

Planning for the One Big Beautiful Bill's financial impacts on hospitals

In our conversations with hospital and health system leaders, the payment and regulatory implications of the One Big Beautiful Bill (OBBB)'s healthcare provisions are by far the most recurring and important topic of discussion. More specifically, the leaders we talk to are laser-focused on understanding how the future financial trajectory of their organizations might play out—and what they can do to guide their organizations forward.

Fortunately, there is much more clarity about the financial challenges facing hospitals in the wake of the OBBB—a [topic our colleagues explore in detail here](#)—than there was during the run-up to the bill's passage this spring.

The OBBB's delayed implementation—including Medicaid eligibility and financing changes that begin to take

effect in 2026 and 2027—creates an opportunity for organizations to consider a range of potential outcomes. There are no one-size-fits-all solutions: each hospital or health system's future financial outlook will vary significantly depending on their payer mix and the Medicaid policies in the states they serve.

While the COVID-19 pandemic and the 2008 recession required urgent responses to sudden existential financial and operational threats, healthcare providers will be able to assess the potential impact of the OBBB and then plan more holistically for a range of scenarios.

In other words, the looming changes of the OBBB can and should serve as a catalyst for strategic transformation to sustain future operations.

Getting ahead of the OBBB's changes

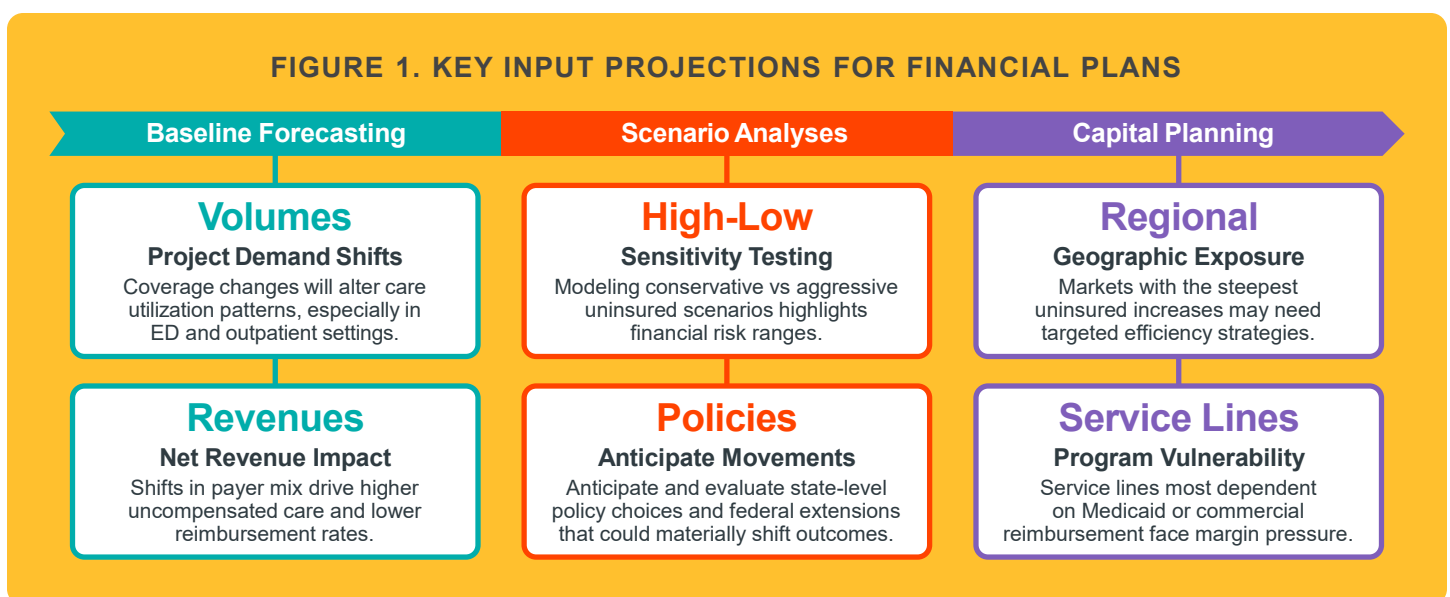
Through financial scenario planning, organizations can reconsider their future financial aspirations and capital plans in the context of expected reductions in reimbursement and other policy changes.

Executive leaders should also partner with their boards to help shape the future financial trajectory of their organizations, [a topic our colleagues recently explored](#).

Organizations can get started by identifying and quantifying potential risks to their existing financial plan, and include those inputs in future planning (Figure 1).

From there, executive leaders and boards can explore mitigation

FIGURE 1. KEY INPUT PROJECTIONS FOR FINANCIAL PLANS



strategies to inform a final updated plan with specific operating and credit targets and capital plans. Given the state-specific impacts of changes to Medicaid, organizations must also continuously monitor policy developments to ensure their scenarios reflect local impacts.

Key questions for organizations to consider during this process include:

- Can we achieve our organization's current financial aspirations?
- Do we need to rethink our capital capacity?
- Do we need to prioritize specific initiatives?
- Do we need to adjust our facility planning?

From there, organizations can build flexibility into their strategic and capital plans and identify levers for protecting the organization's finances, including cost reduction initiatives.

Organizations might also decide to prioritize specific capital projects or strategies depending on their expected return on investment, which might mean accelerating or deferring future actions. In some instances, these discussions may include the exploration of potential partnerships with other organizations. For organizations with solid financial footing, this might include exploring new opportunities for growth, while

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other organizations may need to reconsider independence.

Finally, organizations should also develop plans for communicating potential changes in operations to their employees and other internal stakeholders; the communities they serve; and elected officials representing their regions and states in state legislatures and Congress.

Closing thoughts: Four principles for preparing for the OBBB's impact

In contrast to previous watershed events this century, healthcare

leaders have time to chart their future direction—which unfortunately can also breed inertia. Ultimately, forward-thinking planning today will differentiate the resilient from the reactionary. Four guiding principles can help organizations prepare for change and use the current moment to pursue transformation:

- **Have a plan and know what financial success is for your organization.** Organizations cannot afford to “fly blind” amid looming threats to reimbursement.
- **Risks are unique to each organization.** There are no one-size-fits-all scenarios.
- **Don't put too much focus on the worst-case scenario.** A range of outcomes should be considered and not paralyze an organization's decision making.
- **Remain nimble.** Scenarios may need to evolve between now and the implementation of the OBBB's health policy provisions.



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