



# Beyond the 'One Big Beautiful Bill'

Three key ways hospital IT leaders can navigate escalating financial and operational challenges

# Executive Summary

## Historic Medicaid cuts. Skyrocketing uninsured rates. Billions in uncompensated care.

These are just a few of the many challenges facing hospitals and health systems due to recent federal legislation, commonly known as the “One Big Beautiful Bill,” and more recently referred to as the “Working Families Tax Cut.” For many organizations already facing razor-thin margins, the ramifications of the policy changes could be devastating.

[According to a statement](#) from Rick Pollack, President and CEO of the American Hospital Association, the legislation will result in “irreparable harm” to the healthcare system, increasing the number of uninsured patients and driving up uncompensated care for hospitals.

### The effects, according to Pollack and other policy experts, could include:

- Reduced hospital service lines and staffing,
- Longer emergency department waits, and
- Facility closures, particularly in rural and underserved areas.

**As hospitals and health systems brace for impact, CIOs and other IT leaders can step forward to help craft a proactive response. While financial and operational challenges are inevitable, those that take key actions today can help mitigate the disruption their organizations experience. These actions include:**



**1. Prioritizing initiatives with near-immediate ROI potential**, which could help offset the financial impact of the legislation.



**2. Preparing for potential M&A activity** that could arise due to the legislation and its ramifications.



**3. Developing strategic AI implementation plans** to realize new efficiency gains and cost savings amid escalating financial pressures.

This report examines each of these action items in more detail, providing CIOs and other IT leaders with practical approaches and guidance to address them strategically.

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The question for CIOs and IT leaders isn't whether their organization will be affected by the legislation — it's whether they will step forward to lead a strategic response that helps their organization overcome the challenges.”

Brian Liddell, President & CFO, Harmony Healthcare IT

# Hospitals Under Pressure: 3 Data Points to Know

## 14 million

**more individuals projected  
to be uninsured by 2034**

- 10 million from Medicaid/ACA changes included in the “One Big Beautiful Bill”
- 4 million from expiring enhanced premium tax credits for ACA exchange plans

Source: [Kaiser Family Foundation](#)



### Likely impact:

- More patients delaying care
- More patients utilizing the emergency department
- More billing and collections confusion
- More uncompensated care

## \$1 trillion

**in federal healthcare spending cuts**

Including at least \$940 billion in Medicaid cuts (widely cited as the largest cut in program history)

Source: [Advisory Board](#)



### Rural hospitals face greatest risk:

92 have already closed over the past decade. While the legislation includes a rural health fund, it is projected to offset only about one-third of estimated cuts to Medicaid in rural areas.

Sources: [American Hospital Association](#), [KFF analysis](#)

## \$85 billion

**projected increase in uncompensated  
care demand for hospitals (2025-2034).**

Total uncompensated care demand, across all facilities, could increase to \$283 billion due to the legislation and the expiring ACA exchange plan tax credits.

Source: [The Urban Institute](#)



### States most impacted:

California, Texas, New York,  
Florida

# Action #1: Identify and Pursue Initiatives with Near-Immediate ROI Potential

**Why Now:** As financial pressures intensify, CIOs and other IT leaders should work to identify and implement technology initiatives that deliver measurable returns — quickly.

## Recommended Focus Areas:

- Eliminating waste
- Optimizing existing resources
- Enhancing operational efficiencies

### Hospitals Plan IT Investments Despite Financial Challenges

A July 2025 KLAS Research report found that despite federal policy uncertainty and financial pressures, more healthcare organizations plan to increase their IT spend over the next 12 months than decrease it.

#### Overall:

- 42% of healthcare organizations plan to increase IT spend
- 33% will keep it the same
- 25% will decrease it\*

"These numbers tell us that healthcare leaders are making calculated decisions," says Dan Czech, Vice President of Insights at KLAS. "Even with significant policy pressures ahead, many organizations see technology as part of the solution, not something to cut back on."

