



Indiana University Health

IU Health continues advancing affordability and quality for Hoosiers amid industry pressures

Board approves new capital projects

INDIANAPOLIS (Feb. 27, 2026) – Indiana University Health continued advancing its commitment to affordable, high-quality care for Hoosiers in 2025 despite significant inflationary and regulatory pressures that affected healthcare organizations nationwide. IU Health generated positive operating income while experiencing a compressed operating margin, reflecting its decision to shield patients from rising costs. At the same time, strong investment performance and disciplined financial management positioned the organization to continue leading in delivering value by investing in programs that improve the health of communities across Indiana, demonstrably increasing the quality of care, and expanding access. Newly approved investments include a \$153 million expansion in the fast-growing Metro North subregion.

“Despite ongoing economic and regulatory pressures, IU Health maintained its longstanding commitment to reducing the cost of care for Hoosiers,” said Jenni Alvey, senior vice president and chief financial officer. “We continue to absorb inflation through operational efficiencies and disciplined cost management so that patients, employers, and communities are not asked to shoulder those pressures alone. Disciplined balance sheet management enabled us to continue to focus on affordability while also investing in growth, improving access to care.”

Through its multi-year care affordability plan, IU Health has delivered more than \$1.4 billion in savings to Hoosiers without compromising quality or access to care. Hundreds of thousands of patients benefited from focused reductions in prices in radiology (average of a 26% reduction in price); lab work (nearly all lab services are at Medicare prices or lower averaging a more than 60% price reduction); specialty pharmacy (average of a 30% reduction in price); and ambulance services (average of a 24% reduction in price).

“Our focus has been clear. We are improving quality, expanding access and removing financial barriers to care across the state,” said Dennis Murphy, president and chief executive officer. “The people we serve deserve healthcare that is both excellent and affordable, and we are committed to delivering measurable progress on both.”

High-quality care and measurable outcomes

Though challenges persisted, high-quality patient care remained the top priority. IU Health continued delivering measurable gains in patient safety and preventive care. In 2025, the number of infections across all hospitals decreased by 32% compared to 2024, reducing all five types of major healthcare-associated infections. Preventive screenings increased from 2023 to 2025 including a 46% increase in breast cancer screenings and an 11% increase in colorectal cancer screenings, strengthening early detection and long-term health outcomes.

Indiana's first mobile lung screening program launched in March 2025, bringing a 40-foot CT-equipped truck directly to communities across the state to help detect lung cancer early, when it is most treatable. The initiative is a partnership between the IU Simon Comprehensive Cancer Center and IU Health, made possible by a transformational gift from the Tom and Julie Wood Family Foundation and matching support from IU Health. The mobile unit began screening high-risk Hoosiers upon its launch, already screening nearly seven hundred people at stops in thirty-seven counties across the state. By reducing barriers to care and coordinating local follow-up, the program aims to save lives and improve lung cancer outcomes statewide.

Indiana's only lung transplant program, housed at IU Health Methodist Hospital, continues to deliver outcomes that place IU Health among the national leaders in advanced, lifesaving care. The most recent Scientific Registry of Transplant Recipients report shows that patients awaiting transplant at IU Health are nearly twice as likely to survive transplant and the first-year post operation compared to national averages. Among U.S. programs performing at least one hundred transplants during the 2.5-year reporting period, IU Health achieved the best one-year survival rate in the country. These results underscore the importance of strong, statewide access to specialized care. IU Health's multidisciplinary transplant teams ensure that Hoosiers with the most complex conditions receive the highest level of care close to home.

Systemwide transformation and digital modernization

Organizational realignment efforts continued in 2025 to simplify governance, strengthen leadership accountability, and improve decision-making. These changes included further consolidation of regions and integration of hospital operations to support standardized care delivery and long-term sustainability. As part of these efforts, IU Health merged North Hospital and West Hospital into the Academic Health Center structure in the Metro region and combined the former West Indiana and East Indiana regions into a newly created North Indiana Region.

IU Health streamlined its ambulatory surgery center business operations in 2025 through a combination of targeted acquisitions and divestitures designed to strengthen operational focus and simplify ownership structures. The organization assumed full ownership of five outpatient surgery centers and sold interests in three others to support IU Health's broader strategic realignment, positioning the system for long-term growth and enhanced patient care across its outpatient footprint. Additionally, IU Health expanded its after-hospital care capabilities through the launch of Redcrest Healthcare, a jointly owned home health and hospice venture created in collaboration with Alternative Solutions Health Network. By integrating its existing home health and hospice operations into the new entity, IU Health aims to broaden access to essential services at critical points in the patient care journey.

In support of long-term clinical, operational and research excellence, IU Health continued preparations for systemwide implementation of a new electronic health record platform following Board approval of Epic as the organization's EHR provider. Full implementation is expected over the next 18 months with patient and provider launch in mid-2027. The platform is expected to enhance patient care, employee experience, operational efficiency, research, and communications across the system.

Capital projects

IU Health is committed to ensuring access to affordable care to more Hoosiers across the state; therefore, we have continued our investments in our capital projects within the communities we serve by making capital investments that expand access to care and modernize facilities statewide.

Construction progressed on the new downtown Indianapolis hospital and expanded medical campus that will consolidate two existing downtown adult hospitals and strengthen collaboration with the IU School of Medicine. The project remains a cornerstone of IU Health's long-term clinical, academic and research strategy. While the project remains on schedule to serve its first patient in the fourth quarter of 2027, it continues to experience unprecedented market pressures from significant construction inflation rates, supply chain logistics delays, and skilled labor shortages. In anticipation of these continued financial pressures, the Board allocated an additional \$450 million for project completion. Furthermore, construction continued on the 140-bed hospital near Fort Wayne with completion slated for the second quarter of 2027.

