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With AI's Benefits Come Risks

By Dan Yunker, M.B.A., Senior Vice President of Risk and Compliance, *Kodiak Solutions*

The benefits of artificial intelligence (AI) to the healthcare industry have been notable and will only grow as these technologies evolve, improve, and become more accepted industrywide. Healthcare providers will continue to see more opportunities to adopt these technologies to improve diagnosis and treatment, enhance patient experience, and drive automations in revenue cycle, clinical documentation, and other areas to improve process and workflow efficiencies.

Any new technology's benefits, however, come with a dose of risks to consider. Kodiak Solutions identified AI and related technologies as one of the top five management risk areas facing healthcare organizations in 2024. The risks were identified using input from executive management and board members at many of the largest U.S. health systems.[1]

Risks associated with AI are on the minds of health system board members for good reason. AI introduces providers to a set of challenges that can inhibit their ability to achieve strategic goals and business objectives related to patient care, operations, regulatory compliance, financial performance, and strategic growth, among other areas. This article looks at some of the main risks associated with AI and strategies for addressing them.

Top Risks Associated with AI

Cybersecurity and Data Privacy

Protecting sensitive information, including patient data, has long been an imperative as providers adopt new technologies. The risks of a data breach are substantial and include

1 *5 Top Management Risks for Healthcare in 2024*, Kodiak Solutions, January 2024.

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significant financial and reputational damage. In recent years, healthcare organizations have become increasingly valuable targets to cyber criminals, as evidenced by the surge in cyberattacks affecting the industry.

Today's criminals are using AI models to automate their data breaching process, essentially allowing them to rapidly create huge numbers of cyberattack attempts. When cyber criminals make manual probes of a provider's system, it might take months or years to achieve a breach. With AI, a breach potentially could take only days or weeks.

The sophistication of AI technology has also resulted in new depths to cyberattacks. For example, with "deep fake" technology, bad actors can use AI to impersonate humans via emails, text messages, phone calls, and even video calls. The imitations often feature individuals who are known to the human who is the cyberattacker's target. Cyber criminals then attempt to influence the target to do something that compromises the organization's environment and data. As another example, public AI tools are vulnerable to being tricked into revealing secrets about themselves or any of their users, opening the door to data and privacy breaches.

Poor Care Outcomes and Potential for Bias

AI and related technologies have the potential to improve patient care via enhanced diagnostic and treatment capabilities. The accuracy and quality of the results an AI tool produces is directly related to the amount and quality of the data used to train it. Insufficient data, poor quality data, or data containing hidden or even purposeful biases can yield errant results.

For example, a clinical AI model based on biased data could result in biased clinical diagnoses for certain patient populations, particularly those that are already underrepresented in healthcare. Or if the underlying data used in these tools becomes compromised, such as via bad actors corrupting the data, incorrect diagnoses and ineffective treatment protocols could result, causing patient harm.

From the implementation of AI and other technologies, providers can expect to achieve greater efficiencies and reduced staffing and operational costs.

Financial and Workforce Challenges

From the implementation of AI and other technologies, providers can expect to achieve greater efficiencies and reduced staffing and operational costs. Use of AI and other advanced technologies will greatly impact how work is conducted in health systems—and by whom. Within an industry already struggling with staffing shortages, AI that innovates financial close, compliance, and audit workflow processes has tremendous potential as a solution to staffing risks and talent gaps. Using AI to transform existing flawed workflow processes that may produce errors in compliance, financial, or other controls could scale these errors at undetected levels and in rapid fashion. As these capabilities are created

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and deployed, it is increasingly important to use partners that have the knowledge and IT expertise to evolve the AI-driven automations.

Addressing AI Risks

Health system governing boards and senior leadership clearly have a lot to consider regarding the adoption of AI and related technologies. According to 2023 research from the Center for Connected Medicine and KLAS, however, only 16 percent of U.S. health systems have a systemwide governance policy specifically addressing AI usage and data access.[2]

As boards tackle AI and emerging technologies and develop such policies, they should consider the following strategies.

> Clinicians should be encouraged to participate in discussions about implementation of AI tools and, when using such tools, should be guided to exercise their own professional judgement before blindly accepting AI's suggestions as the ultimate truth.

Take stock of AI. It sounds simple, but to understand the risks associated with AI, providers need to know all the AI systems being used within the organization. Staff should compile an inventory that is reviewed and updated as new tools are introduced within the health system.

