

REPORT

5 actions clinical leaders should take right now

Hospitals are facing growing financial strain and operational challenges. Here are five ways clinical leaders can reduce costs, improve care quality, and ensure long-term sustainability.

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Audience:

- Hospitals and health systems



Clinical leaders need to address healthcare's most pressing challenges

Hospitals and health systems face sustained financial and operational strain. At the same time, clinical leaders must balance long-term sustainability with high-quality, safe patient care. These five actions can help leaders navigate ongoing uncertainty.

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Shift from an episode-based model to a patient journey mindset

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Prioritize operational improvements you can directly control

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Distinguish between data and visibility — both are essential

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Treat change management as a core capability that must be built over time

01 Shift from an episode-based model to a patient journey mindset

The patient population is becoming more medically complex. At the same time, access to timely primary and preventive care continues to lag, leading many patients to delay treatment until their conditions worsen. As a result, hospitals are increasingly serving as the default entry point for care rather than a step in a coordinated continuum. Emergency departments (EDs), in particular, are absorbing downstream demand, straining capacity, increasing safety risks, and extending length of stay.

These pressures are not temporary. Coverage instability following the expiration of enhanced ACA subsidies, projected growth in the uninsured population tied to Medicaid funding reductions, and ongoing affordability challenges continue driving delayed care and late presentation.

Hospitals are not designed to function as long-term care environments or as a "catch-all" for unmet needs. Without strong continuity mechanisms, hospitals are increasingly forced into this role, straining resources and eroding margins.

Health systems must strengthen their ability to anticipate needs, share information across care settings, and execute reliable handoffs. These capabilities are now foundational to sustainability. This requires deliberate investment in longitudinal care infrastructure, including proactive outreach before and after hospitalization, structured post-discharge pathways, and durable partnerships across the continuum, including skilled nursing facilities, home-based care providers, and community organizations.

Understanding gaps within your primary service area is a critical first step toward designing a care journey that supports patients beyond the four walls of the hospital. As more patients enter the hospital with advanced disease and complex needs, the consequences of fragmented care increasingly surface after discharge — through readmissions, ED returns, complications, and prolonged recovery. These outcomes are not simply clinical failures; they reflect system-level gaps in coordination, information flow, and accountability.

The [Transforming Episode Accountability Model \(TEAM\)](#), launched by CMS in January 2026, directly addresses this challenge. TEAM requires hospitals to take responsibility for care coordination across five high-cost surgical episodes — from the initial procedure through 30 days post-discharge — and reconnecting patients to primary care. Importantly, TEAM shifts accountability from isolated encounters to the full care journey.

For hospitals, TEAM is more than a regulatory requirement. The model is an opportunity to operationalize capabilities that will define long-term success: longitudinal visibility into patient needs, reliable transitions across settings, and shared accountability for outcomes beyond discharge. For organizations with limited population health experience, this represents a meaningful evolution. Success under TEAM will depend on pairing strong inpatient execution with intentional investments in coordination, partnerships, and data-sharing — capabilities that will pay dividends well beyond the model itself.

Success will depend on pairing strong inpatient execution with reliable pathways and partnerships that support the full episode of care.

02 Prioritize operational improvements you can directly control

Clinical leaders are navigating financial and operational pressures largely outside of their control. Whether it's the growing complexity of the patient population or the [One Big Beautiful Bill Act](#) reducing funding in Medicaid, the work ahead is dominated by structural, interdisciplinary, and complex forces.

In this environment, leaders should focus on areas that are in their control — particularly how care moves through the system. Care flow challenges span the entire care continuum. When not addressed holistically, they compound pressure across EDs, perioperative areas, inpatient units, and post-acute settings, increasing the risk of long stays, patient harm, and safety events.

For the past three years, respondents to Advisory Board's strategic planner surveys have placed clinical operational excellence at the top of their priority list. However, the median health system still has an opportunity to improve their length of stay between 0.7 to one full day.

Based on our research, the first and real difference maker when it comes to operational improvements is organizational commitment. Rather than just having peripheral discussions about change, executive champions, system-wide dashboards, and cascaded incentives are needed to drive focus and change.

To enhance your throughput improvement initiatives, you should:

- Elevate care flow as a strategic priority by clearly linking it to staff experience, patient outcomes, and financial performance.
- Align accountability across teams so operational performance is owned, measured, and sustained.
- Engage patients in their care to reduce avoidable delays and improve overall experience.

By ensuring team-wide alignment and accountability concerning goals, you'll be able to improve care quality, decrease safety risks, enhance provider and staff satisfaction, and positively impact margins.

\$910B

Estimated cuts to Medicaid funds in the One Big Beautiful Bill Act

03 Diagnose operational challenges before implementing new technology

New technologies continue entering the market at a rapid pace, but keeping up with existing systems already strains time and resources. Instead of prioritizing the adoption of more tools, focus instead on clearly understanding the problems you want to solve.

