

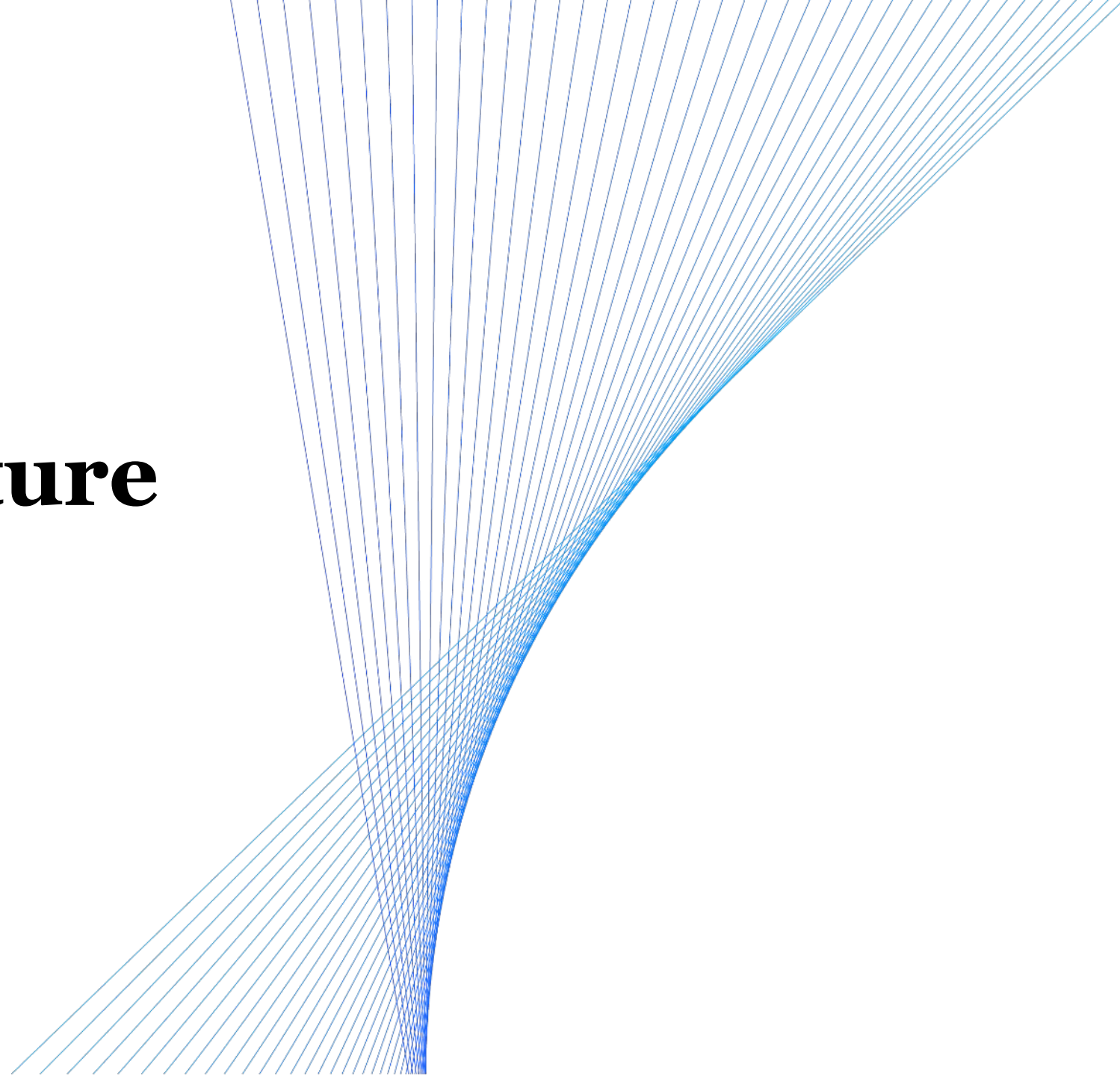
McKinsey  
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# Current Trends Shaping the Future of Healthcare

Leadership Institute Roundtable

February 2026

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# Agenda



**Macroeconomic Disruption**



Regulatory Landscape



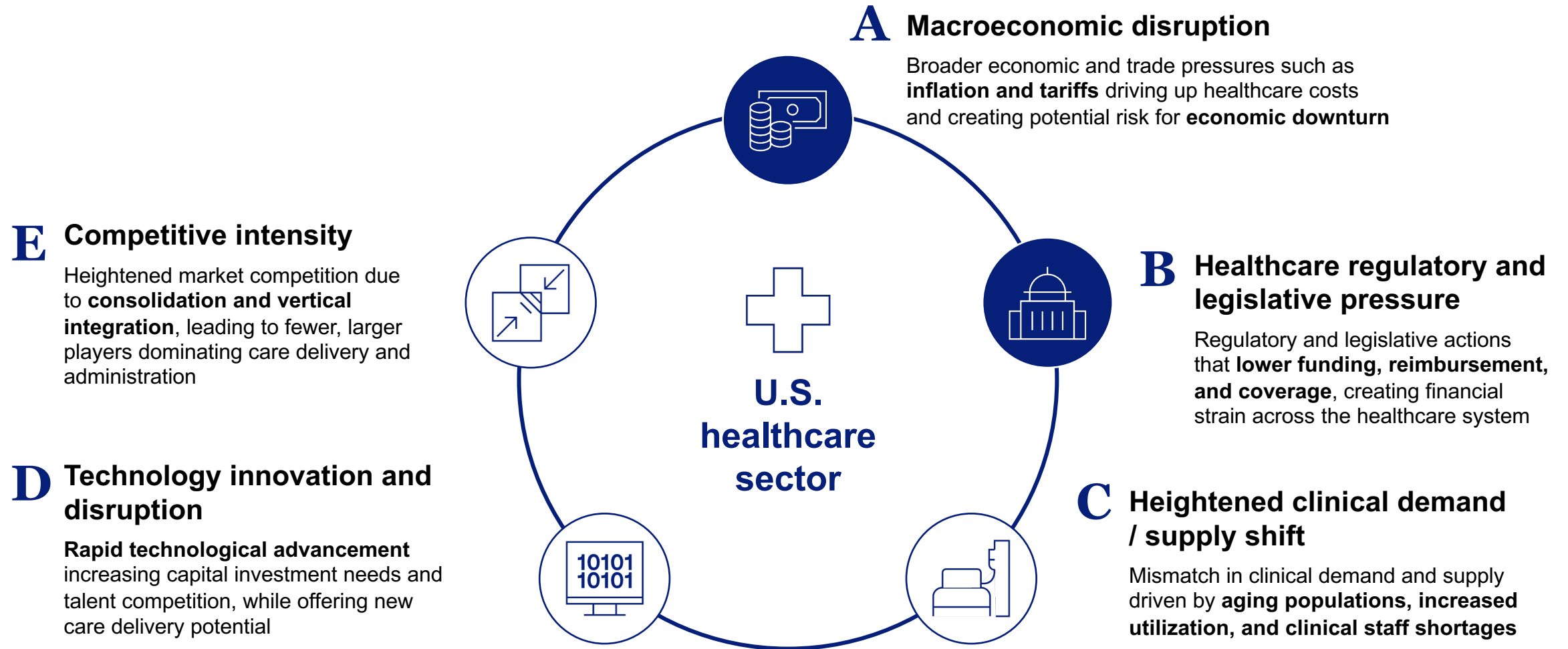
Strategic Uncertainties for Health Systems



Conclusion

# Health systems are entering an era of unprecedented uncertainty, driven by five macro forces

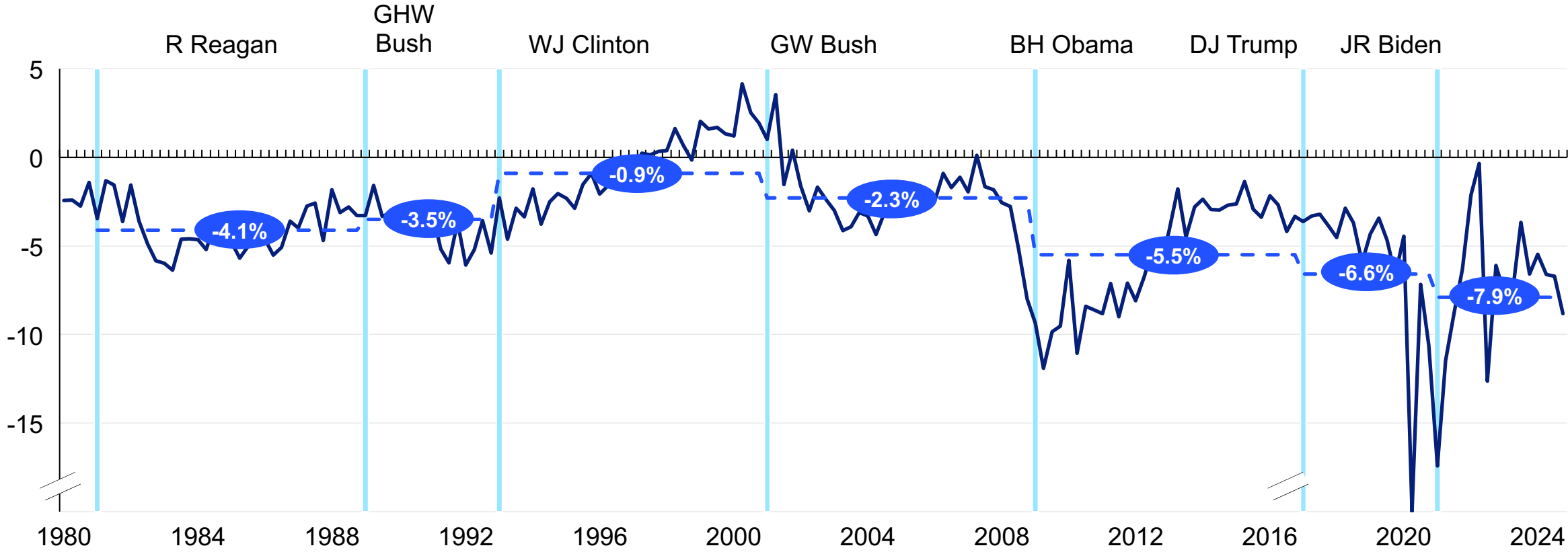
● Focus



# Fiscal deficits have been a bipartisan policy choice and have grown steadily in the last three decades

% Fiscal year average

**Federal Surplus(+)/Deficit(-) by fiscal regime, Percent GDP; quarterly and annual fiscal year average**

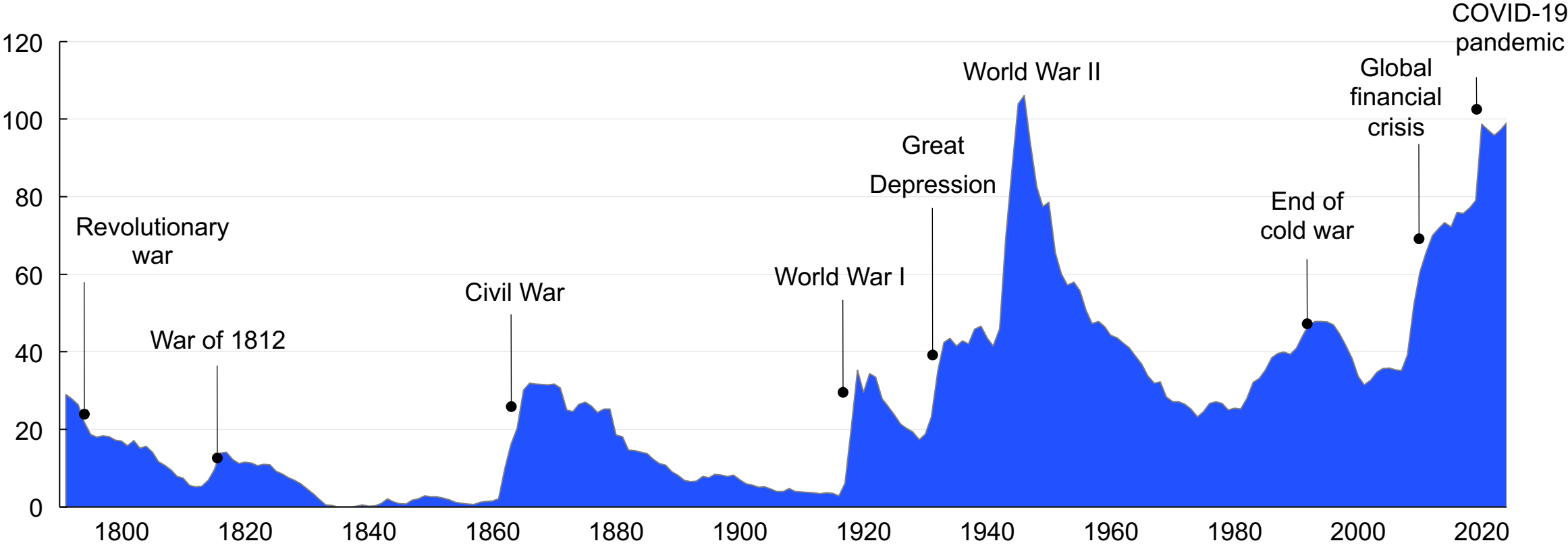


Source: Bureau of Economic Analysis, Office of Management and Budget, Treasury Department; McKinsey analysis

