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Making AI Work for Us

The Defining Health System CEO Leadership Challenge of 2026

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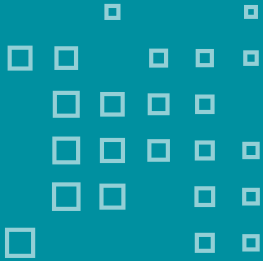


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Executive Summary

In 2025, AI adoption in healthcare operations moved from theoretical to practical via scaled health system investments in various agentic workflows. Moving into 2026, we will see some CEOs lead their teams with focus and clarity beyond deployment against incremental use cases toward a more systematic boost to the quality, accessibility, and affordability of care. The difference between achieving marginal improvement and disruptive results lies in leadership. Only CEO-driven AI strategies can align technology, people, and processes to deliver on this moment's technological promise. Drawing on interviews with CEOs from eleven leading health systems, this paper outlines a practical framework for CEO-driven AI transformation, grounded in real-world insights and actionable steps.

I. Why AI Strategy Needs CEO Leadership

AI in healthcare is no longer theoretical; it is a present reality, woven into both clinical and administrative workflows. The healthcare industry is a leading user of AI, outpacing other industries in the deployment of AI at more than twice the rate of the broader economy.¹ In 2024, 66% of physicians reported using healthcare AI, up from 38% the year before.² In 2024, almost 70% of all U.S. hospitals were using predictive artificial intelligence, including 86% of health-system affiliated hospitals.³ With buying cycles compressed from 12 to 18 months to under six, health system adoption of AI tools is well underway.⁴ Yet, the impact on efficiency and effectiveness remains uncertain, with mixed evidence and, in some cases, overstated financial benefits.^{5,6,7} Disparate and uncertain ROI impacts are not caused by the technology itself; rather, how the technology is implemented is, at its root, a change management issue. This ambiguity makes CEO leadership more critical than ever. To deliver disruptive results CEOs must play a critical role in tying change management to new AI tools, forcing cross-enterprise coordination to adopt AI effectively, making intentional changes to human/financial capital allocation to support transformative AI projects, and being the leading voice with clinical staff when collaborating around alignment for new care paradigms.



Insight

“As the CEO, you must be declarative that this is a key strategy for you and that this is important. If we leave AI adoption to happen in pockets, we risk misalignment and missed opportunities. Investments in AI have the ability to so greatly impact our organization that they require a top-down view on the projects we are involved in and why, how we are quantifying the benefit, and how we prioritize. The CEO needs to be actively engaged and driving the agenda for this.”

—Warner Thomas, Sutter Health

II. Why CEO-driven Leadership Matters: Aligning Strategy, People, and Risk Management

To move from experimentation to demonstrable enterprise value, health systems need a framework for AI strategy, one that is CEO-driven and flexible enough to adapt to organizational realities. In our research, we developed a framework that CEOs can use to tailor their approach to AI strategy, consisting of five interlocking pillars:

1. **Leadership and Capital**
2. **Focused, Repeatable Execution**
3. **Upskilling the Workforce**
4. **Scalable Data Infrastructure**
5. **Integrated Governance**

Each pillar is essential; together, they enable health systems to scale AI safely, efficiently, and strategically. In our primary research through interviews with health system CEOs, no single CEO is currently leading across all five pillars uniformly.

Pillar 1: Leadership and Capital

A modular approach to AI strategy begins with dedicated leadership and capital. Health systems typically fall into one of three models:

Organic	SME Guided	CEO Led
Department-led deployment, with funding sourced from existing budgets.	Centralized, multidisciplinary coordination, with AI budgets managed by IT or informatics executives. The subject matter experts (SMEs) guiding the organization are typically the Chief Technology Officer (CTO), Chief AI Officer (CAIO), or Chief Digital Officer (CDO).	Organization-wide alignment on AI as a strategic priority, with the CEO coordinating across the entity.



X—Average interviewee today; O—Interviewee’s goal in 3–5 years.



Insight

“We prioritize AI deployments that deliver significant benefits for both our clinicians and our patients. AI is not just another technology; it is a strategic imperative that demands leadership from the very top. AI cannot be delegated as a side project or left solely to the IT department; it must be woven into the fabric of our organization’s strategy, culture, and workforce.”

