

BoardRoom Press

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Lessons Learned from Mergers and Acquisitions

Healthy Tension:
Considerations for the
Modern Mindful Board

SPECIAL SECTION
Practical Tips for
Better Board Meetings

Delivering Value through
Cross-Sector Collaborations

ADVISORS' CORNER
Hospital Collaboration
with Free Clinics:
A Win-Win in Support
of Population Health



Collaboration

We work daily in an industry where the question is no longer whether to change, but how to change and how fast to do so? A big part of the answer is collaboration. But what kind? Who? How?

When I think about high-performing governance and leadership, I think of two types of collaboration: horizontal collaboration (how well do board members function

as a strategic, decision-making machine? In systems, how well do the boards understand and embrace their role in the governance structure and effectively carry out their duties in this context?); and vertical collaboration (how well does the board and management collaborate, communicate, and maintain clarity of distinction in their respective roles? How effectively does the board hold management accountable for implementing strategy and achieving strategic goals?).

This issue includes several articles focusing on collaborations of all kinds, including how to deliver value through cross-sector collaborations and lessons learned from mergers and acquisitions. Our special section revisits effective board meetings, because if a board doesn't have good meetings, it is virtually impossible to be a high-performing board (and therefore, impossible to succeed in collaboration!). Our Advisors' Corner closes it out by challenging readers to consider an outside-the-box type of collaboration.

Kathryn C. Peisert, *Managing Editor*

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Lessons Learned from Mergers and Acquisitions

By Robert C. Garrett, FACHE, Hackensack Meridian Health

As the year winds down, the number of mergers and acquisitions among healthcare organizations is closely tracking 2018, a banner year, with deals being driven by financial, market, competitive, and regulatory forces. Major hospital systems, as well as some disruptors, are making plans to merge, especially as the push to more value-based care models continues to intensify.

What distinguishes the successful mergers? How do healthcare CEOs ensure that as we grow, we truly merge high-quality and affordable healthcare, exceptional patient experiences, and optimal outcomes—the Quadruple Aim? Furthermore, how do we create an environment that fosters comprehensive integration of our teams?

Here are the lessons I have learned—with the help of trusted mentors and insightful board members—in leading the creation of New Jersey's largest and most comprehensive health network.

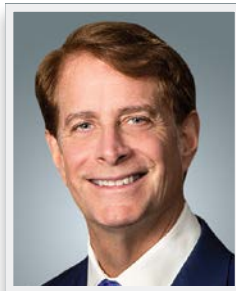
Partnerships Must Always Be Strategic

You cannot just grow for the sake of growing. At Hackensack Meridian Health, we pursued our growth with a variety of exceptional partners to accomplish our goal of achieving the Quadruple Aim while always keeping the interests of the communities we serve at the forefront.

The creation of our network three years ago is a great example of this. The union brought together Hackensack University Health Network's exceptional hospitals and academic-based clinical programs based in North Jersey with Meridian Health's proven continuum of care that includes acute care and a vast network of community-based care in the central and southern parts of the state.

To date, we have 17 hospitals and more than 500 patient care locations, which continues to expand as we focus on making our high-quality care more convenient, affordable, and consumer-friendly.

Our merger with JFK Health in central New Jersey last year is a strong example of merging to fill geographic gaps in care and to provide enhanced



Robert C. Garrett, FACHE
CEO, Hackensack Meridian Health

neuroscience services and an additional rehabilitation hospital.

Then, in January, we made history when we merged with New Jersey's highly respected behavioral health provider, Carrier Clinic, to expand access, better coordinate care, and innovate treatment.

I am particularly proud of this merger; because of it, we are on target to open the state's first behavioral health urgent care center and a new comprehensive addiction treatment center by the end of the year.

This addition is helping us to live our mission to transform healthcare in New Jersey and beyond. Consider the tremendous need: One in five adults experiences a mental illness; the U.S. loses nearly \$200 billion annually in lost productivity and suicide is the third leading cause of death in people ages 10 to 24. All networks should be on the same page with the need to enhance and expand behavioral healthcare because lives are at stake.

Avoid a One-Size-Fits-All Approach

We are not always looking for a merger or acquisition. We believe in taking a much broader approach in our partnerships. They come in many forms: a strategic clinical affiliation, a full acquisition, and many points in between, including joint ventures and the creation of joint operating companies. We partner with like-minded organizations committed to delivering value, high quality, and exceptional patient experience.

Here are some examples:

- We formed a historic partnership with Memorial Sloan Kettering Cancer Center to create a uniform standard of care and to expand outpatient options by building a joint venture facility in central New Jersey that will open next year.
- Our investments include Pillo, a home health robot that automatically dispenses medication, and PurpleSun,

Key Board Takeaways

Boards at healthcare organizations undergoing mergers and acquisitions should take the following steps to ensure successful partnerships:

- Be sure the strategic objective of the merger is clear. It must achieve the Quadruple Aim and always answer this question in the affirmative: Does this benefit the community we are privileged to serve?
- Insist on transparent communication with leadership that involves closely evaluating and ranking opportunities to fully vet optimal mergers or other types of partnerships.
- Be mindful of due diligence, not only in terms of financial considerations, but also in marrying two cultures and markets.
- Encourage and work with leadership to start the integration process before the actual merger—within regulatory requirements.
- Do not forget the importance of a thorough review of IT capabilities, capacities, etc. This step often is overlooked in the vetting process and can lead to unexpected financial implications or worse.

which utilizes ultraviolet light technology to reduce the risk of hospital-acquired infections.

