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Redefining Relevance:
How Health Systems Are Shaping Their Future

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Redefining Relevance: How Health Systems Are Shaping Their Future

Health systems are navigating a fundamental question: Will the traditional health system remain at the center of healthcare delivery or become one part of a broader, increasingly interconnected ecosystem? The landscape is evolving as breakthrough therapies change care needs and technology companies, retailers, payers and other new entrants reshape how consumers access services and manage their health. These changes are prompting health systems to reconsider traditional models centered on facilities and volume and determine where they can lead and differentiate. In this Knowledge Exchange e-book, health system leaders explore where they can provide the greatest value in the future of care and how decisions about care delivery, investment and partnerships can help them remain essential to their communities.





Executive Insights

5 strategies for shaping the health system of the future

Redefine the health system around patient needs, not the hospital.
As more care moves into ambulatory, home-based and virtual settings, health systems are designing broader care networks that can make services more accessible, convenient and efficient. The goal is to match patients with the right care in the right setting while preserving access to the complex services communities depend on.

01

Align investment with community needs and local realities.
There is no single blueprint for the health system of the future. Some organizations are investing heavily in outpatient networks and digitally enabled care, while others, particularly those serving rural or rapidly growing communities, must continue to expand inpatient capacity. Strategy must reflect population needs, local conditions, available scale and the organization's role in the community.

02

Become an orchestrator of the healthcare ecosystem.
Health systems can strengthen their relevance by designing and coordinating networks that connect clinical providers, community organizations, employers, payers and other partners. Their long-term value may increasingly depend on making care easier to navigate, aligning services with community needs and becoming an essential convener rather than simply another participant in the ecosystem.

03



Build partnerships selectively and protect mission alignment.
Partnerships can provide scale, expertise and access to new capabilities, but they must create durable value for patients and communities. Careful evaluation of partners' goals, time horizons and commitment to the organization's mission is especially important when considering arrangements involving private equity or other outside investors.

04

Develop new economic models while confronting rising cost pressures.
Health systems are expanding value-based care, payer-provider integration, direct-to-employer arrangements and other risk-based models. However, increasing outpatient utilization and the cost of pharmaceuticals, including GLP-1s and emerging cell and gene therapies, are complicating the transition. Sustainable models will require greater scale, stronger data capabilities and closer alignment among providers, purchasers and payers.

05

Participants



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MODERATOR MICHELLE HOOD *(American Hospital Association):* **The theme of this session is Redefining Relevance. As healthcare becomes increasingly interconnected and new players continue to reshape the landscape, what will distinguish the health systems that thrive? When you talk with your teams about the future, what vision are you sharing, and what role do you see your organization playing in the broader healthcare ecosystem over the next few years?**

TEJ SHAH *(Accenture):* There's broad recognition that care volumes are shifting, but health systems are responding differently. Some are following that volume into new settings, while others are investing in areas where they have a differentiated value proposition. The question is how those shifts are shaping decisions about future care delivery and capital allocation.

JASON CHANG *(The Queen's Health Systems):* As Hawai'i's quaternary and tertiary referral center, we're focused on strengthening the specialized services that differentiate us, including trauma, stroke, cardiovascular and transplant care, while expanding access through a hub-and-spoke model. At the same time, we're accelerating our population health strategy and advancing risk-based care capabilities, recognizing that future success will depend as much on creating value as on service volume. To support that transition, we're investing in technologies and care models such as virtual care, remote patient monitoring and post-acute services that extend care beyond the hospital and position us for the future of healthcare delivery.

DAVID BANKS *(AdventHealth):* We're rethinking what a health system presence looks like in a community. AdventHealth's strategy is to serve as a hospital where needed, compete effectively in the ambulatory space and build a highly efficient operational backbone that supports long-term sustainability. We're expanding access through a more consumer-centered ambulatory network, redesigning outpatient care to be simpler, more convenient and efficient, while creating scale through greater standardization in areas such as IT, supply chain and shared services. Growth is occurring through a combination of direct investment and strategic partnerships, particularly in ambulatory surgery. In many markets, primary care, urgent care or ambulatory surgery centers may serve as the front door to care, enabling us to meet community needs without necessarily building a hospital.

