



2025 Healthcare Stability Outlook Report

ADDRESSING HEALTHCARE'S BIGGEST CHALLENGES

The healthcare industry continues to face challenges that threaten its stability.

Ongoing margin erosion, high inflation, and rising costs are just some of the issues putting pressure on healthcare organizations. But where there are challenges, there are also opportunities: advancements in technology, new tax incentives, and alternate payment models are offering a path forward for enterprising healthcare leaders.

In this report, we explore the top challenges facing healthcare in 2025, along with the opportunities that healthcare organizations can use to navigate them.



Patient Access & Experience



CHALLENGES

▶ Fewer patients are insured.

Medicare redetermination has reduced the number of patients with insurance, increasing their cost of care and making it more difficult for patients to access care.

▶ Care coordination is lacking.

Patients are responsible for navigating their own care and bridging the gap between different providers and sites of care. Care coordination is especially challenging for patients trying to navigate large institutions. As a result, patients often experience disruptions in their care, which can lead to diminished health outcomes.

▶ Relationships are weaker.

Relationships between patients and providers continue to weaken as demand for care outpaces the availability of clinicians. In particular, the [primary care relationship](#) has suffered significantly, with patients increasingly reporting they have no primary care physician.

OPPORTUNITIES

▶ Explore Patient Portals 2.0.

While many healthcare organizations have deployed patient portals, these platforms are rarely used to their full capabilities. Some are poorly integrated with electronic health records (EHRs), resulting in a greater administrative burden for clinicians. Explore ways to enhance your patient portal's function — for example, by implementing automated scheduling — to reduce the strain on providers and give patients more control over their care.

▶ Consider site-of-care transitions.

Site-of-care transitions can lower the cost of care while maintaining or even improving the quality of care. Evaluate the capacity and services of the facilities in your network to determine which services should be shifted outside of your facilities into community settings like ambulatory surgery centers (ASCs) and how to best invest in these facilities.

▶ Provide support for care navigation.

Explore ways to offer support to patients and care coordinators in navigating care. Review existing technology and infrastructure to identify ways to improve the referral process and maintain continuity of care.

Financial Health

CHALLENGES

▶ **Costs continue to increase.**

While inflation has cooled slightly, costs and expenses remain high, and reimbursements have decreased. At the same time, COVID-19-related funding and incentives have ended, placing further financial pressure on healthcare organizations.

▶ **The future of private equity (PE) funding is uncertain.**

Recent challenges to PE hospital funding may lead to restrictions on PE investment in healthcare, which could make it difficult for healthcare providers to secure capital in the future.

▶ **Underperforming hospitals are costing taxpayers money.**

In some cases, state healthcare institutions are being pressured to take on underperforming hospitals to keep them afloat, which means taxpayers will ultimately be financially responsible for these organizations.

▶ **A Silver Tsunami is on the way.**

A “Silver Tsunami” of retirements means that Medicare enrollments will increase drastically, which will impact payer mix and healthcare margins.

OPPORTUNITIES

▶ **Prepare for value-based care.**

As financial pressures and the need to deliver high-quality patient care push providers away from fee-for-service models, value-based care (VBC) is growing in popularity. Providers who have yet to make the shift to VBC will likely need to in the near future. These organizations should undergo [a readiness assessment](#) to gauge their preparedness for the transition.

▶ **Explore tax credits and business incentives.**

Healthcare organizations can likely take advantage of research and development ([R&D tax credits](#)) and new credits offered under the Inflation Reduction Act (IRA), such as credits related to sustainability. These credits may be of particular interest to organizations engaging in clean energy projects.

▶ **Rationalize service lines.**

Develop an understanding of where it makes sense to continue investing and where to divest by assessing the profitability and outlook of service lines. Understanding the needs of the patient population is crucial to avoid divesting from critical services.

▶ **Improve revenue cycle management.**

Explore ways to apply technology to revenue cycle management. For example, automated billing can help streamline and improve revenue capture, while offering more cost-efficient staff models.