- Our commitment to innovation resulted in a partnership with the New Jersey Institute of Technology. We are bringing together experts in science, healthcare, and technology to improve care delivery. Winning proposals are funded through our \$25 million investment fund.
- In our drive to humanize healthcare, we partnered with Seton Hall University to open New Jersey's first private medical school in decades. Our award-winning curriculum includes a three-year path to residency; a community immersion program that pairs students with families in underserved areas so they understand the social determinants of health; and interdisciplinary learning so that our future graduates excel at team-based care, which improves outcomes. In our second year, we had nearly 5,000 applicants for 90 slots.

It is important to note that with each and every opportunity, we assign a numerical ranking and review it with our board to determine if it is a strong match, an average one, or one that's not a good fit.

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Healthy Tension: Considerations for the Modern Mindful Board

By Anne Hancock Toomey and David Jarrard, Jarrard Phillips Cate & Hancock

The health system board of old doesn't work anymore. At least, not for many and, for those few, not for long. This is not news. Nothing in healthcare is the same as it was 30 years ago—or even 10. Why would the board guiding the delivery of care remain fundamentally unchanged when all else is changing around it?

If there was ever a moment when community hospital boards acted as a kind of civic club that attracted good-willed-but-homogeneous local leaders for a tour of duty before heading to the next institution, that moment has passed. In our experience, the failure of a hospital board to adapt and act today will lead to the failure of the organization it is entrusted to oversee. While this possibility is frightening, there has rarely been a more consequential time to be part of an elite group helping to shape how healthcare is delivered. It's important, hard, and urgent work.

Health system boards today face the same question confronting every physician and nurse who works within the walls of their organizations. It's not whether to change; it's how and how fast? The specific answer is no doubt unique to each health system and the diverse community it serves, but there are three common tensions with which every mindful board must grapple as they evolve to meet the needs of their organization. Note that these tensions are not "either/or" propositions but "both/and." The challenge for the successful board is to craft the right mix rather than pick one or the other.

Tension 1: Local Insight and Industry Expertise

The delivery of care itself remains intensely local, regardless of what is happening in the wider business of the industry itself. To borrow a line from the board chair of a health system we work with, healthcare is an embodied practice. It is indigenous at the patient level, and local culture, geography, and demographics must be considered in any strategic or operational discussion. A hospital cannot effectively care for its community if it does not understand it. The board, made of local leaders,

helps provide that understanding. As the bridge between the health system and community, it has a profound role to play in translating community needs into action.

But no hospital exists in a vacuum. It must see and respond to wider trends within the industry. The local touch must be coupled with a realistic and practical understanding of the market forces acting on it. Boards today must be willing to look outside the community for members who can bring professional expertise and industry perspective on high-level trends that will help inform the board's direction.

Tension 2: Community Representation and Cognitive Diversity

A danger for any small decision-making body is that it becomes an insular group of people who think, speak, and process information in the same way and see all challenges through a single lens. The remedy for boards is to strive for cognitive diversity, even as they represent their community.

Cognitive diversity deals with how people process information, their life experiences, and their professional backgrounds. In the past, board members tended to nominate people like themselves, giving us the not-so-secret lack of diversity the industry struggles with.¹



Key Board Takeaways

- Reset expectations about the responsibility of the board and its members. If necessary, recast the board as an active entity, not a passive civic club.
- Take an intentional approach to recruitment. Carefully seek out individuals who are not just different, but different in their thinking and in ways that will strengthen the board and hospital.
- Review the division of labor and definition of roles between the board and CEO. Ensure it is a partnership rather than two groups trying to simultaneously steer the ship.

It's critical to recruit younger people, women, and minorities—altogether better representing the community the organization serves.

Cognitive diversity adds an additional layer. In fact, it's more predictive of group success than is diversity along traditional lines.² The bias towards people "like me" subtly extends to how people think, which can limit a group's effectiveness. It would be easy to celebrate a physically diverse board (though again, healthcare has a long way to go to reach even that), while not noticing the tendency for groupthink.

Building a board mindful of cognitive diversity will improve the delivery of care, especially as systems move to population health instead of big-box factory care. And, it will tap into people with relevant professional experience so the group can be smarter about the future. As mentioned above, establishing cognitive diversity may well require looking outside the immediate area for candidates.

