Using Claims Data to Turn a Plan Redesign **Into Sustainable Loss Control**

Story Overview

A municipal employer needed to stay ahead of rising healthcare costs without reducing value for employees. In a market with multiple hospital systems and no natural steerage in its traditional PPO arrangement, the core opportunity was to redesign the plan in a way that improved member value while creating more durable cost control.

Challenge

The client was not in crisis, but that was exactly the point: status quo plan management would likely lead to higher future costs even for a historically strong-performing plan. The complexity came from evaluating a growing number of market options, understanding where members were already receiving care, and determining whether a more directed model could work without creating unrealistic behavior-change assumptions. In this case, the provider market included five major hospital systems, so any redesign had to be backed by strong utilization data rather than theory alone.

> Designing a plan around how members actually use care.

IMA's Strategy and Actions

IMA's Taft-Hartley and Government practice acted to support the client by:

+ Using IMA People Analytics powered by Cedar Gate to review multiple years of claims data, utilization trends, and cost drivers before recommending any change.
+ Identifying that more than 45% to 50% of hospital claims were already flowing through one health system, creating a realistic opportunity to align plan design with existing member behavior.
+ Recommending an accountable care organization-based redesign that wrapped around that health system, allowing the client to steer members through plan design rather than relying on broad disruption.
+ Replacing the PPO option with the ACO-oriented structure in a way that better supported higher-risk, higher-utilizing members who were most likely to benefit from more coordinated care.
+ Measuring results over time against the same front-end assumptions used to vet the strategy, keeping the plan under active management rather than treating implementation as the finish line.

Why It Worked

This approach worked because it was highly specific to the client's own population. IMA did not recommend a market trend just because it sounded promising; the team first confirmed natural claims overlap, then matched a less traditional solution to actual member patterns. That combination of analytics, strategic discipline, and long-term measurement made the redesign both practical and durable.

Key Takeaways

This story shows the value of proactive, data-led plan management before costs become unmanageable. Other IMA teams can apply the same lesson: validate member behavior first, then match solutions to the population rather than forcing a generic strategy onto the client.

THE RESULT:

The redesigned program produced more than 10% savings on claims routed through the selected hospital system, while the plan remained at a flat trend over roughly four years compared with broader industry increases of about 6% to 8% annually. Those results helped the client stay under budget, build reserves, and better manage employee contribution costs while supporting improved condition management for higher-risk members.