

# Board Briefing

April 2024



The Governance Institute

## Highlights from the April 2024 Leadership Conference

**Have we reached a tipping point in healthcare?** Paul Keckley, the widely respected healthcare policy analyst, noted that healthcare has always been complex, fragmented, highly regulated, as well as labor and capital intensive. Keckley added that the challenges in our space are also complex and growing—from affordability, to access, to a lack of adequate capital funding, to a loss of consumer trust in the system itself. Making these challenges more acute right now are myriad policy issues, unflattering regulator and media attention, and increasing numbers of current and potential disruptors. Taken together, Keckley argued that our healthcare system is fast reaching a “tipping point”—the point at which radical change finally arrives in not-for-profit healthcare. He added that “healthcare is addicted to radical incrementalism,” but that there would be nothing incremental about a genuine tipping point of the sort he is convinced is coming soon.

The immediate implications for providers are numerous, including the need to have the “hard conversations” regarding the range of services most of us provide, be much more creative and aggressive in building potential partnerships in our markets, and be meaningfully nimbler strategically, and innovate as delivery organizations at an unprecedented pace. As we all know, our industry does not change quickly, but Keckley challenged us to imagine that our industry may be on the precipice of a genuine tipping point, and to reflect on the implications of that for our hospitals, health systems, and our communities.

### Questions to consider:

1. Do we as an organization agree with Keckley that an industry-wide “tipping point” is imminent? Why/why not?

**Our healthcare system is fast reaching a “tipping point”—the point at which radical change finally arrives in not-for-profit healthcare.**

2. What specific signs of a tipping point do we already see in the markets we serve? To date, how have these signs changed our thinking and our actions as a provider organization?
3. Have we, as an industry, already passed a tipping point in terms of our workforce? Why/why not?
4. How nimble is our hospital or health system strategically? What can we do to create more strategic agility?
5. Are there lessons that we can learn from other industries that have already undergone industry-wide tipping points?

**Divisiveness in today's healthcare requires board vigilance. Todd Sagin, M.D.,**

took us into some of the more alarming realities around delivering care in today's divisive environment. From intensely strong opinions related to reproductive healthcare (especially post-*Dobbs*), to the still-contentious remnants of vaccine mandates and masking requirements, to DE&I initiatives, to gender identity-related services, delivering care in our organizations can, more than ever, feel like walking on eggshells...and having to constantly look over your shoulder. Sagin noted that the federal government currently reports that healthcare workers are *five times more likely* to experience workplace violence than employees in *all* other industries. Of course, many factors have driven the current operating environment in healthcare beyond residual anger over the nation's COVID-19 trauma and controversial Supreme Court rulings—staff burnout and the acute and never-ending staffing shortages just to name two. All of that said, Sagin's presentation was centrally about the board-level implications of this charged practice environment. And while divisive issues can be uncomfortable for boards to confront, these are topics that cannot be avoided.

Delivering care in our organizations can, more than ever, feel like walking on eggshells.

**Questions to consider:**

1. Does your board regularly discuss the organizational implications of the healthcare policy, political, and legal climate?
2. Has your board considered how best to respond to personal attacks or harassment on public forums/social media?
3. Do staff have a clear and well-understood process to report incidents of verbal intimidation or physical violence?
4. What is your organization's approach to preventing verbal and physical violence on the hospital campus?
5. Is there formal, ongoing dialogue with your nursing and physician staff over changes in contentious legislation and regulation, and how you, as a hospital or health system, will support them?

**An AI tsunami is coming.** Laura Adams made the case that AI will ultimately become the “operating backbone” of healthcare and, as a result, no aspect of the healthcare ecosystem will be untouched. One of the biggest board-level challenges right now is having the requisite knowledge of and discernment about the relevant technologies to separate the hope from the hype around all things AI.

Adams walked through some of the “hope” of AI including reimagining patient experiences, enhancing care delivery, removing machine-like tasks from humans, better detecting cyber threats, optimizing the insurance claim process, enhancing strategic planning—the possibilities seem endless. Adams also noted that as the literal lifeblood of AI is unimaginably enormous amounts of data, hospitals and health systems are sitting on a potentially lucrative revenue source. And while this aspect of AI holds real economic potential, healthcare leaders and boards will need to be extremely careful as they proceed. Adams quoted from Michael Millenson, “If data is the new oil, then privacy and patient rights are climate change.” With AI comes risks and tough decisions, and AI is not a “set it and forget it” technology. All of that said, Adams was emphatic that *now* is the time for healthcare leaders and boards to “lean in” on AI. She also suggested that while “your organization is not behind, if your hospital or system has not begun to explore and (prudently) experiment with AI, *today* is the day to start.”

**Questions to consider:**

1. Where will we start to experiment with AI in our health system?
2. What would we need to know to develop a consistent and intelligent approach to AI in *our* healthcare organization?
3. When it comes to AI in our hospital or health system, what are our “known unknowns,” and what are our “unknown unknowns”?
4. As board members and executives, how are we preparing to lead and govern in the age of AI?
5. How are we thinking about AI governance and monitoring?

As the literal lifeblood of AI is unimaginably enormous amounts of data, hospitals and health systems are sitting on a potentially lucrative revenue source.

