

T R E N D R E P O R T :

The End of Health Plan Renewals on Autopilot



Introduction

For years, employers have either been absorbing annual health plan rate hikes or passing the increases on to their employees through higher deductibles or out-of-pocket (OOP) costs. But the stark reality is that the math has rarely worked out.

Consider: An employee receiving a 2% annual salary increase with an 8% hike in health benefit costs would basically receive a net salary cut. Worse yet, with little savings to pay for the cost increase, employees are tapping savings or credit cards—or avoiding care altogether as they make hard decisions on where to spend, making most functionally uninsured.

And the impact on employers? Over the last two decades, the employer's portion of healthcare spending has reached unsustainable levels. Between 2005 and 2025, an employer's average annual contribution for a family of four's health coverage skyrocketed by 143%². This compounding, top-line financial burden forces company leadership to make difficult trade-offs as they struggle to absorb the costs. Among those trade-offs? The company's plans to open a new facility; expanding into a new geography; hiring for new roles; or purchasing essential business supplies. *All tabled to fund healthcare cost increases.*

The bad math that's breaking the system

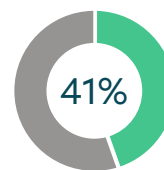
In 2005, hedge fund manager Michael Burry saw what most of the market missed: the housing boom was built on flawed math, as later dramatized in the 2015 movie *The Big Short*. While others trusted the system, Burry recognized that the numbers simply didn't work—and that collapse was inevitable.

Today, business leaders looking closely at healthcare costs are seeing a similar pattern. They are realizing the math behind traditional health plans is no more sustainable than the mortgages behind the housing bubble. As costs keep compounding, healthcare is approaching its own breaking point—and because it's an essential need, meaningful change is no longer a matter of if, but when.

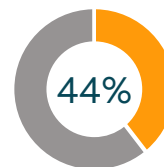
Recognizing the unsustainability of the current trajectory of healthcare costs, how should employers and their brokers approach health plan renewals? For starters, the planning should no longer be a routine check-the-box exercise. For many employers, it is the exact point at which there should be acknowledgment across the executive team that rising costs are not strictly a "benefits issue," as the impact shows up in balance sheets, employee retention trends and the trust between the employer and its workforce.

To turn renewals from a reactive moment of frustration into a strategic, informed decision, employers and their brokers must rethink the model entirely. This trend report breaks down the forces reshaping the renewal season and how leaders are moving forward with confidence rather than guesswork.

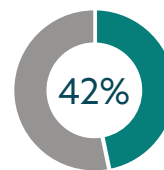
The toll of healthcare costs on employees¹



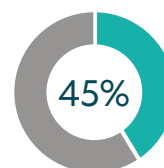
41% of survey respondents say they would go into debt (such as using a credit card or taking out a loan) just to cover an unexpected \$1,000 medical bill.



44% of respondents postponed or skipped necessary healthcare or medications because of the cost, which represents a 6% increase from 2025.



42% of those facing affordability issues reported skipping care 1 to 6 times over the past year.



45% of the individuals who skipped care reported that a health condition worsened as a result.

Five trends reshaping health plan renewals

TREND ① Businesses are realizing health plan costs are based on bad math

TREND ② Traditional cost-shifting levers are completely exhausted

TREND ③ Lack of access to healthcare cost data continues to mask the true cost of care

TREND ④ Renewals are becoming a joint strategic decision across human resources and the executive suite

TREND ⑤ The health plan renewal process is transitioning from a reactive annual event into a proactive, year-round strategic exercise

TREND ① Businesses are realizing health plan costs are based on bad math

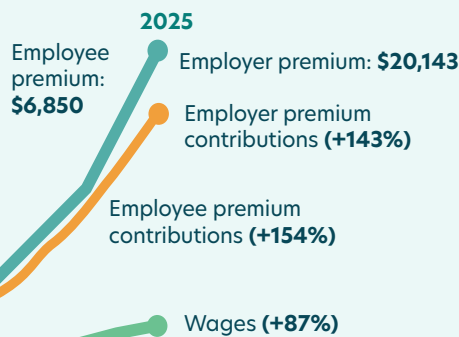
Healthcare costs are compounding at a rate that businesses simply cannot sustain, creating a "Big Short" moment for the industry. Just as the 2008 housing crisis was triggered by flawed math that collapsed the system, the staggering cost trajectory of employer-sponsored healthcare acts as the next bubble waiting to burst. Last year, many employers faced renewal increases of 30% or more, far outpacing inflation, wages, and gross domestic product (GDP) growth.

