

Rural Focus

February 2025



The Governance Institute

Supercharged Leadership: Thoughtful Communication during Affiliation Discussions

By David L. Schreiner, Ph.D.

Imagine this: You are a long-serving member of the board of directors at a rural hospital. For years, you have taken great pride in your role, contributing to the success of a vibrant organization that provides excellent healthcare and serves as the largest employer in your community.

Then came the pandemic. The balance sheet became stressed, and now the CEO is recommending an affiliation. This is not just any decision; it's a choice that could redefine the organization's future.

The statistics are sobering. In 2024, 25 hospitals in the United States closed their doors.^{1,2} Financial pressures, staffing shortages, and a systemic shift from inpatient to outpatient care contributed to these closures. Moreover, the Center for Healthcare Quality and Payment Reform reports that 700 rural hospitals face the risk of closure, with over half at immediate risk.³

While the decision to remain independent or affiliate is daunting, actions taken over time can make navigating this process more manageable. In moments of transformation, communication becomes paramount.⁴ This article provides five key strategies for boards and senior leaders to consider when affiliation is on the horizon.

- 1 Madeline Ashley, "[25 Hospital Closures in 2024](#)," Becker's Hospital CFO Report, December 27, 2024; Patsy Newitt, "[State-by-State Breakdown of 24 Hospital Closures in 2024](#)," Becker's ASC Review, November 19, 2024.
- 2 For example, see Dietrich Knauth, "[Steward Health to Close Two Ohio Hospitals, Pennsylvania Hospital at Risk](#)," Reuters, August 22, 2024; Soma Biswas, "[Steward's Ownership of Massachusetts Hospitals Ends in Shutdowns and Bailouts](#)," *The Wall Street Journal*, July 29, 2024.
- 3 "[Hospitals at Risk for Closure: State-by-State](#)," Center for Healthcare Quality and Payment Reform, January 2025.
- 4 The ideas in this article are based on the essential elements of communication outlined in David Schreiner's book, *Be the Best Part of Their Day: Supercharging Communication with Values-Driven Leadership*, Advantage Media: Charleston, South Carolina, 2024.

1. Keep the Focus on the Mission

Your organization's mission is its North Star. Keep it front and center throughout the discussions.

Education is a vital first step. The time to educate your board is yesterday. Bring in subject matter experts—consultants, merger and acquisition professionals, and even fellow CEOs who have experienced affiliations. Invite CEOs who decided not to affiliate to provide balanced perspectives. Ensure presentations are concise and leave ample time for questions, allowing board members to digest the information and align their deliberations with the hospital's mission and values.

2. Be Transparent: Provide Clarity and Context

Data is your ally in decision making. A clear, well-structured dashboard highlighting key metrics—such as volume trends, payer mix, gross charges collected, staffing costs, and other financial indicators—can effectively tell the story over time and enhance the board's understanding.

Transparency also means sharing the story behind the numbers. Contextualize trends, explain the implications, and demonstrate how affiliation might address challenges or enhance long-term sustainability.

3. Engage at a Personal Level: Build Trust through Authentic Connection

Effective communication isn't one-size-fits-all. Board members bring diverse perspectives; some are naturally more vocal than others. Consider scheduling one-to-one or small group meetings to ensure every voice is heard. These sessions allow for deeper conversations and address questions or concerns that might not surface in a full board meeting.

However, avoid the trap of "the meeting after the meeting." Always circle back to the entire board with key points from smaller discussions, ensuring transparency and collective understanding.

4. Involve Executives and Invite Healthy Debate

Be considerate of your executive team during affiliation discussions. The board's decision will impact their careers. There are times when it is appropriate to break into an executive session. I encourage you to include your executive team members in the discussion whenever possible. They bring unique perspectives, and the board will gain buy-in by having their participation in the process.

Education is a vital first step. The time to educate your board is yesterday. Bring in subject matter experts—consultants, merger and acquisition professionals, and even fellow CEOs who have experienced affiliations.

5. Encourage Dialogue and Feedback: Create a Safe Space for Input

Fostering open dialogue is essential for a healthy board culture. One way to achieve this is by dedicating time for “Inquiring Minds” at the end of each meeting—a space where members can share personal updates or ask open-ended questions.

This agenda item provides an outlet for board members to express concerns, share anxieties, or seek clarification. It also reinforces a sense of camaraderie and psychological safety, which is critical when navigating sensitive topics like affiliation.

Key Board Takeaways

- **Keep the organization’s mission and values front and center** when learning about affiliations and deciding if this is the right path for your hospital or health system.
- **Make a data-driven decision.** Ask management for key financial, operational, and market metrics to help determine if an affiliation will strengthen the organization’s ability to serve its community.
- **Schedule one-to-one or small group meetings** with board members to address questions. Then circle back with the full board to ensure transparency and collective understanding
- **Involve executives in affiliation discussions** to get their input and buy-in.
- **Include time on the agenda for open dialogue.** Reinforce that this is a safe space where board members are encouraged to share concerns or seek clarification.

Conclusion: Navigating Uncertainty with Purpose

The decision to pursue an affiliation is among the most challenging a rural hospital board will ever face. It’s a crossroads that demands balancing financial realities with the mission to serve the community. While daunting, it is also an opportunity that requires courageous, mission-driven leadership and an unwavering commitment to transparent, intentional communication.

CEOs can guide their organizations through the complexities of affiliation by focusing on the hospital’s mission, providing precise data and context, and fostering personal

connections with board members. These actions ensure that decisions are rooted in a shared understanding of the hospital's needs and a unified vision for the future.

Healthy debate and inclusive dialogue create the foundation for intense, collaborative decision making. Leaders can transform uncertainty into alignment by engaging team members, encouraging feedback, and building trust. Including personal moments, like "Inquiring Minds" sessions, strengthens board culture, reminding members of their shared humanity and commitment to the organization's well-being.

Rural hospitals are the lifeblood of their communities, providing care, jobs, and hope. Protecting these institutions requires bold leadership and deliberate communication, particularly in times of change. By embracing these principles, boards can face affiliation discussions not as a crisis but as an opportunity to secure their hospital's future and continue serving their communities for generations to come.

The stakes are high, but so is the potential for impact. With clarity, trust, and a steadfast focus on the mission, rural hospitals can thrive—even in the face of uncertainty.

TGI thanks David L. Schreiner, Ph.D., FACHE, a nationally recognized speaker, mentor, and consultant, and Former President and CEO of Katherine Shaw Bethea (KSB) Hospital in Dixon, Illinois, for contributing this article. He can be reached at drdavidschreiner@gmail.com.

