BoardRoom Press

A Bimonthly Journal of News, Resources, and Events for Today's Healthcare Boards

THE GOVERNANCE INSTITUTE ■ VOLUME 34, NUMBER 1 ■ FEBRUARY 2023

GovernanceInstitute.com

Enhancing Community Connections to Improve Care

Building the Leadership Triad for Sustainable Success

SPECIAL SECTION

Expanding Board Criteria Beyond Competencies to Enable More Holistic Recruitment

From Value to Cost Effectiveness of Health

ADVISORS' CORNER

Balancing Long-Term Strategy and Short-Term Challenges

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We Are Listening

This issue kicks off the start of a difficult year for non-profit hospitals. Workforce well-being and staffing are at the top of the list for everyone. Nurses are on strike for better pay and working conditions, while our members are doing everything they can to find more staff and alleviate burnout (somehow, somewhere!) under almost impossible circumstances. I read an article in the *San Francisco Chronicle* back in November that shared the perspective of an ER physician who quit because she felt like she didn't matter. In July 2021, she asked her hospital leadership team for an unpaid leave of absence after 18 months on the front line and was denied her request because "then everyone else would want one too." For her, that was the final straw. All she wanted was to be seen, heard, and acknowledged.

Every crisis has a starting place on the road to recovery. Listening is a crucial aspect. Some of you are well on your way towards finding and implementing solutions that will work both in the short term and long term. Some of you may be only at the beginning. Every resource we develop for our members is intended to make governance more effective so that your organizations can be at their best at all times and respond to all that is needed of them. We want to hear from you too, and let you know that we are listening.

Kathryn C. Peisert,
Editor in Chief & Senior Director

It's time again for our **Biennial Survey of Hospitals and Healthcare Systems!** On February 1st, all CEOs of non-profit acute care hospitals received an email with a link to this important survey (or a postcard in the mail). By researching what boards are doing nationally, we find new connections between governance and organizational performance, which we use to accelerate our members' governance effectiveness. **We need your response!** If you have any questions, please email kpeisert@governanceinstitute.com.

Contents

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LEADERSHIP CONFERENCE
Attend in-person or virtually!
April 23–26, 2023
Fairmont Scottsdale Princess
Scottsdale, Arizona

LEADERSHIP CONFERENCE
Attend in-person or virtually!
September 10–13, 2023
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Please note: Conference expenses paid for by a board member can be claimed as a donation and listed as an itemized deduction on the board member's income tax return. Please consult your tax advisor for more information.

Enhancing Community Connections to Improve Care

By Michelle Joy, FACHE, Carson Tahoe Health

Michelle Joy, FACHE
President and CEO
Carson Tahoe Health

Healthcare, at least in the hospital setting, has always been a collaborative effort. In a hospital, patient care involves dozens of individuals from nurses and doctors to technicians and housekeepers. It is easy to identify the team and the roles each team member plays when the patient is within the four walls of the hospital. However, it becomes a little bit more complicated to identify who is caring for the patient when they leave the hospital. Sometimes it's family, friends, or neighbors, and sometimes it's a local post-acute care facility. Other times it's local community organizations, and sometimes there is no one. Patient care doesn't end at the time of discharge and care doesn't typically begin when a patient is admitted to the hospital. This is why it is imperative that healthcare delivery extends beyond the hospital and includes institutions throughout the community.

In October 2007, the Institute for Healthcare Improvement launched the Triple Aim initiative. Since that time, many hospitals and health systems around the world have adopted the Triple Aim as the guiding principle in their strategic plans and goals. The three dimensions of the Triple Aim are 1) improving the patient experience of care (including quality and satisfaction), 2) improving the health of populations, and 3) reducing the per capita cost of healthcare. IHI believes that to do this work effectively, it's important to harness a range of community determinants of health, empower individuals and families, substantially broaden the role and impact of primary care and other community-based services, and ensure a seamless journey through the whole system of care throughout a person's life. Nowhere in the design of the Triple Aim framework does it have a hospital or health system individually identified as being the driver of this, even though, oftentimes, they are.

Design of the Triple Aim Framework

IHI has specifically stated, "Organizations and communities that attain the Triple Aim will have healthier populations, in part because of new designs that better identify problems and solutions further upstream and outside of acute healthcare. Patients can expect less complex and much more coordinated care and the burden of illness will decrease. Importantly, stabilizing or reducing the per capita cost of care for populations will give businesses the opportunity to be more competitive, lessen the pressure on publicly funded healthcare budgets, and provide communities with more flexibility to invest in activities, such as schools and the lived environment, that increase the vitality and economic well-being of their inhabitants."

For Carson Tahoe Health, the Triple Aim lays the foundation for its current five-year strategic plan focused on: Strengthening the Core, Transforming and Innovating, and Inspiring Community to achieve its mission of enhancing the health and well-being of the communities it serves. Carson Tahoe Health is committed to being a catalyst and community partner to advocate for healthy lives through engaging with partners in addressing the barriers to health and wellness like education, lifestyle, economic stability, food stability, community support systems, and neighborhood environments; building community commitment to our mission via philanthropy; and fostering a sense of community internally and externally by engaging others in being a force for positive change.

Community Connections

For Carson Tahoe Health to be a better healthcare provider and community partner, it's important that personal, intentional connections are made on a regular basis throughout the community. Through Carson Tahoe's governance structure, there are over 45 community members involved in the organization's various boards and committees. At the beginning of every board meeting, we share a patient story. It is a great reminder of why we exist and who we exist for to set the stage for the discussions and decisions throughout the rest of the board meeting. Each of those 45 members is an ambassador for us in the community to identify other community organizations and individuals we need to be connecting with.

During our recent community health needs assessment, we created strong relationships with seven other local community agencies to complete the assessment. We collaborated on the final survey questions and process, plus four additional local agencies joined the effort to determine the final prioritized community needs. The intimate involvement of these agencies has already opened up connections in the community to get a head start on putting forward resources and action plans to make measurable improvements on the top community needs.

For over a decade, one of Carson Tahoe Health's strongest community connections has been with a local organization called The Greenhouse Project, which is focused on providing healthy produce for the food insecure residents in our community. The hospital campus now includes a large greenhouse, garden, bee habitat, pollinator garden, and walking trails. The gardens on the campus provide vegetables year-round to the local children's home and "Meals on Wheels" program, and created the

continued on page 14

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Key Board Takeaways

To improve patient health and well-being, it takes key community connections. The following are examples of how to forge these relationships:

- Ask all governance members (from boards and committees) to identify key community organizations and individuals with whom to connect.
- Identify non-healthcare-related partnerships that can advance work in the community outside of the hospital's or health system's expertise.
- Work with current partners to expand relationships and community offerings.
- Create ways to bring the community to the hospital medical campus when not in need of hospital services or care.

Building the Leadership Triad for Sustainable Success

By Pamela R. Knecht, **ACCORD** *LIMITED, and Larry McEvoy, M.D., Epidemic Leadership*

The Current Crisis: A Platform for Change?

The current challenges facing healthcare are unprecedented and unrelenting. A recent report by Kaufman Hall stated, "Staffing shortages, skyrocketing labor costs, continuing supply chain disruptions, inflation, rising interest rates, and volatile markets are pressuring both revenue and expenses." One interviewee for this report, a multi-specialty group CEO, said, "We have weathered many storms in healthcare, but this has been *the most challenging time in my 40-year career.*"[1]

An earlier Kaufman Hall report included one especially concerning indicator of the severity of the situation: over 50 percent of hospitals were in the red in 2022.[2] This is not a sustainable position for individual hospitals, systems, clinics, or for the field.

Often, it takes a crisis to convince individuals and organizations to make difficult, but necessary changes. A classic example of a crisis creating needed change is found in the oil industry. It is only when a worker awoke on an oil rig that was on fire that he was willing to jump into the icy cold ocean.

Perhaps the current crisis in our field could be the "burning platform" that is needed to finally transform the way healthcare is delivered and reimbursed so that the Institute for Healthcare Improvement's Quadruple Aim is achieved—better care for individuals, better health for populations, lower per capita costs, and a more sustainable professional environment for healthcare personnel.

