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Balancing health system growth and profitability



Executive summary

The health care sector is under immense pressure. Achieving financial sustainability is increasingly difficult, the margin for error is shrinking, and traditional playbooks, focused narrowly on either cutting costs or chasing growth, are proving insufficient.

For too long, health systems have approached profitability and growth as disconnected levers. But in today's volatile environment, these two should be considered together. Margin without growth can lead to stagnation, while growth without margin is unsustainable.

This paper introduces a new framework that connects strategy to performance, illuminating how top systems can balance both to outperform peers.

Our process

We studied the top 50 US health systems by revenue and asked: What distinguishes sustainable performers from the rest?

Our approach combined financial rigor with strategic insight and included the following:

- Five years of audited financial data, normalized for consistency
- An AI-driven review of 30,000+ pages of management commentary and disclosures
- Archtyping analysis to identify performance patterns across systems

We then examined what organizations set out to achieve (strategic objectives) and how they pursue growth (tactics and methods) and then connected those goals and actions to real results (EBITDA [earnings before interest, taxes, depreciation, and amortization], revenue CAGR [compound annual growth rate]). This new approach provides leaders with a clearer understanding of their current position and supports more informed decision-making for future growth.



The four archetypes

We identified four distinct health system archetypes based on profitability and growth trajectory:

Archetype	Profile
Balanced Builders	Steady performers who balance disciplined growth with healthy margins
Profit Power Houses	High-margin systems with tight cost control and targeted reinvestment
Growth Hustlers	Aggressively growing systems that often sacrifice margin for market share
Emerging Transformers	Systems that are in transition, underperforming, and still searching for a clear strategic path forward

Why Balanced Builders are winning

Balanced Builders—those operating within an EBITDA range of 4%–12% and a revenue CAGR of 6%–12%—outperform on consistency, investment capacity, and resilience.¹ They aren't swinging for the fences or shrinking to survive. Instead, they:

- Invest in ecosystem integration and partnership development;
- Achieve strategic clarity across C-suite roles;
- Maintain margin discipline without stifling growth; and
- Stay agile enough to respond to market shifts, but are grounded in long-term vision.

Their results speak for themselves: reliable growth, strong reinvestment power, and lower volatility across metrics and years.

Why this approach is different

Unlike typical benchmarking studies, this analysis doesn't stop at financial performance. We connect intent to execution to outcome:

- Strategic objectives (e.g., focus on value, revenue diversification)
- Growth methods (e.g., organic vs. inorganic)
- Year-over-year strategy variance to measure stability or volatility

We've turned strategy into something measurable, comparable, and actionable, and in doing so, created a true diagnostic for leadership teams.

What executive teams should do now

Whether you lead a high-margin incumbent or an organization undergoing transformation, this framework can help you refocus your strategy toward a more sustainable trajectory:

- Benchmark your system's position against the four archetypes.
- Align leadership focus—recognize that your CEO, CFO, COO, and CSO may have different priorities depending on your organization's archetype.
- Consider striving for the Balanced Builder zone, and assess what it will take to move there.
- Challenge assumptions about scale. Our data shows that system size alone does not correlate with better margins.

Bottom line

This paper offers more than insight; it provides a blueprint, revealing the strategic architecture behind today's top health systems and guiding others on how to build toward success. In the health care system of the future, those who grow deliberately, operate efficiently, and lead with strategic discipline will be positioned to lead their organizations—and the industry—forward.

Introduction

Health care providers are faced with a chronic structural problem of cost rising faster than revenue, which is forcing them to assertively stake positions in [transformative strategies](#)² that go beyond core care delivery. Cost transformation is often chosen as one of the most important pathways to maintaining profitability. However, the importance of growth is often overlooked as a core component of long-term sustainability.

This can leave health care leaders with tough questions: How can you keep growth and profitability in balance? Is there an optimal strategy where one is favored over the other? What are the upsides and risks to prioritizing one strategy—or advancing both equally? And how do you know if you're on the right track compared to your industry peers?



