

# The Consequences of the Coming Healthcare Revolution

By Mike Eaton  
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## THE ECONOMIC MODEL IS BREAKING FASTER THAN HEALTHCARE ADMITS

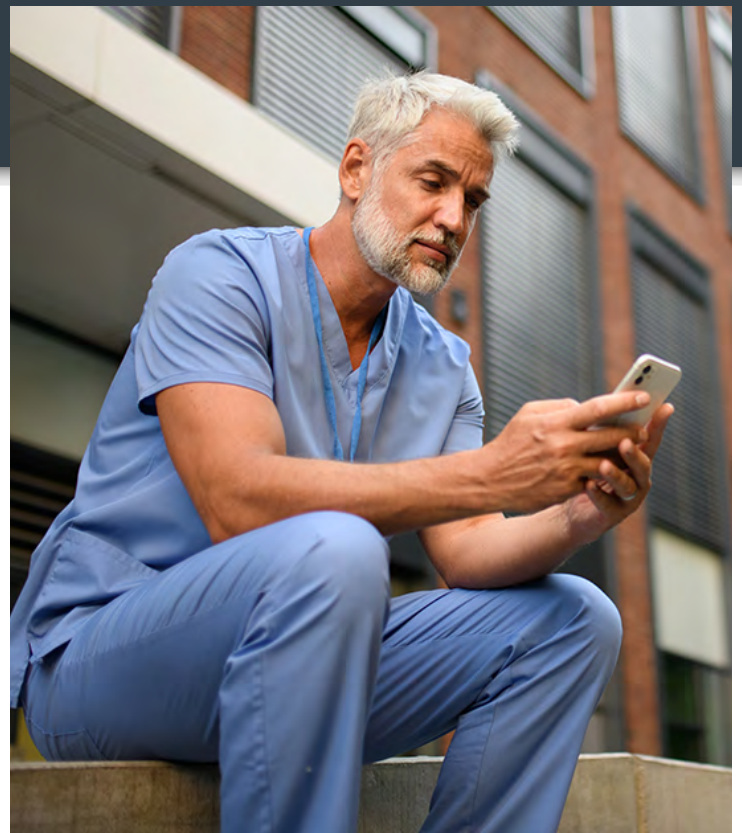
**F**or decades, healthcare leaders operated under a comforting assumption: Structural change would arrive slowly enough to manage incrementally. Margins would fluctuate. Regulations would evolve. New technologies would emerge. But the basic architecture of American healthcare would hold.

That assumption is collapsing.

In *The Coming Healthcare Revolution*, David W. Johnson and Paul Kusserow identify 10 converging forces reshaping U.S. healthcare. In their forthcoming update, they argue the timeline for transformation has compressed dramatically. What once looked like a 10-year transition is now unfolding even faster.

That acceleration changes everything.

Health systems built for gradual adaptation now face simultaneous economic, technological, workforce and competitive disruptions. These forces do not operate independently. They reinforce one another. As they converge,



they expose a difficult reality: The traditional hospital-centered economic model is losing alignment with how healthcare is financed, delivered, consumed and valued.

The central strategic question is no longer whether disruption is coming; it is whether incumbent healthcare organizations can redesign themselves fast enough to survive it.

## FROM MARGIN PRESSURE TO STRUCTURAL INSTABILITY

Individually, the pressures reshaping healthcare are familiar. Executives discuss them every day:

- Care migrating away from hospital campuses
- Escalating labor costs
- Consumer demand for convenience
- AI-enabled productivity
- Site-neutral reimbursement
- Physician consolidation
- Expanding competition from nontraditional entrants

Viewed collectively, however, these pressures create something more dangerous than cyclical financial strain.

They create structural instability.

Demand is moving in one direction while cost structures remain anchored in another. Revenue pools are shifting. Workforce

models are fragmenting. Competitive boundaries are dissolving. Yet many health systems continue responding with incremental tactics designed to optimize a legacy model rather than replace it.

Cost reduction initiatives. Throughput improvement. Revenue-cycle optimization. Modest ambulatory expansion.

Necessary? Yes.

Sufficient? Increasingly, no.

Healthcare leaders cannot “efficiency” their way out of structural misalignment.

That distinction matters. Cyclical pressure eventually eases. Structural instability compounds.

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## THE HOSPITAL IS LOSING ITS CENTRAL ECONOMIC ROLE

For generations, the hospital served as healthcare’s economic engine. Admissions, procedures, imaging and inpatient utilization financed the broader enterprise. The hospital was not simply a site of care delivery, it was the organizing center of the healthcare economy.

That role is changing rapidly.

Care is migrating toward ambulatory centers, virtual platforms, retail settings and the home. More than 70% of surgeries now

occur outside inpatient settings. Outpatient care generates the majority of hospital revenue. Inpatient utilization growth has largely stagnated except for the sickest and most complex patients.

The implications are profound.

Hospitals increasingly concentrate higher-acuity, labor-intensive, and operationally volatile care while lower-cost, higher-margin services migrate elsewhere. Revenue

*Editor’s Note: Healthcare’s economic center of gravity is shifting faster than most incumbent organizations are prepared to acknowledge. The old assumptions — stable reimbursement, hospital-centric growth, incremental operational improvement — no longer hold. Leaders across the sector now face a more difficult challenge: redesigning healthcare delivery models while simultaneously managing the financial and organizational pressures of the current system. Few executives understand this tension better than Mike Eaton.*

*Mike has spent his career operating at the intersection of strategy, finance, operations and healthcare transformation. He understands that the forces reshaping healthcare are not isolated trends to monitor individually. They are interconnected structural changes that are collectively redefining how healthcare organizations create value, deploy capital, manage labor, adopt technology and compete for consumers. His perspective is particularly valuable because it moves beyond theory and addresses the practical realities healthcare leaders face every day.*

*In this conversation, Mike explores why many traditional health system strategies are becoming increasingly unsustainable, where new models of care delivery and economic value are emerging, and what incumbent organizations must do to remain viable in a rapidly decentralizing market. This discussion is not about incremental adaptation. It is about recognizing that healthcare’s future operating model is arriving faster than expected — and understanding what leadership requires when the underlying economics of the industry begin to change simultaneously.*

—David W. Johnson, 4sight Health CEO

becomes less predictable. Operating leverage weakens. Fixed costs remain stubbornly high.

Meanwhile, consumers are behaving more like retail purchasers. They increasingly select care settings based on convenience, access, experience and affordability. Physicians are migrating toward specialty and ambulatory platforms that offer greater autonomy and economic participation. Payers continue pushing site-neutral reimbursement policies that reduce the pricing advantages hospitals historically enjoyed.

Even dominant incumbents recognize the shift.

**HCA Healthcare** — one of the nation's largest hospital operators — has aggressively expanded into ambulatory surgery centers and freestanding emergency departments. The strategy reflects a growing reality across healthcare: Future growth and margin expansion increasingly reside outside traditional inpatient walls.

Hospitals are not disappearing.

But they are becoming more specialized, more concentrated and economically narrower.

That transition carries enormous consequences for systems still structured around inpatient economics.

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## AUTHOR



**Mike Eaton** is Vice President of Health System Strategy and Design at Empactful Studios, where he advises health-care organizations on transformation strategy, operating model redesign, physician alignment, and value-based care innovation.

Mike is widely recognized for his ability to help boards and executive teams navigate periods of disruption and change. He has successfully brought two healthcare IT companies from concept to market exit and is a frequent advisor to organizations exploring new operating models, digital health strategies, AI-enabled care delivery, and consumer-centered transformation.