

Tightening Insurance Coverage Creates Revenue Risk for Life Sciences

Policy-driven Medicaid eligibility changes and expiring Health Insurance Marketplace subsidies are expected to increase the number of uninsured by ~10 million by 2034*. While commercial enrollment remains relatively stable, the continued shift toward high-deductible plans will expand the underinsured population. Together, these dynamics signal fewer covered lives, constrained demand for health care services and material downside risk to annual sales revenue.

TABLE 1. RELATIVE REVENUE RISK FOR SELECTED LIFE SCIENCES SECTORS

EXPOSURE	EXAMPLE CATEGORIES	ANNUAL US REVENUE AT RISK
High	Orthopedics, spine, bariatrics and GI, robotics/capital platforms, neuro elective	8%–15%
Medium	Structural heart diagnostics, EP diagnostics → ablation/CRM funnel, peripheral vascular, wound care	4%–8%
Low	Trauma, critical care monitoring, infection prevention, oncology surgical implants/tools	1%–3%

Note: Revenue at risk percentages are based on Sg2 analysis of historical utilization changes in coverage and estimates based on portfolio modeling of major medtech firms. CRM = customer relationship management; EP = electrophysiology. Source: Sg2 Analysis, 2025.

The projected insurance coverage changes are highlighted in the Sg2 2026 update of the [Insurance Coverage](#) forecast.

FIGURE 1. US INSURANCE ENROLLMENT FORECAST

Insurance Enrollment by Financial Group (Millions), US Market, 2026–2031



Analytics Insight
National Adult Medicaid
Penetration by Site of Care, 2025

IP: ~20%
ED: ~35%
OP Procedures: ~10%

Note: Medicaid enrollment does not include those dually enrolled in multiple types of coverage. Sources: See sources at end of newsletter.

Less Preventive Care, More High Acuity and Capacity Constraints

As affordability pressures rise, patients are likely to delay or forgo discretionary care such as preventive care, chronic disease management, prescriptions and elective procedures. Over time, deferred care is expected to translate into higher-acuity ED visits and avoidable hospitalizations, increasing strain on hospital capacity.

Financially, providers will face greater volatility in payer mix, higher levels of bad debt and charity care, and reduced reimbursement reliability—including among commercially insured patients with limited ability to pay. As financial strain on health systems intensifies and supply demand shifts, life sciences organizations should expect heightened cost scrutiny.

Did You Know?

Health care leaders anticipate that policy-driven Medicaid coverage reductions will push more patients into emergency and urgent care settings. One leader projected emergency and urgent care visit volumes could increase by as much as **18% to 22%**.

Leaders describe the anticipated growing strain on existing capacity and increased reliance on front-line approaches as a critical pressure valve, where traditional operations can't keep pace with demand.

Sources: Sg2 Interviews With Health Care Clinical and Laboratory Leaders, January 2026; Sg2 Analysis, 2026.

Strategic Moves for Life Sciences Firms

The impact of shifting insurance coverage will not be felt evenly across medtech, pharmacy, capital and diagnostic companies. The effect will vary significantly by market—potentially ranging from an 8% to 14% revenue reduction in high-risk markets (see Table 1)—and will depend on the timing of policy-driven utilization changes. Company-specific portfolio modeling for select \$10 billion medtech firms suggests potential revenue exposure in the range of \$300M to \$600M under a medium-impact scenario. Now is the time to evaluate your portfolio and align strategy with anticipated market shifts.

TABLE 2. POLICY IMPACT ON UTILIZATION TRENDS

WORKSTREAM	PRIORITY ACTIONS
Commercial Strategy	Identify high-ACA-density markets and deploy risk-adjusted sales forecasts. Build dual-path contracting messages (with and without subsidy continuity). Tighten value demonstration tied to avoided LOS, reduced cancellations or throughput gains.
Provider Partnerships	Strengthen financial and operational ROI cases for capital devices. Offer flex financing, outcomes-linked pricing or payback guarantees in at-risk regions.
Market Access	Position technologies as coverage-resilient (less dependency on repeated imaging, shorter recovery time, lower lifetime episode cost).
Evidence and RWE	Double down on evidence generation and total-cost-of-care benefits. Prepare for eligibility verification volatility in patient pathways. Proactively diversify trial sites beyond high-ACA markets.

