



Streamlined Hospital Operations: Meeting Healthcare Challenges in 2025

Executive Summary

The U.S. healthcare industry faces unprecedented challenges in 2025, with hospitals caught between financial pressures, staffing shortages, and the transition to value-based care models. This white paper examines how integrated platforms like CareSpace® are enabling hospitals to navigate these challenges successfully.

Key findings include:

- **Financial strain is intensifying:**

Medicare and Medicaid reimbursements consistently fall short of actual care costs, while federal research funding cuts are further squeezing hospital budgets.

- **Workforce shortages have reached crisis levels:**

With healthcare practitioner unemployment at just 1.7% and a projected physician deficit of 187,000 by 2037, hospitals struggle to maintain adequate staffing levels without unsustainable agency costs.

- **Care coordination failures drive unnecessary readmissions:**

Patients discharged to skilled nursing facilities experience a high readmission rate nationwide, substantially higher than for all discharges.

- **CareSpace® addresses multiple challenges simultaneously:**

By enabling real-time patient monitoring across care settings, advanced risk stratification, streamlined workflows, and enhanced financial performance, CareSpace® helps hospitals transform operations while transitioning to value-based care models.

This white paper examines the multifaceted challenges facing hospitals in 2025, explores why integrated care coordination has become critical for organizational success, and demonstrates how the CareSpace® platform enables hospitals to thrive in an increasingly complex healthcare environment.

As healthcare continues evolving toward value-based payment systems that reward outcomes rather than volume, integrated platforms like CareSpace® will become increasingly essential for hospital financial sustainability and clinical excellence.

Introduction

The American hospital industry stands at a critical inflection point in 2025. Healthcare organizations face a convergence of financial, operational, and clinical challenges that threaten their sustainability, creating what the [American Hospital Association](#) calls 'the most challenging environment in decades'.

At the core of this crisis lies a misalignment between hospital economics and reimbursement. Medicare and Medicaid payments account for over half of hospital revenue but consistently fall short of covering actual care costs. This deficit has worsened with recent federal budget cuts that have reduced research funding by billions, including a [\\$2 billion reduction for institutions](#) like Harvard.

Hospitals simultaneously face a workforce crisis of historic proportions. The shortage of physicians, nurses, and health professionals has reached critical levels. Rural and safety-net hospitals bear a disproportionate burden, often relying on expensive agency staff that further strains finances.

The transition to value-based payment models continues to accelerate, with CMS expanding programs that tie reimbursement to quality metrics, outcomes, and total cost of care. Success in these models requires capabilities that many hospitals struggle with, particularly care coordination across settings and post-discharge management.

This coordination challenge is evident in post-acute care transitions, where patients discharged to skilled nursing facilities experience higher readmission rates. Each preventable readmission represents both a clinical failure and a financial penalty.

Forward-thinking hospital leaders recognize that incremental improvements are insufficient. What's required is a fundamental transformation in care delivery, coordination, and monitoring across the entire continuum. Technology solutions like CareSpace® are emerging as essential enablers of this transformation, offering integrated platforms that address multiple challenges simultaneously.

Escalating Challenges Facing U.S. Hospitals in 2025

1. Financial Pressures and Reimbursement Shortfalls

U.S. hospitals are confronting severe financial headwinds that threaten their long-term viability. Hospital operating costs rose tremendously as compared to revenue growth, creating deficits for many institutions, particularly safety-net, rural, and small community hospitals. This gap has only widened in 2025, as inflation in labor, pharmaceuticals, and supplies continues to outpace reimbursement increases. Medicare and Medicaid underpayments represent a critical driver of this financial instability.

The recent federal spending cuts announced in 2024 have further exacerbated these challenges. Research funding for healthcare institutions has been significantly reduced, with Harvard alone losing approximately \$2 billion in funding that previously supported critical research and innovation initiatives. These cuts have rippled through the healthcare system, affecting everything from pharmaceutical development to quality improvement programs.

2. Staffing Challenges and Workforce Shortages

Workforce shortages have reached crisis levels across the healthcare industry. Rural hospitals face particularly severe staffing challenges, often requiring expensive travel nurses and locum tenens physicians to maintain operations. These staffing costs directly impact already-thin margins while creating workflow inefficiencies and continuity-of-care challenges.

