Pre-Read for Session 1: Challenges and the Discipline of Perspective
March 2024

Introduction

This background note explores a range of healthcare challenges that are at the forefront of board planning and decision making. These challenges have been sorted and grouped together based on recent interviews with board leaders and executives, as well as our broader body of research on strategic issues and trends that are addressed by healthcare organizations.

Most hospital and health system boards have a practical sense of these challenges, along with the implications for strategy direction, integration, and execution. The bigger question for board leaders and executives involves the specific options for **Driving Change at the Governance Level**, for near-term and long-term impact. In other words, what really matters the most to our hospital or health system? And from there, what is the most critical **work to be done**. This framework for discernment includes 30 general challenges or concerns, arranged in five subject areas:

1. Patient Experience, Quality, Safety, and Value-Based Care

2. Economics, Incentives/Experiments, Collaborative Impact

3. Technology, Vectors of Innovation, Digital Transformation

4. Evolving Service Delivery and Service Access Platforms

5. Regulatory, Government, and Compliance Considerations

These healthcare challenges are outlined in the following pages with enough detail to appreciate that there are many intersections that present options for change and many forces that encourage and/or constrain the work to be done.

1. Patient Experience, Quality, Safety, and Value-Based Care

- **Quality and Safety Indicators, Progress Markers**: Priorities set clearly towards improvement, goals, and measurement
- **Healthcare Access++ and Equity Considerations**: Attention to patient diversity, geography, and health equity concerns
- **Appropriate Levels/Utilization of Care and Value Measures**: Experience improvement and personal value/care considerations and outcomes
- **Mental and Behavioral Health Services, Networks**: General understanding of patient concerns and resource accessibility
- **Evidence-Based Standards of Care, Practice Norms**: Routine standards, limiting unnecessary care or excess services
- **Combined "Experience Effects" for Stakeholders**: Collective implications: patients, providers, insurance, partners

For your hospital/health system, which of these challenges represents a strategic risk?

And what are the most concerning areas for specific board-driven change and attention?

2. Economics, Incentives/Experiments, Collaborative Impact

- **Revenue Streams/Recognition, Margin Management**: Complexity of pricing and revenue capture, bottom line impact
- **Active Legislation and Regulatory Policy Challenges**: Adaptability as legislation changes; disciplines for influencing policy
- **Technology and Innovation Impact and Key Intersections**: Financial upkeep as technological innovation increases—capital?
- **Organization Structure and Layers of Collaboration**: Improved collaboration incorporating organization/work structures
- **Combined Cost-Containment and Value-Enhancement**: Value-based care, directing the right services and the right prices
- **Opportunities for: Better, Smarter, Easier, Cheaper, Faster**: Innovation outlook, future perspectives/outlook, opportunity space

For your hospital/health system, which of these challenges represents a strategic risk?

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3. Technology, Vectors of Innovation, Digital Transformation

- **Data-Driven Planning, Decision Making, Problem-Solving**: Widespread interoperative data resources and networks

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- **Risk Management, Data Security, and Risk Assessment**: Clinical, operational, information, financial risk management
- **Applications and Opportunities in AI + Machine Learning**: Automation of clinical and operational data for guidance
- **Elements of Digital Healthcare Business Transformation**: Integration and automation of processes and procedures
- **Remote Patient Monitoring and Service Coordination**: Advanced space and place of care, predictive/interactive
- **The Cost/Value/Risk Impacts of Healthcare Innovation**: Potential for cost/value increases and consolidations

For your hospital/health system, which of these challenges represents a strategic risk?

And what are the most concerning areas for specific board-driven change and attention?

4. Evolving Service Delivery and Service Access Platforms

- **Complete Service Line Management Systems++**: Clinical service lines as business categories, modular
- **Healthcare Service Channels and Access Models**: Conventional site and alternative site delivery/logistics
- **Ambulatory and Core Hospital Asset Portfolios**: Collections of delivery assets in constellations of service
- **Primary Care Excellence and Utilization Patterns**: Medical care home practice and similar configurations
- **The Automation of Healthcare Data: Accuracy?:** Potentials for data hygiene/risk and error conditions
- **The Evolution of At-Home Care, Hospital in Home**: Residential and remote access options—benefits?

For your hospital/health system, which of these challenges represents a strategic risk?

And what are the most concerning areas for specific board-driven change and attention?

5. Regulatory, Government, and Compliance Considerations

- **The Affordable Care Act—and Legacy Regulations**: Accessibility of resources, addressing issue of cost/coverage
- **Accountability for Clinical Standards of Care++**: Routine standards for improved patient experience and regulations/policy

- **Agency Oversight of Stakeholders—50 Fiefdoms and Subcultures[1]**: Stakeholders in specific functional silos of activity, external oversight
- **The Organization of Work and Organized Work, Labor**: Overall organization and planning for performance, workforce cost
- **Costs of Compliance, Investment in Compliance**: Direct and indirect costs of enterprise, clinical, operational compliance
- **Technical, Quality, and Economic Rating Agencies**: External Agency relationships, interactions, criteria, influence, impact

For your hospital/health system, which of these challenges represents a strategic risk?

And what are the most concerning areas for specific board-driven change and attention?

Considerations

This is not a subject matter test of knowledge, priorities, resource planning, risk management, or policy development. Nor is this a simple map of the current landscape of the healthcare sector. The purpose of this note is to provide some context for near-term and long-term planning and decision making, along with some perspective for **Driving Change at the Governance Level.**

This is a general prelude to conversations about the kind of change that boards influence, discern, deliberate, and address through delegated authority with healthcare executives. Different kinds of change—with different arguments for change, in different settings for change, with different talent and technical assets for what we can call the **work to be done for change**.

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[1] *50 Fiefdoms and Subcultures is a reference to the many different functions, departments, and operating groups in and across hospitals and health systems. Ancillary functions, service lines and resources, administrative systems, procedure systems, inpatient and ambulatory resources, compliance systems, healthcare information, revenue stream systems, clinical procedures, etc. Each area is part of a greater organization and culture, and each tends to have a subculture.*