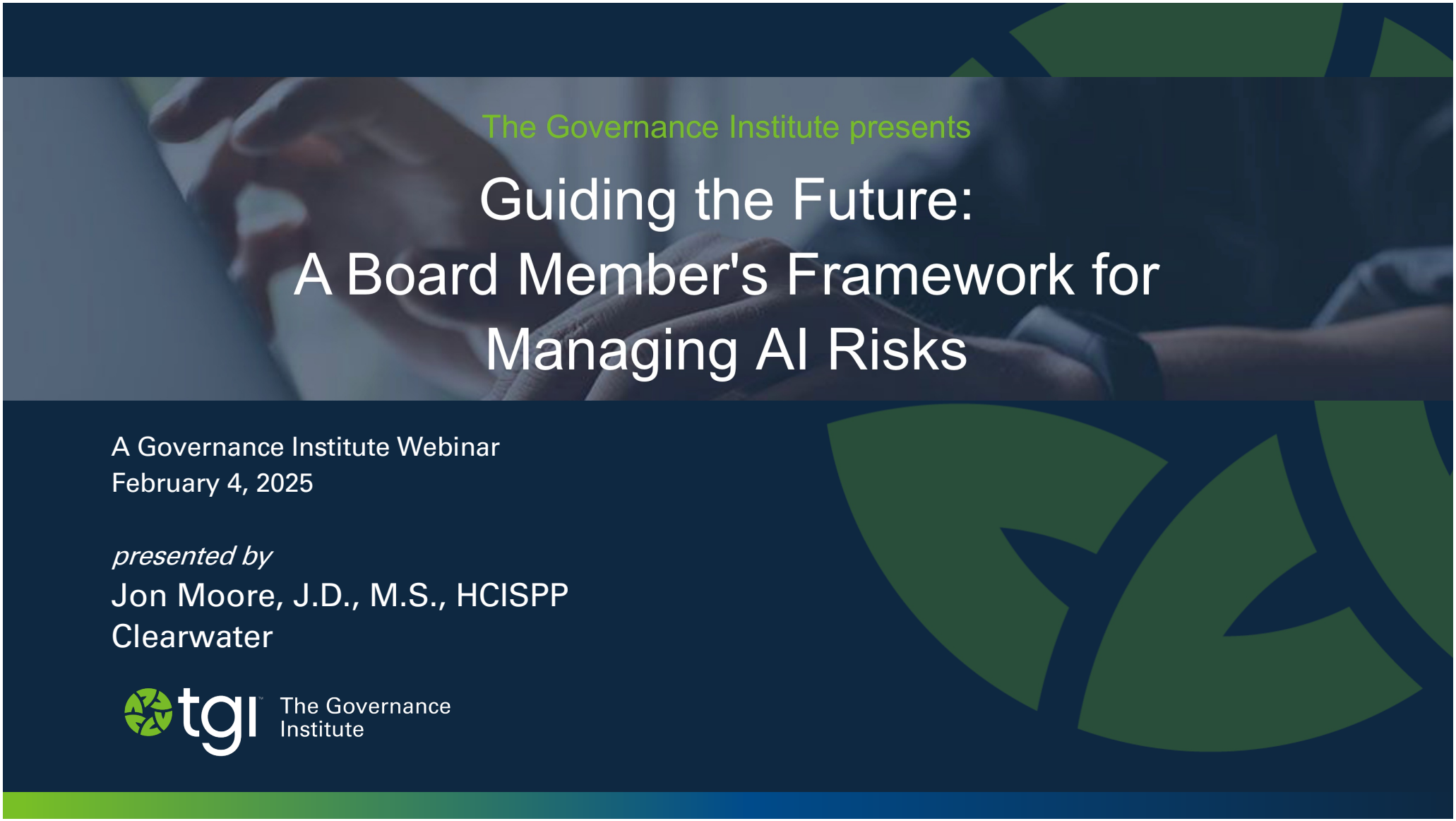

The Governance Institute presents

Guiding the Future: A Board Member's Framework for Managing AI Risks

A Governance Institute Webinar
February 4, 2025

presented by
Jon Moore, J.D., M.S., HCISPP
Clearwater

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Today’s Presenter

Jon Moore, M.S., J.D., HCISPP

Chief Risk Officer & Senior Vice President, Consulting Services & Client Success
Clearwater

Jon Moore is a nationally recognized authority on artificial intelligence, cybersecurity, and compliance in the U.S. healthcare sector. As the Chief Risk Officer and Senior Vice President of Consulting Services and Client Success at Clearwater, Jon has dedicated his career to safeguarding patient health information and ensuring robust privacy and cybersecurity risk management programs.

