



Evaluating Point Solutions and Their Impact on Health Care Costs and Outcomes

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As health care costs continue to rise and chronic conditions become more prevalent, plan sponsors are increasingly turning to point solutions to manage costs and improve outcomes. Point solutions are usually standalone product offerings or smartphone applications (apps) for conditions, such as diabetes or musculoskeletal (MSK) issues, to try to bridge the gap(s) in care between in-person health care visits and an individual's benefits. They can be thought of as disease management 2.0 or wellness 2.0 because they deliver virtual, technology-driven care, rather than the telephonic outreach model that typified classic disease management programs.

These often app-based, disease-specific programs may present both opportunities and challenges for plan sponsors. The market for point solutions has become uncomfortably saturated, driven by a confluence of technological improvements and a rise in the popularity of virtual care. These programs promise everything from improvements in population health and increased access to care to grandiose returns on investment (ROI).

The question is: Do they really work? When contemplating adding a point solution to their benefit offerings, plan sponsors should first understand that these programs are no panacea, but rather a natural evolution of workforce health strategy and will likely remain a critical component of future benefit offerings.

This article will provide some insight into the following.

- Common types of point solutions
- Evaluation metrics and the expected time line of results

- Methodologies for evaluating a point solution
- Contract structure and performance guarantees
- Implementation and communication strategies

Common Types of Point Solutions

In recent years, mostly since the COVID-19 pandemic, the number of digital health vendors offering single-condition or narrow-use solutions has skyrocketed. There are now more than 14,000 digital health ventures worldwide and nearly 3,500 health care artificial intelligence (AI) startups in the United States alone, according to a 2024 industry report.¹ The explosion of point solutions is fueled by a flood of investment by venture capital, private equity

AT A GLANCE

- More than 80% of employers now offer at least one *point solution*, which are typically standalone product offerings or smartphone applications (apps) for health conditions.
- Point solutions can help support broader workforce goals, including productivity, retention and improved access to care. Setting goals and a plan for measuring those goals can ensure that plan sponsors maximize the value of point solutions.
- Key strategies include having a clear and concise contract in place to hold vendors accountable and ensuring compatibility with existing benefits platforms and care navigation tools.

and pharmaceutical manufacturers that are interested in getting direct access to health care consumers.

Point solutions are now a common offering. According to data from multiple surveys conducted in 2024 and 2025, 82% of employers offer at least one point solution.² The following describes some of the most common areas of focus for these programs.

Diabetes and Weight Management

Diabetes is one of the most costly and prevalent chronic conditions. It is also one of the most preventable and manageable, which makes it an ideal target for point solutions. Furthermore, as more people with diabetes are prescribed glucagon-like peptide-1 (GLP-1) receptor agonists, the health care costs for this population have often become too large for plan sponsors to ignore.

Diabetes point solutions currently on the market are as diverse as the populations they target. The marketplace contains everything from low-intensity programs that focus on glucose monitoring and medication adherence to high-intensity programs that provide personalized nutrition guidance and aim for long-term behavior change.

Alongside diabetes management, weight-management programs have gained significant popularity over the last few years, following the availability of GLP-1s for obesity management. Point solutions for weight management are often structured similarly to those for diabetes, providing personalized coaching, nutrition guidance, fitness tracking and behavioral support. Many large employers now require enrollment

in a weight-management point solution as a prerequisite for coverage of anti-obesity GLP-1 medications.

Musculoskeletal

MSK point solutions are also very popular among consumers. Key elements include the following.

- **Digital physical therapy and coaching:** MSK point solutions offer virtual physical therapy programs using apps, video consultations, guided exercise videos and progress tracking. Many include coaching support from physical therapists or health coaches to encourage adherence and provide personalized adjustments.
- **Wearable technology and monitoring:** Some programs deploy advanced wearable sensors and computer vision technology to monitor movement, posture and exercises remotely, providing real-time feedback and adjusting care plans as needed.