Operations & Supply Chain

CHALLENGES

▶ Supply chains remain fragile.

Continued supply chain disruptions and their impact on patient care have shown that supply chain management in healthcare is still insufficient. Supply chains are especially vulnerable to unpredictable events like natural disasters, as there is limited opportunity to prepare for them. Other large-scale events, like geopolitical conflict, can be more predictable but still exert pressures on supply availability and cost.

▶ Operating margin pressures continue.

High costs and inflation combined with lower reimbursement continue to cause margins to decline, which can impact an organization's ability to fund critical investments.

▶ Drug supply shortages continue.

Certain drugs — especially rare drugs — are in short supply, causing issues for vulnerable patient populations. The problem may be exacerbated by inefficient drug distribution, for example, drugs being prescribed to patients without a medical need for them.



OPPORTUNITIES

▶ Explore next-level cost containment tactics.

While most healthcare organizations have already deployed basic cost-saving measures, additional cost containment tactics have yet to be explored. These tactics include considering alternate energy sources, testing new waste disposal management tactics, and seeking tax credit opportunities through the IRA.

▶ Consider co-sourcing options.

Some financially strapped or small organizations, such as rural or standalone hospitals, may not have sufficient in-house resources to support all necessary supply chain infrastructure. Rather than hiring full-time staff, consider a co-sourcing arrangement for functions like purchasing.

▶ Bring front-line staff and tech solutions into supply decisions.

Augmenting the knowledge of front-line staff with the analytical capabilities of technology can help organizations better understand supply trends, predict shortages, and forecast demand. These insights can also guide purchasing and vendor decisions.

Technology & Innovation

CHALLENGES

- ▶ **Overreliance on artificial intelligence (AI) impairs decision-making.**
Relying too much on AI to inform decision-making can lead to suboptimal decisions, particularly if the underlying data informing the AI algorithm is of poor quality.
- ▶ **Poor EHR performance causes clinician dissatisfaction.**
Less than one in five CFOs report they are very satisfied with their [current EHR system](#). Poorly integrated EHR systems can make it difficult for clinicians to do their jobs by adding to their administrative burden, worsening burnout and turnover rates.
- ▶ **Organizations have redundant tools.**
Many healthcare organizations are paying for numerous tools and applications that have the same or overlapping capabilities, which can create confusion and frustration.

- ▶ **Data infrastructure is insufficient for evolving healthcare needs.**
As adoption of AI and other advanced technology increases, many healthcare organizations have discovered their current methods of structuring and managing data are insufficient to support new technology. As a result, these legacy technologies perform poorly and make it difficult for healthcare organizations to accomplish key goals like shifting to VBC and meeting new reporting requirements.
- ▶ **Healthcare is an attractive target for cyber attackers.**
Cyber attackers continue to take advantage of healthcare organizations' cyber vulnerabilities to steal patient data and disrupt care in order to secure hefty ransom payments. In addition, cyber attackers are leveraging AI to sophisticate their attacks, making them even harder to prevent, detect, and combat.

OPPORTUNITIES

- ▶ **Use technology to lower costs.**
Automation and AI can help lower costs by automating manual tasks, streamlining workflows, and mitigating resource waste. AI can also help offer data and insights that organizations can use to secure better outcomes when renegotiating vendor contracts, seeking new vendors, rationalizing service lines, and more. In addition, adopting these technologies can reduce costs by mitigating the cybersecurity risks associated with legacy or outdated technology.
- ▶ **Rationalize your applications.**
Integrating existing technology and retiring redundant tools allows healthcare organizations to create true interoperability and increase cost savings — which can then be reinvested in the organization.