The Collaborative Leadership Triad

Such a profound transformation can only be achieved if all the components of the healthcare leadership triad—the board, executives, and clinical leaders—are strategically aligned and collaborating. However, healthcare tends to function in vertical silos. Therefore, to transform healthcare so it is sustainable for the long term, the leadership triad must work "horizontally" across those silos.

This article addresses the first three building blocks for horizontal collaboration. A subsequent article will provide information on the last three components. Both articles will provide specific, practical examples of how to implement collaborative leadership for change.

Key Board Takeaways

There are six main building blocks for creating the foundation for "horizontal collaboration" across the healthcare leadership triad:

- Strategic agreement
- Structural alignment
- Role clarity
- Leadership skills/capability
- Healthy culture with trusting relationships
- Continuous communication and learning

Strategic Agreement

One of the best methods for creating horizontal collaboration is securing agreement on future direction through an inclusive strategic planning process. To begin, the board, senior executives, and clinical leaders receive education on external information (e.g., industry/demographic trends and competitive/market analysis) and the organization's internal performance against its goals for finance, quality, safety, engagement, etc.

Then, an objective facilitator engages all members of the triad in identifying the strategic implications of the data/information for their organization. This conversation should result in agreement among all three groups about the critical strategic issues facing the hospital or health system. Typical issues now are financial stability, workforce recruitment and retention, patient experience improvement, quality and safety excellence, infrastructure development, strategic partnerships, and an engaged culture.

A second retreat should be convened with all three leadership groups to determine the vision, strategic direction, and priority goals. Those discussions should result in agreement about the "prime directive." For instance, will the prime directive be a conservative approach to "stay the course," or will it be a more assertive drive toward value-based care? How far from the typical bricks-and-mortar bed occupancy mindset is the organization willing to go? Is affiliation/consolidation the best approach, or should the organization bank on its current structure with a bold plan for innovation of its business model?

At the end of the process, the leadership triad should agree on the prime directive and a limited number of strategic goals and related metrics for the next one to three years. Securing agreement on the vision, strategy, and goals is the first step in creating a collaborative approach among leaders.

Structural Alignment

Once the overall strategy has been agreed upon, leadership should assess whether the governance, management, and clinical staff structures are sufficiently aligned with that direction. In other words, "form should follow function."

For example, if a system's prime directive is to move toward a more integrated approach to providing reasonably priced care across the full continuum to entire populations, it would make sense to have more streamlined structures and decision-making processes. This may require decreasing the number of boards and committees, eliminating redundant management roles, or combining medical staffs.

A western health system recently conducted such an assessment and determined that the changes to its governance structure should be addressed in phases. A few changes could be done right away; other modifications would take more time; and some actions would require significant education and discussion. By collaborating to identify the timing and type of governance structure changes, the leadership triad worked horizontally across the boards of multiple hospitals and clinics to create structures and processes that would move them closer to achieving their prime directive of providing value-based care.

Role Clarity

The third major building block for collaborative leadership is the clarification of roles. For example, in support of the agreement fashioned by the

continued on page 15

1 Kaufman Hall, *2022 State of Healthcare Performance Improvement: Mounting Pressures Pose New Challenges*, October 2022; emphasis in italics added by authors.
2 Kaufman Hall, "National Hospital Flash Report: June 2022."

Expanding Board Criteria Beyond Competencies to Enable More Holistic Recruitment

By Betsy Chapin Taylor, FAHP, Accordant

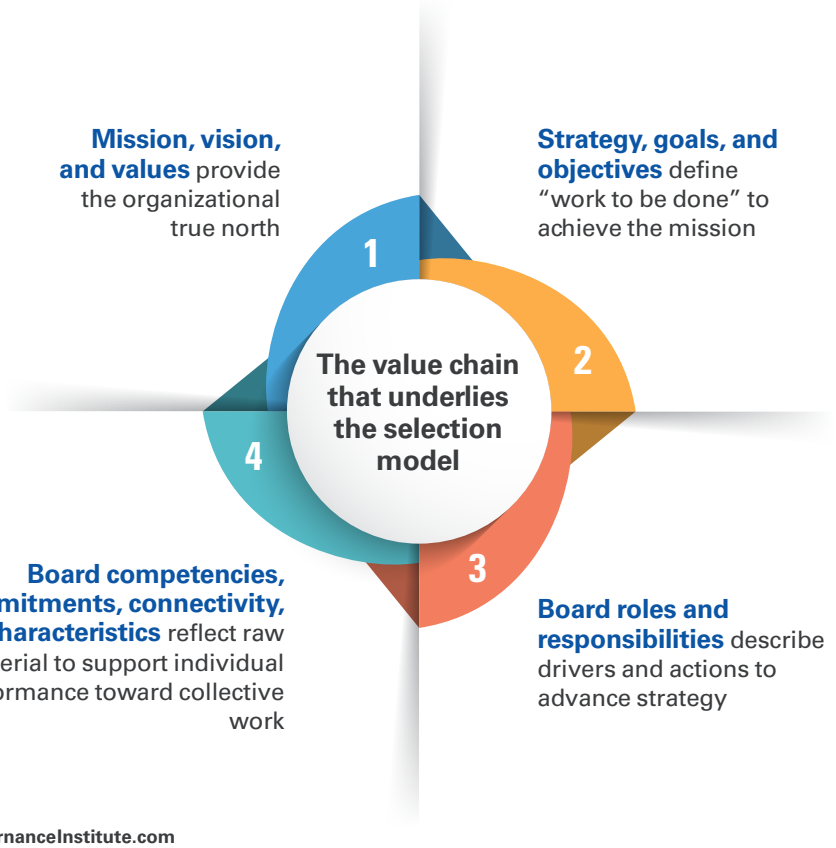
Key Board Takeaways

- Today's complex and fluid healthcare environment demands a more expansive and holistic set of board member selection criteria to secure leaders who can better meet contemporary needs to govern and lead and can better respond to the dynamic opportunities, issues, and needs of the hospital or health system.
- Board members fulfill a legal fiduciary role to steward a community asset; however, they are called to govern rather than manage. So, it's more valuable for leaders to bring tacit knowledge and experience that supports wisdom, leadership capabilities, decision-making prowess, and intuition to effectively guide the organization than it is to bring specific subject matter expertise.
- Board member selection criteria cascades down from the mission and strategy to inform the work to be done to shape specific board roles and responsibilities that will drive value. Knowing those roles and responsibilities allows the organization to identify strategic board selection criteria.

Hospital and health system boards are grappling with fast-evolving issues and balancing often-untenable agendas in an increasingly fluid and complex healthcare operating environment. In this new reality, an excellent board member must be prepared with more than competencies that reflect areas of knowledge, skills, and experience to be successful. The new board member must also be able to call upon personal characteristics and commitments that support agile and purpose-driven leadership. Further, there is a newly honed sensibility around the value of crafting teams that represent a more diverse set of life experiences and perspectives. To capture the many facets that now support and enable excellence, it's time to embrace a more expansive and holistic set of board member selection criteria to secure leaders who can better respond to the dynamic opportunities, issues, and needs of the hospital or health system.

A healthcare board will be only as strong and effective as it is designed to be, and no strategy outperforms selecting the right people to lead. Yet, despite the importance of talent selection, many organizations invest too little time and discernment in identifying the criteria needed to lead, and an organization must identify *what* it needs in order to know *who* it needs. Improving board quality starts with applying deliberate thought and intention to the selection criteria for individual board members.

Identifying board selection criteria begins with a very simple value chain: board roles, responsibilities, and expectations must be rooted in the work to advance the mission and strategy. So, board member selection criteria must directly support successful fulfillment of these board roles and responsibilities. Given the elements that support vibrant leadership extend beyond competencies, this article unpacks a holistic board selection model rooted in four dimensions: commitments, competencies, connectivity, and characteristics. These dimensions go beyond competency-based knowledge, expertise, and skills to include a broader set of behaviors, beliefs, traits, and more. This flexible model also enables each organization to customize its approach based upon its strategy, community, culture, constraints, organizational life cycle stage, and more. The ultimate intention is to kickstart a thoughtful and systematic approach to elevate board selection.