The "Bad Math" of Healthcare: A 20-Year Cost Explosion

The widening gap costs (2005-2025)

Premiums outpace wages by nearly 2x

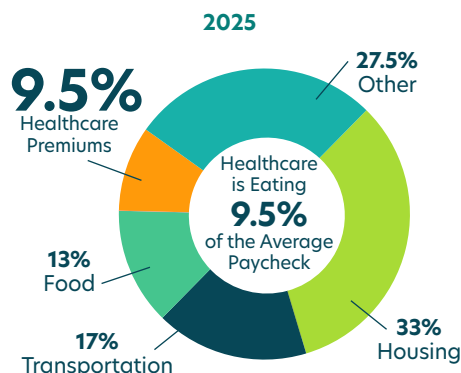
While wages grew 87%, employee premium contributions skyrocketed by 154%.



2004/2005

The 143% employer burden

Annual employer premium contributions jumped from \$8,270 in 2005 to over \$20,100 in 2026.



Data sourced from ³

The "Functionally Uninsured" Crisis

+342% family premium explosion

Family health insurance premiums have increased more than 4x since 1999.

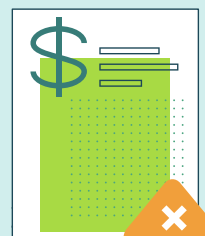
\$3,000

in savings for a single-person household



\$6,000

OOP



The deductible vs. savings trap

Many workers remain one serious health event away from a significant financial event.

Insurance You Can't Afford to Use

High deductibles force employees to avoid necessary care or face medical collections.

"When the math doesn't add up, the system breaks. Just like the housing market of 2008 was being propped up by bad math, there comes a point in healthcare where the math will no longer work. You simply can't have healthcare be such a massive percentage of a company's total cost. It just stops working."

- PETE SALVESON, Vice President of Revenue Operations at Imagine360

TREND 2 Traditional cost-shifting levers are completely exhausted

In the past, employers managed higher health plan renewals by simply passing the cost onto employees through higher deductibles and OOP maximums. Today, those OOP responsibilities have skyrocketed by 326% since 1999. Meanwhile, corresponding salaries have only increased by 87% since 2004—meaning healthcare costs are outstripping wage growth by nearly four to one.⁴

This mathematical imbalance has created a crushing affordability gap, effectively leaving many workers "functionally uninsured" even while covered. Employees simply cannot afford to use their health plans because their deductibles exceed their savings or available cash on hand, leading them to delay or avoid necessary care entirely. Employers are realizing that they have hit the ceiling; there is nowhere left to go with plan design tweaks. A \$20,000 family deductible is not a viable option, meaning employers can no longer rely on cost-shifting to solve their renewal challenges.

- Employees enrolled in high-deductible health plans (HDHPs) are **75%** more likely to report experiencing a cost-related barrier to care compared to low-deductible enrollees.⁵
- Traditional cost-containment levers historically deliver only **5-15%** savings at best, and those gains are typically short lived.⁶

"This is the true healthcare dilemma: An employee earning \$45,000 a year with \$1,000 in savings is often saddled with an \$8,000 family deductible. If they actually need care, they simply can't afford to use the plan they have. While some employers may worry that switching carriers is 'disruptive,' nothing is more disruptive to an employee's life than a plan that is financially unusable. The goal shouldn't just be having a familiar logo on an insurance card; it should be ensuring your people can actually afford to use their healthcare."

- WILL BUCKLEY, RVP of Sales at Imagine360

Lack of access to healthcare cost data continues to mask the true cost of care

A major driver of renewal frustration for many companies is the fact that they are often denied the line-by-line data necessary to understand what they are actually paying for. Traditional health plan carriers often hide behind proprietary contracts to block employers from seeing the actual billed charges vs paid amounts.⁷

Instead, health plan carriers may provide aggregated reports. These opaque documents are typically so complex that they may prevent employers from exerting control over what is being paid to providers.

Consultant Rachel Hawkins of Angler Insurance emphasizes that settling for a “generic” report strips employers of their ability to actively manage financial risk. Carriers commonly use “proprietary contracts” as a shield to deny employers access to

line-by-line claims reports, says Hawkins. This blocks employers from seeing crucial metrics like national provider identifier (NPI) codes (facility identifiers), eligible billed charges, and actual allowed amounts. “Without granular data access, employers are unable to identify specific, high-cost drivers within their plan,” she says.

