



# **Making the Most of a Moment for Service Lines: The Strategic Bets Health Systems Should Consider**

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**Zach Jones**, Vice President, Kaufman Hall



# This session will provide participants with a deeper understanding of how to...

- ✓ **Target and grow priority service lines** that offer the greatest market demand, financial margin and alignment with organizational strengths
- ✓ **Assess strategic partnerships** to expand access, enhance reputation, and strengthen service line performance
- ✓ **Organize and structure** service lines to support future growth and build effective models of care

## Critical framing questions that we'll focus on today

### the **WHY**

Why now? The importance of reshaping service line strategy

### the **WHAT**

Which strategic bets are health systems prioritizing?

### the **HOW**

How can leaders operationalize service line planning?







### the **SO WHAT**

What should you take back to your teams to act on today?

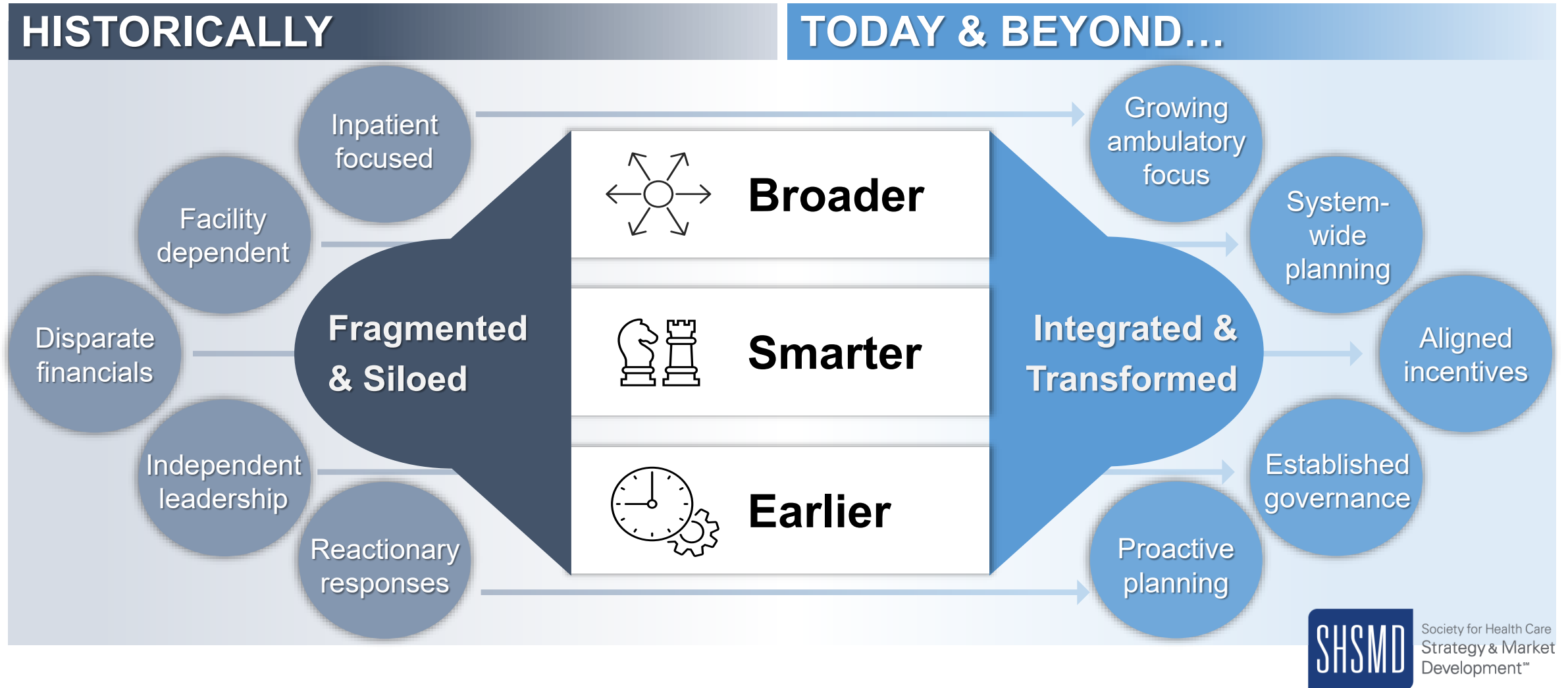
# Why now?

