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PULSE

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Health Care Leaders Face New Demands in an Evolving Industry

Health care executives are confronting unprecedented challenges as the industry undergoes rapid transformation. A recent HFMA report reveals that many C-suite leaders feel underprepared to navigate escalating pressures, from artificial intelligence integration to mounting cost constraints.

According to Robert Wachter, MD, from the University of California, San Francisco, traditional health care business models are failing.

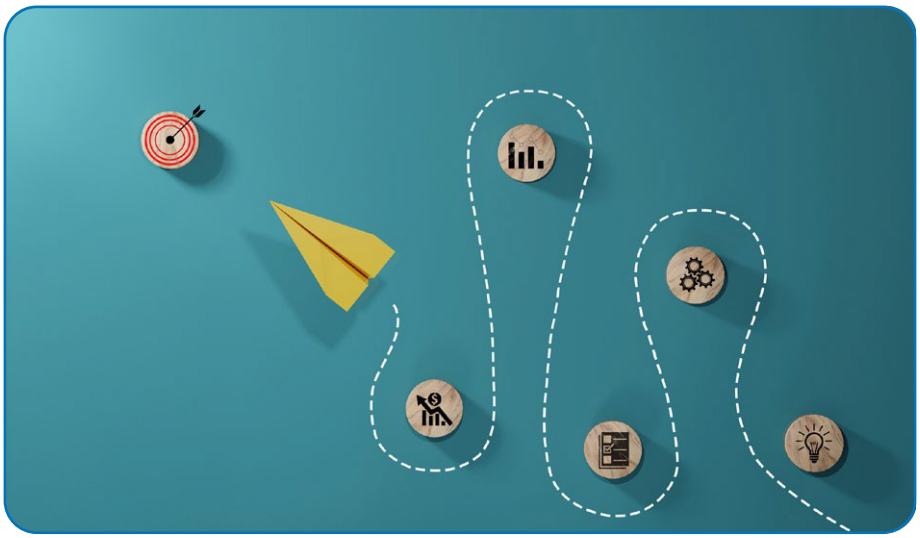
"There have to be new mechanisms — mostly technological — that allow you to deliver better, safer and more accessible care at a lower cost," he said.

However, the critical question remains: Do today's leaders possess the necessary skills to guide their organizations through this transformation?

Robin Damschroder, CFO at Henry Ford Health, identified data literacy and AI fluency as essential competencies for future health care executives.

"It can't just be a few people in the organization who understand AI," Damschroder said. "We're all going to have to understand how it works, down to the director level."

Survey findings indicate that strategy and leadership capabilities are gaining prominence, alongside emerging competencies in innovation, AI proficiency, and payer relations. CFOs particularly struggle with confidence in AI deployment, rating their preparedness at just 2.82 on a five-point scale.



The industry's financial reality is sobering.

"With a multi-trillion-dollar national debt and the acceleration of annual deficits, the United States simply cannot afford the health care system we have today," said Dan Liljenquist from Intermountain Health.

Leaders are prioritizing three innovation areas: AI and automation, ambulatory care expansion, and improved payer-provider relationships. Meanwhile, C-suite composition is evolving, with new roles like Chief AI Innovation Officer emerging to address technological advancement.

Despite mounting pressures, successful leaders are emphasizing collaboration, continuous learning, and bold decision-making. As one executive advised, "Be bold. Raise your hand, even when you think that you're not ready."

ACA Files Suit Against Colorado's Unconstitutional Credit Reporting Law

ACA International has filed a legal challenge to Colorado's law that suppresses accurate information about medical expenses on credit reports.

The lawsuit (PDF) outlines examples of how compromising the accuracy of credit reporting has harmed medical providers and patients throughout Colorado. It also discusses how ignoring Congress and Constitutional rights sets a troubling precedent for states acting in contravention of the law.

The plaintiffs filed the lawsuit in the U.S. District Court for the District of Colorado to challenge the law, which infringes on the federal government's authority to provide a uniform fair credit reporting law.

This is on the heels of the Consumer Financial Protection Bureau's clarifying interpretive rule (PDF) that the Fair Credit Reporting Act generally preempts state laws related to credit reporting.

The CFPB notes in its interpretive rule:

"…Congress recognized, 'these uniform national standards . . . operate in a very fundamental way to expand the opportunity for consumers to get access to credit and a broad range of financial services. What they really do is allow you to take your reputation with you as you travel around the country.'