Weigh the costs and benefits. Before adoption of AI and related technologies, understand all the implications, including how they benefit the organization, patients, and community, and their associated risks.

Prioritize data security. Keeping PHI secure is already a priority for health systems, but AI has made it even more critical. Providers should make sure existing policies for data collection, storage, and processing comply with current federal and state privacy regulations. Update all policies to include best practice guidelines around AI data security, including information about patient consent and notification regarding use of their personal information in AI tools. Review policies frequently to make sure they are keeping up with these swiftly evolving technologies.

Providers also should make sure data privacy policies cover data shared with third-party vendors, including payers. The recent cyberattack on UnitedHealth Group's Change Healthcare illustrated how cyber criminals can gain access to one IT environment as a means to attack larger or more numerous institutions. Communication with third-party vendors is critical in development and revision of all data security policies.

Adopt continuous monitoring for breaches—and of AI data. As noted previously, AI has sped up criminals' ability to stage a devastating attack on a provider's IT environment. Unfortunately, this often means bad actors using AI are outpacing cyberthreat hunters' ability to detect malevolent actions. Moving forward, constant monitoring of the IT environment for AI-related breaches and cyberattacks will be critical to heading off attacks.

2 *How Health Systems Are Navigating the Complexities of AI*, Center for Connected Medicine, 2024.

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In addition, providers should ensure policies exist to monitor how AI tools are trained, including the data used to train them. Clinicians should be encouraged to participate in discussions about implementation of AI tools and, when using such tools, should be guided to exercise their own professional judgement before blindly accepting AI's suggestions as the ultimate truth.

Focus on workforce training. Finally, an unfortunate reality is that humans—and human error—are at the center of almost all problems associated with AI. That means health systems must ensure proper training of their workforce. This includes making sure that staff are trained on AI-enhanced technology and systems and vigilant in the face of the continuously growing threat of cyberattacks. Discussions about safe data handling should feature prominently in all technology-related training.

Staying on Top of AI's Risks—and Opportunities

Transformative technologies are already here in healthcare—and many more are on the way, with all promising to be crucial to success in the coming years. As new opportunities in AI are unveiled, providers will need to be vigilant in identifying and mitigating the risks associated with these technologies. Health system boards play a key role in staying abreast—and ahead—of these risks and opportunities.

Key Board Takeaways

- Take an inventory of all AI and related technologies within the health system.
- Weigh costs and benefits when deciding on adoption of AI, including benefits or disadvantages to patients, staff, and the community.
- Prioritize data security, making sure the health system's policies for data collection, storage, and processing comply with the latest privacy regulations and cover data shared with third-party vendors, including payers.
- Make sure the health system is continuously monitoring for cyberattacks and prioritizes monitoring quality and accuracy of the data used to "train" AI tools.
- Focus on workforce training in use of AI tools, safe data handling, and how to recognize cyberthreats or attacks.

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Defining Community Benefit: A Cornerstone Healthcare Conversation

By David Jarrard, Chairman, *Jarrard Inc. Executive Committee*

Does your health system benefit the community it serves? Of course it does.

But how, exactly? How do you measure that good impact? And how does your community perceive your efforts?

Charity care counts, of course. How about your investment in the education of future physicians and nurses? Food banks? Covering Medicaid and Medicare shortfalls? The funding of local soccer fields to promote the good health of youngsters?

It's not a passing question. The correct answer has significant policy and financial consequences for healthcare providers. The definition of "community benefit" is hotly disputed territory between non-profit health systems and skeptical public officials and activists questioning whether health systems are worthy of their tax exemptions.

If the question has not yet come to your health system, it will. It's important that every system and their boards have a confident answer that they can promote and are ready to defend.

The challenge is that "community benefit" standards are loosely defined, at best, by the Internal Revenue Service (IRS). IRS Form 990, Schedule H, has many categories for health systems to report annual investments they believe improve health, reflecting an appreciation that every health system serves in ways unique to its mission and community.

But there are few universal standards set by the IRS. There is no requirement on a federal level, for example, for charity care spending. There is no consistent definition of "community benefit," the IRS allows hospitals "broad latitude" in what qualifies, and nature abhors a vacuum.[1]

The skirmishes to own this ill-defined space are becoming more frequent and louder as the cost of care rises and healthcare dollars shrink.