Overview and approach

To explore how health care leaders can maintain the delicate balance between growth and profitability, we set out to analyze the strategies and financial performance of leading health care providers. By uncovering the patterns that set these organizations apart, we gained valuable insights into the strategic choices that can drive sustainable success.

We aggregated publicly available audited financial data of the top 50 health systems³ based on revenue. The data was meticulously refined to ensure consistency and reliability, particularly for key metrics such as EBITDA, a measure of profitability, and five-year revenue CAGR.

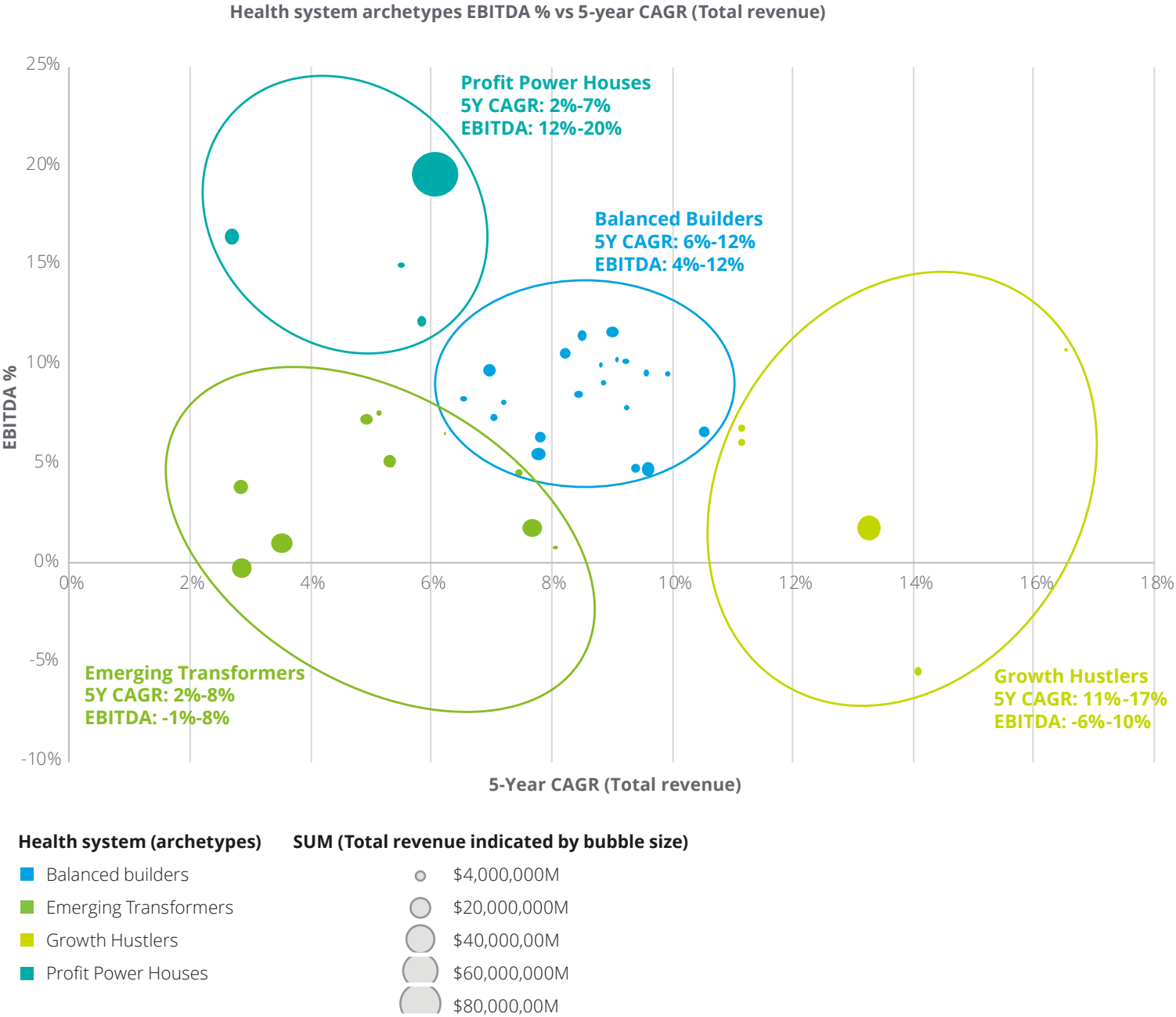
Next, using Tableau, we performed advanced data visualization and applied k-means archtpeing⁴ to uncover performance patterns across the systems. This analysis revealed four distinct archetypes, which we developed into archetypes—each representing a unique strategic position, growth trajectory, and approach to achieving sustainability in today’s dynamic health care industry, as summarized below:

Archetype	Strategic takeaway
Profit Power Houses	Margin-first operators with disciplined cost structures and strong investment capacity
Growth Hustlers	Growth-first market expanders with lower margins and higher variability in year-over-year results
Balanced Builders	Strategically balanced systems showing consistency and resilience
Emerging Transformers	Transitional systems at strategic turning points and potentially at risk for long-term underperformance

Lastly, we leveraged AI tools to review more than 30,000 pages of management commentary from publicly available financial disclosures. This helped us to understand not only what strategies organizations chose to pursue, but how those choices played out in real life—and how they influenced both profit and growth.

Strategic archetypes of growth and profitability

Figure 1 - Executive benchmarking: Mapping health system strategies for sustainable growth and profitability



From the top 50 health systems analyzed, nine were excluded due to factors including insufficient financial data available and recent mergers/acquisitions with other health systems.

Our analysis of the top health systems revealed the four distinct performance archetypes mentioned in the previous section that each represent a unique balance of profitability, growth, and strategic intent: the *Balanced Builders*, the *Profit Power Houses*, the *Growth Hustlers*, and the *Emerging Transformers*. These archetypes highlight how leading organizations are navigating today's dynamic health care landscape, some by doubling down on financial strength, chasing growth, or working toward transformative change. They also reflect how systems are performing, offering a clear snapshot of relative financial and growth posture in today's health care market.

Balanced Builders: Marked by moderate profitability (EBITDA 4%–12%) and growth (revenue CAGR 6%–12%), Balanced Builders are strategically positioned for sustained revenue growth and competition. Residing in this midzone, they're neither the fastest growing nor the most profitable, but still show solid performance across both dimensions. These systems deliberately balance current performance with future potential—investing in targeted changes that maintain a steady growth trajectory.

Profit Power Houses: These systems stand out for their strong margins (EBITDA 12%–20%) and moderate growth (revenue CAGR 2%–7%). They keep costs low or revenues high, giving them the flexibility to invest in future opportunities. Maintaining high profitability while strategically investing in growth opportunities, they showcase the strongest financial margins within their peer set.

Growth Hustlers: These organizations exhibit the highest revenue growth (11%–17%) (see details in table 1) but lag in profitability (EBITDA –6%–10%). Their focus on expanding market presence underscores their commitment to future growth, even as they accept higher costs and lower profitability in the short term to fuel rapid expansion.

Emerging Transformers: These providers, located in the lower-left quadrant of figure 1, exhibit both below-average growth (2%–8% CAGR) and profitability (–1%–8% EBITDA). Being in this archetype, they are especially sensitive to negative changes in margin. At this pivotal stage, they face a strategic decision: pursue accelerated growth, improve profitability, or find a balance that moves them toward the more stable Balanced Builders zone.