The importance of reshaping service line strategy

# Headwinds cannot be ignored...

	Consolidation and disruption redraw markets	Large getting larger... Health system “mega-mergers” <b>11</b> (2024) <b>10</b> (2023) <b>8</b> (2022)	...and PE taking specialty share <b>30%+</b> market share of one PE firm (TX) across 60% of MSAs
	Staffing shortages are the new normal	Burnout and churn are shrinking available capacity <b>46%</b> of physicians <50 reported burnout	<b>193K</b> annual nursing vacancies per year through 2033
	Care delivery innovation redefines access	Outpatient and home settings drive the next decade of growth 2025-2035 national demand forecast: Inpatient <b>+5%</b> VS. Office/Clinic <b>+15%</b> HOPD/ASC <b>+17%</b> Home <b>+31%</b>	
	Policy reframes potential risk	One Big Beautiful Bill will materially impact health systems <b>~15M</b> additional uninsured Americans by 2034	Potential site neutral payment reforms demand proactive planning <b>~\$100B+</b> estimated Medicare savings over 10 years
	Capital pressures force choices	Expense growth > Reimbursement growth From 2019-2022: Hospital Expenses <b>+17.5%</b> VS. CMS IPPS Reimbursement <b>+7.5%</b>	

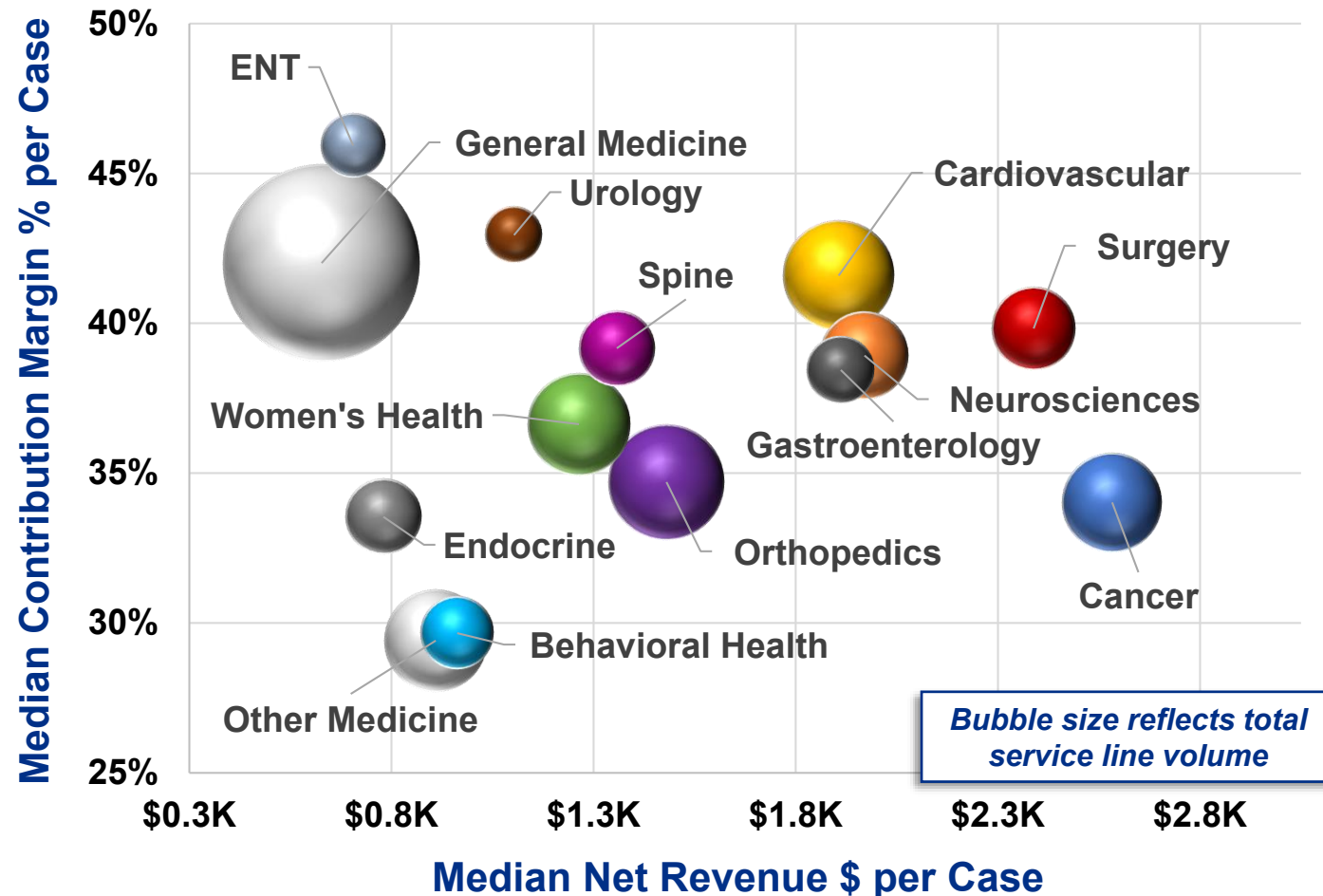
# ...and yesterday's strategies for service line success won't deliver tomorrow's results



