intentional strategies aligned with workforce needs. Rather than focusing on individual claims, employers use aggregated data—such as claims trends, pharmacy utilization and preventive care gaps—to guide plan design decisions. This approach can inform decisions such as:

- Enhancing coverage for preventive services and chronic condition care
- Aligning cost-sharing to encourage high-value care
- Expanding access to primary care, behavioral health and care navigation

Designing benefits around population needs can help employers influence behavior at scale, improving engagement and outcomes without relying solely on cost shifting.

### Population Health as a Long-term Employer Investment

Population health naturally aligns with value-based principles. Instead of treating all services equally, value-based approaches prioritize care that improves outcomes for the

population. This perspective supports benefit designs that increase access to services proven to reduce long-term risk, such as preventive screenings, chronic disease management and behavioral health treatment. When applied across a population, value-based strategies can help stabilize costs by reducing avoidable complications and unnecessary utilization, while also improving the employee experience.

Keep in mind that population health is not a short-term cost-control tactic. It's a forward-thinking framework that helps employers understand their workforce, anticipate future needs and design benefits that support both health and financial sustainability.

Consider the following ways that organizations are responding and taking a population-based approach:

- Moving from broad wellness to **targeted, condition-specific population health strategies** (e.g., cancer, MSK, metabolic disease and behavioral health)
- Increasing emphasis on **prevention, early intervention and closing care gaps** as public health and provider capacity remain strained
- Investing in **data-driven analytics**, cohort/episode reporting and predictive tools to identify emerging risks
- Cutting plan costs by **raising deductibles and redesigning plan structures** due to sustained trend pressure
- Growing reliance on **navigation tools and advocacy services** to help members access appropriate high-value care

Focusing on the health of the group as a whole can allow employers to move from reactive decision-making to a proactive strategy, which in turn supports a healthier population and a more sustainable health plan.

### Summary

Population health provides employers with a strategic alternative to reactive cost management by shifting the focus from individual claims to the collective health of the workforce. By analyzing health trends, risk factors and care utilization across the population, employers can intervene earlier, prioritize prevention and address high-impact

conditions before they lead to costly complications. This approach enables more informed benefit design, encouraging the use of high-value services such as preventive care, primary care, chronic condition management and behavioral health support.

Rather than a short-term cost-control tactic, population health is a long-term investment in workforce well-being and financial sustainability. Employers that adopt a population-based strategy are better positioned to anticipate future needs, stabilize cost trends and improve the employee experience. By moving from reactive decision-making to proactive planning, organizations can support healthier employees while building a more resilient, sustainable health plan over time. Contact us for more information.