The ultimate objective is to get the patient fully engaged in physical therapy and possibly avoid back and joint surgeries.

Mental Health

Mental health point solutions are designed to deliver targeted digital interventions that address specific mental health conditions, such as anxiety or depression, and can assist with stress reduction or provide behavioral health coaching. These solutions provide virtual care through apps or web platforms offering text/chat/video therapy, mindfulness exercises, self-care programs

and peer support communities. The key value proposition is that they can fill the void in care that exists because of a shortage of qualified mental health professionals nationwide.

Cancer Care

Point solutions for cancer care typically work by providing targeted digital or service-based interventions that support specific aspects of the cancer patient journey, from diagnosis and treatment coordination to supportive care and survivorship. They are designed to streamline the fragmented cancer care processes by integrating specialized tools and services that enhance patient access, engagement and outcomes. They may also offer the most current research on which treatments are new and available and which providers see the most patients with the type of cancer the patient has. Consequently, these point solutions can help patients—especially those who have rare cancers—select an appropriate cancer center for care. Some solutions remind the patients of their due preventive care screenings and even help them make appointments with network providers. These point solutions aim to help both patients and their families through the journey that begins after receiving a devastating diagnosis.

Evaluation Metrics and Expected Time Line

When implementing a point solution, it's important to determine which metrics to use to monitor program performance, as well as to set expectations for when the metrics should improve. Evaluation metrics can be bifurcated

into leading and lagging indicators. *Leading indicators* are metrics that should improve first, typically in the initial year of the program and, if improving, should lead to program success in succeeding years. *Lagging indicators*, which tend to get more focus from plan sponsors, often show up when a program is successful at meeting its goals for its leading indicators, typically two or more years after enrollment in a program (Figure 1).

Leading Indicators

Although plan sponsors are often eager to show a positive ROI in the first year of the program, the focus should be on the leading indicators. If members are participating in the program, persistency is high (i.e., participants are not disenrolling after a few months) and

participation satisfaction is high, it is likely a benefit worth continuing to offer.

Other metrics that should be the focus in the first year of a program include medication adherence, adherence to recommended clinical care, and biometrics. Biometrics that should be monitored vary by program type but often include reductions in A1C level, body mass index (BMI), blood pressure and/or cholesterol.

Lagging Indicators

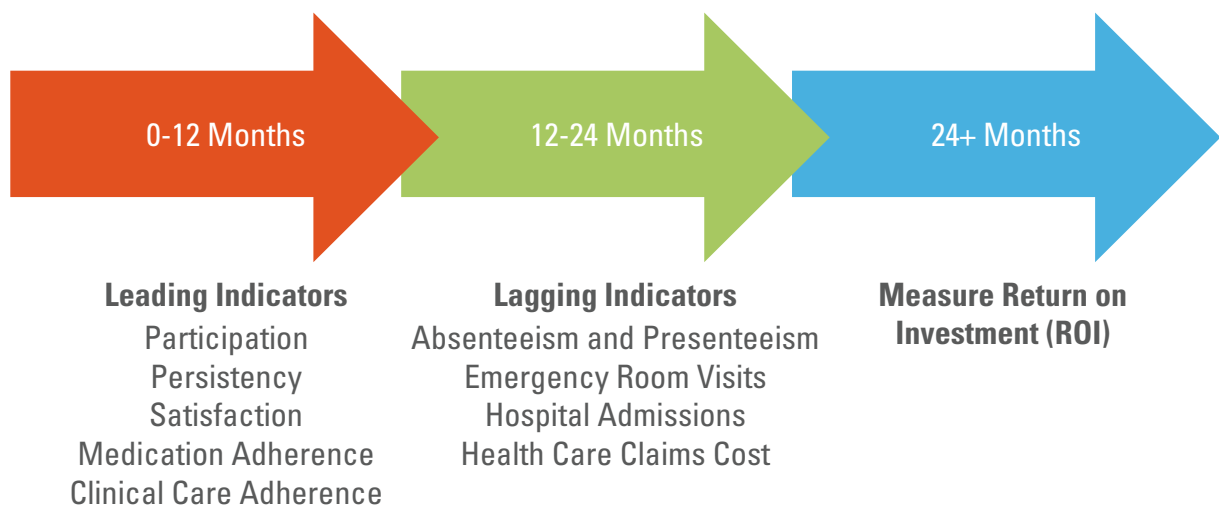
If a program meets its goals for its leading indicators, then the focus can expand to include its lagging indicators. Although lagging indicators likely will not start to show up in the data until leading indicators are met and participants have at least 12 months of experience in the program, it is still critical

