When Systems Change: Breaking Free from Traditional Governance Models - the New Optimal?

by Luanne R. Stout

"I cannot say whether things will get better if we change; what I can say is they must change if they are to get better."— ***Georg C. Lichtenberg***

Health systems and hospitals are becoming increasingly complex, expanding beyond the traditional hospital/parent company model to include new structures and strategic partnerships to support a wide range of care for patients in their communities. Yet, many health care organizations continue to utilize the same approach to governance that they have been using for decades—for hospitals and non-hospitals alike.

The traditional community-based hospital board has been part of our culture in health care governance for so long that it has become a fixture, a constant, and something we don't often think about changing in our quest for transformational governance. The mere suggestion that a governing board in a health care organization, particularly those that are non-profit or public, might not be a community board is bound to raise a gasp or at least an eyebrow. Hospitals and health systems must maintain ties to the communities they serve. But is a community board for every business venture in a health care system the best model in today's environment?

Evolution of Community-based Boards

Non-profit boards typically serve on behalf of constituents who have a significant stake in the organization's performance and success. While these stakeholders are often broadly defined as the community served by the non-profit, most health care organizations have expanded the definition to include physicians, employees, and even suppliers and vendors.

Over the years, "the community" came to be loosely defined as the market area served by a hospital. Board members—often business and community leaders—were selected to represent the community and to be both a voice for community needs and an advocate for the hospital.

As governance continues to evolve, today's non-profit hospitals and health systems are striving to compose their boards to better reflect the diverse populations they serve and seeking individuals with competencies boards need to carry out their work. The American Hospital Association's Center for Healthcare Governance (the Center) has identified core competencies for trustees of health systems and hospitals and created interview guides and other tools to help boards apply competencies in their work.

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Challenges of Community Boards Today

If organizations were truly trying to select community board members that: (1) reflect the community's age, gender, ethnic, racial, industry, political, economic and thought diversity; (2) represent the highest level of business and community leadership; and (3) embody carefully selected competencies that best support the board's work, would they have the same boards they have today?

A survey of 355 health care governing boards of all types (Peisert, 2015) indicates the average health care board has 13-16 members. Larger hospital boards (2,000+ beds) have an average of 5.1 percent females and 3.2 percent ethnic minorities, while smaller boards have even fewer (2.8-4.6 percent females and 0.6-2.4 percent ethnic minorities). Board member ages range from 45 to 75, with an average age of 58.4. More than 62 percent of these boards have one or more board members who represent a religious sponsor; philanthropic foundation; medical group, physician organization or medical staff; or are a member of management. By and large, these data indicate many health care boards do not yet reflect the increasingly diverse communities they serve.

When it comes to competencies, the question is whether boards are focusing member recruitment on the competencies needed to govern the next evolution of health care or are continuing to look for the same blend of competencies they have always had – financial, business, legal, physician, construction, real estate, fundraising, etc. While many traditional competencies are still needed, boards also should be seeking individuals with transformational competencies such as expertise in patient-centered care, quality and safety, outcomes management, population health management, risk contracting, value-based payments, accountable care organizations (ACOs), strategic partner development and consumerism. Competencies that reflect personal capabilities, such as the ability to deal with complexity, being skilled at navigating uncertainty or acting collaboratively, are also behaviors boards are seeking to govern more effectively in a transforming health care environment.

Recruiting for competencies, especially those that reflect skills or behaviors, can be a challenge. Some competencies are difficult to begin recruiting for because they reflect emerging areas of expertise, such as population health or value-based payment, and prospects may not be plentiful or readily evident based on professional background or prior community involvement.

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