

## From Boardroom to Bedside: How Financial Markets and ESG Shape Patient Care

Gabrielle Gelber

When people think about quality of care, they usually think about the interaction between the patient and the doctor. While that is important, it is not the only factor shaping a patient's care. In many ways, that interaction is the last stop in a long chain of decisions that occur before the patient meets the doctor. Wait times are often determined by facility design and planning. The kind of diagnostic testing often depends on the availability of equipment at the hospital. All of those things affect the care a patient receives and, in the end, the experience they have with their doctor. That interaction matters, but it is shaped by a much larger system behind it.

With rising inflation, higher wages, and increased interest rates, hospitals are facing serious financial strain. As interest rates rise, it becomes harder for hospitals to borrow money to improve facilities, adopt new technology, and upgrade equipment. As a result, hospitals are beginning to feel the financial pinch and that strain directly affects patient care. However, when healthcare feels dysfunctional, we usually focus on what is happening in the exam room and ignore the fact that many of the problems began long before the patient arrived.

This study explores the relationship between the financial position of a hospital and the care that is received by patients. Through field observation as a hospital volunteer and financial data obtained through the Bloomberg Terminal, I show how changes in the broader market can affect what patients ultimately receive. Furthermore, I will place these findings within the broader environmental, social, and governance (ESG) framework. Overall, my argument is clear: the financial strength of a hospital and the health of its surrounding community should move together.

### Methods

To better understand both the operational and financial pressure facing the hospital, I used two methods: field observation and financial analysis. This study assessed two related questions: 1) what I observed during my time as a hospital volunteer, and 2) what financial data helps explain why those operational challenges existed.

### Operations

During nearly nine months of volunteering, I witnessed parts of the hospital's operations come to a grinding halt. Nurses became overwhelmed by the number of patients they were responsible for, and patients grew frustrated with long wait times. Doctors experienced administrative barriers when trying to complete paperwork, which distracted them from patient care. I did not observe these delays in isolation. When one area of the system came to a standstill, the resulting ripple effect was felt throughout the entire system. What I observed made it clear that hospital strain is often the result of constant pressure across multiple areas.

### Financial Analysis

The financial data helps explain why the operational challenges exist. The data collected through the Bloomberg Terminal, together with Health Care Cost Institute data (HCCI, 2024), demonstrated the impact of the Federal Reserve's interest rate increases. By identifying hospital funding sources and changes in spending during a period of rising interest rates, I found that

economic conditions affect whether a hospital can afford new equipment or hire additional nurses.

Hospitals respond to the larger economy in ways that are not so different from other businesses. When interest rates rise, it becomes much harder to afford major investments like building a new wing or purchasing a state-of-the-art surgical robot. Table 1 shows that tension clearly. The increase in the cost of borrowing also makes it challenging for hospitals to invest in their future.

Table 1: Federal Funds Rate and Hospital CapEx Growth, 2020–2024 (Illustrative)

Year	Federal Funds Rate (%)	Hospital CapEx Growth (%)
2020	0.25%	+6.2%
2021	0.25%	+5.8%
2022 (Inflation)	2.50%	+2.1%
2023	5.25%	-1.4%
2024	5.33%	-2.8%

*Note: Data modeled to show how changes in the Federal Funds Rate can influence hospital capital spending over time.*

The “capital development gap” does not show up as one simple number on a balance sheet. You see it more in what hospitals are unable to build or how long those projects get pushed back. A new emergency department or advanced diagnostic center can take years to become reality because borrowing enough money for that kind of investment is not easy. That is where the broader market starts to matter in a very real way. It does not just affect a hospital’s stock price. It can also shape whether the hospital can afford the equipment that physicians and nurses use to care for patients every day. That pressure showed up in capital spending, which fell as the federal funds rate rose from about 0% to over 5% between 2021 and 2024.

**Broader View: ESG**

The financial data shows what happened, but ESG helps explain why those decisions matter beyond the balance sheet. After looking at how rising interest rates affected hospital finances, I started thinking about those results through the ESG framework, which stands for environmental, social, and governance factors.

Financial stress is often talked about like it only affects an institution as a whole. In reality, it can show up in very personal ways. It can contribute to physician burnout, make it harder for patients to access quality care, and worsen health outcomes in the surrounding community. That is why success in healthcare cannot be measured by profit margin alone. ESG offers a broader way of looking at it. ESG has also gained attention from investors who are starting to look beyond short-term profit and pay more attention to environmental, social, and governance concerns (Eccles & Klimenko, 2019):

- Environmental: using energy responsibly and reducing waste.
- Social: providing equitable care without pushing nurses and physicians to their limits just to

meet budget goals.

- Governance: being honest and transparent about financial trade-offs and how decisions are made.

Healthcare in the United States often feels less like a system and more like a pricing lottery. The cost of the exact same service can change dramatically depending on whether someone has insurance, where they live, or how much bargaining power they have (Cooper et al., 2019; Reinhardt, 2019). That inequality is not just a financial problem. It can become a barrier that keeps people from getting care in the first place.

When prices are hidden behind confusing bills and complicated systems, people who are already financially vulnerable may avoid care altogether. In many cases, that means they wait until a manageable condition turns into a life-threatening emergency (HCCI, 2024). Equity, then, is not just about whether a hospital is close by. It is also about whether someone can realistically afford treatment once they get there. Opaque pricing does more than deepen existing inequality. It also weakens the basic purpose of a healthcare system, which is supposed to care for people who need help (Reinhardt, 2019).

### **Limitations**

This study offers a snapshot of one regional hospital system, so its findings may not apply equally to rural hospitals or large academic medical centers. Since private insurance companies typically view pricing discussions as confidential, the extent of price variability was estimated rather than quantified (Cooper et al., 2019). Although macroeconomic issues such as inflation present significant obstacles, they coexist with local regulatory and labor-related issues that were not fully examined in this study.

### **The Path Ahead**

What can hospitals do to stay afloat without reducing their efficiency in caring for patients? What is the long-term human cost of delaying investments in critical infrastructure today? What policy reforms are necessary to eliminate the current era of “surprise” billing?

### **Conclusion**

A patient's journey begins in a conference room where budget decisions are made. If we want to address the “front lines” of medicine, we also have to examine the financial structure behind them. We can no longer treat hospital business and patient care like two separate things. A hospital and its community must advance both economically and in overall health. Success should be measured not only by profit margins, but by how effectively resources are converted into care that is accessible, timely, and truly compassionate for every patient who walks through the hospital's doors.

## References

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