5 forces driving healthcare's next chapter

During the first half of 2026, Advisory Board researchers conducted more than 100 interviews with leaders from across the healthcare ecosystem as part of our annual State of the Industry research.

We spoke with leaders from health systems, health plans, employer coalitions, digital health companies, facilities planners, and other healthcare organizations about their strategic priorities, emerging challenges, and expectations for the years ahead.

The conversations revealed an industry navigating profound change, with leaders describing a healthcare landscape shaped by policy uncertainty, technology disruption, demographic shifts, and persistent financial pressure.

Yet amid that uncertainty, we also found something unexpected: resilience. Many leaders recognize that the environment is becoming more difficult, but they also believe they can adapt. What they're less certain about is whether the operating models that sustained their organizations in the past will be enough for the future.

Across interviews, five themes surfaced repeatedly.

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1. This isn't a storm — it's climate change

Healthcare leaders no longer view current challenges as temporary disruptions. Instead, many believe they are operating in a fundamentally different environment than the one they navigated just a few years ago.

As one health system CFO put it, "This is not a storm, it's climate change."

What healthcare leaders feel in 2026	Why leaders feel this way
Stretched between the demands of today and the realities of tomorrow	Leaders are managing policy changes that require immediate responses while also preparing for a future that could look dramatically different. They're still generating much of their revenue through inpatient care but recognize that ambulatory care will likely define long-term growth. And they're investing in artificial intelligence (AI) despite uncertainty about where the technology will ultimately lead.
Fatigued by keeping up with unpredictable, unprecedented change	Leaders pointed to the combined effects of federal and state health policy activity, rapid advances in AI, shifting patient expectations, and demographic changes. While none of these forces are entirely new, leaders noted that they are now colliding simultaneously and at a pace that feels difficult to predict.
Confident in their ability to adapt	At the same time, leaders expressed surprising confidence in their ability to adapt. Rather than communicating a sense of defeat, many described a commitment to navigating the changes ahead because they believe they have no alternative.

The implication is clear: leaders increasingly view incremental improvements to existing models as insufficient. Because of this, many organizations are reassessing long-standing assumptions about growth, capital allocation, technology, and care delivery.

> "Every service line, every clinical lead comes to [my team] every month with an incredible pet project, and some of them are fabulous — in a vacuum. But if it's sinking money into just the continuation of what we always do and where we've always done it, we're probably going to say no."
>
> Chief strategy officer, academic medical center

2. Policy is creating both urgency and uncertainty

Policy uncertainty has become a defining feature of the current healthcare landscape. Leaders across healthcare are closely monitoring federal and state policy developments and attempting to determine how they will affect organizational sustainability.

What we're hearing about policy	What leaders told us
Known changes are creating urgency	Leaders consistently described the One Big Beautiful Bill Act as an accelerant rather than a strategic reset. Many said the law has forced them to prioritize initiatives that were already on their to-do lists, including cost containment, operational efficiency, and growth initiatives.
Unknown changes are creating anxiety	Leaders drew a clear distinction between policy changes they believe they can prepare for and policy changes whose future remains uncertain. Potential changes to 340B and site-neutral payment policies were among the issues most frequently cited as difficult to navigate.
State policy matters as much as federal policy	Leaders highlighted significant variation in health policy across states. While some organizations are creating buffers that may soften the impact of federal policy changes, others are taking actions that could intensify financial pressure.
Organizations are preparing for multiple futures	Organizations are actively planning for known financial headwinds while also recognizing that future policy developments could reshape their strategic assumptions.

> "The challenge is the chaotic nature [of current policies] and the ongoing pressure on other offsets that have been traditionally available."
>
> Chief population and community health officer and chief medical information officer, community health system in the East

3. Health systems are rethinking the role of commercial growth

Margin pressure, reimbursement dynamics, and anticipated Medicaid impacts continue to drive intense interest in commercial patient growth. Many organizations continue to prioritize commercial patient growth because this reimbursement can often be an important financial offset to margin pressure. However, organizations differ significantly in how they are pursuing commercial growth and how much they believe it can realistically contribute to future financial stability.