Jon holds a Master of Science in Electronic Commerce from Carnegie Mellon University's School of Computer Science and Tepper School of Business, a Juris Doctorate from Penn State University's Dickinson School of Law and a Bachelor of Arts in Economics from Haverford College. He is also a certified Healthcare Information Security and Privacy Practitioner (HCISPP) with numerous other certifications in cloud security, IT infrastructure, and machine learning.

Learning Objectives

After participating in this Webinar, attendees will be able to:

Define a risk management process that identifies, prioritizes, and treats AI-related risks within their organization.

Establish governance mechanisms that align with industry best practices, regulatory requirements, and organizational goals.

Engage with key stakeholders including regulators, industry experts, patients, and the community, to enhance transparency and accountability in AI governance.

Continuing Education

In support of improving patient care, The Governance Institute, a service of National Research Corporation, is jointly accredited by the Accreditation Council for Continuing Medical Education (ACCME), the Accreditation Council for Pharmacy Education (ACPE), and the American Nurses Credentialing Center (ANCC) to provide continuing education for the healthcare team. This activity was planned by and for the healthcare team, and learners will receive 1 Interprofessional Continuing Education (IPCE) credit for learning and change.

AMA: The Governance Institute designates this live activity for a maximum of ***1 AMA PRA Category 1 Credit(s)™.*** Physicians should claim only the credit commensurate with the extent of their participation in the activity.

ACHE: By attending this Webinar offered by The Governance Institute, a service of National Research Corporation, participants may earn up to **1 ACHE Qualified Education Hour** toward initial certification or recertification of the Fellow of the American College of Healthcare Executives (FACHE) designation.

Criteria for successful completion: Webinar attendees must remain logged in for the entire duration of the program. They must answer at least three polling questions. They must complete the evaluation survey in order to receive education credit. Evaluation survey link will be sent to all registrants in a follow-up email after airing of the Webinar.

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In accordance with the standards of the National Registry of CEP Sponsors, CPE credits will be granted based on a 50-minute hour.
Field of study: Business Management & Organization
Program level: Overview
Prerequisites: None
Advanced preparation: None
Delivery method: Group Internet based
Maximum potential CPE credits: 1

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- None of the presenters intend to discuss off-label uses of drugs, mechanical devices, biologics, or diagnostics not approved by the FDA for use in the United States.

Polling Question #1

What best describes your role?

a. Executive Leader
b. Director/Manager
c. Governance Support Professional
d. Board Member
e. Clinician

Information Technology's History as a Strategic Tool

For decades, organizations have applied technologies to improve healthcare.

EHR/EMR	Electronic Health Records (EHRs) and Electronic Medical Records (EMRs) have evolved from early systems in the 1960s to become essential tools in modern healthcare, offering many benefits.
Telemedicine and Remote Monitoring	Telemedicine has roots dating back to the mid-20th century, with early experiments in the 1950s and 1960s. Over the past two decades, technical advancements have dramatically expanded the capabilities and adoption.
Digital Health Technologies	Digital health has its roots in the early days of medical informatics, with the digitization of patient records in the late 20th century. Over the past few decades, it has rapidly evolved. Today, technologies like AI, mHealth, and personalized care are transforming healthcare delivery.
Wearables and Mobile Health Apps	Wearables and health apps have significantly evolved over the past few decades, transforming how individuals monitor and manage their health. These devices have expanded from tracking basic fitness metrics to offering advanced health monitoring features.
Data Analytics	Health data analytics has rapidly evolved over the past few decades, transforming how healthcare organizations utilize information to improve patient care and operational efficiency.