to monitor them from program implementation. Plan sponsors should avoid drawing any conclusions on program effectiveness solely from lagging indicators until enough experience is available and the results agree with results from the leading indicators.

For example, plan sponsors often focus most on health care cost reduction to justify their investment in a point solution. However, costs should not be viewed solely in aggregate. When participants engage in a point solution, health care costs often increase in the following months due to more engagement with their health care. Increases in primary care physician and/or specialist visits should be considered a positive sign. Absent this engagement, the health problems may go unnoticed for years until they manifest into

FIGURE 1

Point Solution Evaluation Metrics



something more severe. Thus, when monitoring cost and utilization, it is recommended to parse the data into preventive and low-acuity care (e.g., office visits and lab tests) as well as high-acuity care (e.g., emergency room visits, hospital admissions and surgery).

Another challenging aspect of assessing ROI is the cost of prescription drugs. One of the measures of success of some point solutions, especially those focused on chronic condition management, is medication adherence. However, some medications, particularly those for diabetes management, come at a steep cost that more than offsets any potential savings on the medical plan side. Plan sponsors should be aware of this and understand that there may be additional benefits of medication adherence that cannot be measured through health care claims data (e.g., individual productivity, well-being and reduced presenteeism) or may take years to manifest through improved outcomes.

Methodologies for Evaluating a Point Solution

The main challenges when evaluating the effectiveness of a point solution include the following.

- Credibility of results
- Limited duration of program participation
- Selection bias

Point solutions typically target a small subset of the population that represents a higher risk than the general population. Of that subset, less than 20% typically engage with the point solution. For smaller employers, this presents a significant challenge in credibility of results

since health care claims are especially volatile. Furthermore, it is common for participants to engage with a program for less than a year and then disenroll. A revolving door of high-risk participants makes quantifying the ROI from a point solution a significant challenge.

Another challenge is selection bias, which arises from the fact that there are inherent differences in individuals who engage with a point solution and those who do not. Plan sponsors may be able to employ statistical techniques that aim to reduce selection bias. However, there will always be important differences among participants and nonparticipants that plan sponsors should be aware of. Common examples include:

- Individuals are motivated to enroll after a major health event
- Individuals who are motivated to improve their condition and make lifestyle changes are more likely to enroll.

In general, members of the younger generations in the workforce, who grew up using technology, tend to like virtual benefit tools such as these point solutions. They appreciate the convenience as well as the easy access to care that they provide. Older generations may be more reluctant to embrace point solutions and may even incorrectly view them as their employers' strategy to replace in-person care.

Propensity Score Matching

A randomized control study is widely considered the gold standard for evaluating the effectiveness of an intervention; however, it is rarely applicable for a voluntary point solution. Instead, *propensi-*

ty score matching (PSM) may be a better tool. PSM utilizes logistic regression to calculate the probability—called *propensity scores*—that a particular participant will engage with these programs.³ Matching individuals with similar propensity scores can reduce selection bias. Developing propensity scores requires the evaluator to choose attributes to categorize participants. Such variables may include the following.

