

4-STEP ASSESSMENT:

Evaluating employer readiness for an alternative health plan



Why the stakes are higher than ever

While it's widely known that U.S. healthcare costs exceed those in other countries, few realize how much those costs vary from one region of the country to another. What's even less known is the fact that the same procedure can vary widely even within the same region due to network contracts. That lack of consistency, paired with rising overall costs, has pushed many employers into a high-stakes, low-transparency environment.

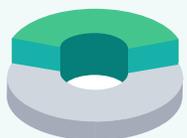
The numbers speak for themselves: According to a recent RAND Hospital Price Transparency Study,¹ employers are paying up to 254% more than Medicare rates for the same services on average, and in some states, that number climbs well beyond 300%.¹ Such cost pressures are both reshaping employer priorities and presenting a unique opportunity for brokers and consultants to lead the shift toward smarter, alternative plan designs.

In the absence of alternatives, many employers often will default to familiar strategies - for example, by layering on wellness programs in hopes they'll drive down utilization or by shifting costs to employees, only to watch those same employees delay care or take on debt. With healthcare costs rising 4x faster than wages², both employers and employees are ready for change.

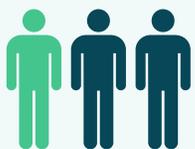
This assessment is a strategic tool designed to help brokers and consultants evaluate whether an employer is a candidate for moving away from traditional health plan carriers and toward an alternative health plan model that includes self-funding, reference-based pricing (RBP) and more.

Drawing on data-driven models, combined with proprietary data collected internally at Imagine360 and refined through decades of partnership experience, you can help employers gain a clearer picture of what a better-aligned, self-funded plan could look like - and what it would take to get there.

DID YOU KNOW?



38% of adults enrolled in high-deductible health plans (HDHPs) either skip or forgo recommended medical care.⁴



1
out of
3

people who have insurance find they have to take out a loan to help pay for medical expenses.⁵

STEP 1

Assess employer readiness: A four-pillar decision-making framework

This framework helps evaluate such factors as company culture, financial health and employee demographics, enabling brokers and consultants to take a data-driven, consultative approach when evaluating and discussing health plan alternatives with clients.

Key considerations to assess readiness:



Company characteristics

An employer's openness to change usually reflects leadership's values, historical decision-making and internal culture. Organizations that engage leadership in benefits strategy, prioritize employee well-being and demonstrate willingness to innovate are better positioned to adopt alternative health plans. Those characteristics create a strong foundation for successful communication, change management and long-term value realization.

CHANGE-READY CHECKLIST:

- Leadership involved in benefits strategy and decision-making
- History of human resources innovation or willingness to challenge legacy models
- Organizational culture that supports change and strategic reinvestment
- Buying committee is informed and engaged in purchase process
- Self-funded company or open to self-funding



Financial and operational health

A company's scale, funding model and budget flexibility significantly affect the company's readiness to explore alternative health plan options. Employers that are already self-funded - or are actively evaluating the self-funded path - tend to have the necessary financial acumen and appetite for strategic cost control. Industries with slim margins or that are under operational pressure, like senior living or logistics, typically feel the greatest urgency to act, but they must also have sufficient stability to implement change successfully.

CHANGE-READY CHECKLIST:

- Operates in sectors with slim margins or high revenue variability
- Strategic business initiatives require significant capital (e.g. Acquisition or organic expansion investments)
- Has a high risk of employee turnover or workforce instability
- Maintains sufficient resources to potentially assume financial responsibility for healthcare claims, which can be unpredictable



Employee demographics and needs

Workforce composition matters. Employers with HDHPs, lower-wage workers or high turnover tend to have more urgent employee needs, which makes healthcare affordability a pressing concern. Understanding this demographic profile helps brokers tailor the messaging, identify support needs and determine whether an alternative model would be viewed as a relief – or a risk.

CHANGE-READY CHECKLIST:

- High prevalence of high-deductible health plans (HDHPs) among employees
- A workforce that demonstrates high-cost sensitivity and financial vulnerability
- Significant retention or recruitment challenges due to compensation, benefits or burnout
- Large portion of workforce that is functionally uninsured (without enough savings to cover deductibles or out-of-pocket medical costs) despite having coverage
- Delays in employee care, medical debt or skipped treatment
- Employees who demand predictability, clarity and low-friction benefits navigation



Location and geographic context

Geography shapes both cost dynamics and regulatory levers. In high-cost regions – where hospital markups regularly exceed 300% of Medicare¹ – employers may have both the motive and the margin to benefit from alternative models. Local acceptance rates, availability of direct contracts and hospital financial assistance policies further influence whether a new plan structure will take root successfully.

