



Children's Hospital Board Competencies and the Lessons of 2020

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The year 2020 will be remembered as a year of many significant events in U.S. history: the COVID-19 pandemic, social justice reform, economic challenges, and a controversial presidential election. Many of these events have had a significant impact on our healthcare system, especially hospitals. While children's hospitals share similar challenges of other acute-care hospitals, they often have some unique obstacles they must manage because of the populations they serve. These include how they are reimbursed and the complex patient populations. These unique challenges require children's hospital board members to have enhanced skills while fulfilling their fiduciary duties of loyalty, care, and obedience.¹

All hospital board members need to have many skills and competencies to provide their fiduciary oversight responsibilities: finance, quality and safety, strategy, risk management, audit, and compliance, to name a few.² However, children's hospitals have two things that add an additional complexity than other acute-care hospitals: a complex, highly specialized patient population and unique payer mix. These two complexities require a unique approach as a board member of a children's hospital.

Unique Patient Population

Because of the unique patient population children's hospitals serve, their board members must have additional skills and different insight from most acute-care

1 American Hospital Association, *Guide to Good Governance for Hospital Boards*, 2009.
2 American Hospital Association, *Sample Guidelines for Director Selection*, 2005.

hospital boards. They must have the ability to think about serving the community in a large and diverse way, because children's hospitals serve not only their immediate region, but often the surrounding counties, larger regions, and internationally. Due to this expansive reach, community networks and relationships are important along with local and regional government. Corporate and academic university relationships are also critical with ongoing research such as clinical trials and genomics. One of the most critical skills is to constantly realize that treating pediatric patients also involves engaging parents and families at the same time. These organizations must provide services that can offer trust and education to the parents as they treat the pediatric patients.

→ Key Board Takeaways

The complex, highly specialized patient population and unique payer mix of children's hospitals requires a unique approach for children's hospital boards regarding skills, mindset, and strategies to improve children's health going forward:

- Children's hospital boards must recognize that treating pediatric patients involves engaging parents and families at the same time.
- Most children's hospitals deal with over 50 percent Medicaid patients, which requires a stronger focus on philanthropy and relationships with state and local governments for public policy advocacy. Children's hospital missions also include research, teaching, and serving international patients, which all require philanthropic support.
- Diversity, equity, and inclusion is particularly important for children's hospitals to address effectively.
- It will be increasingly important to better understand what processes should be redesigned or considered to offer ongoing improvements in population health, as the economic impacts of the pandemic on families and communities will have lasting effects on social determinants of health.
- Children's hospital boards must begin working now to ensure that their disaster preparedness plans will make them ready for the next pandemic, especially if it causes more severe disease in children.

Reimbursement and Payer Mix

Children’s hospitals have a unique payer mix that requires some careful thought when providing financial oversight. Pediatric hospitals devote over 50 percent of patient care to children with Medicaid, which has typically a low reimbursement rate.³ As such, board members must provide strong oversight of the senior leadership and its relationships with state governments for public policy advocacy. Board members must be very cognizant to which state the children’s hospital resides because reimbursement rates vary widely from state to state. While most hospitals have philanthropic arms to help support their missions, this philanthropic mindset becomes extremely critical with children’s hospitals because of the payer mix as well as its unique population requiring highly specialized services such as research, teaching, and serving international patients. Relationships and engagement with all stakeholders are critical to help innovation, along with supporting funding shortfalls.

2020 Lessons Learned

2020 has provided children’s hospital boards and executive leadership the opportunity to test their various strategies. A few of the questions all children’s hospital boards should ask themselves are the following:

- What is our culture around diversity, equity, and inclusion?
- How did our technology and innovation, population health, and disaster preparedness strategies perform?

One gauge for these questions is the IOM’s six aims of healthcare quality: safe, timely, efficient, effective, equitable, and patient centered.⁴ Did our strategies continue to excel in these six aims?

Diversity, Equity, and Inclusion

2020 brought about a lot of discussion around diversity, equity, and inclusion. While this topic is not always an easy discussion, it is a needed one in the current environment, especially since children’s hospitals serve a diverse population of patients and parents. Questions for boards to tackle in this area include:

3 Children’s Hospital Association, “About Children’s Hospitals,” (www.childrenshospitals.org/About-Us/About-Childrens-Hospitals).

4 Institute of Medicine, *Crossing the Quality Chasm: A New Health System for the 21st Century*, National Academies Press, 2001.

- As a board, what is our culture within our own board and the organization we are leading?
- How does this culture facilitate or hinder equity and inclusion in the care provided to our diverse patient population?
- Do we have a diverse board to offer diverse thought in providing oversight?
- Do we have the right leadership to drive improvements if needed and what else can we do to improve?

The key to success is being able to say that not only did we have the conversation, but we also have a plan to continue successes and improvements.

Technology and Innovation

Most healthcare organizations had to quickly accelerate their telehealth capabilities during the COVID-19 pandemic. This was the real test of many organizations' strategies developed in prior years and children's hospitals were not immune. The one positive of the COVID-19 pandemic was the acceleration of telehealth and other technology innovations. Now is the time for every board to take a deeper dive into their technology and innovation strategy and ask themselves many questions. Here are a few to start:

- Do we have the correct structures and leadership to drive needed strategic innovations with technology?
- Are we making the correct investments?
- Are we bringing in the right experts to help us with gaps in our strategic thinking around technology?

Population Health

From a governance standpoint, children's hospitals will need to revisit their population health strategy and make sure it can traverse the many challenges impacting health systems in both the short and long term. One of the key challenges many organizations experienced is the financial downside from fee-for-service during the pandemic. This will be a renewed focus going forward, with an even stronger recognition of the need to accelerate more value-based care models with the right financial structure. The economic impacts of the pandemic on families and communities will continue to affect various social determinants of health; hopefully we will have a greater understanding of the specific impacts in the coming years after careful research. Oversight and engagement of leadership teams will be important

to understand what processes should be redesigned or considered to offer ongoing improvements in quality and outcomes for the populations they serve.

Disaster Preparedness

It goes without saying that 2020 provided a real test of every organization's skill at implementing disaster preparedness plans. Children's and other hospitals had differing experiences. All organizations had to create safety precautions and processes to protect the staff and patients. Children's hospitals may not have been as stressed with supply chain shortages of various personal protection equipment (PPE) as compared to general acute-care hospitals because of the nature of the COVID-19 causing a less severe disease state in children as compared to adults. Fortunately, many children's hospitals were able to help their non-children hospital colleagues in navigating shortages with PPE and other medical supplies. One of the absolute key questions all children's hospital boards must ask themselves is whether we will be ready for the next pandemic, especially if the next virus causes more severe disease in children. Do we have a strong supply chain process with contingencies as a part of the plan?

The Future

Children's hospitals continue to be a major part of their communities. 2021 should provide a time to reflect on 2020, with a look into the upcoming challenges that lay ahead. With an engaged board, they should be able to weather any turbulence ahead.

The Governance Institute thanks Byron C. Scott, M.D., M.B.A., Adjunct Faculty at UMass Amherst Isenberg School of Management and Jefferson University College of Population Health, and a member of the Quality, Safety, and Medical Affairs Committee of the Board of Trustees at Rady Children's Hospital-San Diego, for contributing this article. He can be reached at bcsm@msn.com.