Indiana is experiencing up to 3% growth in certain locations, and to support these expanding communities and more efficient care delivery, IU Health announced a new hospital in West Lafayette, a state-of-the-art cancer center at Arnett Hospital in Lafayette, and expanded specialty services as part of the [Greater Lafayette Community Growth Project](#). Tippecanoe County is one of the fastest growing counties in the state, with Greater Lafayette driving that growth as the [fastest-growing metropolitan area in the United States](#). Construction on both the cancer center and hospital is expected to begin in 2026, with both facilities projected to open in 2028. The Board also approved a \$153 million plan to expand services in the fast-growing Metro North subregion. The IU Health [Metro North Growth Strategy Project](#) adds more hospital beds, imaging space, parking, and updated medical office areas at IU Health North Hospital, builds new outpatient centers in Westfield and Zionsville, and expands surgery and procedure areas at IU Health Fishers Hospital. Construction is expected to begin in 2026, with phased openings occurring in 2028.

The opening of a new medical tower marked the completion of IU Health's [Fishers Community Impact Project](#). The medical tower houses a range of essential departments and specialized units, including Mammography, Breast Surgery, Endocrine Surgical Services, an outpatient OB-GYN suite, a Labor and Delivery unit, Special Care Nursery, Medical-Surgical Inpatient unit and more, nearly doubling the size of the IU Health Fishers campus and workforce and enhancing healthcare access and services in what has become one of the fastest growing areas in the state. The expansion added pediatric emergency medicine services with the opening of the Riley Children's Health dedicated pediatric emergency unit adjacent to the existing Emergency department. In addition to significant expansion of the IU Health Fishers campus and services, the Fishers Community Impact Project added offsite, outpatient access to primary care and specialists in [McCordsville](#) and [Fishers](#). The project also included a renaming of IU Health Saxony Hospital to IU Health Fishers.

Investing in the community

IU Health reported its total community investment of \$1.15 billion including financial assistance, research and training the next generation of doctors in the [2024 Community Benefit Report](#), published in September 2025. Our Community Benefit is more than three times what we would pay (Federal, state, and local taxes if we were a for-profit entity). If non-profit hospital systems like IU Health stopped investing in the health needs communities have identified, it would create a major gap in our healthcare

infrastructure. This is especially important in a state that continues to rank in the lower half of states in the country for public health spending, negatively impacting preventable healthcare spending.

In 2024, IU Health provided \$180.8 million in financial assistance, nearly doubling this investment from the previous year and supporting Hoosiers who otherwise might have delayed or skipped necessary care. For patients who need help managing healthcare expenses, IU Health makes sure patients know that financial assistance and payment plans are available with a large percentage of patients using an interest-free payment plan that can be easily adjusted online or by phone. IU Health is committed to ensuring every Hoosier has access to world-class care, no matter what their financial means.

In 2025, IU Health continued advancing its commitment to community wellbeing as it opened the doors to the [Mosaic Center for Work, Life + Learning](#)'s permanent home in the [Indy Health District](#), the 1,500-acre area that stretches from the north end of downtown Indianapolis to Crown Hill Cemetery, at the heart of which sits IU Health's new downtown medical campus. The Mosaic Center provides free, integrated career and financial coaching to help community members secure meaningful employment — specifically in healthcare, where Indiana faces a growing workforce shortage.

IU Health Tipton Hospital celebrated its 75th anniversary on Oct. 15, 2025, marking a legacy that began in 1950 as the 48-bed Tipton County Memorial Hospital founded to honor local servicemen and women. While the scope of care has evolved over the decades, the hospital remains committed to providing high-quality care close to home for the Tipton community. The milestone was celebrated with a ribbon cutting, a mayoral proclamation, and the announcement of a \$100,000 donation from the IU Health Tipton medical staff supporting the development of new community baseball fields, reflecting an ongoing commitment to investing in the health and future of Tipton beyond hospital walls.

Financial results

Highlights for 2025 for IU Health's 15-hospital system, which also includes surgery and urgent care centers, a unified physician group and a home health and hospice partnership:

- **Operating revenue**, increased 2.9% over 2024 to \$9.49 billion, driven by a change in the mix of patient services and higher retail pharmacy revenue in 2025 compared to a year ago.
- **Operating expenses** rose 5.3% to \$9.44 billion, reflecting higher labor, supplies and drug costs, investments in digital infrastructure and continued support to IU Health's academic and research mission.
- **Operating income** decreased from \$257 million in 2024 to \$50 million in 2025, with a 0.5% operating margin.

IU Health reported \$1.2 billion in total revenues over expenses in 2025, driven primarily by strong but inherently volatile investment performance. Operationally, the organization's modest \$50 million in operating income, largely reflects IU Health's continued choice to absorb inflationary pressures rather than pass higher costs on to patients.

As a nonprofit health system, IU Health relies on long-term investment gains to help fund major capital projects and preserve access to high-quality care statewide, but day-to-day care delivery continues to depend on disciplined operating performance - not short-term market fluctuations. IU Health's strong balance sheet and investment performance in 2025 provided the stability necessary to continue investing in statewide access, digital modernization and long-term clinical excellence while maintaining affordability commitments.