# US debt levels have returned to historic highs, rivaling post-World War II peaks

## US Treasury debt held by the public

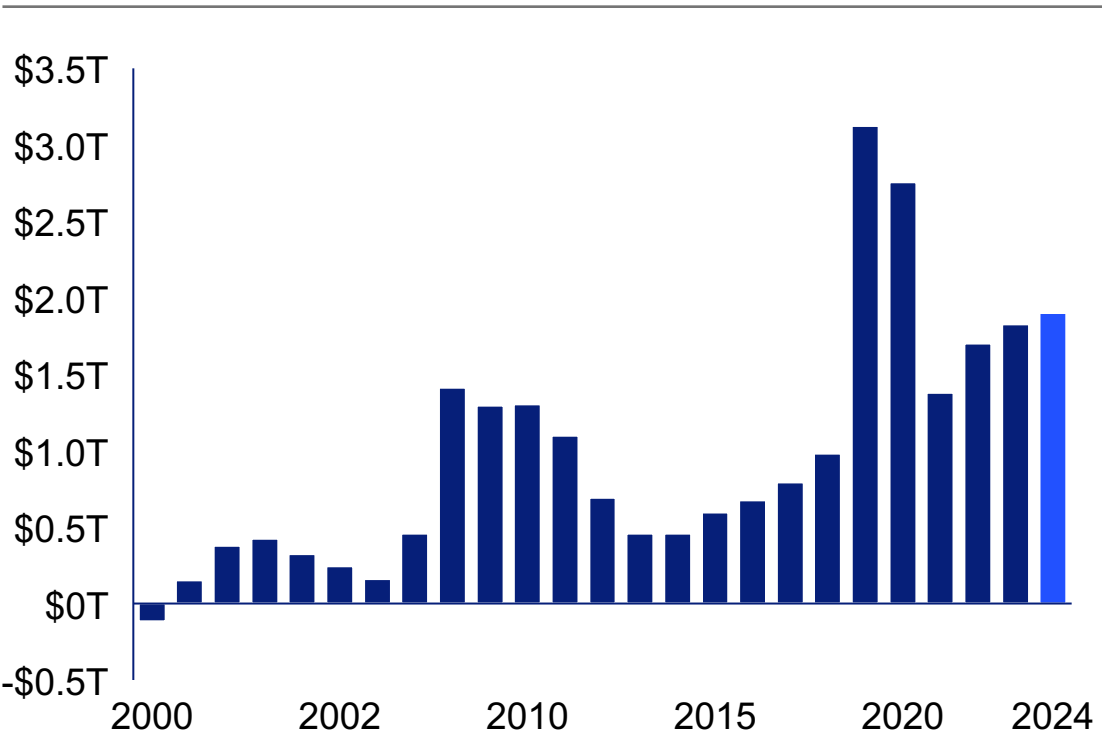
Percent of nominal GDP, through FY2024



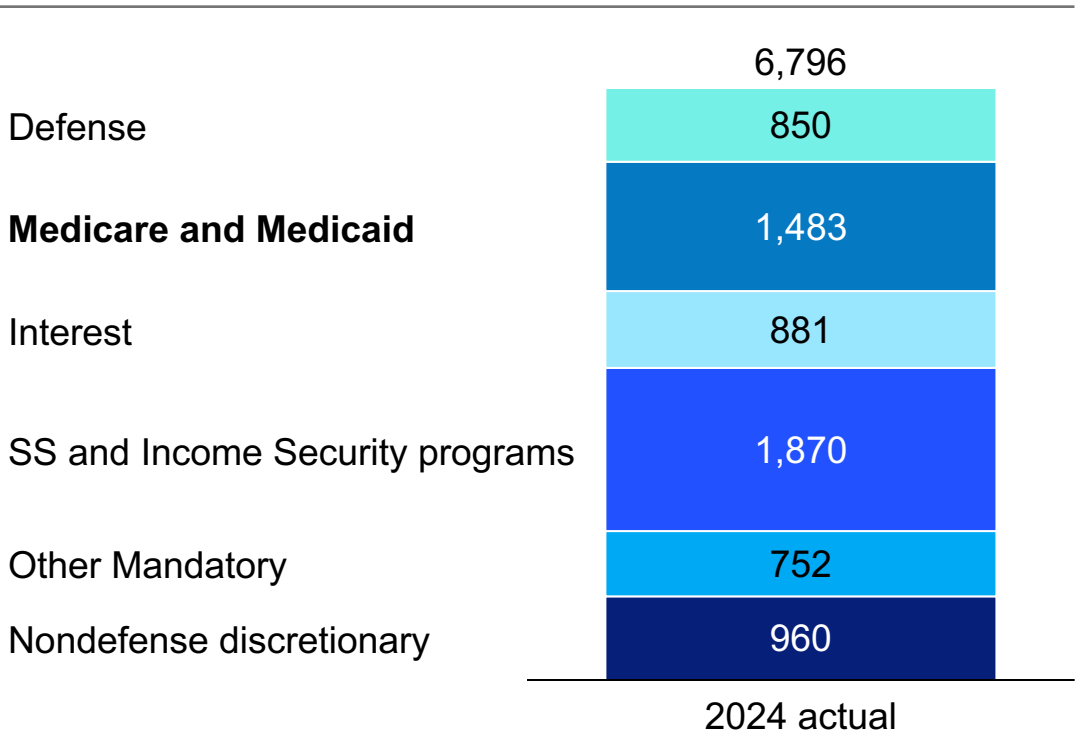
Source: Historical Statistics of the United States, OMB, BEA, McKinsey analysis

# Large mandatory programs and interest now consume the majority of federal spending

Federal deficit trends over time, FY2001-2024, by \$T



2024 Budget – actual, \$B



**From a surplus in 2001, the total federal fiscal deficit stood at \$1.83T and total debt was \$35.4T in 2024**

Source: [Publicly available fiscal data provided by US Treasury](#), courtesy of the McKinsey Geopolitics practice

# Multiple indicators showing positive momentum

US GDP growth and productivity showing remarkable resilience with very strong momentum in Q3 2025

■ Indicators demonstrating positive recent momentum

**+12.1pp**

**Average trade-weighted tariff rate** as of December 12, 2025. The highest “tax” since WWII, up from ~2.5% in Jan. 2025

**+4.3%**

**Real annualized GDP growth in Q3 2025** demonstrating renewed momentum, growth +2.5% Q1-Q3 on the year.

**+49k**

**Average job creation per month in 2025 vs. ~170k 2024**; new jobs needed for stable unemployment lower with low immigration

**+1.6%**

**December increase in core CPI 3-month momentum** dipped below 2% with 12-month change and +2.7%

**-6.4%**

**Trade-weighted depreciation in US dollar** as of Jan. 12, 2026 raising impact on import prices. Euro saw -11.6% drop

**+3.5%**

**Real annualized consumer spending growth Q3 2025** also showing momentum with +2.2% Q1-Q3 on the year

**+4.9%**

**Real productivity growth Q3 2025** with +2.3% in Q1-Q3 as businesses deliver increased growth with flat/falling payrolls

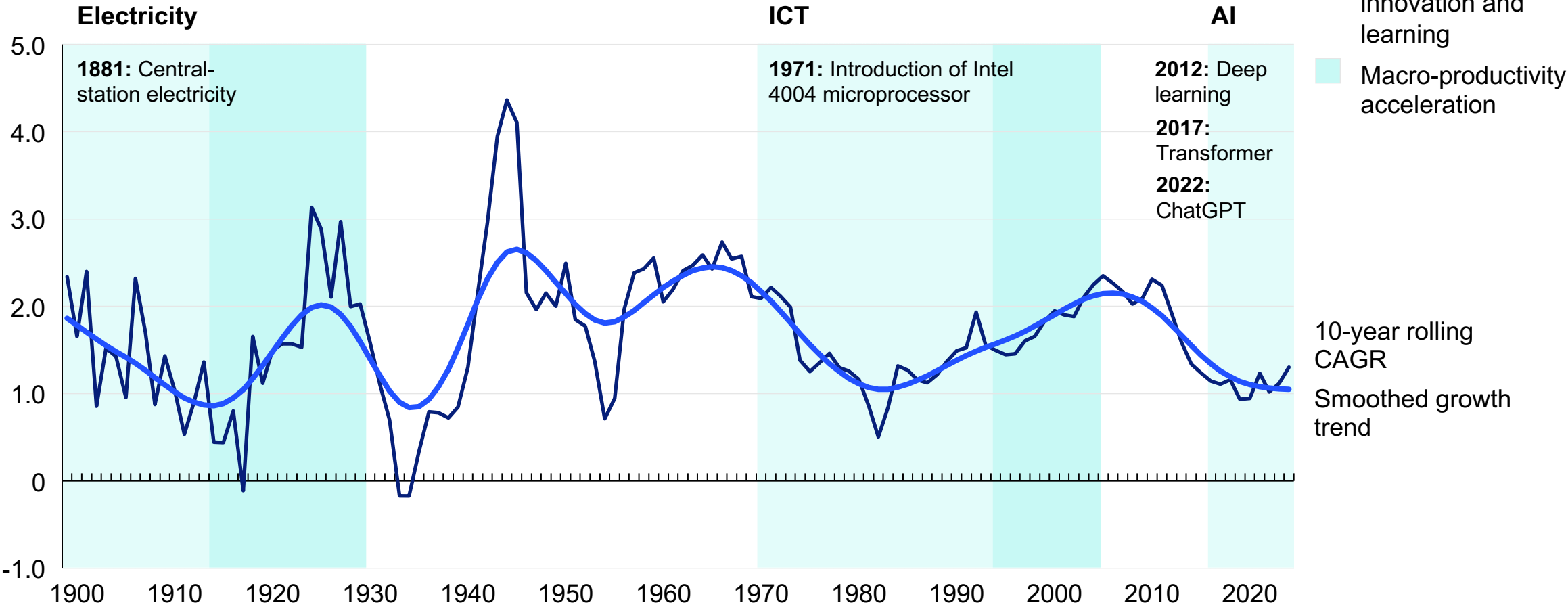
**~3.65%**

**Fed cuts rates 175 basis points** starting September 2024 bringing rates out of restrictive and into neutral territory

# General-purpose technologies have historically driven productivity surges, and AI may be next...

## US Labor Productivity Growth

Percent, real value-added per full-time employee, annual, 1899-2024



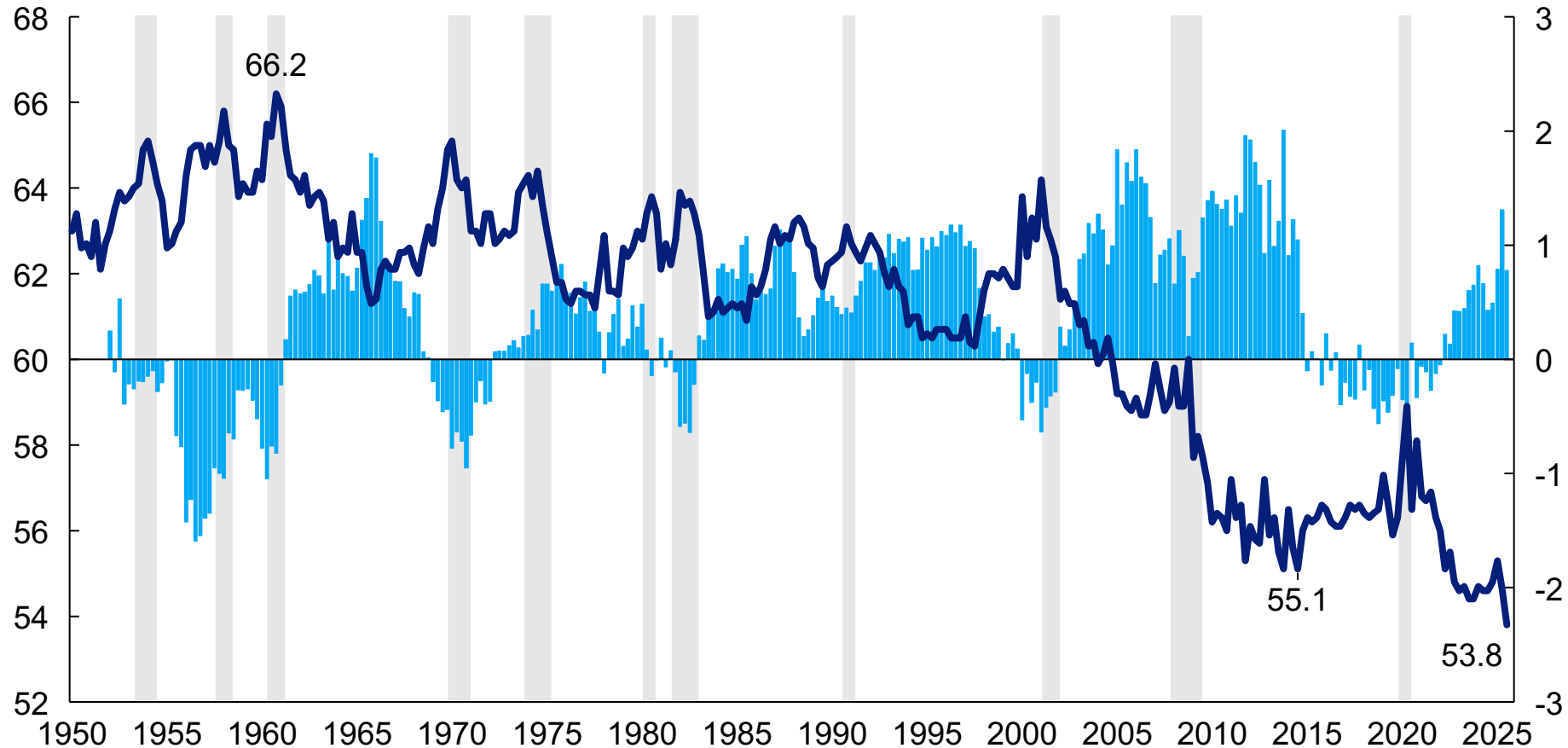
Source: Kendrick (1961), Historical Statistics of the United States, Bureau of Labor Statistics, David (1990), Bresnahan & Trajtenberg (1995), Oliner & Sichel (2000); Jorgenson & Stiroh (2000), Jovanovic & Rousseau (2005), Brynjolfsson–Rock–Syverson (AEJ Macro, 2021), Team analysis

