

Leadership Toolkit for Redefining the H: Engaging Trustees and Communities



Report produced by the AHA Committee on Research and Committee on Performance Improvement – 2015

**American Hospital Association
Committee on Research 2014**

**Jonathan B. Perlin, MD, PhD,
MSHA, FACP, FACMI**

Committee Chair

Chief Medical Officer & President,
Clinical and Physician Services
HCA/Hospital Corporation of America

Jessica Anderson

Board Chair
Rutland (VT) Regional Medical Center
Senior VP Wealth Management
UBS Financial Services

**Rhonda Anderson, RN, DNSc (h),
FAAN, FACHE**

Chief Executive Officer
Cardon Children's Medical Center

Art Blank

President and CEO
Mount Desert Island Hospital

Mary Blunt

Corporate Vice President
Sentara Healthcare

**Laura Caramanica, RN, PhD, CENP,
FACHE**

Chief Nursing Officer
WellStar Kennestone Hospital

Lawrence P. Casalino, MD, PhD

Chief of the Division of Outcomes and
Effectiveness Research; The Livingston
Farrand Professor of Public Health
Department of Public Health
Weill Cornell Medical College

Michael Chernew, PhD

Professor
Department of Health Care Policy
Harvard Medical School

Douglas A. Conrad, PhD

Professor, Department of Health Services
University of Washington

Elaine Couture, BSN, MBA, RN

Chief Executive Officer
Providence Sacred Heart Medical Center

Diane S. Cross

Trustee
University of Minnesota Health

Kenneth W. Freeman

Former Trustee, HCA
Allen Questrom Professor and Dean
Boston University School of Management

Daniel L. Gross, RN, DNSc

Executive Vice President
Sharp Healthcare

Edward L. Hatcher

Immediate Past Chair
Grinnell Regional Medical Center

Raymond T. Hino, MPA, FACHE

Chief Executive Officer
Bear Valley Community Hospital

Mary Kitchell

Trustee
Mary Greeley Medical Center

Douglas Leonard

President and CEO
Indiana Hospital Association

Steve Love

President
Dallas-Fort Worth Hospital Council

Lynn Nicholas, FACHE

President and CEO
Massachusetts Hospital Association

T.R. Reid

Author

Michael G. Rock, MD

Chief Medical Officer
Mayo Clinic Hospitals/Mayo Foundation

Lawrence H. Schultz

Board Chair
Allegiance Health

John J. Singerling, III, FACHE

President
Palmetto Health

Joseph R. Swedish

President and CEO
WellPoint, Inc.

David P. Tilton

President and CEO
AtlantiCare

Richard J. Umbdenstock

President and CEO
American Hospital Association

Lorrie Warner

Managing Director
Citigroup Global Markets Inc.

Joe Wilkins, FACHE

Board Chair
St Joseph Hoag Health

Maryjane Wurth

President and CEO
Illinois Hospital Association

**American Hospital Association
Committee on Performance Improvement 2014**

Thomas W. Burke, MD

Committee Chair

Executive Vice President, Cancer Network
The University of Texas M.D. Anderson
Cancer Center

Bruce Bailey

President and CEO
Georgetown Hospital System

Barclay E. Berdan

Chief Executive Officer
Texas Health Resources

Damond Boatwright

Regional President/CEO
Hospital Operations
SSM Health Care of Wisconsin

Carolyn Caldwell

Chief Executive Officer
Desert Regional Medical Center

Andrew Carter

President and CEO
The Hospital and Healthsystem
Association of Pennsylvania

Vickie Diamond, RN, MS

President and CEO
Wyoming Medical Center

James Diegel

President and CEO
St. Charles Health System

Joy Drass, MD

Executive Vice President, Operations
Washington Region
MedStar Health

Christopher J. Durovich

President and CEO
Children's Medical Center of Dallas

Georgia Fojtasek

President and CEO
Allegiance Health

A.J. Harper

President
Hospital Council of Western Pennsylvania

Mary Henrikson, MN, BSN, CENP

Vice President for Patient Care Services,
CNO/COO
St. Anthony Summit Medical Center

Mary Anne Hilliard, Esq, BSN,

CPHRM

Chief Risk Counsel
Children's National Medical Center

Donna Katen-Bahensky

Former President and CEO
UW Hospital and Clinics

Kirk Norris

President
Iowa Hospital Association

Raymond W. Montgomery II

President and Chief Executive Officer
White County Medical Center

Sarah Patterson

Executive Vice President and Chief
Operating Officer
Virginia Mason Medical Center

Julie Quirin, FACHE

Chief Executive Officer
Saint Luke's Hospital of Kansas City

Michael G. Rock, MD

Chief Medical Officer
Mayo Clinic Hospitals/Mayo Foundation

Mary C. Tonges, PhD, RN,

NEA-BC, FAAN

Chief Nursing Officer and
Senior Vice President
UNC Hospitals

Richard J. Umbdenstock

President and CEO
American Hospital Association

Raymond P. Vara, Jr.