Leaders should be able to answer a core set of questions before selecting or implementing new technology:

- **What problem are you solving?** Define the issue and its impact on care, operations, and financial performance.
- **What is the root cause?** Determine whether the issue is technological, operational, or workforce-related.
- **How will this technology integrate with existing workflows?** Ensure alignment with current practices and required changes.
- **Who should be involved?** Engage key stakeholders, including clinical leaders, IT professionals, frontline staff, and operational managers, to ensure alignment and buy-in.
- **What is the impact on patient outcomes and provider experience?** Evaluate whether the solution will enhance care quality and improve staff satisfaction.
- **How will you educate and support your team?** Plan for training and ongoing support to maximize adoption and effectiveness.

End-user involvement is essential. Adoption depends on whether clinicians and staff find the technology intuitive, aligned with their workflow, and responsive to real needs. Engaging end users early in requirements, testing, and workflow validation prevents costly rework and accelerates sustained use.

Many organizations are reassessing their technology ecosystem. Years of adding "bolt-on" tools to electronic health records (EHRs) has led to fragmentation, duplicate work, and unnecessary expenses. Streamlining integrated solutions or consolidating with a single vendor, where appropriate, can reduce licensing costs, simplify training, strengthen data integrity, and improve the end-user experience.

Technology should augment, not replace, the workforce. Anchoring decisions in organizational priorities, engaging end users, and simplifying the technology environment will improve adoption, reduce long-term operational costs, and enhance value.

04 Distinguish between data and visibility — both are essential

Advisory Board's 2025 analysis on length of stay (LOS) found that the average health system had 14 different throughput or LOS initiatives happening at any given time. While this reflects institutional effort, it does not provide what leaders need most: clear visibility into which initiatives are working, which should scale, and which should be stopped.

Clinical leaders should build twin capabilities around data and visibility. They are related but separate.

Data plays an important role in helping leaders gain insight into performance and guide improvement efforts. Unclear, inconsistently defined, or difficult-to-interpret data slows progress and obscures where attention is most needed.

Rather than addressing every issue at once, leaders should use data to help prioritize the highest-impact opportunities. This starts with shared understanding and ensuring metrics are clearly defined and paired with reasonable targets. For example, identifying your current LOS and a specific target to meet inform teams where to focus and how they can improve.

Data infrastructure does not need to be perfect to drive progress. Establishing baselines, applying consistent definitions, and tracking trends over time can strengthen data capabilities. Incremental, measurable improvements often create more sustainable momentum than large-scale change attempted too quickly.

Visibility, however, requires leadership focus. It means translating data into clear lines of sight for performance and outcomes. Organizations that effectively connect data to visibility can better prioritize, scale, and sustain improvement.

14

Average number of throughput or LOS improvement initiatives at your average hospital

05 Treat change management as a core capability that must be built over time

Many organizations over-plan and under-execute, waiting for the "right" solution instead of taking without meaningful action. In today's environment, delays can be costly.

The COVID-19 pandemic heightened the value of rapid decision-making and adaptive leadership. Although the immediate crisis has subsided, similar skills and agility remain essential. A disciplined change management process keeps teams aligned, accelerates implementation, and reduces risk.

Leaders should begin with small, controlled tests, using early results to refine and scale initiatives. Missteps are not failures; they are inputs for improvement. A culture that values progress over perfection is essential. When teams see tangible wins, they regain motivation, reinforce their sense of purpose, and build confidence in new ways of working.

Change management is also a cost strategy. Slow adoption, unclear roles, and inconsistent execution increase expenses. A disciplined approach reduces waste, accelerates impact, and strengthens organizational resilience.

Healthcare leaders face sustained pressure, including workforce strain, financial constraints, and rising expectations for quality and safety. Addressing these challenges requires a coordinated approach that aligns technology, data, workflows, and people into a reliable system. Leaders who clarify priorities, engage end users, streamline tools, and act on transparent data will strengthen both quality and cost performance.

A culture that values progress over perfection is essential.

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Conclusion

Healthcare leaders face sustained pressure, including workforce strain, financial constraints, technology optimization, and rising expectations for quality and safety. Addressing these challenges requires a coordinated approach that aligns technology, data, workflows, and people into a coherent, reliable system.

Leaders who clarify priorities, engage end users, streamline tools, and base decisions on transparent data will strengthen both quality and cost performance. Disciplined change management and a culture that values progress over perfection help teams build momentum, reduce friction, and achieve early wins that restore motivation and purpose.

Organizations that act with focus and discipline will outperform those that wait. Leaders who move with clarity and execution will position their organizations to deliver safer care, reduce avoidable costs, and build long-term sustainability.

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