

BoardBrief

Knowledge Resources for Governing Effectiveness

2020 Healthcare Challenges & Governing Strategically

Building and maintaining focused, accountable and visionary trustee leadership is one of the principal challenges for hospitals and health systems. Boards of trustees often face difficult choices in a time of political change, inadequate reimbursement, increased competition, changing care models, and greater consumerism. governWell™ asked Ann Scott Blouin, RN, Ph.D., FACHE, President and Founder, PSQ Advisory, for her insights on the challenges that are likely to impact hospital and health systems in the coming year. Following Ann's comments are governWell™ strategy fundamentals to assist boards as they consider strategic priorities for 2020 and beyond.

Healthcare 2020: Eight Challenges

Looking forward into 2020, boards need to be aware of emerging challenges for their hospitals and health systems. Often these challenges require risk assessment, thoughtful advanced preparation, resources and contingency planning. This article provides a brief overview of eight major issues for the board's consideration. These are:

- Payment reform and changes possible with the 2020 Presidential election;
- Cybersecurity;
- Climate changes and the impact upon healthcare facilities;
- Critical drug shortages;
- Regional labor shortages;
- Patient transitions to a different level of care;
- Social determinants of health; and
- The opioid crisis.

Payment Reform and the 2020 Presidential Election

Each of the Presidential candidates has a slightly, or significantly, different view of how to further change health care access and coverage in the

United States (US). This could have major impacts upon how health care services are reimbursed and what types of vehicles (e.g. government, private) provide insurance. There is significant complexity involved in dismantling the current payer structures and, potentially, revising the Affordable Care Act.

Cybersecurity

Cybersecurity assaults continue with more sophisticated 'phishing', hacking, malware and ransom demands. The sources of these attacks are diverse and believed to be international. No health care system is immune from thousands of efforts to breach its information technology.

Climate Change and Facilities

While there is disagreement about the nature and extent of climate change, there is a statistically significant increase in weather-related disasters. For example, wildfires in California and hurricanes in the southeastern US appear to be occurring with increasing frequency and velocity. These urgent incidents require extensive emergency preparation, including evacuation and facility safety.

Critical Drug Shortages

Frightening shortages of drugs critical to treating common illnesses and surgeries have emerged, causing healthcare systems to seek alternatives, if feasible. Manufacturers in geographic locations vulnerable to climate crises (e.g. Puerto Rico) have especially been impacted. These shortages can delay essential patient care, as health systems scramble to find alternative sources for needed pharmaceuticals and anesthesia agents.

Regional Labor Shortages

Recruiting and retaining competent and experienced healthcare professionals has always been an important focus. However, there are special circumstances faced by rural health care facilities and post-acute care providers, which create temporary or permanent labor shortages. As the US population ages and longevity improves, there will be a need to meet the increased demand for nurses, physicians, pharmacists, physical therapists and others across the care continuum.

Patient Transitions to a Different Level of Care

The care continuum will experience both innovation and transformation, as the digital age explodes in technologic advances. Care will be increasingly available via telehealth and distributed 'networks' of providers, focused on increasing access and reducing cost. Many people want to have health information and care delivery available in convenient, efficient methods-24/7. Home health, hospice, skilled nursing and assisted living are all projected to grow, as 'Baby Boomers' often wish to 'age in place' whenever possible.

Social Determinants of Health

Not all people across the county will be equally able to participate in digital care coordination and health management to stay healthy and prevent illness. Indeed 'social determinants of health' (SDoH) such as lack of education, homelessness, unemployment, lack of

transportation and food insecurity play a huge role in disease prevention and chronic disease management. Research demonstrates that these public health issues impact a population's health more dramatically than genetic background or acute care interventions. Health systems are increasingly focused on SDoH as a key strategy for success as an Accountable Care Organization (ACO).

The Opioid Crisis

The opioid crisis has emerged as a national crisis of epidemic proportions. The White House Council of Economic Advisers estimated the opioid crisis cost \$696 billion (>3% of the Gross Domestic Product) in 2018 and more than \$2.5 trillion between 2015-2018. The loss of life is staggering, as is the impact upon the communities struggling to address the emergency services, substance abuse treatment and criminal justice costs.