Now There Is a New Tool: AI

Even though the concept of AI has existed since at least the 1950s, the obvious potential of ChatGPT has gained public attention, driving AI up the hype curve.

Type of AI	Objective and Function	Example Uses
Predictive AI	• Objective: Predictive AI focuses on analyzing historical data to forecast future outcomes or classify future events. It provides actionable insights and aids in decision-making and strategy formulation. • Functionality: It employs machine learning algorithms such as regression, classification, and time series analysis to recognize patterns and make predictions based on existing data.	• Hospital Readmission Prediction • Disease Progression Forecasting • Sepsis Detection • Resource Allocation Optimization • Medication Adherence Prediction
Generative AI	• Objective: The primary goal of generative AI is to create new and original content. This includes generating text, images, music, and other media by learning from existing data patterns. • Functionality: It uses sophisticated models like Generative Adversarial Networks (GANs) and Variational Autoencoders (VAEs) to learn patterns and distributions from existing data, enabling the generation of new samples that exhibit creativity and originality.	• Synthetic Medical Image Generation • Drug Discovery • Personalized Treatment Plans • Clinical Note Generation • Virtual Health Assistants • Medical Education Simulations

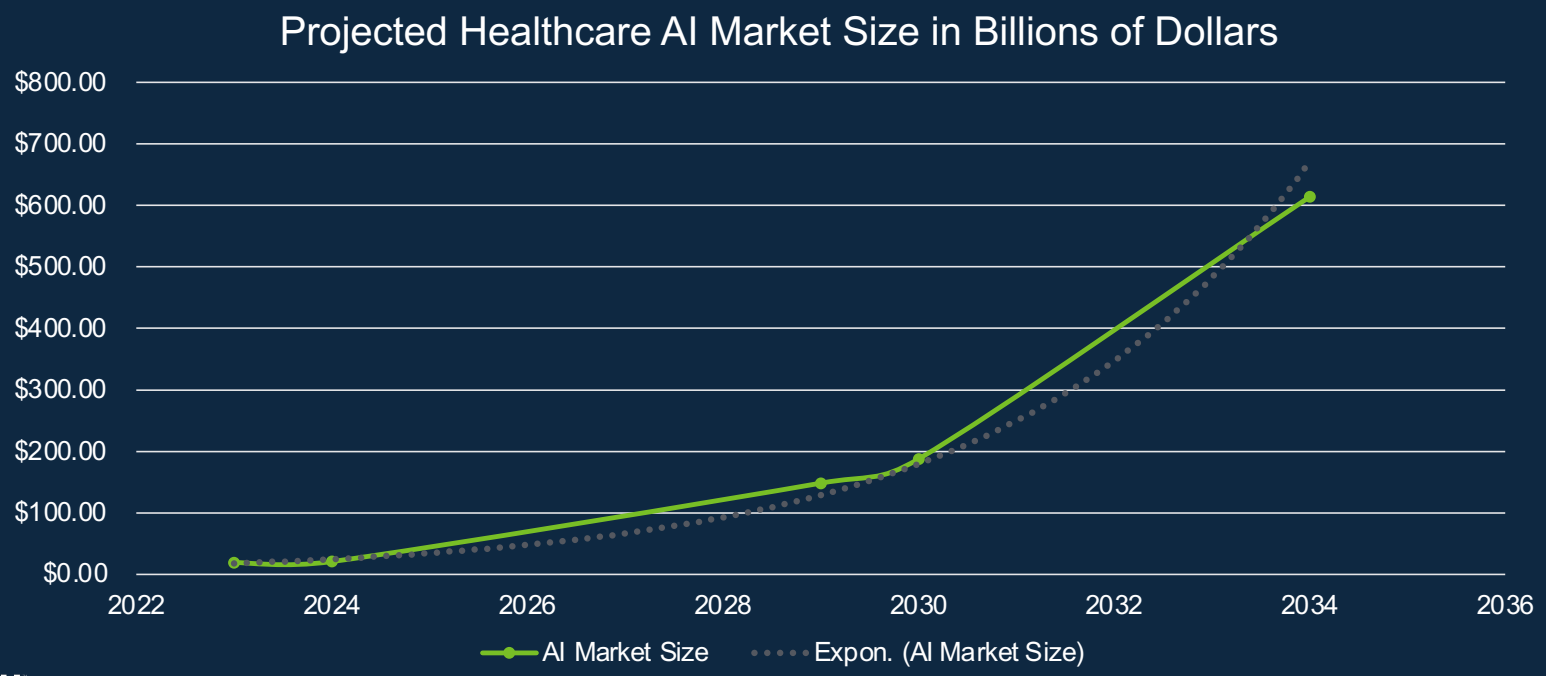
98%

Of 500 surveyed healthcare leaders say their organization either has or is planning to implement an AI strategy, including 48% who implemented already.
– Fourth Annual Optum Survey on AI in Healthcare

https://www.hcinnovationgroup.com/analytics-ai/news/21250712/optum-insight-healthcare-leaders-optimistic-about-moving-forward-with-ai

AI Offers to Again Revolutionize Healthcare

The healthcare industry has not been immune to the growing interest in AI with predictions showing exponential market growth.



Source: AI In Healthcare Market Size, Share & Trends Analysis Report By Component (Hardware, Services), By Application, By End-use, By Technology, By Region, And Segment Forecasts, 2024 – 2030.

Polling Question #2

Which best describes your organization's current adoption of AI technologies?

a. We have not yet explored AI initiatives but are considering it.
b. We have begun exploring AI opportunities but have not implemented any solutions.
c. We have implemented AI solutions in select areas but lack a formal governance structure.