How organizations are approaching commercial growth	What we're hearing
Commercial growth is a primary strategic objective	Some organizations continue to view commercial growth as a critical lever for financial sustainability. These organizations are targeting commercially insured patients through commercial-focused ambulatory investments, employer partnerships, and targeted market expansion strategies.
Commercial growth is part of a broader access strategy	Many organizations are investing in digital front doors, access improvements, patient experience initiatives, and consumer-facing capabilities designed to attract and retain patients regardless of payer type.
Commercial growth is purposefully de-prioritized	Some organizations view aggressive commercial growth as unrealistic, financially risky, or inconsistent with broader organizational goals. These leaders are instead focused on maximizing performance within their existing patient populations and payer mix.

> "Is [growing commercial volumes] a stated goal on our strategic initiative? Sure ... But every competitor in the state is coming into our market, and so our goal is about sustainability and defensive posturing. Yes, we'd like to grow, but in reality, the fact we can hold our market share steady is a success."
>
> Chief business officer, regional health system in the Midwest

> "My access project is not because I want commercial. My access project is because I want patient acquisition — all patient acquisition."
>
> Chief financial officer, regional health system in the Midwest

Underlying all three approaches is a common recognition that commercial growth has limits. Many leaders acknowledged that there are only so many commercial patients available in a given market, particularly in regions with limited population growth. Several interviewees stressed that organizations cannot simply grow their way out of future reimbursement pressures by shifting payer mix.

4. Ambulatory transformation is essential, but organizations are pursuing different paths

Across interviews, respondents focused heavily on ambulatory care, making it one of the most frequently discussed topics. While leaders overwhelmingly agreed that the future of healthcare will be increasingly ambulatory, there was far less consensus about how organizations should get there.

Multiple factors are accelerating the shift toward ambulatory care, including policy changes such as site-neutral payment discussions and changes to inpatient-only policies, purchaser efforts to steer patients toward lower-cost sites of care, and growing patient preference for receiving care in more convenient settings.

Organizations also differed in what they hoped to achieve through ambulatory investment. Some viewed ambulatory expansion primarily as a way to create new access points and attract patients into the system. Others focused on using ambulatory sites to decant volume from hospitals, improve capacity management, or capture downstream referrals that support broader enterprise growth.

These differing ambitions contributed to significant variation in investment priorities, infrastructure strategies, and expectations for how quickly the transition away from inpatient-centric care models will occur.

What we're hearing about ambulatory strategy	What leaders told us
Organizations agree ambulatory capabilities will be critical	Few leaders questioned the long-term importance of ambulatory care. Instead, debate centered on how quickly organizations can invest and expand given current financial constraints.
Capital constraints are shaping strategy	Many organizations are balancing ambulatory ambitions against aging inpatient infrastructure, limited capital availability, and uncertainty about future cash flow.
Maturing ambulatory networks are shifting from expansion to optimization	Organizations that have already invested heavily in ambulatory infrastructure are increasingly focused on improving performance, connectivity, and utilization across existing sites rather than continually expanding their footprint.
The focus is shifting from footprint expansion to network integration	Leaders increasingly emphasized the importance of connecting facilities, services, clinicians, and patient navigation processes across the care continuum. Many viewed these capabilities as equally important as adding new physical locations.

> "Our ambulatory strategy has been haphazard at best in terms of placement. We identified favorable markets where we built these facilities, but how we serviced and staffed them was more opportunistic or reactive. We're rethinking what really should be the service mix at an ambulatory site ... defining what's the role and purpose, what's the need in the market, and how do we think about the mix."
>
> Chief strategy officer, academic medical center in the South

Organizations reported widely varying financial outcomes from ambulatory investments, and several leaders emphasized that individual ambulatory sites should be evaluated within the context of a broader ambulatory portfolio rather than as standalone assets.

While this was not a universal sentiment, many respondents suggested that organizations with more integrated ambulatory networks appear better positioned to realize returns than those relying on isolated sites or disconnected services.

