

NEWS RELEASE

New Chartis report: A new model of care is emerging in the US, driven by AI-enabled clinical innovations and mounting economic pressures

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Shifting demographics and regulatory pressures will materially degrade health system operating margins. Chartis estimates a projected 11ppt drop in margin by 2035 for a median system. A different approach to care delivery is required—one that is technology-powered and human-elevated.

Chartis, a leading healthcare advisory firm, today released [a new report](#) examining how three converging forces are accelerating to fundamentally reshape US healthcare. The [emerging model of care](#), HealthCare360, will deliver more personalized, seamless care while preserving the trusted human relationships at the heart of healthcare.

The converging forces driving this transformation include demographic shifts that are rapidly increasing demand for care and straining healthcare economics; emerging technology- and AI-driven clinical innovations that are changing where, when, and how care is accessed and delivered; and unprecedented levels of private capital investments that are funding the cost of change and accelerating the adoption of these innovations at scale.

“The compounding pressures building across US healthcare are pushing the current delivery model to its limits,” said Chartis Chief Strategy Officer and report co-author [Cindy Lee](#). “Incremental change won’t be enough. Leading organizations are already transforming themselves using agentic AI solutions to realize step-wise reductions in costs and enhance the clinician experience. The next evolution will need to focus on clinical care processes and how to expand capacity, access, and the overall patient experience, while improving the economics of care.”

Key findings include:

- **Demographic pressure is reaching a tipping point.** By 2035, one in five Americans will be age 65 or older, while the population age 85 and older is projected to grow disproportionately by nearly 60%. Older adults will drive nearly all the expected increase in healthcare utilization over the next decade, putting additional pressure on clinical capacity, health system finances, and the broader US economy.
- **Healthcare economics make the status quo unsustainable.** In a business-as-usual scenario, Chartis projects the median nonprofit health system's operating margin will fall from +1.5% to -9.6% over the next decade—a decline of 11.1 percentage points. Even significant mitigating actions, including gaining market share, negotiating higher commercial rates, and reducing administrative costs, may not be enough to sustain margins.
- **The financial impact could extend well beyond health systems.** If higher commercial rates were the only lever used to offset growing financial pressure, commercial reimbursement would need to rise from an average of 254% of Medicare today to 342% over the next decade. Under this scenario, employer premiums would rise 82%, compared with projected wage growth of 48%, while the average household would spend 17 cents of every dollar earned on healthcare.
- **AI adoption has reached meaningful scale.** Eighty percent of physicians report using AI in a professional setting, and more than three-quarters say it improves their ability to care for patients. Adoption is also expanding across consumer demographics and insurance status, creating the foundation for technology to play a larger role in care delivery.
- **Investment is accelerating healthcare transformation.** Healthcare has become a leading market for specialized AI investment and deployment, with healthcare accounting for 43% of enterprise spending on vertical AI applications in 2025. This influx of capital is enabling technology companies to absorb more of the cost, risk, and complexity of implementation and accelerate enterprise adoption.

“A fundamentally different model of care is moving from possibility to necessity,” said [Anneliese Gerland](#), Chartis Senior Vice President of Strategy, and report co-author. “Organizations that move early and redesign how care is delivered, responsibly integrating AI and building the operating models to support it, will be better positioned to meet growing demand while enhancing quality and securing financial sustainability.”

The report emphasizes that technology should enhance, not replace, the clinician-patient relationship. As organizations adopt future models of care, they will need to preserve trust and empathy while prioritizing equitable access, responsible AI governance, affordability, quality, and safety.

View the [full report here](#). Additional analyses will be published on [chartis.com](#) through [The CoLab](#), a thought leadership platform where healthcare's dimensions converge and breakthrough ideas emerge.