\*Source: "Navigating the Uncertainty of Federal Policy 2025," KLAS Research, July 2025.

## Opportunities to Consider:

- **Enhancing your revenue cycle management (RCM) optimization technology.** Advanced RCM solutions, such as those that incorporate AI, real-time data analytics, and predictive insights, provide significant opportunities to streamline workflows and optimize revenue. Now may be the time to consider whether your RCM technology is fully optimized.
- **Reassessing your administrative efficiency-enhancing technologies.** While most organizations have already implemented several solutions that fall under this umbrella — including scheduling, communication, inventory management, and data analytics tools — not all are continually re-evaluating these solutions to ensure optimal impact. Now may be the time.
- **Crafting a strong legacy data archiving strategy.** In addition to ensuring better [data availability](#), [integrity](#), [security](#), [compliance](#), and [usability](#), legacy data archiving unlocks significant cost and efficiency savings, often [delivering ROI within the first year](#). Data archiving vendors may offer flexible financing terms to best meet the needs of the organization, such as SaaS pricing models.



# The ROI associated with legacy data archiving is driven by two key areas:

## 1. Cost savings due to decommissioned systems.

A strong archiving solution enables organizations to store historic data in one comprehensive system, rather than paying for licensing fees, maintenance, specialized support, and infrastructure for multiple systems. For many organizations, this amounts to significant cost savings, as it did for one large health system, which saved about [\\$3 million to \\$4 million in annual maintenance costs](#) after implementing an archiving solution.

## 2. Cost savings due to more efficient processes.

[Best-in-class](#) archiving solutions empower organizations to quickly and easily access legacy data. This makes it easier for teams, such as health information management (HIM), compliance, and finance, to navigate the system and respond to data needs and requests. A comprehensive archive also benefits the clinical team, as they can easily access legacy patient records when needed.



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The ROI from legacy data archiving comes from two sources: direct cost savings from system decommissioning, and operational efficiencies. HIM teams and clinicians save significant time when they can access all historical patient [data from a single platform](#) rather than navigating multiple legacy systems.”

**David Winn**, VP, Parkview Connect & Corporate HIM Operations, Parkview Health

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We’ve had a significant [six-figure ROI in hard dollars](#). These are dollars we were paying for Microsoft licensing, legacy maintenance fees, server costs ... That doesn’t even begin to look into the soft-dollar ROI — the efficiency gains, having one source of truth, single sign-on, easier for HIM to access for release of information.”

**Sidney Dixon**, VP, Chief Applications Officer, Tower Health

# Action #2: Prepare for Potential M&A Activity

**Why Now:** Hospital M&A activity picked up in Q3 2025, suggesting that policy clarity following the passage of the “One Big Beautiful Bill” is beginning to impact the industry, according to [Kaufman Hall’s October 2025 report](#). While not every hospital will be affected by M&A, many CIOs and IT leaders should be proactively preparing.

## Recommended Focus Areas:

**Data governance, data and source inventory documentation, data migration planning, and data archiving planning.**

### Four Steps to Take:

- 1. Assess your [data governance team](#).** In the event of M&A activity, this group will be integral to navigating data integration planning and process-related questions that arise. If you don’t already have a data governance team in place, take the time now to form one. It should include representation from HIM, finance, clinical, operations, legal, compliance, risk management, IT, etc.
- 2. Review and document your data sources and systems.** A merger or acquisition will impact every area of your business, including all data sources and systems. Take time now to review and document all sources and storage locations. This will save significant time if your organization is impacted by M&A activity in the coming months.

- 3. Prepare for data migration needs.** One of the biggest challenges in an M&A scenario is integrating different IT systems. The complexity is compounded when the merging organizations have different EHR platforms. Develop a strong plan now for how you will approach an [EHR migration project](#), should the need arise.

