Qualified Health

Beyond Point Solutions

Why Platform-based AI Implementation Is Essential for Hospital Financial Sustainability

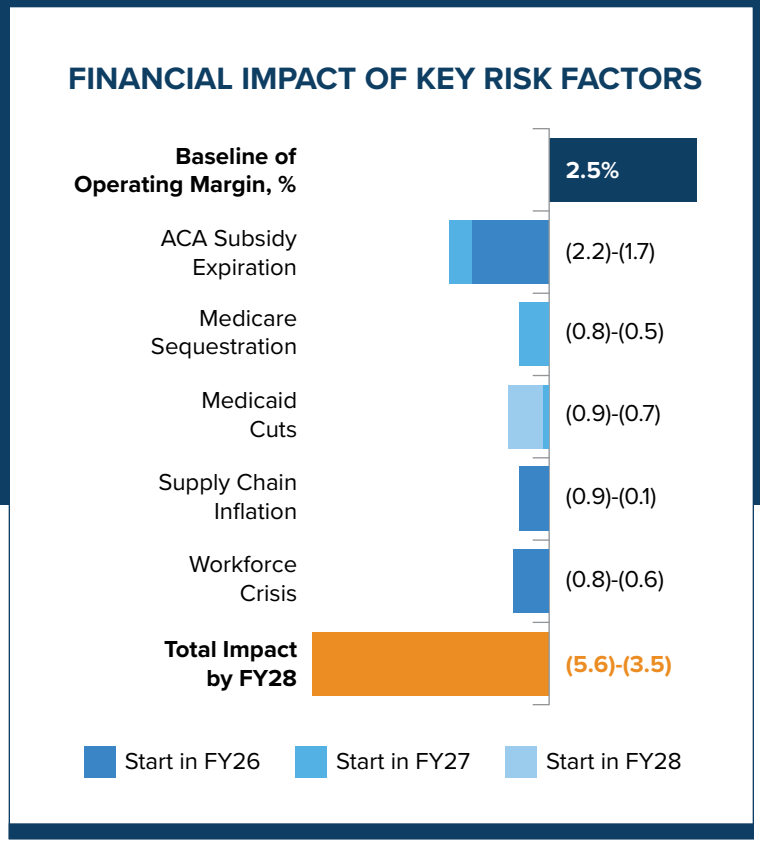
Healthcare systems stand at a critical inflection point. Over the next few years, the US will experience the most significant reductions in government funding for healthcare in modern history. An expected reduction of $1 trillion through 2034—driven by One-Big-Beautiful-Bill-Act (H.R.1) provisions and other policy impacts—will have far-reaching consequences. These reductions will begin to affect health systems as early as 2025 in some states, starting with a pause on state-directed payments.

Beyond policy changes, health plans are facing unprecedented financial pressures. For example, most major health plans such as UnitedHealth Group, Centene, Humana and Elevance have revised or withdrawn their 2025 guidance. This will result in additional downward pricing pressure on commercial insurance for health systems. Such an unprecedented impact requires immediate and decisive action by health system management teams and boards to strengthen core operations and balance sheets.

When implemented effectively, generative AI has increasingly been demonstrated as a force multiplier for regional health systems and academic medical centers (AMCs), delivering operating improvements with >4x in-year ROI in multiple cases. **In this paper, we outline a roadmap and highlight important pitfalls to avoid when scaling generative AI to achieve a sustainable path forward.**

Industry Headwinds Create Severe Financial Risk

Healthcare systems face critical pressures that could collectively reduce operating margins by 3.5-5.6 percentage points (pp) by FY2028, potentially pushing health systems into negative margin territory within three years.



KEY RISK FACTORS

ACA Subsidy Expiration (FY2026): Premium tax credit expiration and additional benefit restrictions could increase the uninsured population by 8.8 million, reducing margins by 1.7-2.2 pp through lost revenue and higher uncompensated care.