d. We have integrated AI solutions across multiple areas with a defined governance framework in place.

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Expected Benefits Driving Growth

Like EHRs and data standards, the belief driving the expected growth in AI is improved patient care and reductions in cost.

Improved Diagnostics and Treatment	• Enhanced Diagnostic Accuracy • Personalized Medicine
Increased Efficiency	• Streamlined Administrative Tasks • Faster Turnaround Time
Advanced Research and Development	• Accelerated Drug Discovery • Enhanced Clinical Trials
Improved Patient Care and Monitoring	• Remote Patient Monitoring • Predictive Analytics
Cost Reduction	• Improved efficiency, accuracy • Enabling early interventions

Sources: Shinde, Siddhesh, Top 5 Benefits of AI in Healthcare and How it Improves Patient Care. Emeritus.org; Revolutionizing Healthcare: How is AI Being Used in the Healthcare Industry?, Iapu.edu; The Pros and Cons of AI in Healthcare, hitrustalliance.net.

Healthcare Beginning to Experience These Benefits

Johns Hopkins

In partnership with GE Healthcare, Johns Hopkins implemented predictive AI techniques to enhance patient operational flow. The initiative led to a remarkable 38% reduction in the time taken to assign patients admitted to the emergency department to beds, significantly improving patient throughput and care efficiency.

https://medium.com/@dezyit01/how-johns-hopkins-medicine-uses-ai-to-reduce-wait-times-and-optimize-resources-90913cfe9712

Mount Sinai

This healthcare provider utilized AI to monitor vital signs and calculate early warning scores for patients in medical-surgical wards. As a result, they achieved a 35% reduction in serious adverse events and an 86% decrease in cardiac arrests, demonstrating the effectiveness of AI in enhancing patient safety and care outcomes.

https://www.mountsinai.org/about/newsroom/2024/ai-can-help-doctors-make-better-decisions-and-save-lives

Cleveland Clinic

Cleveland Clinic adopted AI algorithms to analyze echocardiograms for signs of heart disease. This approach not only improved diagnostic accuracy but also streamlined workflows, allowing for faster identification of at-risk patients. The integration of AI into their diagnostic processes has led to better patient management and outcomes.

https://www.ccjm.org/page/acc-2023/ai-echocardiograph

However, All Is Not Perfect

There are numerous potential risks to organizations adopting AI solutions.

