

# Why Hospital Giants Are the Next Battleground in the War on Costs

written by Evelyn Herwitz | March 24, 2025



Hospitals are just emerging from several years of post-pandemic planning and correction, when sustainability was the overriding issue. Now consolidation has driven up costs—largely by improving health systems’ negotiating power. Indeed, most studies show that after mergers, whether vertical, horizontal, regional, or national, the costs are higher.

New federal budget proposals on the table are poised to cut health care, and these cuts will target hospitals, especially academic systems. That puts consolidated hospital systems in a real bind. At the same time, hospitals are now the major employer of physicians, while the number of physicians nationwide is shrinking, and burnout is further exacerbating the shortage.

Add to that an aging demographic that over the next decade will shift the payer mix toward Medicare and away from commercial payment, a trend that will have profound effects on hospitals’ bottom line.

These dynamics are going to force risk-averse hospitals into a different role in Value-Based Care, centered on reducing costs. In this interview on The Hospital Finance Podcast®, Roji CEO Theresa Hush speaks with Kelly Wisness about what's at stake and how health systems can position themselves better in Value-Based Care.

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