—Gene Woods, Advocate Health

Best Practices

CEO-driven AI strategies benefit from clear communication of technology’s connection to the system’s mission and strategic objectives. CEOs communicate in different ways: allocating dedicated investment funds, committing to AI as a pillar in strategic plans, and ensuring teams understand both the promise and responsibility of deploying AI at scale. This signals to the organization that AI is “for real” and here to stay.

This appears to be true on both the administrative and clinical domains. Dr. Bryan Kelly is both CEO of the Hospital for Special Surgery and a practicing surgeon. The fact that he uses AI in his own practice is having an impact on buy-in from other clinicians to become more engaged with the tools that may help them practice better or more efficiently and to de-stigmatize the use of AI amongst clinicians.⁸

Based on our interviews, most CEOs we spoke with see themselves as having established a leadership structure under the CTO, CDO, or CAIO with a mandate from the CEO, or personally overseeing aspects of AI adoption, such as governance.

Pillar 2: Focused, Repeatable Execution

Organic	SME Guided	CEO Led
Ad-hoc, decentralized deployment.	AI deployment in selective strategic and routine functions. Deployment governed by high-level principles, not rigorous methodology.	Transparent, standardized deployment, and change management. Organization-wide prioritization of high-ROI areas with processes in place to measure ROI with clear accountability.
		

X—Average interviewee today; O—Interviewee’s goal in 3–5 years.

The second pillar is disciplined, standardized execution. Many health systems are stuck in “pilot purgatory,” with dozens of disconnected AI projects delivering little enterprise-wide impact. A CEO-driven approach prioritizes high-ROI use cases based on evaluation of the enterprise’s needs—not a single department’s—and establishes transparent selection criteria in addition to repeatable processes for deployment and scaling.



Insight

“We are focused on transparency in our selection of AI tools, standardized deployment, and measuring the ROI of AI use cases. The more we communicate clearly about what we are doing and why, the more likely we can achieve adoption across the organization.”

—Chris Howard, Sharp Health

Figure 1. Emerging High ROI Use Cases

Category	Domains	Illustrative Use Cases
Revenue Growth	Revenue Integrity	Improve prior authorization, utilization review, denial management, documentation and coding accuracy with AI
	Patient Acquisition	Close care gaps for patients eligible for high-acuity care (e.g., procedures, infusion therapies)
	Patient Retention and Referral	- Prevent referral leakage through intelligent tracking and - Personalized discharge follow-up
Clinical operations	Flow and capacity (ED, Outpatient, Inpatient)	- Real-time decision support for triage, transfers, UR - Optimize patient flow across care settings
	Workforce management	AI-powered demand forecasting for staff scheduling
	Documentation and Forms	- Automate clinical notes (Ambient Scribe), H&P, discharge summaries - Streamline prior authorization
	Safety and Quality	Automate registry and quality measure reporting (e.g., Stroke, Sepsis)
Non-clinical operations	Contract Optimization	- Optimize vendor and payer contract value and payment - Revenue integrity with AI contract analytics
	Revenue Cycle Operations	Automate coding, claim validation, appeal drafting
	Supply Chain Efficiency	- Predictive inventory management and purchase orders - AI-powered payment validation and anomaly detection
	Corporate (Legal, Finance, HR)	Streamline compliance review, financial reporting, and HR processes with AI assistants

Source: Qualified Health

Best Practices

A CEO-driven approach prioritizes high-impact use cases, establishes transparent selection criteria, and creates repeatable processes for deployment and scaling. Documenting the deployment process in playbooks or toolkits ensures each new project builds upon prior successes and lessons learned, not continuous reinvention.

To avoid stagnation, Henry Ford Health is running parallel tracks of methodical implementation for proven solutions while also tasking others in the organization with learning about emerging AI technologies.

Pillar 3: Upskilling the Workforce

AI transformation is as much about people as technology. A CEO-driven strategy recognizes that not every employee needs the same level of AI training, but all must be brought along on the journey as it relates to their roles. CEO-driven organizations integrate AI expectations into roles, workflows, and incentives, offering targeted training where it matters most.

Organic	SME Guided	CEO Led
Inconsistent and ungoverned training. Creates potential security, ethical, and legal risks.	AI competency built into selective roles with corporate training support.	Intentional design and implementation support for AI integrated into roles, workflows, and incentives.
		