CHANGE-READY CHECKLIST:

- Based in high-cost markets in which hospital pricing exceeds national averages
- Limited provider competition, which contributes to poor price leverage
- Employers and employees in the region struggle with healthcare costs
- Reference-based pricing model that has proven success or provider fit in the geographic area
- Market that shows signs of readiness or propensity for change (e.g., high self-funding rates)
- Regulatory dynamics that create risks or incentives (e.g., Affordable Care Act-mandated financial assistance policies, staffing minimums in senior living and state-level billing regulations)

“Based on our experience, certain qualities or characteristics are indicators of successful transition to an alternative health plan. One is an executive team that really has true buy-in. And by that, I mean they are part of the communication and the ‘so what’ with regard to why the organization is making the change. Change definitely doesn’t work without it. And make no mistake: this transition is part of a company’s change agenda.”

- Pete Salvesson, Vice President of Sales Strategy and Analytics, Imagine360

STEP 2

Compare costs

Use this checklist to help employers compare their current plan costs with a projected alternative health plan. While savings will vary by organization, the value of this comparison lies in framing cost as a strategic input—not just a line item. Use this to model what’s possible and demonstrate how reinvestment can become a retention and culture-building lever.

What to measure:



Compare employer’s annual healthcare spend

Compare total yearly spend under the current plan to a modeled projection using alternative mechanisms like reference-based pricing, network reconfiguration and care navigation support.



Assess the percentage of employees in high-deductible health plans (HDHPs)

Assess how many employees are in HDHPs today versus what that could look like for your client under a redesigned plan structure. Use this to evaluate opportunities for more equitable, accessible plan designs.



Evaluate employee annual out-of-pocket maximum

Understand potential reductions in financial exposure for the employer’s members, especially when the alternative plan includes advocacy, financial navigation or direct access to care.



Review premium cost sharing (employee share)

Review whether the employer can reduce employees’ premium contribution using the savings generated from the alternative plan structure.



Calculate estimated annual savings (employer share)

Calculate the employer’s projected annual savings and identify how that could be repurposed to support employee well-being—e.g., through benefit enhancements, mental health support or retention incentives.



Translate total savings into per-employee-per-year (PEPY) metrics

Translate cost efficiency into a per-employee metric to help leadership evaluate ROI at the individual level.

Taking into consideration the measures above and other local dynamics covered, partners like Imagine360 can help you conduct cost and coverage analyses to determine fit and opportunity.

STEP 3

Compare the employer against peers

Another way to make readiness assessments more persuasive is by showing how an employer compares with similar organizations in cost, structure and behavior. Comparative benchmarking shifts the conversation from abstract numbers to strategic positioning by validating urgency and helping executive teams understand where they stand relative to peers.

By using your own proprietary data and cost metrics or data from publicly available resources such as the RAND Hospital Price Transparency Study, which compares employer-paid rates with Medicare pricing, or the KFF Employer Health Benefits Survey, which tracks premium contributions, deductibles and plan design trends, brokers can draw powerful comparisons.

This comparison provides a framework that enables brokers and consultants to evaluate whether an employer's current performance and plan attributes signal opportunity compared with their industry peers or regional competitors. By integrating national benchmarks with localized intelligence such as state-specific RAND data, U.S. Bureau of Labor workforce turnover trends and self-funded adoption rates from regional business groups, brokers can shift the narrative from cost containment to competitive advantage.

Compare employers against their peers, competitors and industry benchmarks in the following areas:

 Compare average annual healthcare cost per employee against industry benchmarks or TPA datasets and identify if cost trends are disproportionately high and where margins may be lost.

 Analyze percentage of costs above Medicare rates with repricing data (e.g., from RAND studies) to see how much more the employer is paying relative to Medicare. A high variance signals inefficient purchasing power.

 Assess 12-month employee turnover rates relative to industry benchmarks. High turnover may correlate with benefit dissatisfaction or missed opportunities for reinvestment.

 Review employee premium cost sharing against peer averages. A higher contribution rate can weaken recruitment and retention competitiveness.

 Determine if employees have access to financial navigation support, care guidance or advocacy services that may give an employer a competitive edge. Lack of support can result in underutilized benefits and hidden friction points.

STEP 4

Guide the change conversation with employers

Brokers and consultants are under pressure to do more than deliver savings. Today's employers need partners who can diagnose hidden problems, challenge old assumptions and guide meaningful change. That role takes a deeper understanding of leadership mindset, operational constraints and employee expectations.

Here are strategies brokers can use to help unlock value by asking better questions, listening for readiness signals and helping clients move from intent to execution.

