

Board Briefing

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The Governance Institute

Highlights from the February 2025 Leadership Conference

Strategically shape the future with AI. While healthcare's digital transformation has been historically slow, AI has catapulted this movement forward. **Dr. Robert Wachter** describes this as being in our "gradually, then suddenly moment." AI has been around for over 50 years, but early versions were unreliable and lacked the sophistication needed for meaningful use in medicine. However, the landscape changed dramatically with the release of ChatGPT in 2022. So, while AI is not new, the advanced tools available to hospitals and health systems are, presenting an opportunity for leadership to leverage this technology to reimagine the inner workings of their organizations.

Dr. Wachter recognized the traditional concerns surrounding AI, including accuracy, misinformation, ethics, privacy, and security. He also emphasized the risks of deskilling and the potential for over-reliance on AI as trust in the technology grows. However, he urged healthcare leaders not to let these challenges become barriers to adoption. While AI is not flawless, neither is the current healthcare system. With rapid advancements and intentional governance, AI has the potential to be a transformative force in healthcare.

As boards and senior leaders collaborate to prepare for a future with AI, questions to consider include:

- What is the ideal governance structure that will ensure safe, ethical, and effective use of AI technologies in our organization?
- What are some relatively low-risk, high-reward AI use cases we can implement to get started and gain buy-in?
- How can we effectively communicate our AI integration plans to the workforce and highlight how these tools will enhance their roles and support their work?
- What workforce training will need to take place to ensure ethical use of AI tools?

"The hard part about being in a governance or leadership position in this world of AI is what you thought about AI a year ago is probably only partly relevant to what it is today because things are changing and improving so quickly."

— Dr. Robert Wachter

Take a human-centric approach. As AI becomes more and more engrained in the fabric of our lives, taking on roles that were traditionally done by humans, **Dr. Rana el Kaliouby** reminded us of the missing element that shouldn't be ignored: emotional and social intelligence. We are often looking at the cognitive intelligence (the IQ) of AI and not focusing enough on the emotional intelligence (the EQ) of these technologies. But, in healthcare, integrating emotional intelligence into AI can improve the patient experience, enhance engagement, and support clinicians.

Dr. Kaliouby highlighted key examples of human-centered AI in healthcare, such as evidence-based mental health apps, robot companions for terminally ill patients, AI-driven drug discovery and diagnostics, and tools that automate workflows. All of these advancing technologies show great promise, but they also come with ethical and social concerns that need to be addressed and carefully monitored. A new social contract will be required between AI and humans based on empathy and trust. As AI becomes more embedded in hospitals and health systems, healthcare leadership should play a key role in ensuring that AI is developed, implemented, and governed in a way that prioritizes patient well-being, ethical responsibility, and human oversight.

Questions to bring to the boardroom include:

- How can we ensure that the AI we allow into our hospital or health system is human-centric—focused on making life better for our patients and staff?
- How do we define the appropriate boundaries for when and where AI should be implemented within our organization?
- What measures need to be in place to identify and mitigate biases in AI-driven diagnostics and decision making?
- How are we managing ethical and privacy concerns when it comes to using AI in our organization, including disclosure and patient consent?

Be ready to respond to uncertainties. **Lisa Goldstein** shifted the discussion to highlight the state of the industry from a financial perspective—as this will determine if and how each hospital or health system can achieve its strategies (including AI). After some grueling financial years throughout and post-COVID, hospital and health system performance is showing improvement. Revenues are growing, volumes are increasing, and capital spending is up. Although we are not quite out of the woods, rating agencies' outlooks for 2025 are stable. While this is positive news for the industry, board members will need to remain laser-focused on the financial performance of their organizations.

The outlook ahead is full of uncertainty. The new administration is bringing several potential policy changes forward, the population is aging and there is a shifting payer mix, disruptors are continuing to seek margin, and new pharmaceuticals (such as GLP-1)

"If we look at human intelligence, your IQ matters, but often your EQ—your ability to tap into other people's emotional and social states—is what makes people really powerful leaders, partners, and friends. It is how, at the end of the day, we motivate behavior change and that to me is a missing element in how we are thinking about AI."

— Dr. Rana el Kaliouby

could impact volume, service lines, and capital. Healthcare boards and executives must be aware of—and prepared to respond to—these uncertainties. These are big challenges that will require big answers. This may mean rethinking growth opportunities and strategies for raising capital. Ultimately, healthcare leaders will need to reconsider how they can best serve their patients, staff, and communities.

Key questions to start this discussion include:

- What critical, and potentially challenging, decisions must we make to safeguard our organization's long-term sustainability and resilience?
- How can we leverage data, analytics, and past lessons more effectively to gain deeper insights into our business and drive informed, strategic decision making?
- What are the most significant opportunities for growth, and what may we have to give up to pursue them?
- Of all the changes ahead, which will be most impactful for our organization?



"We have to be asking ourselves every day: how do we do better for our patients, our physicians, our staff, and our community? And the answer to that question must be met with a willingness to make very tough decisions—sometimes decisions that may be unpopular but will enable our longer-term sustainability as hospitals."

— Lisa Goldstein