# ...though productivity gains have increasingly accrued to capital over the last 25 years, and this trend is likely to continue

Nonfarm business sector, quarterly, through 2025Q3

**Labor share of GDP** —  
Percent of total GDP (left axes)

**Productivity vs. compensation growth**  
Difference in percentage points (right axes)



Productivity growing faster than real compensation (right axes): labor share of GDP falling (left axes)

Real compensation growing faster than productivity (right axes): labor share of GDP rising (left axes)

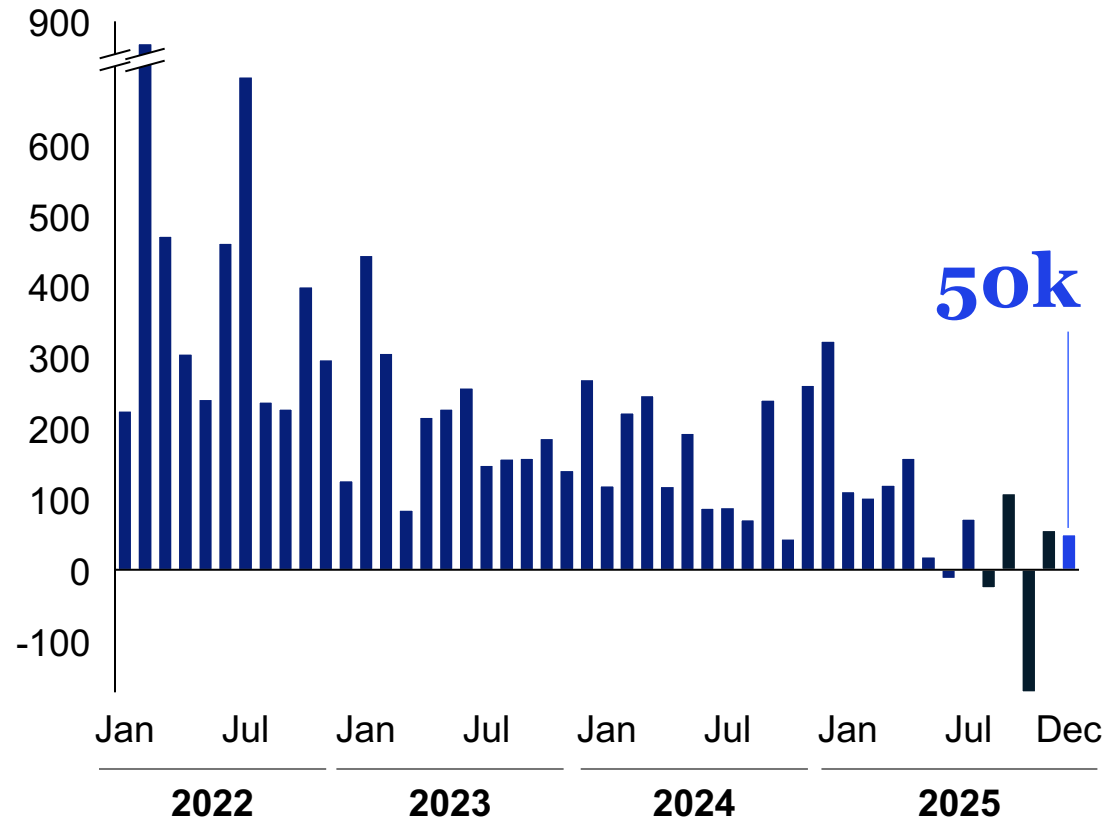
Note: GDP adjusted for inflation with nonfarm business sector implicit price deflator; compensation adjusted for inflation using the personal consumption expenditure chained price index

Source: BLS, BEA, McKinsey analysis

# The U.S. labor market continues to cool ...

AS OF 01/12/2026

Monthly change in U.S. total non-farm jobs, Jan '22 to Dec '25, k



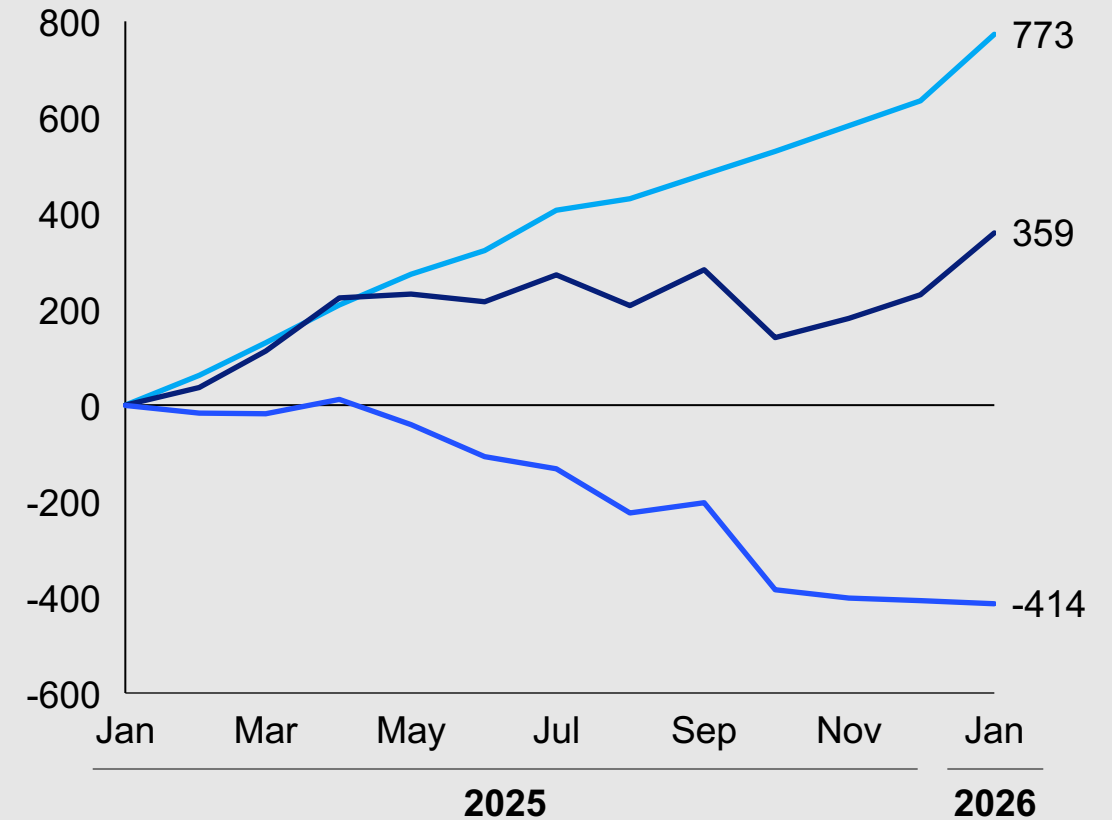
Note: Apart from annual revisions, revisions typically occur in job gains for the prior three months. Only the most recent revisions of job numbers, relative to preliminary estimates published the prior month are shown on the chart above.

Source: BLS, CES data as of 01/12/2026; Federal Reserve Economic Data

# ... though healthcare continues to add jobs

Private education and health Total payrolls growth The rest of the economy

Cumulative change in employment, Jan '25 to Jan '26, k



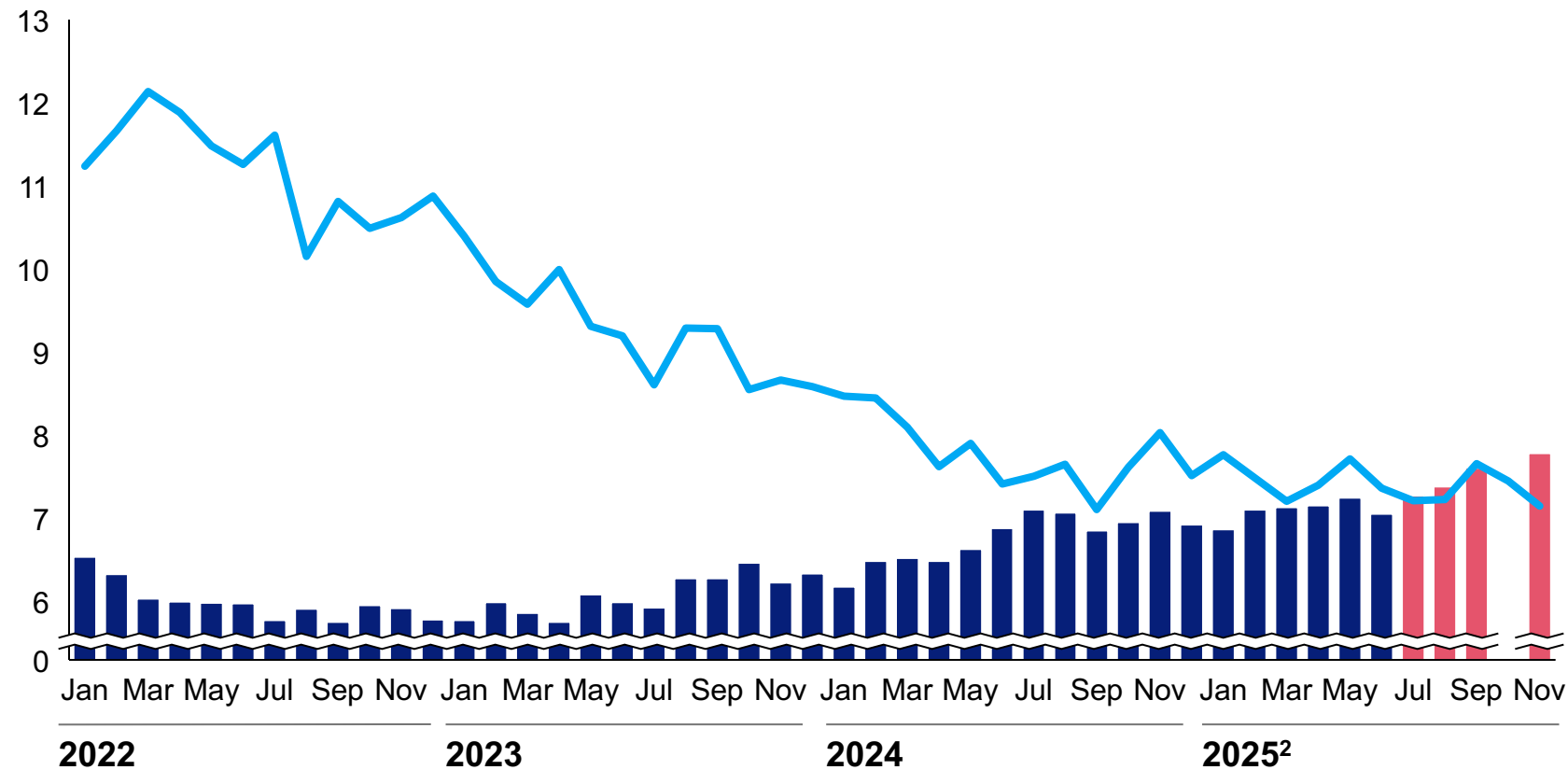
Source: Federal Reserve Economic Data; Series: Total, Private education and health; the rest of the economy