- ▶ **Increase adoption of automation and self-service applications.**
Patient demand for self-service capabilities has increased dramatically. To satisfy patient expectations and offer more accessible, streamlined service, providers need to increase their use of both adoption and self-service applications.
- ▶ **Expand use of AI and analytics.**
While most healthcare organizations have started investing in AI and analytics, many aren't using them to their full potential. Explore new use cases like predictive staffing and diagnostic capabilities to get the most out of your investments.
- ▶ **Redesign your care model.**
Integrate virtual and in-person care and explore ways to dispense more care during in-person visits to reduce the need for return visits. Make greater use of advanced practice providers (APPs), medical assistants, and other ancillary providers to ensure all clinicians are working at the tops of their licenses.

Workforce & Talent

CHALLENGES

▶ **The talent pipeline is running dry.**

With older doctors and nurses retiring and fewer entrants into medical school, the U.S. is facing a serious clinician shortage. At the same time, the overall population continues to age and require more care for chronic conditions.

▶ **Demand is much higher than anticipated.**

After several years of [deferring care](#), patients are back to seeking care, causing volumes to far outpace expectations. The years of deferred care have also resulted in greater patient acuity, further straining existing resources.

▶ **Burnout remains high.**

BDO's [2023 Clinician Experience Survey](#) found that 61% of healthcare leaders cite burnout as their top clinician morale challenge. Heavy workloads and poorly integrated technology make clinicians' jobs increasingly difficult.

OPPORTUNITIES

▶ **Use AI to address resource gaps.**

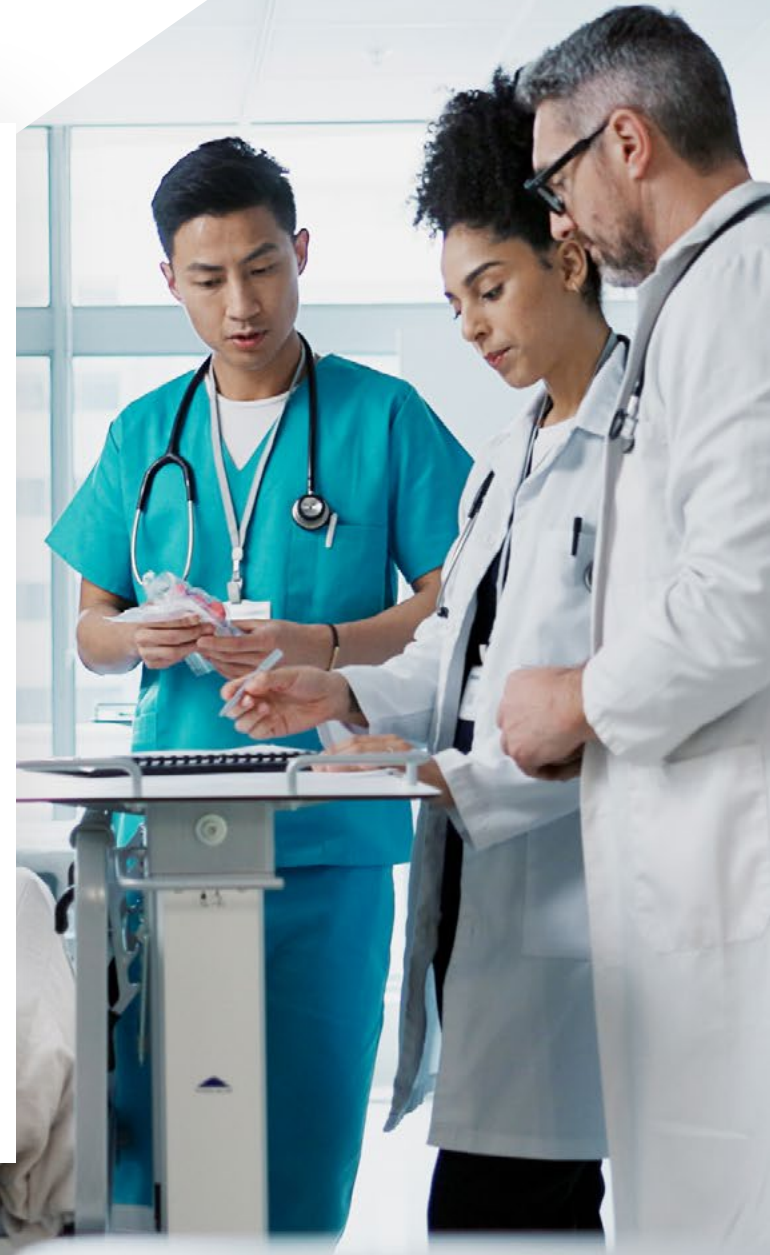
AI has the power to support and streamline multiple critical functions within healthcare organizations, including clinical, [staffing](#), finance & accounting, revenue cycle, and more. Consider where AI can automate administrative tasks driving burnout, expand the capacity of clinical staff, and increase patient throughput.