X—Average interviewee today; O—Interviewee’s goal in 3–5 years.



Insight

“Local, consistent training in pockets is key. We have not endeavored to teach everyone to use Copilot, for example. We have cohorts of employees where AI tools will be valuable. For them, we are deploying targeted training.”

—Dennis Murphy, Indiana University (IU) Health

Best Practices

Implement system-wide upskilling programs for relevant staff, including workshops and targeted training modules. Integrate AI competencies into onboarding and performance management. The goal is a workforce that sees AI as normal, not novel, and is confident using AI tools relevant to their roles.

Pillar 4: Scalable Data Infrastructure

Data is the fuel for AI, but raw data alone isn’t enough. While models can learn almost anything, they can’t intuit your organization’s unique workflows or data architecture. Many health systems struggle with siloed, legacy systems that constrain AI’s potential. Scalable data infrastructure for AI requires far more than organizing inputs, it demands a robust enterprise data foundation where data is clean, standardized, and usable; modern storage and access layers that enable interoperability; and rigorous data governance, security, and compliance frameworks. Beyond that, successful AI adoption hinges on operational capabilities like Machine Learning Operations (MLOps) and Large Language Model Operations (LLMOps), which provide structured processes for building, deploying, monitoring, and maintaining models at scale. CEO-led organizations are investing in these enterprise-wide capabilities to unlock AI’s full potential and ensure models deliver safe, reliable, and actionable insights.

Organic	SME Guided	CEO Led
Siloed data inputs.	Selective data infrastructure addressing pockets of care and operations.	Integrated data inputs enabling reliable AI performance across all applications.
		

X—Average interviewee today; O—Interviewee’s goal in 3–5 years.



Insight

“The ability to fully harmonize disparate data sources, while maintaining privacy, security, and trust, is an essential mountain to climb, but it is a future we are actively working toward. A key foundation for our future ambitions is our centralized data platform providing 360° insights to better serve patients, teammates, and communities.”

— Gene Woods, Advocate Health

Best Practices

Consolidate data infrastructure across the enterprise to eliminate silos and enable seamless interoperability. Prioritize scalability to support future AI use cases and select integrated platform solutions over fragmented, one-off vendors. Establish strong data governance frameworks that balance innovation with privacy, security, and compliance requirements. Incorporate modern

storage and access layers to ensure real-time availability of clean, standardized, and usable data. Finally, embed operational capabilities such as MLOps and LLMOps to manage model development, deployment, and monitoring effectively, creating a foundation for reliable, scalable, and trustworthy AI.

One-third of the CEOs we spoke with were undergoing work to consolidate their underlying data systems and infrastructure to enable future use of AI and improve the ability to generate learnings across the system. Uniformly, we heard the value of having a consolidated data stack and resisting the tendency to use hundreds or thousands of vendors, with a focus on a few key partners to improve their ability to execute, govern, and measure the impact of this technology.

Pillar 5: Integrated Governance

As AI becomes more pervasive, governance must keep pace. CEO-led organizations establish comprehensive, multidisciplinary governance structures that establish policies, monitor use, and manage risks proactively.

Organic	SME Guided	CEO Led
Governance prevents scaling from guardrail design and access controls to utilization tracking and risk monitoring.	Selective pockets of AI governance with a loose reporting structure to existing corporate data governance.	Comprehensive, multi-disciplinary governance with structured program management. AI goals are integrated into leadership objectives.
		

X—Average interviewee today; O—Interviewee’s goal in 3–5 years.



Insight

“We have pockets of governance but need to restructure for integrated or multi-disciplinary governance across the organization. The most mature organizations include key leaders from data, legal, strategy, and clinical to address legal/compliance challenges in real time, but also to take advantage of what was rapidly developing and not spend years observing the market as it evolves.”