Medicare Sequestration (FY2027): Federal spending cuts could trigger 2-4% Medicare reimbursement cuts, reducing margins by 0.5-0.8 pp.

Medicaid Cuts (FY2028): H.R. 1 provisions eliminate coverage for 10+ million Americans, leading to 40-50% increase in uncompensated care and 0.7-0.9 pp margin reduction.

Supply Chain Inflation (FY2026): Tariffs create 0.1-0.9 pp margin compression risk from drug/supply cost uncertainty.

Workforce Crisis (Ongoing): Labor shortages and 50% increase in resignations since 2020 drive compensation costs 1.2% above inflation, adding 0.6-0.8 pp margin pressure.

Without proactive intervention, these headwinds will fundamentally challenge hospital financial viability industry-wide within 3 years.

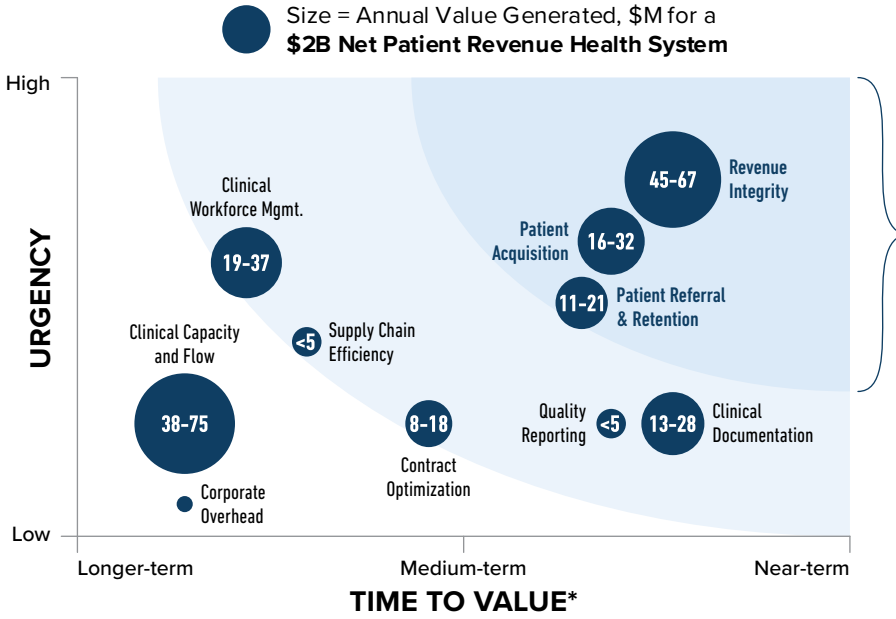
How AI Can Help

Amid economic pressures, AI offers an unprecedented opportunity to transform care delivery from cost-prohibitive to financially sustainable. Generative AI adoption in healthcare has dramatically outpaced other technologies, with 66% of physicians utilizing AI tools in 2024—double the 2023 figure. This exponential growth in an industry known for slow adoption indicates AI could fundamentally reshape healthcare within 2-3 years.

Traditional software, e.g., robotic process automation (RPA), has enabled knowledge workers to automate repetitive tasks more efficiently. Agentic AI represents a paradigm shift: rather than assisting humans, it independently completes previously human-dependent work. AI agents can learn and infer from context, and independently execute complex tasks, such as drafting prior authorization appeals citing clinical evidence from chart notes.

Adoption of generative and agentic AI technologies presents an opportunity for 8-15% run-rate margin improvements within 3-5 years, delivering 5x+ ROI[1].

