

Preserving Critical Board Functions during the COVID-19 Crisis

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The healthcare industry is facing levels of disruption and uncertainty that most leaders have never experienced. Top revenue-generating activities have been suspended, those on the frontlines are challenged with shortages and burnout, and there is necessary pressure to accelerate virtual health, just to name a few of the challenges at hand. Healthcare leaders are in uncharted territory as they work to navigate this increasingly complex environment. While it is easy to get lost in the day-to-day struggles of COVID-19, it's important for the board to take a step back and refocus on their governance responsibilities. In this article, The Governance Institute Advisors provide a list of the top governance functions that boards must be continuing to execute while also addressing critical issues related to the pandemic.

Recalibrate the strategic plan. If you haven't already, now is the time to review the strategic plan and evaluate its continued validity and determine what is achievable in the short and longer term given the current landscape. This will require considering future scenarios that may occur, how likely it is that these scenarios will transpire, and what you would have to do under each to be successful. Management teams may be consumed with daily operations, so the board needs to ensure that management is still implementing crucial elements of

Key Board Takeaways

- Review your strategic plan to identify what still is achievable given our changed environment. Think through what is still relevant and what may need to be paused, with a timeline for revisiting it. Create and embed in the plan contingency plans around future "what if" scenarios.
- Ensure that management is recasting current financial forecasts, preparing for new types and levels of revenues, and addressing the cost imperative of a post-COVID environment.
- Communicate with management about the organization's response to workforce issues (staffing and equipment shortages, measures to reduce the risk of infection, workforce wellness and stress concerns, etc.).
- Recognize physicians, nurses, and other team members for the sacrifices they have made and continue to make daily.
- Keep informed of the changes to telehealth regulations, how the technology is currently being used in your system, and what your organization needs to do to expand virtual health to meet the needs of patients.
- Have solid succession plans in place for the CEO, key executives, and board leadership.
- Check in with management about the strength of cybersecurity at your organization. Ask questions and get a full briefing on cyber risk management efforts.
- Work with the CEO to reestablish performance expectations for this year and next.
- Leverage your own board members' credibility and influence for philanthropy and advocacy efforts. You are valuable advocates for connecting the organization's mission to the community during this time.

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Recast financial forecasts. All healthcare organizations are feeling a financial impact from COVID-19. Finance committees must partner with management to take a close look at their 2020 budget and recast

this around best-, most likely-, and worst-case scenarios. This includes asking tough questions around each scenario (for example, will we need furloughs/layoffs? Can we maintain our independence? How will we get patients back post-pandemic? Are there new or different revenue sources that should be considered such as capitation, direct employer contracts, and other risk-arrangements?). The

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group must then determine what the organization's trigger points for each would be for activating its contingency plans and develop a communication strategy for when/if they must be carried out. Taking these steps now is imperative so that your organization is prepared and can move quickly if need be. The board will want to stay in close communication with executives about the nature and degree of the financial impact of COVID-19 and any potential pivots that may need to be made.

Address workforce challenges.

The board should keep a close eye on whether the organization is sufficiently responding to workforce challenges, including staffing and equipment shortages, measures to reduce the risk of infection, and employee wellness and burnout. Creating a culture of compassion goes a long way and the board can set the stage by acknowledging the critical work of the staff—executive leadership and the entire healthcare workforce—throughout this difficult time. Additionally, consider the adoption of resolutions that waive or make changes to credentialing requirements to facilitate an enhanced and flexible workforce of physicians and advance practice professionals. The implications of failing to meet the needs of your workforce could be significant: overextended and exhausted healthcare employees could present a major opportunity for labor union organizing activity.

Plan for continued expansion of telehealth. The COVID-19 pandemic has greatly accelerated the use of telehealth. Pre-pandemic,

telehealth utilization in fee-for-service settings remained low. Many consumers were wary of not seeing a doctor in person and preferred the human touch. But COVID-19 changed all that. With patients not feeling safe going into healthcare facilities (which will continue for the foreseeable future), coupled with increased payment for telehealth services and the relaxation of regulations, both patients and providers are finding telehealth and e-consults to be a convenient, effective means of care. We should anticipate that utilization will continue to accelerate well beyond this pandemic. Boards need to understand how this technology is currently being used in their organization and ask if the systems, tools, and training are in place to handle long-term expansion and use by all providers, including behavioral health.

Ensure CEO and executive succession planning. The COVID-19 pandemic has created a challenging environment for CEOs, which may lead to more than the usual 18 percent annual CEO turnover. Some CEOs are experiencing burnout and feeling anxious; and some have even contracted COVID-19. CEOs who are nearing retirement may choose to exit early and the same may be true for senior management

and physician leaders. According to The Governance Institute's biennial survey, only 44 percent of hospitals and health systems have in place a written, current CEO and senior executive succession plan.¹ If you do not have such a plan in place, create it now. If you have a plan in place, review and update it as needed. The same goes for board leadership succession planning. Boards also need to sustain recruitment efforts and pipeline development, recognizing that it may be challenging to attract new members to the board if this pandemic extends in 2021.

Check in on cybersecurity. The number of cyberattacks on health systems has spiked since the pandemic struck. Health systems are at particularly high risk as cybercriminals target hospitals, clinics, and medical professionals treating more patients virtually. In addition, many health systems have employees working from home for the first time and IT staff have been pressured to get systems up and running quickly. It's important to make sure cybersecurity efforts are as strong or stronger than they were pre-pandemic. Boards need to be asking management about the system's cybersecurity strength and ensure they are being briefed on these efforts. Boards may also want to check in on the security of

1 Kathryn Peisert and Kayla Wagner, *Transform Governance to Transform Healthcare: Boards Need to Move Faster to Facilitate Change*, 2019 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute.

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their virtual meeting tools to ensure their confidential discussions are protected.

Reevaluate the CEO's performance expectations. This year's performance expectations for CEOs likely have changed since the pandemic was declared in March. Some measures and indicators that were deemed important pre-pandemic may no longer be relevant or achievable, even with exceptional effort. Rather than waiting until the end of the year, initiate a discussion now with your CEO around FY2020 performance expectations. Work together to answer the question: Given where we are today and knowing that the world is uncertain, what do we think would constitute

excellent CEO performance this year—and next? This will help identify any modifications that need to be made. The board should also contemplate how it is going to handle reductions in compensation that have been voluntarily agreed upon or involuntarily imposed during the crisis period. This includes considering at what point these cuts would be restored (and by how much) and how performance bonuses will be impacted because financial and other criteria haven't been met—even if the CEO has performed above and beyond the call of duty.

Continue philanthropy and advocacy efforts. While some organizations are currently hesitant to ask people

to make charitable gifts, many donors are wanting to help, so it is still vital for health systems to reach out to their communities for philanthropic gifts. Now is *not* the time to stop asking—this could be a significant lost opportunity. Healthcare board members can help respectfully engage donors and invite them to be part of supporting a critical community resource. As appropriate, board members can also use their connections to lend their support and influence with public policy makers, especially at the state and local level, to advocate for policies that would benefit their organization.

Healthcare organizations will need to adapt to the many disruptions of COVID-19 because there is no turning back. This pandemic will change the way healthcare is sought and provided for the foreseeable future. But amid all the pressures of the crisis, boards must not lose sight of their critical oversight functions. Healthcare boards have a big role to play in ensuring their organizations are strategically preparing for the uncertainty ahead.

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