1. Guide the transformation

The most-effective brokers and consultants diagnose employer problems, anticipate barriers and guide transformation efforts. Brokers and consultants are strategic partners that understand both business pressures and employee realities and can bring solutions that balance both.

2. Start with leadership alignment

Before discussing funding models, gauge whether leadership is ready for structural change. As Matt Monda, Senior Vice President of Employer Risk and Innovation at Imagine360 emphasized, "This isn't about tweaking around the edges; it's about breaking the pattern entirely." If leadership isn't willing to challenge legacy decisions, even a best-fit plan will fail on execution.

3. Ask operationally meaningful questions

Go beyond premiums. Ask employers, "Where is care avoidance affecting productivity? Where are your benefits not supporting your business model?" Salveson advises using data to surface "not just cost issues but also quality and access failures employees are quietly carrying."

4. Diagnose not just demographics but also employee experience

Barrett made clear that clarity, trust and consistency mattered more than low costs alone: "Our employees didn't want cheaper; they wanted predictable, someone to call and fewer surprises." That mindset shift requires a broker that listens for behavioral and cultural cues.

5. Position reinvestment as a retention strategy

Don't just promise savings; show how others have used savings to fund meaningful benefit changes. From premium holidays to on-site clinics, to mental health access, employers can recapture the employee loyalty that often gets lost through cost shifting.

6. Be honest about readiness

As Salveson positioned it: "Success isn't just about saving money. It's about having all the pieces in place to make it work for employees, and that takes more than a spreadsheet." Use the readiness framework not only to identify high-fit clients but also to steer moderate-fit employers toward strategic preparation.

"A self-funded model isn't a plug-and-play solution. You need the right leadership mindset - one that values structural control over convenience."

- Matthew Monda, Senior Vice President of Employer Risk and Innovation, Imagine360

CASE IN POINT: A 15-YEAR JOURNEY FROM TRANSPARENCY TO TRUST

THE LANGDALE COMPANY

Barbara Barrett, Vice President of Human Resources, described Langdale Company's shift to an alternative health plan 15 years ago not as a reactive move but as a proactive one. Barrett underscores the key elements of the company's success:

Consistent, top-down communication - Leadership didn't delegate the change; they owned it. Executives communicated early, clearly and repeatedly, reinforcing not just what was changing but also why the change mattered. Such communication is built on credibility and minimizes confusion.

Clarity of expectations and navigation - For employees, knowing what was covered wasn't enough. Employees needed to know whom to call, how to get help and what to expect when they used their plan. Predictability replaced anxiety and led to greater employee satisfaction and engagement.

A reinvestment mindset - Savings weren't pocketed; they were redirected into enhancements that mattered such as on-site care, premium holidays and new benefits. "It wasn't about slashing costs," Barrett said. "It was about showing our people that this change was for them."

Through the years, this approach transformed employee perception - from skepticism to trust - and delivered long-term, compounding value. This makes Langdale a model for high-readiness employers: not just aligned across HR, finance and operations but also anchored in culture and a commitment to communication.

"We didn't start this journey because we were in crisis. We started because we wanted to do better - for our people and our business. The journey was about giving our people things they could count on: Predictability. Transparency. A real partner. And that decision has really paid off because once employees saw we weren't cutting corners but were building something better, the tone shifted and they became advocates,"

- **Barbara Barrett**,
Vice President of Human Resources,
The Langdale Company



Are your clients ready for a new kind of health plan?

The health plan landscape is no longer static - and neither are your clients' needs. Rising costs, workforce volatility and the failure of traditional insurance carrier models have opened the door for brokers to lead with strategy, not just with spreadsheets.

This employer readiness assessment isn't just a tool; it's a way to elevate your value, deepen client trust and create a pipeline of employers that are ready for transformation.

Start by identifying your high-readiness clients. Equip them with the data, leadership alignment and reinvestment path for making the leap to an alternative health plan model - and prove the value of your partnership every step of the way.

About Imagine360

Imagine360 is a leading healthcare solutions provider that helps self-funded employers take control of their healthcare costs while delivering better experiences for members. With more than 18 years of expertise in RBP and health plan administration, Imagine360 develops fully integrated solutions that combine deep industry knowledge, data-driven strategies and concierge-level support for employers.

The company partners with employers, brokers and consultants to design and manage customized health plans that lower costs, increase transparency and improve outcomes - without compromising quality or access. Backed by dedicated advocacy, legal protection and proven results, Imagine360 is reimagining what smarter healthcare can look like for organizations and their employees.

Learn more at [Imagine360.com](https://www.imagine360.com) or [subscribe](#) for more content like this.

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