

**EXECUTIVE INSIGHTS**



**Kaufman Hall Executive Dialogue:**

# AI IN ACTION: SEPARATING THE HYPE FROM REAL VALUE IN STRATEGY AND PLANNING

Following a period defined by operational strain, workforce disruption and financial pressure, healthcare leaders are now turning their focus toward technologies that can help rebuild stability as they prepare for the future. Artificial intelligence is a central point of exploration for health systems seeking greater efficiency, improved patient experience and sustainable clinical operations.

To gather real-world perspectives, the American Hospital Association's Society for Health Care Strategy & Market Development (SHSMD) hosted an executive dialogue focused on the practical realities of AI adoption. Leaders from academic centers, community hospitals and Federally Qualified Health Centers shared insights on governance, workforce expectations, vendor strategy and how best to measure value in a technology environment evolving faster than most organizations can absorb.

As dialogue participants reflected on the evolving role of artificial intelligence across their organizations, four major themes emerged. The first was the growing need for clear AI governance, as health systems work to balance rapid innovation with responsible oversight. The second was workforce adoption, with leaders noting that even the most promising tools succeed or fail based on how well they fit into clinical and operational workflows. Third was the shifting vendor landscape, as organizations navigate the tension between emerging third-party solutions and rapidly advancing EHR-embedded capabilities. The fourth was the question of value — how to define, measure and communicate the impact of AI in a way that captures both operational gains and the broader transformation of care delivery.

## KEY FINDINGS

What are the biggest challenges healthcare leaders are facing, and how can new ideas and partnerships help address those challenges? Scott Christensen, Senior Vice President at Kaufman Hall, offers five findings based on the participants' discussion:

1

**AI governance is essential.** Health systems are moving from scattered experimentation to coordinated governance structures that ensure AI is deployed responsibly, securely and in alignment with organizational strategy.

2

**Workforce adoption determines success.** Ambient documentation, chatbots and administrative automation show strong potential, but physician comfort, workflow integration and clear change management remain the defining factors in whether tools take hold.

3

**Vendor ecosystems are rapidly shifting.** EHR-native solutions are evolving quickly, prompting organizations to balance the appeal of integrated platforms with the innovation of best-in-class third-party tools — and to avoid long-term commitments in a volatile market.

4

**Operational efficiency and burnout reduction drive early value.** Most AI investments deliver returns through time savings, reduced administrative burden and improved staff experience rather than immediate financial gains, prompting leaders to adopt broader “benefit realization” frameworks.

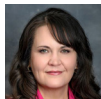
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**AI will reshape care delivery models.** Leaders expect AI to accelerate new models of clinical workflow, patient engagement and administrative automation. Preparing for this future requires strategic clarity, transparency and a culture ready to adapt to continuous change.

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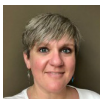
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## KAUFMAN HALL EXECUTIVE DIALOGUE: AI Strategy and Governance



MODERATOR: Scott Christensen

**As AI use cases appear across clinical, operational and administrative functions, organizations recognize the need for consistent oversight — but most are still building the structures to make that possible. Leaders emphasized that effective governance requires cross-functional involvement, clear ethical guardrails and a shared understanding of what AI should (and should not) be used for.**

### Insights from the Dialogue

Participants described an environment in which AI is rapidly beginning to touch nearly every part of their organizations, even as it remains inconsistently managed. Early experimentation often emerged organically within individual departments — clinical teams piloting ambient scribe tools, HR testing chatbots, marketing teams exploring content generation, operational leaders evaluating automation for call centers and IT quietly building internal use cases. In many instances, AI initiatives are “popcorning” throughout organizations faster than governance structures can keep pace, meaning systems must develop a truly strategic, collaborative approach.

“We’ve been leaning into more matrixed governance — operations is participating, clinical services is participating, data and IT are participating — so that we are able to move these initiatives across the system in a way that’s thoughtful,” said Tara Trower, Deputy CEO and Chief Strategy Officer, CommUnityCare Health Centers.

With tools proliferating, health systems are working to standardize policies around privacy, risk mitigation, staff use of generative AI and evaluation of vendor capabilities. Several participants noted that this is challenging not only because of the pace of technological change but also because internal comfort levels vary widely. Some departments are eager to push boundaries, while others remain hesitant or risk-averse — particularly where clinical or patient-facing applications are involved.

“We have some people who are on board and see the efficiencies AI can bring, and others who remain hesitant, saying, ‘We’ve tried scribe tools before and they didn’t work well,’” said Andrea Chewning, Associate Vice President, Strategy and Innovation, Hope Health. “But now we get to be a true partner in building the solution. It’s an ambient tool that’s far better than what we tested five years ago, and we have an opportunity to shape it.”