▶ **Partner with medical schools.**

Consider partnering with medical schools to create feeder programs to grow your talent pipeline. These programs should cater to more than just clinicians and should also target pipeline development for ancillary providers like physician assistants.

▶ **Engage your staff in problem solving.**

Involve your staff in discussions about their working environment and needs to discover what solutions will improve their quality of life and work-life balance. Discussing these decisions can help staff feel more engaged and in control of their working environment and unlock actionable solutions, which can help reduce burnout and turnover while increasing productivity.



Regulation & Reporting

CHALLENGES

▶ **Malpractice premiums are extremely high.**

High malpractice premiums make it difficult to service needs because the risk is so high. Certain organizations may remove some service offerings in response, potentially leading to care gaps in the surrounding communities.

▶ **Transaction scrutiny is increasing.**

Federal and state oversight of healthcare transactions — such as PE investments or mergers and acquisitions (M&A) — is increasing, making it difficult for healthcare organizations to pursue growth opportunities.

▶ **AI regulations are rolling out.**

While there is currently no comprehensive federal regulation around AI, several states are rolling out

their own AI rules and enforcement mechanisms. Healthcare organizations will need to become familiar with all applicable state regulations. Cybersecurity requirements are also increasing in healthcare (e.g. the HIPAA Privacy & Security Rules), which can further complicate AI adoption.

▶ **Limitations on noncompete clauses are on the horizon.**

The FTC's new rule [banning noncompete clauses](#) was recently struck down in a Texas court. However, some states are exploring their own noncompete clause bans, which could introduce instability in the healthcare system by giving clinicians the ability change hospitals or open new practices more easily, potentially disrupting organizational stability.

▶ **Pricing transparency reporting is under intense scrutiny.**

Organizations that fail to comply with pricing transparency regulations could be subject to expensive fines — an added financial burden that many organizations can't afford.

▶ **CMS released its final [FY25 Inpatient Prospective Payment System \(IPPS\) Rules](#).**

Organizations need to understand how changing Medicare policies and updated payment rates will impact their margins.

OPPORTUNITIES

▶ **Consider pursuing the [Health Equity Adjustment \(HEA\) Bonus and the Transforming Episode Accountability Model \(TEAM\)](#).**

The HEA offers a financial incentive for organizations implementing health equity measures, while the TEAM offers additional benefits and resources to support hospitals' health equity programs.

▶ **Improve documentation practices.**

Robust documentation is necessary to fulfill reporting requirements and secure incentives like the HEA. Consider ways to improve and centralize your documentation for ease of use and what internal controls should be implemented to support these practices.

▶ **Plan for the worst when budgeting.**

To account for regulatory uncertainty and trailing reimbursement rates, healthcare organizations should budget for their worst-case scenarios. This approach provides built-in protection regardless of the outcome of regulatory questions and changes to reimbursement rates.

Healthcare will face significant challenges in 2025.

Fortunately, healthcare organizations are not without options.

New opportunities will give organizations the chance to secure a competitive advantage, shore up their financial foundation, find innovative solutions to chronic challenges, and more.

Reach out to our team today to get the guidance you need to set your organization up for success.





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