Path to $100M+ Run-rate Impact



Revenue Integrity
Improve accuracy and speed of utilization review, prior authorization, coding, and denial management with AI

Patient Acquisition
Close care gaps for patients (e.g., cardiovascular procedures, infusion therapies) with AI-assisted screening and scheduling

Patient Referral & Retention
Prevent referral leakage through intelligent tracking and personalized discharge follow-up

* Time to value estimates reflect the timeline to realize full value from AI implementation in each domain. Quick-win use cases may deliver returns sooner. Source: Qualified Health Analysis, Non-profit hospital system annual financial reports

AI leaders can achieve $100M run-rate margin improvement within 3 years by prioritizing high-ROI use cases with shorter time-to-value and first-mover advantages.

1. Run-rate margin impact estimated based on National Bureau of Economic Research (The Potential Impact of AI on Healthcare Spending, 2023), Qualified Health's analysis of financial performance and AI impact across 10+ non-profit hospital systems. Time to impact and ROI are estimated based on Qualified Health client experience.

Pitfalls and Pathways to Successful AI implementation

We are beginning to see a bifurcation across organizations—AI-forward systems could capture more than 80% of available value while laggards capture less than 20%. The competitive stakes are high. In zero-sum areas like patient acquisition and revenue integrity, early movers will capture market share from slower adopters. Health plans are raising the payment accuracy standards based on AI-forward system performance, putting laggards at risk of revenue loss. These advantages compound over time as AI-forward systems deliver superior patient experiences, faster care delivery, and more accurate financial operations.

This divergence stems from different implementation approaches. Leading systems implement AI holistically to transform entire care delivery workflows. Meanwhile, laggards fall into common pitfalls—pursuing incremental strategies with limited scope and organizational commitment that fail to yield meaningful transformation.

5 Common Healthcare AI Strategies That Won't Yield Transformation

COMMON PITFALLS	RESULTS
1 **Wait for the EHR / FPA vendor**	Competitors gain competitive edge by building AI capabilities while you wait
2 **Invest in point-solutions**	Point solutions take up disproportionate team capacity from health system for minimal results
3 **Build at all costs**	Better commercial grade, cheaper off the shelf tools with lower long-term maintenance costs are not accessed
4 **Manual AI governance**	Governance becomes the scaling bottleneck—from guardrail design and access controls to utilization tracking and risk monitoring
5 **Assume employees will learn how to use AI**	Inconsistent and ungoverned tool usage creates security, ethical, and legal risks along with suboptimal results

AI leaders avoid these pitfalls by following a fundamentally different pathway—implementing comprehensive AI transformation through integrated workflows and scalable governance. Successful transformations consistently demonstrate five common elements.