The nursing shortage adds another layer of complexity, with high turnover rates and early retirements reducing the available workforce. [A 2024 survey of hospital executives](#) identified staffing as their top concern for the third consecutive year, with 96% reporting difficulty filling nursing positions and more than 80% citing challenges recruiting primary care physicians.

3. Care Coordination Failures and High Readmission Rates

Despite widespread adoption of EHRs, care coordination between hospitals and post-acute care facilities remains fragmented and inefficient. Nationwide, patients discharged to skilled nursing facilities (SNFs) and other post-acute care sites experience a higher readmission rate, compared with all hospital discharges. These avoidable readmissions represent both a financial liability and a quality concern.

For health systems participating in accountable care organizations or bundled payment programs like the Bundled Payments for Care Improvement (BPCI) initiative, these readmissions and extended stays directly impact financial performance and viability in value-based payment models.

The lack of real-time monitoring capabilities for patients in post-acute settings represents a significant blind spot that prevents timely interventions. One study found that [78% of potentially preventable readmissions](#) stemmed from clinical deterioration that could have been addressed if identified earlier. Yet most hospitals continue to rely on outdated communication methods that delay awareness of patient status changes.

4. Growing Demand from an Aging Population

As the baby boomer generation ages, hospitals face increasing demand for services from a population with more complex healthcare needs. By 2030, the entire baby boomer generation will have reached retirement age.

[Healthcare spending per capita rises dramatically with age](#) increasing from approximately \$8,000 for Americans under 64 to \$20,000 for those aged 65-84 and more than \$35,000 for those over 85. The latter two age groups are projected to grow by 17% and 56% respectively by 2034.

This demographic shift creates multiple challenges for hospitals:

- Higher acuity patients requiring more intensive care
- Increased prevalence of multiple chronic conditions requiring complex coordination
- Greater demand for post-acute services and care transitions
- More frequent readmissions without proper monitoring and follow-up

These converging challenges create a perfect storm for hospitals including financial pressures, staffing shortages, care coordination gaps, and growing demand. To navigate this environment successfully, healthcare organizations require solutions that address multiple pain points simultaneously while enabling the transition to value-based care models that reward efficiency and outcomes rather than volume.



CareSpace® Platform: How Persivia helps in Optimizing Hospital Operations

Hospitals today sit on mountains of fragmented data from EHRs, labs, devices, claims, social determinants, and more, but struggle to turn that data into meaningful, real-time action. Persivia's CareSpace® platform solves this challenge with an end-to-end data and intelligence engine built specifically for healthcare providers, representing the gold standard for hospital operations and care coordination. Our platform bridges communication gaps, enhances patient monitoring across care settings, and leverages advanced analytics to support clinical decision-making and resource optimization.

Key Capabilities and Benefits

Unified Data Integration and Lakehouse Architecture

Challenge:

Healthcare organizations struggle with disconnected information systems that prevent holistic patient understanding and coordinated care delivery.

How Persivia Helps:

- Ingests and normalizes data from multiple EHRs, HIEs, claims systems, devices, etc.
- Stores everything in a healthcare-optimized lakehouse that supports both structured and unstructured data -enabling deep analytics, reporting, and machine learning at scale.
- Delivers 360° patient views in real-time to care teams, enabling coordinated, efficient, and proactive care.
- Establishes a single source of truth for clinical decision-making across departments.

Real-Time, AI-Driven Insights

Challenge:

Most healthcare analytics provide retrospective insights when intervention opportunities have already passed, limiting their clinical utility.

How Persivia Helps:

- Leverages AI and machine learning models to detect risk patterns, disease progression, and utilization triggers in real time.
- Pushes personalized insights and alerts directly into clinical workflows, enabling faster decision-making at the point of care.
- Identifies patients at high risk of readmission or disease exacerbation before costly events happen.

Reducing Readmissions and Avoidable Utilization

Challenge:

Readmissions cost hospitals millions and impact quality ratings and VBC earnings.

How Persivia Helps:

- Tracks post-discharge patients using real-time data feeds and flags risk of return visits using predictive risk models.
- Integrates with care coordination tools to trigger follow-ups, reminders, and community referrals, closing the loop.
- Surfaces social risk factors (e.g., transportation, housing, food insecurity) tied to readmission risk

Advanced Risk Stratification to Reduce Readmissions

Challenge:

Hospitals struggle to identify which patients are most likely to experience complications or readmissions.