While these eight areas are not an exhaustive summary of issues boards should understand, they do represent a large component of what the hospital and health system boards of trustees will have to navigate, today and tomorrow.

Using Challenges To Shape Success

Thinking and leading strategically are fundamental strengths that every board needs to demonstrate. While it can seem to be an overwhelming and highly detailed process, in the final analysis, there are three important truths that hospital and health system boards should understand about setting strategic priorities and direction.

1. ***First, board members don't need to know everything there is to know in order to make intelligent decisions and wise choices about the future.*** There is an overwhelming amount of information available at any given time that may be relevant to the planning process.

Trustees need to have assurance that senior leadership is asking the right questions and utilizing the appropriate tools to ensure an evidence-based, outcomes-focused process.

2. ***Second, because of the rapid pace of change in health care, what organizations know today is very different from what they're likely to know tomorrow.*** That means that strategic planning processes, structures and systems need to be flexible and that the plan must be adaptable to new information and new realities of the future that have not yet been envisioned.
3. ***Third, trustees will never know everything they'd like to know to be totally confident in every decision they make.*** What they need to have is the assurance that the board's "knowledge bank" has sufficient "capital" to ensure that the decisions they make, and the directions they outline for the future of the hospital can withstand scrutiny.

It's important for board members to know that their primary strategic responsibilities are contained in these critical areas. Once this work has been accomplished and the board is satisfied with the broad strategic direction, the management team can go to work to develop action steps, communicate the plan throughout the organization, and ensure that everything is in place to ensure a successful strategic implementation.

Governing Strategically

Governance leaders play a unique and very important role in the organization's strategic planning process, and in its ongoing strategic success. The role of the board is to be a leader, a motivator and a catalyst for strategic success. The board does not need to be involved in the details of strategic plan development and

implementation.

It's the strategic thinking role that is absolutely unique to the board in the strategic planning process. Simply stated, the board should govern and lead the strategic plan, not create or manage it.

The board is the driver and keeper of the organization's mission, values, vision, goals and strategies, but it should not dictate the plans for delivering on those expectations. When it does, it ceases to play a governing role, and instead plays a management role, blurring the lines between these two critical elements. Effective board-level planning emphasizes a continual strategic dialogue into which are continually fed new information, new ideas and new perspectives, and out of which emerges a constant stream of strategic development opportunities.

Ideas for Action

Below are some ideas for actions the board can take, moving forward, as an accountable, responsible and responsive strategy-focused board:

1. Review the current strategic plan, and evaluate its purpose and value
2. Lead the initiation of a in-depth, wide-ranging and comprehensive examination of organizational fitness for future success
3. Identify the most critical challenges and forces shaping the organization's future, and develop a compelling and responsive vision
4. Focus on vision and outcomes vs. programs and details. The board should be most concerned with the "what" rather than the "how."
5. Pioneer new thinking and new responses to

emerging needs.

6. Create and nurture a culture that welcomes and embraces change as a creator of new opportunities and innovation.
7. Lead with purpose and consistency through unplanned and unexpected change.
8. Inspire executive leaders to excel as strategic change leaders who can coalesce employees, medical staff and others within the hospital or health system in a movement unified with purpose, committed to excellence and rewarded for performance.

Governance Pitfalls to Avoid

As board members work to examine the organization's strategic direction and find new ways to engage the board in more meaningful involvement, it's important to recognize the potential pitfalls that are important to avoid, including:

- Assuming that the past is a reliable predictor of the future;
 - The inability to craft a compelling, dynamic and meaningful vision embraced by all;
 - Attempting to manage plan details instead of engaging in critical strategic dialogue;
 - Taking narrow, board-centric approaches that do not involve a broad range of participants;
 - The failure to see strategic planning as a continual process of real-time responsiveness to change, rather than an endpoint;
 - The failure to define precise targets, measure progress, and continually work to close strategic gaps;
 - The inability to drive the strategic planning process, outcomes and responsibilities deeply into the organization; and
 - The inability to continuously turn new information into strategic knowledge, and transform it into strategic action.
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About Our Featured Thought Leaders