Tension 3: Active Governance and Active Leadership

A healthy hospital will have a finely tuned tension between the board and CEO. We've had many conversations asking "Who is in charge?" and "Who sets the vision?" A detailed answer to those questions is beyond the scope of this article; but the dangerous answers are "no one," "nobody knows," or "both of them." No one gets to coast. A weak

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¹ Kathryn Peisert and Kayla Wagner, *The Governance Evolution: Meeting New Industry Demands*, 2017 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute; American Hospital Association, *National Health Care Governance Survey Report*, AHA Trustee Services, 2019.

² Alison Reynolds and David Lewis, "Teams Solve Problems Faster When They're More Cognitively Diverse," *Harvard Business Review*, March 30, 2017.

Practical Tips for Better Board Meetings

By Marian C. Jennings and Jennifer Swartz, M. Jennings Consulting

Have you ever attended a board meeting that seemed to drain members of their energy, become mired in endless detail, needlessly repeat materials from previous meetings, or run out of time just when the most important discussions had begun? What about the opposite—a meeting that left members energized and confident about the future, empowered them to contribute, and served to strengthen the organization?

Fortunately, ensuring the latter is largely within your control. With the proper annual board work plan, pre-meeting preparation, effective materials, a well-prepared chair, and board members who understand and are ready to perform their roles and responsibilities, meetings can help the board navigate the turbulent healthcare industry waters and potentially even transform an organization.

This article provides eight practical tips to enhance the effectiveness and efficiency of your board meetings, including opportunities to reduce the frequency of meetings while increasing the time devoted to strategic discussion. In addition, it provides actionable advice about how best to deploy board chairs, the management team, governance support professionals, and board members to facilitate the best-possible board performance. Our recommendations build

on The Governance Institute's wealth of in-depth resources on board meeting effectiveness and other governance topics, which are referenced at the end of this article.

Tip #1: "Less Can Be More"—Consider Moving to Six Board Meetings Per Year

"Fewer but somewhat longer meetings" is a succinct way to describe current best practices about the number and frequency of hospital/health system board meetings. As Governance Institute Advisor Guy Masters, M.P.A., says, "The point of longer meetings is not to allow extra time listening to managers present endless details about the business, but rather to allow more time for open questioning and intellectual give-and-take on key issues."

Is your board still regularly meeting 10 or more times per year? According to The Governance Institute's 2019 Biennial Survey of Hospitals and Healthcare Systems, this is true for more than 75 percent of independent hospitals, but only 32 percent of health systems.¹ If it is the case for your board, consider moving to a bimonthly schedule; one we believe is more synchronized with

Key Board Takeaways

To improve the efficiency and effectiveness of board meetings, leaders should:

- If you have not already done so, strongly consider moving to bimonthly board meetings.
- Devote more time to board chair/CEO meeting preparation and structure the agenda so that adequate time can be devoted to discussion of strategic issues.
- Insist that board members come to meetings prepared, enforce agreed-upon "ground rules," encourage active participation in meetings, and close each meeting with a process check.
- Be clear with management about what kind of meeting background information—in what format—will best enable board members to exercise their responsibilities both efficiently and effectively.

the key roles of the board: providing oversight and setting strategic direction. Advantages of this schedule include:

- Allows for committees to meet in the "off months," which facilitates earlier and more synthesized advance board meeting materials with concise, meaningful committee meeting minutes and reports. This, in turn, can allow questions that may arise to be addressed prior to the board meeting itself, freeing up time for more strategic discussions.
- Allows for thoughtful board meeting agenda preparation two or more weeks before the meeting.
- May attract great future board members unable to commit to monthly meetings.
- Provides enough time for the board to see the results—or lack thereof—of a corrective plan of action implemented after the last meeting.
- Allows time for some issues to "resolve themselves" simply given the passage of time.

Data from the 2019 Biennial Survey shows that currently the majority of respondents of all types of organizations meet between two and four hours. Only 30 percent of health systems meet four hours or more. Some leaders, concerned that holding fewer board meetings means just that each meeting



¹ 2019 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute (Available Fall 2019).

will be twice as long, ask, “Why are we doing this if we are not saving time?” Remember, even if the duration for routine reporting stays the same, you could devote all or nearly all of an additional meeting hour to strategic discussions.

Finally, especially if an organization moves to six meetings per year, we recommend that it use its executive committee to conduct time-sensitive business between meetings, within clearly articulated authorities delegated by the full board. Ideally, the executive committee would include all committee chairs and would help identify key agenda items for the upcoming meeting.

“The point of longer meetings is not to allow extra time listening to managers present endless details about the business, but rather to allow more time for open questioning and intellectual give-and-take on key issues.”

—Guy M. Masters, M.P.A.,
Principal, Premier, Inc. and
Governance Institute Advisor

Tip #2: Use an Annual Board Work Plan/Calendar

We recommend using an annual board work plan/calendar, administered by your governance support personnel. This calendar typically is organized around either the six core board responsibilities (quality oversight,

financial oversight, strategic oversight, board self-assessment and development, management oversight, and community benefit and advocacy), high-priority issues/topics for the upcoming year, or the goals in your strategic plan.

