



TURNING HEALTHCARE'S TENSION INTO FORWARD MOMENTUM

Speakers at the Health Innovation Summit detailed how leaders can reshape policy, payment models, and care delivery.

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This is part of our continuing coverage of the 2025 Oliver Wyman Health Innovation

Summit. We previously wrote about how industry can restore trust.

Standing before a packed ballroom, Oliver Wyman's Jim Fields and Holly Noto used a stretched rubber band to illustrate what's happening in healthcare: the industry is being pulled in multiple directions, and the tension is palpable.

But leaders can't afford to stand still. Doing nothing, Fields said, is "a recipe to get cannibalized." Noto added that the opportunity for change will come from leaning into the tension and turning it into momentum. The center-stage sessions that followed echoed that theme, offering ideas to reshape policy, payment models, and care delivery.

Putting healthcare on a sustainable trajectory

Martin Graf, who leads Oliver Wyman's Government Markets practice, offered a sobering look at the significant math problem facing the nation's healthcare system: federal healthcare spending exceeds \$2 trillion annually, accounting for nearly 30% of the federal budget, and is projected to more than double by 2035 as the population ages.

Aiming to spur conversation around potential solutions, Graf outlined a series of ideas that could help bend the cost curve. Some were what he called moonshots, such as sunseting traditional Medicare as more seniors move into Medicare Advantage plans. Others focused on simplification. For instance, moving Medicare Advantage from its annual renewal cycle to a three-year bid process could reduce administrative burden, give the Centers for Medicare and Medicaid Services and insurers more reliable data, and provide stability for plans and providers to invest in longer-term improvements — potentially saving tens of billions over the next decade while improving continuity of care. A similar approach could be applied to the Affordable Care Act Marketplace.

Another conversation starter: standardizing Medicaid rules across states. Today

Another conversation starter: standardizing Medicaid rules across states. Today, states vary in eligibility requirements, use of federal waivers, and requests for proposals for managed care plans. This creates inefficiencies for payers, especially since 63% operate in more than one state. Harmonizing these processes could not only cut costs but also help plans and states share best practices.

"These aren't moonshots," Graf noted. "They're practical reforms that could add up to hundreds of billions in savings if implemented at scale."

Private equity is at an inflection point

The role of private equity in shaping the future of healthcare took center stage as well. Amy Christensen, Senior Partner and Co-Head of Healthcare at The Vistria Group; Jo Natauri, Founder and Managing Partner of Invidia Capital Management; and Lee Shapiro, Managing Partner at 7wire Ventures, discussed how the investment landscape is shifting. With IPO markets largely closed, private capital has become the primary source of growth funding. Christensen noted that there is significant capital, including an estimated \$1.2 trillion in biotechnology alone, that could flow into healthcare once valuations stabilize.

The panel also debated how artificial intelligence (AI) will evolve over the next few years. Investors see rapid uptake of AI in revenue cycle management, recruiting, and clinical documentation. But translating those gains into care delivery will take longer. "Healthcare always moves slower than tech, but the fear of being left behind is real," Shapiro said.

AI's leapfrog moment Julie Yoo, General Partner at Andreessen Horowitz, followed with a provocative take of her own: healthcare may be the industry best positioned to benefit from AI. Unlike other sectors weighed down by legacy technology systems, healthcare can leapfrog directly into AI-enabled models.

Adoption is happening organically. With labor shortages worsening, Yoo predicted

hospitals will increasingly redirect unfilled staffing budgets toward AI “co-pilots” and autonomous agents that augment clinical teams. If realized, she suggested, the largest company in the world in our lifetime could be a consumer healthcare company powered by AI.

Delivering personalized, predictive, proactive care Steve Mackin, President and CEO of Mercy, offered a health system’s perspective on turning tension into momentum. Mercy, with more than 5,000 physicians and 55 hospitals, has been on a decade-long journey to integrate data and operations. Its strategy: deliver personalized, predictive, and proactive care through the right channel in near-real time.

Mackin highlighted that Mercy has built an intelligent data platform that integrates more than 20 million patient records and billions of clinical data points. By replacing “point solution purgatory” with interoperable systems, Mercy has achieved significant results, including cutting over 100,000 excess patient days, reducing nurse turnover by 96%, and achieving 10% annual growth in capacity without adding new facilities.

“If you haven’t created the mechanism to ensure the best technology reaches every patient, then you’ve fallen short,” he said. Mercy’s platform now serves as a foundation for rapid AI integration — from workflow automation to cancer care management — positioning Mercy to compete with tech-driven entrants.

Drug pricing and the value debate

The day closed with Sarah Emond, President and CEO of the Institute for Clinical and Economic Review (ICER), and Brian Reid of Tufts Medical Center dissecting the unsustainable trajectory of drug pricing.

Both emphasized the need to shift toward paying for value rather than relying on blunt cost-cutting. The conversation underscored the central theme of the day:

“The future of healthcare is not about cutting costs, it’s about creating value.”

trade-offs are unavoidable. Whether balancing innovation and affordability, or choice and sustainability, the tension is already here.

But as Noto reminded attendees, “If we don’t start taking advantage of the tension, someone else will.”

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