Employers should lean on benefits brokers and consultants to demand actual claims data. As Hawkins explains, “If you want to take control of your health plan costs, you have to control the claim, and the only way to do that is really picking the best partners that are going to put the puzzle pieces together.” With more transparency, employers should be able to see exactly what they are paying for so they can actively manage costs throughout the year—avoiding any surprises during the renewal.

- **Employers are paying up to 4x more than Medicare for identical services:** Private employer-sponsored plans pay hospitals an average of **245%** of Medicare rates for identical services, reaching **300-400%** in some regions.⁸
- **Extreme price variability is hidden by a lack of data:** Without transparent data, employers are “negotiating blindfolded,” unable to see that the exact same procedure—like a knee replacement—can range from **\$12,870** at one hospital to as much as **\$101,527** at another, with little to no difference in medical outcomes.⁹
- **Opaque pharmacy contracts mask accelerating drug costs:** Lack of transparency is particularly severe in pharmacy spending (which now accounts for **27%** of healthcare dollars).¹⁰ According to a recent survey, **58%** of employers are worried about the “opaqueness of the pharmacy supply chain,” and **56%** cite a “lack of transparency in contracting and rebates” as a major concern.¹¹

“Here’s the hard truth: If an employer is billed a million dollars and they only pay \$400K, it looks like they achieved a 60% discount. But what often sits inside those aggregated numbers are claims where \$100K was billed but \$0 was paid because the procedure was experimental or ultimately denied. That immediately and artificially inflates the overall discount, but it’s hidden inside an aggregate report that the employer simply cannot unpack.” - WILL BUCKLEY, Imagine360

Renewals are becoming a joint strategic decision across human resources and the executive suite

Because the financial pain of health plan renewals has become so acute, healthcare is now an enterprise risk that commands the attention of the executive suite. When a double-digit increase threatens a company's viability, its ability to fund new projects, potential expansion, or the capacity to hire, the renewal process transforms from a human resources (HR) benefits conversation into a C-suite business strategy.

This shift is accelerating because out-of-control healthcare costs are no longer seen as just an HR issue—they are a direct threat to a company's financial viability. According to a 2026 survey of chief

financial officers (CFOs), the burden of rising health benefits is forcing severe operational trade offs: 36% of organizations report it has led to slower wage growth, 26% are having to increase the prices of their own products or services and 22% are reducing hiring or initiating layoffs to offset the expense.¹²

In fact, health benefits costs are now considered a top-three operating expense concern by CFOs¹³ and must be actively managed as a financial risk. With cost growth expected to hit a 15-year high, only about one in four organizations say they can absorb these increases without it actively bleeding into their capital investments and hindering growth.¹⁴

“Companies are looking at their rising healthcare costs and asking, ‘Are we going to be able to continue to hire? How much more production or how many more sales do we need just to offset this renewal and maintain our profit margins?’ Instead, they need to be looking at how they can completely restructure their health plan to fundamentally realign costs with value.”

- RACHEL HAWKINS, Benefits Advisor and Founder, Angler Insurance

- **81%** of chief executives report their healthcare costs are increasing in 2026, with **43%** projecting double-digit hikes—making cost a primary driver of C-suite involvement in health plan decisions.¹⁵
- Medical costs are expected to rise globally by **10.3%** in 2026, pushing boards and senior management teams to increasingly focus on the link between employee healthcare and overall corporate performance.¹⁶
- CFOs say health cost growth has impacted their businesses in several areas, including other benefits (**38%**), wage growth (**36%**) and prices of products/services (**26%**).¹⁷

TREND

5

The health plan renewal process is transitioning from a reactive annual event into a proactive, year-round strategic exercise

For far too long, the renewal process has been dominated by the so-called “easy button.” For a health plan renewal to be successful, the process must evolve from a reactive annual event into a proactive, year-round strategy. In the past, success was often defined by simply negotiating a 20% rate increase down to 12% and accepting the status quo with traditional carriers. However, employers can achieve much more by actively engaging their broker partners and consultants to act as strategic partners rather than just annual contract negotiators.

As Hawkins notes, a true advisor acts as a consultant who looks at the plan performance year-round – analyzing quarterly claims data, identifying cost drivers and challenging the status quo.