Of course, flexibility is required. If an unexpected issue or opportunity arises, the work plan would be modified. Additionally, should a special board meeting be necessary, we recommend that its agenda focus exclusively on the topic at hand and exclude all routine board reporting.

Tip #3: Prepare, Prepare, and Then Prepare Some More

Preparation by the board chair, working collaboratively with the CEO and management team, is critical to the success of any meeting. As outlined in tips five and seven, a productive meeting also, of course, requires that board members arrive fully prepared to participate.

The success or failure of any board meeting begins with the board chair. The Governance Institute describes the board chair as the “first among equals” who is tasked with streamlining the functioning of the board and enhancing board effectiveness. A capable board chair, working productively with management, can lighten the burden of work on the board.

Ultimately, the board chair is responsible for allotting time for presentations and discussion at each meeting. Like

most governance experts, we recommend that the chair collaborate with the CEO to develop the agenda, rather than assume sole responsibility or hand the responsibility over completely.

A bimonthly meeting schedule allows the chair to think carefully through each agenda item

at least two weeks before the meeting, leaving time for the management team to gather and develop board-appropriate materials. Then, the board chair and CEO should set a regular time to review the final agenda and agree on how to handle individual items. Another reason for discussing the agenda with the CEO beforehand is that it prevents any “surprises”—items that may catch the CEO or chair off guard—during the meeting.



Tip #4: Don't Let Reporting Crowd Out Strategic Discussions

Ensuring that a board spends half of its meeting time on future-oriented strategic discussions (as recommended by The Governance Institute) requires thoughtful preparation. Using a consent agenda is essential to this effort. According to The Governance Institute's 2019 Biennial Survey, “This year's analysis shows that there is a relationship between using a consent agenda and boards that generally spend more than half of meeting time discussing strategic issues.”²

While crafting agendas may seem mundane, it is a critical preparation step for every meeting that can have a profound impact. One helpful tip in preparing the meeting agenda is to allocate board time around four categories of board work: routine, scheduled, emergent, and strategic. Routine items appear on the agenda at every meeting



2 2019 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute.

and require little, if any, board action. Scheduled items are those that can be anticipated because of the recurring work performed by the board and its standing committees. While these items require board policy formulation, decision making, and oversight, they are generally predictable and correspond to the board's annual work plan/calendar. Emergent items, by contrast, require board policy formulation, decision making, or oversight, but are not anticipated (e.g., an unexpected opportunity to align with a specific targeted medical group). Strategic work focuses on forward-looking, also known as "generative," discussions that encompass market positioning, finance, quality, and other mission-critical issues. These strategic discussions inform *future* board policy formation and decision making but typically do not anticipate that a policy will need to be formulated or a decision made at the same meeting.

Organizing board agenda items into these four categories forces the board to budget its scarcest resource: time. It also introduces forethought and planning into the agenda, allows for coordination of board and committee work, ensures that critical items are not overlooked, and allows for forward-looking strategic thinking.

Then, construct a clear, timed board meeting agenda that includes:

- Timeframes for each agenda item
- The purpose of the agenda item—in particular, designating those items for which board action is required
- Who is leading each item
- One to three major topics for discussion, typically emergent or strategic issues, along with framing questions for each to prepare board members for productive discussion when at the meeting. For instance, if a health system is exploring acquisition of a physician group, a framing question might be, "What are the financial, regulatory, or political issues we should consider before making this acquisition?"
- Linkages on the board portal for related background materials

One unconventional approach to consider is an "upside-down" agenda. This type of agenda orders meeting topics so that you tackle emergent and strategic discussions early in the meeting while board members are still fresh.

Tip #5: "Plan Your Work, Then Work Your Plan"

While the agenda is the meeting's "plan," time management during the meeting itself is squarely in the hands of the board chair, who should:

- Establish and enforce meeting ground rules to avoid distractions and member behavior that does not serve meeting objectives. For example, these may include asking members to turn off cell phones, discouraging sidebar conversations, and employing timekeeping that keeps the meeting on the planned schedule.
- Insist that members come prepared to each meeting, having reviewed all background information and ready to contribute thoughtfully to discussions.
- Have committee chairs lead any committee-related presentations.
- Actively listen to the discussions and solicit other opinions.
- Encourage critical thinking.
- Recognize and thank board members for their meeting contributions.
- Routinely close each board meeting with a short process check; that is, an evaluation of what worked well at the meeting, what could have been done differently, whether everyone feels he/she was able to contribute, whether the pre-meeting materials need to be changed, etc. This feedback can help the board chair fine-tune future meetings to better meet the needs of the board.

Tip #6: Make Sure the Board's Background Materials Are Useful

By preparing materials for board meetings, the management team plays an integral role in ensuring that the board is prepared to have productive meetings. Once the meeting agenda has been determined, management is responsible for developing materials to educate the board on pertinent issues and allow members to contribute meaningfully to discussions.