Here's a taste: Earlier this year, Lown Institute reported that 80 percent of the non-profit hospitals it evaluated spent less on community benefits than the value of their tax breaks.[2] The Kaiser Family Foundation says non-profit hospitals receive $28 billion dollars in tax relief but only provide $16 billion dollars in free or discounted care.[3]

1 Julia James, "Non-Profit Hospitals' Community Benefit Requirements," *Health Affairs*, February 25, 2016.

2 *Fair Share Spending: Are Hospitals Giving Back as Much as They Take?*, Lown Institute, 2024.

3 Alex Kacik, "Non-Profit Hospitals Receive $28 Billion in Tax Exemptions: KFF," *Modern Healthcare*, March 15, 2023.

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Wrong, retorted AHA, arguing the critic's calculations are simplistically narrow.[4] Every dollar invested in non-profit hospitals results in $9 in benefits delivered back to the community. Bad facts lead to bad policy, AHA rightly cautions.

Always looking to be helpful, federal lawmakers are stepping into the discussion,[5] including some who are making it a platform for their re-election.[6] At the same time, thoughtful state legislators in several states are advancing legislation to bring quantitative metrics to this qualitative discussion.[7] State attorneys general are becoming increasingly active, too, as they oversee the disposition of charitable dollars in their states.

This is a cornerstone healthcare conversation. Board members must speak to it. How to start? With your words—the words your organization and our industry use to explain itself.

We suffer from a language barrier. It's the wide gap between industry jargon and language that resonates with the public. Too many providers wrap themselves in industry-speak. Health systems talk often about being patient-centric, yet don't speak to patients—or media or elected officials—in words that are clear to them.

Instead, we rely on jargon and buzzwords that may be comprehensible to insiders but can appear to be incomprehensible deflections to the non-ordained. Ready to interpret "value-based care" or "transparency" or "integrated delivery"?

By reflexively adopting the insider vocabulary of our complicated industry, we sow distrust. As a result, providers are vulnerable when media, academic, and regulatory attention is drawn to the question. Lack of clarity breeds suspicion that the speaker's communications appear to distract instead of inform. We confuse the very people who would support us, if they understood us.

Every institution has experienced an erosion of trust in the post-pandemic years. Healthcare providers are no exception. The public is increasingly skeptical of hospitals' motives and does not have a clear understanding of what "non-profit" means.[8]

Stung by the high cost of everything in healthcare, when you ask the public about "community benefit," they think "charity care" and reduced pocketbook prices, not clinical research or soccer fields. They look at the cranes hovering over your new medical office building and wonder what it means to be an organization that is not required to pay taxes.

If your organization is not explaining its community benefit to your community—if your benefit is a mystery hidden behind a word-cloud of jargon—then your vulnerability to have these terms defined for you is high.

4 Rick Pollack, "There is Nothing 'Fair' about the Lown Institute's 'Fair Share' Report," AHA, March 25, 2024.

5 "Senator Warren, Bipartisan Group of Senators Urge Treasury, IRS to Investigate Potential Abuse of Tax-Exempt Status by Non-Profit Hospitals to Restrict Care and Overcharge Patients," August 8, 2023.

6 "Chairman Sanders Releases New Report Showing Major Non-Profit Hospital Systems Exploiting Tax Breaks and Prioritizing CEO Pay Over Helping Patients Afford Medical Care" (press release), October 10, 2023.

7 Allie Gross and Michael Hildebrand, "A State Legislator Is Looking to Redefine Hospitals' Community Benefit. We Called Her to Ask Why," Jarrard, March 17, 2024.

8 *2024 National Consumer Survey: Issues and Advocacy: The Hidden Power of Providers: Marshaling Strength at the Local Level*, Jarrard.

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The conversation around social determinants of health over the past decade-plus is producing fruit, as more provider organizations are finding creative ways to address community health through non-medical means. That includes building programs in-house and partnering with community organizations.

Food and Nutrition Support

NewYork-Presbyterian has partnered with a local non-profit and a mobile food market that serves at-risk neighbors to provide patients at its Washington Heights Family Health Center with quality, fresh food.

ProMedica, a 12-hospital health system in Ohio and Michigan, offers two "food pharmacies" for patients qualified as food insecure by a physician. They also opened a full-service grocery store in an area deemed a food desert by the U.S. Department of Agriculture, which also provides nutrition and cooking classes to local residents.

These are two of myriad examples of hospitals investing in food and nutrition support.

Housing Assistance

The Flexible Housing Pool in Chicago is a partnership between the city's Center for Housing and Health, hospitals, and other organizations that works to find stable housing for high-utilizers of healthcare.