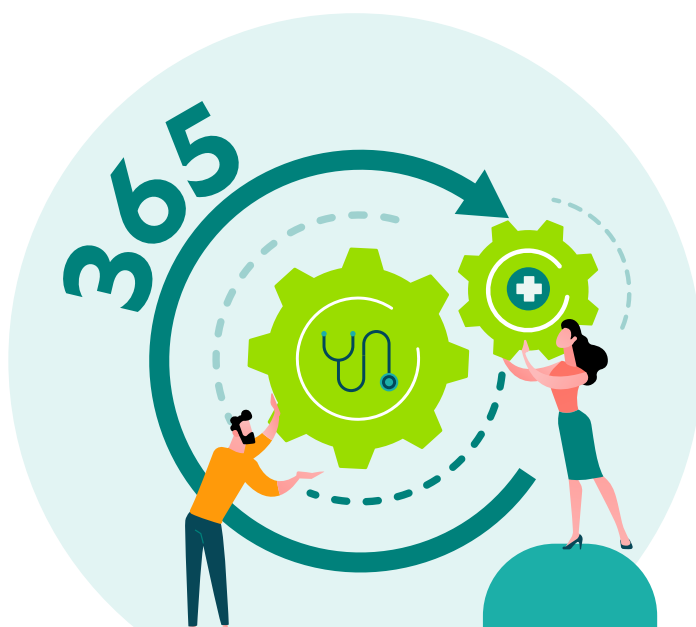
If executives wait until the fourth quarter to plan for a January renewal, they may be forced back into a traditional plan simply because they ran out of time to implement a better alternative. Imagine360's Salveson calls this the “slow play.” Employers may feel they need to delay plan changes for another year due to a lack of time. The reality is that employers generally need about 90 days

for a smooth transition to structural alternatives like reference-based pricing (RBP) or a transparent pharmacy carve-out, for example.

Throughout the renewal process, employers should feel empowered to ask their broker questions, explore options like alternative plan designs, and challenge their brokers and consultants to bring bold solutions to the table. By doing their own research and asking the right questions, employers can build a stronger, more collaborative partnership with their advisors.

As Imagine360's Salveson notes, “A great broker's job is to bring the experts to you, rather than acting as the sole expert themselves. By having direct conversations with the vendors alongside their broker, employers can fully vet and understand the alternative options, ensuring that intricate plan details are clearly communicated and everyone is on the same page.”

To avoid the fourth quarter scramble and actively manage healthcare as a year-round enterprise risk, organizations should follow this proactive timeline.



"The only way you can pay less for healthcare is to pay less for healthcare."

- PETE SALVESON, Imagine360

Planning the renewal

TIME FRAME	STRATEGIC ACTION ITEMS
February - April	Start the conversation: Begin evaluating alternative strategies and plan structures immediately after the previous renewal cycle closes.
May - August	Gather data and vet partners: Request claims reports and actively shop the market for alternative options. This is the ideal time to evaluate strategic partners to avoid the fourth quarter rush.
September - October	Finalize decisions: Lock in plan decisions early. Allow at least 90 days for a thorough and smooth implementation of new structural plans, independent third-party administrators (TPAs) or pharmacy contracts.
November - December	Educate and enroll: Conduct employee education and open enrollment with the new plan structure securely in place.
Year-Round	Actively manage risk: Conduct quarterly claims reviews with your advisor to intercept rising costs and analyze data rather than waiting for an annual “surprise.”

- RBP models can reset the cost baseline, saving employers roughly **20%** on total healthcare costs, and bringing annual commercial trend increases down closer to the manageable **2-3%** trend of Medicare.¹⁸
- Integrated structural solutions can capture up to **28%** savings on medical claims alone.¹⁹
- Contrary to myths about high disruption, balance bill rates under established RBP models sit around **3%**, with some employer groups experiencing rates as low as **0.5%**.²⁰

Conclusion

Where employers and brokers win together

The trends shaping the renewal season require a complete shift in mindset. Organizations must develop from general awareness to a firm understanding of the options—and finally, to the confidence required to make an informed choice. Employers who act early and demand transparency are the ones who will successfully reset their cost baseline. Brokers and consultants need to bring bold solutions to the table. Together, by moving away from containment that merely shifts costs to hard-working people and instead embracing transparent, fair-price models, employer-sponsored healthcare can protect workers while stabilizing American businesses.