# Service line bets must be guided by profitability and scale

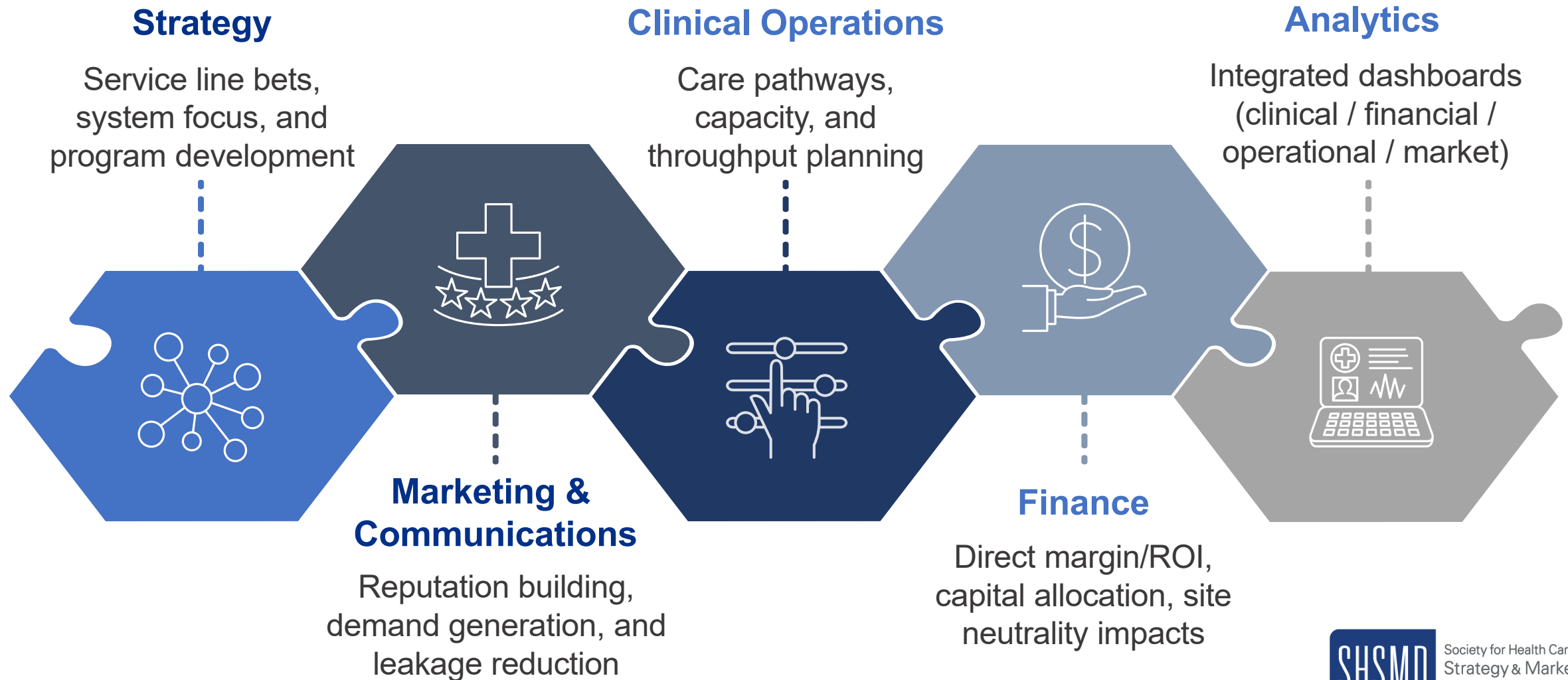
## Service Line Financial Performance | US Market

All-Hospital Median Performance Across All Care Settings (IP, OP, Obs, ED), January 2025



- Margin-per-case clusters in **CV**, **Surgery**, and **Neurosciences** – while Medicine carries the most volume: **Focus bets on growth drivers (profit/case) and foundational services (scale) for long term sustainability**
- High revenue does not always equal high margin % (e.g., **Cancer**): **Protect economic returns with site-neutral strategies, pharmacy integration, and standardized pathways**
- Quality performance and economic success will hinge on system scale: **Set minimum-volume standards and prioritize capital on alleviating system constraints**

