



## **Healthcare Industry Update**

Redefining How Health Systems and Providers are Achieving Health

May 19, 2025 | Ohio Hospital Association

Mike Hurlburt, Forvis Mazars

# Objectives for Today

- 1 Identify how key stakeholders are impacting healthcare delivery and operations today
- 2 Realities impacting healthcare providers
- 3 A 2025 Redefinition on Achieving Health - Evaluate strategic and financial considerations to navigate these trends
- 4 Identify what tomorrow's healthcare leaders will need to do to be successful



# Presenter Bio: **Mike Hurlburt**

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Mike is an experienced health care executive serving in Forvis Mazar's National Healthcare Consulting practice. He primarily works within the enterprise strategy and finance group and is a key partner for health care organizations for building sustainability. His work includes leadership, governance, strategy, growth, finance, organizational design, service line development, network development, and the formation, execution and integration of mergers, acquisitions, and joint ventures. He work expands across all sectors of healthcare including health systems, public and government health systems, provider organizations, health plans, post-acute, and equity sponsored organizations.

Before joining Forvis Mazars, Mike was a long-term healthcare senior executive and operator, most recently as a leader at Bon Secours Mercy Health holding various executive positions including Chief Ambulatory Strategy Officer, Chief Network Integration Officer and Vice President for Strategy and Development. Throughout his career, he has also served as the Chief Executive of various provider organizations. Mike has over 30 years of experience in health care leadership roles with demonstrated abilities in complex organizations, partnerships, and affiliations, and developing comprehensive health care networks.

Mike is a graduate of Bowling Green State University, Ohio, with a B.B.A. degree in healthcare administration, and a graduate of Xavier University, Cincinnati, Ohio, with an M.H.A. degree. He is married to Erin, a senior health care physician executive, and has 6 children.

# Disclaimer - Mike Hurlburt

Ohio Hospital Association // May 19, 2025

I have no real or perceived conflicts of interest that relate to this presentation.

# A Lifetime in Five Years

**2019**  
Volume & Value  
Exploration

**2021**  
Operational &  
Financial Stress

**2022**  
Performance  
Crisis

Legislative &  
Regulatory  
Uncertainty

Return to a  
New Normal

**2020**  
Public Health  
Emergency

**2023**  
Steadying  
the Ship

**2024**

**2025**

# Current Attitudes Toward Our Healthcare Industry

60%

think the system is fundamentally flawed & in need of major change.<sup>1</sup>

60%

believe the system puts profits above patient care.<sup>1</sup>

74%

think price controls are needed.<sup>2</sup>

## What does this mean for providers?

Erosion of Public Trust

Calls for Systemic Change

Changing Expectations

Regulatory Uncertainty

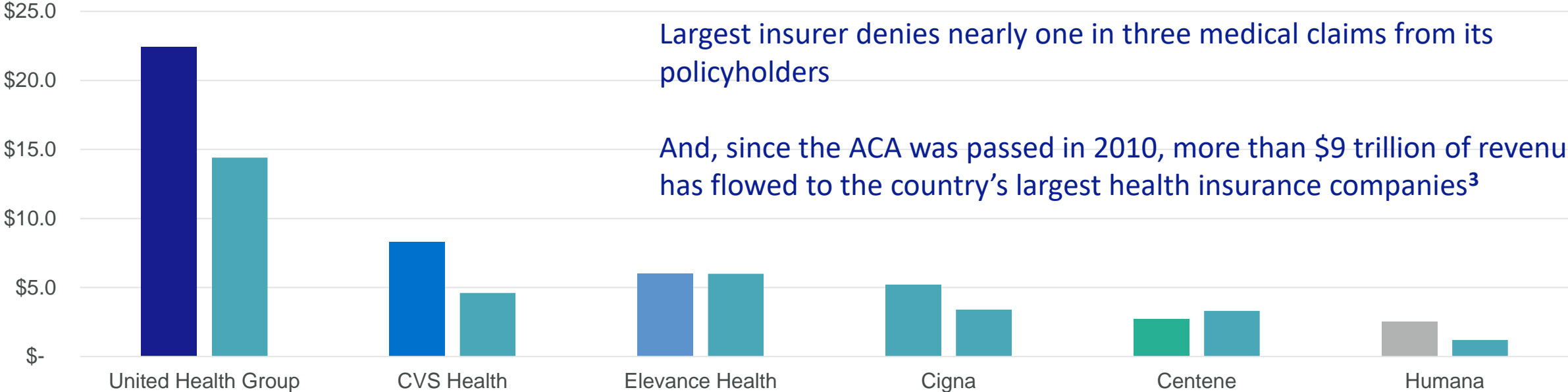


<sup>1</sup> The Healthcare Workforce Crossroad: Incrementalism or Transformation, paulkeckly.com, July 8, 2024

<sup>2</sup> Keckley Poll: The Public is Fed Up with the Health System...so what else is New?, paulkeckly.com, November20, 2023

# Reality 1: Negotiating With and Competing Against Well-Funded Participants However, 2024 created challenges for the Health Insurance Industry

## The Big Payors, Ranked by Profit<sup>2</sup>



America’s largest health insurers have made more than \$371 billion in profits since the passage of the Affordable Care Act (ACA)

Largest insurer denies nearly one in three medical claims from its policyholders

And, since the ACA was passed in 2010, more than \$9 trillion of revenue has flowed to the country’s largest health insurance companies<sup>3</sup>



Capitalizing on Size & Scale and Scope of Services



Riding Ups and Downs of Medicare Advantage

<sup>1</sup> 12 healthcare trends and issues we are following for 2024, beckershospitalreview.com, January 2, 2024; February 12, 2025  
<sup>2</sup> Big payers ranked by 2023 profit, beckerspayer.com, February 7, 2024  
<sup>3</sup> Financial data reviewed by the Lever, “Health Insurers’ Profits Are Reaching New Heights” Jacobin December 11, 2025

## Reality 2: Facing Provider-Payor Challenges

One of the **largest** insurers has become one of the **largest** employers of doctors. In 2023, UnitedHealthcare with Optum **increased** the number of employed or affiliated physicians to **90,000** & has plans to **continue expansion**.

The **largest** health systems are **10x smaller** than the **largest payors**, creating an **imbalance** in negotiations. Negotiated rates are **one portion** of payor trends that are shifting.

The combination of **Medicare & Medicaid** is now **larger** than commercial payor sources, creating a larger **rate differential**.

Medicare rates are **not** increasing at substantial levels amid **large** cost increases. These lower increases are **not** offsetting the cost increases seen by health systems.

# Reality 3: 2025 Medicare Payment Updates

The Medicare market basket/conversion factor updates across all payment systems are inadequate (again).

Federal Fiscal Year/Calendar Year 2025 Final  
Net Medicare Payment Updates

Payment System	Net Update*
Inpatient/Outpatient PPS	2.9%
LTCH PPS	3.0%
Psych PPS	2.8%
Inpatient Rehab PPS	3.0%
Skilled Nursing PPS	4.2%
Home Health PPS	0.5%
Physician Fee Schedule	-2.8%

\*For hospitals/facilities/providers meeting quality reporting & meaningful use requirement. Only includes market basket update & ACA-mandated productivity adjustment. No other budget neutrality adjustments are included.