Bon Secours Mercy Health in Baltimore runs more than 800 affordable housing units, strategically placed to give residents easy access to other needs like shopping recreation and, of course, healthcare.

Legal Services

NYC Health + Hospitals has a wide-ranging program to address social determinants of health. Among numerous other services, legal support is offered through general practice attorneys as well as immigration attorneys placed in facilities across the system to help identify needs and direct patients to resources.

Care Navigation and Management

Trinity Health operates its Community Health Worker Hub at numerous facilities across the country. The program employs community health workers to assist high-risk individuals in navigating healthcare and social services, providing them with coordinated interventions to address needs ranging from behavioral health to social isolation and transportation.

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How Boards Should Be Involved

There are three important steps board members should take to engage on this issue:

1. Understand your organization's unique definition of community benefit. Every non-profit provider has an approach to calculating its community benefit. Be conversant with it.

Your organization's definition is likely reflected in an annual report. Instead of flipping past the glossy pages of the brochure, study the numbers and the explanation for them. Is it clear and defensible? If you don't understand it, who will? Work with your organization's leadership team to develop a sharp and defendable definition.

Ensure your community benefit message is plainspoken and easily understood. Don't guess at this. Consider a simple survey of your community that asks, "when you hear 'community benefit' what do you think?" Messaging testing can be invaluable to creating definitions and language that resonate well and quickly with your unique community.

2. Tell the community the benefits your organization provides. Tell your story or someone will tell it for you (and you won't like the story they tell). It's a complex story and open to easy misinterpretation (and, therefore, easy manipulation).

As a non-profit board member and representative of the community, you carry credibility not shared by your health system's leadership team. Leverage that strength.

As this conversation about the definition of community benefit becomes a public affairs issue—one being taken up by elected officials and government regulators—what people (read: voters) think matters. While there is an overall erosion of trust among all institutions, healthcare providers remain the most trusted of all—by far. Help your supporters become your advocates by equipping them with an appreciation of your health system's good work and community benefit.

3. Stay informed. The conversation to define "community benefit" is happening in real-time and the consequences could be long-lasting. Legislation is active. Hearings are being held. Attorneys general are investigating. Media scrutiny is intense. Work with your organization's leadership team to stay abreast of these developments—and read the media coverage of it—so that you can readily contribute to the conversation.

How do you precisely and accountably measure "community benefit"?

It's more than a struggle over definitions and dollars. It's not an academic dialogue with no real-world consequence. It's more than a government relations squabble between left and

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right. It's larger than a financial tussle with funding sources over how certain monies are assigned on a spreadsheet.

This is an active debate about what health systems are and what health systems should be. The immediate risk, of course, is the loss of your health system's tax exemptions or of other financial relief. As significant as that might be, it's a proxy for a deeper question.

This question is on the frontlines of determining what "healthcare" is and who pays for it. It speaks to the heart of your mission as an organization and it's a conversation in which every board member should be engaged.

Key Board Questions

- What is your organization's definition of "community benefit"? Is it easy for the community to understand, and would you feel comfortable defending it?
- How can the board and senior leadership better communicate your health system's good work and community benefit?
- Are you having meaningful, informed discussions in the boardroom around community benefit—your organization's efforts as well as recent industry scrutiny?

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Start, Stop, or Continue: Critically Assessing Your Services

By Carly N. Critchfield, Administrative Fellow, and Maulik S. Joshi, President and CEO, *Meritus Health*

Rural critical access hospitals, labor and delivery units, and behavioral health services are examples of many of the sites and services currently on the chopping block for health systems across the United States. On the flip side, other systems are pushing growth outside of hospital walls through preventive and community health services. Size and scalability are common challenges as health systems weigh providing comprehensive and coordinated care while maintaining efficient and financially feasible operations.

These important discussions should take place at both the senior leadership and board levels. With the responsibility of leading an organization, upholding stewardship toward resources and finances, and managing a workforce, the question of whether to start, stop, or continue services is full of complexities and nuances. It requires leaders and boards to balance fiduciary responsibility, community need, quality, strategy, and organizational values to guide decision making.

This article provides a five-step guide to help determine whether your health system should expand, close, or maintain its service offerings.

1. Community Need

The first step to determine if a hospital or health system should start, stop, or continue a service is to assess if there is a true community need for the specific service. To help make this determination, there are key questions to consider. If you are going to stop a service, where is the closest existing location for patients to receive this care? Or if you are starting a service, is there a gap in the community or is the intent to gain market share from existing competitors?