# Winning service lines require tight alignment across functions



# Which strategic bets are health systems prioritizing?

**Align Your  
Portfolio**

**Measure What  
Matters**



**Partner With  
Purpose**

**Structure for  
Success**

# Align Your Portfolio

Partner With Purpose

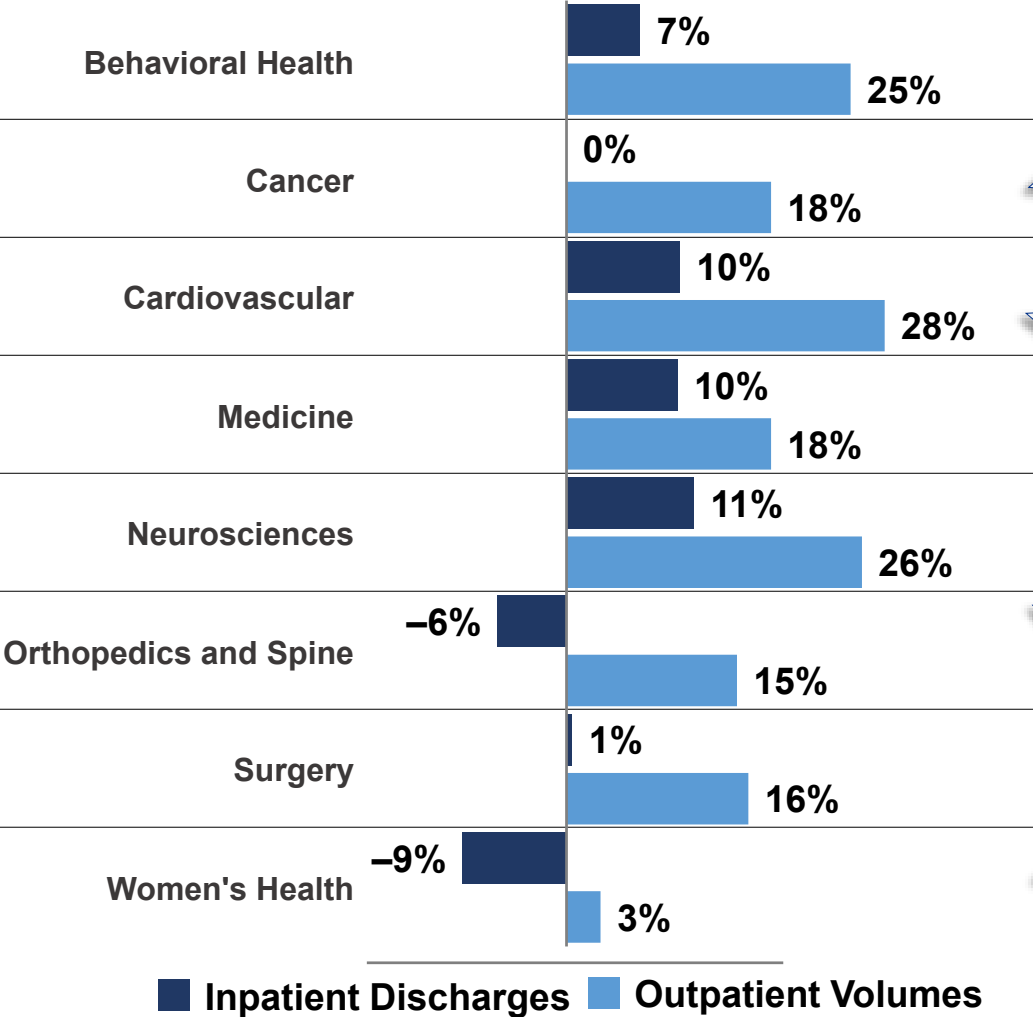
Measure What Matters

Structure for Success



# One size doesn't fit all: Each service line requires tailored focus

Clinical Service Line Growth  
US Market Volumes, 2025-2035



Each line requires targeted hypotheses and decisions

*What is our infusion margin exposure under site neutral payments?*

*Do we meet minimum volume thresholds to drive superior quality and financial performance across sites?*

*What is our site of service plan (IP/HOPD/ASC) by procedure and payer?*

*What is our strategy for “whole women’s health” beyond OB?*

# Position and strategically align service lines with enterprise functions to ensure faster growth

## Enterprise-Enabled Performance

### Key Focus Areas Across Select Enterprise Functions

#### Pharmacy

- How do we optimize specialty pharmacy support across service lines?
- Which service lines are best positioned for pharmacy-enabled care at home?

#### Imaging / Diagnostics

- Do imaging and diagnostics assets align with enterprise-wide service line demand?
- How can advanced technologies (e.g., AI) improve imaging performance across service lines?

#### Surgical Services

- What is our enterprise-wide ambulatory surgery strategy, and how do service lines support these efforts?
- How are we coordinating operating room resources and backfill across surgical service lines?