STEVE MARKOVICH *(OhioHealth):* We're in growth mode as well. Central Ohio continues to expand rapidly, driven in part by significant economic development investments. We're responding by adding capacity and investing in signature programs, including a new dedicated women's hospital. At the same time, we recognize that growth will need to look different in the future. As regulatory and market dynamics evolve, we're exploring new geographic footprints, accelerating digital capabilities to make care more convenient for consumers, and continuing to invest heavily in ambulatory care. Roughly half of our capital investments already support ambulatory care, and we're focused on developing more efficient, lower-cost models that can deliver high-quality care outside the traditional hospital setting.

SAAD EHTISHAM *(Atlantic Health):* We've shifted from a traditional fee-for-service mindset to a growth strategy built on value-based care, with 53.8% of our revenue now tied to risk-based arrangements, of which 38% is in full-risk contracts. That foundation has allowed us to focus aggressively on outpatient expansion through physician practice acquisitions, multispecialty ambulatory centers, urgent care, imaging and future ambulatory surgery center development

MICHAEL SLUBOWSKI | TRINITY HEALTH

"Our strategy is centered on shifting care closer to where people live, with a goal of delivering 85% of care outside the inpatient setting within five years, while continuing to invest in the inpatient services that remain essential to our communities."



in strategically selected markets. At the same time, we're working to reduce friction for consumers by making access more seamless and on-demand. We've launched a virtual primary care platform supported by AI that helps guide patients to the appropriate level of care, integrates directly with the electronic health record and enables convenient access across the state. Looking ahead, we see growth occurring through a combination of outpatient expansion, digital innovation, strategic partnerships and value-based care capabilities that strengthen our connection with patients wherever they seek care.

MICHAEL SLUBOWSKI *(Trinity Health):* Our strategy is centered on shifting care closer to where people live, with a goal of delivering 85% of care outside the inpatient setting within five years, while continuing to invest in the inpatient services that remain essential to our communities. We're investing selectively in inpatient services while expanding ambulatory care, home care, PACE programs, medical groups and ambulatory surgery through physician-aligned partnerships and joint ventures. At the same time, we're adopting a more asset-light operating model and carefully managing our existing partnerships. One of our greatest challenges is how to sustainably reinvest in aging inpatient facilities that remain essential to the communities we serve, even when those investments may not generate a clear financial return. Our experience has also reinforced the importance of partnering with organizations whose goals align with our mission, particularly around access and long-term community commitment.

MODERATOR: As healthcare becomes increasingly interconnected and new players continue to enter the market, what role should hospitals and health systems play in shaping the broader care ecosystem? Should health systems position themselves as orchestrators, proactively designing networks, building strategic partnerships and coordinating care across the continuum, rather than simply responding to market disruption? As this landscape continues to evolve, what capabilities and strategies will be most important for health systems to define and strengthen their role?

CHANG: As healthcare becomes more network-driven, health systems need to build comprehensive ecosystems that connect patients to the full continuum of care through strategic partnerships and targeted investments, including skilled nursing and post-acute care. Success will increasingly depend on earning patient attribution, aligning populations with those networks and managing the total cost of care effectively across all settings.

EHTISHAM: As healthcare becomes more interconnected, we see health systems taking on a broader role as ecosystem orchestrators. We're building partnerships that extend beyond traditional care delivery to employers, universities, community providers and technology companies, with the goal of creating high-performing networks that improve access, deliver value and support population health. Our long-term vision is to connect patients, employers and providers more directly, leverage data and quality insights to guide care decisions, expand access through virtual and behavioral health services, and develop new models that strengthen our position across the continuum of care. The word I use with my team is "essenti-

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MODERATOR: As value-based models become more important, health systems need a seat at the table when decisions are being made about how care is delivered and financed. It sounds like your strategy is making your organization an essential partner in those conversations, creating a network and set of capabilities that policymakers, employers and payers increasingly need to engage with to serve their populations effectively.

KATHRYN BERTANY *(Bozeman Health):* In Montana, we have about 75% market share in our primary service area and strong community loyalty, but we don't have the scale of larger systems. Our challenge is managing rapid growth without that scale. Seven years ago, Bozeman Health had 86 beds; today we have 154, including the state's first new psychiatric unit in 40 years. Our ED volume is growing 10% annually, and demand is rising across our services.

But growth has to be deliberate. We can't add highly specialized programs without sufficient patient volume to maintain clinical competency. We recently added neurosurgery for the first time, but only after we had the volume to support the team. At the same time, as care shifts to ambulatory settings, we have to carefully balance where and how quickly we invest to meet demand while maintaining clinical quality and financial sustainability.