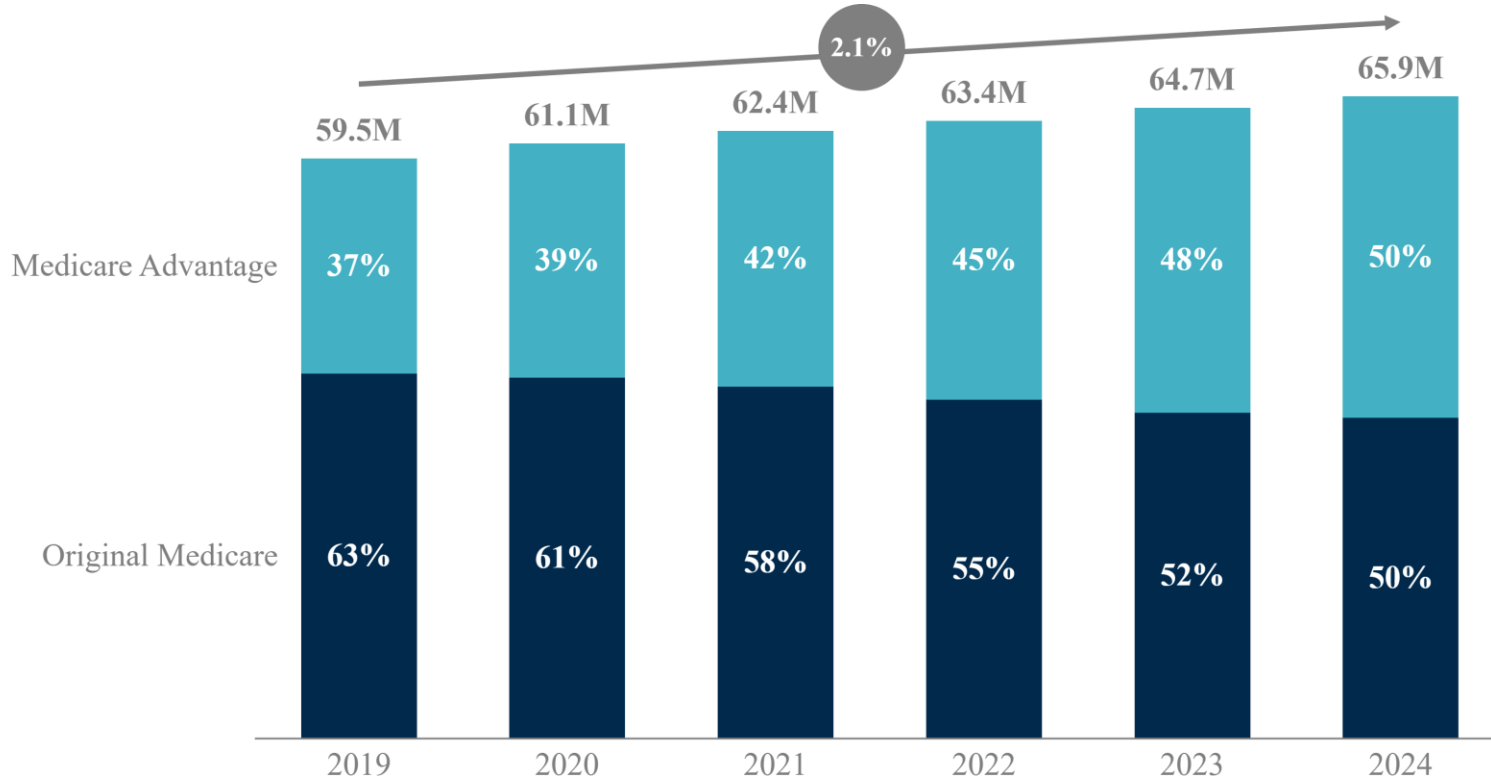
Source: Analysis of PPS Final Rules for 2025

# Reality 4: Medicare Advantage Continues to Play a Significant Role In the Future

## Growth continues to decelerate, but the market remains robust

Medicare Advantage enrollment grew to a record 34.5M, despite significant market headwinds

Medicare Advantage Growth and Penetration Changes by Year, 2020–2025



## Key Takeaways:

Medicare Advantage penetration exceeds 50% in 27 states, including 54% in Ohio

United, CVS (Aetna), and Elevance collectively enrolled 794,000 seniors out of the total 1.3 million market growth, together accounting for more than 60% of all new enrollment

Quality rating performance continues to decline

Medicare Advantage executives remain optimistic, despite recent industry headwinds

Potential policy changes could largely present tailwinds, though plans will continue to face scrutiny given ongoing financial pressure

MA Plans to receive more than \$25 Billion increase (5.06%) in federal payments for the 2026 plan year (based on data for health spending and risk adjustment phase in)

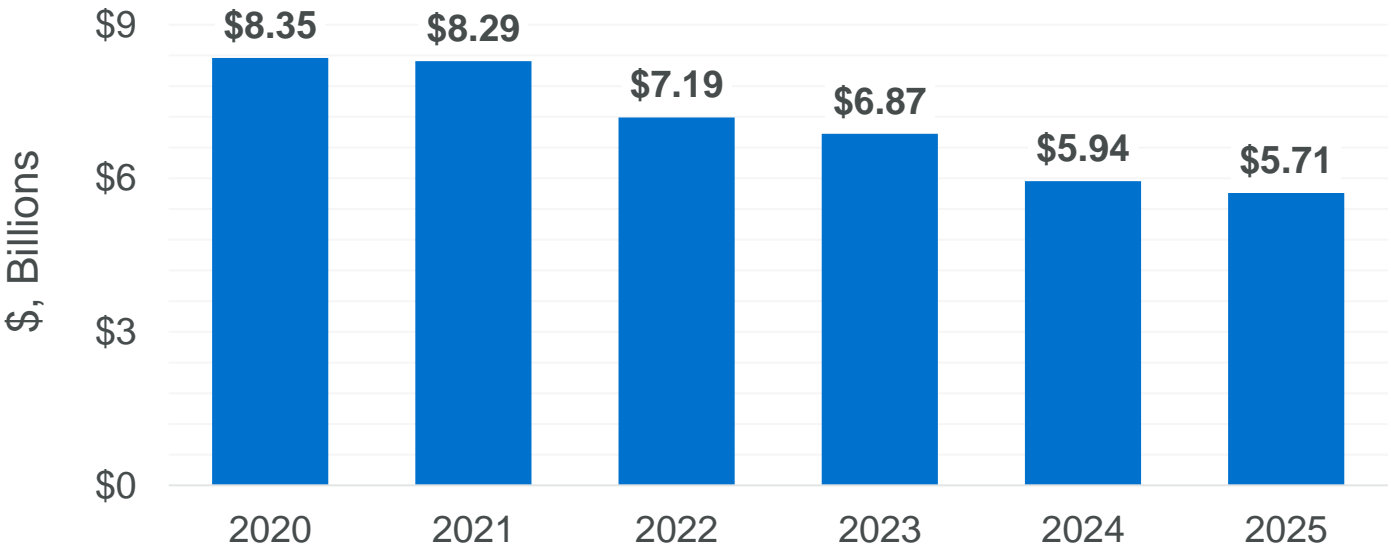
Source: Chartis Group, "2025 Medicare Advantage Competitive Report".



# Reality 6: Deep Uncompensated Care DSH Cuts

CMS has reduced Medicare uncompensated care DSH payments by 32% since 2020.

Medicare Uncompensated Care DSH Pool  
2020–2025



CMS' under-projection of uninsured rates has reduced payments to safety net hospitals by \$2.6 billion in 2025 compared to 2020.

Source: Analysis of FFY 2020–2025 IPPS Final Rules



# 2025 Requires a Redefinition on How Systems are Achieving Health

## A Narrowing Focus on Stakeholders and the Role they Play

A critical aspect of Achieving Health is redefining what it means to increase value for those who rely on the healthcare system from those that create the system.

### Patients, Families & Communities



**Providers**

Collaborating with payors and other stakeholders to create innovative care delivery models that improve access and patient experiences that drive high-quality outcomes



**Employers**

Reframing their goals for providing coverage that focuses on the health of the communities their employees live in and demanding products from payors that are easy to understand and use



**Payors**

Setting the expectations for improving outcomes relevant to the populations they cover and create meaningful economic incentives to develop cost-efficient methods



**Policymakers**

Creating a stable, simplified regulatory environment that rewards employers, individuals, and other purchasers when they receive care from provider networks

# What Providers are Telling Us – Mindsets 2025

## Top Priorities for the next 3 – 5 years

### Demonstrating Sustainability

Ensuring long-term sustainability through financial health; quality and clinical outcomes, community health investment, operational discipline, and revenue integrity



### Evaluating Value-Based Care

Shifting to value-based care models to improve patient outcomes while controlling costs



### Strategically Focused and Disciplined with a Priority on Growth & Access

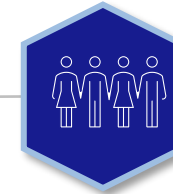
Maintaining a clear strategic direction; prioritizing initiatives that align with core mission and goals; and a strong focus on the need for Growth



**Achieving Health**

### Addressing our Talent & Workforce Optimization Criteria

How are we investing in our people, culture, and innovation/technology to best position our workforce for success



### Gaining a Foothold in this Changing Legislative and Regulatory Environment.

With a new administration comes chaos and priorities around regulatory and funding pressures. Revenue Integrity is a key area of focus across all health systems.



