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# GUEST COLUMN: What's Driving Your Healthcare Spend

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Image Caption

Rising healthcare costs continue to put pressure on employers, with trends hovering around 7–8% increases over the past few years—and projections showing no signs of slowing. What's fueling this sustained cost growth? A mix of familiar factors and new trends are driving costs higher, and understanding what's at play is the first step toward finding a smarter path forward.


Brian Meyer

The trends we're seeing among M3 clients mirror what's happening on a national scale. When digging into claims data to figure out what's driving costs, a few key areas stand out. Two of the biggest? The types of conditions contributing most to overall spending, and the services that are increasing in cost more rapidly than others.

By looking at claims data year over year, patterns start to emerge. Conditions are grouped based on related medical and pharmacy claims, giving a clearer picture of where costs are concentrated. Right now, five condition groups are responsible for more than half of the total cost trend employers are facing. These include:

- Cancer with active management
- Gastrointestinal disease
- Degenerative arthritis
- Diabetes
- Bone, joint and muscle disease

Another layer to watch is the type of services increasing in cost more rapidly than others. These often tie back to the major condition groups but offer more specific insight into where targeted actions might help control spending.

**What are the biggest contributors to rising medical costs at the moment?**

- **Surgical procedures:** Orthopedic surgeries, such as joint replacements and spinal procedures, are some of the biggest drivers. Surgeries related to cancer treatment are also showing notable growth, both in frequency and complexity.
- **Medical channel specialty drugs:** These are high-cost medications that must be administered by a medical professional and are billed through the health plan rather than the pharmacy benefit. Common examples include cancer therapies and autoimmune condition treatments.

So what can employers actually do to manage risk, support employee health, and push back on rising healthcare costs?

It starts with understanding your own data. Before jumping to solutions, take a close look at what's truly driving your spend. Advanced analytics can help uncover where the biggest cost pressures are coming from—and more importantly, where there's room for targeted action. Once strategies are in place, measuring impact over time is key to making sure those efforts are working.

Looking at the top cost drivers we're seeing across employers, there are a few clear areas where action could make a difference. Whether it's implementing care navigation programs, reevaluating site-of-care options, or taking a closer look at your specialty drug management, informed decisions can lead to real results.

**Cancer**

- Encourage age-appropriate screenings to support early detection and improve outcomes.
- Offer cancer care or complex condition support programs to help employees navigate both clinical treatment and the logistical challenges that come with a diagnosis.

- Review where specialty medications are being administered—shifting from higher-cost inpatient settings to more affordable office-based care (when appropriate) can lead to significant savings.

**Surgical Procedures & Bone, Joint, and Muscle Conditions**

- Consider care navigation programs or alternative payment models like bundled payments, direct contracting, or medical tourism to help ensure employees receive high-quality care in cost-effective settings.
- Explore digital health tools aimed at musculoskeletal issues—these can support prevention, physical therapy, and even post-op recovery.
- Use predictive analytics to identify employees who may be at risk for future surgeries, allowing for earlier intervention.
- Implement a second opinion program to give employees confidence in their treatment plans and explore less invasive or more affordable alternatives.

**Diabetes**

- Leverage data to identify care gaps and improve condition management.
- Look into third-party diabetes management programs that offer digital coaching, continuous monitoring, or medication support to boost engagement and compliance.
- Reevaluate your approach to GLP-1s—ensure appropriate usage aligned with clinical guidelines and population health goals.
  - Article: GLP-1s: Balancing Cost and Benefits
- Use predictive analytics to engage individuals who may be at risk of developing diabetes, offering preventive resources before the condition progresses.

**How M3 can help**

At M3, we help employers take charge of rising healthcare costs by turning data into actionable insights. By analyzing key cost drivers and using advanced analytics, we pinpoint areas where spending is increasing and provide strategies to manage those costs effectively.

Tools like Springbuk allow us to uncover trends and make data-driven recommendations, while BenchmarkPRO lets employers see how their benefits compare to industry peers. From optimizing plan designs to exploring alternative payment models, we work with employers to tackle the challenges of rising healthcare expenses and improve the health of their workforce.

**Key Takeaways**

There’s no one-size-fits-all solution when it comes to addressing rising healthcare costs. By understanding your unique data and workforce, we can help create a more tailored strategy to tackle these challenges. Reach out to your M3 Client Executive to learn how we can help you take control of your healthcare costs and risks.

You can also read this article here.

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