Archtype	EBITDA %	5-year CAGR %	Operating margin %	Revenue size	Net income trend
Profit Power Houses	12%–20%	2%–7%	6%–12%	Very high	Strongly positive
Balanced Builders	4%–12%	6%–12%	1%–10%	Moderate	Steady/positive
Growth Hustlers	–6%–11%	11%–16%	–4%–6%	High	Variable/negative
Emerging Transformers	–1%–8%	2%–8%	–6%–3%	Moderate-high	Mixed/transitional

Testing the archetypes: Linking strategy to performance

Do strategic choices explain performance patterns?

To test whether performance archetypes align with deliberate strategic choices, we analyzed five years of financial statements and disclosures from the top 50 US health systems. Using AI-driven text analysis, we classified the strategic objectives and growth methods most frequently cited and linked them to performance.

Strategic objectives analyzed:

- **Focus on value:** Emphasizing cost efficiency, price transparency, and value-based reimbursement models
- **Diversifying revenue streams:** Expanding beyond core patient care into new services or markets
- **Building a diverse and integrated ecosystem:** Enhancing care delivery through partnerships and connected infrastructure

Growth methods analyzed:

- **Organic growth:** Expanding using internal assets
- **Inorganic growth:** Growth through mergers and acquisitions (M&A), joint ventures (JVs), affiliations, and alliances

What we found

1 Different archetypes prioritize different strategies

- **Profit Power Houses** and **Emerging Transformers** emphasize **cost control and value**, likely as a lever for margin maintenance or recovery.
- **Growth Hustlers** lead in **diversifying revenue**, showing an aggressive approach to noncore growth.
- **Balanced Builders** invest most in building **integrated ecosystems**, reinforcing their stable, aligned strategy.

Table 2: Percent of statements attributed to growth strategy, by archetype

Profit Power Houses focus most on value, while Growth Hustlers emphasize diversified revenue streams

Archtype	STRATEGY OBJECTIVE			Total
	Focus on value	Diversifying revenue streams	Building a diverse and integrated ecosystem	
Profit Power Houses	31%	45%	23%	100%
Emerging Transformers	30%	50%	20%	100%
Balanced Builders	24%	50%	26%	100%
Growth Hustlers	22%	58%	20%	100%

Emphasized more than overall average

2 Growth methods reflect capital deployment

- **Profit Power Houses** are best positioned to fund **inorganic growth** through strong EBITDA performance.
- **Emerging Transformers** lean on **organic growth**, likely due to capital constraints.

Table 3: Percent of statements attributed to organic vs. inorganic growth strategy, by archetype
Emerging Transformers highlight organic growth the most, while Profit Power Houses have the highest call out for inorganic growth

Archtype	GROWTH METHOD	
	Organic growth	Inorganic growth
Profit Power Houses	68%	32%
Emerging Transformers	74%	26%
Balanced Builders	70%	30%
Growth Hustlers	72%	28%

■ Emphasized more than overall average



3 Strategy stability varies by archetype

- **Profit Power Houses** apply a disciplined, repeatable playbook.
- **Balanced Builders** show the least year-over-year variation, suggesting strategic consistency.
- **Growth Hustlers** show the widest swings, especially in diversification, pointing to agility or volatility.
- **Emerging Transformers** are the most fluid across growth methods, signaling experimentation.

Table 4: Z-scores from 2019–2023

Profit Power Houses show well-above-average z-scores, showing strong propensity of focus in all areas, while Emerging Transformers focus the least overall

Z-SCORE	STRATEGY OBJECTIVE		GROWTH METHOD		
	Focus on value	Diversifying revenue streams	Building a diverse and integrated ecosystem	Organic growth	Inorganic growth
Archetype z-scores					
Balanced Builders	-0.37	-0.37	0.03	-0.35	-0.24
Emerging Transformers	-0.54	-1.06	-0.93	-0.81	-0.89
Profit Power Houses	1.71	1.64	1.62	1.71	1.69
Growth Hustlers	-0.80	-0.21	-0.72	-0.54	-0.55
Color key					

■ Emphasized more than overall average ■ Emphasized less than overall average

A z-score shows how far a value is from the average, helping to understand which archetypes emphasize specific strategies in their financial statements more than the average as a whole. For example: For “focus on value,” Profit Power Houses had a z-score of 1.7 versus Growth Hustlers, who had a z-score of -0.8—suggesting that Profit Power Houses emphasize focus on value far more than the average, and vice versa for Growth Hustlers.