# The number of unemployed individuals relative to job openings has trended upwards since July, with more people than jobs to fill them

AS OF 01/12/2026

More unemployed individuals than job openings Job openings<sup>1</sup> Unemployed individuals

US job openings vs. unemployed individuals, Seasonally adjusted, M



1. Job openings are based on surveys of US employers done by the BLS and represent positions that are not filled on the last business day of the month. The unemployed individuals bar for the month of December 2025 has been colored red since there are more unemployed individuals in this month relative to the most recent month with job openings data (November 2025)  
 2. Data for October 2025 were not collected due to the federal government shutdown.  
 Source: BLS Current Population Survey (seasonally adjusted); Job Openings and Labor Turnover Survey; data as of 01/12/2026

## Other recent labor market developments

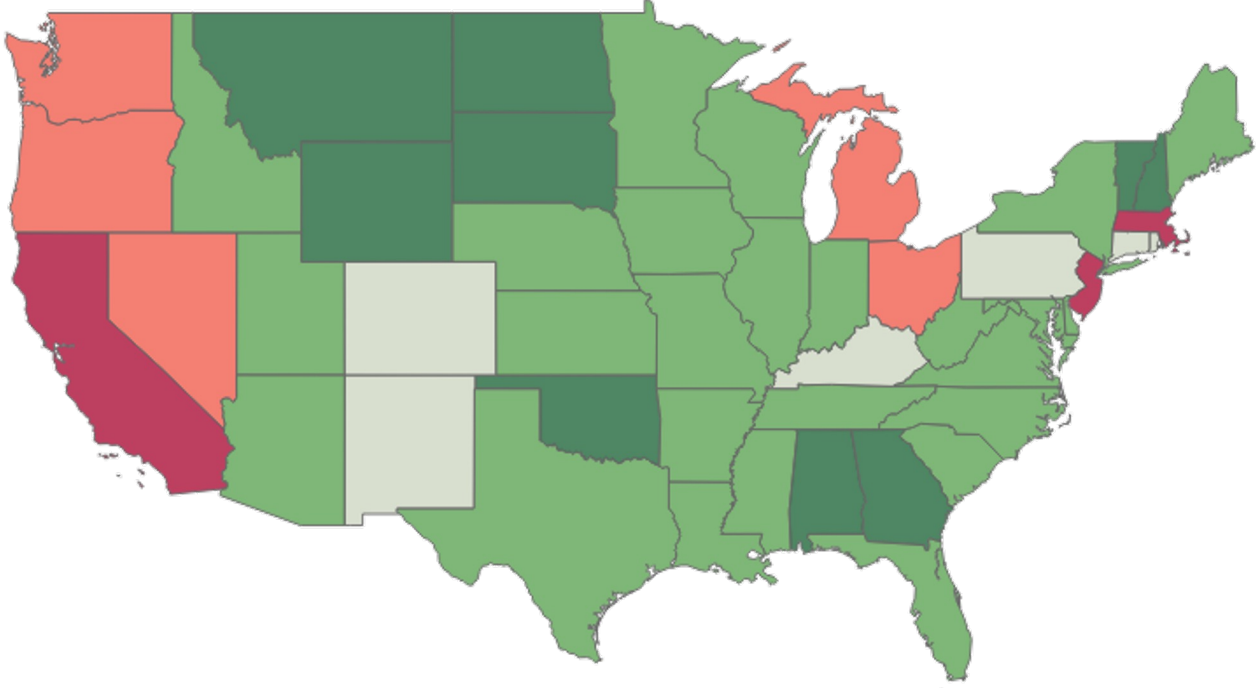
- **Youth unemployment has risen sharply** since early 2023, outpacing other age groups (+2.3 pp between Jan 2023 and Dec 2025)
- **Overall labor force participation rate slightly decreased in December 2025** (at 62.4%), while rates for those aged 25 to 54 remain high (at 83.8%)

Source: BLS CPS data as of 01/12/2025, US Census Bureau [Reuters](#)

# Employers face different labor markets as state-level dynamics diverge

AS OF 01/12/2026

Ratio of job openings<sup>1</sup> to unemployed workers, Seasonally adjusted, Sep '25



0.6 – 0.8      0.8 – 0.9      1.0      1.1 – 1.5      >1.5

Smaller gap  
(lower open positions per unemployed)

Larger gap  
(more open positions per unemployed)

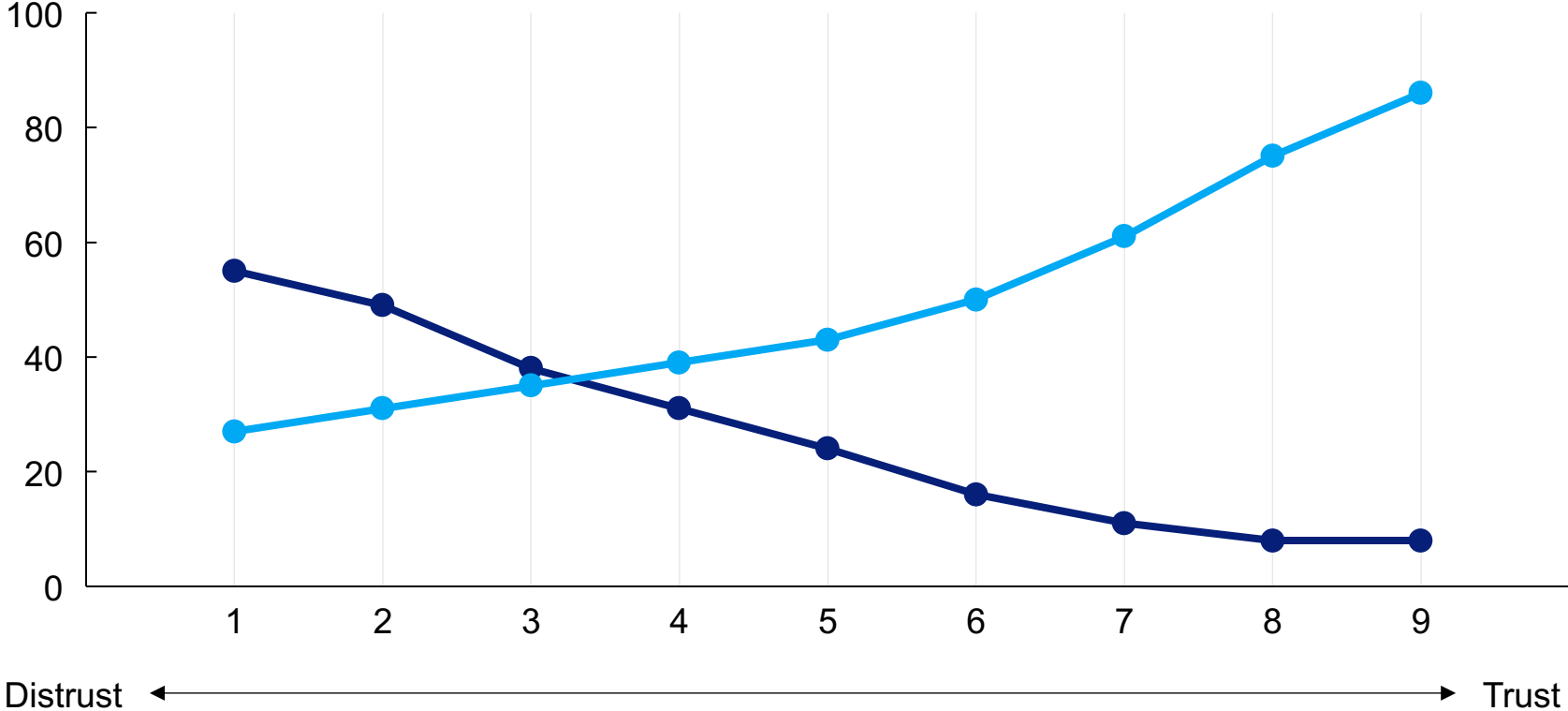
1. Job openings are based on surveys of US employers done by the BLS and represent positions that are not filled on the last business day of the month. August 2025 data are preliminary.

Workforce availability varies widely by state. As of September 2025, **8 states** have more unemployed than unfilled positions (led by California)

# Higher institutional trust is strongly associated with greater economic optimism

● I have high grievance ● I have economic optimism

**Your economic prospects in five years**  
% of families choosing top-2 boxes on a 5-point scale<sup>1</sup>



## Grievance vs. optimism

Reflects an individual's sense of whether business, government, and the wealthy serves the interest of only a certain group of people or treats everyone equally and fairly

## Trust vs. distrust of institutions

Reflects an individual's average level of trust of government, media, business, and non-governmental organizations

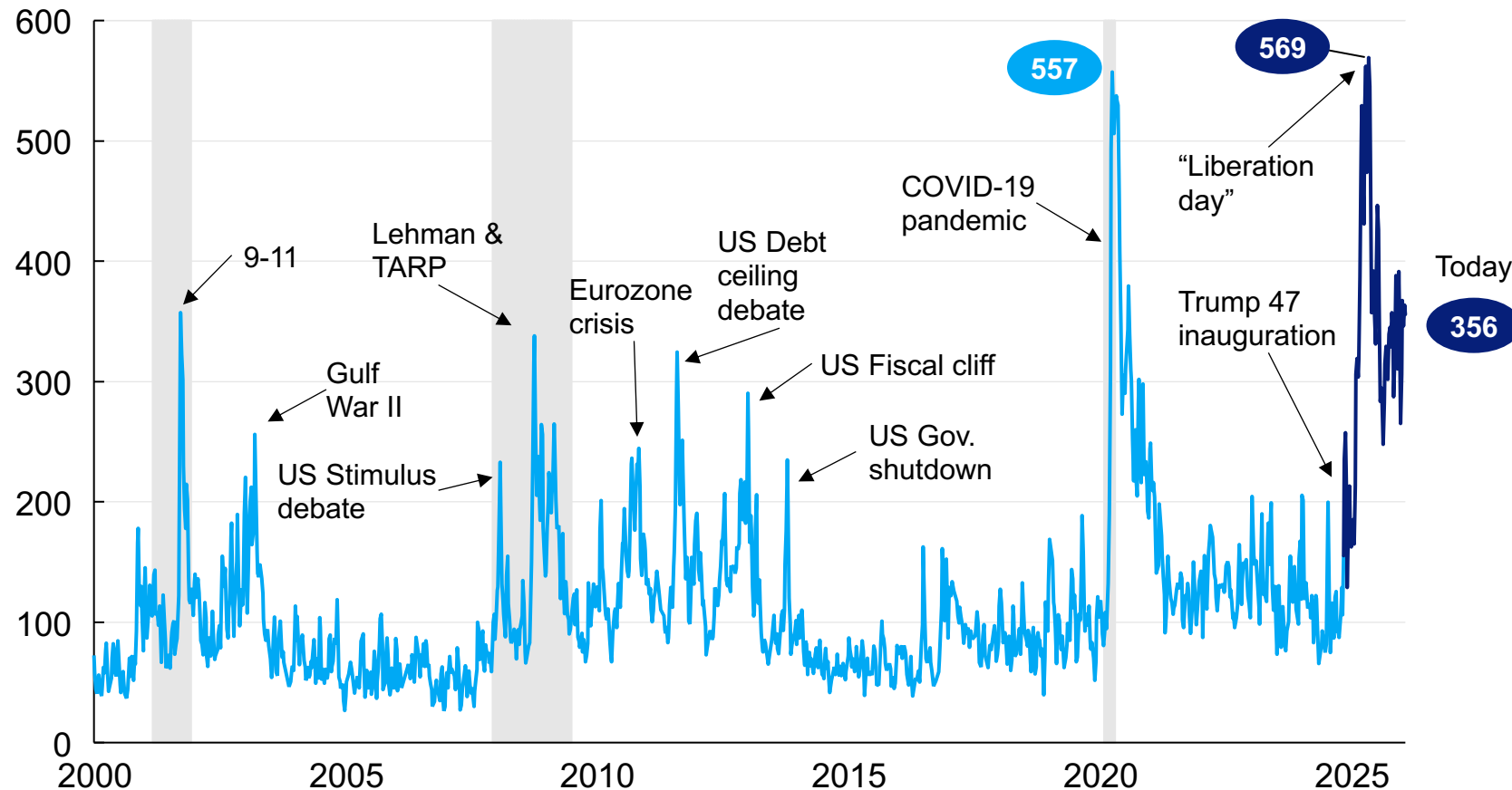
1. "Thinking about the economic prospects for yourself and your family, how do you think you and your family will be doing in five years' time?" On-line survey October 25-November 16, 2024, across 28 countries, ~33,000 respondents; This question excludes China and Thailand

# Economic policy uncertainty remains near historic highs

## US Economic policy uncertainty index

2-week moving average of daily observations, weekly to January 23, 2026

— 2025-26



Based on newspaper archives from Access World News NewsBank service, an archive of thousands of newspapers and other news sources from across the globe, utilizing well over 1000 U.S. newspaper sources ranging from large national papers like USA Today to small local newspapers across the country.