Building a Board Selection Model

A healthcare organization's mission and strategy provide the basis for great talent acquisition. Board member selection criteria cascades down from the mission and strategy of the organization that, in turn, dictates the most valuable work to be done. Knowing the work to be done allows the organization to identify specific board roles and responsibilities that will drive value. Knowing those roles and responsibilities allows the organization to identify specific levers to individual and collective success. This enables board selection criteria to be strategic rather than resorting to a generic list of desirable skills and qualities.

Identifying both fundamental, non-negotiable criteria as well as desirable criteria enables identification, pressure-testing, and prioritization of potential candidates. Specific levers to enable individual or collective performance generally include hard skills, soft skills,

and characteristics. Specific competencies, experience, behaviors, circles of influence, intentions, beliefs, etc. should also be considered within the context of the hospital's opportunities, competitive pressures, challenges, culture, resources, and operating environment. While core elements will be broadly applicable to leading in most non-profit hospitals and health systems, the list of ideal criteria can be uniquely tailored to each organization to account for an organization's dynamic strategy, situation, and environment. Criteria are organized across four dimensions:

1. **Commitments**: values, beliefs, and intentions that shape a potential board member's passion and purpose for advancing the mission
2. **Competencies**: knowledge, expertise, experience, acumen, skills, and abilities correlated with capability to fulfill the role
3. **Connectivity**: civic, social, and business relationships and networks and ability for a leader to utilize influence, gravitas, or credibility to advocate for or to connect others to the organization
4. **Characteristics**: personal traits, perspectives, life experiences, and attributes that support diversity of perspective

Evaluation of potential members is intended to occur sequentially in the order listed. For example, it does not matter if someone has the right competencies to serve if fundamental commitments are not in place. Additionally, within each of these four dimensions, specific criteria are further prioritized to reflect what is:

- **Critical**: table stakes for all members
- **Core**: expected for all members with few compromises
- **Strategic**: select and evolving elements tied to organizational strategy or needs that must exist within the board but do not need to be held by all members

Ultimately, the selection criteria framework is intended to guide consistent and objective decision making to identify and to prioritize potential members who are best positioned to help the organization thrive. Now, let's unpack each of the dimensions further.

Translate Needs into Clear, Concrete Roles and Responsibilities

Once you know the work to be done, consider what each board member would *do, say, or commit to* in order to successfully move the dial. For example, here are sample behaviors and actions that would be valuable for board members to individually undertake:

- Articulate organizational mission, vision, and values.
- Advocate to secure community interest, understanding, ownership, and engagement.
- Steward financial, human, and reputation assets of the hospital.
- Connect those in their civic, professional, and personal networks to the mission.
- Ensure that an effective organizational planning process occurs.
- Review, serve as a sounding board, provide input on, and affirm strategic plans.
- Endorse, monitor, and evaluate goals and objectives articulated in plans.
- Monitor and evaluate organizational financial/programmatic performance.
- Support sound and successful leadership by the hospital president/CEO.
- Promote collaboration and cooperation within the board.
- Ask questions to understand or to get to the root of an issue.
- Ensure compliance with legal, regulatory, and ethical standards.
- Drive innovation and new ideas, and embrace appropriate risk to pursue them.
- Ensure financial stability and sustainability of the organization.
- Help shape the hospital's vision and future strategic direction.
- Foster philanthropic support from individuals, corporations, and foundations.
- Identify prospective community partners with similar values, interests, and goals.
- Shape policies to guide decision making, provide controls, and create an effective operating environment.
- Foster a culture that reflects the organization's values.
- Advance care, maintenance, function, education, and evaluation of the board.
- Identify, select, recruit, appoint, and orient excellent hospital board leaders.
- Make a meaningful, personal, financial, charitable commitment at least annually.
- Participate actively and constructively in meetings.
- Demonstrate being an informed, engaged, and independent thinker.
- Place the organization's interests ahead of personal interests.

Commitments

Commitments illuminate an individual's embrace of and value alignment with the hospital's mission. Boards can't compromise here. If a prospective member does not have passion for the mission and believe the hospital's work is valuable, the leader can be immediately withdrawn from further consideration. Healthcare organizations deserve leaders who are personally moved and motivated by their deeply human work and the critical role they fulfill in the social fabric of their communities. Further, because of the considerable demands made upon each board member, a personal motivation to serve is an essential element of fit; simply, a board member who joins at the behest of their employer, to pad their resume, to seek business leads, or to pursue any other form of self-interest is unlikely to make the requisite level of commitment needed or to bring their entire selves to the role. Therefore, it is incumbent to identify board leaders whose willingness to serve represents an extension of their own personal values, passion, and purpose. Further, commitments also consider the essential fiber of a person's character, identity, and values to include issues such as integrity, loyalty, respect, fairness, and similar. Commitments are a non-negotiable prerequisite to board service and provide

Commitments: Criteria to Consider

Critical	Core
Integrity: Demonstrates principled leadership that earns credibility, confidence, respect, and trust of others.	**Health experience:** Has a patient or family healthcare experience with the organization and/or its clinicians that drives understanding or ownership.
Purpose: Passion, value alignment with, and emotional investment in the healthcare organization's mission.	**Respect for religious tradition:** Upholds or respects the values, beliefs, and legacy of the founding religious organization. *(When applicable.)*

the first filter when considering potential candidates.

Critical elements of commitment include:

- **Integrity:** Demonstrates principled leadership that earns credibility, confidence, respect, and trust of others.
- **Purpose:** Passion, value alignment with, and emotional investment in the organization's mission.

Uncovering opportunities:

- Who has a deep and abiding interest in the work of our organization?
- Who has had a personal or family health experience that deepens their ownership or understanding of our work?
- Whose values and beliefs align with those of the organization?
- Who has demonstrated a willingness and ability to advocate for the organization?
- Who has made a charitable gift in support of the organization's work?
- Who has already served as a volunteer or organizational ally?

Assessing potential members:

- What shows alignment between the hospital or health system's mission and this leader's interests, values, and purpose?
- How has this leader already been involved in the hospital or health system as a patient, donor, advocate, volunteer, clinician, or other ally?
- Does this leader's personal character inspire trust, respect, and confidence?
- What similar causes has this leader demonstrated interest in and support of that indicate fitness and motivation to serve this cause?

Competencies: Criteria to Consider	
Critical	**Core**
Agility: Gathers and processes information quickly within continuously changing circumstances in order to respond, reposition, or reinvent.	**Financial literacy:** Understands financial information/reports and utilizes that information to guide sound decisions and to serve as an effective steward to safeguard, grow, and deploy organizational funds.
Confidentiality: Demonstrates discretion; respects and maintains privacy and security of sensitive information at all times.	**Emotional/cultural intelligence:** Demonstrates self-awareness, empathy, and cultural understanding and considers the feelings, needs, and perspectives of others in making decisions.
Engagement: Demonstrates willingness, ability, and intention to fully participate in board roles and responsibilities as a motivated self-starter.	**Collaboration:** Works well with others and values being part of a team; connects and empowers others toward a common goal.
Objectivity: Brings an open mind and independent thinking to discussions and decisions. Seeks to understand various perspectives to inform debate.	

- Would this leader likely be self-motivated to be actively involved in the work of the board?
- Does the leader demonstrate respect for the values, beliefs, and legacy of the hospital or health system?

Competencies

Competencies include relevant and substantive knowledge, expertise, experience, acumen, skills, and abilities correlated with a board leader's capability to successfully fulfill the role. Competencies involve both hard skills (i.e., learned capabilities such as financial acumen) and soft skills (i.e., inherent or developed traits such as collaboration).

Critical competencies include:

- **Agility:** Gathers and processes information quickly within continuously changing circumstances in order to respond, reposition, or reinvent.
- **Engagement:** Demonstrates willingness, ability, and intention to fully participate in board roles and responsibilities as a motivated self-starter.
- **Confidentiality:** Demonstrates discretion and respect for and maintains the privacy and security of sensitive information.
- **Objectivity:** Brings an open mind and independent thinking to discussions and decisions. Seeks to understand various perspectives to inform debate.

Uncovering opportunities:

- What expertise, knowledge, or skills are essential to organizational success now?
- What soft skills would enrich board effectiveness and/or experience?
- What unique experiences and insights would help us better navigate the current landscape, opportunities, and challenges ahead?
- What expertise, knowledge, or skills could enable meaningful innovation?