Risk	Description
Employee and Patient Trust	Adopting AI technologies may erode employee and patient trust if not implemented transparently and ethically.
Errors	AI systems are susceptible to errors and biases, leading to incorrect diagnoses, treatment recommendations, or operational decisions.
Unethical or Unintended Practices	AI algorithms may inadvertently perpetuate or amplify existing biases, leading to unfair treatment or discrimination and unethical practices may damage the organization.
Erosion of Skills	The widespread adoption of AI technologies may lead to the erosion of traditional job roles and skills, particularly in areas where automation replaces human labor.
Privacy and Security	AI applications may require access to sensitive patient, employee, and business data, raising concerns about privacy and security.
Compliance	Healthcare organizations must comply with regulatory requirements and ethical standards when implementing AI technologies.
AI Project Failures	AI project failure can stem from various factors, including inadequate data quality or quantity, lack of alignment between AI goals and business objectives, insufficient resources, and insufficient understanding of AI limitations and capabilities.

AI Has Not Escaped the Attention of the Regulators

Recent actions and advisories from regulators indicate that they are watching the impact of AI on healthcare very closely.

TX Attorney General

In September 2024, Texas Attorney General Ken Paxton reached a settlement with Pieces Technologies, a Dallas-based AI healthcare technology company. The company was accused of making false and misleading statements about the accuracy and safety of its AI products used in several Texas hospitals.

Federal Trade Commission

On September 25, 2024, the FTC announced a crackdown on deceptive claims related to AI technologies. This included a specific warning to vendors about making unsubstantiated representations regarding the accuracy of their AI products.

Office for Civil Rights

On January 10, 2025, the Director of the OCR issued guidance on ensuring nondiscrimination through the use of AI and other emerging technologies in healthcare. The guidance emphasizes OCR's commitment to preventing discrimination based on race, color, national origin, sex, age, and disability in the use of AI tools.

So, what do we do about it?

Board Members Play an Important Role

Board members should provide strategic direction, oversight, and accountability for AI initiatives.

1. Develop a strategic vision
2. Implement trustworthy AI systems
3. Manage risk to the organization and its stakeholders
4. Provide financial oversight of investments in AI
5. Ensure ethical and legal compliance
6. Engage key stakeholders
7. Stay informed on emerging trends, technologies, and practices

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1. Develop an AI Strategic Vision

Developing a strategic roadmap for AI implementation ensures alignment with organizational goals.

Steps

1. Align AI initiatives with the organization's mission, vision, and strategic priorities.
2. Define clear short- and long-term goals for AI adoption.
3. Engage senior management to identify high-impact areas for AI deployment.
4. Approve a roadmap with measurable milestones and periodic reviews.

Resources

Moore, Jon. AI Governance and Strategy Alignment: Empowering Effective Decision Making, A Governance Institute Strategy Toolbook. The Governance Institute. Spring 2024.

Empowering AI Leadership , World Economic Forum. https://express.adobe.com/page/RsXNkZANwMLEf/

Polling Question #3

How involved is your board in AI strategy and governance?

a. Not addressed AI yet
b. Aware but no formal action
c. Some guidance, no full framework
d. Actively engaged with governance

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2. Implement Trustworthy AI Systems

Boards should mandate safety, security, and resilience measures in AI systems' design and selection, prioritizing transparent and interpretable decision-making processes.

Steps

1. Mandate the use of governance frameworks (e.g., NIST or Singapore's Model AI Governance Framework).
2. Require transparent decision-making processes, such as Explainable AI (XAI)[1].
3. Approve mechanisms to monitor and address algorithmic bias, privacy, and safety concerns.
4. Ensure that systems maintain human oversight when needed.

