what's working | data-driven strategies help fight health care cost increases

by | **Kathy Bergstrom, CEBS**

When Claire Brockbank consulted with a doctor about getting a knee replacement, she was told to expect to spend three nights in the hospital.

Brockbank, who is the director of the 32BJ Health Fund that pays for her health care, recalled, "I was like, 'Are you kidding me? There's no way I should need three nights in the hospital.'" So, she got a report from the plan's center of excellence (COE) vendor that showed how much inpatient care members were receiving and realized that something needed to change.

The health fund eventually decided to shift from what Brockbank describes as a hospital-centric COE to an independent COE in an effort to reduce costs. It's just one example of how the fund has used data to implement changes to preserve low-cost health care benefits for its members. The fund has saved $240 million in health care costs since 2019.

Based in New York, New York, the 32BJ Health Fund is a self-funded multiemployer health fund that provides health benefits to 200,000 plan members and beneficiaries. The members are property service workers represented by the Service Employees International Union (SEIU) Local 32BJ who work in commercial and residential buildings primarily in New York, New Jersey and Connecticut.

Gaining Access to Data

Using data to figure out what's driving costs is a key part of the health fund's efforts to cut costs. But first, the fund needed access to the data.

An important step included bringing health care and pharmacy claims in-house and building up analytic capabilities. In addition, in 2026, the fund selected a new independent third-party administrator (TPA), electing to use one that is not an insurance carrier. Brockbank explained that this was necessary to enable direct contracting, more transparency and more flexibility with respect to benefit design and reporting. "We moved to what we call a contract-first strategy, which is that we wrote our own contract with the TPA," she said. "That put us in the position to have a carrier that was much more responsive to what we wanted and would allow us to carve out various benefits and programs."

Addressing Hospital Costs

The fund took advantage of the improved data access and conducted a detailed analysis to figure out what factors were driving costs for the plan. "While there's no single culprit, certainly hospital costs are the biggest. The rates are going up at twice the rate of everything else in health care," Brockbank noted.

The fund would continue to strive for operational excellence and efficiency, but bending the cost curve required the focus on hospital costs, Brockbank explained. One key change was removing one large hospital system from its network. Although the hospital provided high-quality care, its prices were significantly higher than other providers of equal quality. Other major changes have included entering a direct contract for health care services and selecting a new COE.

Direct Contracting

In December 2025, the fund announced a direct contract with Northwell Health that is projected to save the plan close to $50 million in 2026. With annual expenditures typically reaching $1.5 billion to $1.6 billion, those savings are "very real. That measurably impacts trend," Brockbank commented.

Under the contract, which went into effect April 13, 2026, Northwell copays for inpatient hospital stays have been reduced from $1,000 to



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$100 and copays for outpatient services declined from $250 to $75 at in-network providers. Professional copays were reduced from $40 to $0 for members who see providers in their network. The fund estimates that members will save approximately $5 million in out-of-pocket copays through this relationship.

The contract also states that annual increases in the fee schedules are capped at 5% annually. Members are not required to use Northwell Health providers.

A New Center of Excellence

32BJ has had a COE for about four years, but the former model was run by a hospital system. Under the former COE model, members who needed hip and knee replacements or bariatric surgery went to a specific hospital system for care, and the fund paid a per-episode price for whatever procedure the member received.

"We realized there were flaws in having a hospital-centric program," Brockbank commented. "We weren't saving significant money, and I think the reason that we weren't was that we were seeing a disproportionate volume of our care as inpatient care." The fund instead wanted a program that wouldn't have an incentive to keep members in the hospital for care.

Beginning in January 2025, the fund contracted with Lantern for an independent COE, which sends members to a variety of vetted providers based on quality and proximity. Members who need surgery for the spine and joints (e.g., hips, knees, ankles, shoulders) as well as those undergoing bariatric surgery are required to use the COE. Those who do not use the Lantern network must pay the entire cost of their surgery, but those who use the COE have no copayments or cost sharing. The COE is optional for other services.