BRIAN ERLING *(Renown Health):* We're in a similar position, with about 75% market share, so the question for us is: What truly needs to remain in the hospital? As more care moves to lower-cost settings, we're backfilling with higher-acuity services such as extracorporeal membrane oxygenation, kidney transplant and deep brain stimulation.

We also believe the future is value-based care. For us, though, participating in value-based arrangements wasn't enough. We wanted to be in the payer space and share in the value created by lowering the cost of care, which led us to form a joint venture with Kaiser Permanente in Nevada. As our community grows, we still need more capacity, but we're also expanding virtual care and planning to repurpose capacity as inpatient utilization changes. The goal is to align our delivery system and payer strategy rather than simply add more beds.

MARKOVICH: We ultimately exited the health plan business. We also tried direct-to-employer arrangements, even when we could offer employers significant savings, but it didn't work in our market. The challenge is balancing affordability with consumers' desire for choice.

BANKS: We've had success with direct-to-employer arrangements, including one in Orlando that has been in place for almost 10 years. But the key is plan design. With our own employees, we created a narrow-network plan with specific primary care and care-management requirements and saw about a 90% uptake.

As self-funded employers face increasing cost pressures, direct-to-employer models are becoming more important. But you can't have every provider and every option and still achieve the desired price point. Employers have to be willing to make strategic choices around network and benefit design.

IMRAN ANDRABI *(Froedtert ThedaCare)*: We've doubled the size of our organization over the last three years, but our growth strategy is focused on quality, access and financial sustainability. About 60% of our revenue is already ambulatory, and we expect that to

DAVID BANKS | ADVENTHEALTH

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IMRAN ANDRABI | FROEDTERT THEDACARE

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continue to grow as we move further into value-based care. At the same time, we've opened four 25-bed hospitals with the infrastructure to expand if demand requires it. That gives us flexibility as demographics and utilization patterns change without overinvesting in capacity today.

Partnerships are another important part of that strategy, but they have to align with our mission and help solve meaningful challenges. Ultimately, we remain accountable to the communities we serve, so we have to be thoughtful about who we partner with and why.

MODERATOR: Looking ahead, how are demographic shifts, advances in therapeutics and the continued move toward ambulatory and digital care changing how you think about your future care delivery model and investment strategy?

SLUBOWSKI: Affordability pressures are becoming increasingly complex. While our health system's cost per case-mix-adjusted equivalent discharge rose less than 1% last year, our employee health plan costs increased 7.6%, driven largely by pharmaceutical costs and utilization, followed by outpatient utilization. Employers are facing similar pressures, underscoring the need to address the full range of factors contributing to rising healthcare costs.

Across our 23 states, our overall direction is consistent: more ambulatory and home-based care, supported by common platforms. We leverage our scale, learning and innovation where it makes sense, while tailoring our strategy to each market.

ERLING: We're just starting our CAR-T program, and when you look at the thousands of therapies in the pipeline, the potential impact is enormous. If you think about what GLP-1s have already meant for the healthcare system, this next wave of therapies could fundamentally change how we think about care delivery and costs.

ANDRABI: For the 50,000 team members in our health plan, GLP-1s alone cost about $1.8 million a month. Without that expense, our year-over-year cost increase would have been only 2% to 3%. As these pressures grow, employers will have to make difficult choices about network and benefit design. Approaches they may not have considered a few years ago are increasingly part of the conversation.

SHAH: The opportunity is to use advances in care and technology to transform how we deliver care, improve how patients access it and expand access for the communities we serve.





Perspective

Redefining Relevance | Becoming Essential

I came away from this discussion hearing broad agreement on one point: the health systems of the future will not look like the ones we have today. Care is moving beyond our four walls — into ambulatory settings, the home and virtual care — driven by new capabilities and new competitors. What was equally clear is that there is no single blueprint for what comes next. In some markets, the right answer is to follow the volume into these settings. In others, it may mean doubling down on inpatient capacity.

That is why essentiality may matter more than relevance. Health systems will continue to matter. The harder question is what, exactly, we must be essential for. What must we do ourselves? What can others do better? And where must we connect the pieces so patients are not left to navigate the fragmentation alone?

The health system of the future may be defined less by the breadth of what it owns than by the clarity of the role it chooses to play. ●



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