If an M&A does affect your organization, keep in mind that an early consultation with a trusted partner who specializes in data migrations is key. This initial discussion will help you create a realistic project timeline and save you from experiencing significant project-related headaches later.

- 4. Plan for legacy data archiving and legacy system decommissioning.** Ensuring you have a [strong data archiving and system decommissioning plan](#) is just as critical as creating a strong data migration plan. Not only will developing strategies for M&A-related archiving projects save you time later, but preparing in advance can unlock significant savings when proactively planning around legacy renewals and extract timelines.

## Industry Shifts: Closures and Consolidations

Augusta Health, based in Virginia, [recently announced](#) plans to consolidate three care sites—Buena Vista Primary Care, Churchville Primary Care, and Weyers Cave Urgent Care — into other existing service locations. In a [public statement](#), Augusta Health referred to the recent passage of the “One Big Beautiful Bill Act” as a factor influencing the decision.

## Ensure You Have a Seat at the Table

If your organization is impacted by M&A activity, your perspective will be crucial to ensuring a streamlined, compliant, and secure approach to technology and data integration across systems. For this reason, it's important to regularly advocate for:

- Early involvement in any M&A evaluations or decisions
- Strategic input related to M&A-related technology and data integration decisions and vendor relationships
- Adequate resources and timelines for M&A-related data migration, legacy data archiving, and legacy system decommissioning projects

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“The Medicaid cuts are going to force small community hospitals to either shutter their doors — which will be detrimental to the communities they serve — or they’re going to have to align, either through joint ventures or acquisitions, with larger systems. It’s hard to say how quickly the pace will pick up, but I think we’re likely to start seeing a lot more M&A activity. I would strongly encourage CIOs and others to be thinking about archiving and migration partners that have deep experience with M&A-related migrations. Having partners that can jump in quickly will be important.”

**Scott Smiser**, an independent health IT consultant with former hospital roles that include chief innovation and technology officer, chief information officer, and corporate IT director

### The Added Complexity of M&A Data Migrations

Migrating data from one EHR to a brand new EHR is challenging alone, but, migrating data from one EHR into an existing go-forward EHR (as typically occurs during M&As) is even more complex. In this scenario, some patients may already exist in both the legacy system and the go-forward EHR, so the migration will require not just moving data to the new system but reconciling items like medication lists and allergies, comparing legacy EHR values to go-forward EHR values. The task is further complicated by the fact that medications, for example, can be referenced by brand names or generic names, making a match that much more difficult.

# Spotlight On Rural Hospitals

How an EHR-sharing program is helping to offset financial challenges

Healthcare access and inequity barriers continue to plague rural areas of the United States — and recent legislation could exacerbate these issues. The Congressional Budget Office estimates that the “One Big Beautiful Bill” could result in millions of Americans losing Medicaid coverage by 2034. Rural healthcare facilities, nearly half of which are already operating at negative margins and which heavily rely on Medicaid reimbursement, may be forced to cut back on services or shut down entirely.

As rural hospitals navigate the new legislation and its potential ramifications, EHR sharing programs could help offset some of the financial challenges they are facing. One example is the Parkview Connect program, led by UpVia Health and hosted through Parkview Health, a community-based health system serving Northeast Indiana, Northwest Ohio, and Southern Michigan.

Through the program, which is part of the Epic Community Connect initiative, Parkview Health shares its full Epic EHR capabilities with independent clinics, no-charge and FQHC clinics, and rural healthcare and hospital facilities in the region at a significantly reduced cost.

“It’s almost impractical for small, rural community hospitals to be able to afford a whole new EHR like our larger system has,” says David Winn, VP, Parkview Connect & Corporate HIM Operations. “The sharing works out very well with tremendous benefits for the physicians, community, and the patient population.”

