



EXECUTIVE INSIGHTS

L.E.K. Consulting's 2025 US Health System Executive Survey Part 2: The financial divide widens. Are you among the 50% of US health systems that are falling behind?

Introduction

Each year, L.E.K. Consulting surveys hundreds of hospital and health system executives to capture their financial position and outlook, strategic priorities and near-to-mid-term actions.

Our 2025 U.S. Health System Executive Survey comes at a time of rising costs, reimbursement headwinds and regulatory uncertainty. Many leaders report financial strain and are prioritizing near-term financial relief. Yet 50% describe their systems as financially strong and are investing in strategies to secure long-term viability.

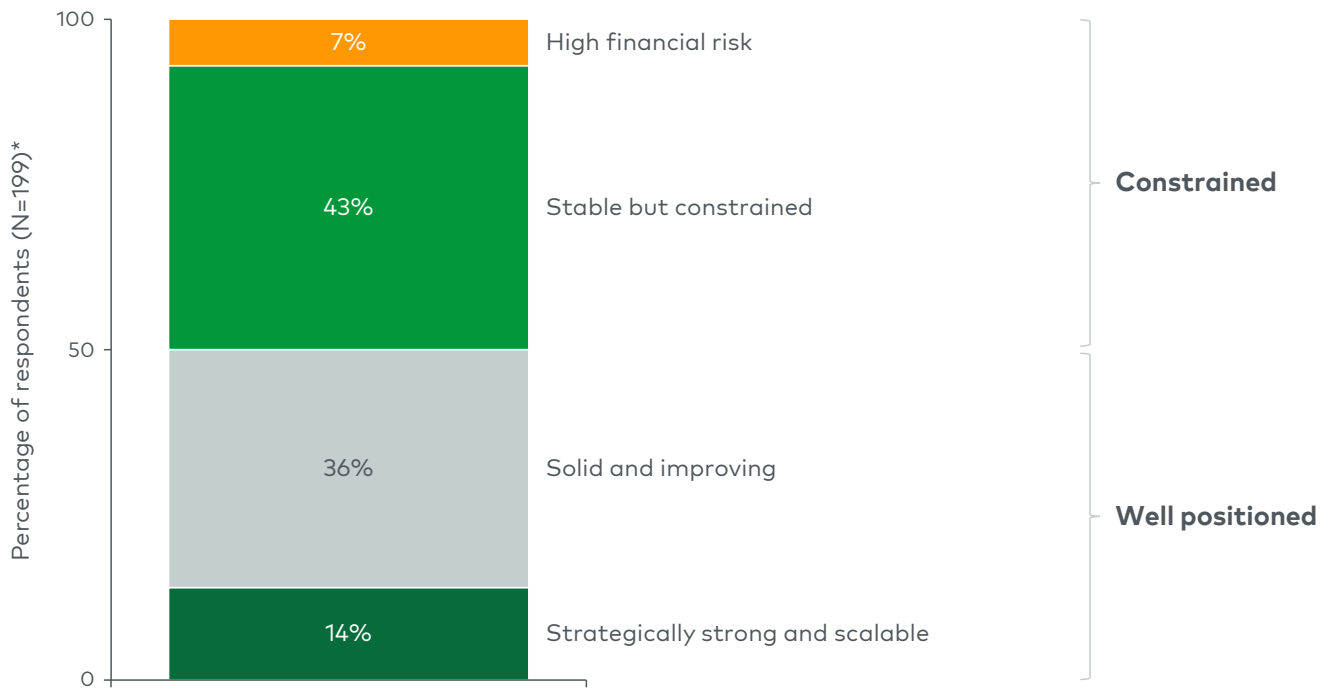
The divide between financially strong and financially constrained systems is widening. In this edition of *Executive Insights*, we explore the defining characteristics of these two cohorts and how their strategic priorities converge and diverge.

The financial divide

There is a clear divide in the financial health of U.S. hospitals and health systems. Approximately 50% of respondents reported that their organization's financial position is solid or strong, and around 50% reported that their organization's financial position is constrained or at high risk (see Figure 1).

Figure 1

Hospital and health system current financial health (2025)



*Survey question: How would you describe your [hospital/health system]'s current financial health?
 Source: L.E.K. 2025 U.S. Health System Executive Survey

Liquidity further underscores this divide. More than half of respondents reported that their system holds fewer than 180 days of cash on hand, leaving them exposed to shocks ranging from regulatory cuts to tariff-driven supply chain cost spikes. Unlike stronger systems, these hospitals lack the flexibility to absorb disruption and invest in strategic initiatives.

Who is constrained?