President and CEO
Hawai'i Pacific Health

Table of Contents

Executive Summary	5
Introduction	10
Engaging Communities in the Redefinition of the H	15
Engaging Trustees in the Redefinition of the H	20
Putting it All Together	26
Tools and Resources	
1. How-to Toolkit on Convening a Community Conversation	28
2. Individual Community Conversation Overviews	48
3. Case Examples	55
Western Maryland Health System	56
Allegiance Health	57
4. Current High-Performance Governance Practices	60
5. Competency-based Board Composition	64
6. Creating the Right Boardroom Conversations	67
7. Seven Steps to Designing an Effective Governance Education Process	71
8. Additional AHA resources	74

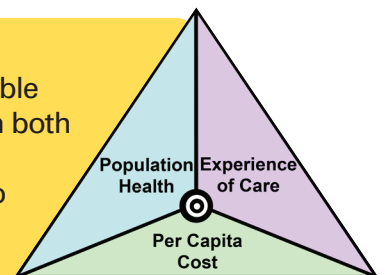
Executive Summary

The blue and white hospital “H” carries the promise of help, hope and healing. While the hospital of the future will continue to extend that promise, it may do so in significantly new ways. Hospitals do more than treat injury and illness; many serve as cornerstones within their communities, both in terms of advancing health and well-being, as well as being an economic engine.

Hospitals’ accountability and commitment to their communities are not only for the care provided within the hospital walls, but also for improving the overall health of the communities served. Many are acting on that commitment by striving to achieve the goals set out by the Institute for Healthcare Improvement’s Triple Aim: improving the patient experience of care, improving the overall health of a population and providing high-quality care at an affordable cost. As communities contemplate health and health care, hospitals of the future must become true community partners and work collaboratively with diverse stakeholders to help individuals reach their highest potential for health. *(While the report refers to hospitals, the concepts are meant for both hospitals and health systems.)*

While issues of access, cost and quality were drivers for the Affordable Care Act, response to these changes are now being formed through both payment and delivery system reform. Hospitals are using the Triple Aim to guide them as they look at different paths and approaches to redefine themselves and further develop strategies and business models for sustainability. They are improving the overall health of our country, our community and our patients through:

- Improving the experience of care for patients, involving patients and families in care teams, helping to coordinate services among providers and helping patients navigate the health system;
- Moving toward proactive, population health with a strong focus on prevention and wellness strategies, keeping patients safer and out of the hospital; and
- Working to reduce non value-added care and identifying opportunities to increase efficiency, improve quality and reduce the overall cost of care.



As shortcomings in health care performance and health outcomes are contemplated in the context of unsustainable costs, the changes occurring now are prompting hospital leaders, boards and others to consider what changes are needed to ensure that care continues to be provided for our families, friends and communities. Our patients, policymakers, legislators and businesses are also demanding change! Given the financial pressures our nation faces, there is significant economic stress on the entire health care sector, and resources allotted for health care will be under even greater scrutiny in coming years. Increased efficiency and quality are paramount. At the same time that we find ourselves with diminishing resources, our health care system will also be caring for an increasingly large aging population – baby boomers who are living longer – and many patients experiencing multiple chronic conditions. Despite these

challenges, technological and medical advances are allowing caregivers to deliver care that is more complex and more individualized than ever before. This progress will impact how care is delivered and financed and will necessitate the need for hospitals to focus locally on finding the best community solutions to improve health outcomes.

Hospitals today are intently focused on redefining the “H,” exploring what it means to be a hospital in a rapidly transforming health care world. Among other things, the move from a fee-for-service to a value-based environment is prompting hospitals to intently focus on quality, embrace population health management (both defined as “attributed” and geographic populations) and promote more integrated, better coordinated care with goals to improve the health of the community through increased access to primary care, appropriate admissions and reduced inappropriate readmissions, along with making measurable gains in improving outcomes of care and reducing harm. But these achievements cannot be accomplished in isolation because the rising costs of health and health care are unsustainable. Given these fiscal pressures, hospitals must carefully consider the allocation of resources for the health and health care of the communities they serve. The concept of population health may begin as a core responsibility for hospitals and health systems to keep their “attributable population” of patients well and out of the hospital, provide care in a coordinated manner and integrate with all relevant care providers. As transformation evolves and with strengthened community collaborations, hospitals may begin to move toward looking at population health in terms of broad health needs within their community and the determinants of health that inhibit wellness and improved health status of a geographic population.