Board materials need to be designed specifically to support the board's role and responsibilities, which is to say that they should not be overly operational. Instead, they should include a dashboard of high-level, meaningful indicators of the organization's overall performance (metrics)—preferably color-coded and visually appealing—such that a brief scan will let the board member

identify areas of strength or areas for improvement. Additional materials should provide concise background information for both the consent agenda and the topics to be discussed at the meeting. Governance support staff can help managers and committee chairs develop these materials so that they are relevant, consistent in format, clear, and concise.

Any committee that comes with a request for the board should submit a one-page executive summary for the board packet. This summary will lay out the options the committee considered, the recommendation to the board along with its rationale, major issues for the board to consider, and a clear explanation of what the committee is asking of the board (e.g., input or approval). This will limit unnecessary duplication of the committee's work while providing enough insight for the board to make an informed decision.

Board materials should be available at least a week before the meeting—ideally through a board portal—to allow board members to review them carefully and identify any questions that could be answered before the meeting itself.

One important note for systems: when developing system-level board packets, make sure that all information is provided at the appropriate systemwide level. Generally, this should include broad patterns across entities





rather than detailed information for each. Wherever possible, present this graphically in an “at-a-glance” format that does not require reams of information to understand overall system performance.

Once the meeting agenda has been determined, management is responsible for developing materials to educate the board on pertinent issues and allow members to contribute meaningfully to discussions.

Tip #7: Use a “Board-Member Compact” to Guide Behavior

A “job description” for a board member—often referred to as a board-member compact—serves to clearly articulate expectations for directors, including but not limited to their behavior and engagement at the board meeting itself. Using such an approach helps to ensure that the game rules are clear. Expectations related to board meetings should be clearly spelled out and can range from the “basics” to those aspects that make a meeting especially productive.

Perhaps the two most basic expectations are that members will conduct their board-related discussions (or disagreements) during the meeting itself, not in the parking lot or in other forums, and that all board materials and discussions remain confidential.

Other meeting-related “basics” typically include attending meetings

regularly (organizations often require members to attend at least 75 percent of all board and committee meetings), being prepared for discussions, listening respectfully, identifying conflicts of interest, and focusing on board-level, not operational, issues.

Member behaviors that contribute to highly successful board meetings include being curious/information seeking, being open to others’ perspectives, being willing to test assumptions, basing decisions on data and good judgment not personal opinions, and seeking common ground upon which to build consensus while not falling prey to groupthink.

Reminding members of the ground rules before each meeting will help them remain focused, know what is expected in terms of standards of conduct, and guide them to listen and be open to new ideas.

Tip #8: Use the Experience/Talents of Governance Support Professionals

Finally, a close working relationship between board leaders and governance support professionals is foundational to all effective board processes, including ensuring productive board meetings. Governance support professionals help the board chair plan, organize, and conduct effective board meetings by:

- Providing board orientation on the board’s fiduciary duties and responsibilities and organizing ongoing board education.
- Ensuring that board members receive board-appropriate meeting materials at least one week before the meeting so they can arrive prepared.

- Periodically reviewing the process of committee reporting to the board.
- Initiating a biannual board self-assessment process and using the results to create a development plan.

Conclusion

Realizing more effective board meetings depends both on adopting established best practices and building the ability of your people—the board chair, CEO, management team, governance support personnel, and board members—to perform their roles skillfully. The eight tips outlined in this article, along with the more in-depth resources available from The Governance Institute, will help you use board meetings as a strategic asset to create a stronger, more resilient healthcare organization prepared to meet the challenges of a changing industry. ●

The Governance Institute thanks Marian C. Jennings, President, M. Jennings Consulting, and Governance Institute Advisor, and Jennifer Swartz, Consultant, M. Jennings Consulting, for contributing this article. They can be reached at mjennings@mjenningsconsulting.com and jswartz@mjenningsconsulting.com.

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Delivering Value through Cross-Sector Collaborations

By Coral T. Andrews, FACHE, RN, M.B.A.

Cross-sector collaboration offers an opportunity to think dimensionally in creating alignment across an organization. Changes in public sector financing are driving contemplative discussions as health-care organizations focus on delivering value to their constituents and the broader society. This article provides insights into improved governance of cross-sector partnerships and strategies for healthcare boards and senior leaders that are focused on value creation.

What's in a Name?

Cross-sector collaborations derive their origins from the “field of inter-organizational relationships (IORs).”¹ With healthcare literature being replete with references to public-private partnerships, accountable care organizations (ACOs), and other socially constructed models focused on cost efficiency, it can be overwhelming trying to sort out the definitions.

Cross-sector partnerships are defined as “relatively intensive, long-term interactions between organizations from at least two sectors (business, government, and/or civil society) aimed at addressing a social or environmental problem.”² In contrast to financial incentives as key drivers to collaborate, cross-sector collaborations may be driven by a desire for increased efficiency, optimizing organizational performance, resource sharing, social networking, and others.³ Another output may be expanded “administrative capacity” focused toward a goal of collective action.⁴

Complex and expansive problems today have grown beyond what any single organization can solve. The daily news cycle regularly includes stories, from a multi-sectoral perspective, about the broad impact of homelessness and poverty on shared resources. Municipal governments have emerged as

prospective partners at the forefront of these issues, alongside other public and private entities. An example of this activity is the Cross-Sector Innovation Initiative.⁵ Funded by the Robert Wood Johnson Foundation (RWJF), the Center for Sharing Public Health Services (CSPHS) and the Public Health National Centers for Innovation (PHNCI) have partnered to promote alignment between healthcare, public health, and social services organizations in a cross-sector collaboration. The goal is to help identify and support these organizations in building connections to better meet the goals and needs of the people they serve and ultimately improve health equity.

