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FUTURESCAN

Health Care Trends and Implications

2026

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Strategies for Viability in a Changing Environment

With the enactment of the One Big Beautiful Bill Act in July 2025, hospitals and health systems are bracing for unprecedented reductions to health care expenditures, which will likely impact access for all Americans. These reductions will mean significant policy changes to Medicaid, including work requirements for certain Medicaid enrollees and changes to the way they enroll in the health insurance marketplace. Hospitals and health systems will be affected by more than $340 billion in reductions over 10 years resulting from changes to provider tax "hold harmless" thresholds and new limits on state-directed payments. The timing of these changes varies, with some policies starting as soon as 2025 and others being implemented sometime over the next three years.

As a result of the OBBBA, finding ways to remain financially viable will be critical for health care leaders. The eight articles in this edition of *Futurescan* touch on strategies for improving financial and operational performance, enhancing outcomes and patient experience, and transforming the health care system. From global health delivery comparisons to new pharmacy and enterprise management models, the strategies and recommendations offered by our eight subject matter experts are thought-provoking and serve as a call to action at a time when business as usual is no longer an option.

In each article, readers will also find predictions from the thousands of health care executives who responded to this year's *Futurescan* survey on questions related to each topic. Taken together, the strategies presented by our subject matter experts and the industrywide predictions of hospital and health system executives across the country on what will happen over the next five years should assist organizations in planning for the daunting challenges ahead.

Health Care Finance and Strategic Planning

In **Health Care Financial Stability and Strategic Planning**, John Poziemski of Kaufman Hall reports on the strategies that his firm is seeing health systems deploy across the country. While many health care organizations are mission based and dedicated to caring for all populations within their service area, every health system needs to generate a margin in order to survive. That requires financial analysis to identify current and future profit centers, which segments of the market to target, and how to maximize those contributions to the bottom line.

Some organizations are focusing on their core business; others are positioning themselves as value leaders in the marketplace. Another strategy is looking to develop new and potentially profitable lines of business. In more challenging markets, finding and developing partnerships could be an important approach. None of these strategies are mutually exclusive.

When considering business model transformation, Poziemski advises that health care enterprises take a strategy-first approach informed by data analysis. In many cases, a new strategic direction will require redesigning the processes, technology, data integration, culture, and delivery capabilities needed to support long-term goals. The biggest risk, however, is being too cautious about shaping the future of the organization. In today's unpredictable environment, a wait-and-see approach is akin to leaving future viability to the caprices of the marketplace.

Pharmacy Management and Policy

For many years, pharmacy was viewed as a cost center. In today's environment, pharmacy can be a generator of clinical innovation and enterprise growth, according to Elizabeth Oyekan of Stanford Health Care, subject matter expert for **Pharmacy Management Emerging Care Models**.

Pharmacy spending has long outpaced the rate of inflation, driven in large part by high-cost specialty medications, which account for 54 percent of total drug expenditures. In a health care ecosystem in which the four largest pharmacy benefit managers (PBMs) control 70 percent of the US market, hospitals and health systems are implementing new strategies to regain control over drug costs and access. Some enterprises are pursuing direct-to-employee contracts that enable them to partner with smaller PBMs or to start in-house PBMs to manage pricing

and formularies. Collaboratives enable health systems to pool their collective purchasing power to improve pricing and stabilize the supply chain.

The industry is also seeing a trend toward value-based reimbursement that links therapeutic performance to payments for higher-cost specialty medications. This parallels broader expectations that pharmacy has a critical role to play in supporting population health through efficiency, complex disease management, quality, and outcomes as financial sustainability becomes more important. By embedding pharmacist care into every stage of the patient journey, health leaders can advance their goals toward value-based care, access, and fiscal responsibility.

Retail Health

As consumer expectations have changed over the last 10 years, so have the demands that patients exert on the health care delivery system. Early nontraditional health care disruptors focused on brick-and-mortar retail clinics or virtual web-based platforms in an attempt to capitalize on the billion-dollar health care marketplace. According to Chris Schrader, a partner at the management consulting firm Oliver Wyman, retail health now refers to a blend of digital, merchandise, and medical solutions that cater to consumer demands for convenience, accessibility, and personalized care.

In **The Evolution of Retail Health**, Schrader details how retail clinic operators and other national merchandisers have become more competitive with hospitals and health systems and the strategies they are using to attract patients and health care dollars. New technologies have positioned many of these companies as digital front doors for consumers accessing health care services. The ramifications for hospitals and health systems present both challenges and opportunities for health care leaders. Forward-thinking health organizations are already collaborating with retailers on novel ways to better meet consumer needs and command a greater share of the health care marketplace. Schrader advises that C-suite executives expand their view of what constitutes retail health and consider partnerships to stay relevant to their customers.

