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Uncovering Hidden Cost Drivers to Reduce Healthcare Spend by 39%

A private equity-backed operator gained visibility into what was driving healthcare costs, improving forecasting and reducing total spend across its portfolio.

WHAT WASN'T WORKING:

Limited Visibility into Actionable Insights

Private equity firms are under pressure to protect margins in a tighter market. Traditional levers are harder to pull, and leadership needs faster ways to improve financial performance.

For this portfolio of self-storage and car wash businesses, healthcare was a significant, recurring expense without clear visibility into what was driving cost.

This lack of clarity reached a breaking point in 2024, when total healthcare costs climbed to nearly $6M.

A CLEARER APPROACH:

Practical Cost Control

Parasol Health introduced a more structured approach focused on cost visibility and control. The key shift was breaking total spend into decision-ready components: fixed costs, current-year medical and pharmacy claims, and prior-year runout.

Combined with governed pricing and structured cost containment, this allowed leadership to evaluate performance based on current activity, not past liability.

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THE RESULTS:

Overall Reduction in Spend

Despite stable enrollment, overall costs declined:

$797K
in prior-year runout claims, representing approximately 22% of total 2025 cost

39%
reduction in overall spend

A meaningful share of 2025 spend was tied to prior-year liability, not current performance, giving leadership a clearer view of true cost drivers.

Stronger Financial Control Across the Portfolio

The result is a clearer, more controllable cost structure that supports better forecasting and stronger margin performance across the portfolio.