- Demographics (e.g., age, gender and participant type (employee, spouse or dependent))
- GLP-1 utilization
- Prior surgery
- Comorbidities (e.g., diabetes, hypertension, heart disease and obesity)
- Prior claims

Regardless of the specific point solution, when comparing participants who enroll in the point solution with those who don't in an attempt to quantify ROI, it's essential to ensure that both populations are similar in terms of age, gender and other demographic factors. Another factor to consider is *morbidity*, or the degree of sickness for an individual, which can be measured by looking at comorbid conditions and prior claim costs, usually limited to the 12 months preceding program engagement.

For diabetes and weight management programs, it's critical to take GLP-1 utilization into consideration and compare enrolled participants only with nonenrollees with similar utilization patterns. For an MSK program, a common reason for engagement is that a participant is undergoing surgery and needs easy access to physical therapy to improve the

surgical success rate. Thus, participants who engage with a point solution following a surgery should only be compared with participants who had a similar surgery and did not enroll in the program.

One of the challenges when comparing claims experience, especially for conditions like diabetes and obesity where comorbid conditions are prevalent, is isolating claims that can realistically be affected by a point solution. It's important to capture claims experience related to comorbidities. However, identifying claims connected to a particular condition is a complex process. Thus, the more common approach is to exclude certain claims in which a point solution has no influence. Common examples include claims related to pregnancy/birth, HIV/AIDS and transplants.

Coarsened Exact Matching

Another common approach to create fair comparisons between participants in a point solution and nonparticipants is a

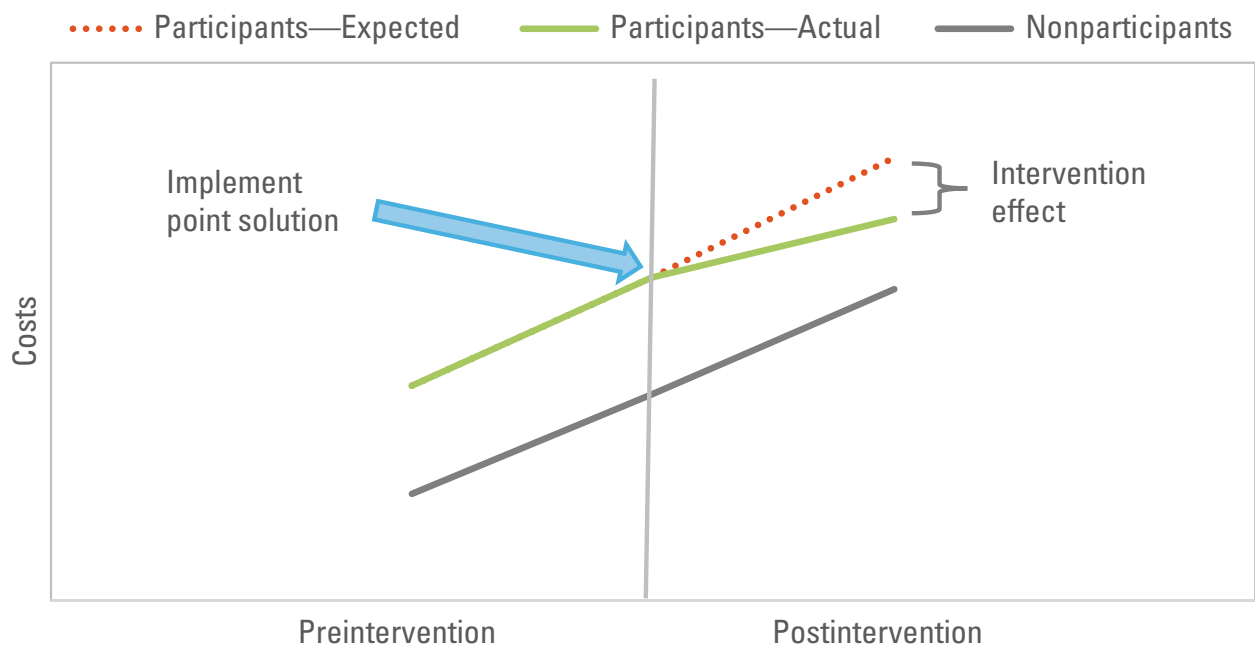
method called *coarsened exact matching (CEM)*, which works as follows.