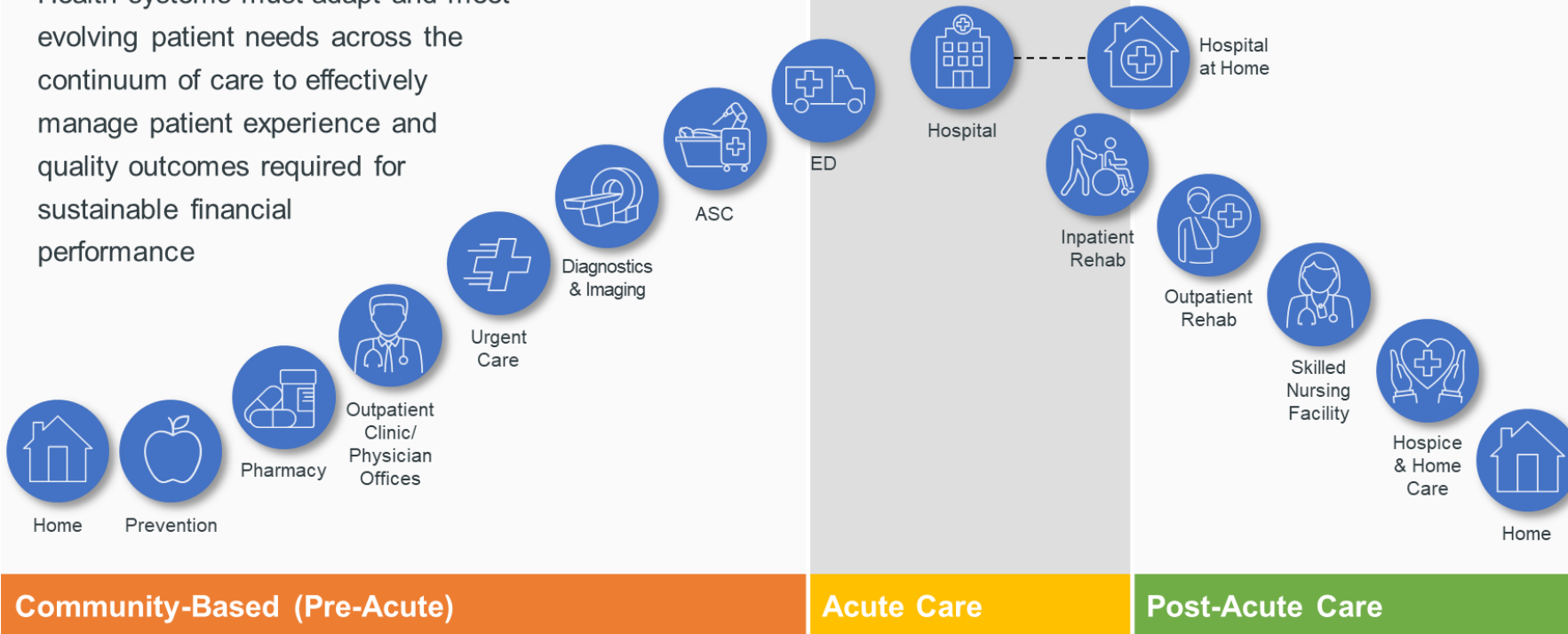
#### Access & Referral Management

- How do we strengthen the digital front door and patient navigation across service lines?
- Where are we experiencing leakage across referral sources (e.g., primary care)?

# Optimizing your portfolio requires understanding core capabilities and using service lines to anchor relationships and coordinate care

## Care Continuum

Health systems must adapt and meet evolving patient needs across the continuum of care to effectively manage patient experience and quality outcomes required for sustainable financial performance



## Key Considerations

- 1 What differentiators exist that we should 'double-down' on?
- 2 Where do we have limitations – services, staffing, technology – that we need to address?
- 3 What gaps exist and do we need be the ones to fill them?