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Leaders emphasized that governance must strike a delicate balance: stringent enough to protect safety and reputation, yet flexible enough to accommodate rapid change. Rigid frameworks, they noted, risk becoming obsolete before they are even fully implemented. Instead, governance must be iterative, informed by frontline experiences, operational feedback and the evolving regulatory landscape.

Notably, compliance teams are increasingly central to these conversations. With AI touching sensitive workflows and protected health information, organiza-

tions anticipate a wave of new legal and regulatory expectations. Concerns extend to intellectual property questions, vendor data-use policies, and the potential liability associated with AI-enabled decision support or automation.

Participants agreed that AI governance can no longer be siloed within IT. Instead, it must be a shared organizational discipline that evolves alongside the technology — grounded in transparency, strong communication and a clear understanding of where AI can help the system advance its mission.

## IMPLEMENTATION AND WORKFORCE ADOPTION

## SUMMARY

AI's early foothold in healthcare has largely emerged through documentation support, chatbots and administrative automation. While these tools offer meaningful efficiencies, adoption varies widely — especially among physicians and frontline staff who experience AI directly in their workflows.

## Insights from the Dialogue

Ambient clinical documentation continues to be one of the most widely piloted tools, with many leaders reporting strong enthusiasm from clinicians who say it meaningfully improves their day-to-day experience. Participants noted benefits such as reduced after-hours "pajama time," more natural patient interactions and improved accuracy in clinical notes.

"AI is helping people get things done more quickly, with fewer errors," said Dennis Jolley, System Vice President, Strategy and Planning UW Health. "I'm excited about how some of the early tests in clinical spaces show promise to improve quality and efficiency of care."

Participants also underscored how ambient documentation can strengthen the patient encounter by allowing clinicians to "look up" more and engage more naturally. Several organizations described hearing from patients who appreciated that their providers were spending less time typing and more time listening. At the same time, leaders acknowledged that enthusiasm is not universal. Some physicians feel these tools introduce new friction or uncertainty in the clinical process, particularly when automated notes require review or correction.

The hesitancy, several noted, is often tied to identity, autonomy and the deeply personal nature of the physician-patient relationship. These concerns highlight the need for thoughtful change management — helping clinicians understand not just how the tools work, but



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why they are being implemented and how the technology supports, rather than replaces, human judgment.

On the administrative side, AI is demonstrating early promise in call centers, employee-support functions and revenue cycle activities. Leaders emphasized that automation may be essential to filling staffing gaps that have persisted for years.

“We have the same issues that many organizations do regarding staffing,” said Melania Turgelsky, Associate Vice President, Strategic Planning, MaineHealth. “It’s not even turnover. We can’t find anybody to take certain roles.”

Rural hospitals echoed this sentiment, noting that even modest gains in efficiency could meaningfully offset

resource constraints and outdated infrastructure. Many see AI-enabled workflow support as a lifeline rather than a luxury.

Across the board, leaders stressed the importance of transparency with staff about how AI tools are selected, what data they access and how performance is evaluated. They warned that without clear communication, staff will experiment with unsanctioned tools — activity they already see happening. This reality reinforces the need for intentional guidance and governance, ensuring AI enhances the work of clinicians and staff while maintaining safety, trust and alignment with organizational priorities.

## VENDOR ECOSYSTEMS AND PARTNERSHIPS

### SUMMARY

As AI capabilities expand within EHRs and adjacent platforms, health systems are navigating a complex vendor landscape. Organizations must balance innovation, cost, interoperability and risk — often in the context of rapidly evolving promises from major EHR vendors.

### Insights from the Dialogue

Many participants reported extensive internal conversations about whether to rely primarily on EHR-native AI capabilities or explore best-in-class third-party solutions. Leaders described this as one of the most complex strategic decisions they face, given how quickly major vendors are moving to embed AI across clinical, operational and administrative workflows. While EHR-based tools offer tighter integration, reduced security risk and a familiar user environment, participants acknowledged that third-party vendors often bring more advanced, specialized or rapidly evolving capabilities

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— particularly in ambient documentation, patient engagement and automation of back-office functions. Several organizations noted that EHR vendors appear to be simultaneously expanding and consolidating their AI roadmaps.

“EHR vendors are rapidly expanding their AI roadmaps, but there’s a meaningful gap between what’s announced in a press release and what’s live today,” said Andrew Rebhan, Senior Director, Intelligence, Vizient. “That gap is where third-party vendors either prove real value quickly or risk being crowded out as EHR platforms catch up and buyer behavior shifts.”