Key takeaways for executives:

- **Profit Power Houses** demonstrate consistently strong performance across all strategic areas (z-scores > +1.5), supported by clear and confident communication. They serve as valuable benchmarks for strategic best practices.
- **Emerging Transformers** exhibit untapped potential but lack consistent strategic focus, highlighting clear opportunities for prioritization and improvement through benchmarking.

- **Balanced Builders** generally align with industry averages and maintain steady performance, showing some initiative in inorganic growth. They represent typical sector norms and balanced strategic approaches.
- **Growth Hustlers** show strong growth potential and agility, particularly in revenue diversification, with opportunities to accelerate progress by learning from higher-performing peers.

How the C-suite can chart future strategies

The four growth-profitability archetypes don't just reflect where health systems are; they offer a strategic lens into which choices can lead to outperformance.

1. Use archetypes as a strategic compass

Executives can use this framework to align strategic priorities—growth, profitability, transformation—with current financial posture. These archetypes act as a compass. Whether aiming to stabilize, accelerate, or transform, health systems can use them to align growth plans with operational and financial realities.

2. Anchor resource allocation in strategic reality

Each archetype requires a different approach to deploying capital, managing cost, and funding innovation. For example:

- *Profit Power Houses* should reinvest from a position of strength, using their scalable infrastructure and platform, into replicating their profitable models through M&A.
- *Balanced Builders* should ensure they maintain rigor in effectively operationalizing their growth and continue building upon their asset base.
- *Growth Hustlers* must closely monitor margin drag from scale investments and periodically pause to consolidate operations from the growth they have achieved.
- *Emerging Transformers* need to gain discipline and focus before accelerating growth to mitigate risk of financial distress.

3. Benchmark to the “sweet spot”

Our data identifies a performance zone, **5-year CAGR of 6%–12%** and **EBITDA margin of 4%–12%**, as the “sweet spot.” Systems within this zone are best positioned to scale without sacrificing financial health. Notably, our data suggests that outside this range, the relationship between growth and profitability shifts, indicating an inflection point where pursuing higher growth may come at the expense of margins, and vice versa.

4. Utilize your C-suite as complementary skill sets

To effectively leverage the strengths of each archetype, the C-suite should tailor their strategic focus to the unique needs of their organization. For example, the CEO of a Profit Power House might concentrate on strategic M&A to capitalize on existing strengths and expand profitable operations. In contrast, a Growth Hustler’s CEO could prioritize strategic market moves to navigate rapid scaling while guarding against margin erosion. Balanced Builders benefit from leaders who can drive both efficiency and growth, and Emerging Transformers need a CEO who can bring focus and manage risk to help ensure sustainable growth without compromising financial stability.

C-suite role	Profit Power House	Growth Hustler	Balanced Builder	Emerging Transformer
CEO	Strategic M&A	Strategic market prioritization	Strategic differentiation	Strategic clarity
CFO	Capital redeployment	Financial leverage management	Targeted expansions	Financial triage and risk buffers
COO	Operational agility	Operational integration	Continuous improvement	Deep operational transformation
CSO	Ecosystem innovation	Asset interconnectivity	Partnership development	Asset portfolio rationalization
CIO	Consumer enablement	System rationalization	Ecosystem enablement	Core systems stabilization

