When More Is Not Better:
Rethinking the Digital Health Benefits Ecosystem

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Digital health benefits have expanded rapidly, but more options do not necessarily make care easier to access or improve health outcomes. Many employers now manage large ecosystems of health, wellbeing, navigation and condition management vendors. A recent (2026) survey of 106 employers with 1,000 or more employees, found that more than 40% of employers manage eight or more specialized health service providers, while 60% spend $2.5 million or more annually on them. Nearly 80% spend at least five hours each week managing these vendors, adding administrative work that can offset intended value (Solera Health). TheBusiness Group on Health also reports growing employer concern about fragmented experiences, disconnected data, duplicative services and unnecessary costs across increasingly complex vendor ecosystems. (2026 Business Group on Health, "Trends to Watch" survey) which indicates that expanding partner programs have produced lack of data integration, fragmented employee experiences, inadequate clinical coordination, potential duplication and unnecessary costs.

To get additional context on vendor ecosystem challenges and employer best practices, we interviewed HR and Benefits leaders at six self-insured multi-state/global employers representing over 350,000 employees during July and August of 2026. The employers represent a broad range of industries; high tech, pharmaceuticals, manufacturing and retail. The issue is not just the sheer number of specialty vendors and complexities of managing them. Clear themes emerged:

- ***HR and benefits leaders are not looking for another point solution.***
- ***They want more effective specialty vendors, improved program access, better employee/member experience for users and stronger financial/ bottom-line impact.***

That matters because healthcare costs continue to rise. Mercer projects 2026 employer health benefit costs to increase 6.7%, exceeding $18,500 per employee (Mercer). Business Group on Health projects a median 9% cost trend for 2026, reduced to about 7.6% after plan design changes (Business Group on Health). The question is whether the full ecosystem is easy to use, well-managed and delivering enough impact to justify the investment

Other research supports similar findings. Two meta-analysis studies (Digital mHealth Interventions for Employees and Digital Wellness Programs in the Workplace: Meta Review) on wellness and mHealth digital interventions indicate there is promise in these specialized services to impact broad wellness and health outcomes however much more research is needed to demonstrate the efficacy and cost benefit of these services.

Key takeaways and practical implications for employers

- **Vendor sprawl is an ecosystem-architecture problem.** The issue is not merely the number of vendors. Capabilities overlap, data remain disconnected, double counting of impact across vendors, employees encounter multiple entry points and accountability is divided across organizations.
- **The employee/member experience has to be easier.** More options can still feel like more confusion if employees face multiple logins, unclear eligibility rules or disconnected handoffs. Test the employee's experience first before broadly expanding the services.
- **Total cost and impact should be quantified.** A complete value assessment should include administrative burden, employee experience, engagement definition, vendor fees, claims impact, staffing, consulting, implementation, integrations, eligibility feeds, communications, privacy and security reviews, reporting reconciliation and governance time. Develop integrated dashboards for improved performance insights with complete cost and quality evaluation.
- **Simplification should preserve differentiated value.** Specialized vendors can remain when they solve a meaningful need, demonstrate credible outcomes and fit clearly within the broader ecosystem. Consolidation should not eliminate useful specialization simply to lower the specialized vendor count.
- **Innovation does not always mean adding something new, it may be improving** integration, navigation and communication. Employers said the next innovation may come from making current solutions work better together. Before adding a solution, ask whether the need can be met through better integration, clearer navigation or stronger communications.
- **Cost pressure is making value harder to ignore.** With 2026 employer health-cost projections generally ranging from about 6.7% to 9%, employers have less tolerance

for duplicative programs, weak utilization, unverified savings and excessive administrative expense.

- **Wellness is still not clearly understood.** Employers use "wellness" to mean mental health, financial wellbeing, chronic condition support and lifestyle programs. Define what wellness means, then connect each program to a specific need, population and business objective.
- **Use AI with caution and clear purpose.** AI may help with navigation, personalization, reporting and service, but it should not be treated as value on its own. Ask where AI is used, how it is governed and what measurable problem it solves.

The Bottom Line:

Focusing on making existing health and wellbeing investments more effective directly supports The Health Project's Mission *"To promote organizational practices that translate into measurable operational impact."*

Do not let the digital health portfolio grow faster than the strategy that supports it. The goal is not to offer more options or simply reduce the vendor count. It is to make the right options work better together in a way employees/members can use and employers can sustain.