Align Your  
Portfolio

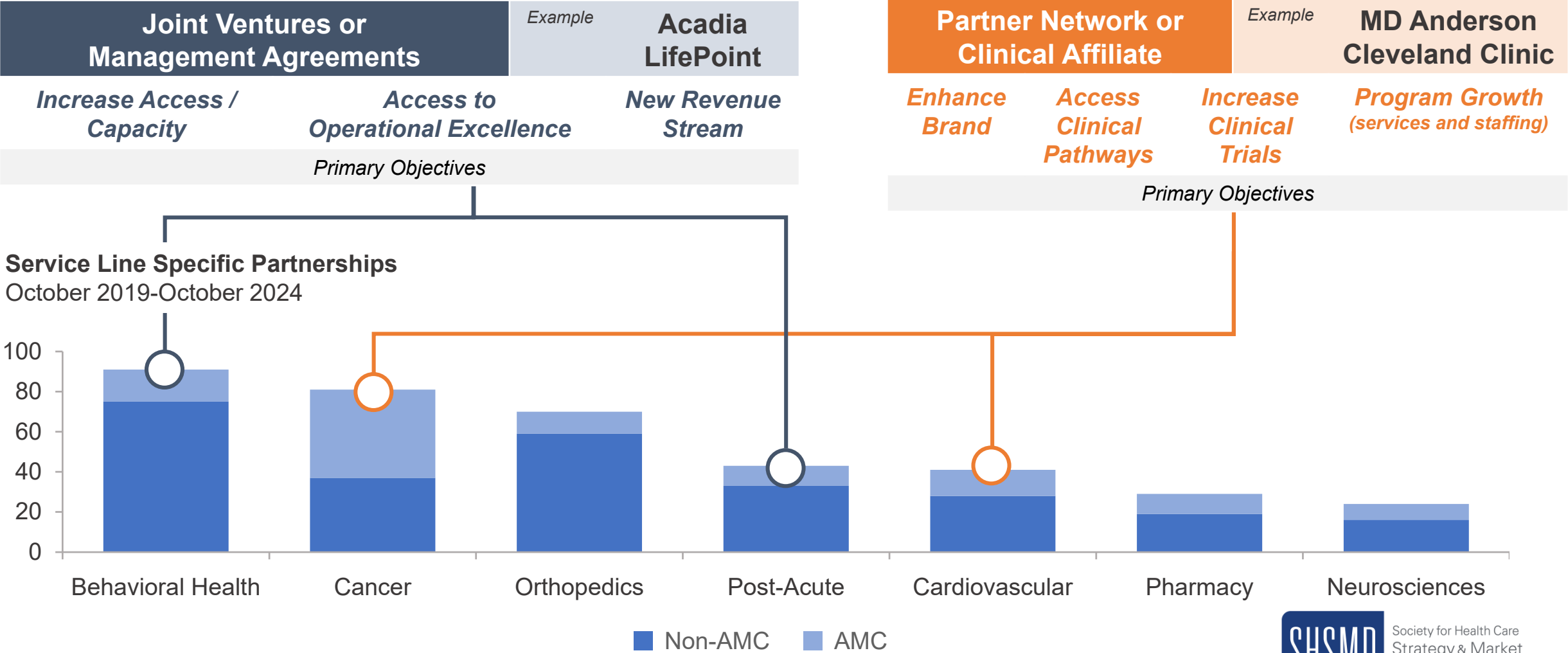
Measure What  
Matters



Partner  
With  
Purpose

Structure for  
Success

# Strategic service line partnerships unlock growth and elevate performance



# Success hinges on asking the right questions to define, measure and manage partnerships

## WHY DO WE NEED TO PARTNER?

- Identify the opportunity (or gap) the partnership will address
- Determine organizational readiness for a potential partnership

## WHAT KIND OF PARTNERSHIP FITS BEST?

- Define your goals and partnership vision
- Identify potential structures that fit your goals (e.g., joint venture, management agreement, co-branding)

## HOW WILL SUCCESS BE MEASURED?

- Examine the metrics that will define success (e.g., access, quality, patient experience, financial performance)
- Develop the structure to measure and monitor

## WHAT ARE THE IMPACTS?

- Examine the **internal impacts** (e.g., physician perspective, staff feedback) and **external impacts** (e.g., community response, competitor positioning, brand)

## Service Line Partnership Success Factors



### Full Team Engagement

Open dialogue and interaction over key issues



### Mutual Respect

Deep appreciation of the capabilities and individual goals / aspirations



### Translate Strategy to Structure

Optimize structure, governance and operational oversight



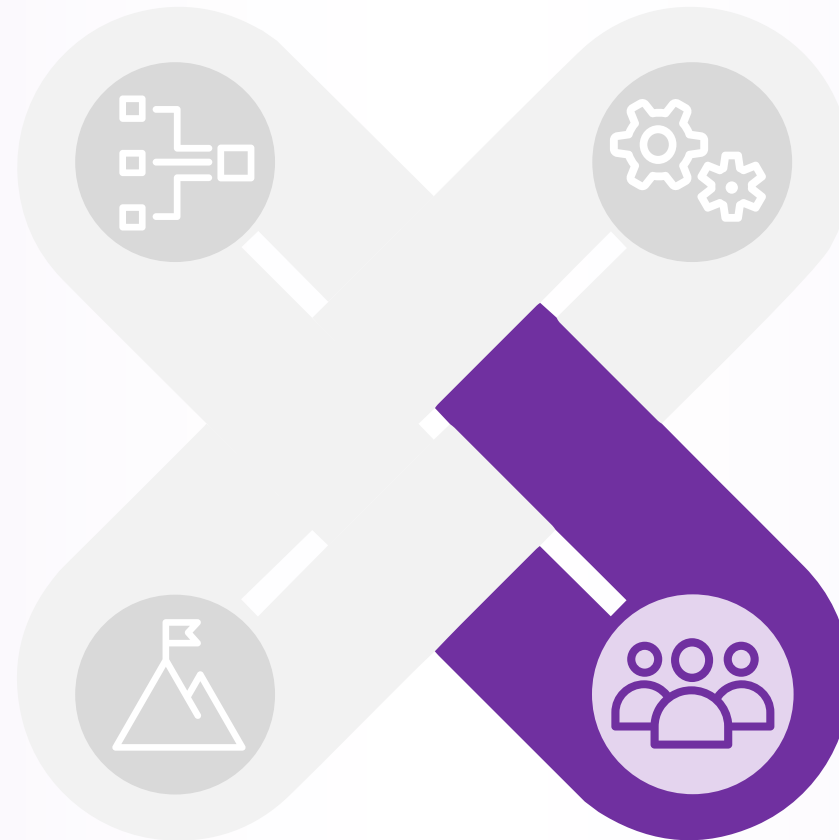
### Integration of Insights

Understand intersections of clinical, financial, operational, and strategic elements