5 Common Elements of Successful Transformations

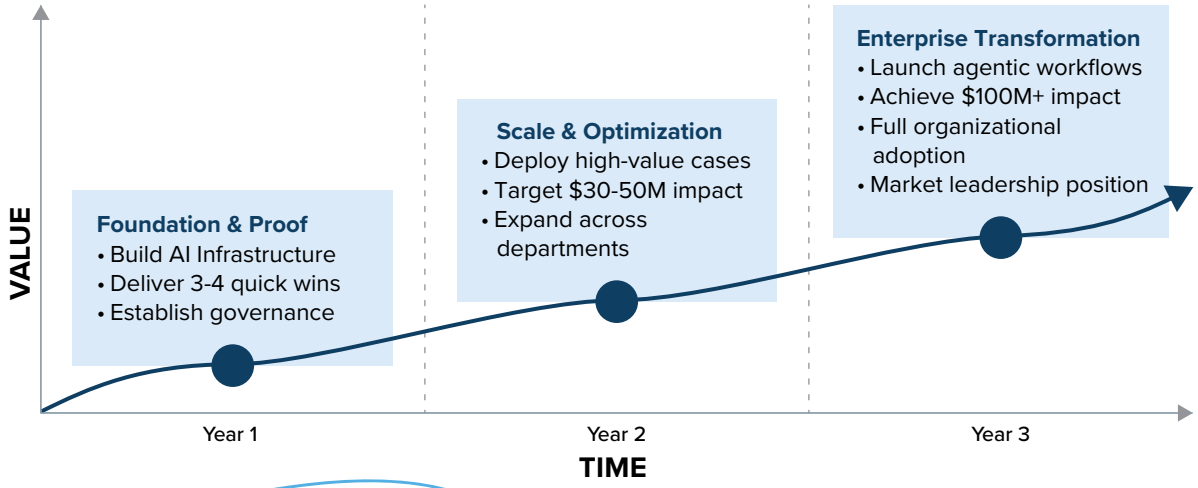
	01	02	03	04	05
	C-suite leadership with dedicated capital and impact commitment	**Disciplined funnel management from intake through pilot and scale-up**	**Clear plan for enterprise-wide upskilling and adoption**	**Investment towards scalable, complete and real-time data infrastructure**	**System Integrated AI Governance**
IMPACT	Organization-wide AI alignment as strategic priority, not experimental initiative	Transparent, repeatable deployment processes that systematically accelerate ROI	Organic staff adoption with AI expectations integrated into roles and incentives	Quality data inputs enabling reliable AI performance across 100+ applications	Demonstrated ROI with managed risk and maintained regulatory compliance
CASE STUDY	**Texas-based AMC** ▪ CEO established $1B impact target over 5 years ▪ Launched AI Center of Excellence with dedicated Chief AI Officer (Q1 2025)	**Atlanta-based AMC** ▪ Created digital office managing 100+ AI initiatives ▪ Proposals evaluated with consistent criteria ▪ Completed pilots within 90 days with clear decision ▪ Developed deployment playbook for system-wide scale-up	**New York-based AMC** ▪ Deployed HIPAA-compliant AI platform system-wide (Q1 2025) ▪ Scaled from 20 to 1,000+ active users ▪ Integrated training within the AI platform to accelerate upskilling	**Atlanta-based AMC** ▪ Invested in cloud data management infrastructure outside EHR ▪ Improved data governance for future gen AI deployment (e.g., metadata architecture, identity solution)	**Indianapolis-based System** ▪ Deployed centralized AI platform for guardrails and utilization monitoring ▪ Enabled data science team to create custom AI assistants within a governed framework

How to Move Fast: Mobilize Strategic Partnership with a Proven AI Platform

The convergence of regulatory headwinds and competitive pressures creates a window for building strategic advantage by taking action. Healthcare transformation of this magnitude requires strategic partnership with a proven AI platform with capabilities to deliver integrated solutions across hundreds of concurrent use cases while maintaining governance and compliance standards.

Success depends on implementing these capabilities through a structured, phased approach that builds momentum while managing risk. The model below illustrates how leading health systems can achieve transformational impact through strategic AI partnerships.

Organizations that establish these partnerships today position themselves to capture first-mover advantages in an increasingly competitive market. The question is not whether to implement AI at scale, but how effectively, safely, and quickly your organization can mobilize the partnership and platform infrastructure necessary to capture transformational value.



Strategic transformation requires the right partner. The ideal AI platform partner should demonstrate four critical capabilities:

System-approach: Integrated platform architecture supporting development, deployment, monitoring, and scaling of 100+ AI use cases

Generative AI-native technology & product leadership: Silicon Valley-based AI team building advanced technology stack

Deep healthcare domain expertise and ROI tracking: Deep partnership driving authentic frontline workflow transformation and delivering outcomes

Self-authoring tools: Tools for customization and local clinical preferences, and avoiding dependency on vendors

Qualified Health is an AI platform company exclusively in service to healthcare provider organizations. Within a year since our founding, we are serving over 125,000 users. Our all-in-one platform combines tailored AI agents, governance controls, HIPAA-compliant chat and real-time monitoring capabilities to drive measurable clinical and financial outcomes. From strategic planning through enterprise deployment, our team of physicians, healthcare executives, and AI safety pioneers provides the technology and hands-on expertise needed to confidently launch and scale AI initiatives.

Let's build your strategic AI roadmap.

Qualified Health

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