These challenges will require that hospital boards lead the way in forging community collaborations that:

- Appropriately allocate resources and define a shared responsibility for improving community health;
- Bring insight, perspective and support from the community into the hospital board room as hospital leaders consider paths for transformation; and
- Enter into strategic partnerships for improving community health and health outcomes.

Strengthen Community Partnerships

Maintaining a strong linkage with the community through a diverse group of community stakeholders will be more important than ever, and the ability to do so will become a key competency for boards and an important strategy for hospital leaders as they look to better understand their community’s needs. Collaboration through community health needs assessments and other strategic endeavors will be vital as a foundation for planning and methods to align health priorities and goals to achieve the best outcomes for health. Executive teams should be community oriented themselves and also look to identify community leaders to fill new roles within the governance structure of the hospital or health system. Inviting community members to serve on committees or attend key board meetings to share their knowledge and understanding of the patients and community can be extremely valuable.

Governance Will Be Key

The American Hospital Association (AHA) has recognized that redefining the “H” also includes a component of redefining the “G,” or determining the changes necessary to ensure that the governance structure is fully capable of ensuring purposeful, productive hospital leadership well into the future. Now is the time to concurrently redefine the role

and expectations of hospital boards in both providing leadership excellence while also engaging multidisciplinary teams within the hospital. Teams should include physicians, nurses, volunteers, patient advocates and others, while also connecting with diverse community stakeholders for their insight into community health challenges and priorities. Boards will be responsible for fostering collaboration, supporting changes that will likely occur during these dynamic, transformative times and translating such change into positive action and outcomes for the community.

High levels of complexity and uncertainty that underlie the transformation taking place in health care organizations across the United States require careful risk-taking by leadership teams that must take these risks in partnership with their boards, medical staffs and communities. Boards that clearly understand the environment, the uncertainty and the need to take carefully calculated risks will be most understanding and supportive of the leaders responsible for managing these risks and leading the organization into the future.

The AHA recently embarked on an effort to better understand where hospitals and communities were in their journeys of transformation and used that feedback to influence the work of both the Committee on Research (COR) and the Committee on Performance Improvement (CPI). The AHA received approximately 1,100 responses from board chairs, CEOs, CFOs, CNOs and others about redefining the “H.” The general consensus was that, nationally, there would be fewer independent hospitals, with more hospitals joining health systems. Additional predictions for the future included more hospital/physician affiliations, more value-based payments, a shift to payments that are fixed or capitated and more providers owning health plans. Locally, hospitals felt they would see decreasing or flat inpatient revenue; increasing outpatient revenue; increases in the amount of primary, preventive care; greater integration of technology; and growth in the use of interdisciplinary teams to achieve more coordinated care.

With delivery and payment reform, it is becoming clear that hospitals must adapt to survive. The AHA has identified five possible paths for transformation that are not mutually exclusive:

- **Specializing** to become a high-performing specialty provider, such as a children’s hospital or rehabilitation center;
- **Partnering** through a strategic alliance, merger or acquisition for greater horizontal or vertical reach, efficiency and access to resources;
- **Redefining** to a different delivery system that is either oriented toward more ambulatory or more toward long-term care;
- **Experimenting** with new payment and delivery models, such as bundled payment, accountable care organizations (ACOs), clinically integrated networks or medical homes; or
- **Integrating** by developing a health insurance function or services across the continuum in areas such as behavioral health, home health, post-acute, long-term care, ambulatory, etc.

The AHA believes that changes as significant as those likely to occur in the coming decade need to be planned for, not only within the hospital but also with strong input and engagement from the local community. As hospitals consider redefining themselves, it is crucial that they educate and engage leaders at the governance level who can then help navigate new payment models, delivery system reforms and new community health challenges. As hospital board members guide hospitals during this time of change, they will bring important perspective from their community roles and be able to provide insight as to how different paths of transformation may affect the community. For hospitals to maintain this strong linkage with their community and to be most impactful in addressing community health needs, they will need to work much more collaboratively with a wide range of community entities to identify the most critical health needs and challenges faced by the community. They must also consider the obstacles that exist to achieve good health, unite around shared goals and work collaboratively to implement changes that promote a healthier community and do so while developing a sustainable business model. Additionally, boards and hospital leaders must maintain a strong local presence and reflect the individual communities they serve. Changes will not be effective if done only with national or regional input.

These basic premises prompted the AHA COR to invest the past year looking into trustee engagement as it relates to redefining the “H,” and the AHA CPI to focus on how hospitals can engage with community stakeholders to have conversations about the changing health care landscape. Drawing from this work, this report includes an overview of community engagement and governance strategies for hospital leaders and can serve as a leadership checklist for engaging both communities and trustees.