Align Your  
Portfolio

Partner With  
Purpose

Measure What  
Matters



**Structure  
for Success**

# Successful service lines effectively bridge from strategy to execution



# High performing service lines: comprehensive platforms built on foundational elements of success

## Program Brand, Size and Draw

Volume thresholds, geographic spread, institutional brand and marketing

## Depth of Programmatic Offerings

Physician expertise, specialization and comprehensiveness of services provided across the continuum

## Innovation

Research and clinical trials, technology, medical education and training



## Patient Experience and Access

Patient-centered experience, support services, and seamless access to care across the continuum

## Cost, Quality and Outcomes

Consistent, transparent quality and cost data

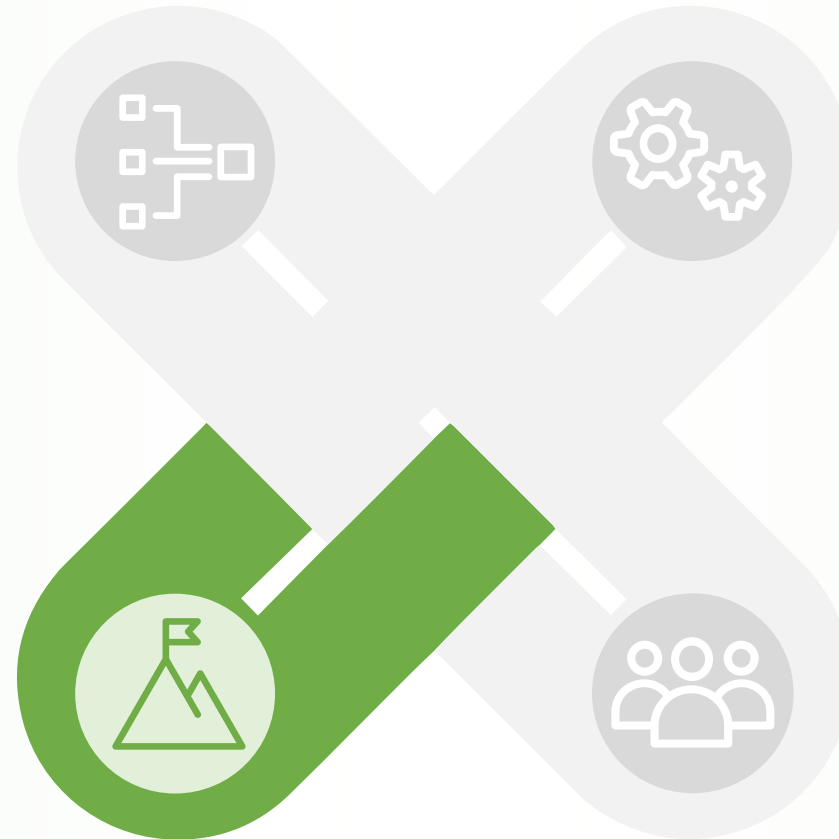
## Affiliations, Partnerships and Community Engagement