- Identify important characteristics indicative of program engagement (e.g., age, gender and morbidity).
- Group these characteristics into broader categories (e.g., instead of matching on exact age, use age bands such as 30-39, 40-49, etc.).
- Create a bin signature from these categories of characteristics.
- Match participants to nonparticipants exactly within these coarsened groups based on bin signature.
- Reweight experience based on the proportion of bin signature within each population.
- Exclude unmatched individuals from the analysis.

To illustrate how CEM works, let's look at this technique for evaluating a diabetes management program. Take a 45-year-old female diabetic with comorbid hypertension and \$12,000 in prior claims. Her experience might be compared with a bin signature consisting of female nonparticipants in the 40-49

FIGURE 2

Measuring the Intervention Effect of Point Solutions



age band who have one comorbidity (of any kind) and between \$5,000 and \$24,999 in prior claims.

The CEM method is similar to PSM but holds the key advantages of being more transparent and less computational/technical. It also allows for more control over how strict the matching is, which should be correlated with the size of the population that has participated in the point solution.

Whichever method is chosen, once two statistically similar populations have been identified and experience can be compared to quantify the ROI, a key assumption is used: Absent the program, the two populations would see a similar increase in costs from one year to the next. By analyzing the difference in costs between the two groups, one can assume that the difference is due to the intervention, as illustrated in Figure 2 on page 26.

Once the difference in costs, or the savings from the point solution, is calculated, it can then be compared with the cost of the program to calculate the ROI:

$$ROI = \frac{\text{Gross Savings}}{\text{Total Fees}}$$

Contract Structure and Performance Guarantees

Several point solutions have the tendency to overestimate their value proposition. There is always that one participant who has had tremendous success in meeting their goals, but what about the rest of the population? Ultimately, it's about population health management, and the larger the number of participants having success, the better the investment.

To maximize the value of point solutions, plan sponsors need to set clear performance metrics and hold vendors accountable. Performance metrics should be objective and independently validated to ensure that vendors are not cherry-picking results to avoid performance penalties. While performance guarantees can offer incentive alignment, they are only as good as the measurement, relevance of metrics and the ability to audit outcomes independently.

Although ROI is often included as a performance guarantee, it is considered a subjective measurement because it has credibility issues, claim volatility and variation in results dependent on methodology. Furthermore, if ROI is included, it must be calculated by an independent third party since it

Data Security and AI Enhancements

Point solutions include vast amounts of personally identifiable information (PII) and protected health information (PHI) and are often integrated into other benefits administration or human resources (HR) platforms. Plan sponsors must be judicious in evaluating the data security measures employed by point solutions and ensuring that they match the policies and practices of their organization. This assessment can be done during the initial evaluation and selection process and should be repeated annually.

In addition, many point solutions are incorporating artificial intelligence (AI) into their products and the user experience. AI has the potential to greatly improve the products themselves (through predictive analytics and data mining) and the participant experience (through features such as chatbots and personalized recommendations). However, plan sponsors must also evaluate the use of AI and align it with their own AI and data use policies. Similar to data security assessments, this work can be done when a solution is selected and should be repeated every six to 12 months as the technology and features change.



can be subject to gaming if done solely by the point solution vendor. Therefore, it is imperative to expand the scope of performance guarantees beyond ROI and focus on objective measurements. Performance guarantees should be comprehensive and should cover the clinical, utilization and financial metrics.