Search for articles regarding economic policy uncertainty use the terms: 'regulation', 'deficit', 'federal reserve', 'white house', 'congress', and 'legislation' as part of its search criteria ('tax', 'budget', 'policy', and 'spending' were removed in 2012 because of high error rates)

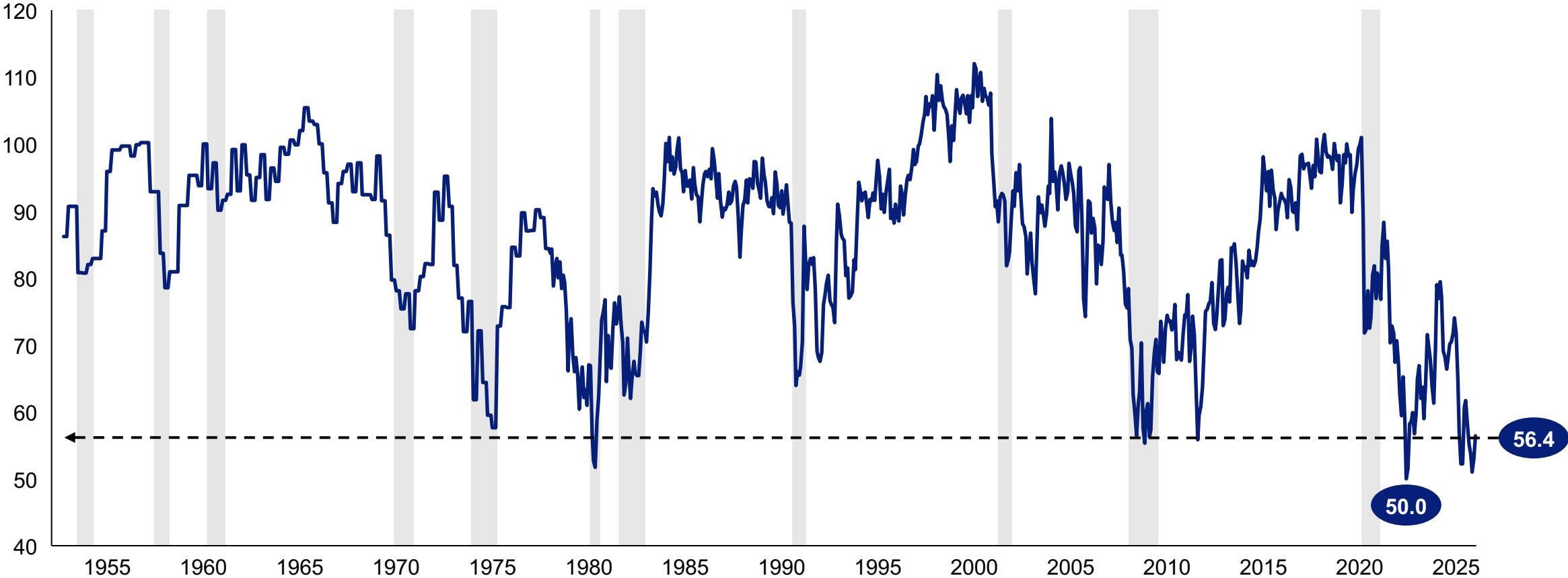
The index is computed daily and normalized by the total number of articles in a month

# Consumer confidence barely higher than the lowest level on record since 1952

Drops in consumer confidence have historically been associated with recessions.

## Consumer confidence

Index, through January 2026

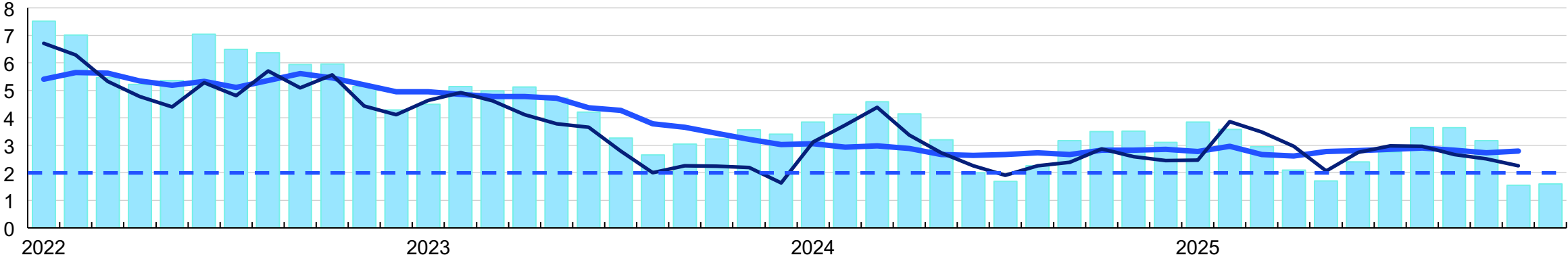


Source: US Census, NBER, McKinsey analysis

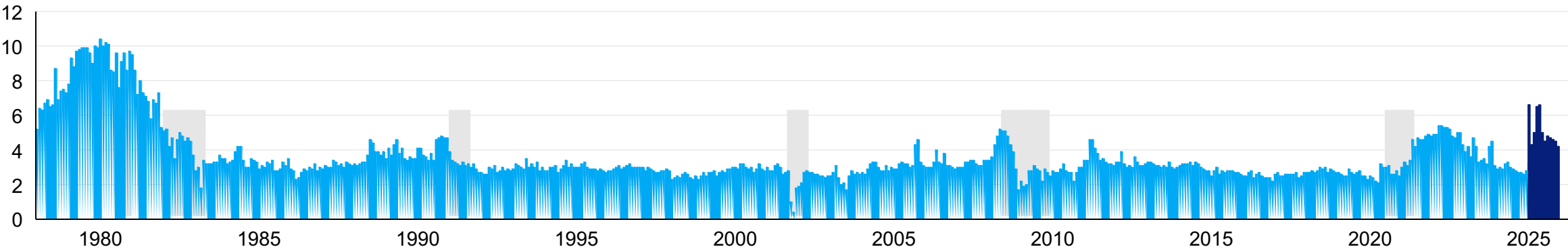
# A gap persists between actual inflation and what consumers expect

— Fed Target: Core PCE 12-month change  
— Core PCE 3-month change  
■ Core CPI 3-month change<sup>1</sup>

**Change in consumer prices excluding food and energy**  
 Annualized percent change, PCE to November, and CPI to December 2025



**Expected inflation, next year**  
 Percent, through December 2025



1. October CPI excluding food and energy estimated with personal consumption expenditures

Source: Top chart: BEA, BLS, McKinsey analysis; Bottom chart: University of Michigan, NBER, McKinsey analysis

# Agenda



Macroeconomic Disruption



**Regulatory Landscape**



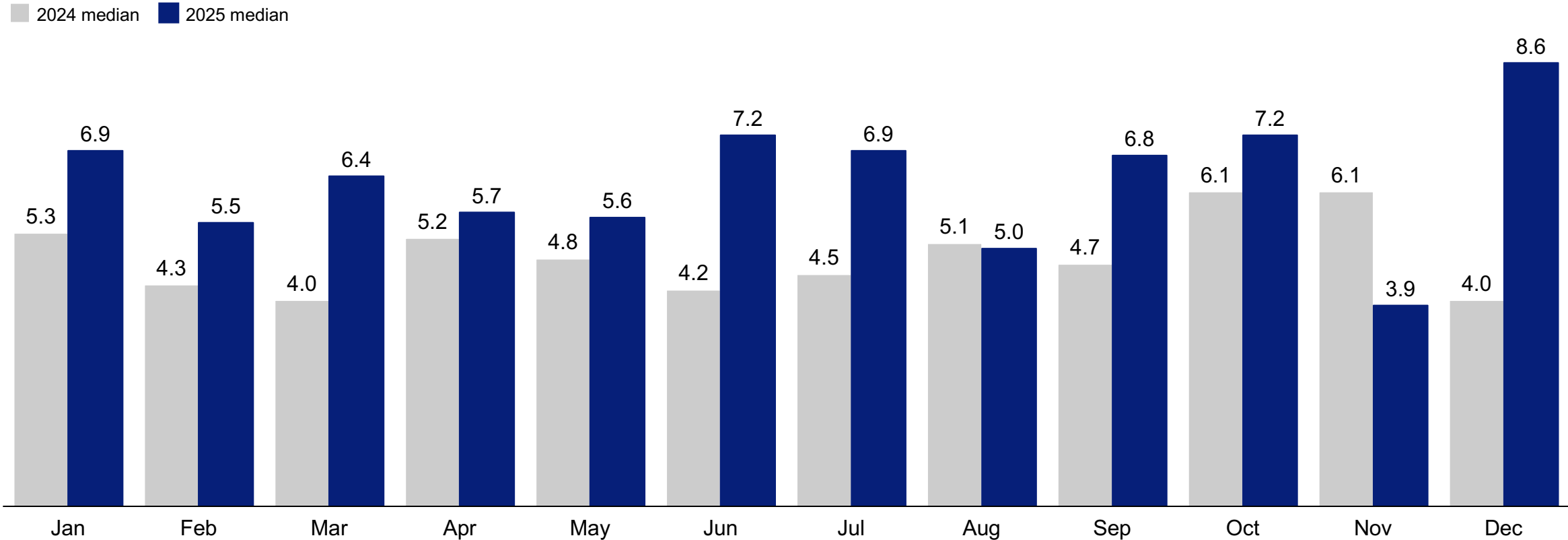
Strategic Uncertainties for Health Systems



Conclusion

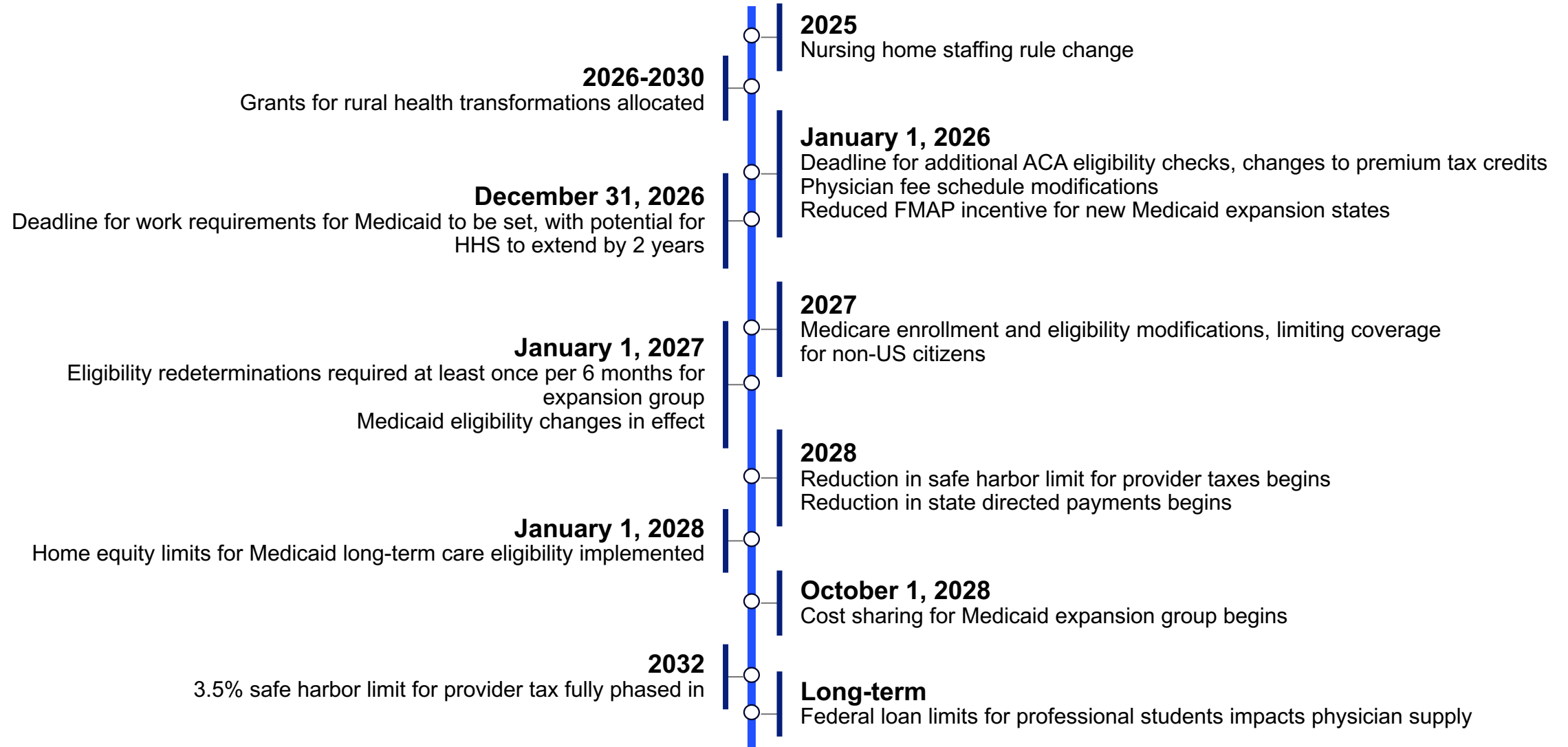
# Surveyed health system operating margins improved by ~150 bps for '25 vs. '24...