[1]https://www.ibm.com/think/topics/explainable-ai

Resources

NIST Trustworthy & Responsible Artificial Intelligence Resource Center (AIRC)

The NIST Trustworthy and Responsible Artificial Intelligence Resource Center (AIRC) is a platform to support people and organizations driving technical and scientific innovation in AI. https://airc.nist.gov/Home

CHAI – Coalition for Health AI

Drafted framework for responsible health AI.

https://chai.org/

NIST Characteristics of Trustworthy AI

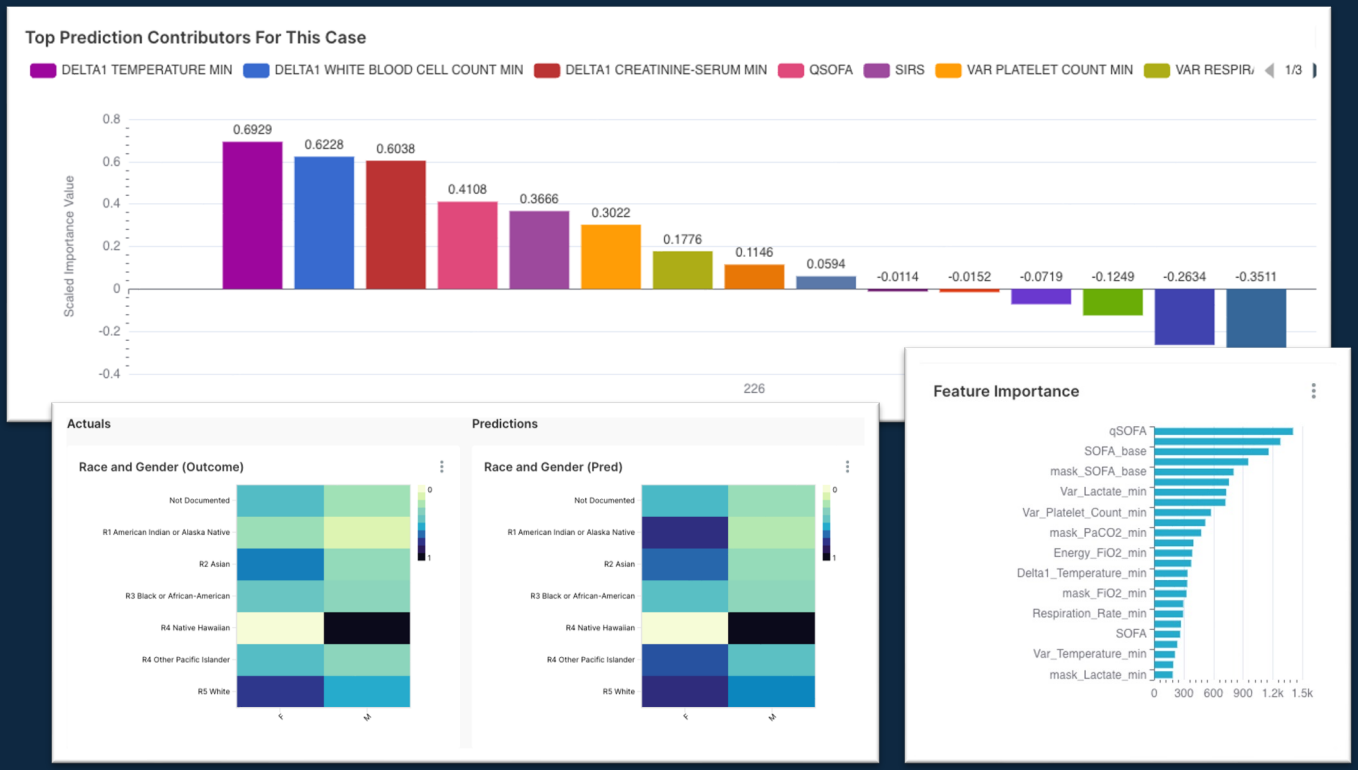
The NIST AI Risk Management Framework identifies characteristics of trustworthy AI systems.

Characteristic	Description
Valid and Reliable	Provides accurate consistent results.
Safe	Should not lead to endangerment of human life, health, property, or environment.
Secure and Resilient	Protects against adverse events and able to respond if one occurs.
Accountable and Transparent	Enables visibility into how the system works and when it doesn't work, including an understanding of responsibilities associated with unintended or bad outcomes.
Explainable and Interpretable	Provides clarity on how the system works and the meaning of the outcome.
Privacy-enhanced	Considers the controls needed to safeguard human autonomy, identity, and dignity.
Fair with Harmful Bias Managed	Ensures that concerns around equality and equity are addressed.