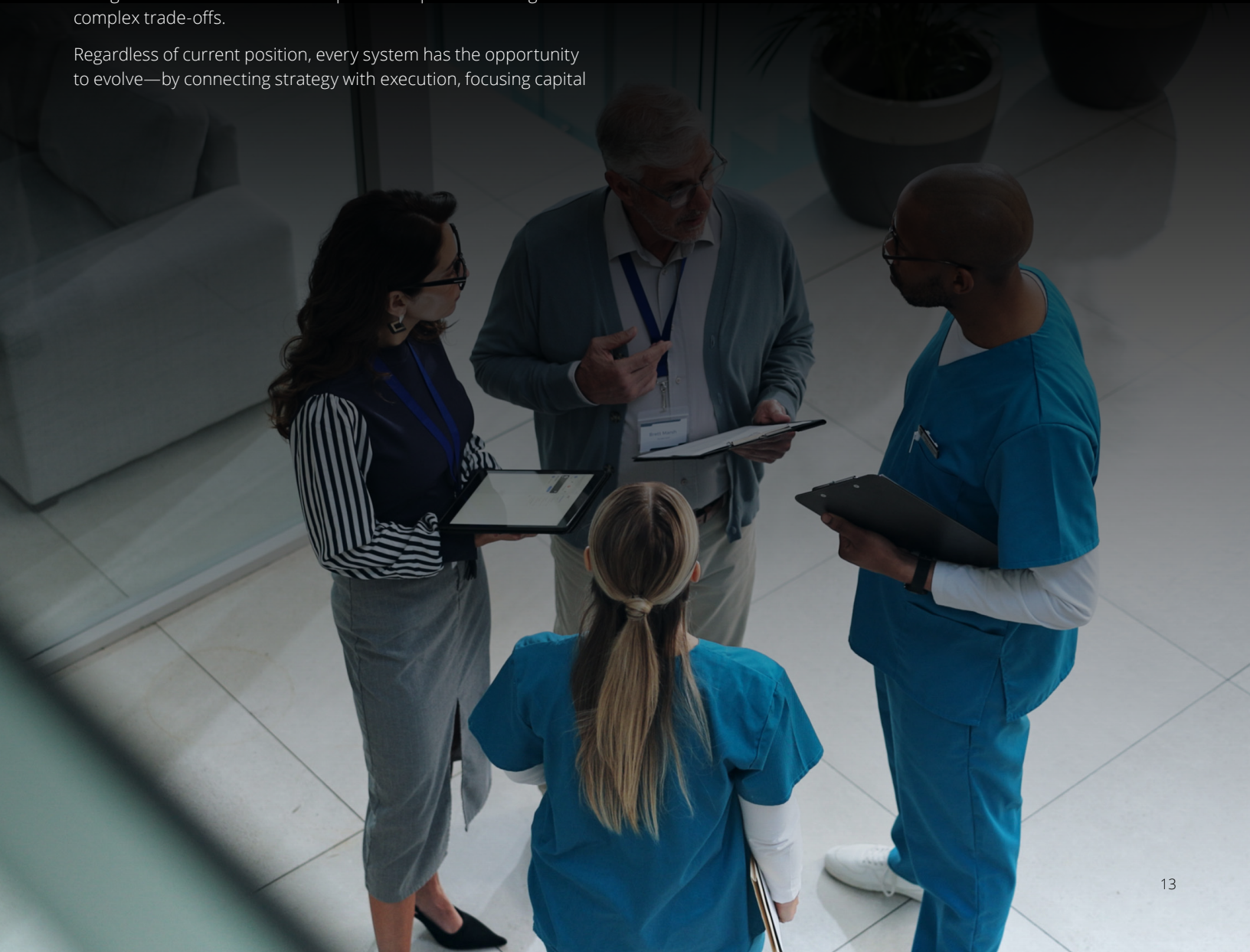
Action checklist for C-suite leaders:

- Diagnose your archetype and benchmark performance.
- Prioritize actions tailored to your archetype.
- Allocate resources to initiatives with the highest strategic impact.
- Monitor progress and adapt quarterly.
- Challenge assumptions about scale and profitability.

As health systems face mounting pressure to deliver both financial stability and transformative impact, the margin-growth balance is no longer a theoretical exercise; it's a strategic imperative. The archetypes and benchmarks in this paper provide not only a diagnostic but a directional compass to help leaders navigate complex trade-offs.