Note: ACA = Affordable Care Act; IDN = integrated delivery network; RWE = real-world evidence. Source: Sg2 Analysis, 2025.

Sg2 Life Sciences has localized impact of policy changes by geography, IDN and clinical services—reach out to us for further insights.

Sincerely,



Jayme Zage, PhD
Principal, Sg2 Intelligence
jzage@sg2.com



Karl Karlsson, PhD
Sr Principal & General Manager,
Sg2 Life Sciences
kkarlsson@sg2.com

For more insights on what will shape the life sciences landscape for 2026, see our [trends to watch article below](#). Have a question or a problem we can help solve, [email us](#) or connect with [Jayme Zage](#) and [Karl Karlsson](#) on LinkedIn.

*Sources: US Congressional Budget Office. Distribution effects of Public Law 119-21. August 11, 2025; Sg2 Analysis, 2026.

Sg2 Resources

Podcasts

- [Forecasting Coverage Shifts Ahead](#)
- [Operational Considerations for ASC Strategy](#)
- [Building Resilient Health Systems](#)

Blogs

- [Insurance Coverage Volatility Requires Localized Strategy](#)
- [Quality's Place in Health System Sustainability](#)
- [Health System Tailwinds: Entering 2026 With Pragmatic Optimism](#)

Report

- [Advancing Hospital Fall Prevention Strategies With Sensor-Driven Insights](#)

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Q&A With Sg2 Life Sciences and Industry Experts on Falls Prevention



David DiLoreto, MD, MBA, FACS
Principal, Sg2 Life Sciences and Industry Consulting

Dr DiLoreto is a seasoned life sciences consulting executive with over two decades of experience in health system strategy, physician practice management and managed care operations. He brings over 40 years of clinical experience, including 20 years as a chief medical officer, to his work. You can follow Dr DiLoreto on [LinkedIn](#).

Dr DiLoreto recently partnered with a client to evaluate the value of innovative fall sensor technology in preventing falls. The following excerpted conversation highlights key insights from the project detailed in [Advancing Hospital Fall Prevention Strategies With Sensor-Driven Insights](#).

► **As someone with a strong clinical background, falls prevention is something you are very familiar with. Can you give us a little background on in-hospital falls and falls prevention efforts.**

The issue is that patients in a hospital are complex. Even in hospitals with strong prevention programs, adherence to best practices can vary from shift to shift, and even hour to hour, as a patient's condition changes. That variability is compounded by staffing pressures and competing workflows. That's why we studied how advanced falls prevention technology that uses embedded sensors in beds, chairs and toilet seats impacts performance.

► **What did the analysis of falls prevention technology reveal?**

We found fall rates correlate strongly with hospital spend on the technology. Using data from the Vizient® Clinical Data Base, we analyzed 158 million patient days at 750 hospitals, including 30,000 patient falls. Hospitals with the highest investment in falls sensor technology had a 20% to 30% reduction in falls, those with moderate investment had a 10% to 15% reduction, and those with no measurable investment had the highest rate of falls.

► **How have technological advances improved our ability to prevent falls?**

Modern technologies now detect changes in weight distribution; and sensors can be placed throughout the room. Instead of just being—in beds, they are in chairs and toilets. A journey to the toilet and back to bed is where most of the high risk is. These new systems are embedded in clinical workflows, delivering clearer alerts to caregivers and shortening response times. Even 30 seconds can make a huge difference in preventing a fall. Training and technology must work synergistically.

► **Obviously, patient falls are bad for patient care, but what are the financial implications of a strong falls prevention program?**

About 30% of falls result in serious injury, including fractures and head trauma, with an estimated cost of \$35,000 per fall. Falls that increase length of stay also create opportunity costs when capacity is constrained. Hospitals in the bottom quartile of CMS rankings for fall rates can experience up to 1% loss in Medicare reimbursement. Malpractice exposure and reputational impact further compound financial risk.

Our research indicates that investing in falls sensor technology can generate savings of approximately \$14,000 per 1,000 patient days.

