

2026 Luminare Health Hospital & Health System Leadership Forum Executive Summary

Recommendation

Hospital and health system leaders should move aggressively from a traditional health plan mindset focused on administration and cost shifting to an integrated strategy that aligns:

- Clinical strategy
- Employee benefits
- Network strategy
- Workforce strategy
- Revenue preservation
- Consumer engagement

The strongest performing organizations in the next 3-5 years will be those that proactively manage where care occurs, how employees access care, how data drives intervention, and how benefit plans support both affordability and health system sustainability.

Executive Overview

The forum highlighted a common theme across all sessions:

The traditional healthcare business model is under significant pressure and hospitals can no longer afford to operate reactively.

Health systems face simultaneous challenges from:

- Aging populations
- Commercial revenue erosion
- Rising medical and pharmacy costs
- Workforce shortages
- Increased consumerism
- AI disruption
- Regulatory/fiduciary scrutiny
- Pressure from employers and payers to improve affordability

Forum participants consistently emphasized that future success will depend on:

- Owning the employee healthcare experience
- Managing total cost of care
- Improving workforce retention
- Considering provider-led networks
- Expanding value-based approaches
- Using AI and analytics strategically
- Partnering differently with payers and employers

Key Strategic Themes

1. Healthcare Economics Are Reaching a Tipping Point

Key concerns discussed:

- Double-digit medical trend continues.
- Cost growth is outpacing revenue growth.
- Hospital operating margins remain fragile.
- Commercial reimbursement is declining as Medicare populations increase.
- Pharmacy costs represent one of the largest growth drivers.

Business Impact

Health systems can no longer rely on annual premium increases or commercial reimbursement growth to offset rising expenses.

Organizations must redesign care delivery and cost structures.

2. Provider-Led Health Plans Continue to Gain Momentum

The Centrus and Promise Health Plan discussions demonstrated growing interest in provider-owned and custom-network strategies.

Benefits discussed included:

- Faster provider payment
- Reduced administrative burden
- Better employee steerage
- Stronger alignment between benefits and system utilization
- Better employer value proposition
- Greater control over cost and access

Key Takeaway

Several presenters expressed that simply managing a benefits plan is no longer enough.

Hospitals increasingly need to actively manage where care is delivered and how employees consume care.

3. Clinical Strategy Is Evolving Rapidly

Traditional clinical management focused on:

- Prior authorization
- Utilization management
- Case management

Future-state clinical strategy focuses on:

- Population health
- Navigation
- Referral optimization
- Site-of-care management

- Data-driven intervention
- Leakage reduction
- Provider alignment

Most Important Message

Clinical strategy, benefits strategy, and network strategy must operate together instead of independently.

4. Site-of-Care Optimization Is Becoming Essential

A recurring topic throughout multiple sessions was:

Site-of-Care Optimization

Directing care to:

- Ambulatory surgery centers
- Home settings
- Virtual care
- Lower-cost clinically appropriate settings

Business Impact

Organizations that fail to manage care migration risk:

- Revenue leakage
- Care fragmentation
- Higher benefit costs
- Lower patient engagement

5. Workforce Strategy Is Now a Business Strategy

A major theme from Lockton was that healthcare organizations are shifting from:

“Talent First” to “Cost First” decision-making.

However, speakers cautioned against focusing solely on cost reduction.

Research showed:

- PTO outperforms compensation as an employee preference.
- Benefits satisfaction remains low.
- Employees strongly value medical affordability.
- Family-focused benefits are increasingly important.
- Culture and communication continue to drive retention.

Takeaway

Winning organizations will view employees as a capital investment rather than an operating expense.

6. AI Is No Longer Experimental

AI adoption is accelerating throughout healthcare.

Current high-value use cases include:

- Revenue cycle optimization
- Coding
- Documentation
- Prior authorization
- Member services
- Outreach and navigation
- Population health engagement

Organizations discussed examples such as AI-enabled member outreach producing longer engagement and higher participation rates than traditional outreach models.

Key Lesson

AI should support strategy rather than drive strategy. Start with business objectives first and deploy technology second.

7. Fiduciary and Compliance Risk Is Growing

One of the strongest warnings from the forum involved:

- ERISA fiduciary responsibilities
- Self-dealing concerns
- Domestic network steerage
- PBM economics
- Internal business arrangements
- Mental health parity scrutiny
- DOL investigations and litigation exposure

Executive Implication

Every decision involving employee benefits should be evaluated through two lenses:

1. Does this benefit employees?
2. Does this benefit the health system?

If both are true, documentation and governance become critical.

Most Important Forum Takeaways

Strategic

- Healthcare economics are forcing business model redesign.
- Commercial revenue can no longer be relied on as the primary growth engine.
- Scale alone will not solve margin pressure.

Employee Benefits

- Affordability is now the dominant employer concern.
- Custom networks and provider-led solutions continue to gain traction.
- Pharmacy strategy is becoming a board-level issue.

Clinical

- Future clinical programs must reduce leakage and improve navigation.
- Early intervention and predictive analytics are increasingly important.
- Site-of-care management will become a core competency.

Workforce

- Benefits remain a retention tool.
- Medical affordability may be more valuable than incremental compensation.
- Transparent communication remains critical.

Strategic Questions Hospital & Health System Leaders Should Be Asking

Revenue & Growth

1. What percentage of employee and dependent care is leaving our system today?
2. How much annual revenue leakage exists by service line?
3. Which services are most vulnerable to outpatient migration, site-neutral payments, or retail competitors?
4. Are we positioned to benefit from home-based care, virtual care, and ambulatory growth?
5. Do we have a clear answer to why patients should choose our system over competitors?

Employee Benefits Strategy

1. Are our employee benefits driving employees into our system or out of it?
2. Does our benefit design align with our care delivery strategy?
3. Do we know whether benefit steering is improving outcomes or simply reducing cost?
4. Should we explore custom networks, provider-owned plans, or direct contracting opportunities?
5. How are we measuring employee healthcare affordability?

Clinical Strategy

1. Are we managing care proactively or reacting to claims trends?
2. How effectively do we identify risk before high-cost events occur?
3. Do we have measurable leakage reduction goals?
4. What percentage of referrals remain within our preferred network?
5. Are clinical management, benefits, and network teams operating from the same strategy?

Workforce & Talent

1. Are we investing in benefits that employees actually value?
2. Are we measuring employee sentiment around affordability?
3. Are PTO, flexibility, and family-focused benefits competitive?
4. What is our strategy to retain clinical staff over the next five years?
5. Are we treating workforce investments as strategic capital investments?

AI & Technology

1. Where can AI create measurable ROI within the next 12 months?
2. What manual workflows should be automated first?
3. Are we using AI to improve member engagement?
4. How will AI change our workforce model?
5. Are we building a digital front door before someone else owns it?

Governance & Fiduciary Risk

1. Can we clearly defend employee plan decisions as being in members' best interests?
2. Have we evaluated domestic network strategies for ERISA and fiduciary compliance?
3. Are PBM, consulting, and internal health plan arrangements creating conflicts of interest?
4. Is our steering strategy supported by documented quality and value evidence?
5. Could we successfully defend these decisions in a DOL audit or fiduciary challenge?

Final Leadership Message

The strongest forum message was that future winners will not simply operate hospitals better. They will deliberately integrate care delivery, employee benefits, network strategy, data, AI, workforce planning, and consumer engagement into a single enterprise strategy. Organizations that continue to manage these functions independently risk margin erosion, workforce instability, and loss of market relevance over the next decade.