Leadership Development and Workforce Planning

Workforce shortages present an ongoing challenge that was exacerbated by the COVID-19 pandemic. Slowing population growth has resulted in a smaller pool of potential workers, a dynamic that affects talent pipelines across the country. Health care in particular experienced a significant exodus at all professional levels as burnout drove many employees to leave the health care industry. It is not surprising that the dearth of workers has made finding the next generation of leaders increasingly difficult.

In **Managing the Future Management Gap**, Olesea Azevedo of AdventHealth presents strategies that her organization is using to identify, recruit, and develop the next generation of leaders. Rethinking the traditional requirements for management candidates is one initiative that is underway. Mentoring of new leaders has also gained importance and is being used at all levels of the enterprise. Succession planning has become more intentional and requires strategic foresight, organizational prioritization of leader development, and structural support throughout the health system.

Azevedo believes that the skill set required by the leaders of tomorrow is changing. The accelerating application of artificial intelligence in health care requires leaders who can inspire teams to preserve the human connection in care delivery. Excellent communications skills and a talent for motivating multiple stakeholders across a multilayered matrix environment will be even more important in linking daily interactions to a greater sense of purpose and common values.

Regulations and Price Transparency

The movement toward pricing transparency in health care was initiated in 2019 with President Donald Trump's executive order on Improving Price and Quality Transparency in American Healthcare. Since then, hospitals and health systems have worked to comply with both state and federal price transparency policies, which include the federal Hospital Price Transparency requirements and provisions in the No Surprises Act. More importantly, hospitals have worked to improve patients' financial experience. Abigail (Abby) Navti Abongwa, system vice president of revenue cycle at UW Health, set a goal in 2017 to get every patient an estimate of their health care expenses prior to an episode of care.

In **An Epic Challenge: Toward True Hospital Price Transparency**, Abongwa maintains that the patient experience includes not only clinical outcomes but also the financial impact

of care. Cost estimates that were provided prior to episodes of care became the initial focus of UW Health's work toward overall pricing transparency. In the article, Abongwa details the multidisciplinary team that was involved in the initiative and the technical support that was needed to work with a system-wide electronic health record to provide accurate detailed fee information by payer-plan combinations. Manual validation by payer, plan, and charge codes was needed to consolidate information across multiple data sources to conform to Medicare's prescribed documentation requirements. Over time and through increased efficiencies, UW Health has been able to increase accuracy while decreasing work output when generating patient estimates.

Risk Management

Risk management in the health care setting emerged primarily as an asset preservation strategy in response to increasing malpractice litigation and rising insurance premiums. Then the COVID-19 pandemic rapidly presented many challenges in the provision of clinical care, operations, finance, and compliance. It became apparent that all of these areas (and others) could benefit from a proactive risk management framework that anticipated potential risks and better prepared the organization for losses through informed decision-making.

In **The Changing Scope of Risk Management**, Caroline Bell, CEO of Integrated Enterprise Risk Management, explains a more effective framework called enterprise risk management (ERM) that has emerged to better mitigate complex threats, create value, and facilitate organizational sustainability. The approach involves staff at all levels of the organization and empowers them to identify and mitigate risk within their own disciplines, as well as in collaboration with others. ERM is driven by an organization's board and C-suite leadership and ties directly into the mission and values.

Because it takes an organization-wide view, the adoption and effectiveness of an ERM framework is one of the factors that Standard & Poor's uses to assess an organization's credit rating and assign positive ratings when it is used to identify, monitor, and mitigate risk. Over the long term, ERM can help improve an organization's financial position, resolve operational inefficiencies, and better inform its strategy.

Rural Health

An estimated 20 percent of Americans live in rural areas, where only 9 percent of the nation's physicians practice medicine. There are other unique challenges that affect rural health care systems—rural residents are older and sicker, have higher rates of poverty, and tend to be uninsured. In **The Future of Health Care in Medically Underserved Areas**, Bill Gassen, president and CEO of Sanford Health, explains the reasons behind these health care disparities and describes promising initiatives that can help mitigate the difficulties of providing care in rural settings.

Sanford Health is investing in the next generation of physicians by funding graduate medical education in partnership with the University of North Dakota School of Medicine and Health Sciences, the University of South Dakota Sanford School of Medicine, and the Marshfield Clinic Health System. With 27 residencies and fellowships in a variety of specialties, physicians have the opportunity to experience life in rural communities and to provide care in remote environments.