LEADERSHIP TOOLKIT

Common Themes and Recommendations When Engaging Communities:

- Collaborate through building trust and engagement among all stakeholders
- Start locally when considering transformation
- Envision a future when care looks different than today
- Engage in broad-based dialogue
- Drive policy changes that support collaboration
- Provide frequent and ongoing communication
- Use community health needs assessments as a critical planning tool
- Consider a holistic approach to health care

Current High-Performance Governance Practices:

- Define a clear mission and vision for a transformed enterprise
- Create an environment of trust
- Establish a foundation of effective communication
- Build a board-CEO co-leadership partnership

New Bold Steps to Equip Boards for Transformation Work:

- Develop trustees for the future
- Ensure the right governance dialogue
- Commit to continuous trustee education and knowledge building
- Have courage to make the difficult decisions

Introduction

Health care payment reform and delivery system transformation have set in motion myriad changes in how health care is financed, how providers are compensated and how care is delivered. As the hospital field works to redefine the “H” and achieve the Triple Aim on behalf of our patients and communities, we must actively engage trustees and our communities now in the changes that will inevitably come. To successfully navigate the transforming health care system, all community stakeholders must have candid, strategic conversations about the direction of local health care. It is imperative that hospital leaders, governing boards and community stakeholders join together to identify paths for change that will improve the health of the community.

To effectively strengthen the health care system, both locally and nationally, hospital boards must:

- Become knowledgeable of hospital’s changing business model, understanding new delivery system reforms and changes to the reimbursement system;
- Ensure that boards are both representative of the community but also representative of the skills and competencies needed to best lead a hospital or health system through transformation;
- Willingly and regularly engage with community stakeholders to educate them about the challenges being faced by hospitals, learn from them about community needs and challenges and work jointly to create an infrastructure for change that aligns community health goals;
- Consider a local board structure that allows the individual hospitals to maintain a strong local presence, best understand community challenges and regularly welcome community members and patients into the board room; and
- Address possible business models to achieve and sustain goals.

Hospitals must join with other diverse community stakeholder groups to:

- Assess both community health challenges and strengths;
- Identify gaps in competencies and services (what services are lacking within a community, in which areas does duplication exist, what trained health care providers are needed, etc.);
- Proactively collaborate and strengthen diverse partnerships to facilitate greater community collaboration;
- Break down community silos to create a shared vision for future health care, including but not limited to the role of the hospital, within a community; and
- Develop sustainable business models that allow partners to first achieve but then sustain goals.

Collaboration is essential as hospitals and communities move toward better coordinated, more integrated care and adopt a population health model of keeping people healthy and reducing preventable hospitalizations. Many hospitals are moving toward a more coordinated population health model for their attributable body of patients, but as hospitals and health systems partner more closely with community stakeholders, they will likely also begin looking more broadly at a geographic population health approach based on the health needs of the community and region they serve. Strong guidance and leadership

within hospitals will be key during the shift from a volume-based system to a value-based system, as will the ability of community stakeholders to come together, unify and support change regardless of diminishing or sometimes competing resources, financial and otherwise.

Hospitals and health system leaders must think broadly as they plan for transformation, but all new system design will require the delivery of increased value. First and foremost, leaders must look for opportunities to improve the quality of care provided, identify strategies to provide more efficient, high-quality care and work with communities to go “upstream” to address the determinants of health. Any change that may occur to the “brick and mortar” hospital must be viewed in the full context of health services provided in a community, as the greatest impact on health outcomes are determinants of health that reach beyond clinical care.

The Robert Wood Johnson Foundation’s America’s County Health Rankings identifies the following factors that can impact an individual’s health and, ultimately, health outcomes for a population:

- Health behaviors (tobacco use, diet and exercise, drugs and alcohol)
- Clinical care (quality and access)
- Social and economic factors (education, employment, income, transportation, etc.)
- Physical environment (air and water quality, housing and transit)

With the goal of educating communities on transformation, the AHA CPI hosted several community events across the country, listening and learning from community partners and seeking to foster further community collaboration and engagement. Woven through many conversations was the concept that determinants of health can no longer be overlooked as the health system moves toward a population health model of keeping individuals healthy and reducing preventable hospital stays. If this is in fact what the future health system has in store, hospitals, hospital leaders and all other health care entities must think of health much more broadly than a single encounter within a hospital and must plan and work strategically for an integrated, coordinated approach to keep our communities healthy. Hospitals and other partners in health within a community must align goals, resources and expertise around a sustainable model for improvement. Drawing upon community leaders whose backgrounds are focused on the social services available within a community, as well those who possess knowledge of the specific challenges or social determinants present within a community, and inviting these individuals to join the governance conversation by serving on advisory groups, board committees or the governing board are examples of nontraditional input. But moving forward, such individuals will become essential.

