



A SERVICE OF
nrc
HEALTH

OCTOBER 2023

Public Focus

Intentional Governance and Progress in Public Health

By Paul Babcock, President and CEO, *Health & Hospital Corporation of Marion County*

For those of us fortunate enough to work in public health, the press of day-to-day concerns often forces strategic decision making into the background.

As the leader of the Health & Hospital Corporation of Marion County (HHC), our mission is to focus on the healthcare needs of historically underserved communities. This is more than a full-time job for our caring, talented professionals working through a Medicaid-supported network of facilities. As HHC sets out to fully meet patients' changing needs—and to end a history of social injustice—the HHC board and management are embracing an “intentional governance” model. While Adam Smith may have favored “spontaneous order,” HHC’s leadership believes in an intentional internal process that enables the organization to meet current challenges and issues just over the horizon.

One vital area where we implemented this approach is in our financial planning, especially as it applied to capital spending. For many years, HHC did not have a consistent method of financial analysis across its sprawling network of healthcare services, from the Marion County Public Health Department, to the Sidney & Lois Eskenazi Hospital in Indianapolis, to dozens of long-term care facilities around Indiana. It was a complex system and the disparate accounting practices were preventing informed planning.

Beginning in 2021, when I became CEO, the board and management determined that our top priority was financial transparency, accuracy, and consolidation, so we:

1. Began uniformly tracking quarterly and annual accounting across the entire organization.
2. Instructed each division to prepare an operating budget, improving stakeholders' understanding of HHC's funding structure.

Intentional governance: deliberate and intentional processes addressing board structure, dynamics, and culture that enable the board to realize its highest potential.¹

1 View The Governance Institute's [Intentional Governance framework](#).

Public trust is paramount to our success and our new approach to budgeting ensures financial clarity. For example:

- With the newly established routine, HHC was able to compare financials year-over-year, allowing the board to be more knowledgeable and intentional on capital spending.
- The newfound transparency and access to financial records enabled management to leverage shared network resources, reallocate funds to fill gaps, and make thoughtful recommendations to acquire, upgrade, and/or maintain assets.

Specifically, we are investing in a new Marion County Public Health Department lab project, intended to provide a modern, flexible laboratory space, meeting patients' evolving testing demands and requirements. In close consultation with HHC's audit and finance committee, as well as the board chair and the entire board, we allocated \$48 million to the project over two years. That funding will dramatically increase existing lab capabilities by adding a BSL-3 laboratory suite to track airborne infectious agents, a TB laboratory, a new STD clinic, and a loading dock with a warehouse for kit prep and surplus storage rooms. These improvements also allow our departments to expand their testing abilities and reduce the outsourcing of services.

Benefitting from the same "intentional governance" model, we are using our expanded financial knowledge to develop a strategic five-year plan for the organization. In previous years, our plans were hampered by imperfect financial information and the lack of external input. This time, we are working with an outside healthcare consulting firm that provides objectivity and vast industry knowledge. Our goals are two-fold:

1. To embark on thoughtful governance
2. To identify cost savings and trends across disparate departments

We know that long-term sustainability can only come from a knowledgeable and purposeful place. Understanding where we can invest and where we can save is fundamental to our future.

As public health leaders, we must serve the immediate needs of patients while also planning for their futures. For example, with long-term care facilities providing resources to help fund different HHC divisions, there will likely be changes in reimbursement policies. With these changes likely taking place over several years, "intentional governance" will enable HHC to secure a favorable, five-year management agreement for its nursing homes network. The new agreement increases transparency in contracting, accounting, and aligns the incentive structure with patient needs.

We can best meet today's and tomorrow's needs by incorporating governance that is informed, focused, caring, and yes, intentional.

Similarly, our board improved HHC’s long-term health by systematically enhancing the organization’s administrative functions. Advancements include raising to a living wage of \$18/hour, negotiating union contracts, and initiating the first compensation review in 20 years to promote equity.

“Intentional governance” is certainly easier to write about than it is to implement. For public health officials, so much of our energy and thinking is devoted to today’s patients and needs. Serving that community is necessary and one of the reasons so many of us entered the field. However, we can best meet today’s *and* tomorrow’s needs by incorporating governance that is informed, focused, caring, and yes, intentional.

Discussion Questions for Management and the Board

- Has each board member had the opportunity to share their experience and insights to impact the planning process?
- Did you engage in genuine scenario planning as you thought through the steps of a particular project?
- Have you communicated—really communicated—with key stakeholders along the way?

The Governance Institute thanks Paul Babcock, President and CEO, Health & Hospital Corporation of Marion County in Indianapolis, IN, for contributing this article. He can be reached at pbabcock@hhcorp.org.