Building the infrastructure to offer care virtually is another key strategy. Sanford's Virtual Care Center connects to the system's satellite clinics and rural hospitals in outlying areas, providing access to both primary and specialty care. With the technology comes the need for new provider competencies that Sanford is developing and piloting to streamline workflows and engage with patients. Gassen believes that advocacy efforts are critical to ensure the viability of rural providers who provide a lifeline to patients in remote communities.

Global Health Care Comparisons

Hospital and health system leaders in the United States often look to other countries for innovative care solutions. Tina Freese Decker, president and CEO of Corewell Health, has observed the health care performance of other countries for over 20 years. According to Freese Decker, global health care comparisons are essentially an exercise in learning about balancing tensions and trade-offs within each unique nation.

In **Lessons Learned from Global Health Care Comparisons**, Freese Decker states that multiple health care attributes need to be prioritized to provide the best health care solutions for Americans. Innovation, access to specialists, affordability, individual choice, and simplification are all characteristics that seem to characterize the ideal health care delivery system, but nowhere do all these attributes coexist equally—even in the United States. Notably, the United States is the only high-income nation without universal health care coverage.

Cultural and societal nuances within nations also impact expectations and care delivery. Many countries fund social welfare programs that address the social determinants of health, such as housing, transportation, nutrition, childcare, mental health, and education services. These social safety net programs operate outside the health care system. The cost of prescription drugs is also significantly lower in other countries—about half the cost in the United States—and pharmaceutical companies abroad are banned from direct-to-consumer advertising.

Each country's health care system is based on its society's unique culture and values, as well as the compromises that its leaders have made among affordability, access, innovation, quality, and patient experience. In the United States, consumers value innovation and access, but quality and patient experience are important to them as well. Amid significant cuts to Medicaid codified in the One Big Beautiful Bill Act, affordability is being prioritized by the current US administration. As these changes begin to limit access, we may see additional debate at the national level. Freese Decker says this discussion will be important to determine what health care attributes matter to Americans most, and what we as a nation can afford.

Conclusion

Achieving long-term viability in the wake of the One Big Beautiful Bill Act will require thoughtful evaluation and measured responses to the changes ahead in terms of funding and access. Health care executives will find that *Futurescan 2026* provides the latest thinking from thought leaders across health care disciplines on ways to ensure the financial viability of their organizations over the challenging period that lies ahead.

Health Care Financial Sustainability and Strategic Planning

with John Poziemski, Managing Director, Kaufman Hall

After an extended period of market turmoil during the height of the COVID-19 pandemic and its immediate aftermath, hospitals and health systems have seen modest financial improvements in recent years. However, much of that turnaround has been driven by cost containment, which is not a sustainable path to long-term success. Key ongoing challenges include shifting competitive dynamics, a deteriorating payer mix and resulting cross-subsidy requirements, and an increasing reliance on government payers, with further disruption introduced by policy and regulatory uncertainty.

At Kaufman Hall, a health care management consulting firm, we have observed a range of strategic approaches among the leading health systems we advise. Some organizations are focusing on their core businesses and doubling down on what they do best in the marketplace. Other organizations are positioning themselves as value leaders for the communities they serve. Still other organizations are looking to pursue new and potentially more profitable business lines. And some organizations that may be in more challenging market positions are exploring partnership opportunities. None of these strategies are mutually exclusive.

Besides transforming the overall business model, more tactical approaches can be pursued, including "re-architecting" an organization's payer mix. Many health systems are reviewing their payer contracting strategy and considering how they can recalibrate their relationships with payers—sometimes in partnership with them and sometimes not.

That process requires organizations to understand—for instance, through profitability analyses to identify current and future profit pools—where they can generate margin, across which segments of the marketplace, and how to maximize that margin as part of their broader portfolio. This approach might entail entry into attractive markets with favorable payer mixes or partnerships with other providers or health plans that have access to population segments that would benefit the organization.

Many, if not most, health systems in the marketplace today are mission-based

About the Subject Matter Expert

John Poziemski is managing director and consulting innovation leader for Kaufman Hall. He has held multiple leadership positions during his tenure, including strategy practice leader, payer–provider business unit leader, and West Coast strategy leader. He has two decades of strategy consulting experience, with expertise in enterprise-level strategy, growth strategy, payer–provider strategy, partnership strategy, and system redesign. Poziemski works on behalf of providers and payers across the country—including national, regional, and locally based companies—to transform the way that health care is delivered and financed in communities. Poziemski holds a bachelor of science with honors and distinction from the University of Illinois Urbana-Champaign.