—John D’Angelo, Northwell Health

Best Practices

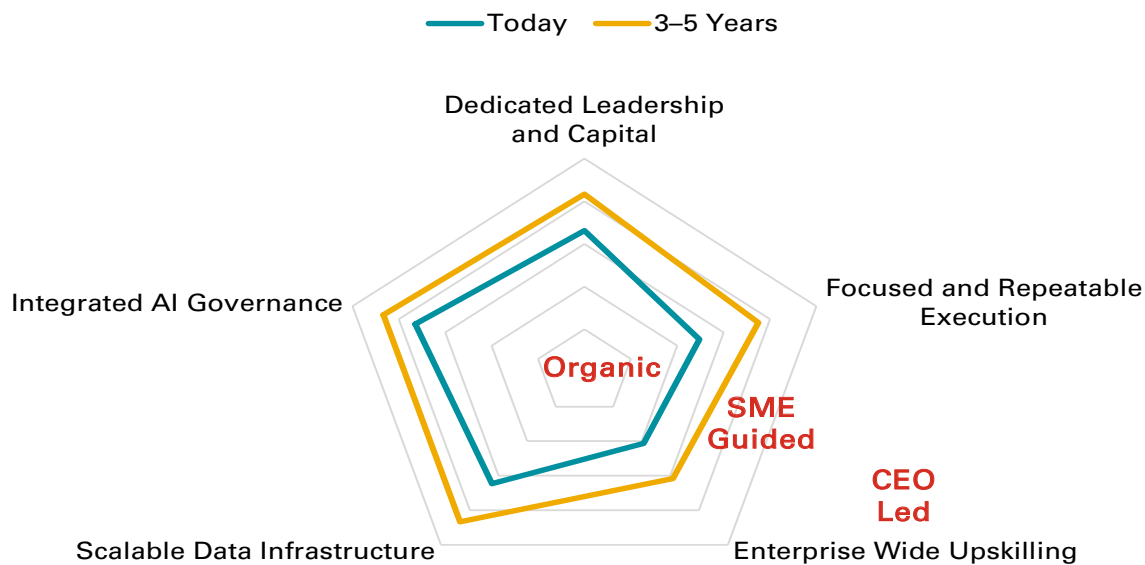
Establish enterprise-wide guardrails for security, ethics, and compliance. Empower governance to halt underperforming deployments or mandate bias testing. Monitor regulatory developments and advocate for favorable policies. Governance should be proactive, not reactive, and integrated into leadership objectives.

Across the board, CEOs are focused on governance. Though some have looser structures than they would like today, many saw this as the pillar where they already have the greatest line of sight and of which they would like to strengthen their direct management.

It is important to note that CEOs are not just focused on governance for new technologies. Chris Howard, CEO of Sharp Health, noted that vendors are silently deploying AI in the base technology already implemented in the health system. Sharp is specifically studying what they are or may be using inadvertently, and tools that may be available, which they are underutilizing today.

Regardless of where CEOs are today, they all see the need to be more structured in their approach to AI adoption with a stronger top-down approach across all five pillars to enable the best structure for change across the organization, as demonstrated in Figure 2, below.

Figure 2. Self-Reported Health System AI Approach



III. Where Are CEOs Now?

Based on our interviews with health system CEOs, there is a spectrum of leadership approaches to AI adoption, ranging from organic adoption to CEO-led advancers. The CEO's choice on how heavily to directly manage and facilitate the system's adoption of AI directly correlates with the health system's AI maturity. Organizations with CEO champions see stronger organizational embrace and faster progress out of "pilot purgatory." While CEOs do not necessarily need to be the leaders across each of the five pillars, overall, it supports a stronger organizational mandate. Below are traits CEOs are demonstrating across the organic adopters, SME-guided advancers, and CEO-led advancers.

- **Organic Adopters:** Early stages of AI adoption, initiated a few pilots, waiting for technology to mature (18% of interviewees)
- **SME-Guided Advancers:** Centralized leadership, multiple pilots, some governance, but not yet scaled (36% of interviewees)
- **CEO-Led Advancers:** CEOs actively directing AI strategy, multiple initiatives, moving toward enterprise-wide integration (45% of interviewees)

CEO Traits			
Legend ● = High ◐ = Medium ○ = Low	The Cautious Steward (Organic Adopter)	The Methodical Builder (SME-Guided Advancer)	The Enterprise Integrator (CEO-Led Advancer)
Strategic Agility (pivots, adapts, learns fast)	○	◐	●
Influence (aligns and inspires board, C-suite, clinicians)	◐	◐	●
Risk Appetite (makes bold, accountable bets)	○	◐	●
Vision Clarity (articulates a compelling AI future)	○	◐	●
Accountability (personally owns outcomes, not just delegation)	○	◐	●