## 48%

of rural hospitals operated at a financial loss in 2023

## 92

rural hospitals have closed their doors over the past 10 years

Source: [American Hospital Association](#)

In addition to helping rural organizations navigate economic hardship, the Parkview Connect program enhances interoperability and patient information sharing throughout the region. Currently, nine hospitals, dozens of hospital-owned clinics, 23 independent clinics (including specialty clinics and free clinics), and FQHCs are part of the program.



[Watch this video](#) to see David Winn’s full interview on the benefits of Parkview Connect.



# Action #3: Develop a Strategic Plan for AI Implementation

**Why Now:** AI offers powerful cost-offsetting capabilities if implemented strategically amid mounting financial pressures.

## Recommended Focus Areas:

**Automating and streamlining workflows to enhance efficiencies, reduce labor costs, and optimize resources.**

While nearly all hospital leaders see high value and potential in AI, implementing AI successfully — at speed — is one of their most daunting challenges. This is underscored by a [recent report](#) from healthcare consultancy Sage Growth Partners, based on a survey of 101 hospital and health system C-suite leaders.

### Among the report's key findings:

75%

**75% of C-suite leaders believe AI reduces operational costs through greater efficiencies**

66%

**66% are investing in AI solutions to streamline administrative operations**

57%

**57% say AI solutions are among their top five tech priorities over the next two years**

**Yet, the data also point to significant challenges and adoption barriers:**

13%

**Only 13% have a clear AI integration strategy**

12%

**Only 12% believe AI algorithms are robust enough to rely on**

10%

**Only 10% are aggressively pursuing AI solutions**

The rapidly evolving nature of AI can make crafting a strategic implementation plan daunting, but getting started is crucial. Organizations that lack a clear strategic plan will struggle to identify high-value use cases, measure ROI, and avoid costly mistakes.

One resource to reference as you begin crafting your implementation plan is the AHA Center for Health Innovation's "[Building and Implementing an Artificial Intelligence Action Plan for Health Care.](#)" The report provides a framework that includes nine foundational building block recommendations, including for change management, team structure, idea exploration and vetting, and data stewardship and governance.

## Opportunities to Consider:

The AHA report identifies AI administrative solution categories that are readily available in the market today — and which could provide ROI within one year. The list includes:

- Appointment scheduling, check-in, and registration
- Benefits eligibility verification and patient payment estimation
- Predictive maintenance for medical devices
- Supply chain management

## AI Investment Trends for 2026

Recent findings from a survey of 21 hospital CIOs, conducted by CHIME in late 2025, reveal that the “One Big Beautiful Bill” is already impacting AI strategic planning within many hospitals and health systems.

Nearly two-thirds of respondents (62%) say their organization will be focusing more on AI solution evaluation and implementation in 2026 as a result of the legislation. In addition, more than three-quarters of respondents (76%) say their organization will increase IT spending on AI. The full survey findings will be released by Harmony Healthcare IT in early 2026.

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Focus on AI-driven transformation with strong governance and cybersecurity, while building a culture that’s agile, data-driven, and relentlessly centered on patient and consumer value.”

– A CHIME survey respondent’s top advice for other CIOs heading into 2026

# Act Now for Long-Term Success

The skyrocketing uninsured rates, reduced Medicaid spending, and billions in uncompensated care that could arise because of the “One Big Beautiful Bill” could create significant challenges for hospitals and health systems, but the extent to which these challenges will impact your organization is not yet set in stone.

CIOs and other IT leaders who implement these three actions now — pursuing quick-ROI projects, preparing for M&A activity, and developing strategic AI plans — will help position their organizations to weather the immediate financial storm while emerging with more modernized and efficient operations.

## About Harmony Healthcare IT

Harmony Healthcare IT is a data management firm that transforms critical data into secure, compliant, and accessible assets — whether that is converting data to a new platform or securing it in an archive. Since 2006, we have worked with over 700 healthcare software platforms across clinical, financial, and administrative systems. Our commitment to reliability and innovation empowers healthcare organizations to manage their data with confidence.

[Learn more about Harmony Healthcare IT](#)