TABLE

Sample Point Solution Performance Guarantees

Diabetes Management	Weight Management	Musculoskeletal Management
Number of type 2 diabetics enrolled	Percentage of participants enrolled for over six months	Percentage reduction in surgery intent
Percentage reduction in A1C levels	Percentage reduction in BMI	Percentage reduction in prescription opioid utilization
Percentage reduction in body mass index (BMI)	Percentage reduction in cholesterol levels	Percentage of participants pain-free by end of program
Percentage reduction in antidiabetic medication prescriptions	Percentage reduction in weight loss medication prescriptions	Percentage reduction in all pain medication prescriptions

The table summarizes common performance guarantees and the applicable point solution.

Once the plan sponsor and vendor agree on metrics, they should work together to determine the appropriate penalties for each metric, which are often structured as an amount of fees at risk. If a vendor does not meet its targets, then the cost of the point solution should be reduced proportionally. Any ambiguity in contract language can result in lengthy negotiations to recoup fees that plan sponsors may be entitled to. To avoid this, plan sponsors should write contracts in clear, concise language that includes, but is not limited to, the terms described below.

- The goal of the point solution
- The scope of services offered
- Fixed and variable fees
- Target population
- Outcomes to be measured
- The measurement period
- Which methodology will be used
- Fees at risk (including limits)
- The required supporting documentation

- Data sharing—ensuring compliance with data protection laws (e.g., the Health Insurance Portability and Accountability Act (HIPAA))
- The dispute resolution process
- Termination clauses

Plan sponsors should revisit the contract every few years and adjust performance guarantees as the program evolves. This will ensure that the plan sponsor is getting the most value out of the point solution and that it continues to be aligned with the plan sponsor’s goals.

Implementation Strategy and Communications Critical to Program Success

Fragmentation and communications are two of the biggest challenges to achieving success with point solutions. With the plethora of options available and the multitude of conditions affecting a given population, plan sponsors can quickly find themselves managing multiple vendors and involved in a complicated engagement strategy. Without the appropriate implementation strategy

in place, point solutions risk becoming underutilized and/or duplicative.

When implementing a point solution, plan sponsors should understand the pool of potential participants and the associated demographic and risk profiles. As participants become engaged, plan sponsors should monitor who the program is reaching and, just as importantly, who it is not reaching. A point solution will not be successful if it is not reaching the right populations.

Fortunately, with the rise of AI tools for workforce analytics, it is easier than ever to target individuals who may benefit the most from a particular program and measure the progress along their health journey. Plan sponsors should use a consistent communication campaign to achieve participation rates and persistency aligned with their predetermined goals.

Communication methods should be tailored to the target population. Plan sponsors should keep in mind that a lot of individuals will not be motivated to engage with a point solution to improve their condition until they have a health


scare. Consistent communications can ensure that when health scares occur, the individuals are aware of the benefits available to them to potentially avoid another event in the future.

Aside from consistent communications, plan sponsors should promote the benefits of the program with their workforce, either through participant testimonials or by sharing results of program evaluations. Seeing how others are having success in managing conditions can be a powerful motivator for individuals to make lasting behavior changes.

The bottom line is that the success of a point solution is ultimately in the hands of the plan sponsor and its participants. Understanding this and having an appropriate strategy in place is critical for program success and can ensure that plan sponsors are successful in improving participant well-being and productivity all while containing costs.

Conclusion

As the workforce evolves and becomes more digitally sophisticated, point solutions will play an increasingly prominent role in health benefits strategy. Younger participants may expect personalized, tech-driven experiences that prioritize mental well-being, whereas older participants may expect tools that support chronic condition management. Plan sponsors must balance the needs of the entire population and consider which point solutions are best suited to help reach their goals without making their benefit offerings overly complex.

In a market saturated with options, plan sponsors need to implement a rigorous evaluation process, grounded in data, clinical evidence and participant feedback. When thoughtfully selected, integrated and evaluated, point solutions can deliver on their promise of improvements in health outcomes, reduced costs and enhanced participant experience. Point solutions could be instrumental in shaping more personalized and equitable health benefits that meet the needs of both plan sponsors and their participants. 

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Endnotes

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3. *Logistic regression* is a mathematical technique used to predict the probability of something happening based on other information.