The COR conducted a separate survey on the readiness of trustees to adapt their governance practices to these new realities. Survey responses were collected from 949 CEOs and 629 trustees (Table 1). While there was agreement that trustees were knowledgeable about the coming transformational changes, there was significant disagreement about their engagement in new governance practices and a significant difference in their perspectives on how far their organizations have progressed in transformation.

Table 1**Health Care Transformation: Comparison of Trustee and CEO Responses**

Question Wording (1 to 5 scale)	Trustee Mean N=629	CEO Mean N=949
1. How knowledgeable is your board about the transformational changes occurring in health care?	3.88	3.86
2. To what extent is your board currently engaged in the following practices to prepare for governing in a transformed health care delivery environment:		
• Examining emerging governance models and considering how they might apply for our organization	3.52*	2.98
• Having candid strategic discussion about what health care transformation means to our organization/how to best deploy assets to meet community health needs	3.96*	3.82
• Developing a new vision and strategy for transformational change in our organization	3.85*	3.69
• Developing future-focused metrics that assess today's performance and shape future outcomes	3.56*	3.32
• Strengthening board and organizational competencies to manage change and risk	3.56*	3.25
• Developing new or revised competencies required for board membership in a transformed environment	3.05*	2.80
3. How far is your organization on the journey to create a transformed health care organization?	2.98*	2.79

*= $p < .05$

Source: AHA CPI/COR, 2014.

The CEOs and trustees were also asked more open-ended questions about their board's engagement in the work of transformation (Table 2). Here the differences were more in tone and understanding. The board members perceived themselves to be more engaged, wanting more education and resources, while the CEOs' perceptions of trustee performance were that they were disengaged and lacked education. This difference in perception creates a serious challenge for organizational success and must be aggressively addressed by CEOs and their board members before the "H" can successfully be redefined.

Table 2

Change	Trustee Perspective	CEO Perspective
Board education/development	<ul style="list-style-type: none"> • Understandable, “simplified” education about the national and local changes occurring in health care • More opportunities for education 	<ul style="list-style-type: none"> • Ongoing focus on education about care delivery and financing changes • Education on what good governance is all about
Board composition/skills/competencies	<ul style="list-style-type: none"> • New board members with transformational skills • Competency-based board recruitment and evaluation • More clinicians on the board • More diversity (gender/age/racial/ethnic) 	<ul style="list-style-type: none"> • Need a more “professional” board • Skill level of current board is inadequate • More knowledgeable board members (“you can only educate so much”)
Strategic focus	<ul style="list-style-type: none"> • Agendas need to focus more on strategy for the future 	<ul style="list-style-type: none"> • Board members lack strategic perspectives/focus • Community hospital board in a system does not have strategic relevance
Board engagement/time commitment	<ul style="list-style-type: none"> • Make board education mandatory so all trustees have to commit the time to it • More frequent board meetings 	<ul style="list-style-type: none"> • Can’t get board members to engage on the tough issues • Board members won’t commit the time needed for strategic discussions – they are too busy • Greater board member accountability
Streamlined governance structures	<ul style="list-style-type: none"> • Clarify relationships/authority between boards of new entities (affiliations/mergers) • More board committees 	<ul style="list-style-type: none"> • Smaller, more nimble board • Simplify the governance structures
Best practices/data/metrics	<ul style="list-style-type: none"> • Future-focused performance metrics • Need to know how others are approaching change – what works and what doesn’t • Better IT systems to give us relevant data 	<ul style="list-style-type: none"> • Future-focused performance metrics • Better IT systems to give us relevant data
Physician leadership/alignment	<ul style="list-style-type: none"> • Make sure our physicians are aligned with our future • Better integration of board, CEO and physicians into decision making 	<ul style="list-style-type: none"> • More engagement from the physicians on the board • Clinical collaboration on need to move to evidence-based practice
Better board-CEO relationship	<ul style="list-style-type: none"> • More open dialogue between board and CEO • A true partnership between the board and CEO • Better senior leadership commitment to the board 	N/A
Change government/ownership constraints	<ul style="list-style-type: none"> • Open meetings make strategic discussion impossible 	<ul style="list-style-type: none"> • Publicly elected board is unprepared to govern
Community perspective/involvement	<ul style="list-style-type: none"> • We need community focus groups so they have input into the future direction of the hospital • Staying focused on our mission on behalf of the community 	<ul style="list-style-type: none"> • Community understanding/engagement on health care changes

Source: AHA CPI/COR, 2014.

