

# Local Board Focus

September 2024



The Governance Institute

## The Role of Communication in Building Systemness

**One of our aims this year with our system members** is to re-prioritize “systemness” through further integration of governance structure, processes, practices, and culture. A big piece of this is how boards and leaders communicate with each other across the system. To learn more about how it is being done in one system, we recently spoke with Dr. Thomas Nygaard, board chair at Centra Health in Lynchburg, Virginia, about the importance of communication across governance channels as part of the integration or “systemness” process. This is his seventh year on the system board, during which time he served in several capacities, including as past chair of the governance committee. A retired physician, he has been the system board chair since January 2024. He and his CEO have made some recent changes in their efforts to deepen subsidiary engagement via improved communication.

### Nuts and Bolts

Centra Health has a 16-member system board including the CEO as a voting member. Three of the seats are for subsidiary board member “representatives.” However, Dr. Nygaard cautioned, “I don’t like to call them ‘representatives’ because once they step in the boardroom, they are board members. Our physicians don’t represent a surgical group or internal medicine, for example. They represent the community. The same thing is true of the members that hail from our subsidiaries. We value their perspective, but they are still board members.”

Dr. Nygaard and the system CEO, Richard Tugman (interim), also serve on the system’s two subsidiary boards as voting members. The boards follow the typical term limits of no

more than three consecutive three-year terms, which Dr. Nygaard referred to as a good way to ensure regular refreshment of expertise, ideas, and perspectives. The subsidiary boards are not fiduciary but rather considered to be advisory (one has reserve powers and serves a slightly different function than the other, but they are treated similarly).

**Centra Health** is a regional, non-profit healthcare system based in Lynchburg, Virginia, serving over 500,000 people as the dominant provider of critical medical services in central and southern Virginia.

### **Mission**

We exist to improve the health and quality of life for the communities we serve.

### **Vision**

Our hope for the future is to pursue excellence, inspire hope, and advance health and healing.

### **Values**

Our standards of behavior are respect and kindness, excellence, stewardship, integrity, teamwork, and diversity, equity, and inclusion.

## **Improving Engagement via Communication**

Dr. Nygaard and the CEO are implementing some new goals this year to strengthen communication and engagement across the system's governance function. "First and foremost, the CEO and I are trying to be present. As much as possible, we attend board meetings in person [rather than virtually]. We try to listen, to hear the concerns of the board members. We engage with our fellow board members when we are at meetings. Then we always try to wear the proper hat. When I am a member of a subsidiary board, I am wearing that hat and need to focus on the best interests of that community and that local system in any given situation," Dr. Nygaard explained.

"We also try to focus on the patient and the quality of care we are delivering. My job, along with the CEO, is to help the boards ensure that everything is centered on providing the best care to our patients. It can be easy to stray away from that for financial or community priorities, but we have to stay on task."

Dr. Nygaard believes all subsidiary boards need an "honest" system update. "We share transparently what is going on at the system level: what keeps us up at night, what problems the system is facing, which often affect subsidiaries." Along with sharing a

true picture of how the organization is doing via formal communication or board reports, honest dialogue at board meetings is another critical piece. “Our CEO has done a great job of that. That is the philosophy we are trying this year. We hope we will see that subsidiary boards feel more engaged and part of the system as a result of this; they are not an island by themselves.”

Honest dialogue is not something that happens overnight; it takes time to develop and practice to sustain. “We have had situations in the past where the dialogue between management and the board was not ideal; there wasn’t the level of discussion and give and take that there should be.” The current CEO enables strong engagement and discussion at the system board meetings, which translates down to the subsidiary boards. When the CEO is in the room with management, there is open dialogue. “It is a team approach; I could not have done this myself,” said Dr. Nygaard. “Reports to the boards now come from the CEO, and I pitch in when I feel I need to. The CEO and I are in sync; we talk regularly so we can keep each other well informed about what is happening and our thought processes around a given issue. I also have phone calls with the subsidiary board chairs in between meetings as needed. I have an open line with those board chairs—we reach out to each other whenever there are any concerns.”