### Addressing and Aligning our Provider Enterprise

How are we rebuilding and embracing our provider enterprise to support organizational strategy and goals



# Driving Sustainability – The Basics from a Board and System Perspective

## Winning by Navigating Multiple Market Forces

Organizational  
Agility

Population/  
Demographic  
Changes

**Financial &  
Capital  
Discipline**

Service Line  
Priorities

Ambulatory/  
Outpatient Shift

Patient, Provider  
& Team  
Experience

**Clinical  
Innovation &  
Transformation**

**Reimaging  
Physician  
Relationships**

Quality &  
Clinical  
Outcomes

**Competition &  
Disruptors  
Influence**

**Growth & Scale**

Partnerships  
& Affiliations

**Revenue  
Integrity &  
Payor  
Contracting**

**Workforce  
Alignment**

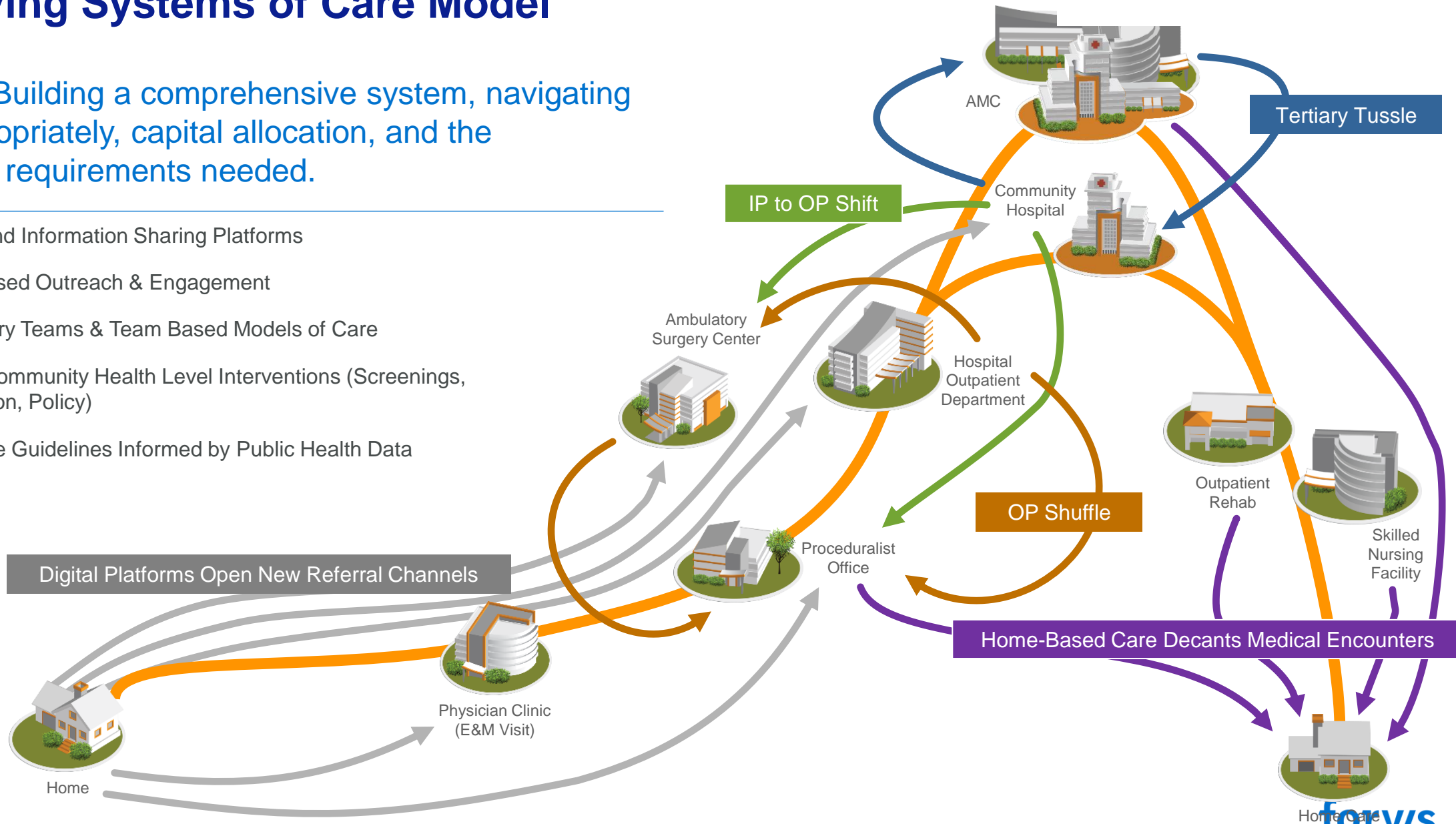
Community  
Health

*From: The 7 Issues Hospital Trustees worry About Most  
April 28, 2025 \ The Keckley Report*

# The Evolving Systems of Care Model

**Challenge:** Building a comprehensive system, navigating patients appropriately, capital allocation, and the infrastructure requirements needed.

- Shared Data and Information Sharing Platforms
- Community-Based Outreach & Engagement
- Multi-Disciplinary Teams & Team Based Models of Care
- Population & Community Health Level Interventions (Screenings, Health Education, Policy)
- Clinical Practice Guidelines Informed by Public Health Data



# While Driving Sustainability through Enhanced Financial Discipline

Generating the margins necessary to thrive by securing and maintaining market relevance.

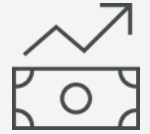
## How to Achieve Financial Discipline

- Developing a forward-looking finance function
- Partnering with leadership to strategically allocate capital as well as create and execute value-based business models
- Redesigning core operations for improved efficiency
- Balancing traditional and non-traditional revenue streams
- Investing in capabilities to carry the mission forward

<sup>2</sup> "Mindsets Healthcare Executive Leadership Report," Forvis Mazars, 2024.

<sup>3</sup> "HealthEdge® Annual Payer Market Planning Report," healthedge.com, 2025.

# 50%



of provider executives rank margin improvement pressures as one of their top three concerns over the next 3–5 years.<sup>2</sup>

# 54%



of health plan executives indicate that cost management is their primary challenge.<sup>3</sup>

# Growth is a Key Success Factor

Pursuing strategic investments, integration activity, and partnerships across the healthcare value chain.

## How to Achieve Aligned Growth

- Establishing relevant systems of integrated care that efficiently deliver high-quality outcomes
- Identifying and addressing the physical, mental, and health-related social needs of the community
- Optimizing the physician enterprise
- Considering the cultural fit and integration ability of potential relationships