Developing a Framework for Sustainable Collaboration

Boards and executives should ensure their organizations have a strategic and policy framework focused on balancing risk and sustainability in the pursuit of cross-sector collaboration.

There are four dimensions that have been identified as being important to the success of cross-sector collaborations.⁶ They include:

1. Define a process for how relationships are established and developed. The more success that an organization realizes from cross-sector collaborations, the greater the opportunity to yield success in future collaborations. This makes sense as trust is built, knowledge is gained, and the organization advances its ability to negotiate and manage processes.
2. Prioritize missions, strategies, and/or values in organizational alignment.⁷ Boards and executives need to

Key Board Takeaways

- Closely assess a prospective partner’s mission, values, and/or strategies. That closeness of fit is what is defined as alignment.
- Set high-performing targets in cross-sector partnerships. This has been shown to enhance performance outcomes. Strengthening capabilities necessitates the advancement of multi-sector representation on the board, giving executives job experience to grow toward more complex partnerships, and strategically partnering to achieve short- and long-range goals for value creation.
- Consider what efforts your executive team is making to elevate the reputation of the organization, gain new knowledge, expand resources, and influence the market while attracting new partners for collaboration.
- Survey your organization to assess the potential benefits that can be realized through cross-sector collaboration.

closely assess a prospective partner’s mission, values, and/or strategies. That closeness of fit is what is defined as alignment.

3. Actively manage the points where the “partner activities interface.” In cross-sector partnerships where the business sectors differ (e.g., non-profit vs. for-profit corporations), there may be differing value measures that define success and varying degrees of commitment in sharing resources. Active management helps to mitigate any power imbalances at points where resources intersect.⁸
4. Focus on creating value for the society and the collaborative partnering organizations.⁹ There may be differing perceptions of value that need to be identified and sorted out as partners refine their focus. This can be achieved through a “micro, meso, and macro” value measurement exercise.¹⁰

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2 Amelia Clarke and Andrew Crane, “Cross-Sector Partnerships for Systemic Change: Systematized Literature Review and Agenda for Further Research,” *Journal of Business Ethics*, 2018.

3 Murphy, Arenas, and Batista, August 2015.

4 Jose M. Alonso and Rhys Andrews, “Governance by Targets and the Performance of Cross-Sector Partnerships: Do Partner Diversity and Partnership Capabilities Matter?,” *Strategic Management Journal*, 2019.

5 For more information, see <https://phsharing.org/cross-sector-innovation-initiative>.

6 Murphy, Arenas, and Batista, August 2015.

7 *Ibid.*

8 Laura Hartman and Kathy Dhanda, “Cross-Sector Partnerships: An Examination of Success Factors,” *Business and Society Review*, 2018.

9 Murphy, Arenas, and Batista, August 2015.

10 Hartman and Dhanda, 2018.

Lessons Learned from Mergers and Acquisitions

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Invest in the Integration Process

I have learned from many executives who have been involved in acquiring or merging health networks that they underestimated the importance of cultural and market differences much to their detriment. Integration is one of the most important factors in a successful partnership.

From the creation of our organization three years ago, we established an integration division led by a chief integration officer—an exceptional leader with years of experience. We have a playbook that includes a steering committee co-chaired by a leader from our network and a leader from the partner organization. For example, with our JFK merger, we had 16 integration teams including finance, clinical, legal, etc., that would report to the steering committee. We begin some

of the integration—while upholding regulatory requirements—before our official announcement.

Integrating technology is fairly straightforward. However, an important word on IT: A joint report released last year by West Monroe Partners and Mergermarket found that 26 percent of companies said that outdated IT infrastructure was the biggest oversight during due diligence in their last healthcare acquisition.

That said, we know it is more challenging to integrate people. We have been extremely mindful of this. We ensure team members have a clear sense of why the merger took place and how it benefits patients, the organization, and their professional aspirations. We continue to learn and build on our successes.

Integrating culture can be challenging, but it is extremely important. We did this by creating a common mission, vision, and core beliefs we call the Four C's: compassionate, collaborative, creative, and courageous. All team members understand our mission and our values.

When I look at how far we have come in just three years at Hackensack Meridian Health, I am proud that we are building a great culture where people live our mission and share the same beliefs and values. This factor is essential to our success. ●

The Governance Institute thanks Robert C. Garrett, FACHE, CEO of Hackensack Meridian Health, for contributing this article. He can be reached at rcg@hackensackmeridian.org.

Delivering Value...