## Monthly National Hospital Operating Margin Index (%)



Source: Kaufman Hall, National Hospital Flash Report (December 2025 metrics)

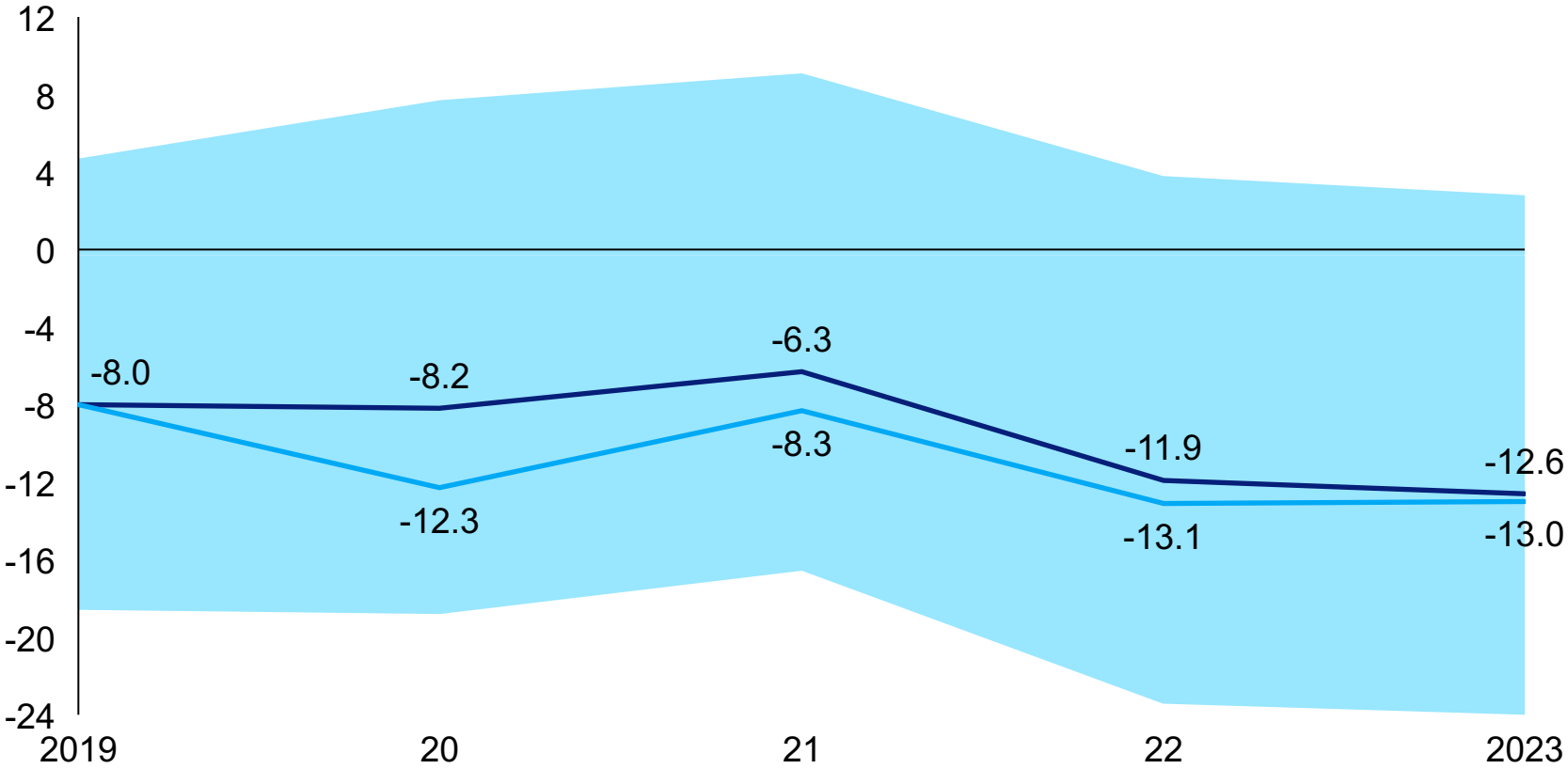
# ...but HR1 introduced coverage, funding, and operational headwinds that will impact performance moving forward



# Against this backdrop, discussion may return to the feasibility of a “Medicare breakeven” operating margin

■ Middle half of hospitals    — Aggregate    — Excluding relief funds

Fee-for-service Medicare margin, %










**Losses vary across health system archetype nationally, i.e.,**

- For profit: 0.1%
- Nonprofit: -14.3%
- Urban: -13.2%
- Rural: -3.9%

Note: FFS (fee-for-service). Data are for hospitals paid under the inpatient prospective payment systems that had a complete cost report with a midpoint in the fiscal year and had nonoutlier data as of our analysis. Results differ from those published last year because of newer data and methodological updates, such as limiting the set of included services paid under the inpatient or outpatient prospective payment systems. MedPAC analysis of hospital cost reports.

# As legislation reshapes coverage and funding, CMS priorities reflect tighter oversight, accelerated modernization, and a continued shift toward value-based, data-driven care

Select publicly stated priorities<sup>1</sup> for Centers for Medicare and Medicaid Services (CMS)<sup>2</sup>

<p><b>A</b> <b>Fraud, waste, and abuse</b> </p> <p>Strengthening program integrity through enhanced oversight, data analytics, and real-time detection to reduce improper payments and ensure accountability</p>	<p><b>B</b> <b>Data interoperability &amp; digital enablement</b> </p> <p>Improving data exchange and patient access to health information through standardized, technology-enabled solutions and interoperability requirements</p>	<p><b>C</b> <b>Claims &amp; payment infrastructure modernization</b> </p> <p>Modernizing core CMS systems—including Medicare claims processing—to enable faster adjudication</p>	<p><b>D</b> <b>Pricing reform &amp; value-based care transition</b> </p> <p>Advancing payment approaches that emphasize near-term market-based pricing while supporting a longer-term transition to value-based care</p>
<p><b>E</b> <b>340B program integrity &amp; oversight</b> </p> <p>Increasing scrutiny of the 340B Drug Pricing Program to ensure program integrity while balancing safety-net provider participation</p>	<p><b>F</b> <b>Rural health</b> </p> <p>Supporting access and sustainability for rural providers through targeted funding and delivery system initiatives</p>	<p><b>G</b> <b>Quality, access &amp; program stewardship</b> </p> <p>Strengthening quality, access, and program integrity to ensure sustainable, accountable Medicare and Medicaid programs</p>	

1. An extended list of publicly stated priorities can be found in the appendix  
2. As of Jan. 26, 2026

# Agenda



Macroeconomic Disruption



Regulatory Landscape



**Strategic Uncertainties for Health Systems**



Conclusion

# Leading NFP health systems have voiced similar strategic themes...

Highlights from 2026 JPMorgan Healthcare Conference, not-for-profit track

Themes	Highlights
<b>Operating Resilience</b>	Median operating margins improved for nearly all systems from '24 to '25; focus has now <b>shifted to institutionalized resilience and ongoing operating rigor</b> in anticipation of HR1 impact
<b>Ambulatory Growth &amp; Portfolio Rebalancing</b>	<b>Growth narrative continues to focus on ambulatory expansion</b> ; several systems are also <b>divesting dilutive acute care assets</b> to reposition and fund portfolio pivots
<b>AI as Foundational Infrastructure</b>	<b>Focus on AI as foundational infrastructure, rather than use case pilots, with recognition that solutions will be “80% people and process, 20% technology,”</b> and will require the ways of working organization-wide to change
<b>Consumer Experience Redesign</b>	<b>Imperative for attractive volume growth that encompassed end-to-end access redesign,</b> linking digital and physical experiences, and winning based on transparency and convenience
<b>Engaging &amp; Designing for CMS Direction</b>	CMS is engaging health systems proactively on its priorities – while <b>outlook for Medicare and Medicaid funding suggests health systems will need to accomplish more with less</b>

# ...which overlap with focus areas of for-profit systems

## Takeaways from HCA Q4 Earnings Call (Jan 27, 2026)



## Quotes



**Focusing on fundamentals and cost discipline in 2026** to offset expected \$600-\$900M adverse impact from OBBA

*“...we believe our core business remains strong with forecasted volumes in our long-term 2% to 3% growth range.” – Sam Hazen, CEO*

**Forecasted \$400M of incremental savings in 2026 as part of multi-year resiliency program** emphasizing throughput and labor productivity

*“This is not an episodic event for us... it’s a cultural dynamic in our company around being cost effective... and finding ways to improve from a process standpoint and a leverage standpoint with our overall scale.” – Sam Hazen, CEO*

**AI and automation are positioned as core capabilities to unlock operational efficiencies**

*“We are leveraging three primary capabilities in driving our financial resiliency program... advanced analytics, ... digital transformation with AI and automation, ... expanding and leveraging our shared service program” – Mike Marks, CFO*

**Increased CapEx to \$5-5.5B in 2026 (\$4.9B in 2025) to invest in organic growth opportunities** in high-acuity programs, new access points, and building new inpatient capacity.

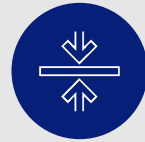
*“... we have about 2,700 outpatient facilities or so ... we see that pushing toward our targets of 18 to 20 outpatient facilities per hospital as we finish out this decade.” – Sam Hazen, CEO*

## 5 strategic uncertainties for health systems to evaluate

With no clear industry consensus point of view, health systems will have to lead through uncertainty



**Volume:** How and where should health systems invest for growth when future utilization is uncertain, especially as new therapeutics emerge? What acute infrastructure do health systems need long-term?



**Payer Profitability:** How much payer pressure should health systems plan for and build into strategy? How do health systems anticipate evolution (e.g., shift to PPO, employers' migration to defined contribution)?



**M&A and Scale:** How actively should health systems pursue scale in this environment (economic and regulatory)? Do health systems expect Boards to approach this over the next 5-10 years?



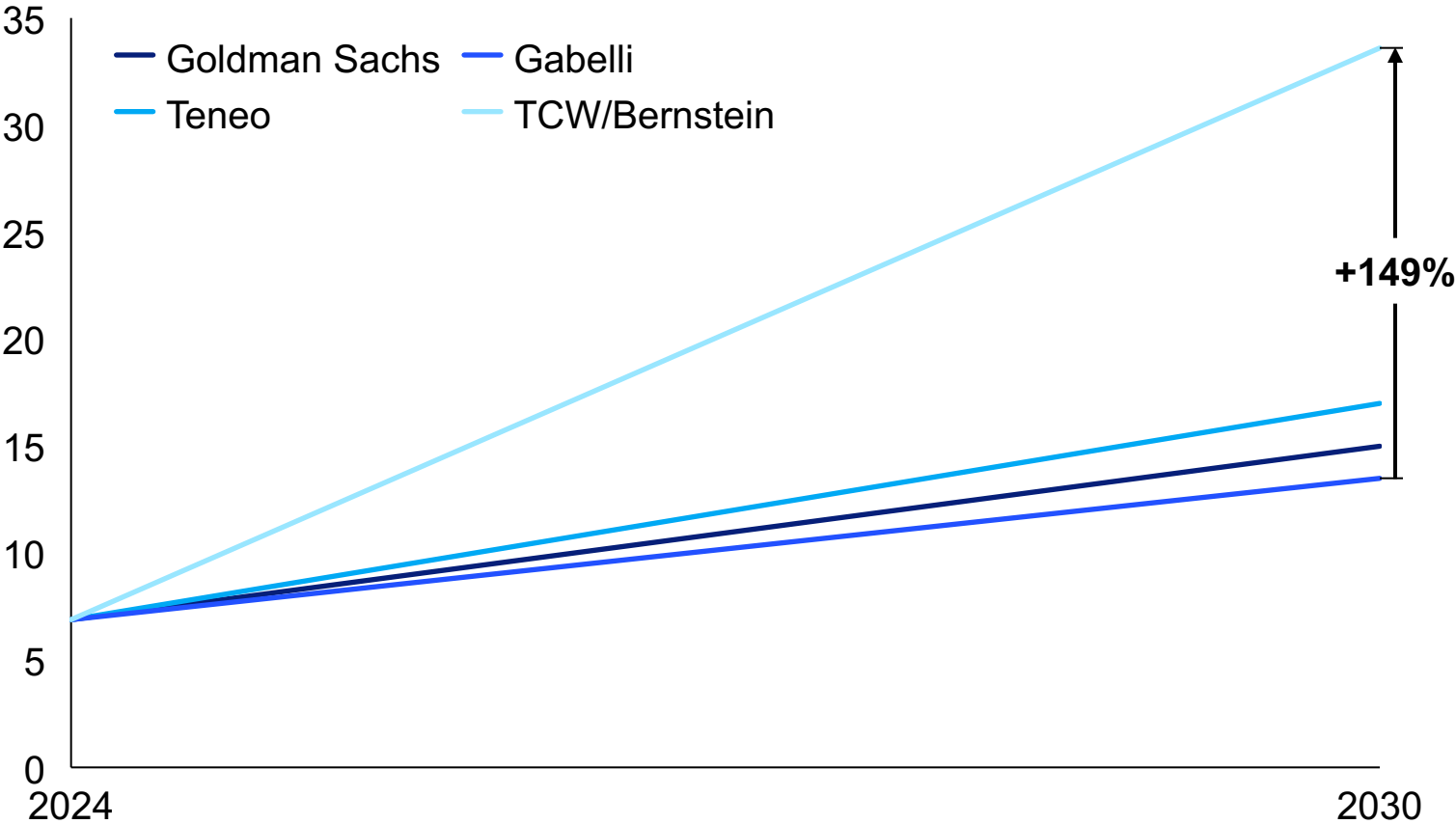
**AI and Productivity:** How aggressively should health systems invest in AI given uncertain value capture? What are health systems postures to “make” vs. “take” solutions as the ecosystem evolves?