Regional/national networks, community programs and employer/payer relationships

Align Your  
Portfolio

Partner With  
Purpose

**Measure  
What  
Matters**



Structure for  
Success

# Defining what matters is the first step to measuring it

## 1 Define dimensions

*Align service line dimensions with strategic goals*

## 2 Assign accountability

*Clear ownership and metric thresholds to track*

## 3 Review regularly

*Consistent reviews with clear escalation rules*

## 4 Keep it simple

*Accessibility and transparency are imperative*

**DIMENSIONS OF  
SUCCESS**

**FINANCIAL**

**OPERATIONAL**

**MARKET**

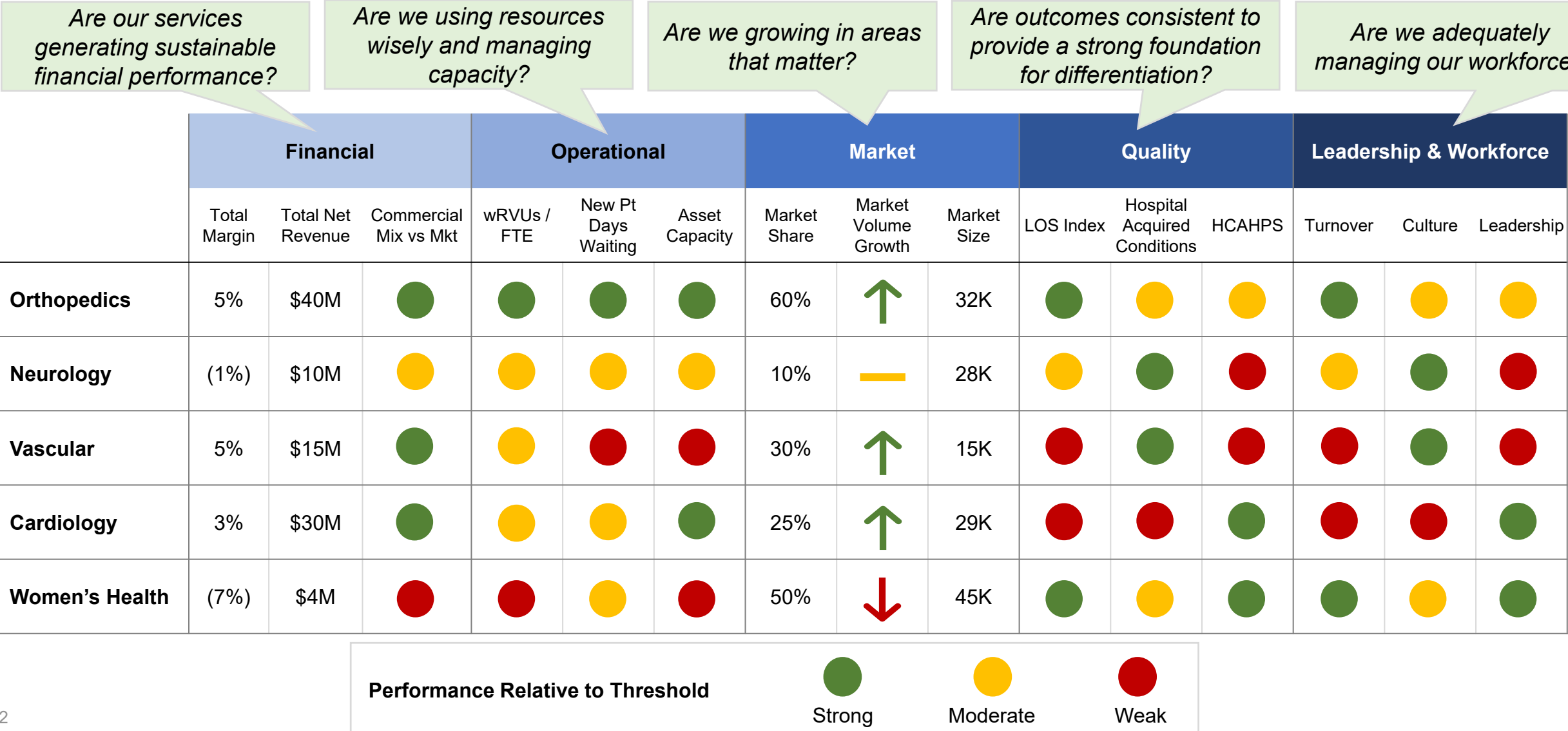
**QUALITY**

**LEADERSHIP &  
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Development™

# Integrate dashboards to combine dimensions of success and inform strategic focus



# How can leaders operationalize service line planning?

# Service Line Success: Equipping with Tools and Infrastructure for Clarity and Speed



**What should you take back to  
your teams to act on today?**



# Looking ahead: Where to go from here

## Three imperatives to act on tomorrow

### 1 | Double down where you can win

Identify service lines across your portfolio that have strong demand, financial performance and strategic alignment – allocate resources appropriately

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### 2 | Expand reach through partnerships

Seek collaborative opportunities that open doors to new patients, elevate brand strength, and unlock performance gains

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### 3 | Build the backbone for growth

Put in place clear governance, leadership accountability, dashboards and operating models to enable scale and long-term impact



# Questions?

Please be sure to complete the session evaluation on the mobile app!



# Speaker Biography – Scott Christensen



**Scott Christensen,**  
Managing Director

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Scott Christensen is a Managing Director in Kaufman Hall's Strategy & Business Transformation practice. He advises health systems, payers, and specialty healthcare services organizations on growth, partnerships, service line planning, and enterprise strategy. A frequent facilitator and speaker at board retreats, he has authored articles on strategy, partnership, disruption, and scale.

Previously, Scott held leadership roles at DaVita, driving enterprise-wide innovation and strategy, and at a healthcare startup focused on surgical outcomes and cost reduction. Earlier in his career, Scott supported hospitals and health systems in improving clinical operations, advancing value-based care, and implementing technology-enabled solutions.

# Speaker Biography – Zach Jones



**Zach Jones,**  
Vice President

[Zachary.Jones@kaufmanhall.com](mailto:Zachary.Jones@kaufmanhall.com)

Zach Jones is a Vice President in Kaufman Hall's Strategy & Business Transformation practice, partnering with clients to develop tailored solutions addressing strategic priorities. He leverages planning frameworks, deep knowledge of healthcare trends, and data analytics expertise to drive strategic decision-making and create actionable deliverables. He advises hospitals and health systems on enterprise growth, service line development and strategic campus planning.

Prior to joining Kaufman Hall, Zach worked in the Performance Improvement and Clinical Effectiveness Department at Rush University Medical Center, supporting evidence-based change, and later in the Cardiovascular and Thoracic Surgery Department, enhancing physician productivity and operations.

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