

The Transparency Advantage of Public Hospitals

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The post-pandemic healthcare environment has spawned an ongoing national dialogue about the need for more transparency in all corridors of the healthcare delivery system. Although there are many situations in which public hospitals are at a distinct disadvantage in comparison to private sector hospitals, transparency in operations and governance is a strength of most public hospitals. Has your public hospital considered leaning in on your culture of transparency as a competitive advantage?

A Transparent Culture Builds Trust

Maintaining and even growing the trust levels that were built between hospitals and their communities during the pandemic peak is a common conversation point in boardrooms. Trust between the healthcare system and consumers is also a frequent survey topic, academic research theme, and media talking point. Boards have seen firsthand that trust-building within a community is an essential first step toward addressing health disparities. Transparency is a key strategy in building trust. Public hospitals have an advantage in that operating and governing in a transparent manner are standard operating practices.

While private sector hospitals devote significant budgetary funds to improve consumer and brand loyalty, a well-established history of community engagement is foundational to many public hospitals. Public hospital constituents potentially have more “skin in the game” as a result of selecting directors via public vote (or electing the public officials who appoint hospital board members) and/or having a portion of their tax dollars allocated to support the public hospital. In a sense, the depth of loyalty that many public hospitals enjoy from their constituents is very difficult to duplicate in the private sector.

Public hospital boards are accustomed to operating transparently as required by their state’s open meeting laws. Some public hospital boards always have members of

the public in attendance at routine board meetings. In this situation, boards can use their open meetings to remain in closer touch with the general public. (Of course, the process for the public to address the board needs to be well-managed and communicated so that board efficiency is not compromised.) Other public hospital boards rarely encounter a member of the public in the boardroom—but knowing that meeting attendance is available to the public establishes an overall tone of openness. Further, direct public feedback to the board may inform the organization’s community health needs assessment and community health improvement plan. Directors can also use open board meetings to educate the general public on priority healthcare issues.

Public hospital financial reports are generally available to the public—and often in real time. Although the savvy consumer can track down a private hospital’s financial statements and/or audit report, these reports (such as IRS Form 990) are generally several years in arrears. The financial transparency of public hospitals contributes greatly to trust levels.

Local media often provide close coverage of public hospitals and their boards (some public hospital CEOs would understandably say “too close!”). However, tight local media connections may assist the public hospital in getting its stories and messages deployed to the general public. The communications staff at public hospitals can often build advantageous media relationships based upon open sharing of information. One public hospital board chair said, “I’m glad the local newspaper reporter attends most of our board meetings. She now has a deeper understanding of the complex issues the board is dealing with and she sees how hard we are working on behalf of our community.”

→ Key Board Takeaways

- Transparency is a core competency of many public hospitals.
- The transparent culture of public hospitals and their boards is an opportunity to deepen trust levels with the communities served.
- Transparent operations and governance differentiate public hospitals.
- Transparency can be used to strengthen local media relations.
- Public hospitals have an early advantage in addressing social determinants of health due to existing community relationships that are based on a history of transparency.

Even in a transparent environment, the board’s use of executive sessions remains extremely important for certain confidential and competitive matters. State law governs the process and proper use of executive sessions for public bodies. Public boards should use executive sessions in all circumstances allowed by state statute.

Social Determinants of Health

The pandemic illustrated to boards the importance of close ties with all constituencies in the organization’s service area. Many hospitals are experimenting with various strategies to deepen relationships and engagement with underserved populations. This is not a new concept for public hospitals; most public hospitals have finely tuned engagement strategies that are highly effective in connecting with residents at a community and neighborhood level. These community relationships and established trust levels allow public hospitals to quickly and accurately target effective interventions to improve selected social determinants of health.

Transparency as a Strategy

Transparency has been identified as an area of improvement for the nation’s healthcare system. Public hospitals have developed both a comfort level and a skill set in transparent operations and governance. Public hospitals should recognize transparency and the accompanying value of trust as a unique strategic advantage. Fostered by a transparent culture, the deep connections between public hospitals and their communities are a source of distinction—and a source of pride.

The Governance Institute thanks Kimberly A. Russel, FACHE, Chief Executive Officer of Russel Advisors and Governance Institute Advisor, for contributing this article. She can be reached at russelmha@yahoo.com.