Assessing potential members:

- Will this leader bring hard and soft skills directly related to advancing the mission?
- Does this leader have the agility to learn, pivot, and respond amidst change?
- Will this potential member add real value in advancing key issues and priorities?
- Does this leader have the vision and focus to provide strategic leadership?
- Will this leader willingly share their professional expertise on a volunteer basis?
- Is this leader an effective storyteller and advocate who can engage others?

The competency dimension of the selection framework is most sensitive to local strategy and requires the most input and discernment of the hospital or health system governance committee. Required board competencies should reflect the strategy, environment, opportunities, and challenges of the organization—and what is valued generally evolves over time. When you consider strategic competencies, the board only needs a handful of strong leaders with the key abilities needed to enable the collective ability to adequately address these issues. Further,

as the board determines competencies required to advance its work, it must remember board work is about high-level, conceptual, strategic issues rather than daily operational issues; so, competencies should reflect that level of work rather than the ability to drive day-to-day operations or to fulfill roles that are appropriately the purview of hospital management.

There has often been debate in the competency arena about the specific subject matter expertise that should be held by hospital and health system board members. For example, how important is it for a board member to have a strong, working knowledge of the healthcare delivery system? Or, how important is it to have leaders that represent specialty expertise in areas like risk management, clinical quality, or data security? With this in mind, it is helpful to harken back to the legal role and obligation of the board: to fulfill a fiduciary role to steward a community asset. Board members are called to *govern* rather than to *manage;* hospitals hire highly qualified executive leaders who bring the explicit knowledge and experience to fulfill the management function. Therefore, avoid the temptation to over-index on subject matter expertise or to fall into the trap of building a shadow management team with experience in, for example, legal, accounting, IT, HR, and other management functions that then invites role and decision right confusion. Instead, it's more valuable for board members to bring tacit knowledge gained from personal and professional life experience that provides them with the wisdom, leadership capabilities, decision-making prowess, and intuition to effectively guide the organization forward. The organization is much better served by a board member with leadership capabilities to agilely address a broad range of issues and with the willingness and ability to continually seek to learn and understand key issues than it is to have someone with niche or duplicative expertise.

Connectivity

Connectivity illuminates existing relationships and civic, social, and business networks where a board member is positioned to utilize influence, gravitas, or credibility on behalf of the organization. The board can be transformative in opening up an organic and growing network of contacts to

A Competency Pick List

An organization's unique circumstances and opportunities will likely demand the addition of other select, strategic competencies and characteristics. These will be dictated by the work to be done to advance the organization's mission and strategy. While this list is far from exhaustive, below are additional competencies and characteristics frequently considered as board selection criteria. Generally, only select members hold these criteria rather than everyone. The hospital or health system governance committee can review this list to identify additional competencies for recruitment or can add other competencies based upon specific strategic needs, opportunities, and aspirations.

- **Accountable**: Accepts responsibility for follow-through and outcomes.
- **Active listening**: Makes a conscientious effort to hear what another person is saying to understand, process, and thoughtfully respond.
- **Change leadership**: Thoughtfully communicates, structures, and drives change to advance new or refined objectives.
- **Communication**: Advocates and shares stories to effectively illuminate and build support for the organization's mission, vision, and strategic plans.
- **Consensus building**: Builds shared understanding and ownership.
- **Courage**: Ask questions, challenges status quo, and positively utilizes productive dissent to drive better decisions and outcomes.
- **Creativity**: Sees new, unique, and valuable connections and insights.
- **Critical thinking**: Uses analysis and insights to understand and learn from quantitative and qualitative information in order to make decisions.
- **Curiosity**: Constantly seeks information to learn and to understand.
- **Decisiveness**: Demonstrates ability to make sound and timely decisions utilizing good judgment and available information.
- **Diplomacy**: Interacts with others in a thoughtful and effective manner to foster relationships, shared understanding, or similar.
- **Financial/business acumen**: Utilizes an understanding of business/finance to shape decisions, guide strategy, and evaluate performance.
- **Innovation**: Brings a spirit of discovery to identify new approaches and new opportunities as well as pathways to improve current work.
- **Insight**: Ability to use information and intuition to gain a deeper understanding or to see how things move together.
- **Long-term perspective**: Able to perceive the future state of issues and opportunities to bring a longer-term view to guide current work and decisions.
- **Negotiation**: Capacity to bring multiple parties to mutual agreement in a way that ideally fulfills the needs and wishes of each party.
- **Opinion maker**: Has the insights, influence, and gravitas to shape the perceptions or embrace of others around an issue or opportunity.
- **Partnership building**: Connects individuals, institutions, and community through forging meaningful partnerships.
- **Political astuteness**: Sees and navigates changing dynamics, perceptions, and priorities.
- **Problem solving**: Ability to identify and advance solutions to problems.
- **Risk tolerance**: Promotes smart risk-taking, understands and accepts the ramifications of risk, embraces interim failures, and supports disruptive initiatives to pursue transformational opportunities.
- **Team leadership**: Builds a culture of "we"—unifies the group around common goals.
- **Vision**: Harnesses intuition and insights about future opportunities, innovation, and growth to envision and guide the organization toward optimal strategy.

Connectivity: Criteria to Consider

Critical	Core
Influence: Leverages personal social capital, stature, clout, and connections to advocate for and to foster philanthropy in support of the organization.	**Community champion:** Serves as an active leader within community social, civic, and/or business networks; seeks, understands, and shares community and stakeholder perspectives, priorities, and needs.

secure advocates, partners, donors, and more.

A critical element of connectivity is:
- **Influence:** Leverages personal social capital, stature, clout, and connections to expand the circle of partners and advocates as well as securing the support of those of influence, affluence, and opinion-making.

Uncovering opportunities:
- Are there gaps in existing networks or circles of influence that must be filled?
- Whose influence, endorsement, or access will be essential to achieve our goals?
- Are there specific opportunities that require establishing new relationships?
- Who can provide or secure participation or endorsement that will be essential?
- Who can add needed credibility or gravitas to our work?
- Who has access and ability to secure essential meetings and commitments?
- Who can foster community partnerships to elevate the hospital's ability to serve?

Assessing potential members:
- Is this leader connected to individuals/organizations whose support is desired/required?
- Could this leader initiate relationships with or influence those we must engage?
- Would this leader utilize their social capital on behalf of the organization?
- Would this leader add credibility to our work?

If each board member has a role in creating and growing relationships, it can be helpful to consider the following:
- **Vocation**: A board member's professional role can indicate likely spheres of community influence. Here, you aren't considering their professional role because you need those skills and expertise to fill an operational function. Instead, you are looking for access to discrete and often well-defined niches.
- **Geography**: While most board members likely reside in the hospital's primary or secondary service area, there's value to "heat-mapping" home addresses of board members to ensure true community representation. The reality is that people who live in one neighborhood often attend different schools, churches, clubs, and events than those who live in an adjacent neighborhood or zip code, so there is merit to looking at the geographic distribution of leaders both to ensure community interests and needs are represented and to facilitate access to movers, shakers, and allies in key communities.
- **Board roles**: There is value to figuring out where else a board member serves. For example, in a time when healthcare organizations are leaning in around addressing social determinants of health and social needs, there could be value to having a connection to potential partner organizations that address issues such as food insecurity, homelessness, or similar.

Characteristics: Criteria to Consider	
Critical	**Core**
Equity: Supports the organization's commitment to ensure every person has fair and equal access to opportunities and resources to support their ability to grow and succeed.	**Diversity**: Brings perspectives and life experiences to enrich discussion, decision making, and engagement. This dimension reflects attributes such as: • Race/culture/ethnicity • Gender/gender identification • Age • Religion/faith tradition • Sexual preference • Physical ability • Geographic location
Inclusion: Committed to respecting values and calls upon each person's unique ideas and experiences.	
Belonging: Creates an environment of acceptance, psychological safety, and respect where leaders feel welcome, connected, and embraced.	