While no single factor can entirely explain each system's financial position, we observed three primary differences between well-positioned and constrained health systems in this survey:

1. Constrained health systems tend to be smaller (although some smaller health systems reported that their financial position is solid or strong)
2. Constrained health systems tend to be more exposed to Medicaid and Affordable Care Act funding cuts and 340B program reform, likely indicating a more challenging payer mix
3. Understandably, strategic initiatives related to footprint expansion, research and innovation are less likely to be priorities for constrained health systems

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Strategic priorities: Consistent in the core, diverging on investment

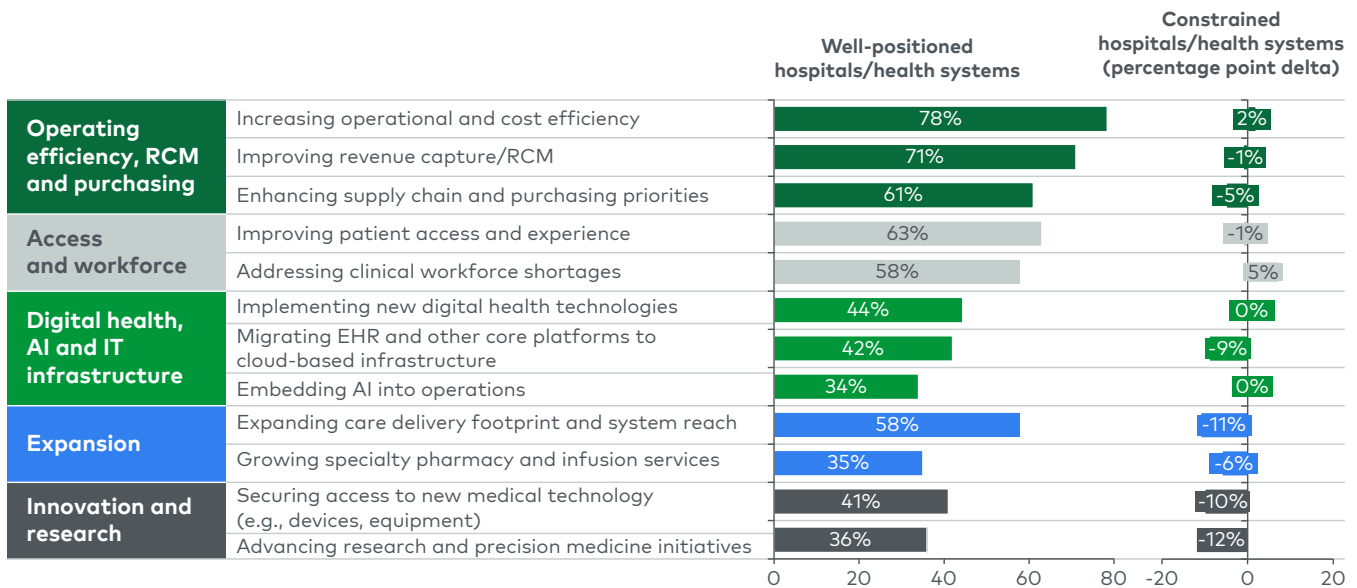
The top strategic priorities for all hospitals and health systems, regardless of financial health, are consistent and clear: More than 55% of executives in both well-positioned and constrained systems cite operational and cost efficiency, revenue capture and revenue cycle management (RCM), supply chain performance, patient access, and workforce as top priorities (see Figure 2).

Where strategic priorities diverge, however, is the degree to which constrained systems are prioritizing strategic investments that can improve financial strength over the long term. Many well-positioned systems are prioritizing care delivery footprint expansion, innovation and research to diversify revenue and improve margins – opportunities that constrained peers may miss, risking an expansion of the financial gap over time.

Figure 2

Hospital and health system strategic priorities (2025)

Percentage of all respondents* who answered 6 or 7, where 7 means "a significant/top priority" (N=200)**



*Survey question: To what extent are each of the following goals strategic priorities for your [hospital/health system]?

Scale: 1-7, where 1 means "not at all a priority" and 7 means "a significant/top priority"

**Respondents who answered "I don't know" or "Other" were included in N above but excluded from the analysis

Note: RCM=revenue cycle management; AI=artificial intelligence; IT=information technology; EHR=electronic health record

Source: L.E.K. 2025 U.S. Health System Executive Survey

Consistent in the core:

- **Operating efficiency, RCM and purchasing.** With financial cushions thin, efficiency is a core priority. Eight in 10 systems are proactively reviewing costs against long-term revenue outlooks. Executives are closely examining supply chain and purchasing strategy, seeking to balance resiliency and cost reduction. For RCM, hospitals are focusing on process improvements, automation, audits and artificial intelligence (AI) to reduce leakage and administrative expense.
- **Access, patient experience and workforce.** Over 90% of hospitals cite having significant patient access challenges. Referral handoff breakdowns, limited provider or site capacity, and transportation are top drivers. Persistent workforce shortages continue to limit throughput. Hospitals are responding with retention and engagement strategies across physicians, nurses and nonclinical staff.
- **Digital health, AI and IT infrastructure.** Technology underpins efficiency and access. Many hospitals are expanding their use of digital health tools, with top priorities being claims, RCM, provider support and telehealth. AI is moving from concept to application in clinical and nonclinical areas. Together, these investments mark steady progression along the digital adoption curve.