One of the challenges in a system is knowing when and how to engage stakeholders in impactful decisions. Several years ago, Centra decided to divest its nursing home business. This decision was particularly difficult for one of the system’s hospitals because it had an integrated nursing home that was a part of the organization’s identity. “We did not handle it very well,” Dr. Nygaard shared. “We tried to pay attention and learn through that experience. We learned that we need to have all the stakeholders engaged in these decisions much earlier and more heavily. The ultimate decision might have been the same, but the subsidiary boards needed to be involved from the beginning.”

## System CEO as Communication Catalyst

Over Centra’s history, the subsidiaries have at times been overseen by senior vice presidents, as opposed to the CEO. “With that structure, the system thinking doesn’t get transmitted to the subsidiaries,” said Dr. Nygaard. “The CEO must be fully engaged and realize that he or she needs to be a member of those subsidiary boards, and the CEO needs to be very transparent and honest with those boards about what is happening at the system level. I strongly believe that we can’t move the ball forward like we are doing now without having [system] CEO connection and engagement in this way.”

Transparent communication is the foundation of relationship and trust building. Dr. Nygaard emphasized that, at the system level, it is important for the board chair to have a

strong relationship with the CEO via respectful dialogue. At the subsidiary level, interaction between local presidents and their board chairs is also important. At Centra the goal is for the local presidents and board chairs to feel comfortable that they can send any concern “upstream” to the system and it will be heard and considered appropriately.

This level of communication helps to build a stronger relationship not only between the CEO and board chair, but also between the entire management team and board. “We are still in the development stages with this. We aren’t there yet but we are working to try to get there,” Dr. Nygaard explained. “I make myself available as board chair, and the CEO makes himself available. We don’t shut people down when they are calling or bringing up a concern. Over time you don’t want people to hesitate to call you to talk about anything. It is important they know that they aren’t bothering us.”

The main goal in this work is for the local boards to “feel good” about the system they are a part of. They must feel that the system is listening to them and helping them provide the care they need for their community. “If you don’t have the right level of communication, this would be nearly impossible. Resources are limited—there are never enough providers, everyone would like to do more.” In one example, Dr. Nygaard and the CEO were attending subsidiary board meetings earlier this year where they heard firsthand and repeatedly that transportation from those communities to the system was difficult. “If we had not been in the room to hear the true stories, if we just looked at a report, the level of response would have been less than it was. Being there and hearing firsthand helped us understand more deeply the importance of the issue.”

## Virtual vs. In-Person Communication

“COVID taught us how to use virtual meetings, which is a good thing. But that’s also a bad thing,” said Dr. Nygaard. “There are pros and cons of each. Clearly, we have learned that we can involve people virtually. But then we have also seen how important it is to discuss [certain issues] in person, face to face.” To better address this, Centra moved to a hybrid meeting model. They now ask people to meet in person as much as possible, while also improving the virtual experience so that board members who can’t be there in person can attend and engage in meetings to the same degree and with less disruption in their lives.

“It gets at board behaviors and how [fast] we can improve things,” said Dr. Nygaard.

“Now, it’s more common to call a quick virtual meeting to vote on something. We couldn’t have done that in the past.”

**“There have always been challenges in healthcare and governance has always been important. We are constantly learning more about why it is important. Nothing should be written in stone—governance is a moving document. Adjust your bylaws constantly to improve the level of governance you deliver for your community.”**

*—Thomas Nygaard, M.D.*

## The Local Perspective

The subsidiary boards are very valuable to Centra for two primary reasons, cited by Dr. Nygaard:

- 1. They bring the community perspective to the system.** Subsidiaries can share feedback about how the communities view the system, and what their needs are from the system. For example, CHNAs are done at both community and system levels. Having representatives in the room who are directly involved in those communities share their stories makes a big difference in the system's priorities and decision making.
- 2. They provide a channel for the system to better connect with its communities.** Having system representation on the subsidiary boards can help dispel rumors about what might be going on at the system level. "We aren't closing our doors tomorrow. It's important they hear that directly from us, that we are stable and will be here for a long time. It sends a message from the system to the community that the communities are important to the system," said Dr. Nygaard.

In closing, Dr. Nygaard shared that "these are works in progress. They are not best practices set in stone, but we are actively trying to improve the engagement of our subsidiary boards. At times they are more engaged than our system board. Building good relationships with the local presidents and the system CEO through open, honest communication and dialogue in all directions is making a helpful impact."