Let's use vaccinations as an example. Most communities would benefit from increasing access to regular vaccinations; although, it's important to understand the health system's role. Depending on the specific community and available resources, the health system may be the primary driver for vaccinations or may play a supporting role to other community health providers and organizations. Understanding the community need—both by patient demand and existing community services—is an imperative first step.

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Key Governance and Leadership Questions

Community Need:

- If you are going to stop the service, where is the closest existing location for patients to receive this care?
- If you are starting a service, is there a gap in the community or is the intent to gain market share from existing competitors?

Quality and Safety:

- Do you currently have, or is it reasonable to obtain, necessary expertise to deliver high-quality care?
- Are patient volumes consistent enough and meet minimal levels to maintain the necessary competencies associated with this service?
- Would starting this service detract resources from another existing service, creating possible quality or safety concerns?

Cost:

- How much will the decision cost?
- Does it fit into short- and long-term budgets? Are there appropriate alternative delivery methods, such as telehealth, that could help reduce costs?

Strategy:

- Is the offering in question tied to a component of the strategic plan?
- Will this decision impact referrals to other services?

Mission:

- Does this decision align with our mission, vision, and values?
- If the decision does align organizationally and strategically, but not financially or in terms of quality, what actions can be taken to better support these deficits?

2. Quality and Safety

The second step is to understand any quality and safety implications of the decision to start, stop, or continue an offering. Key questions to consider are: Do you currently have, or is it reasonable to obtain, necessary expertise to deliver high-quality care? Are patient volumes consistent enough and of minimal levels (such as performing at least 200 open heart cases annually for quality and safety standards) to maintain the necessary

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competencies associated with this service? Would starting this service detract resources from another existing service, creating possible quality or safety concerns?

With scarce provider and staff resources, quality and safety concerns can limit expansions and prompt closures. For example, if a hospital is considering adding an inpatient pediatric care unit, infrastructure and staff limitations may put quality in jeopardy. Probing these questions may lead to considering providing the service through a joint venture or partnership agreement, so as to preserve high-quality care delivery.

3. Financial Investment/Margin

Once community need and quality and safety priorities have been identified, it's time to determine financial feasibility and impact. Questions include: How much will the decision cost? Does it fit into short- and long-term budgets? Are there appropriate alternative delivery methods, such as telehealth, that could help reduce costs?

Heath systems, particularly those that are non-profit organizations, may sometimes offer services and run programs out of community need that are actually a financial loss. Recognizing losses must be limited, however, consider what can be done to minimize some expenses without sacrificing quality and safety.

4. Strategy

Next is aligning service offerings with your overall strategy. If part of an organizational strategy is to provide a comprehensive set of mental health services, then the initial decision may involve adding services even if it comes at a loss. Where strategy comes in, is turning that loss into a win.

Key questions to consider include: Is the offering in question tied to a component of the strategic plan? Will this service decision impact referrals to other services?

5. Mission

Though "mission" is last on this checklist, it comes first in practice. Most health system mission statements are broad and similar to "improve the health of the community," so the role of the board and the leadership team is to meticulously determine if each decision supports the mission, vision, and values of the organization. Sometimes, aligning services with your mission may mean taking a financial loss. If the loss is directly supporting your mission, vision, and values, it may be time to look elsewhere and ask what should start, stop, or continue.

Most health system mission statements are broad and similar to "improve the health of the community," so the role of the board and the leadership team is to meticulously determine if each decision supports the mission, vision, and values of the organization.

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Questions may include: Does this decision align with our mission, vision, and values? If the decision does align organizationally and strategically, but not financially or in terms of quality, what actions can be taken to better support these deficits?

This is a prescriptive list for both boards and leadership teams; however, its execution and applications to practice look different for each group. For boards, these questions can serve as a link to the leadership team. The questions provide structured reasoning and discussion points for the decision. For chief executives and leadership teams, these questions can be used in a variety of ways, such as a part of annual strategic planning processes or as guiding questions when weighing solutions to issues surrounding capacity, market competition, growth, etc. With all the complexities that exist in healthcare, let this list help guide your next discussion on whether you will start, stop, or continue.

TGI thanks Carly N. Critchfield, Administrative Fellow, Meritus Health, and Maulik S. Joshi, President and CEO, Meritus Health and proposed Meritus School of Osteopathic Medicine, for contributing this article. They can be reached at carly.critchfield@meritushealth.com and maulik.joshi@meritushealth.com.

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