The value of board member connectivity will continue to rise for several reasons, including the healthcare's evolving role, the rise of systemization, and the need for charitable giving. First, hospitals and health systems increasingly reach beyond their own four walls and into the greater community, because the next curve of healthcare prioritizes going upstream to proactively build and safeguard community health and well-being rather than solely responding to illness and injury in an acute care environment. This means there is value in looking at the larger continuum of care and identifying community partners who can provide services, access points, or information to address social determinants of health and social needs. Second, as hospitals continue to come together as larger systems, the need for local community boards to represent the specific interests and needs of the local community and to build relationships within each community will become increasingly important. Third, as healthcare organizations increasingly rely upon the value of voluntary, charitable giving from individuals, corporations, and foundations to fund their progress and plans, it will be essential for board members to help create a growing network of donor support to fund strategic initiatives including capital and programmatic investment. In each of these areas, the ability for board members to build local relationships and to utilize influence will be a valuable source of competitive advantage for the organization to harness.

As the board strategizes around connectivity needs for board recruitment, there is value to visually mapping both existing and aspirational relationships with individuals and institutions that have the capacity to advance the nonprofit healthcare organization. The intent is to think strategically about where introductions or influence need to be secured in order to focus board selection in the connectivity dimension.

Characteristics

Characteristics are personal traits, perspectives, life experiences, and attributes. Characteristics capture elements that support a diversity of perspectives and experience around the board table. When you reach the characteristics dimension of the board selection framework, you have already identified well-qualified candidates based on each leader's individual ability both to fit and to add value. So, ensuring a broadness of perspective becomes a final filter in the consideration matrix to prioritize invitations to serve that will result in a well-balanced board.

Uncovering opportunities:
- What are the demographics of those we serve, and does our board reflect that?

- What life experiences and perspectives would promote understanding, community connection, or enhanced ability to advance mission?
- Who could enable being more in touch with or reflective of those served?
- Who can enable the board to have a broad and balanced perspective?

Assessing potential members:

- Will this person offer a unique and valuable perspective to our work?
- Will this person help infuse more empathy and understanding into our mission?
- Does this person have the credibility within the discrete segment of individuals they could represent to advocate for or to share the perspectives of that group?

Since the board acts as a steward on behalf of the community, the board must reflect that community. That's why the characteristics dimension of the selection framework integrates the principles of diversity, equity, inclusion, and belonging (DEIB) at this phase of discernment and selection. Here is what each individual pillar is about:

- **Diversity** focuses largely on demographics and considers qualities like ethnicity, gender, age, sexual orientation, faith tradition, and more.
- **Equity** ensures every person has fair and equal access to opportunities and resources to support their ability to grow and to succeed.
- **Inclusion** commits to leaders having not just a seat but also a voice. Inclusion respects, values, and calls upon each person's unique ideas and experiences.
- **Belonging** creates an environment of acceptance, psychological safety, and respect where leaders feel welcome, connected, and embraced.

Now, let's be quite clear here: this is not about box-checking, tokenism, or political correctness. Further, nobody is invited to join the board simply because they represent a diverse perspective or life experience—because nobody wants to be chosen simply because of a quota system. The aim is to authentically engage those with diverse and broad perspectives *who simultaneously fulfill every other selection dimension* in order to make the organization better. There is an abundance of qualified talent out there to fulfill all of the criteria, so it's not an either-or proposition. That's why DEIB is a final set of filters for prioritizing invitations to those already identified as having the competencies to contribute value and to lead. It's about driving for excellence, and the strategic lift of achieving DEIB is supported by research. For example, a Deloitte study found organizations that commit to DEIB principles secure increased competitive advantage, better decision making, improved financial performance, and enhanced innovation.[1] Organizations that are thoughtful about DEIB also achieve a board that better reflects the composition of their community.

> The aim is to authentically engage those with diverse and broad perspectives who simultaneously fulfill every other selection dimension in order to make the organization better.

It can feel overwhelming when you begin to recalibrate the board to better reflect underrepresented perspectives. However, take it in steps rather than giving in to the frustration of what can feel like an unattainable goal—inaction is far worse than incremental action. Boards are encouraged to start small and to deliberately move toward a desired state rather than feeling the board has to be "fixed" all at once. For example, it can be daunting to make meaningful movement across a broad span of opportunities—such as race, religion, gender, and age—all at once. So, start somewhere and commit to continuing to move the dial. First, make the effort to understand your current environment, to identify the gaps between your present and ideal future state, and to have thoughtful and authentic discussions about the organization's philosophy, approach, and process to ensure a diversity of perspectives. Second, communicate your vision and intentions and secure the input and endorsement of the board as a whole. Third, create a plan for change that includes intended outcomes, timelines, and evaluation points.

It's also okay to start with a more narrow intention in order to achieve some early movement. For example, "diversity" in the past largely focused on bringing women and people of color around the table. While the concept of diversity continues to grow, this is still not a bad place to start as you begin to shift the composition of the organization. It is better to make a deeper commitment to movement in two realms than to take a scattershot approach that does not demonstrate meaningful change.

Many organizations must take a hard look at how they build a pipeline of prospective candidates and move beyond informal brainstorming to proactively sourcing the names of prospective board candidates to move the dial on DEIB. However, when making DEIB a conscious commitment moving forward, the board can create lasting and sustainable change across about three board term cycles.

Another area of reflection here: nobody wants to hold up a tent pole alone. Let's be blunt. Nobody wants to be the token "X" person in the room; you must commit to creating communities

A Characteristic Pick List

Once again, as the board tailors the model to its unique circumstances, there will likely be other characteristics—such as individual traits or qualities—the board wishes to prioritize. Below are a few common characteristics boards often include in their decision-making matrix:

- **Awareness**: Knows the organization, its priorities, and its place in the community.
- **Compassion**: Demonstrates care and concern for the condition of others.
- **Energy**: Brings enthusiasm, initiative, and positivity.
- **Financial capacity**: Has ability to make a meaningful charitable gift.
- **Future-focused:** Can envision a desired future state and work backwards from it.
- **Goal-oriented**: Committed to achieving key plans, outcomes, and milestones.
- **Inspiration**: Motivates others through their passion, purpose, and commitments.
- **Loyalty**: Demonstrates fidelity and allegiance to the mission and organization.
- **Motivation**: Has the drive to act to make things happen and to achieve goals.
- **Proximity**: Lives or works in the organization's primary or secondary service area.

1 Paul Wellener, Victor Reyes, and Chad Moutray, "Beyond Reskilling: Manufacturing's Future Depends on Diversity, Equity, and Inclusion," Deloitte, 2021.

Board Discussion Guide:

- Does our board have a shared understanding of the essential and strategic criteria required for successful board leadership?
- Do we have clear, documented, and consistently utilized criteria for identifying, vetting, selecting, and inviting future board members?
- How can we strengthen our resolve and our process to exclusively invite future board members who are optimally suited to serve?
- What demands different qualities, expertise, capability, or readiness now?
- What board activities, behaviors, and commitments would really move the dial?
- What other needs and opportunities affect the criteria for future board members?
- What's required to navigate today's complex environment or overcome obstacles?
- What are we committed to do in the next 100 days to enhance board selection criteria and our processes for identifying, vetting, and inviting new board members?

within the board. So, if you want to make a move on any indicator, work to ensure there are multiple people to represent a perspective. Board size is a supreme limiting factor here: most organizations only have about 20 leaders on their entire board. However, everyone needs an ally to provide the strength and support to use one's voice—and ensuring that occurs is a fundamental aspect of true inclusion.

Characteristics also envelops other concepts beyond DEIB. For example, what other individual traits will be valuable to have around the board table? These qualities can enrich board performance, cohesion, experience, or more. For example, the organization may wish to proactively seek those who excel at being future-focused or those who are an inspirational force for good. As the board talks about what is needed to further hone the organization, additional personal traits and qualities can be nestled under this dimension.

Integrating Criteria into the Prospective Board Member Interview

Once the board has identified its selection criteria and used that framework to identify prospective candidates, the framework can also be used for the next layer of candidate vetting and engaging. For example, a diligent selection process generally includes a face-to-face, personal interview with each candidate to ensure perceived fit with selection criteria. This interview is generally conducted by a member of the board governance committee—sometimes with the participation of the board chair or hospital president/CEO. The interview first seeks to uncover commitments such as passion for the mission and motivation to help the organization. Then, the interview shifts to considering characteristics, competencies, and

connectivity that position a board member to add value to the work. Questions to explore each dimension can include:

Commitments:

- What personal experience have you had with the healthcare organization?
- Why is the hospital's work personally meaningful to you?
- How does the mission inspire, motivate, and speak to you?
- Are there specific areas of the hospital's work you particularly care about?
- How does advancing health align with your values, beliefs, and interests?
- Are you willing to commit time to work inside and outside the boardroom?

