

# Public Focus

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## The Value of a Public Hospital to the Community

By Steve Purves, President and CEO, *Valleywise Health*

**Public hospital and health system boards in the U.S. oversee some of the world's most complex and essential organizations.** They are responsible for organizations that are the largest employers in their communities and train thousands of physicians and other healthcare professionals. They are also fiduciary stewards of billions of dollars of public funding, including Medicare, Medicaid, federal grants, and, in the case of some public hospitals, local tax support.

Public hospitals and health systems serve as the backbone of healthcare delivery and as the healthcare safety net in many communities. Although organized in different ways, these organizations provide care to all individuals, including the uninsured and underinsured, and their purpose and responsibilities are codified in state and local statutes.

Valleywise Health, located in Phoenix, Arizona, has served for almost 150 years as the public teaching hospital and safety net care system for Maricopa County, Arizona, with a population of over 4.5 million. Today, Maricopa County is the fastest-growing county in the nation. Valleywise Health is organized as a special healthcare district within the State of Arizona and is overseen by a five-member elected board of directors.

In 2014, Maricopa County voters approved nearly one billion dollars in general obligation bonds to replace and upgrade the aging facilities and infrastructure with new community health centers, behavioral health facilities, and an acute care hospital. The organization, then known as Maricopa Integrated Health System, rebranded as Valleywise Health in 2019 to emphasize its fresh new approach to delivering and transforming care to improve community health.

The project was completed in June of 2024 with the opening of the Valleywise Health Medical Center, the new public teaching hospital that replaced a hospital that was planned in the '60s and opened in 1971. Notably, the bonds provided funding to upgrade the facilities for the Arizona Burn Center, emergency and trauma programs, and spaces to enhance the clinical learning environment within the new teaching hospital.

## Governance Considerations of the Public Board

Although the challenges associated with healthcare governance within public hospitals and health systems are well known to those who lead these institutions, little has been written about governance best practices within this healthcare sector. Boards of public hospitals must balance their fiduciary responsibilities between the institution and the taxpayer while at the same time complying with open meeting laws, public records requirements, and other statutes related to public officials in the discharge of their duties. Oversight of quality, finances, strategy development, and the selection and evaluation of the CEO are complex on their own. Still, when combined with the additional public requirements, executing these responsibilities within a fast-moving and competitive healthcare landscape can be quite daunting.

Before and throughout the reinvention of Valleywise Health, the board closely monitored the project management for the planning and construction of the facilities funded by the voter referendum against applicable public procurement rules and to demonstrate prudent and efficient use of public money. This required adding a third meeting of the full board each month to the two already in place. Actions taken by the board with respect to the project were conducted in meetings open to the public as required by Arizona's open meeting statutes. Beyond the additional oversight of the bond money being deployed during the reinvention, the board was also focused on the following critical success factors.

## Overcoming Governance Challenges

As mentioned above, Valleywise Health is governed by a five-member elected board, with each member representing one of five districts within Maricopa County. This form of governance, while consistent with our democratic principles, is not necessarily conducive to swift action in a fast-moving healthcare marketplace. Furthermore, elected board members voted in by district rather than at large generate a very limited pool of candidates compared to candidates for city, county, school board, and other public taxing districts in a large county like Maricopa. Elections by district can also create competition within the board for the allocation of resources. This requires the board and management to clearly define strategic intent, especially for service growth in areas with unmet needs.

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To that end, Valleywise Health's strategic planning is agnostic as to the five district boundaries and considers needs within the county as a whole.

Compared to self-perpetuating private boards, it is difficult, if not impossible, for public boards to adopt board goals for selecting and retaining members, which typically consider candidate's qualifications, experience, diversity, and other characteristics based on the needs of the organization. In addition, public boards can rarely establish policies for attendance, behavior, misconduct, or other requirements as a member's authority and conduct as a public official is governed by state or local statutes. To help address this, Valleywise Health provides a comprehensive onboarding program for newly elected board members. It provides many opportunities for board members to access educational programming addressing health system governance and best practices.

Other challenges for public hospital boards include:

- Board size making it impractical to have subcommittees
- Short tenures due to election cycles or turnover of appointing officials in the case of appointed boards
- Difficulty staying focused on long-term strategy given the financial challenges that public safety net hospitals must constantly address
- Open meeting laws, which permit public and media access to board meetings
- CEO recruitment and retention, given the unique governance challenges

Tactics to address the challenges:

- While continuing education can't be made mandatory for public officials unless it is addressed statutorily, you can motivate and encourage them to attend conferences and Webinars on healthcare strategy and governance.
- While subcommittees may be difficult, invite board members to certain administrative committees to promote an understanding of key accountabilities for quality, patient safety, finances, and workforce climate.
- Encourage volunteers and adjunct organizations (such as the hospital's philanthropic organization) to identify and encourage qualified candidates to seek board election or appointment.

While these challenges are daunting, public hospital and health system boards also have unique opportunities, through their connections, communication, and advocacy, to garner important resources to help support their mission and their community. Below are some of the challenges faced at Valleywise Health and strategies we have used to address them:

- **Workforce:** Pursued opportunities working with public entities and state and local governments to garner supplement funding utilizing the American Rescue Plan Act

(ARPA) and other funding sources to recruit and retain nurses and ancillary staff, especially in areas such as critical care and behavioral health.

- **Financial sustainability:** Worked closely with federal, state, and local officials and the state's Medicaid agency to address services that are unfunded or underfunded through Medicaid state-directed payments.
- **Addressing social barriers to essential care:** Connected donors to specific programs designed to address critical community needs for underserved populations. A few examples include the establishment of family resource centers, food pharmacies within primary care clinics, expansion of behavioral health programs for young adults, and diabetes care programs for vulnerable populations.
- **Community partnerships and collaboration:** Leveraged the unique characteristics of our public safety net hospital to create a unique academic partnership with a medical school, a physician group, and another hospital system to significantly increase the number of physicians, nurses, and advanced practice learners practicing in Arizona, especially in underserved areas.

## Key Board Takeaways

- Public hospitals and health systems have significant public accountabilities beyond the usual regulatory and accreditation requirements applicable to all hospitals and health systems.
- Boards of these hospitals, whether appointed or elected, can leverage their unique role and relationships in their communities to improve access to care and address unmet healthcare needs.
- Public hospitals have unique capabilities for partnerships and collaborative efforts with private hospitals, government agencies, and community groups to garner resources and improve care.

*TGI thanks Steve Purves, President and CEO of Valleywise Health, for contributing this article. He can be reached at [steve.purves@valleywisehealth.org](mailto:steve.purves@valleywisehealth.org).*