Need for Change

Today's health care environment is highly volatile. Uncertainty places increasing risk on CEOs and the decisions they make. Yet maintaining the status quo is not an option moving forward. CEOs are responsible for steering their organization in the right direction for future success in achieving the hospital's mission and vision. Bold and necessary moves may be unpopular with employees, nurses, physicians and even the community, but they may also be necessary to transform the organization to ensure its success in a health care world that will be dramatically different from today's.

New and Diverse Partnerships

As CEOs make tough and controversial decisions and set bold new directions, it is important that they have full confidence in their board's involvement in, support for and enthusiastic endorsement of their actions. Educated and engaged boards that possess relevant competencies can be a key resource for a hospital or health system CEO and serve as an ambassador for change. Establishing diverse partners and community collaborators can help guide the decisions of CEOs and help them better understand the health challenges and concerns of their community. Additionally, CEOs can use the involvement and support from community partners as a strategic opportunity to reduce concerns or alleviate opposition to changes brought about during transformation.

Board Support

CEOs will also need to be supported by their board when they encounter problems in taking risks and trying new ideas. When the board has a full understanding of the issues and challenges facing the organization and when the board is able to bring a core competency grounded in community connectivity, both will operate in a trusting and successful partnership. That partnership requires trustees and the CEO to work together seamlessly, united to achieve the highest level of organizational success. The relationship can be enhanced through a clear understanding of one another's needs, responsibilities and expectations, clear and consistent communication, mutual goals and objectives, dialogue-rich and purposeful meetings and a constant sharing of timely and critical information. This partnership is the foundation of great governance practices.

Board Preparation and Competencies

Redefining the "H" will require hospitals to equip boards with new skills and tools and empower them to make hard decisions in the face of uncertainty. Boards must:

- Stay connected and be able to translate the health needs of their communities;
- Assess possible partnership opportunities for better integrated, more coordinated care across all care settings;
- Serve as a liaison between the hospital and the community and lead the hospital to be a convener of community stakeholders; and
- Lead the organization to take necessary steps and adapt appropriately in light of the realities of the changing health care environment.

Mission Alignment

Hospitals must reconsider, how they alone, or through diverse partnerships with aligned goals and resources can best fulfill their mission of improving health for patients and communities.

To better equip hospitals for success during transformation, leaders must recognize the importance of collaborating, educating community stakeholders on the changes

ahead and engaging and partnering with those organizations which can best help care for the overall health of patients and the community as the health care system shifts to a population health model. Additionally, boards must also recognize the need for new competencies, educational opportunities and collaborative approaches to best govern their increasingly complex organizations with multiple clinical and operational units and functions, as well as expanded continuum of care settings. Governance roles and responsibilities at each level of the organization will vary but should be coordinated into an integrated and efficient governance system. Boards should never forget their unique opportunity to foster further community collaboration that can bring different, but essential, community perspective to the boardroom, to successfully steer their organization through the changes ahead.

Engaging Communities in the Redefinition of the H

Hospitals leaders and boards must not be insulated in thinking about the challenges and opportunities associated with this transition, but should consider new ways to engage with communities and think about what changes to the health care system will mean for patients and consumers. It would be unfortunate for a hospital to be redefined in a manner that does not positively impact the overall health of a community and, therefore, is not supported by the community. Community Conversation events should include discussions on transforming community health, not just the hospital, and should examine the role stakeholders will play in that process. To assist hospitals in developing community engagement strategies that can influence the process of transformation and build an infrastructure for better health, the AHA CPI oversaw the development and implementation of several “Community Conversations” events. The conversations were held in six states across the country and brought together a diverse group of community and health care stakeholders for a moderated discussion around current health challenges, implications of transformation and a shared future and vision for the hospital’s role in community health. ***(Overviews from the individual events can be found in the Tools and Resources section, Tool 2.)***

All health care is local, and transformation is likely to play out differently in different communities. That is why, regardless of the work the AHA is doing to gain some national perspective, it is very important for hospitals to convene community stakeholders and to listen, learn and gain an understanding of the impact such changes may have on the community. Doing so will put hospitals and communities in the best position possible as the role of the hospital changes and population health emerges as a framework for achieving the Triple Aim. All community health partners, including multiple or “competing” hospitals, must find ways to collaborate and work together, breaking down barriers for change and sharing goals for improved health status.

Specifically, the CPI was interested in prompting community engagement and underscoring the role that community stakeholders can play in influencing how hospitals redefine themselves as health care moves from a volume-based to a value-based business model. As such, the primary objectives of the Community Conversation events were to:

- Engage in a robust discussion on emerging health care trends;
- Gain a shared understanding of changing community health needs;

- Consider how changes and trends might impact hospitals and, more broadly, the health of a community; and
- Encourage further dialogue and collaboration among all stakeholders on the changing role of hospitals in community health.