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Value creation is the optimal goal of cross-sector collaborations. While payers may structure incentives for hospitals and health systems to form partnerships as part of their community benefit requirement, this article is not intending to summarize those initiatives. Rather, here we focus on cross-sector collaborations based on an organization's desire to strategically broaden its impact on issues of social, cultural, or environmental importance.

How Do Boards Measure Their Degree of Corporate Investment in Cross-Sector Collaboration?

The effectiveness measures from cross-sector partnerships are fragmented in research and literature. The use of varying terminology to create unified measures is one contributing factor. Impact may be measured as “transformative change” or “systemic change” or simply reside across different industry domains. There is no single definition of system change, but a proposed definition is: “the result of actions that lead to a significant alteration

within a system, potentially leading to substantial impacts.”¹¹

Utilizing well-defined targets to compel partner performance may help healthcare boards improve the outcomes of cross-sector collaborations. It was also found that the “benefits of target-setting for partnership performance were stronger when partner diversity was high and partnership capabilities were strong.”¹² At times, targets may be established external to an organization such as in legislation by policy-makers. Boards and CEOs will play a key role in designing contractual governance oversight to ensure a balance is achieved between target-setting that motivates collaboration versus that which has inherent disincentives or diminished value outcomes.

It is important to be selective in choosing cross-sector partners. Utilizing a process for determining partner compatibility can begin simply by completing a word search (e.g., “impact” or “value”) across the organizational communications and core governance documents. This

process helps to highlight where the partners are aligned (by terminology) in their goals of value creation and social impact. This “tone” that is exhibited in the priorities of an organization can help to identify an aligned partner.¹³

Conclusion

Establishing cross-sector partnerships creates opportunities for hospitals and health systems to impact large and complex social or economic problems. Boards and senior leaders should carefully think through who the best partners are for their organizations. The key is a shared focus on alignment to mission, vision, and values. It is also critical to have goals for these collaborations and clear targets for measuring partnership success. This will lead to a collaboration that creates value for the organizations, community, and beyond. ●

The Governance Institute thanks Coral T. Andrews, FACHE, RN, M.B.A., Executive Consultant, for contributing this article. She can be reached at ctandrews33@gmail.com.

¹¹ Clarke and Crane, 2018.

¹² Alonso and Andrews, 2017.

¹³ Hartman and Dhanda, 2018.

Healthy Tension...

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CEO who only follows orders is as bad for a health system as a board who rubber-stamps a strong CEO. In fact, it's a partnership, a scale perfectly balanced between smart governance and strong leadership. And there is a local-external aspect to this point, as well. In today's



environment, CEOs often come from outside the community, or at least have spent time away. They can bring that wider industry perspective to the health system, while the board provides the local flavor and, likely, relevant insight from other industries. Operationally, the board should empower, support, and challenge the CEO, holding that individual accountable and offering advice when asked or as necessary.

A Note on Local Control

An underlying, but as yet, unstated theme here has been the idea of local control in healthcare. Many boards have hung their hat on local control being the predominant factor in how they make major strategic decisions (particularly related to mergers and acquisitions). However, as we see out-of-town CEOs and external expertise growing in importance (thanks to consolidation, the complex interweaving of providers and payers, and regulatory concerns),

the concept of local control today is more myth than reality.

Is that statement a shock to your system? If so, don't worry. Local control should be more about "local" than "control." Whether it's a facility owned by a national health system or an independent community hospital, decisions that deeply and truly benefit the local community must be made. Those decisions can only be made by people who deeply and truly know the community itself, the people who embody the healthcare that is delivered there. That is the role of the board. That is its challenge. And that is its profound mission today. ●

The Governance Institute thanks Anne Hancock Toomey, Founding Partner, and David Jarrard, Founding Partner and CEO, Jarrard Phillips Cate & Hancock, for contributing this article. They can be reached at atoomey@jarrardinc.com and djarrard@jarrardinc.com.

Hospital Collaboration...

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volunteers shared their time and expertise in these clinics. Currently there are 87 VIM clinics operating in 24 states and the national office's development staff is working with a robust pipeline of potential new clinics. Another 20 clinics are under development.

Board Considerations

What can board members do? Hospital board members and administrators can provide leadership and help identify other community leaders to build support for a local VIM clinic. Medical staffs can be a source of volunteer clinicians. Diagnostic tools such as X-ray and CT scans or laboratory studies can be provided at no or low cost. In some cases, physical space can be made available for the clinic's activities. While most volunteers offer their services at the VIM clinic, others provide time in the schedules of their private office practices to receive referrals for qualified clinic patients. As hospitals employ ever-greater numbers of physicians, they may also consider allowing these practitioners some space in their office

schedules to accommodate referrals from a local VIM clinic or to attend clinic sessions. Involvement in a VIM clinic or work with its patients is often an antidote to the "burnout" currently plaguing so many practitioners on a hospital's medical staff.

