

Remind Me: Why Do We Need Systemness?

By Pamela R. Knecht, President and CEO, ACCORD LIMITED

Sue, a health system board member, and John, a subsidiary hospital board chair, are talking during the social hour that is part of the health system's annual governance retreat. Sue used to chair John's board before she was appointed to the system board, and they have known each other for many years. They are speaking softly because they do not want to be overheard.

Conversation

John: I am getting pressure from some of our board members (and some of our executives) about these "edicts" that are coming down from the system. This week's challenge was the physicians' reaction to the news that we are going to have to change our electronic health record (EHR) to EPIC. Some of the physicians contacted a few of our board members and complained loudly about how this will take time away from their ability to see patients. Plus, they prefer the EHR that they helped select a few years ago. I am finding it more and more difficult to explain why we joined the system. I remember thinking that we needed to be part of a system to ensure we are providing safe, high-quality care to our community, but I can't remember enough of the specifics to convince those who are now saying we should not have joined the system. You sit on the system board now; can you remind me why we need more "systemness"?

Key Board Takeaways

Here are some questions subsidiary boards should ask to ensure they are supporting systemness:

1. Does our board need a reminder of why we agreed to join the system? If so, what is causing us to question that decision now?
2. What, if any, clarification is needed regarding the role of the system board and its committees versus the role of our board and committees?
3. What changes should we make to the size and composition of our board to ensure alignment of our competencies, skills, and perspectives with our role (e.g., adding expertise in quality improvement and decreasing the number of board members with audit expertise)?
4. Should we modify our committee structure to decrease redundancy with the system board's committees and/or better align with our role (e.g., eliminate a compensation committee)?
5. Which of our governance practices or policies need to be more consistent with those of the system (e.g., board orientation, conflict of interest, credentialing)?
6. How can our board better support our senior management in its efforts to increase quality and decrease costs for the populations we serve (e.g., encourage system-wide goals, standards, and processes)?

Sue: I am not totally surprised that some of our physicians and board members are rebelling against the system's attempts to become more centralized and integrated. Our hospital was independent for over 100 years, and we were used to being able to make all our own decisions. Now, the system is making some of those decisions.

John: That is right! We thought that when we joined the system, we would retain the right to make most of our own decisions. Maybe, in hindsight, we did not have a clear understanding of exactly how things would change for us at the local hospital level once we were part of

the system.

Sue: Maybe it would be helpful if I shared with you the key points from a discussion we recently had at the system board, reminding us of the reasons that one of our strategic goals is to increase systemness.

John: That would be great! Could you give me the Cliffs Notes version verbally now and then send me any relevant slides or materials that I could share with my board?

Sue: Sure. In a recent survey, nearly every executive ranked systemness as a priority and more

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than half listed it as one of their top priorities.¹

Here are some key points for you to use when speaking to your board, caregivers, employees, and community leaders when they ask, “Why do we need systemness?”:

- At a macro level, healthcare in general needs to *provide higher value* (better health, lower cost, and improved quality) to the communities we serve.
- All industries and organizations that have successfully improved their “value proposition” have focused on *lowering costs and increasing quality*.
- To lower costs and increase quality it is necessary to achieve *economies of scale, ensure high reliability, reduce redundancies, and eliminate variation* (as much as possible).
- Key strategies for doing that are to create *system-wide goals, standards, and processes* (also known as “integration”).
- Integration usually *starts with back-office functions* like information technology, finance, and human resources.
- Since *sharing data* of all sorts is critical to identifying and addressing barriers to higher

quality and lower cost, a *single information technology platform* becomes a critical tool in the journey towards systemness. And, our patients are able to have a single record seamlessly from entity to entity in the system. (By the way, John, that is what you can explain to the people who are giving you a hard time about changing the EHR.)

- To optimize value, though, requires *improving the customer-facing functions*—the delivery of care in our industry.
- The best health systems have figured out how to *transform care delivery*, usually by focusing on *standardizing, integrating, and rationalizing service and care*.
- To do that, they have *changed their structure, processes, talent, and culture* to accomplish their shared vision of “becoming one” (in other words, achieving systemness).
- As a reminder, the reason to do all of this (despite how difficult the transitions will be) is to *improve the health of all the populations we serve*, which is the mission for all our entities—your hospital included.

John: That was helpful; thanks! Can you remind me of the role that the system board and our hospital board need to play to support systemness?

Sue: We need to make sure that our governance structures and processes are optimized so we can best support our skilled executives

as they do the operational work required to become a true system. That is why we created a system board and charged it with oversight of system-wide strategy, finance, quality, risk management, etc. We then carefully selected individuals to sit on that board who, in total, had the skills, perspectives, and experience (e.g., competencies and diversity) needed to oversee a complex organization undergoing transformation. Then, we changed our committee structures and our governance policies and practices to better function as one, integrated organization.

We simultaneously strengthened the subsidiary boards’ ability to focus on market-specific issues such as identification of community health needs, quality of clinical care, service excellence, patient safety, and building local connections and support to ultimately improve the community’s health. The changes you and other subsidiary board chairs are making to your board’s size and composition (e.g., adding different types of caregivers) are going to bring additional expertise to bear as your board leans into its new roles. Of course, your board will continue to provide input and feedback, through your hospital president, regarding important market and strategic issues, financial stability, and assurance of high quality and service.

In other words, we are all utilizing the same systemness approaches to our governance that we are using with our operations. We are convinced that all boards can provide higher value to our communities if we, too, are more streamlined, coordinated, nimble, and focused on achieving our shared mission and vision.

¹ In this survey, 95 percent of 306 executives stated that systemness is a priority for their organization, and out of that 95 percent, 54 percent responded that systemness is a top priority. Custom research survey conducted by Modern Healthcare Custom Media on behalf of Medline, Inc., “Prioritizing Systemness in Healthcare Provider Organizations,” 2017.

John: When we first talked about joining the system, the system CEO and board chair came and talked to us about all these topics. But, that was a while ago now. I think it would be great if you, as one of us, and the system CEO spent some time helping our board remember why we are being asked to make all these changes. Would you both be willing

to do that?

Sue: I would be happy to help and I am sure that the system CEO would value the opportunity to strengthen her relationship with your board and senior management team. I will ask her about this tonight!

John: I can't thank you enough for helping me understand (or maybe

remember) the importance of our creating this system together. Please do send me the written materials that you referenced. Let's go have dinner and continue our conversation with our colleagues from across the system!

Sue: That sounds like a great idea!

The Governance Institute thanks Pamela R. Knecht, President and CEO, ACCORD LIMITED, for contributing this article. She can be reached at pknecht@accordlimited.com.