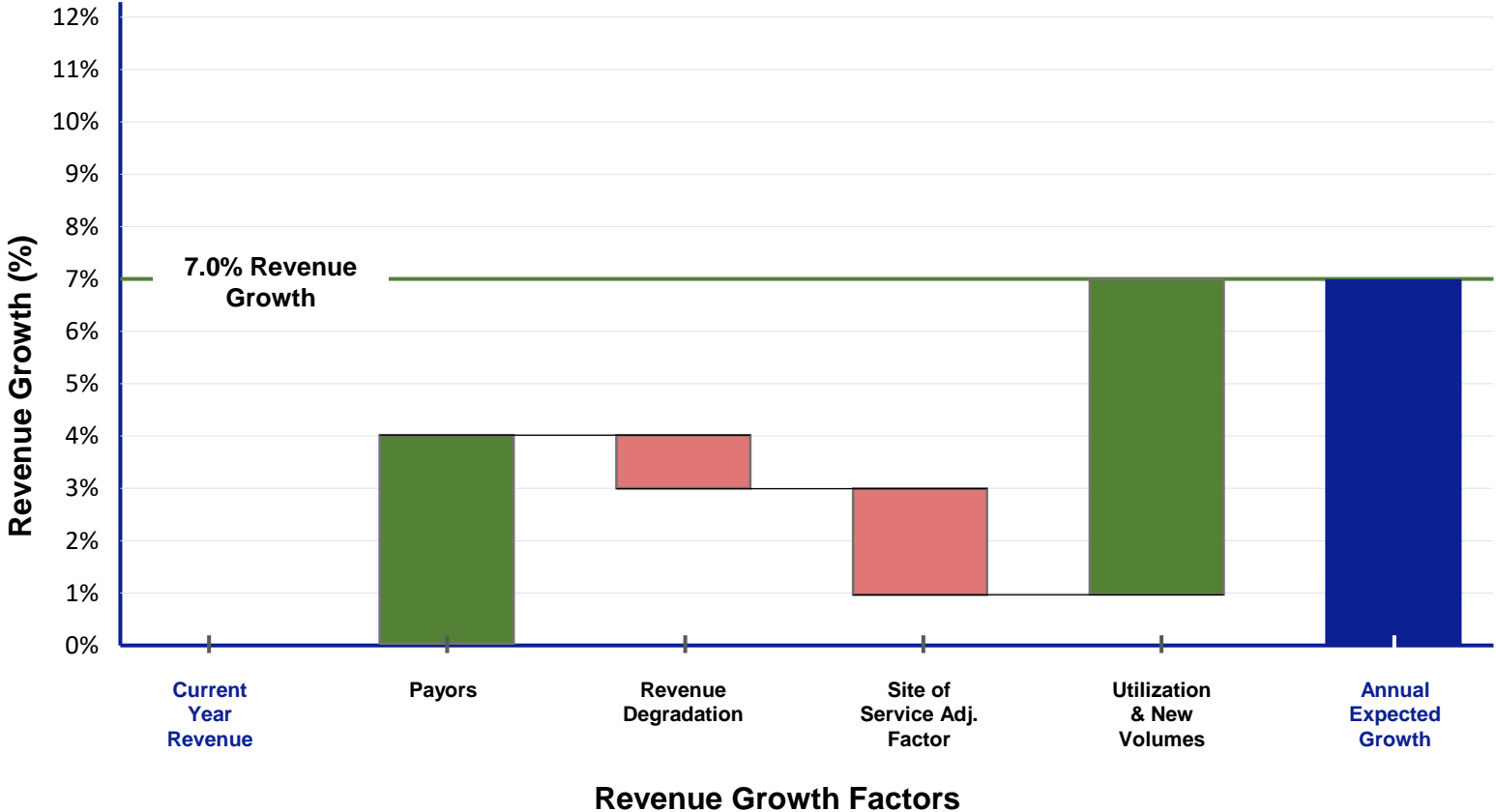
<sup>1</sup> "Mindsets Healthcare Executive Leadership Report," Forvis Mazars, 2024.



43% of provider executives believe their organization will achieve growth targets over the next two years through inorganic growth.<sup>1</sup>

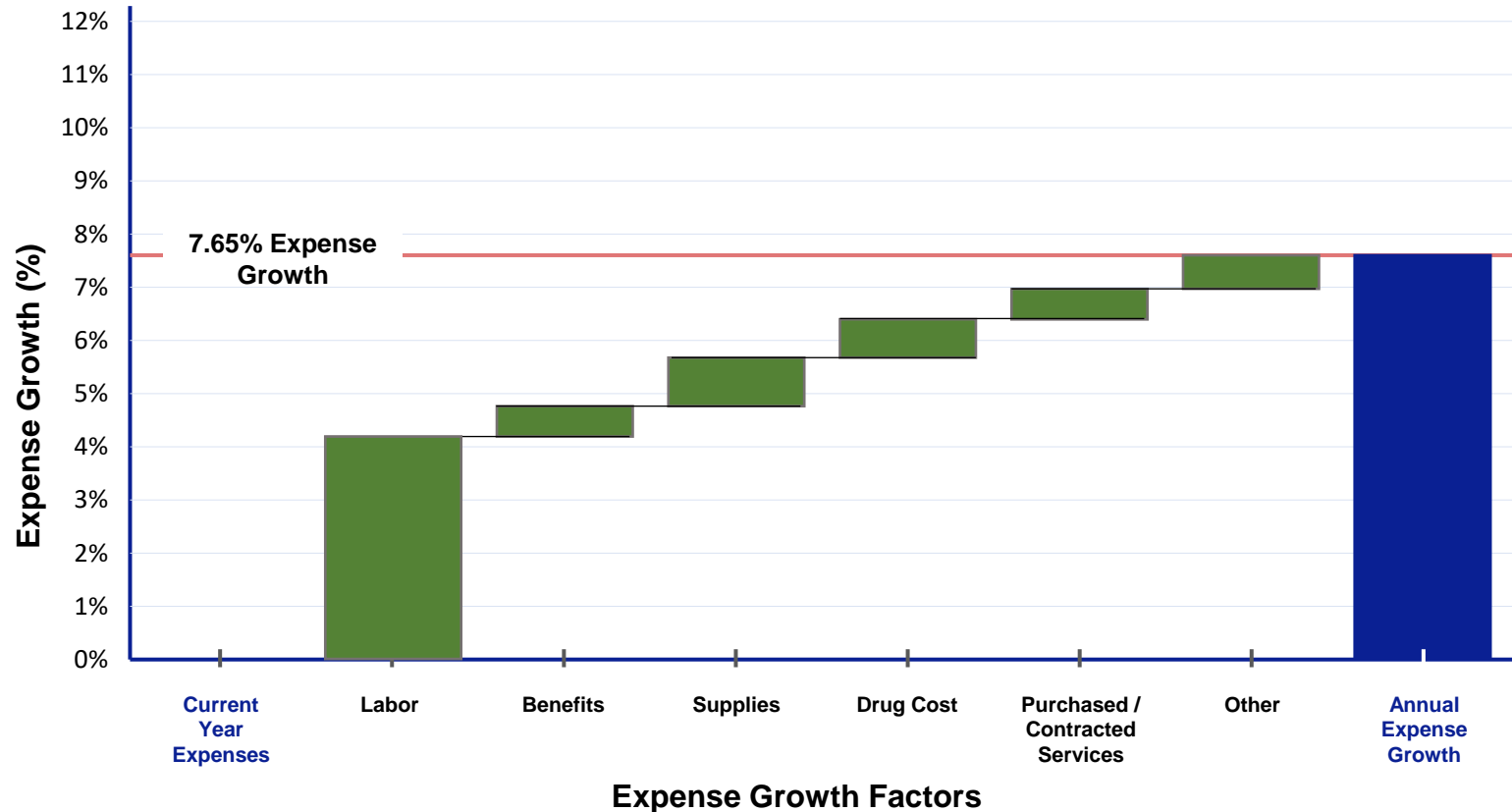
# Focusing on Growth: Evaluating YoY Growth to Support Sustainability

## A Look at Revenues



Revenue Growth Factors	% Growth
Payor (All Sources)	4.0%
Revenue Degradation	(1.0%)
Site of Service Adj. Factor	(2.0%)
Utilization & New Volumes	6.0%
<b>Total Revenue Growth</b>	<b>7.0%</b>