Source: NIST Artificial Intelligence Risk Management Framework (AI RMF 1.0).

Examples of Transparent, Explainable, Interpretable

Achieving these objectives requires insight into how the AI is making its predictions and the outcomes of those predictions.



Examples from **Cognome's ExplainerAI,** a platform designed to transform AI in healthcare by providing complete AI transparency that fosters trust among clinicians and patients and increases AI adoption.

https://cognome.com/explainerai

3. Manage Risk to Organization and Stakeholders

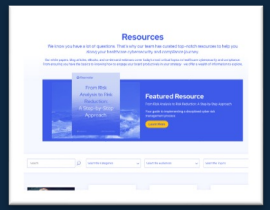
Risk analysis, required by HIPAA, is vital for identifying potential risks despite baseline security controls.

Steps

1. Approve comprehensive risk management processes for AI, including regular risk assessments.
2. Monitor AI risks related to privacy, security, and compliance through dashboards or audits.
3. Require contingency plans for AI system failures or breaches.
4. Hold management accountable for aligning AI risk mitigation with organizational goals.

Resources

OCR's Guidance on Risk Analysis Requirements under the HIPAA Security Rule. https://www.hhs.gov/sites/default/files/ocr/privacy/hipaa/administrative/securityrule/rafinalguidancepdf.pdf



Clearwater Security, Resources. www.clearwatersecurity.com/resources

4. Provide Financial Oversight of AI Investments

Oversee the financial aspects of AI initiatives.

Steps

1. Evaluate ROI metrics for AI projects, considering both financial and strategic outcomes.
2. Approve budgets for pilot projects and scalable initiatives.
3. Require regular reporting on cost, efficiency, and patient outcomes related to AI.
4. Compare resource allocation with industry benchmarks to ensure competitiveness.

Resources

Measuring the ROI of AI: Key Metrics and Strategies

Tech-stack Blog providing some real-world results on the ROI of implemented AI, along with a short guide on how to measure the ROI of AI based on best practices.

Read more on https://tech-stack.com/blog/roi-of-ai/

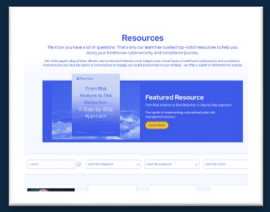
5. Ensure Ethical and Legal Compliance

Healthcare organizations must navigate complex regulatory landscapes, including HIPAA and state privacy and security regulations.

Steps

1. Stay informed about relevant laws (e.g., HIPAA, GDPR) and emerging regulations for AI.
2. Approve ethical guidelines for AI use, ensuring fairness, privacy, and accountability.
3. Establish oversight committees to monitor compliance with regulations and organizational values.
4. Engage independent audits to verify adherence to ethical and legal standards.

Resources



Clearwater Security, Resources. www.clearwatersecurity.com/resources

BLCP Client Intelligence, AI State-by-State Legislative Snapshot. https://www.bclplaw.com/en-US/events-insights-news/us-state-by-state-artificial-intelligence-legislation-snapshot.html

6. Engage Key Stakeholders

Engage key stakeholders including management, employees, patients, regulators, and community.

Steps

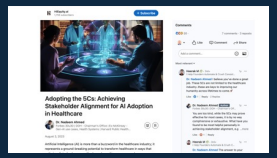
1. Advocate for transparency by engaging clinicians, patients, and community representatives.
2. Encourage collaboration with regulators and industry experts to align AI initiatives.
3. Facilitate open communication to address stakeholder concerns and build trust.
4. Solicit feedback from diverse groups to inform governance and implementation strategies.

Resources

CHAI – Coalition for Health AI

Drafted framework for responsible health AI.

https://chai.org/



Adopting the 5Cs: Achieving Stakeholder Alignment for AI Adoption in Healthcare

https://www.linkedin.com/pulse/adopting-5cs-achieving-stakeholder-alignment-ai-adoption-ahmed-/

7. Stay Informed on Trends, Technologies, and Practices

Seek opportunities for education and training.