The events proved to be an effective strategy for listening, communicating and collaborating with stakeholders. Thinking about transformation from the patient, consumer or community stakeholder perspective was enlightening. There was uniform agreement among participants that the health care system is approaching a time of rapid change that will impact the current infrastructure of community health. Cost and coordination of care were generally identified as two of the biggest obstacles in health care transformation. Enhanced behavioral health and preventive services, along with more coordination with social services, were identified as the top areas most in need of improvement. While every community has its own unique characteristics and populations to consider, the concept of collaboration being crucial to transformation emerged during each conversation as a common recommendation as hospital leaders and boards look to solve the bigger challenges around changing the health care environment.

Common Themes

1. Collaboration Is Key: Collaboration and partnership mean that no one hospital or health system has to be all things to all patients. There was a general recognition among the event attendees that the hospital may no longer be the only, or even most appropriate, entity to provide certain services. When the patient's best interest is the primary focus, silos of care that exist within a hospital or health system, as well as with other community stakeholders, will begin to break down, allowing for better coordination and health outcomes.

2. Transformation Will Be Local: While policy changes are needed and will certainly impact how health care evolves, change must start locally. "Local will" that ensures needed health care services are available within a community was believed to be stronger than "political will" and likely to facilitate change faster than waiting for policy changes. While hospitals and health care stakeholders will continue to push for favorable policy changes, hospitals must be careful that transformation is done *as* a community, not *to* a community.

3. Care Might Look Different: As the health care system transforms and as local hospitals and communities take a closer look at existing services and areas of need, communities may see changes in the number of inpatient hospital beds, where care is provided, the type of services a hospital offers and which providers and stakeholders become part of the extended care team.

Challenges and Lessons

1. Align Community Priorities and Funding: Funding and collaboration between health care, public health, social service organizations and other community partners were discussed as needing aligned priorities and incentives that are more closely coordinated. Narrowing in on a shared goal and aligning financial incentives with all stakeholders will accelerate transformation at the community level.

2. Behavioral Health Services Are Inadequate: The need for augmented and better integrated mental and behavioral health services was a strong theme throughout all of the events. The current fee-for-service system does not support optimal provision of these services.

3. Primary Care Physicians Are In Shortage: Another universal burden discussed in each conversation is that the Affordable Care Act is creating increased and immediate demand for primary care providers while there is a shortage of primary care physicians coming through the educational system. Access to adequate primary care will be essential as the health system moves to a population health model. Nurse practitioners and other advanced practice professionals should be considered to fill the gap.

4. Social Determinants of Health/Socioeconomic Status Must Be Considered: Looking at the overall health of a patient or of a community, beyond an episode of hospital care, will prompt hospitals and other health care and social service providers to identify and account for determinants of health. Without addressing these factors, overall health may not be achieved. Some of the challenges discussed include:

- Transportation for underserved populations
- High costs of prescription drugs preventing some patients from taking needed medications that could improve health and prevent readmission to the hospital
- Food deserts and limited access to healthy meals
- Weak educational opportunities

5. Stakeholders Need the Ability to Better Share Information and Data: Lack of communication and the inability to both share and access health information and data were identified as being significant barriers to success in some communities. Having the ability to share data, and then determining how best to communicate information between providers, would improve handoffs of care and ultimately create more integrated communities and healthier populations.

6. Different Types of Providers Will Face Unique Challenges: While collaboration and care coordination are being discussed, the smallest hospitals must not be overlooked. There was a shared concern among Community Conversation attendees for how rural hospitals will be able to successfully transform without many of the resources and potential partners available in more urban areas. Urban and safety-net providers also face challenges, as they care for large, underserved, ethnically diverse populations. Additionally, community collaborations and partnerships may be more difficult to initiate in markets with significant competition and multiple providers.

Recommendations

1. Engage in Broad-Based Dialogue: Be committed to understanding community health challenges and move outside the hospital's comfort zone to listen to voices and perspectives that often go unheard in general hospital meetings and planning sessions. Doing so can open the door to hearing about all the things your community thinks the hospital can and should be doing for the community. Community Conversation events present an opportunity for education and, most importantly, for listening and learning and then most likely strengthening vital community relationships. **(See a full listing of potential stakeholders in the Tools and Resources section – Tool 1.)**

2. Policy Changes Must Support Collaboration: As health care policies change both nationally and locally, hospitals along with other community partners should join together to ensure that policy changes incentivize public and private partnerships that would help consumers become more integrated into the health care system and more active in their health care.