# Evaluating YoY Growth to Support Sustainability And Expenses



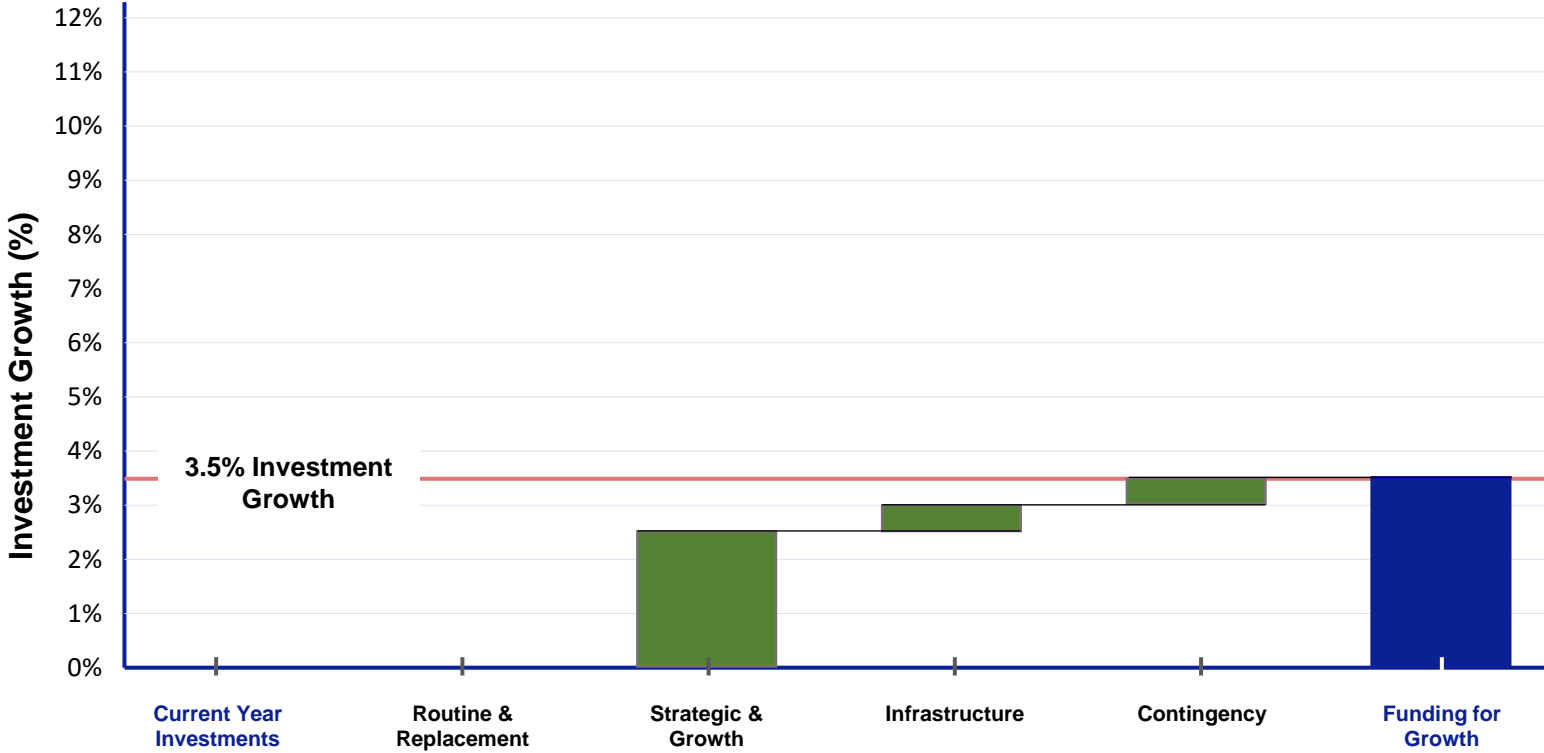
Expense Growth Factors	Growth %
Labor	4.08%
Benefits	0.72%
Supplies	0.91%
Drug Cost	0.64%
Purchased / Contracted Services	0.64%
Other	0.66%
<b>Total Expenses Growth</b>	<b>7.65%</b>

Expense Growth Factor	% of NPSR	Annual Growth Rate (%)
Labor	51.0%	8.0%
Benefits	9.0%	8.0%
Supplies	13.0%	7.0%
Drug Cost	8.0%	8.0%
Purchased / Contracted Services	8.0%	8.0%
Other	11.0%	6.0%

Notes: Expense growth rates are weighted growth rates; expense categories are represented as a % of NPSR with an annual growth rate (2019 – 2024) applied. Expense growth rates are inclusive of volume growth. Labor growth rate is 4.5% inflation and 3.5% volume growth.

Sources: Fitch, Moody's, Strata Financial Decision Support Systems, Forvis Mazars, Kaufman Hall Flash Report

# Evaluating YoY Growth to Support Sustainability While Incorporating Required Capital Investments

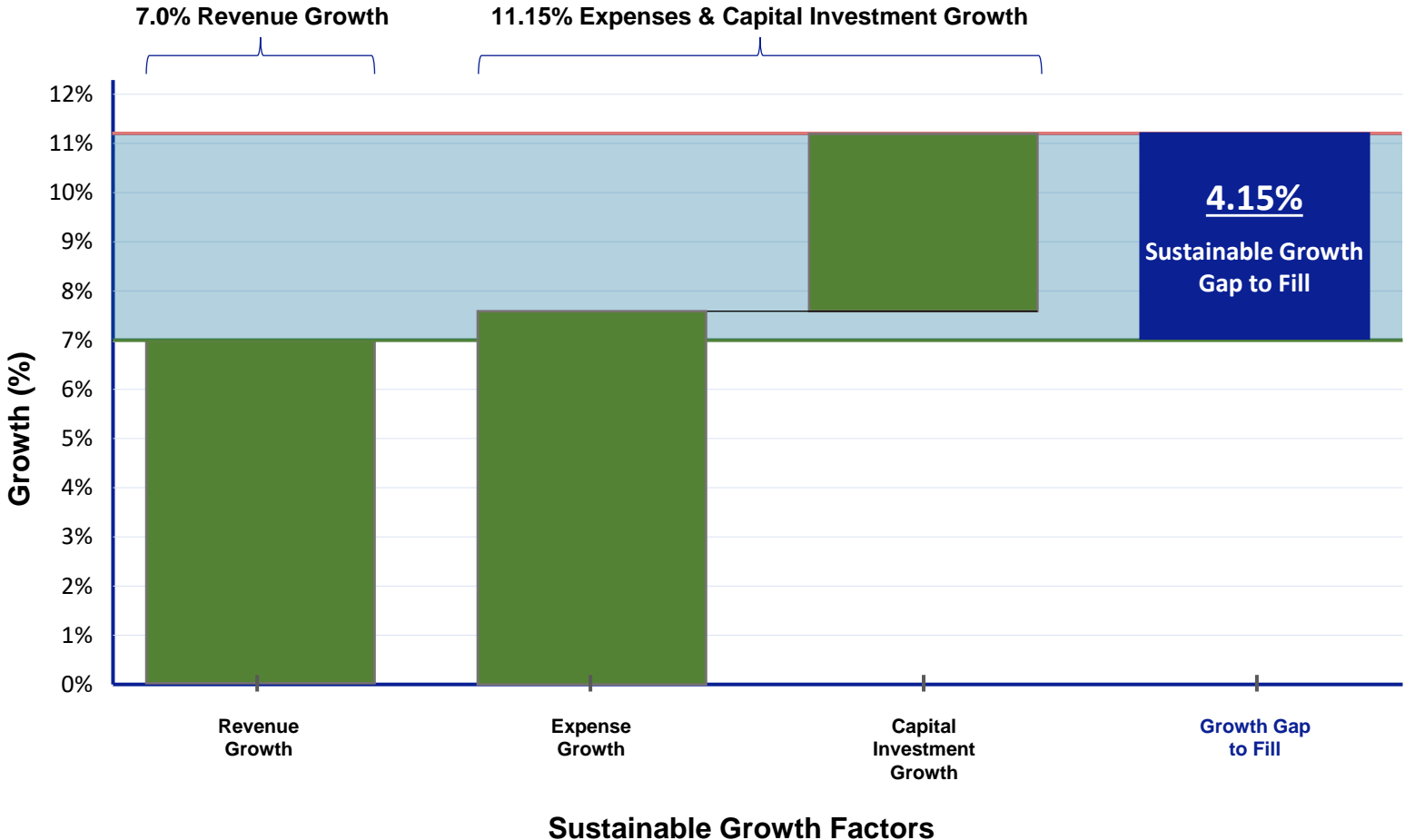


Capital Investment Growth Factors

Capital Investment Growth Factors	% Growth
Routine & Replacement	-
Strategic & Growth	2.5%
Infrastructure	0.5%
Contingency	0.5%
<b>Total Capital Investment Growth</b>	<b>3.5%</b>