'Thus, instead of the unified national credit market that we have today, lending and underwriting decisions would have to be based in part on where a borrower lives, since the information available to a creditor making a lending decision could be better or worse, depending on the borrower's State. The utility of credit reports would be undermined because lenders would no longer be able to accurately compare consumers across the country.'"

In comparing HB 23-1126 to the FCRA, the plaintiffs outline how the state's law is contradictory to a national system that promotes the sharing of accurate, privacyrespecting credit information for the benefit of consumers and the economy alike.

In the legal challenge, the plaintiffs explain why HB 23-1126 conflicts with the text and legislative history of the FCRA and violates the First Amendment of the Constitution by placing content-based restrictions on protected commercial speech, among several other legal infirmities.

HB 23-1126 suppresses medical debts from credit reports and hides from creditors over $1 billion that is owed to Colorado doctors, nurses, nursing homes, hospitals, ambulances, health clinics and other medical services providers throughout Colorado.

"ACA members serve medical providers across Colorado," said ACA CEO Scott Purcell. "Today's actions are aimed at protecting their ability to operate effectively and deliver quality care to patients while also safeguarding a fair, transparent credit ecosystem that helps keep borrowing costs low for all Colorado consumers."

Leah Dempsey, co-chair of Brownstein Hyatt Farber Schreck's Financial Services Group and shareholder at the firm, explains that, "By creating a uniform federal system for credit reporting, Congress ensured that consumers nationwide could access credit efficiently and equitably — without the need for cash in hand. Colorado's attempt to dismantle this framework not only infringes on the constitutional rights of business owners and medical professionals, but also undermines the stability of the entire credit marketplace. Such actions risk turning the credit ecosystem into a political battleground, where short-term gain outweighs longterm fairness and economic integrity."

NEWS & NOTES

Rethinking Profitability Beyond Volume

Health care systems frequently mistake high-volume service lines for profitable ones, but activity doesn't equal financial performance. According to a November 2025 Kaufman Hall analysis, many organizations lack consolidated visibility into true service line profitability, particularly when accounting for costs across hospital, physician, and ambulatory settings.

The core problem is an accountability gap — no single entity owns complete service line performance. Systems often measure success through siloed metrics that exclude critical cost components or rely on allocated overhead that obscures actual margins. With site-neutral payment policies threatening traditional hospital reimbursement premiums, this blind spot becomes increasingly dangerous.

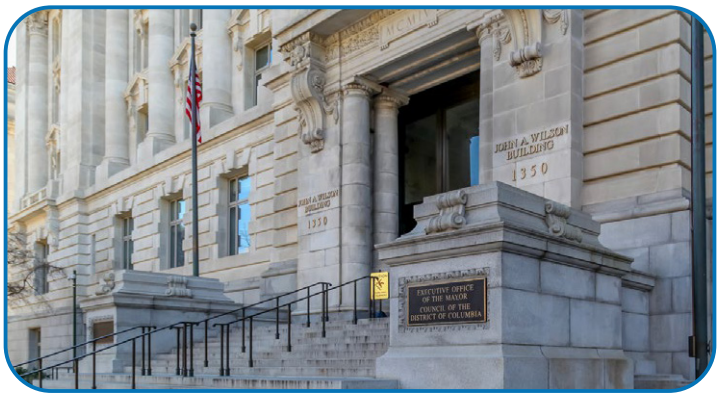
Leading organizations focus on direct margin analysis rather than contribution margins, stripping away allocated overhead to reveal controllable costs. They implement internal benchmarking to identify high-performing sites and establish cross-functional accountability structures with clear P&L ownership. The assessment framework is straightforward: consolidate multi-setting financial data, benchmark internally before looking externally, and assign definitive ownership for outcomes.

How States Rank on Health Care Access

A 2025 study from the West Health-Gallup Center for Healthcare in America reveals geographical disparities in health care experiences across all 50 states and D.C. Americans collectively assigned the national health care system a C grade, with cost earning merely a D+ — no state achieved an A in any measured category. The analysis surveyed nearly 20,000 Americans on 27 health-care-related questions, evaluating overall experience plus three critical dimensions: cost, quality, and access. Iowa and Massachusetts emerged as top performers across all categories, while Alaska, Arkansas, and Texas consistently ranked lowest.

Financial anxiety pervades health care decisions nationwide. Nearly half of U.S. adults (47%) worry about affording necessary care in the coming year — the highest recorded concern since tracking began in 2021. One in five Americans report household inability to pay for prescriptions within the past three months, another record high.