How Persivia Helps:

- Analyzes multiple data points including clinical parameters, social determinants, prior utilization patterns, functional status, and cognitive assessment scores
- Allocates limited resources more effectively by focusing intensive care management on highest-risk patients
- Continuously improves predictive models by incorporating both clinical and operational data.

Streamlined Workflows and Resource Optimization

Challenge:

Severe staffing constraints require solutions that enhance productivity and eliminate waste.

How Persivia Helps:

- CareSpace® automates tasks and reminders based on care pathways
- Facilitates digital handoffs between care settings
- Enables existing staff to manage larger patient populations effectively

Driving Success in Value-Based Healthcare Initiatives

Healthcare organizations today face mounting pressure to deliver enhanced outcomes at reduced costs through participation in diverse value-based reimbursement arrangements. From episode-based payments to quality-focused contracts, achieving success requires sophisticated data utilization, risk prediction capabilities, and coordinated care delivery in real time.

How CareSpace® Empowers Value-Based Care Excellence

Episode-Based Payment Models (BPCI-A, Comprehensive Joint Programs)

Challenge:

Organizations must control expenses and outcomes throughout comprehensive care episodes; spanning pre-admission through recovery phases.

CareSpace® Solution:

- Monitors patient journeys across the entire care spectrum with continuous data integration
- Detects unnecessary service utilization and care process variations
- Streamlines clinical pathways and evaluates progress against established clinical and financial targets

Medicare Advantage Performance Partnerships

Challenge:

Facilities supporting MA populations are evaluated on quality metrics, HEDIS measures, and consumer satisfaction, often with financial consequences tied to results.

CareSpace® Solution:

- Streamlines quality measurement and intervention across MA frameworks (e.g., Stars, HEDIS, experience surveys)
- Employs AI to prioritize patient populations, recommend interventions, and identify individuals at elevated risk
- Provides performance visualization in real time, enabling proactive adjustments before reporting periods close

Home-Based Acute Care Programs

Challenge:

Delivering hospital-caliber services in residential settings demands immediate data access, flawless coordination, and comprehensive monitoring.

CareSpace® Solution:

- Consolidates inputs from remote monitoring technologies, clinical staff, and electronic records for unified patient oversight
- Generates immediate notifications and clinical responses when vital signs or patient conditions change
- Ensures adherence to regulatory requirements for home-based acute care initiatives

Commercial Payer Contracts with Shared Savings or Penalties

Challenge:

Healthcare organizations increasingly participate in risk-sharing or performance-based agreements with private payers.

CareSpace® Solution:

- Monitors utilization patterns, cost trends, and clinical outcomes against contract-specific objectives
- Offers financial modeling tools to forecast financial impact and adjust strategies
- Identifies opportunities for enhanced care coordination and provider network optimization

Medicaid Innovation Programs and State Value Initiatives

Challenge:

Government-sponsored programs require precise data reporting, health equity monitoring, and community-integrated interventions.

CareSpace® Solution:

- Combines and analyzes social determinants and community care information alongside clinical documentation
- Facilitates measurement of equity indicators, waiver requirements, and state-mandated quality metrics
- Supports development of specialized clinical interventions designed for vulnerable Medicaid populations

Conclusion

As U.S. hospitals navigate the complex healthcare landscape of 2025, the convergence of financial pressures, workforce shortages, care coordination challenges, and increasing demand from an aging population necessitates a fundamental transformation in healthcare delivery. The traditional approaches to these challenges are proving insufficient in today's environment.

CareSpace® by Persivia emerges as a comprehensive solution that addresses these multifaceted challenges through its integrated platform capabilities. By unifying fragmented data systems, delivering real-time AI-driven insights, reducing avoidable readmissions, implementing advanced risk stratification, and streamlining clinical workflows, CareSpace® enables hospitals to optimize operations while transitioning to value-based care models.

As healthcare continues to evolve toward payment systems that reward outcomes rather than volume, platforms like CareSpace® will be essential for hospitals seeking both financial sustainability and clinical excellence. Organizations that embrace these integrated solutions now will be better positioned to thrive in an increasingly complex healthcare ecosystem, ultimately delivering better patient care while ensuring their own operational viability for the future.