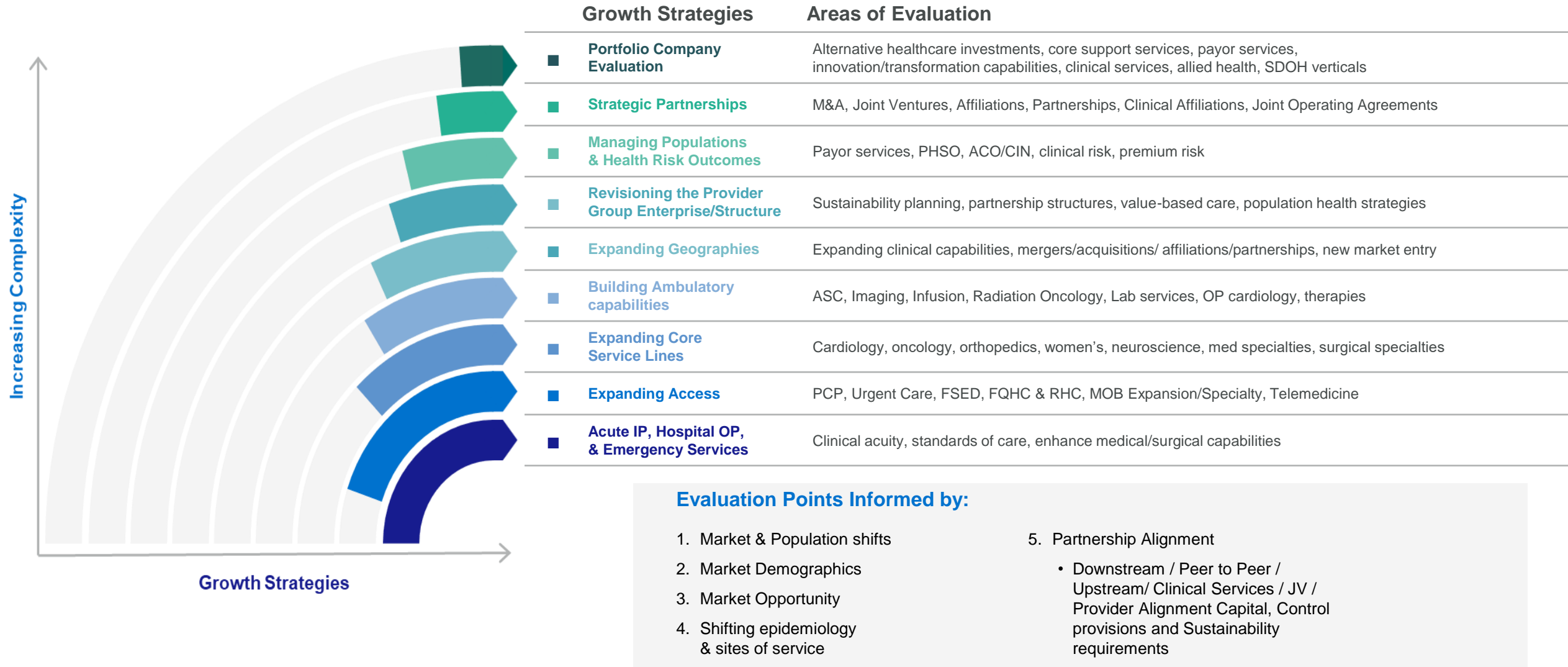
# Evaluating YoY Growth to Support Sustainability

## Combining All Factors



Sustainable Growth	% Growth
Revenue Growth	7.0%
Expenses Growth	7.65%
Capital Investment Growth	3.5%
Sustainable Growth Gap to Fill	(4.15%)

# Forvis Mazars: Strategic Approach to Growth



## Re-Evaluating Value-Based Care

While VBC promise is clear, urgency, action planning, & ROI are uncertain.<sup>1</sup>



In absence of clarity from CMS or commercial payors, provider prioritization of VBC initiatives has declined & market momentum has slowed.

**<30%**

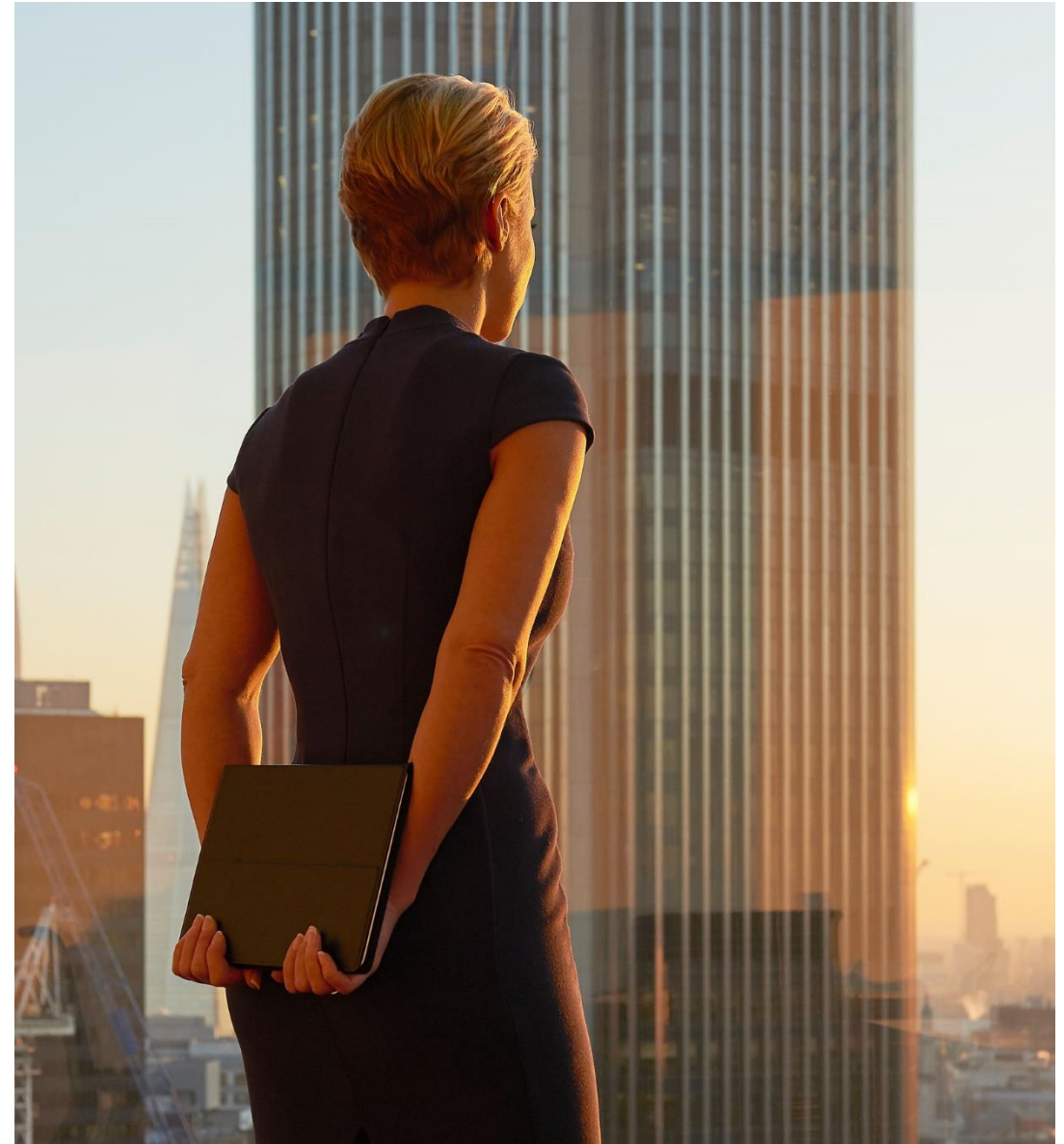
Of healthcare executives believe their VBC aspirations align with their operating model & organizational capabilities.

**10%**

Of healthcare executives ranked VBC development as their top priority for the next two years.

**83%**

Of provider organizations have less than half of reimbursements flowing through value-based agreements.



