



The Russian Invasion of Ukraine: Potential Governance Implications for Healthcare

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There are times when healthcare boards need to take into consideration the potential of global impacts on their organization. The COVID pandemic resulted in supply chain breakdowns along with labor shortages and significant financial impacts.

Now, while our members are still working diligently to care for COVID patients with too few caregivers and resources, and trying to see an end to the pandemic, we are coming to the realization that the situation in Ukraine has the potential to impact some of our healthcare organizations at home.

Healthcare organizations may already be including global considerations in their enterprise risk programs including supply chain, labor market gaps, healthcare disparities, climate change, and infectious diseases. Now is a time when boards may need to act with more urgency around these issues, in addition to the following challenges related to the current global environment, and how they will impact the organization's mission, strategy, financial situation, workforce, and community.

Increasing Cyber Risk

In response to evolving intelligence that Russia may be exploring options for cyberattacks against the U.S., the White House and Cybersecurity and Infrastructure Security Agency (CISA), along with the Federal Bureau of Investigation (FBI) and National Security Agency (NSA) and others, continue to encourage organizations to consider strengthening their cyber security readiness.¹

1 From the Illinois Hospital Association Daily Briefing, March 23, 2022. The following resources were included for reference: [CISA Alert: Understanding and Mitigating Russian State-Sponsored Cyber Threats to U.S. Critical Infrastructure](#) (January 11, 2022) and the Web site: www.cisa.gov/shields-up; The White House, [Statement by President Biden on our Nation's Cybersecurity](#), March 21, 2022.

The Department of Homeland Security issued a letter to members of NACD on February 25th recommending the following:

- **Empower your CISOs:** security leadership should be involved in the decision-making process; ensure that the entire organization understands that security investments are a top priority in the immediate term, and align cyber defenses to those threats most likely to cause material business, financial, and operational harm (and systems supporting those critical business functions).
- **Encourage senior management to lower thresholds for reporting incidents:** the board may counsel senior management to establish an expectation that any indications of malicious cyber activity, even if blocked by security controls, be reported for the time being.
- **Plan for a worst-case scenario:** boards should expect their senior management team to ensure that exigent measures can be taken to protect the organization's most critical assets, including disconnecting high-impact parts of the network if necessary.

Humanitarianism

CEOs and senior leaders will be looking to the board to help them determine to what degree your organization needs to publicly address the crisis. Considerations include:

- Does this situation have a direct impact in your community (e.g., are their Ukrainian or Russian people in your community who have ties to their countries or family members there who are in danger/suffering)?
- Are there people on your workforce who might be impacted, either directly through a family member or is this adding to the already difficult emotional toll your workforce is bearing?
- ESG: Does your organization have investment portfolios that might be impacted by this? What are the moral implications that need to be considered, as well as financial?

How Boards Can Help

In the immediate term, the most important thing for boards to do is begin the discussion with your senior leadership team, and then keep that communication door open. How does this impact strategic opportunities and the organization's mission? What support does your management team need right now? Let them know you are there for support and ready to provide input and suggestions. Also, the board sets the tone from the top, as we are all well aware. Consider what role the board should play

in internal communication to acknowledge the situation and provide an opening for physicians, nurses, and staff to begin having discussions with their team. There may need to be more support given to those who are responsible for identifying people who are in need of emotional support. Finally, there may be a reason for issuing a public message from the CEO to the community, to acknowledge those who may be directly impacted and offer support as appropriate.

References:

Michael Peregrine, [“The Globalization of Corporate Governance,”](#) *Forbes*, March 13, 2022

Michael Peregrine, [“The Potentially Profound Implications of Ukraine for Corporate Governance,”](#) *Forbes*, February 23, 2022