Competencies:

- What knowledge, experience, or skills would you bring to this effort?
- How could you leverage your experience to add value to the board?
- How do the roles and responsibilities align with your expertise and interests?
- Are you comfortable sharing the hospital's vision and story with others?
- Would you be willing to use your professional expertise on a volunteer basis?

Connectivity:

- Would you be willing to connect the hospital with those in your network?
- Are there areas where you feel your influence could be particularly helpful?
- Are you willing to take an active role advancing advocacy and philanthropy?
- What training, tools, or support would position you to be successful?

Characteristics:

- What unique perspectives and life experiences would you bring to the board?
- What segments within our community would you hope to offer a voice?

Through the individual interview, the board has an opportunity to, once again, affirm the rightness of fit against selection criteria and to also have a meaningful pre-commitment conversation with prospective future members, so they are positioned to make an active and informed choice to serve and to bring their full selves to the board role.

Bringing It All Together

The hospital or health system board can be a powerful force for good. The board can be a unique and valuable source of competitive advantage when there is tight alignment between mission, strategy, roles, and selection criteria to serve. In today's turbulent healthcare operating environment, it is also more important than ever to secure board leadership who bring a well-rounded set of attributes to their board service. By embracing an expanded and holistic set of criteria that embraces commitments, competencies, connections, and characteristics, the organization is positioned to identify and engage a cadre of committed board members that can deliver exceptional value and drive impact to advance the current and future needs of the hospital or health system.

Download a comprehensive board recruitment matrix for evaluating possible candidates based on this framework at www.governanceinstitute.com/board-recruitment.

The Governance Institute thanks Betsy Chapin Taylor, FAHP, CEO, Accordant, for contributing this article. She can be reached at betsy@accordanthealth.com.

From Value to Cost Effectiveness of Health

By Joseph J. Fifer, FHFMA, CPA, Healthcare Financial Management Association

Many hospitals and health systems have a mission of improving health, and in some cases, improving lives. But, in reality, they typically focus on improving health*care*. What are the implications of that distinction and why does it matter?

Key Board Takeaways

- Board members should reframe healthcare as one factor—not the largest one—that contributes to health.
- Hospitals and health systems can draw on six organizational capabilities to expand the healthcare organization's role in improving health for their patients and communities.
- By asking targeted questions, board members can engage in productive conversations about options for expanding their organization's reach and ability to fulfill its mission.

Healthcare Is Just One Element of Achieving a Mission of Improving Health

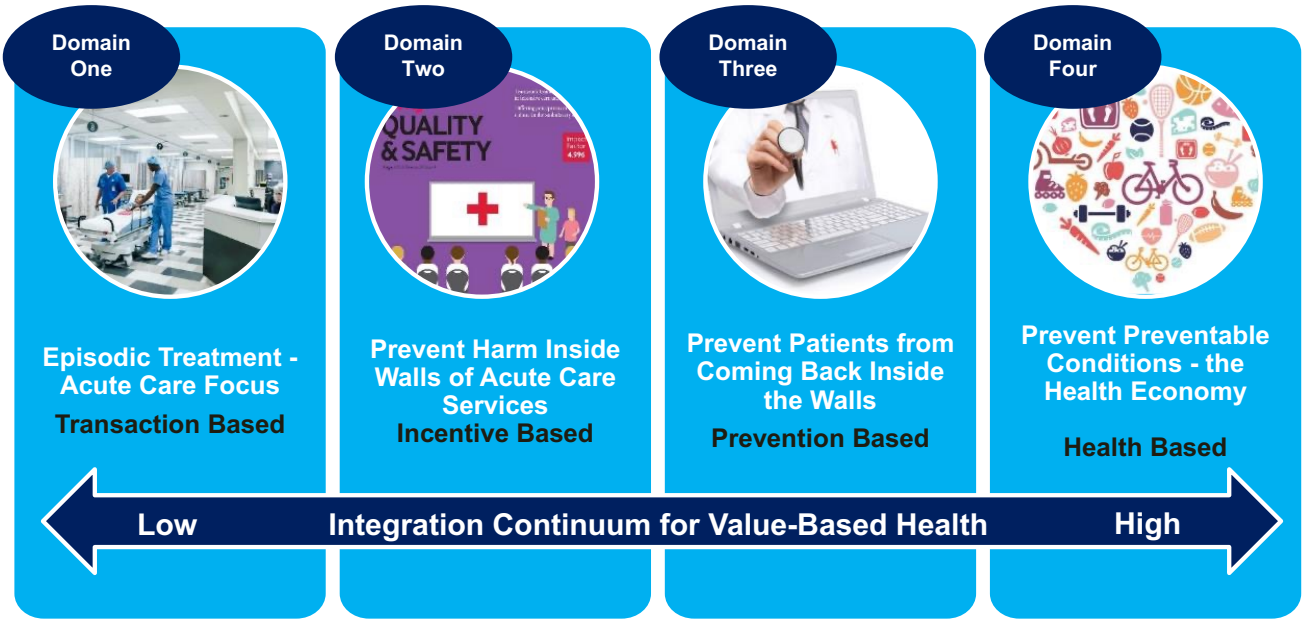
Among the many definitions of health, the World Health Organization's definition stands out for its clarity: "Health is a state of complete physical, mental, and social well-being, and not merely the absence of disease or infirmity." The single biggest contributor to health, at 60 percent, are social determinants of health (SDOH), which encompass all conditions in the environments where people are born, live, learn, work, play, worship, and age. The other two contributors to health, genetics and healthcare, each account for 20 percent.

As a society, we are spending most of our health-related dollars on health*care,* not on SDOH and behavioral factors, despite their larger impact on health. Most healthcare dollars are spent on treating chronic conditions—even though many are linked to SDOH. Here are a few examples of the links between SDOH and expensive chronic conditions:

- **Diabetes**: Adults who experience food and nutrition insecurity are two to three times more likely to have diabetes than those who don't.[1] Diabetes is the most expensive chronic condition in America, with $1 out of every $4 in healthcare costs spent on caring for people with this condition.[2]
- **Cardiovascular disease**: Biologic pathways have been identified that link multiple SDOH associated with low socioeconomic status (i.e., unsafe housing, neighborhood violence, limited access to healthcare, and early childhood adversity) with chronic inflammation, which in turn is linked with cardiovascular disease.[3] Total spending on cardiovascular disease care in the U.S. in 2016 was $320.1 billion.[4]
- **Asthma**: Some 40 percent of asthma episodes—representing $5 billion in preventable medical costs annually—are caused by preventable triggers in the home, including hazards like mold and dust mites.[5]

From a societal perspective, it doesn't make economic sense to treat chronic conditions downstream rather than addressing SDOH upstream. Although our payment system is still designed to pay for treating downstream health conditions, not social determinants, that approach is neither cost effective nor sustainable in the long run. It won't yield

Exhibit 1: Four Domains of Integration toward Achieving Value-Based Health



1 Centers for Disease Control and Prevention, "Food and Nutrition Insecurity and Diabetes: Understanding the Connection."
2 Centers for Disease Control and Prevention, "The Health and Economic Benefits of Diabetes Interventions."
3 Tiffany M. Powell-Wiley, et al., "Social Determinants of Cardiovascular Disease," *Circulation Research,* American Heart Association, March 4, 2022.
4 Maxwell Birger, et al., "Spending on Cardiovascular Disease and Cardiovascular Risk Factors in the United States: 1996 to 2016," *Circulation Research,* American Heart Association, July 27, 2021.
5 Sarah Beth Barnett and Tursynbek Nurmagambetov, "Costs of Asthma in the United States: 2002–2007," *Journal of Allergy and Clinical Immunology,* January 2011.

the improvements in patient outcomes and value that care purchasers increasingly expect and deserve.