> "Ambulatory investments on their own don’t need to have margin, but the program as a whole must."
>
> Chief business officer, health system in the Midwest

At the same time, skepticism toward traditional inpatient expansion is becoming increasingly common. Several leaders indicated that they do not envision a future where building large new hospital towers remains a central component of their growth strategy. Instead, organizations are examining how existing facilities can be repurposed, optimized, and connected to broader ambulatory networks.

> "There are still people that think we're going to build new bed towers on our main campus. It is never going to happen. We decant, repurpose, reposition, reuse, rebrand, and then position ourselves where the patients are."
>
> Chief strategy officer, academic medical center in the Midwest

5. AI is everywhere, but transformation remains elusive

AI surfaced as a strategic priority across nearly every segment of healthcare. Although many organizations are experimenting with a growing number of AI-enabled capabilities, most remain focused on improving existing workflows rather than fundamentally redesigning care delivery.

What we're hearing about AI	What leaders told us
Ambient listening is becoming table stakes	Many leaders described ambient listening as one of the first AI use cases to achieve widespread adoption. Several indicated they are now focused less on documentation and more on what additional capabilities can be built on top of those workflows.
AI use cases are rapidly expanding	Beyond ambient documentation, leaders highlighted applications in scheduling, patient access, patient communications, workforce productivity, clinical decision support, and prior authorization support.
An AI arms race is already underway	Payers and providers are investing in competing automation capabilities, particularly around revenue cycle, payment integrity, and prior authorization functions.

> "The unfortunate thing is, I can invest in all these opportunities to combat [providers' use of] AI, and the providers will spend more money to increase the revenue cycle. And 0% of that investment and effort will contribute to patient care."

Chief operating officer, regional health plan

> "We have to start using our own tools to keep up, if payers are going to keep using AI."

Hospital revenue cycle leader

> "It's robot versus robot now … who wins when we get to the end of the fight?"

VP, financial operations, large health system

What we aren't hearing

Equally revealing were the topics that surfaced less frequently than expected.

Despite persistent affordability pressures, large-scale employer migrations to strategies such as Individual Coverage Health Reimbursement Arrangements, transparent PBM models, direct contracting arrangements, or narrow-network products appear relatively limited.

> "Anything and everything is on the table [for employers] ... but it doesn't mean they're necessarily going to do it."
>
> Regional CEO, national health plan

Discussions about AI-driven clinical workforce reductions were also surprisingly rare.

Many leaders challenged the assumption that AI's value should be measured primarily through workforce reduction. Several interviewees described pressure from finance leaders to quantify AI ROI through FTE replacement but argued that, in practice, AI is helping organizations address unmet demand rather than eliminating clinical positions.

> "My CFO and CEO are asking me to measure ROI [of AI use cases] in terms of number of FTEs replaced. But in our current environment, AI is just going to allow us to fill the gaps and get care to the people who need it."
>
> Chief digital transformation officer, academic medical center in the South

While organizations continue to explore ways to improve efficiency, AI is primarily being positioned as a tool for helping clinicians meet existing demand rather than replacing them. Healthcare remains fundamentally dependent on human caregivers, with technology as a means of supporting clinical capacity rather than reducing it.

Similarly, discussions about major service closures and large-scale clinical layoffs were notably uncommon. Even amid financial pressure and technological change, healthcare organizations remain focused on preserving care access and maintaining clinical services for the communities they serve.

The common thread: Resilience amid permanent change

Across sectors, geographies, and organizational types, a consistent theme emerged: healthcare is changing faster than many leaders have experienced at any point in their careers. Policy, technology, demographics, and market dynamics are evolving simultaneously. Traditional assumptions are being tested. Long-standing strategies are being reevaluated.

And yet, despite that uncertainty, most leaders are not standing still.

The prevailing attitude was neither complacency nor panic. Instead, organizations are accelerating initiatives that had already been sitting on the strategic agenda, reconsidering where and how to grow, and preparing for a future that looks fundamentally different from the past. The challenge facing healthcare leaders is not simply navigating a difficult period. It is adapting to a healthcare environment that many believe has permanently changed.

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