Steps

1. Regularly attend educational sessions on AI governance, ethics, and technology trends.
2. Monitor industry reports and case studies on AI applications in healthcare.
3. Require updates from management on new AI technologies and best practices.
4. Network with other board members and thought leaders to exchange insights.

Resources

The Governance Institute

https://www.governanceinstitute.com/

American Board of Artificial Intelligence in Medicine

https://abaim.org/

Polling Question #4

How mature is your organization in managing AI-related risks, including cybersecurity and compliance?

a. No formal risk management efforts
b. Identifying risks, but no formal processes
c. Some controls in place, but gaps remain
d. Comprehensive risk management program in place

Seven Board Steps to Empower Your Leadership Team to Drive Progress, Security, and Compliance

1. Set clear strategic goals
2. Support skill development and education
3. Invest in technology and infrastructure
4. Foster a culture of accountability
5. Clarify governance and oversight structures
6. Enable cross-department collaboration
7. Ensure transparency and open communication

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Balance Benefits with Risk Management

As board members and senior leaders, it is our job to focus on setting strategic goals around AI and cybersecurity that align with our mission, balancing innovation with ethical fiscal, and security considerations.

Prioritize Patient Well-Being	AI and cybersecurity measures must safeguard patient data and ensure that AI solutions enhance care delivery, not compromise it.
Manage Resources Wisely	Implementing AI and cybersecurity solutions comes with significant costs. We must ensure that investments in these technologies align with the hospital's financial resources while maximizing long-term value.
Ensure Service Accessibility	We are responsible for overseeing AI tools do not create disparities in access to care but instead support our community's unique needs, ensuring equitable care remains available.
Manage Patient Risk	Governance is critical for protecting patient health, patient data and the hospital's operational stability.

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Enhance Your Leadership by Asking the Right Questions

How will AI improve patient care and outcomes?	• What specific problems are we solving with AI? • How will AI impact patient experience and accessibility to care?
What are the risks to patient health, data security and privacy?	• Are we compliant with HIPAA and other relevant regulations? • How are we mitigating cybersecurity threats to protect patient information?
Do we have the right governance structures in place?	• Who is accountable for AI and cybersecurity initiatives? • How are we ensuring alignment with regulatory requirements and ethical standards?
How do we balance innovation with risk management?	• Are we taking on too much risk by implementing AI without understanding its limitations? • What measures are in place to address potential AI failures or vulnerabilities?
What are our key performance indicators for AI and cybersecurity?	• How are we measuring success in AI-driven initiatives? • What metrics are we using to evaluate cybersecurity effectiveness?
Are we investing adequately in cybersecurity defenses?	• Do we have the right technology and talent to protect against emerging threats? • Are we regularly assessing and testing our security protocols?
How are we preparing for future challenges?	• Are we adapting our strategies to keep pace with evolving technologies and threats? • How are we training our workforce to handle AI and cybersecurity innovations?
Are we fostering a culture of security and compliance?	• Is our leadership team modeling the right behaviors around security and data privacy? • How are we encouraging continuous improvement in security practices across the organization?

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Lead with Purpose, Govern with Insight

Take Ownership	Ask Tough Questions	Act Now
Take ownership of AI and cybersecurity decisions. Ensure they align with your organization's mission to deliver high-quality, compassionate care.	Ask the tough questions. Protect your patients and organization by driving informed, strategic discussions about technology and risk.	Act now. Prioritize investments in AI and cybersecurity that will safeguard your organization’s future.

Collaborate with Trusted AI and Cybersecurity Partners

Partnering with reputable vendors and consultants enhances AI and cybersecurity efforts.

Steps

1. Establish criteria for selecting AI and cybersecurity partners.
2. Conduct due diligence on potential partners' expertise and track records.
3. Develop a formal partnership evaluation and selection process.
4. Create clear communication protocols with selected partners.
5. Schedule regular updates and check-ins with partners.
6. Integrate partner insights into the organization's risk management framework.
7. Ensure partners align with the organization's policies.
8. Participate in joint tabletop exercises and simulations.
9. Review and update partnership agreements periodically.
10. Foster knowledge transfer from partners to internal teams.

Questions

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