Healthcare finance leaders recognize that cost effectiveness is a weak spot for hospitals and health systems. Nearly 80 percent of CFOs surveyed for HFMA's "Healthcare 2030" series considered cost effectiveness as an area where healthcare organizations are highly vulnerable to disruption.[6] Forward-looking hospitals and health systems that are ready, willing, and able to consider strategies other than "running out the clock" on fee-for-service payment are considering how they can expand beyond their traditional healthcare domain into the realm of SDOH.

A Roadmap for Navigating New Domains in Service of Mission

Where do hospitals and health systems begin, when it comes to expanding from healthcare into SDOH in service of their mission of improving health? Hospitals have traditionally focused on care provided within hospital walls, as depicted by domains one and two in **Exhibit 1**, episodic care and preventing harm within the acute care facility. More recently, spurred by financial penalties associated with hospital readmissions, hospitals have engaged in limited efforts to prevent readmissions, represented by domain three. Addressing SDOH, represented by domain four, necessitates adopting a mindset that may be summarized by the catchphrase, "preventing preventable conditions," i.e., reducing the disease burden of chronic conditions by addressing the underlying SDOH that contribute to them.

HFMA has identified six organizational capabilities that are necessary for moving down the continuum of value-based health toward domain four, the health-based domain. As shown in **Exhibit 2**, these capabilities include people and culture, community and care integration, data analytics and actionable insights, financial sustainability and affordability, health measurement and performance, and frontline clinicians. These capabilities build on the capabilities for value that we developed in our research on improving healthcare value in 2012.[7] Hospitals and health systems can draw on these capabilities to serve individual patients, who are already in a hospital or health system's patient population, and to take actions that address SDOH at the broader community level.

At the individual patient level, hospitals and health systems typically start by screening patients for unmet SDOH needs and then make appropriate referrals, either to programs or interventions within the system, when available, or to community-based programs. Ideally, patients are followed to determine and document referral outcomes.

At the community level, a typology has been proposed that establishes three categories of hospital and health system actions to address SDOH: 1) leveraging business operations for community economic development, through hiring from or investing in local historically marginalized communities; 2) improving availability of local social services by providing support to external agencies or providing services directly to the community; and 3) advancing systems and policy change by supporting and engaging in multi-sector coalitions and advocacy.[8]

Assessing Options for Addressing SDOH

Using this typology in conjunction with HFMA's six organizational capabilities for achieving value-based health, **Exhibit 3** on page 14 offers suggested discussion questions for board members to engage in productive conversations about the organization's potential roles in addressing SDOH. Such discussions may uncover opportunities for extending the health system's reach and leveraging or building organizational capabilities.

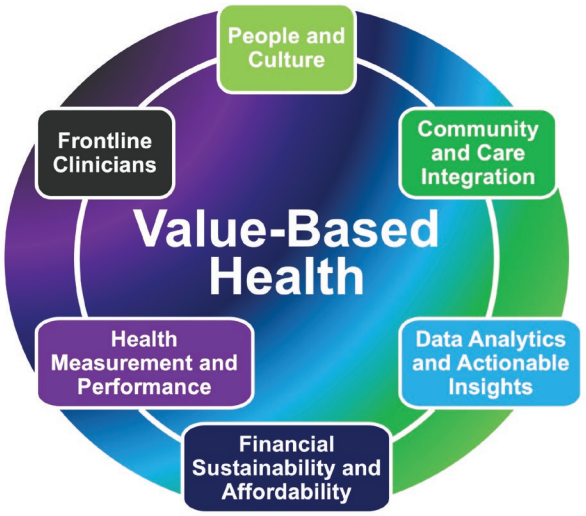
Closing Thoughts

In the short term, addressing SDOH can be a heavy lift. Rural hospitals, critical access hospitals, and safety-net hospitals, in particular, are screening patients for unmet SDOH needs but have fewer programs in place than other types of health systems do, even though SDOH needs for their patient populations are often higher. Limited financial resources, workforce constraints, limited community resources and institutional partnerships, and lack of incentives are among the obstacles they face.[9]

It may be helpful to take the long view when it comes to SDOH initiatives. Improving lives and achieving cost-effective health is a just cause, a goal that people who work in all areas of health and healthcare can believe in and rally around. Finding the fortitude for a long-term endeavor like this may require redefining both success and return on investment. The organizational capabilities for achieving value-based health provide a road map for getting from healthcare to health. It's up to each of us to summon the courage to follow it.

The Governance Institute thanks Joseph J. Fifer, FHFMA, CPA, President and CEO, Healthcare Financial Management Association, for contributing this article. He can be reached at jfifer@hfma.org.

Exhibit 2: Organizational Capabilities for Moving down the Continuum of Value-Based Health



6 Paul Barr, "CFOs Concerned About Hospital Service Lines, but Some Embrace the Coming Disruption," Healthcare Financial Management Association, October 1, 2021.
7 Healthcare Financial Management Association, *The Healthcare Value Sourcebook*, 2015.
8 Matilda Allen, et al., "Community-Level Actions on the Social Determinants of Health: A Typology for Hospitals," *Health Affairs Forefront,* October 11, 2022.
9 Jose Figueroa, et al., "Assessment of Strategies Used in U.S. Hospitals to Address Social Needs During the COVID-19 Pandemic," *JAMA Health Forum,* October 21, 2022.

From Value to Cost Effectiveness of Health

continued from page 13

Exhibit 3: Discussion Questions for Assessing SDOH Options

Action	Organizational capabilities	Discussion questions
Individual patient level		
Screening for unmet SDOH needs	Data analytics and actionable insights People and culture Frontline clinicians	• Are we screening patients for SDOH? • Which SDOH are included? • How was the SDOH list generated? To what extent are community members/groups involved in this process? • Are SDOH screening results charted and communicated to the primary care provider? • How can we support primary care providers in recognizing and addressing SDOH needs? • How can/should we factor SDOH needs into our financial assistance policy?
Internal referrals for SDOH	Data analytics and actionable insights Community and care integration Frontline clinicians Health measurement and performance	• To what extent are social service referrals being made internally when unmet SDOH needs are identified? • How is information about internal SDOH resources/services developed and disseminated to front-line clinicians? • What action (if any) is taken when we don't have the internal resources to address a patient's SDOH needs? • How are we closing the loop with regard to referral outcomes?
External referrals for SDOH	Data analytics and actionable insights Community and care integration Frontline clinicians Health measurement and performance	• To what extent are social service referrals being made externally when unmet SDOH needs are identified and cannot be met internally? • How is information about community SDOH resources developed and disseminated to front-line clinicians? • What action (if any) is taken when there are no known resources to address a patient's SDOH needs? • How are we closing the loop with regard to referral outcomes, internally and externally?
All actions in support of meeting SDOH needs for individual patients	Financial sustainability and affordability	• What opportunities do we have for engaging in risk sharing at a higher level (e.g., through participation in value-based payment models or launching/ramping up a provider-sponsored health plan)? • How can we develop or expand partnerships with payers that would include payment for SDOH?
Community level		
Leveraging business operations for community economic development	People and culture Financial sustainability and affordability	• What opportunities exist in our community for place-based impact investing (e.g., renovating and housing support functions in underutilized buildings in the community)? • What opportunities exist for developing or partnering with others to develop training programs for health careers? (Consider projected areas of staffing shortages in your organization.)
Improving availability of local social services	Community and care integration Data analytics and actionable insights Financial sustainability and affordability	• Considering both internal and external sources, and applying information from our community needs assessment, what gaps do we know about in local social services that are important in our community? • What opportunities exist for strengthening formal or informal collaborations with external groups or agencies?
Advancing systems and policy change	Financial sustainability and affordability	How can we better leverage opportunities for alignment with other groups that share our concerns regarding SDOH?

Enhancing Community Connections…

continued from page 3

opportunity to work with the Chamber of Commerce to bring in the bee habitat and pollinator garden.

Hospitals and health systems cannot achieve the Triple Aim on their own; it takes an entire team and community to do so. We serve diverse communities with diverse needs. It requires being in the community, expanding the opportunities for connection, and forging partnerships to make a meaningful impact.