This dynamic creates strategic uncertainty for health systems considering long-term commitments. Leaders described a genuine concern that tools adopted today — especially those from specialized vendors — could be overtaken by EHR-native features within a year or two. At the same time, delaying adoption can mean missing opportunities to improve workflows, support staff or capture early operational gains.

Smaller organizations discussed feeling “captive” to their EHR partners due to limited negotiating power, leaner budgets and fewer internal technical resources to support complex integrations. These organizations often lack the capacity to pilot multiple vendors or move quickly between solutions, making EHR-native options appear both safer and more practical. Some participants also noted that EHR consolidation may re-

duce marketplace diversity — leaving fewer opportunities to customize solutions to local needs.

Larger organizations described a different but equally challenging scenario: ongoing debates about when to invest in third-party tools that may be ahead of the curve versus when to wait for EHR capabilities that promise deeper integration. Leaders highlighted that this tension is particularly strong in areas like ambient documentation, where innovative startups have moved quickly but EHR vendors are signaling rapid catch-up.

As a result, partnerships — both internal and external — have become essential for navigating this evolving landscape. Leaders are increasingly relying on peer networks, affiliate systems and academic partners to test tools, share insights, compare vendor performance and mitigate risk before making major investments.

“Our approach is grounded in disciplined partnership and shared learning”, said Terri Flood, Vice President, Business Development & Marketing, Wayne Health-Care. “Rather than rushing adoption, we evaluate proven models within our affiliate network and peer organizations — allowing us to reduce risk, learn efficiently, and thoughtfully consider solutions that demonstrate real-world value.” Together, these perspectives underscore a vendor landscape that is rapidly shifting and a field of AI strategy that requires flexibility, awareness of market timing and strong collaborative networks to chart a sustainable path forward.

## VALUE, ROI AND THE FUTURE OF CARE DELIVERY

## SUMMARY

**Traditional financial ROI metrics do not fully capture the impact of AI. Leaders are reframing value to include workforce retention, operational efficiency, quality and patient experience — reflecting the reality that many AI investments may produce their greatest benefit outside of direct revenue.**

## Insights from the Dialogue

Participants emphasized that rigid requirements for immediate financial return may hinder long-term progress, particularly given the nature of early AI tools and their impact on clinical workflows. Many leaders noted that ambient documentation solutions, while not necessarily driving higher visit volumes, are already producing meaningful non-financial benefits. Clinicians

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who use these tools report less after-hours work, greater ease in managing documentation and more natural interactions with patients — factors that directly influence job satisfaction and burnout. In today's workforce environment, these softer but highly consequential gains carry significant strategic weight.

Participants also highlighted that AI's value must be understood across multiple dimensions, not solely through traditional ROI metrics. Several leaders described the need for a broader "benefit realization" framework — one that captures the cumulative impact of AI on both clinical operations and organizational resilience. As noted above, workforce stability emerged as a major component, particularly as systems face persistent shortages in clinical and administrative roles. Tools that alleviate workload, reduce administrative burden or streamline documentation can contribute to higher retention and reduce the costs associated with turnover or temporary staffing.

"One of our highest areas of turnover is our clinical support staff," said Rebecca Smith, Vice President, Strategy and Communications, LMH Health. "What work can we remove from their plates, and what can we do to allow them to be more engaged with the patients that need that face-to-face support?"

Patient access and throughput also factored prominently into the discussion. While AI may not immediately expand capacity in all settings, it can reduce friction in scheduling, triage and patient intake. Leaders observed that efficiencies gained through automa-

tion — whether in call centers, revenue cycle workflows or routine clinical tasks — can reduce delays and improve the overall patient journey. In some systems, AI-enabled support is already filling gaps left by unfilled administrative roles, ensuring that patients can still move through the system effectively despite staffing constraints.

Participants emphasized that AI's potential extends beyond administrative efficiency. Some tools offer improvements in clinical quality and reduced bias, while others enhance care coordination by providing more timely information to clinicians and staff. As these capabilities evolve, leaders anticipate measurable gains in patient experience, trust and safety.

Looking ahead, participants agreed that AI is poised to fundamentally reshape how care is delivered — not simply optimize existing processes. Several envisioned a future in which administrative pathways are highly automated, clinical insights are proactively surfaced at the point of care, and hybrid models of virtual, in-person and AI-supported services become standard. Preparing for this future will require organizational clarity around mission, consistent communication and a willingness to rethink long-standing workflows.

"We know AI is not going away," said Erin Riley, Regional Director, Marketing and Strategy, CHRISTUS Health. "We just want to make sure we use it thoughtfully and strategically to align with where we're trying to go for our patients and communities."

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