Volunteers in Medicine's growth coincides with a rapidly growing cohort of retired practitioners who are seeking ways to utilize their lifetime of experience to help others in their community. When these individuals volunteer in a VIM facility they are more likely to stay connected to their local hospital—as donors, boosters, and sometimes board members. Support of a VIM clinic also helps tax-exempt, not-for-profit hospitals meet their community benefit requirements.

Finally, it is worth noting that Volunteers in Medicine America encourages broad experimentation and innovation in its affiliated clinics. These organizations are some of the most exciting laboratories in the nation for building new approaches to primary care—from the incorporation of telemedicine and

new tools for addressing behavioral health needs to creative partnerships with food banks and addiction services. Hospitals can benefit from the lessons learned in VIM clinics as they build their own primary care networks and support their own office practices.

Next time the board discussion moves into the realm of population health, consider evaluating your institution's current or potential involvement with a free clinic partner. ●

The Governance Institute thanks Todd Sagin, M.D., J.D., President and National Medical Director of Sagin Healthcare Consulting and an advisor with The Governance Institute, for contributing this article. He serves as the current Board Chair of Volunteers in Medicine America. When not consulting with hospitals, he practices family medicine at Community Volunteers in Medicine in West Chester, PA. He can be reached at tsagin@saginhealthcare.com and Volunteers in Medicine can be contacted at <https://volunteersinmedicine.org>.

Hospital Collaboration with Free Clinics: A Win-Win in Support of Population Health

By Todd Sagin, M.D., J.D., Sagin Healthcare Consulting

Not-for-profit hospitals have always had service to their communities at the core of their missions. One of the most important functions of the hospital or health system governing body is to provide direction to the organization as it strives to meet this essential purpose. In recent years, board members have been exhorted to focus on “population health”—addressing the overall health needs of their communities by moving outside the four walls of the hospital. At The Governance Institute’s conferences, speakers on population health commonly stress the value of partnerships between hospitals and community organizations. One valuable partner can be an existing or future “free clinic.” Today, most health systems put considerable effort into meeting the primary care needs of patients in their service area, as well as providing hospital-level care. Collaboration with a free clinic extends the ability of the health system to meet both the primary care and specialty needs of low-income, uninsured, and medically underserved patients.

There are large populations of patients who are either uninsured or underinsured. Today, over nine years since the passage of the Affordable Care Act, 45 percent of adults ages 19 to 64 are inadequately insured.¹ While fewer adults are uninsured today, compared to 2010, greater numbers find they don’t have the financial resources to cover rising out-of-pocket costs.² Many of these individuals have employer-based health insurance plans. According to The Commonwealth Fund, an estimated 87 million adults were inadequately insured in 2018. Lack of resources to pay for primary care services causes many patients to avoid or delay care for important medical needs. As a result, they flood emergency rooms for care that is best delivered in the office of a primary care physician or end up requiring expensive hospitalizations that could have been avoided with timely outpatient attention. This growing cohort of patients place financial

strains on hospitals that will only increase as reimbursement moves to capitated models in the effort to control costs.

Free clinics have been a valuable resource to the uninsured and underinsured for decades. Free clinics are not-for-profit community-based organizations that provide healthcare services at no charge to low-income, uninsured patients, often relying heavily on volunteer health professionals and partnerships with other key institutions, such as hospitals. Many hospitals support local free clinics through cash contributions, provision of facilities, and in-kind services. The free and charitable clinic sector is a diverse one that delivers care through many different types of practice arrangements. One successful model is represented by the clinics affiliated with Volunteers in Medicine America. The first Volunteers in Medicine (VIM) clinic was founded 26 years ago on Hilton Head Island when a retired physician realized that many of the island’s residents and service workers had no health insurance. Dr. Jack B. McConnell marshaled community support to build a clinic that for decades has been successfully staffed by volunteers, including large numbers of working and retired healthcare practitioners. Today that clinic provides

Key Board Takeaways

As boards explore innovative ways to address population health needs, they should:

- Consider how their hospital or health system could benefit from partnerships with free clinics.
- If it would be beneficial for the organization, advocate for collaboration with nearby free clinics. Support can take the shape of financial support, in-kind diagnostic tools (e.g., lab tests or radiology procedures), use of physical space for office visits, use of employed practitioners as volunteers, and more.
- Keep in mind that working with Volunteers in Medicine America and its affiliated clinics can provide evidence of community benefit required for tax-exempt, not-for-profit hospitals.

over 27,000 patient visits annually and it has spawned a national organization (Volunteers in Medicine America) that built a replicable model for healthcare delivery to America’s most vulnerable populations.

Since founding the first VIM clinic, Volunteers in Medicine America has assisted in the development of 112 additional VIM clinics over the past two decades. In 2018, VIM clinics provided care to nearly 87,000 patients and delivered over 350,000 patient visits. More than 10,000 medical and non-medical

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1 Figures on the uninsured and underinsured are from annual surveys conducted by The Commonwealth Fund. See Survey Brief, February 2019 found at commonwealthfund.org.

2 The Congressional Budget Office recently reported that the number of uninsured Americans is once again creeping up, with 30 million uninsured in 2019 versus 27 million in 2018.