Ann Scott Blouin, RN, PhD, FACHE, *President & Founder, PSQ Advisory*

Ann Scott Blouin founded 'PSQ Advisory' to deliver strategic guidance to America's health systems, hospitals and critical access hospitals. Dr. Blouin works with boards, community groups and senior leaders to help organizations achieve success on financial and clinical metrics through an organizational focus on effective governance, improvement science and harm avoidance. Prior to founding PSQ Advisory, Ann was the Executive Vice President of Customer Relations at The Joint Commission, providing guidance in understanding the needs of health systems, academic medical centers, community hospitals, critical access and rural hospitals. During her ten years at The Joint Commission, Ann collaborated with multiple health systems across the country on leadership, patient care and quality/safety issues. With more than 30 years of health care administration, consulting and clinical nursing experience, Ann has held key senior leadership positions at community teaching hospitals, academic medical centers and prominent global consulting firms. Specific areas of expertise include strategic planning in rapidly changing environments, contemporary leadership, organizational design, regulatory compliance, business case development for quality and safety, high reliability, and clinical integration. Ann's experience as a senior leader in operations and strategy roles brings a unique understanding of today's challenges in health care. Ann has published and presented extensively on topics focused on health care leadership, patient care quality and safety, as well as nursing, and serves as an associate professor at Loyola University Chicago. She is a Fellow of the American College of Health Care Executives and is a certified Green Belt in Lean/Six Sigma/Change Management methodologies. Ann currently serves on the Institute for Healthcare Improvement Board of Directors, the IHI Certification Board for Professionals in Patient Safety and a post-acute care public company (Ensign Group) board. Ann has also joined two healthcare technology start-up boards, Vitalacy and Elemeno Health. Ann has prior governance experience with ambulatory, community and federally qualified health clinic boards.



Larry Walker, *Founder and Senior Advisor, governWell™*

Larry Walker has served in several elected health care governance positions, including as Chairman of the Board of Trustees of Mt. Hood Medical Center, (Gresham, Oregon), director of the medical center's foundation board, and director of Legacy Health System (now Legacy Health), a diversified Portland, Oregon health care system, and two of Legacy's predecessor organizations, Healthlink and Metropolitan Hospitals.

Larry has presented educational programs on a broad range of governance topics to thousands of trustees at state hospital association governance conferences; planned and facilitated board of trustees retreats; carried out governance practices and performance assessments; and produced a quarterly newsletter for over 1,200 trustees in eight states for over 12 years. He has also performed a broad range of consulting work for 45 state and metropolitan hospital associations, including the American Hospital Association. Larry believes that better governance results in better health care, and is committed to assisting hospital governing boards to realize their full leadership potential.



Barb Lorschbach, FACHE *President, governWell™*

Barb Lorschbach has over 25 years of experience working with our nation's health care systems and hospital leaders. A former senior vice president of the American Hospital Association, Barb was responsible for AHA constituency sections, member services, regional operations, recruitment and retention, and executive and trustee education. Barb led the team that developed the AHA's Center for Health Care Leadership and strategies to ensure member-driven governance and thought leadership. She has also held management positions at Northwestern Memorial Hospital, Northwestern Medical Faculty Foundation, and other organizations. Barb Lorschbach offers unique insights based on her background as an executive, educator, board member, and entrepreneur. She is an advocate for governance and leadership education, collaborative innovation, community engagement, and increasing diversity and inclusion in management and on governing boards. Barb works with boards, senior leaders and community groups to help achieve organizational effectiveness and community impact.

Additional governWell™ Resources

Resources listed below are included for Kansas governWell™ members:

- *BoardBrief: The Board's Role in Strategic Planning*
- *BoardBrief: Strategic Execution — The Plan Following the Plan*
- Customizable strategic performance dashboard
- retreatWell module, including sample and customizable materials for a successful board retreat
- Live learning sessions for boards of trustees
- Strategy consult with Ann Scott Blouin and/or other governWell™ strategic partners

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