

Board Briefing

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The Governance Institute

Highlights from the September 2024 Leadership Conference

The future of healthcare is a big question mark. We are weeks away from an election that will have impacts on how our healthcare industry operates going forward. As it stands today, our industry is not able to deliver value commensurate with how much of the economy it's consuming. Healthcare policy analyst **Paul Keckley** challenged board members to think hard about how they are thinking about the future and what steps they are helping their organization take now to be prepared for that future, emphasizing that effective governance is the key to sustainability and growth.

Keckley reminded board members about the importance of asking honest questions, not being bashful about challenging peers at the board table or in the C-suite. Most boards determine an appropriate strategy based on a perception of their market and information and recommendations from the CEO and senior leadership team. Recalling his days in the healthcare C-suite, Keckley cautioned, "But we don't get it right all the time. Increasingly the market is saying that you can't rely on that point of view alone. Boards must think independently, prepare independently, and do homework in addition to the information presented in the board book."

Questions to consider:

1. Is the future of U.S. healthcare a repeat of the past, or something else? How might it change? When?
2. What role/roles will hospitals play?
3. How should boards prepare?

**"The role you
play as a trustee
could not be more
important than
what it is today
and what it will
be tomorrow."**

—Paul Keckley

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. It has the potential to help us solve some of our most intractable problems. The biggest board-level challenge 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 and it will be difficult for organizations to narrow down the options. 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. What are some low-risk AI opportunities that we can start with and potentially scale?
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?

There is ample opportunity to right the scales and envision a new healthcare system. **Tom Koulopoulos** encouraged boards to build a new narrative for healthcare leadership, starting with having authentic conversations. While there is much friction for consumers in navigating healthcare, start by looking at the things that should not change: things that make up the essence—the essential core of healthcare—that need to be amplified and reinforced, which are the human aspects of healthcare.

“Truly personalized care is about patients being seen, heard, and given a sense of belonging. AI cannot replicate or replace human connection.”
—*Laura Adams*

Koulopoulos believes the fundamental shift will be away from economies of *scale*, which are inherently inefficient and dehumanizing, not behaviorally focused nor patient-centered, emphasizing size but not intimacy and understanding. Rather, the shift will be toward economies of *scope* (involving deeply rooted, intimate partnerships between players that each have a core competency in what they do).

The opportunity now is to rethink the role of the hospital. All of the technology changes from the last 60 years will be eclipsed by the changes in technology we will see in the next 10 years. The challenge is projecting the way behavior will change as a result of using new technology, and the value that will be gained. The amount of data we have at our fingertips is endless. How will the data and technology inform and enhance our lives? This piece is crucial to how we reimagine healthcare. "It's a wonderful thing but it is also terrifying, because data dehumanizes things very easily," Koulopoulos said.

Questions to consider:

1. What are the essential aspects of our organization and healthcare system that we must keep, amplify, enhance, and expand?
2. How do we envision the future of healthcare, and how do the aspects from question 1 fit into this vision?
3. What does the concept of "economies of scope" mean to us and how can we start building strategies that enable us to build on this concept?

"When it comes to change in healthcare, the most frequent thing people think about is technology. This is not a technology conversation. It is a core part of it, but as important is how we amplify what should not change: the humanity of healthcare."
—Tom Koulopoulos