Regardless of current position, every system has the opportunity to evolve—by connecting strategy with execution, focusing capital

where it matters most, and tracking progress against peers in a disciplined, data-informed way. In today's environment, **growth without margin is unsustainable, and margin without growth is insufficient**. Success lies in orchestrating both deliberately, dynamically, and with a clear view of where you stand and where you want to go.



Appendix

Z-scores

Understanding z-scores: A z-score shows how far a value is from the average, measured in standard deviations. Z-scores help you see which archetypes are performing above or below the average for each focus area, making it easy to compare across groups regardless of the original scale. They can range from 0 to greater/lesser than

+/- 2 with 0 being performance equal to the average, near +/- 1 being above or below the average, and greater than +/- 2 suggesting exceptional performance or possible outliers.

Z-score range	Interpretation	What it means
> +2	Much above average (outlier)	Archtype is an exceptional positive outlier in this area
+1 to +2	Above average	Archtype is performing strongly above the group average
-1 to +1	Around average	Archtype is performing close to the group average
-2 to -1	Below average	Archtype is performing noticeably below the group average
< -2	Much below average (outlier)	Archtype is an exceptional negative outlier in this area

TOTALS	STRATEGY OBJECTIVE			GROWTH METHOD	
Archtype total observations	Focus on value	Diversifying revenue streams	Building a diverse and integrated ecosystem	Organic growth	Inorganic growth
Balanced Builders	794	1,658	853	2,319	975
Emerging Transformers	388	644	261	967	331
Profit Power Houses	378	547	280	807	380
Growth Hustlers	161	436	149	540	206

AVERAGE	STRATEGY OBJECTIVE			GROWTH METHOD	
Archtype averages	Focus on value	Diversifying revenue streams	Building a diverse and integrated ecosystem	Organic growth	Inorganic growth
Balanced Builders	42.95	82.90	42.65	115.95	48.75
Emerging Transformers	38.80	64.40	26.10	96.70	33.10
Profit Power Houses	94.50	136.75	70.00	201.75	95.00
Growth Hustlers	32.20	87.20	29.80	108.00	41.20
Overall mean	52.11	92.81	42.14	130.60	54.51
Overall STDEV.P for all archtypes	24.77	26.77	17.22	41.64	24.02

AVERAGE	STRATEGY OBJECTIVE			GROWTH METHOD	
Archtype Z-scores	Focus on value	Diversifying revenue streams	Building a diverse and integrated ecosystem	Organic growth	Inorganic growth
Balanced Builders	-0.37	-0.37	0.03	-0.35	-0.24
Emerging Transformers	-0.54	-1.06	-0.93	-0.81	-0.89
Profit Power Houses	1.71	1.64	1.62	1.71	1.69
Growth Hustlers	-0.80	-0.21	-0.72	-0.54	-0.55

Sources

- Five-year CAGR and EBITDA based on audited annual financial statements for each health system for the years 2019 through 2023, where available. EBITDA calculated by Deloitte.
- We collected data from additional years and then excluded any health systems that lacked 2019–2023 audited financial years or transitioned into other or combined entities with significantly different operating characteristics or shut down after the M&A activities.
- All financial data was sourced from the Federal Audit Clearinghouse (<https://www.fac.gov/>) and the exact entity name is listed in order to find the system in the database or the financial data comes from the SEC.gov EDGAR Database with each year listed there too.

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Endnotes

1. Percentages based on Deloitte analysis.
2. Tina Wheeler et al., "[How health care CFOs can adapt to emerging industry conditions](#)," *Deloitte Insights*, June 24, 2025.
3. Alan Condon, "[65 health systems ranked by annual revenue](#)," *Becker's Hospital Review*, May 16, 2025; Deloitte research and analysis of publicly available financial information.
4. See Appendix for more detail.



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