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HEALTH

JANUARY 2023

# Hospital Focus

## Board Chairs: The Job Is Getting Tougher

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**Board chairs are typically community volunteers (only a small number of non-profit board members get paid)<sup>1</sup> with experience gained by serving on hospital committees or boards for a few years or more.** The learning curve to become an effective and knowledgeable board member takes a couple of years and requires a commitment to learn the healthcare industry. Further, it takes a while for new board members to be discovered, vetted, become committed to serving on the board, and approved to join the board. Therefore, board chairs need to find quick solutions to improve the strength of the board. With the current challenges facing healthcare organizations, a strong board is needed to survive these difficult and challenging times.

A few of the key issues that healthcare organizations are currently facing include:

- Respiratory syncytial virus (RSV), mostly impacting children's hospitals (with a 300 percent case increase from September to October 2022)<sup>2</sup>
- Flu virus
- COVID-19 and the mutations
- Inflation
- High interest rates (should we continue with our capital projects?)
- Staffing shortages and increased labor costs
- Anticipated recession
- High demand in children's hospitals, which is causing bed shortages due to the flu and RSV

1 The Governance Institute's 2021 Biennial Survey of Hospitals and Healthcare Systems reported that only 13 percent of respondents compensate their board chairs.

2 Erica Carabajal, "[Hospitals Report 300% Increase in RSV Cases](#)," *Becker's Hospital Review*, October 28, 2022.

Given these strong headwinds, hospitals had a challenging year in 2022. For many, it was their worst financial year in decades and hospital margins will continue to face challenges in 2023.<sup>3</sup> Therefore, as the board chair, what should you consider doing to address these issues?

## **Educate the Board**

It is critical to spend time at board meetings updating the board on current trends with a focus on issues and solutions. Using resources such as articles, podcasts, and experts attending and presenting at board meetings is a must. Listening to the hospital's management team about the issues and solutions is an important dialog and discussion the board must participate in as well. However, this does not mean the board should intervene in the daily operations of the organization; that is management's responsibility.

## **Increase Board Interaction and Communication**

If you have not already, resume face-to-face board meetings. The quality of discussion and interaction is enhanced when the meeting is in person. Virtual meetings usually lack quality dialogue, result in fewer questions, less discussion, and some members may turn off their video and multi-task and therefore, are not paying attention. You may also want to have a social meeting/gathering or two to enhance the personal dynamics between board members.

A key role the chair has during meetings is to solicit input and discussion from board members, keep the discussion focused on the topic at hand, and avoid anecdotal stories and repeated comments that have already been offered that can eat up valuable board meeting time.

It is important that board members attend the meetings, be on time, and not be distracted. To help ensure this happens, it can be helpful to have policies in place such as a code of conduct and attendance requirements.

## **Use the Organization's Committees for a Deeper Dive**

Because many boards have very full agendas, adding more time to in-depth discussions around the issues facing the hospital may not be possible. Therefore, having the committees focus on their areas of responsibility is critical. The input from

3 Nathan Tucker, "[Hospitals on Track for Worst Financial Year in Decades](#)," *Becker's Hospital CFO Report*, October 26, 2022.

the committees must be brought to the board so that members can be educated and informed. As chair, make sure that the full board does not rehash what the committees have studied and are recommending. Trust that their work has been thorough, and that their recommendations can be relied upon to be appropriate for the organization.

## **Foundation Boards**

If your organization has a separate fundraising board, those members should be educated on the issues, current trends, and their implications. Healthcare organizations are having to rely on successful fundraising more than ever. Fundraising can contribute to capital projects, fund specific programs, as well as help underwrite operating losses.<sup>4</sup> A greater focus on pursuing grants, special funding programs, grateful patients, and financial advisors is needed.

If the foundation board also manages investments or if there is an investment committee of the organization's board, they need to utilize investment advisors and be in frequent communication with them. It is very helpful to have foundation board members who have a strong investment background. It is also important that the organization's investment goals and risk tolerance are well defined and communicated to leadership.

## **Board Performance**

Boards should conduct an annual self-assessment where members can assess their own effectiveness and needs, as well as the needs of the board itself. The board should have plans/policies that address diversity goals to match the community, promote sustainability, integrate the organization's efforts to address social determinants of health (SDOH), and utilize a quarterly reporting system to the board that indicates progress towards these goals.

New board members should be recruited from committees as well as referrals from current board members, given the needs identified from the annual board survey.

4 For more on this topic, see Betsy Chapin Taylor, "Leveraging the Impact of Philanthropy through Strategic Project Selection," *BoardRoom Press*, The Governance Institute, December 2022.

## → Key Board Takeaways

To help the board perform at its best, board chairs should:

- Coordinate and encourage continuing education for board members around their responsibilities and key issues affecting the organization.
- Effectively lead meetings and ensure that conversations are robust and stay focused on agenda items and are not repetitive.
- Set a high standard for board conduct by modeling rules of conduct in board bylaws and policies.
- Assess the board annually, collectively and individually, and use the results to develop a comprehensive plan for improvement.
- Ensure the board is effectively utilizing committee expertise—not rehashing committee work.
- Develop a close relationship with the CEO to foster strong and meaningful communication.
- Review the competencies of current board members and identify future gaps and needs.
- Establish a culture that attracts and retains knowledgeable, engaged board members.

## Conclusion: The Board Chair's Evolving Role

The board chair has a hard job with important responsibilities. The board chair needs to extract the talents, knowledge, and energy from board members. The chair needs to be a guiding light to the organization's CEO and be a valuable resource. As in the past, the chair should have a good and close relationship with the CEO to foster strong and meaningful communication. The senior management team at hospitals are under a lot of pressure due the factors stated above. It is a tough environment in which to operate a hospital or any healthcare organization.

The chair must have a broad view of the organization and monitor the operational performance (not run the hospital), fundraising, investment performance, and keep a pipeline of potential talented board members interested in the organization. Attracting

and retaining strong, smart, and engaged board members is needed now more than ever and must be the top priority of the chair.

In summary, it takes fully engaged board members, committees, and management to enhance the success of an organization. Healthcare organizations are dealing with a fast-changing, challenging environment. The role of the chair is to provide strong leadership to the organization.

*The Governance Institute thanks Steven T. Valentine, National Adviser at Guidehouse, chair of a pediatric institute, past chair of a community medical center, and member of an advisory board (a think tank developing new models of care using SDOH), for contributing this article. He can be reached at [svalentine@guidehouse.com](mailto:svalentine@guidehouse.com). He also co-authors the top 10 trends in healthcare annually for The Governance Institute with Guy Masters.*

## Recommended Governance Institute Resources

- [The Role of the Board Chairperson, 4th Edition](#)
- [The Board Chair–CEO Partnership: An Essential Element of Successful Healthcare Organizations](#)
- [Supporting Governance Effectiveness with Board Self-Assessments](#)
- [The Board’s Role in Addressing Social Determinants of Health: An Interactive Education Session for Board Chairs](#)

For more resources related to the board chair’s role, visit [www.governanceinstitute.com/board-chairs](http://www.governanceinstitute.com/board-chairs).