The Governance Institute thanks Michelle Joy, FACHE, President and CEO, Carson Tahoe Health, for contributing this article. *She can be reached at michelle.joy@carsontahoe.org.*

Building the Leadership Triad…

continued from page 4

collaborative work of the retreats, the board's role is to set mission, vision, values, and strategy as well as sponsor and require, but not execute, the key actions required to move toward the vision. In addition, directors often need reminders about their legal fiduciary duties and core responsibilities, as well as the distinction between governance/oversight and management/operations. Within systems, board and committee members value a governance authority matrix that outlines which entity has final authority for each governance responsibility such as budget approval.

During this critical time for the industry, the new role of executive work supersedes the historical implementation of the executive function. No one has more opportunity than the executive team to mobilize the triad of clinical leadership, board governorship, and executive work; similarly, no one has more power to divide that triad. The successful executive team creates numerous bridges of collaboration to compel alignment and participation across the triad to ensure the viability of the organization's present and future.

Clinician leadership's role must evolve similarly. Beyond ensuring the quality and operation of care flow and design, clinical leadership becomes an essential dyad partnership with the executive team in creating the operating and clinical synergy essential to collaborative success. Gone are the days when silos and tribes were tolerable disadvantages. The new clinical leadership must bring clinician perspective and understanding to the strategic and operating side of healthcare. And they must work collaboratively with the other two legs of the triad.

Initial Conclusions

More than ever before, boards, executives, and clinical leaders must create the space and dialogue to agree and understand the strategy, structure, and role complementarity necessary to mobilize the processes and people of the organization. Without that agreement, the organization is at clear and present risk. In a future article, we will discuss the next steps necessary to move from that essential agreement to vital action through building leadership capability, a healthy culture, and continuous education and communication.

The Governance Institute thanks Pamela R. Knecht, President and CEO, **ACCORD** *LIMITED, and Larry McEvoy, M.D., President and CEO, Epidemic Leadership, for contributing this article. They can be reached at pknecht@accordlimited.com and larry@epidemicleadership.com.*

Balancing Long-Term Strategy…

continued from page 16

those related to deferring implementation due to the current market or financial challenges. Also use annual committee work plans to ensure that each committee fulfills both its oversight and future-oriented, policy-setting roles. Additionally, incorporate into board and committee meeting materials relevant articles on current trends that may affect the health system or hospital and highlight the key implications at the meeting. Ensure that the board portal allows directors to easily identify articles and background information on emerging healthcare trends.

- **Intentionally link board meeting content to the strategic plan**. Tee up the review and discussion of each agenda topic by how it relates to the strategic plan and your five-year objectives. For example, when reviewing quality performance, remind the board of your long-term strategic quality metrics and how you want to be positioned in five years. Or when proposing a new initiative or project, directly tie it to the relevant plan goal or strategy.
- **Use a process check at the end of each board meeting** to solicit input on how the work of the board at that meeting has helped the organization achieve its long-range plan.

While the challenges of recent years have been unrivaled in most of our lifetimes, they are no excuse for strategic myopia. Myopic thinking crowds out the transformational thinking organizations sorely need to keep pace with the longer-term challenges facing our industry. Boards that can balance both today's organizational challenges and the longer-term challenges of an industry in flux will outperform and enhance the long-term viability of their mission more than will their short-sighted competitors.

The Governance Institute thanks Marian C. Jennings, M.B.A., President, M. Jennings Consulting, and Governance Institute Advisor, for contributing this article. She can be reached at mjennings@mjenningsconsulting.com.

Balancing Long-Term Strategy and Short-Term Challenges

By Marian C. Jennings, M.B.A., M. Jennings Consulting

Things are moving so quickly that it seems hard to plan further than six months out. We all are fatigued after three years of pandemic turmoil and financial struggles, compounded in 2022 by market-driven investment losses. It is certainly easy to fill up board and committee agendas scrambling to address today's challenges. But trying to achieve your long-term vision and goals only in six-month increments is unlikely to succeed. Instead, ask yourself two different questions:

- Why didn't we anticipate some of these challenges and incorporate contingency planning into our strategic planning process?
- How do we keep a long-term plan but make this into a living document?

Prepare for an Uncertain Future: Scenario Planning and Wild Cards

While virtually no one anticipated a pandemic of the scale or duration of COVID-19, many of today's other challenges—from nursing, physician, and other staff shortages; declining demand for hospital services; aggressive for-profit (often venture capital-funded) competitors/disruptors; growth of Medicare Advantage plans; and unrelenting payment pressures—have been long-anticipated, knowable trends. These pressures were accelerated or exacerbated by the pandemic, but not caused by it.

Because assumptions about the future are the foundation for all solid strategic planning, the assumptions underlying a five-year plan should be delineated at the outset of the planning process. "Clear trends" are market forces such as those outlined above that are already visible and likely to continue, accelerate, or change predictably. Board and executive leaders should articulate these trends and identify the implications of each for your organization and ensure that your strategic plan includes strategies to address or capitalize on these trends.

For example, today's struggles filling nursing vacancies might have been mitigated if organizations had acted much earlier on the decades-anticipated nursing crisis. One organization that saw the handwriting on the wall in 2010 focused intensely on and invested heavily in staff engagement. During the acute phase of the pandemic, it was the only hospital in its metropolitan area that had a "no layoff" policy, used no travel nurses, and kept all its beds and operating rooms open. It recovered quickly post-shutdown, and its market share in specialty services is greater today than it was pre-COVID. Its deliberate, long-term focus positioned this organization for success today. Certainly, this organization also has met with recent challenges, but it has remained in step with its long-term objectives.

"Wild cards," on the other hand, are unpredictable market conditions that could dramatically impact your organization and its long-term success (e.g., Amazon acquires the last major private multispecialty group that primarily uses your hospitals). A helpful approach to identifying wild cards is to ask, "If you could ask a clairvoyant to tell you about one aspect of healthcare five years from now, what would that one thing be?" Courageously identify scenarios that might challenge your current direction; examine which of today's strategies still would be valid, and consider contingency plans for what you would need to start or stop doing, or do dramatically different.

Finally, keep your eyes on the horizon. Remember that while market changes often seem to appear suddenly, most have been foreshadowed. Identify a short list of major "trigger points," or early indicators, the board might use proactively to identify when it needs to reassess its strategic direction. These can reduce the tendency to overreact to every market event or change.

Keep Your Five-Year Horizon but Make Your Plan a Living Document

While keeping an eye on your long-term strategy and reassessing it at least annually, more fully integrate it into your regular board and committee work. To do this:

- **Incorporate meaningful and measurable strategic metrics into the strategic plan**, including both those for at least five years out (destination metrics) as well as annual strategic milestones to assess your progress to date. Developing such metrics is often the most difficult task in creating a plan, but doing so both ensures that the board and management agree on "what would constitute success" and helps the board carry out its fiduciary responsibility to ensure the long-term viability of the mission.
- **Use the strategic plan as a foundation to update committee charters**. Boards use committees to help fulfill their fiduciary responsibilities. Ensure that your committees are balancing looking forward with providing oversight ("looking in the rear-view mirror"). Especially in quality and finance committees, oversight often crowds out forward-looking discussions and policy setting. Your compliance committee needs not only to ensure adherence to compliance policies but to identify and mitigate enterprise risks, including those related to your strategic direction. Re-evaluate your charters, as needed, to ensure that each committee's work is facilitating strategic plan implementation.
- **Create annual work plans for your board and its committees, balancing your fiduciary oversight and strategy responsibilities**. Build time at the outset of each board meeting agenda to highlight and discuss one strategic goal (e.g., growth, our people, or quality). Ensure that the board understands the steps management is taking currently to fulfill the goal, its progress to date, and any current obstacles. Challenge the board to consider the risks associated with implementing the goal and strategies—as well as

continued on page 15

Key Board Takeaways

- Create a five-year strategic plan that becomes a "living document," despite market challenges and uncertainties.
- Embed strategic metrics into the plan and evaluate progress against strategic milestones.
- Clearly articulate your assumptions about the future and keep your eyes on the horizon to proactively identify market changes and implications.
- Incorporate scenario and contingency planning into your strategic plan.
- Intentionally embed strategic plan monitoring and implementation into your board and committee annual work plans, meeting agendas, and committee charters.