Contributing experts

PETE SALVESON

Vice President of Revenue
Operations, Imagine360

WILL BUCKLEY

Regional Vice President of Sales,
Imagine360

RACHEL HAWKINS

Founder,
Angler Insurance

References

1. Imagine360. 2026. 2026 Healthcare Cost Survey: Annual survey healthcare cost report. Pollfish. <https://www.imagine360.com/healthcare-cost-report-2026>
2. KFF. 2024. 2024 Employer Health Benefits Survey. Kaiser Family Foundation. <https://www.kff.org/health-costs/report/2024-employer-health-benefits-survey/>
3. A trend analysis was conducted using the following sources: Kaiser Family Foundation (KFF), Employer Health Benefits Survey, 2005-2025; KFF, 2025 Employer Health Benefits Annual Survey; KFF Health System Tracker, Many Households Do Not Have Enough Money to Pay Cost Sharing in Typical Private Health Plans; U.S. Bureau of Labor Statistics (BLS), wage and earnings data, 2005-2025; KFF Health System Tracker analyses of employer-sponsored health insurance costs and trends; Health Affairs analyses of employer-sponsored insurance premiums and cost growth; Mercer National Survey of Employer-Sponsored Health Plans; Business Group on Health employer healthcare cost trend surveys; Imagine360. 2026 Healthcare Cost Survey: Annual survey healthcare cost report; JAMA Network Open, Twenty-Five-Year Trends in Family Health Insurance Premiums, Contributions, and Earnings, 1999-2024; The Commonwealth Fund, 2024 Biennial Health Insurance Survey; U.S. Bureau of Labor Statistics (BLS), Consumer Expenditure Survey (CES), 2023-2024.
4. Health Affairs Scholar. 2024. Cumulative increases in healthcare costs and out-of-pocket maximum responsibilities vs. worker salaries since 1999. Volume 2, Issue 6. <https://doi.org/10.1093/haschl/qxae078>
5. Integrated Benefits Institute. 2019. New IBI Study Finds That 1 in 3 Lower-income Workers Do Without Needed Care They Cannot Afford. Integrated Benefits Institute. <https://news.ibiweb.org/new-ibi-study-lower-wage-workers>
6. MarshMcLennan Agency. 2024. 2025 employee health & benefits trends. MMA Research. <https://www.marshmma.com/insights/2025-employee-health-benefits-trends>
7. Alliant Seminar. 2025. Center for advancing health policy through research: Playing healthcare hardball. Roslyn Murray, PhD, MPP, Assistant Professor, Brown University. <https://www.alliantbenefits.com/insights/playing-healthcare-hardball-seminar-2025>
8. Whaley, C. M., et al. 2024. Prices paid to hospitals by private health plans: Findings from Round 5.1 of an employer-led transparency initiative. RAND Corporation. https://www.rand.org/pubs/research_reports/RRA1144-2-v2.html
9. Reed Abelson, "A \$101,000 Knee Replacement? Why Some Hospitals Charge Far More Than Others," KFF Health News, July 15, 2024, <https://kffhealthnews.org/news/article/hospital-price-transparency-total-knee-replacement-cost-variation/>.
10. Business Group on Health. 2024. 2025 employer health care strategy survey: Executive summary. Business Group on Health. <https://www.businessgrouphealth.org/resources/2025-Employer-Health-Care-Strategy-Survey-Executive-Summary>
11. Ibid.
12. Mercer. 2026. The CFO perspective on health: 2026 survey results. Mercer LLC / Marsh McLennan. <https://www.mercer.com/insights/total-rewards/health-and-benefits/cfo-perspective-on-health/>
13. Ibid.
14. Ibid.
15. Emperor, Michael. "Rising Healthcare Costs Test C-Suite Control, Survey Finds." CFO Leadership, 2026
16. WTW. 2025. Corporate healthcare costs: What to expect in 2026. WTW Insights. <https://www.wtwco.com/en-jo/insights/2025/12/corporate-healthcare-costs-what-to-expect-in-2026>
17. Mercer. 2026. The CFO perspective on health: Area impacts of health cost growth. Mercer LLC / Marsh McLennan. <https://www.mercer.com/insights/total-rewards/health-and-benefits/cfo-perspective-on-health/>
18. Axene Health Partners. 2024. Independent actuarial analysis of reference-based pricing outcomes. Axene Health Partners LLC. <https://www.imagine360.com/news/third-party-analysis-finds-imagine360-saves-employers-19-8-more-than-other-commercial-health-plans/>
19. Imagine360. 2025. Integrated structural solutions and reference-based pricing medical claims data performance review. Imagine360. <https://www.imagine360.com/resources/integrated-solutions-performance-data>
20. Ibid.

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 reference based pricing (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.