D.C. City Council Considers Medical Debt Legislation



Washington, D.C.'s City Council is considering a prohibition of medical debt credit reporting, among other items, in a bill pending review by the Committee on Health.

The Medical Debt Mitigation Amendment Act of 2025 (B26-0438) would:

- Require health care facilities to offer payment plans to low-income patients with unpaid medical bills.
- Prohibit reporting medical debt to credit bureaus.
- Prohibit wage garnishments and home liens for medical debt.
- Prohibit lawsuits and collection actions in certain cases.

"This legislation would prevent and mitigate the burden of unpaid medical bills on District families, while increasing transparency in medical billing and ensuring fair debt collection," said Council Member Christina Henderson, who introduced the bill, in a memo on the medical debt legislation (PDF).

Washington, D.C., through a grant from the Department of Health Care Finance, has helped provide medical debt relief for residents, but Henderson said the program doesn't go far enough.

The district helped provide $42 million in relief to cover the medical bills of over 62,000 residents.

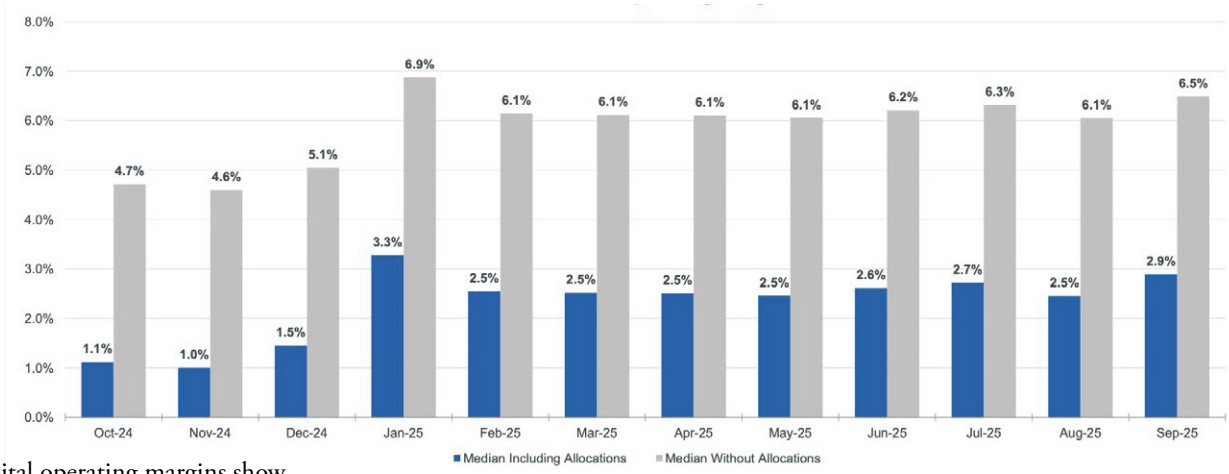
"However, this program was retroactive and did not address the causes of medical debt, so many of the residents whose debt was forgiven could have since accrued more medical debt," Henderson said, adding that it is "imperative that the district take a more upstream approach to preventing and mitigating medical debt."

The hearing on the legislation has not been scheduled.

DATAWATCH

Health Care Financial Performance Overview: September 2025 Metrics

Kaufman Hall CYTD Operating Margin Index: September 2025 Data



Hospital operating margins show concerning volatility despite appearing stable on the surface, according to a report from KaufmanHall.

Financial leaders should note the significant performance gap: top-quartile facilities achieve margins of 14.7% while bottom-quartile hospitals face negative margins of -1.8%, highlighting critical operational disparities.

Patient volumes increased in both emergency and inpatient services, yet margins failed to improve proportionally, signaling persistent efficiency challenges in patient throughput management.

Pharmaceutical costs present an escalating financial threat, driven by rising prices and increased utilization of advanced medications. This trend requires enhanced supply chain management strategies.

Regional variations reveal the South outperforming other areas with improved margins, while the West experienced significant declines. Larger facilities (300+ beds) generally demonstrated stronger financial performance compared to smaller community hospitals.

The federal government shutdowns and delayed economic data release complicated forecasting efforts, necessitating flexible financial planning approaches for health care executives.

Chart Source: Kaufman Hall

PULSE

is a monthly bulletin that contains information important to health care credit and collection personnel. Readers are invited to send comments and contributions to:

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