Divergent on strategic investments:

- **Expansion:** Financially stronger systems are also selectively expanding their non-acute care footprint outside of physician offices, particularly in ambulatory surgery centers and satellite emergency departments. Well-positioned systems are also more commonly expanding their specialty pharmacy and ambulatory infusion services. These programs can diversify income and capture high-value services, but they require capital and scale not available to many constrained peers.
- **Innovation and research:** A minority of systems — particularly those with stronger financials — are prioritizing access to new medical technologies and investments in clinical trials and precision medicine. These initiatives can elevate reputation, enhance clinical differentiation and, in some cases, open new revenue streams, potentially further compounding the divide between well-positioned and constrained systems.

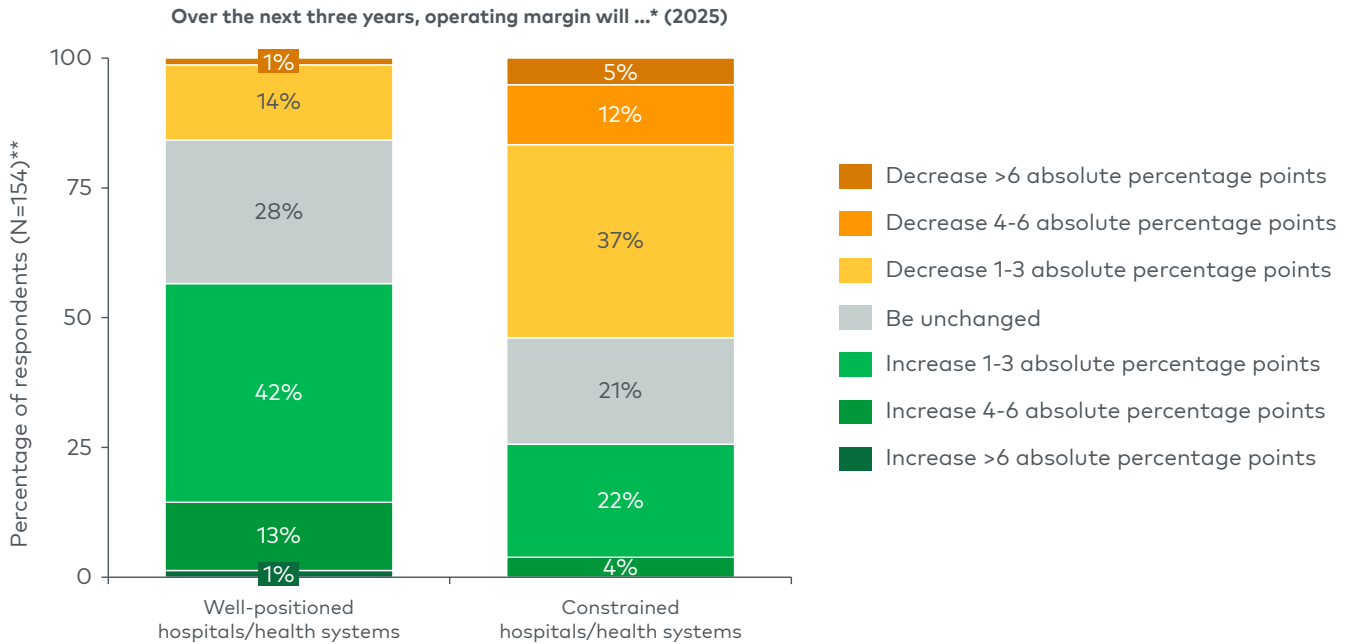
EXECUTIVE INSIGHTS

Executives expect gap to widen

Survey results show a clear split in expectations for the next three years. Nearly 60% of well-positioned hospitals expect operating margins to increase, while nearly 60% of constrained systems expect margins to fall (see Figure 3).

Figure 3

Hospital and health system operating margin growth expectations



*Survey question: How do you anticipate your [hospital/health system]'s operating margin will change over the next three years (through 2028 compared to 2025E)?

**Respondents focused specifically on supply chain were not asked this question

Source: L.E.K. 2025 U.S. Health System Executive Survey

Well-positioned systems can reinvest gains into ambulatory sites, pharmacy, infusion and selective technology, compounding their advantage. Constrained peers, by contrast, possess fewer options and will need to find creative ways to execute exceptionally against core efficiency and revenue capture priorities and partner and invest selectively to improve their position.

Conclusion

The 2025 survey results make clear that hospitals share a common operational agenda. Regardless of starting position, systems must deliver on the fundamentals — cost efficiency, revenue integrity, supply chain resilience, patient access and workforce stability. These priorities are nonnegotiable, and execution here will determine near-term performance.

At the same time, financial strength increasingly shapes the ability to invest beyond the core. Well-positioned systems can choose where to expand — whether into ambulatory sites, pharmacy and infusion, or selective technology and research bets. Constrained peers will need to “pick their spots” and find opportunities to partner creatively to secure their long-term position.

L.E.K. will publish additional insights from its 2025 Health System Executive Survey in the coming months, providing more detail as to the actions health systems are taking in each of these priority areas. Please register [here](#) and select HEALTHCARE SERVICES for these and other future updates.

To discuss how L.E.K. helps health systems determine and execute their strategic priorities, please [contact us](#).

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