CEO Traits			
Legend ● = High ◐ = Medium ○ = Low	The Cautious Steward (Organic Adopter)	The Methodical Builder (SME-Guided Advancer)	The Enterprise Integrator (CEO-Led Advancer)
Change Leadership (drives culture shift, addresses resistance)	○	◐	●
Communication Skill (sets clear expectations, tells the AI story)	◐	◐	●
Curiosity and Learning Orientation (actively seeks new knowledge)	◐	◐	●
Stakeholder Engagement (proactively involves key voices)	○	◐	●
Ethical Stewardship (prioritizes trust, safety, responsible AI)	◐	●	●



Insight

“CEOs must lead the culture and change management, which will determine whether AI delivers value for the organizations.”

—Bob Riney, Henry Ford

IV. The 5-Year Vision: What Success Looks Like

The technology up and down the AI stack is changing so rapidly that the most aggressive CEOs are learning as much as they are acting. Looking ahead, CEOs envision a future where AI applications and multi-modal agents are embraced by physicians, nurses, and professionals across specialties and functions.



Insight

“We need to see AI as an enabler. Holding on to the old structures we work within, such as care models or scope of practice, will reduce our ability to improve care. Moving where we need to go is not necessarily where the reimbursement is focused today. We will need to take the leap and bring the system along. This is the only way we enable the value of AI at scale.”

—John D’Angelo, Northwell Health



Insight

“We’ve got several irons in the fire. Now the challenge is connecting them and scaling the ones that work.”

—Health System CEO

Today, CEOs are focused on the initial stage-setting steps which will enable this vision, including integrating data and systems, evaluating vendors and the maturity of solutions, identifying the top areas for AI integration within the organization, establishing governance and protocols, and building internal confidence and knowledge on how and when AI usage is appropriate throughout the staff.

Key Outcomes by 2030

- Net administrative expense growth below medical cost inflation
- Top decile performance on key quality indicators (e.g., sepsis mortality, 30-day readmission rate, all-cause mortality) and patient experience (e.g., wait times, complaints and grievances, overall patient satisfaction, etc.)
- Physician burnout rate under 20%, half the most recently measured rate of ~45%⁹

- Measurable brand equity for providers seeking exceptional practice environments, and consumers seeking health advances as well as reliable care and recovery
- Workforce that is AI-confident and competent, as measured by increases in:
 - Adoption Rates: Percentage of employees using AI tools
 - Training Completion: Number of employees finishing AI courses
 - Productivity Gains: Faster task completion, higher output
 - Error Reduction: Fewer mistakes in AI-assisted work
 - Confidence Scores: Employee self-reported comfort with AI

V. Conclusion and Recommendations

There will be big winners and big losers based on how we move from low ROI to high return opportunities with AI. The difference between health systems that thrive with AI and those that flounder will be proactive CEO leadership combined with people and process management. AI is a powerful tool, but it is only as effective as the strategy and culture behind it. AI earns the label of a ‘civilizational technology’ not because of its underlying code or algorithms, but because of the choices humans make in applying it. Its transformative power lies in how societies integrate AI into decision-making, governance, and daily life, shaping culture, economies, and ethics far beyond the realm of 0s and 1s. CEOs and their teams must champion AI with top-down vision and oversight to avoid the pitfalls of disjointed efforts and truly embed AI where it counts.

The five transformation elements to remain focused on:

1. **Leadership and Capital:** Treat AI as strategic, commit resources, and personally stay engaged.
2. **Focused Execution:** Pick your battles wisely, implement methodically, measure results, and scale successes.
3. **Upskill Workforce:** Bring your people along through training and culture change, so they amplify AI’s impact.
4. **Data Infrastructure:** Invest in the plumbing (data and IT); it is non-negotiable for sustaining AI at scale.
5. **Governance:** Put guardrails and guidance in place; manage risks and ensure AI serves your goals responsibly.

By actively engaging and developing a plan around these five pillars, CEOs can steer their health systems through uncertainty into a position where AI is an empowering technology delivering on its promise to make healthcare more adaptive, efficient, and patient-centric than ever before.

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