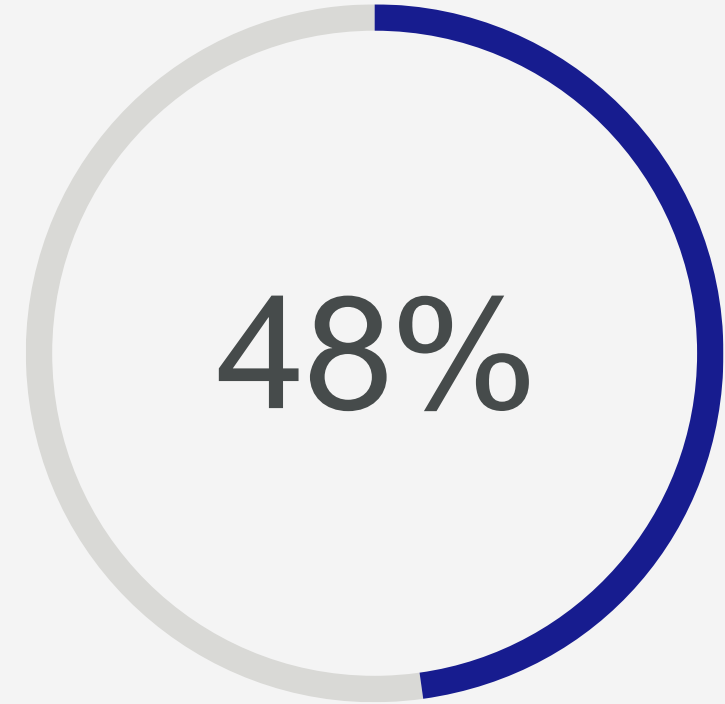
# The Need to Have Strategic Agility

Calibrating strategic direction as conditions demand and opportunities present. Effective strategic planning requires agility, execution, & accountability.

## How to Achieve Strategic Agility

- Developing an intentional roadmap that leadership continually re-examines and recalibrates
- Engaging stakeholders at all levels of the organization in the strategy process from inception to completion
- Empowering leaders to act in alignment with strategic plans based on a clearly articulated decision-making process and measures of success

<sup>5</sup> "Mindsets Healthcare Executive Leadership Report," Forvis Mazars, 2024.



48% of provider executives dedicate less than 10 hours each month to strategic planning activities.<sup>5</sup>

# Today's Success Depends on an Effective Process



Agile Process

Growth-Focused

Results-Driven & Measurable

Informed by Market, Competitor,  
& Community Needs

Deeply Cascaded

Proactively Adaptable

Financially Enabled

Intentionally Executed

Compensation Aligned

# While Understanding the Key Priorities & Initiatives to Tackle



Financial Sustainability

Revenue Integrity

Operational/Clinical Efficiency

Quality & Engagement

Growth & Access

Ambulatory & Outpatient

Market Informed

Innovation & Transformation

Value-Based Care

Provider Enterprise

Workforce Optimization

Partnerships

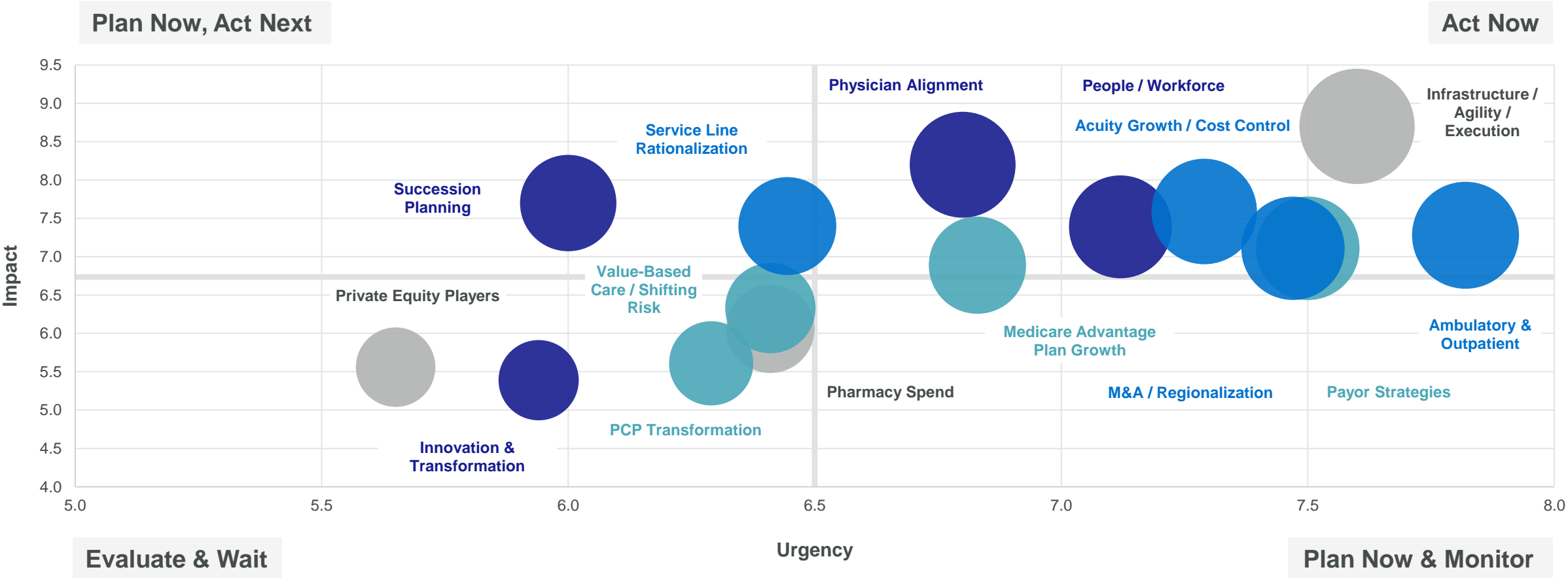
Regulatory Changes

Community Impact

Organizational Health & Change Management

Aligning Incentives

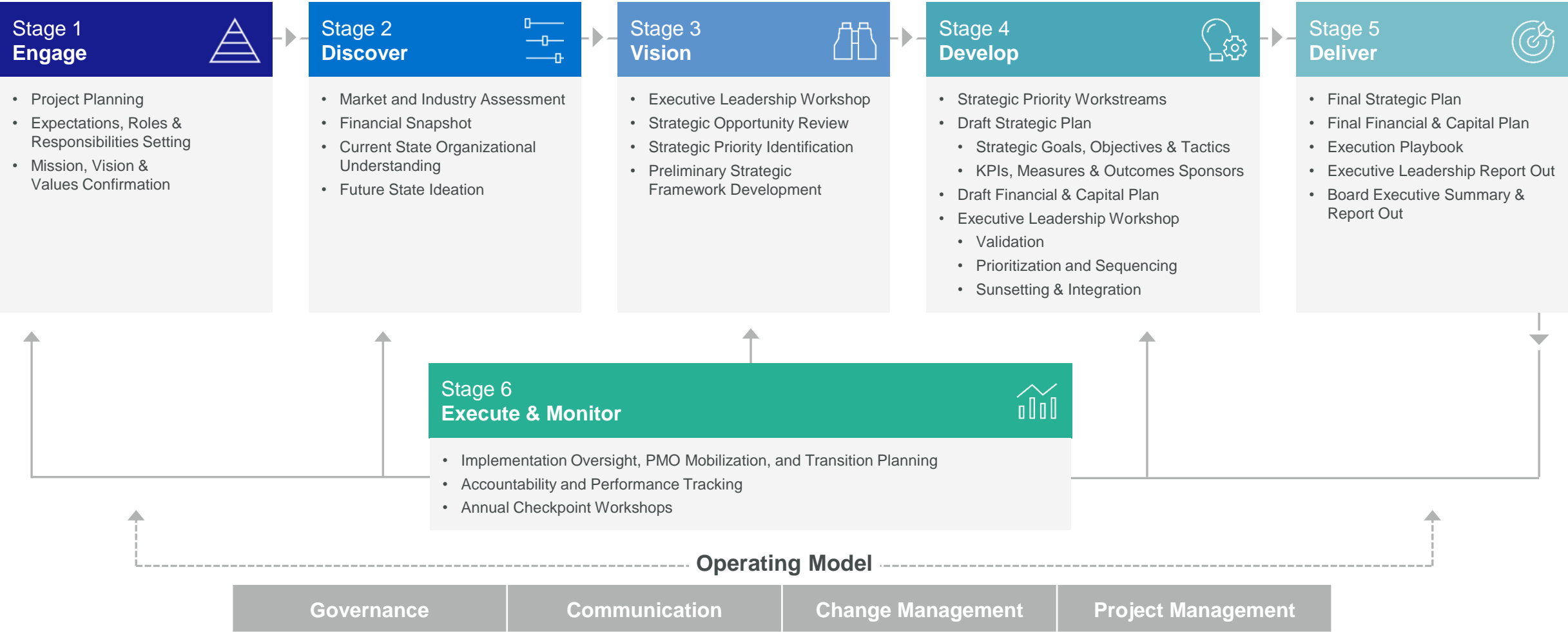
# Required Prioritization: Urgency & Impact to Drive Resources



- Growth
- Value
- Market
- Workforce

# Whatever Yours Is – Be Disciplined to a Strategic Planning Framework

## Framework for Success



# Key Questions to Ask at the Start of a Strategic Plan



The strategic planning process is stakeholder-driven, community-oriented, and execution-focused, building out roadmaps and key performance measurements, including the integration of your long-range financial plan.