**Consumer:** How proactively should health systems reposition for a consumer-oriented landscape, especially as technology adoption accelerates?

# Volume: Uncertainties remain as to impact of therapeutics like GLP-1s

U.S. GLP-1 User Projections: 2024 actual baseline and 2030 estimates (M)



1. 2024 baseline based on CDC estimates, 2030 points are illustrative scenario endpoints derived or interpolated from published adoption and patient-count projections

Sources: CDC "GLP-1 Injectable Use Among Adults With Diagnosed Diabetes: United States", 2024; Goldman Sachs, Weighing the GLP-1 Market (2024); Teneo, The Multi-Sector Impacts of GLP-1RA Drugs (March 2024); Gabelli Funds, Overview of GLP-1s (March 31, 2025); TCW, Weight Management Drugs: Factors Impacting Adoption and Utilization (March 18, 2024).

## Other drivers of uncertainty

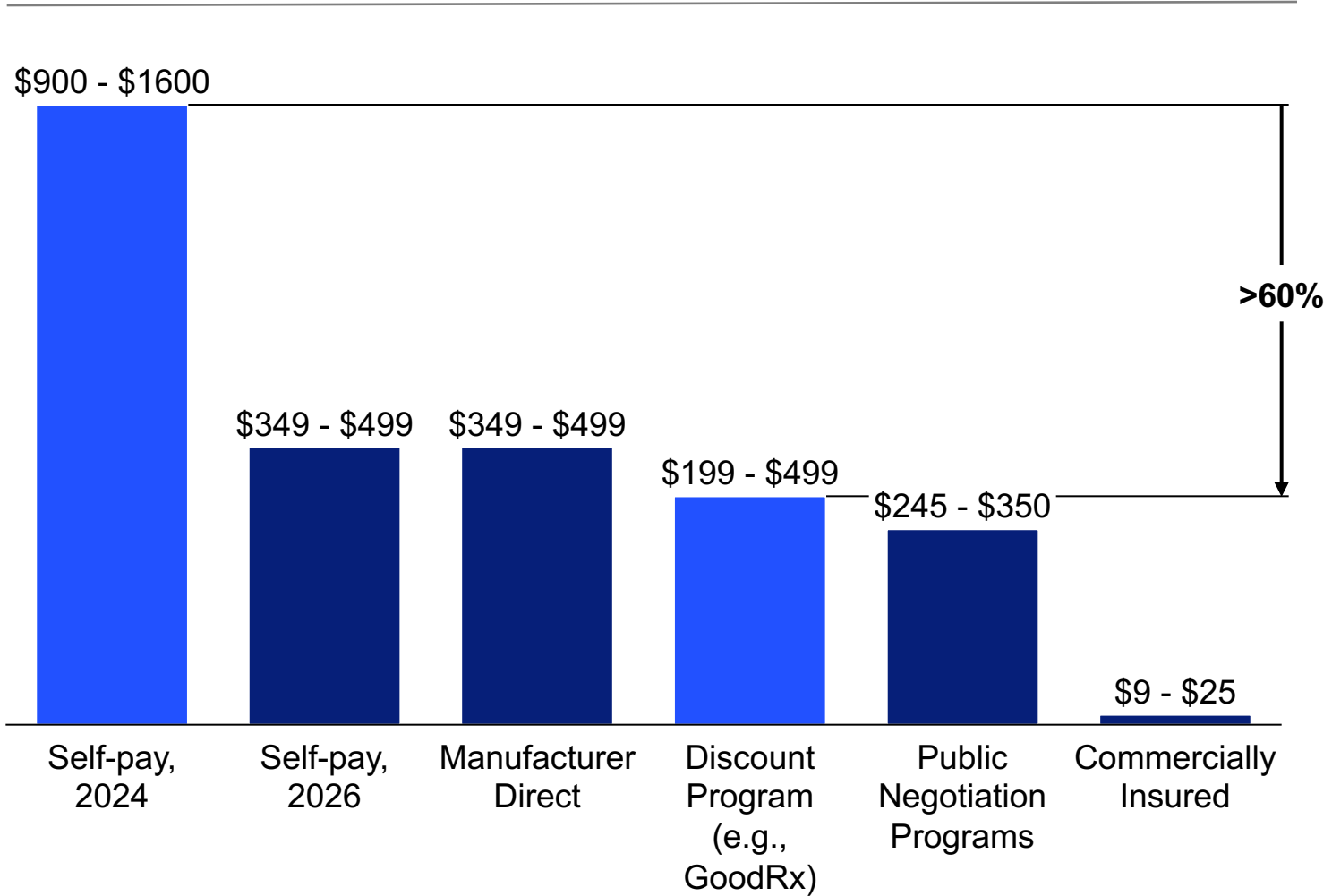
**What proportion of patients will persist in usage?** Claims analyses suggest 30-40% persistence at 12 months; UBS Evidence Lab Survey suggests up to 80%

**Could the addressable population expand?** Current use is focused on diabetes and high-BMI obesity; but could expand into CV prevention and other metabolic conditions

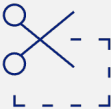
**Will patient affordability improve?** Patient out of pocket prices have fallen considerably despite list prices

# Volume: Self-pay prices have fallen for GLP-1s, which may lead to further adoption and persistence

Patient Out-of-Pocket Price for GLP-1s, \$



**Brand-name list prices** for Ozempic, Wegovy, and Rybelsus **remained high through early 2025**



Discounted access expanded in the past year; by mid-2025, producers **cut self-pay prices** (e.g., Ozempic halved to ~\$499/month) and broadened direct programs



**Cash prices for some self-pay patients have dropped ~20–50%** from 2024 levels and policy initiatives target further declines over 2025–2026

Source: NiceRx; Novo Nordisk & Eli Lilly public pricing disclosures; GoodRx; Financial Times (2025); Mercer policy analysis; insurer plan documents. Prices represent estimated monthly patient out-of-pocket cost and vary by dose, indication, pharmacy, and eligibility.

# Payers: Industry is navigating the toughest headwinds in the last decade and margins are under pressure

Margin % by line of business for all US payers, %

Lowest margin  Highest margin

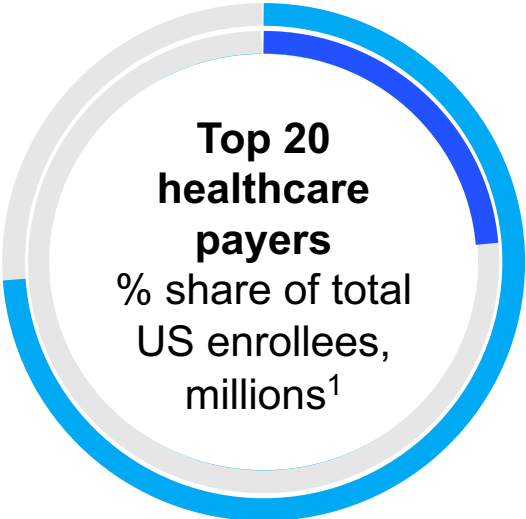
	2015	16	17	18	19	2020	21	22	23	2024
<b>Commercial – Large Group</b>	3.5%	2.6%	2.3%	4.0%	2.4%	3.7%	0.4%	1.0%	1.3%	0.1%
<b>Commercial – Small Group</b>	3.3%	3.4%	5.5%	5.8%	4.6%	6.2%	2.1%	2.1%	2.0%	0.6%
<b>Individual</b>	-10.7%	-8.5%	4.6%	13.2%	9.2%	12.7%	-0.7%	2.2%	4.4%	3.5%
<b>Medicare</b>	1.8%	3.9%	4.5%	3.4%	4.6%	6.4%	3.2%	4.2%	2.7%	-0.0%
<b>Medicaid</b>	4.1%	1.8%	2.0%	1.4%	1.0%	2.6%	3.6%	3.8%	3.6%	1.2%

Cum. margin ('15-'24)

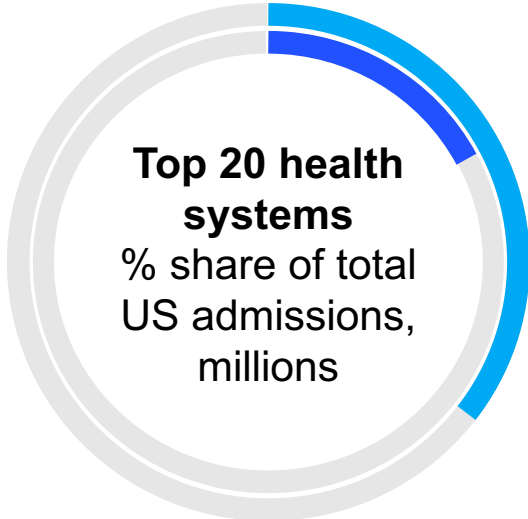
	\$B	%
<b>Commercial – Large Group</b>	49.0	2.1%
<b>Commercial – Small Group</b>	26.2	3.6%
<b>Individual</b>	33.3	3.4%
<b>Medicare</b>	90.0	3.2%
<b>Medicaid</b>	74.4	2.5%

Source: NAIC Exhibits, all payers; does not include ASO, Medicare Part D or Medicare supplement

# M&A: Health systems remain fragmented compared to payers



■ 1994 21%  
■ 2024 77%



■ 1993 18%  
■ 2024 30%

If the top 20 health systems had the same share of industry as the top 20 payers, each would average 1.2M admissions and \$45B NPSR annually

1. Covered lives for the top 20 payers as share of total US covered lives (Commercial+Medicare+Medicaid less dual eligibles).