Members follow a variety of paths to get to the COE. The COE card is one of the few separate ID cards the fund has issued, and members are encouraged to call the number on it if they find out they may need a joint replacement. Surgery preauthorization calls from physicians are directed to the vendor.

The fund also uses predictive analytics to flag members, such as those who have multiple claims for physical therapy, and a health fund representative contacts them to link them to a COE navigator. The navigator helps find a physician for the member and schedules appointments.

The fund pays a bundled rate for each procedure. Physical therapy is not included in the bundled price, but the fund negotiated a special direct contract for those services.

There are overrides to the COE if there isn't a provider in close proximity or if it is an emergency.

As of July 2026, the fund had processed about 1,600 procedures through the COE. It has a surgery avoidance rate of 14.6%.

Educating Members on Cost Savings

The fund recognizes that some of these changes can be disruptive for members, especially if they have to find new doctors. Brockbank warned that many funds fail to recognize the burden that change can create and don't consider sharing in cost savings.

"Our pact with our members is that we will do everything we can to maintain $0 premium sharing—so our members get their health care for no cost—but that there is no such thing as a free lunch in health care. So, we spend a lot of time educating members about the trade-offs inherent," she said.

For example, the fund educated members about the reasons behind eliminating the large hospital system from its network by showing the price difference between colonoscopies at different facilities.

Plan members have benefited from the savings, which helps minimize friction when changes are made to benefits, Brockbank said. For example, in 2022 contract negotiations, workers received their biggest raise in history as well as a bonus, and employers received a premium holiday. That's part of a trade-off for employees who might have to switch providers and the employers that might get calls from workers complaining about the changes.

"Every dollar we save is a dollar that can be used for wages, premium holidays, retirement improvements, etc.," Brockbank noted.

Improving the Member Experience

The fund has a dedicated member and health services team that members can reach through a phone number listed on the back of their ID cards. That team can answer a wide range of questions from why a claim was denied to the status of a preauthorization. "That's a really important piece. It's also an important point of time at which to educate and talk to our members and hear what's not working. Nine times out of ten, we don't know something's broken until we get a call," Brockbank said.

The plan also educates union shop stewards and employers about changes.

Health care can be really complicated, and the health fund believes that maintaining low-cost care shouldn't add burden to members by making them navigate a complicated system, Brockbank said. The fund has a responsibility to make the system easy for members to understand and navigate, which means the plan may not adopt a solution if it's going to cause too much friction.

Not every strategy has been effective. "We reassess our programs all the time," Brockbank noted. The fund's initial COE arrangement is one example.

In another example, data showed that a program to drive medication adherence incentive hasn't been effective. "It's not that the problem isn't still a valid problem, but the solution wasn't working. So we've put that on hold," Brockbank explained. "That is the value of owning your own claims data, and we get better and better with data analytics every year, but we struggle with the same thing that many employers do. The data doesn't tell us quite what we want it to tell us. We have to make decisions on incomplete information all the time."

Over the last four years, the fund has been building out its administrative infrastructure and beefing up its analytics capability and negotiating acumen.

The fund also maintains an "innovation pipeline" for new programs. For example, cancer navigation and dialysis benefits are currently being evaluated.

Advice for Others

Brockbank advises funds that are looking for cost-cutting strategies to ensure they have access to their data. "It's really hard to counter what your administrator or hospital or even your consultant might tell you if you don't have the data yourself. Really invest in your data. I would read your contract with your administrator and make sure that your incentives are aligned with theirs," she said.

She also suggests carving out different health care services. "Start looking at what are your pain points. Think about direct contracting. Think about COEs. Think about other areas where your spend is high and what you can do about it."

The fund published its contracts with both its TPA and its pharmacy benefit manager (PBM) on its website, so other funds could potentially use those as a template in negotiations with vendors.

While the 32BJ Health Fund's size provides some advantages, Brockbank believes that smaller funds can still achieve savings through some of the strategies. In some cases, a hospital might agree to a special program with a fund because it wouldn't affect its whole book of business. Funds can also consider joining forces with other funds and employers through purchasing coalitions. Because of new federal transparency, funds also now have access to hospital pricing information requirements, which can help improve negotiating power.

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