Sources: Vizient Clinical Data Base. Q4 2021–Q3 2024. Irving, TX: Vizient, Inc.; 2025. <https://www.vizientinc.com>; Sg2. Advancing Hospital Fall Prevention Strategies With Sensor-Driven Insights. September 2025.

Seven Must-Watch Trends for Life Sciences in 2026

There are many trends shaping the health care landscape in 2026. The following seven are the ones life sciences and industry clients need to watch. Want to learn more? Let us know.

- **Coverage erosion is reshaping demand.** Growth in uninsured and underinsured populations is weakening adherence and shifting utilization toward higher-acuity, episodic care, complicating demand forecasting and reimbursement reliability.
- **Capacity limits are driving adoption tradeoffs.** Health systems are prioritizing efficiency over expansion, influencing which innovations are adopted, where they scale and how quickly they diffuse across markets.
- **Site-of-care shifts are accelerating—but unevenly.** Migration to ambulatory and nonacute settings is creating variable adoption curves and higher execution risk that must be reflected in commercialization and evidence strategies.
- **Therapeutic innovation is redefining care pathways.** Advances such as GLP-1s are moving volume from procedures to longitudinal medical management, reshaping competitive dynamics and long-term portfolio demand.
- **Quality is becoming a gatekeeper for growth.** Volume is concentrating in higher-performing systems, elevating quality performance as a determinant of preferred partnerships and formulary or technology adoption.
- **Systemness is centralizing decisions.** Increasing standardization and centralized purchasing require life sciences organizations to engage at the system level while navigating slower, more complex decision processes.
- **AI scrutiny is rising.** Future adoption of digital and AI-enabled solutions will depend on clear, demonstrable impact on outcomes, efficiency or revenue resilience.

Share Your Tips & Stories!

Do you have an interesting case study or helpful analysis that other Life Science Suppliers could benefit from? We'd love to hear from you! Reach out to your Sg2 Service Team or [email us](#) with the details or to set up a quick discussion. With your permission we will confidentially share your and other users' tips & stories with our strategy community.

Note: Medicaid enrollment does not include those dually enrolled in multiple types of coverage. Sources: US Congressional Budget Office (CBO). Distribution effects of Public Law 119-21. August 11, 2025; Claritas Pop-Facts®; 2026; Sg2 National Consumer Survey, 2025; CMS. MA state/county penetration. Accessed October 2025; CMS. 2025 Marketplace Open Enrollment Period Public Use Files. Modified May 12, 2025; CMS. 2019 and 2025 Marketplace Open Enrollment Period Public Use Files. Modified May 12, 2025; CMS State Medicaid and CHIP applications, eligibility determinations, and enrollment data. Accessed October 2025; KFF. 2025 Employer Health Benefits Survey. October 2025; KFF. Health insurance coverage of the total population. November 2025; KFF. Marketplace enrollment. November 2025; KFF. Medicaid and CHIP income eligibility limits for children as a percent of the federal poverty level. November 2025; US Census Bureau. American Community Survey tables for health insurance coverage. table HI-05. Accessed November 2025; Burns A et al. How will the 2025 reconciliation law affect the uninsured rate in each state? KFF. August 20, 2025; Congressional Budget Office. Distribution effects of Public Law 119-21, estimate of annual changes in the number of people without health insurance. Accessed October 2025; Manatt Health. The effects of House budget bill on Medicaid enrollment and expenditures. June 2, 2025; CMS. MA monthly enrollment by contract/plan/state/county. Accessed December 2025; CMS. MA plan crosswalks. Accessed December 2025; US Census Bureau. American Community Survey 2024 1-year data estimates: selected economic characteristics, mean household retirement income. Accessed December 2025; Map boundaries provided by Utilization and Project (HCUP) 2021. Agency for Healthcare Research and Quality, Rockville, MD; Proprietary Sg2 All-Payer Claims Data Set, 2023; The following 2023 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2025; Sg2 Analysis, 2025.

Anticipate the Impact of Change



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Sg2 | 433 West Van Buren, Suite 805, Chicago, IL 60607 | USA
847.779.5500



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