**An effective strategic plan must be personalized to each healthcare organization. We modify our approach based on the answers to these key foundational questions.**

1. What do you hope to achieve in your next strategic plan?
2. Is the focus of your strategic plan primarily on the aspirational and visionary components—or more operational-focused?
  - Aspirational/Visionary: Bold strategic direction and initiatives that drive the organization into the future and create a lasting impact
  - Operational: A focus on optimizing and creating greater efficiencies through existing business units
3. What did you like about your last planning process? Where did your previous plan fall short, *i.e.*, ambition, innovation, execution, etc. What must stay the same? What do you want changed?
4. What level of engagement throughout the organization do you want your team to have in the development of your strategic plan?
5. How will you define success in your strategic planning process and in the plan itself?

# Strategic Plan Development

## Enterprise Risk Framework and Execution Risk Evaluation

The below enterprise risk framework is used to assess execution risk around 7 domains based on areas for strategic priority



Execution Risk Domain	Key Considerations	
<b>Clinical Performance, Quality &amp; Outcomes</b>	<ul style="list-style-type: none"> <li>Data Accuracy &amp; Integrity</li> <li>Staff Education &amp; Competency</li> <li>Technology Alignment</li> </ul>	<ul style="list-style-type: none"> <li>Patient Safety Management</li> <li>Performance Measurement</li> <li>Patient Engagement &amp; Alignment</li> </ul>
<b>Human Capital</b>	<ul style="list-style-type: none"> <li>Talent Acquisition &amp; Retention</li> <li>Training &amp; Development</li> <li>Engagement &amp; Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Workforce Planning &amp; Management</li> <li>Physician Alignment</li> </ul>
<b>Legal / Regulatory</b>	<ul style="list-style-type: none"> <li>Patient Privacy &amp; Security</li> <li>Regulatory Development Tracking</li> <li>Local / State Regulatory Alignment</li> </ul>	<ul style="list-style-type: none"> <li>Agreement Structures &amp; Aligned Incentives</li> <li>Licensure &amp; Accreditation</li> </ul>
<b>Technology / Infrastructure</b>	<ul style="list-style-type: none"> <li>People / Processes / Technology</li> <li>Platform Integration &amp; Interoperability</li> <li>Physical Plant Maintenance &amp; Management</li> </ul>	<ul style="list-style-type: none"> <li>Managing Obsolescence</li> <li>Data Management &amp; Analytics</li> </ul>
<b>Operational Risks</b>	<ul style="list-style-type: none"> <li>Supply Chain Management</li> <li>Streamlined Processes</li> <li>Budget Management</li> </ul>	<ul style="list-style-type: none"> <li>Patient Flow</li> <li>Staffing Models</li> </ul>
<b>Financial Sustainability / Capital</b>	<ul style="list-style-type: none"> <li>Return on Invested Capital (ROIC)</li> <li>Access to Capital / Balance Sheet Impacts</li> <li>Financial Performance and Metrics</li> </ul>	<ul style="list-style-type: none"> <li>Revenue and Payor Contracting</li> </ul>

<sup>1</sup>HFMA ERM Model

# Success Requires Talent & Workforce Optimization

Building exceptional teams and equipping them to succeed in executing mission aligned business and care delivery models.

## How to Achieve Talent Optimization

- Focusing on great workforce management while building a culture of engagement and innovation
- Pursuing opportunities to use AI and other tools to automate administrative and clinical tasks
- Optimizing total rewards packages, focusing on whole-person support, lifestyle flexibility, and support functions
- Developing high-potential leaders at each level of the enterprise to support effective localized decision-making
- Facilitating succession planning to help secure the organization's future
- Integrating your organizations mission, vision, and strategies into a relatable experience

<sup>6</sup> "Mindsets Healthcare Executive Leadership Report," Forvis Mazars, 2024.



# 44%

of health plan executives report that retaining a skilled workforce is a top challenge facing their organization.<sup>6</sup>

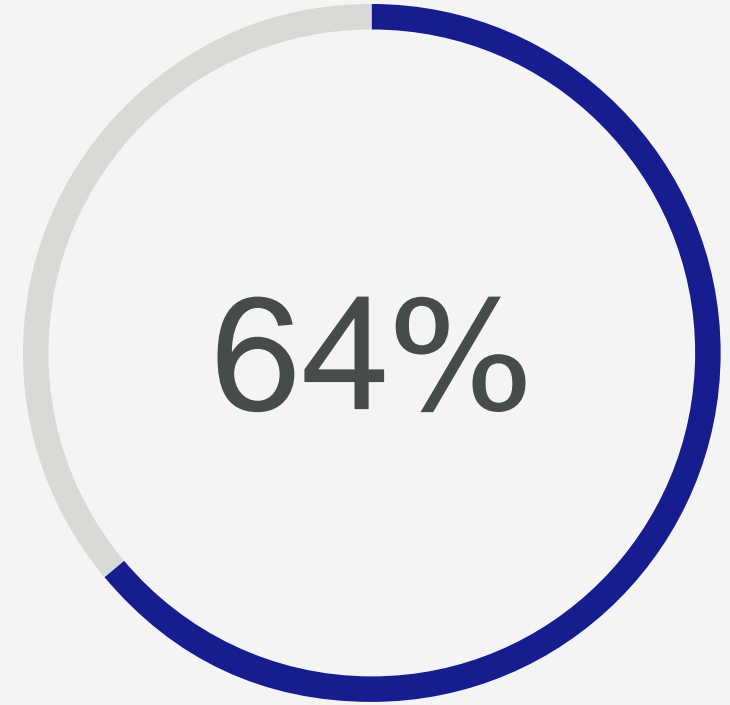
# Building Regulatory Excellence

Understanding the rapidly evolving regulatory environment and acting strategically within it.

## How to Achieve Regulatory Excellence

- Understanding and optimizing the various components of revenue integrity
- Identifying opportunities to create innovative business models that support thriving margins
- Staying abreast of the ever-changing regulatory landscape, involvement in professional & policy organizations
- Partnering with finance, administration, IT, compliance, and clinical teams to validate and execute opportunities
- Maintaining a robust compliance framework that establishes clear policies, procedures, and standards
- Fostering a culture of accountability, transparency, and communication across the entire organization

<sup>4</sup> "Mindsets Healthcare Executive Leadership Report," Forvis Mazars, 2024.



64% of provider executives qualify their approach to reimbursement as a strategic function of the organization.<sup>4</sup>

# Aligning Providers by Redesigning Physician Relationships

## Key Issues



### Service Line Rationalization

*Typically Presents for Health Systems as*

Backwards-looking, subsidy-centric conversations



### Employer of Choice for Physicians

*Typically Presents for Health Systems as*

Reactionary efforts to improve recruiting & retention



### Team-Based Care Operating Model

*Typically Presents for Health Systems as*

Nurse practitioner chart review & as-needed hallway conversations



### Advance Practice Provider (APP) Strategy

*Typically Presents for Health Systems as*

Gap fillers or second-class physicians, generally unmanaged, untrained, & unsupervised by dedicated leadership

## How to Align Providers to the redesign:

*Physician Enterprise needs to have **material** provider incentives tied to service line objectives.*

*Also needs to reward individual effort & be flexible for lifestyle needs.*

*While being dedicated (& paid) time to truly operate as a care team with APPs.*

*And, APPs need an integrative model that reflects their activity levels, skill, level of independence, & care setting.*

# Pulling It All Together: Step Required in Achieving Health

## Our POV: Building on Core Capabilities

Healthcare organizations should develop and continually improve upon five core capabilities as a prerequisite to Achieving Health for individuals, communities, and their enterprises.



# Thank you!

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