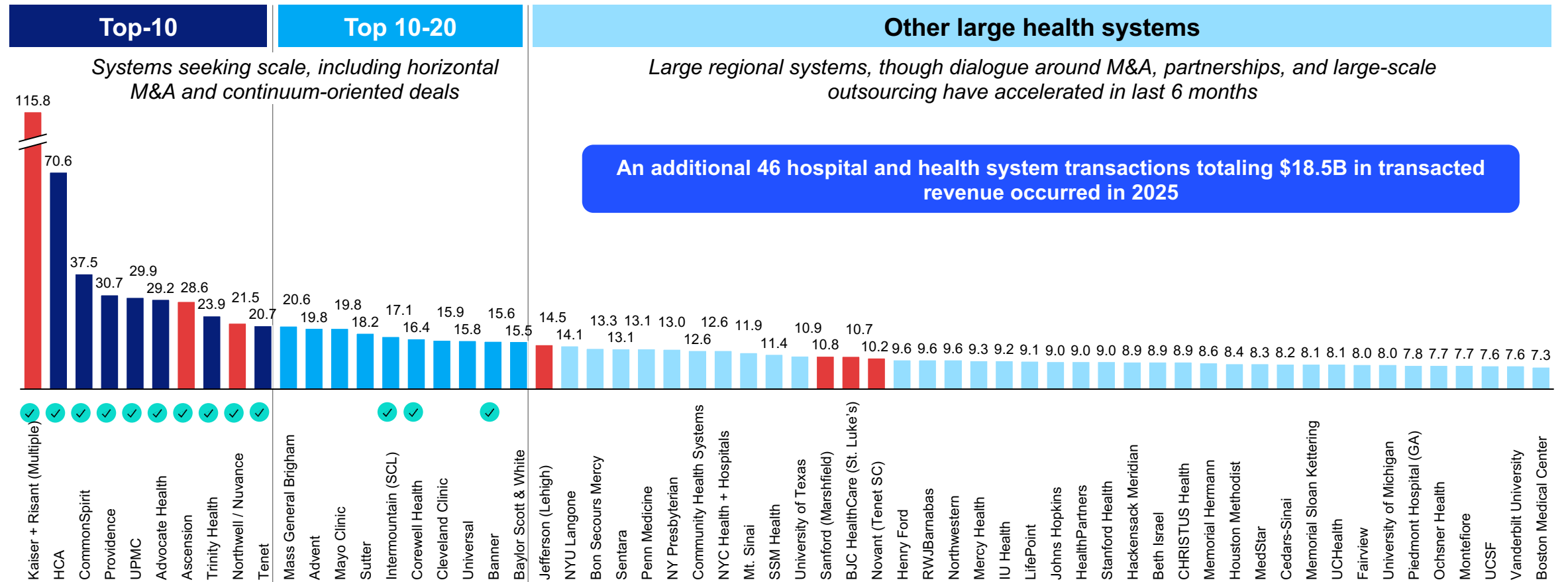
Source: Interstudy; Drug Channels Institute; AHA Annual Survey Database; Definitive Healthcare

# M&A: Conversations are ongoing for further consolidation, yet few at-scale transactions reach completion annually

Through FY24

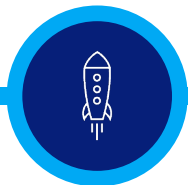
✓ Top-20 system with horizontal merger in past decade
 ■ Recent closed or announced deal >\$1B

## Top US Health Systems By Revenue, FYE 2024, \$B



Source: Audited Financial Statements, Company Prepared or Unaudited Financial Statements, Press Releases, Company Reports, Kaufman Hall Hospital and Health System Transaction Tracker, 2025 AHRQ Compendium and Capital IQ

# AI: Providers are betting on a range of use cases, with no “one size fits all” roadmap



Launch domains with high availability of “take” solutions and straightforward adoption that can fund further reimagination

**Revenue integrity**  
(e.g., clinical documentation integrity, coding)

**Front-end** (e.g., prior auths, appointment scheduling, eligibility & benefits)

**External spend** (e.g., T&Cs optimization, price realization, buying)



Engage with ambient to build clinical adoption capabilities—and measure it

**Provider documentation**  
(e.g., scribes)

**Provider productivity**  
(e.g., pre-charting, inbasket management)



Prioritize core challenges and thoughtfully sequence workflows

**Perioperative throughput**  
(e.g., surgeon outreach, OR scheduling, PAT)

**Care management**  
(e.g., disease screening, transitions of care)

**Nurse productivity**  
(e.g., admissions / discharge, staffing / scheduling)



Improve effectiveness and efficiency of shared services

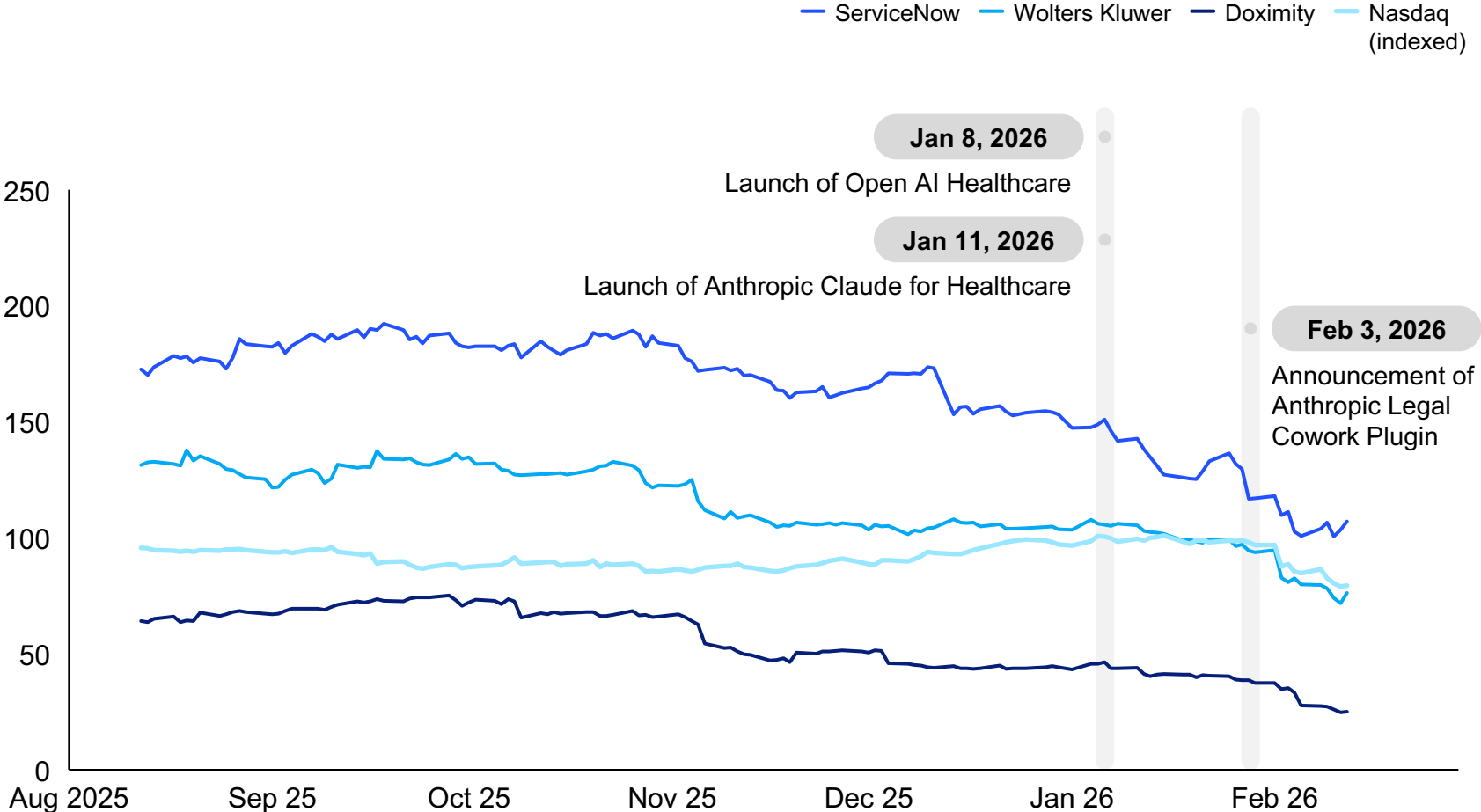
**Med staff** (e.g., credentialing and privileges, contract management)

**HR** (e.g., candidate screening, AskHR, L&D content development)

**Finance**  
(e.g., consolidation and reporting, forecasting, AP)

# AI: Software ecosystem has been disrupted by the introduction of AI tools

Share Price, Aug 2025 to Feb 2026, USD



AI platform launches have impacted software sector, with declines relative to a more stable overall market:

- ServiceNow**  
-\$65.6 (~35%)
- Wolters Kluwer**  
-\$55.0 (~41%)
- Doximity**  
-\$39.0 (~56%)
- Nasdaq (Indexed)**  
-\$16.1 (~17%)

Note: The custom compound annual growth rate may show slight discrepancies compared to the 1-year, 3-year, and 5-year CAGRs due to differing exponential calculations based on the number of days in a year.

# AI: Consumers increasingly use Gen AI as a “first stop” in healthcare journey

**40M+** Users globally engage ChatGPT with health questions daily

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**35%** Of U.S. adults report using AI tools to help manage aspects their health and wellness

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**55%** Of healthcare-related AI users ask AI to “check or explore” symptoms

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**52%** Of users report asking AI health questions because they can get information “at any time of day”

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**48%** Of health-related interactions with AI involve people seeking to clarify medical terms and instructions

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**44%** Of users query AI about learning treatment options

Early trends suggest **consumers use AI to become more self-directed in their healthcare** (e.g., triage, asking questions, seeking convenience)

As adoption goes up for such use cases, **consumers will likely engage clinicians differently** and have different expectations

# Agenda



Macroeconomic Disruption



Regulatory Landscape



Strategic Uncertainties for Health Systems



**Conclusion**

## Conclusion

- **Economic outlook is favorable for private businesses** with accelerating GDP growth and productivity growth, as well as labor market relief relative to recent years; higher youth unemployment and an uncertain policy environment has **reduced consumers' confidence and less favorable perception** than reported results
- Health systems' results continued to rebound in '25, yet **structural headwinds remain and HR1 will roughly double the annual headwinds for most health systems over the next ~5 years**; policy environment will likely require health systems to propose pro-consumer solutions and balance of “gives” and “gets”
- Most health systems have adopted similar strategic themes; that said, teams will need to align on **how to navigate uncertainty, especially for “known unknowns”** over the next 3-5 years, e.g., pharmaceutical innovation, the regulatory landscape, and AI adoption across both enterprises and consumers

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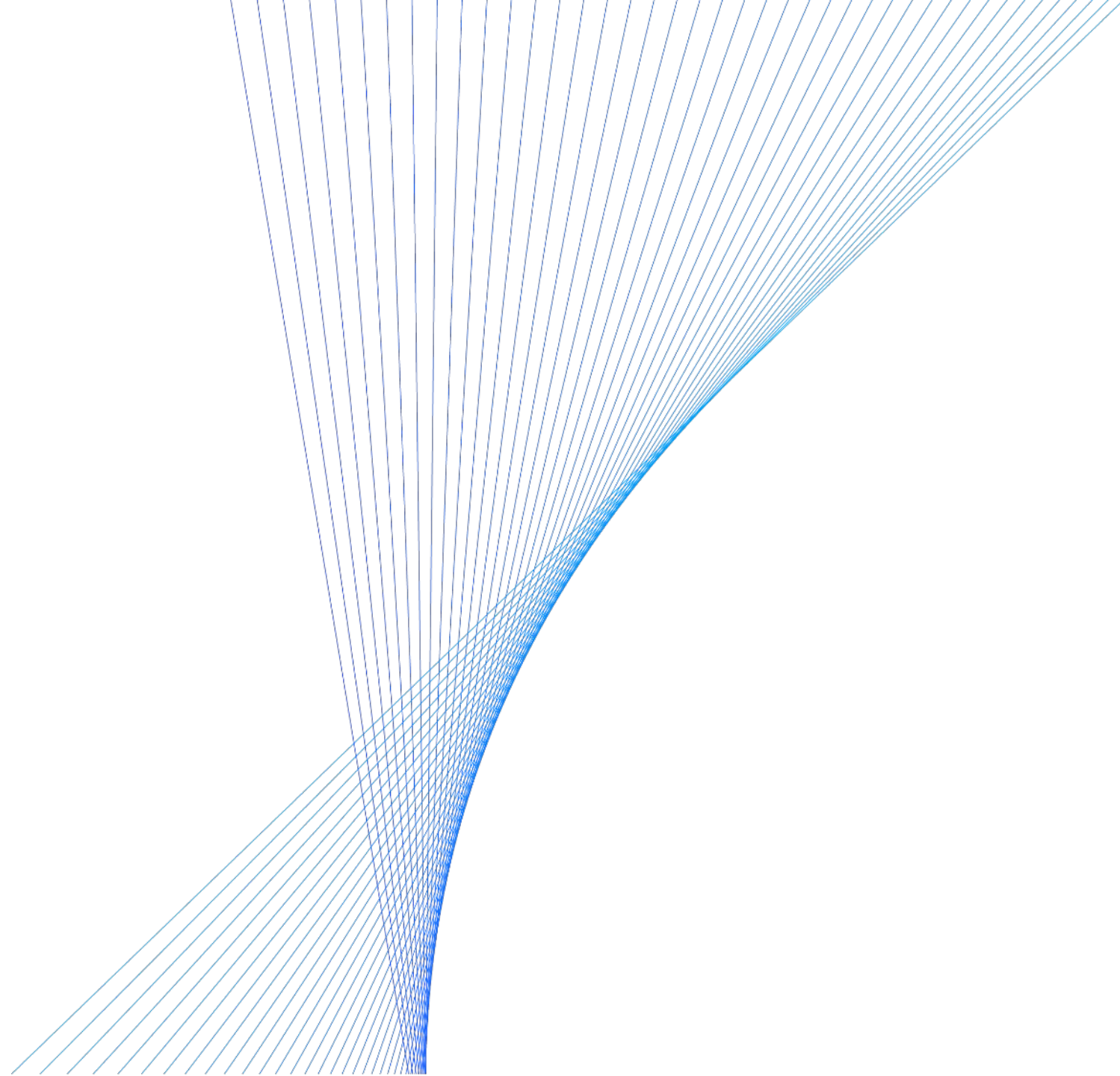
# Questions?

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