3. Frequent and Ongoing Communication Is Needed: Bring stakeholders together around vested interests and look for existing forums to do so. Ongoing forums and continued community conversations will be critical for understanding the changing health care environment. Hospitals can play an important role as a convener of such dialogue but should not necessarily lead the conversations. Communication and education, when appropriate, must occur often among all community stakeholders – among different hospitals, health care stakeholders and, most importantly, non-health care community partners. Engaging with consumers and other community leaders will offer important insights during transformation.

4. Community Health Needs Assessments (CHNA) as a Tool: The needs assessment can be an important tool in facilitating transformation, collaboration and allocation of community resources. The assessment should be considered a foundational element of partnership and serve as the center for ongoing dialogue about health needs of the community. Data must be objective and allow all stakeholders to join around priority health goals. This is an infrastructure and process already in place and should be used more strategically. With collaboration increasing in importance, it is no longer enough for hospitals and health systems to conduct community health needs assessments only because they are required. Rather, the CHNA should be an interactive, collective process that helps multiple stakeholders lay a foundation and infrastructure to “do more” together.

5. A Holistic Approach to Health Care Is Needed: What will the “H” represent in 10 years? Much more than “Hospital.” People should see it and think of “Health.” As delivery and reimbursement systems change to incentivize keeping patients healthy and out of the hospital, the hospital field must be looking at a holistic approach to care, prevention needs to be front and center, and more than just hospitals and the health care system will be needed to impact change. Our focus should be on determinants of health, not just health care or hospital care. ***(Please find case examples in the Tools and Resources section, Tool 3, that illustrate examples of hospitals that are engaged in successful transformation.)***

Hosting a Community Conversation

The approach and process used by the CPI to host six Community Conversation events can be used as a model for other organizations looking to engage with their communities. A complete “how-to” toolkit is provided in the Tools and Resources section, but below is a brief outline should you want to host a Community Conversation in your area. If the format or structure outlined below for Community Conversation events does not work for a particular hospital or community, the concepts of engaging with diverse community partners, aligning shared goals and working to collaboratively improve community health should be incorporated into a strategy that best fits the dynamic of the particular organization.

- **Early Planning** – Date and venue selection, agenda development and event planning and logistics can be done well in advance and will allow for a more strategic selection of attendees and targeted outreach as needed.
- **Convening a Diverse Group** – Participant selection will be key to the success of your event and the involvement of non-health care stakeholders will be extremely beneficial. The Community Conversation events are intended to be structured dialogues with invited community stakeholders, not open to the public. We encourage you to think beyond your comfort zone to convene a group of diverse stakeholders who can bring the full spectrum of community perspectives to the conversation, whether that be the local YMCA, food bank, university or banking institution. Including hospital trustees in these conversations can be helpful, as they often serve as a bridge between the community and the hospital or health system. Building trust among diverse stakeholders will be key, and this is an area where hospital trustees can be helpful.
- **Event Logistics** – While locations may vary greatly, key considerations should include selecting a venue that is easily accessible for all participants and that allows for a set-up that prompts optimal discussion, such as a hollow U.
- **Speakers Selection** – The six Community Conversation events held by the AHA and state hospital association partners were led by a moderator who was selected to serve as a knowledgeable, yet third-party entity who could keep the conversations moving in a productive manner. Any speakers who are invited to participate, whether they may be offering an overview of the national health care landscape or a snapshot of the local hospital and community environment should be prepped in advance with relevant materials, agenda and audience overview.
- **Pre-Event Survey and Materials** – While the intent is for the Community Conversation events to not be overly hospital centric, consider sharing a basic framework for the discussion and the brief survey. The responses can provide helpful insights prior to the event, gauging basic understanding, perceptions and expectations of the attendees. Based on the perceived knowledge that participants have of the hospital and the breadth of services it provides, it may be appropriate to include a brief overview or synopsis of the mission and level of engagement the hospital has with the community. It is equally important that neither the background materials nor survey should be cumbersome for attendees.
- **Small Group Breakout Discussions** – Breakout group discussions were found to be an extremely insightful portion of the Community Conversation events. While moderators in all locations tried to elicit a robust conversation among attendees, the small group settings allowed participants to delve deeper into certain areas and share ideas and concerns specific to the community and their unique perspective as a community stakeholder.
- **After the Community Conversation** – Post-event follow-up provides the convener with an opportunity to thank participants for attending, share basic themes and take-aways from the discussion, and solicit a post-event evaluation as well as identify any possible next steps in the collaboration of community stakeholders.

“The part that is exciting for boards is that they really are the ‘translation’ – the place where what a community wants (or thinks it wants) gets translated into action by management of a health system. To be able to be close to – but not at – the bedside in terms of what a provider is able to do for an individual patient and a community as a whole is the reason why people serve on boards – they make a difference!”

Carolyn Scanlan

Trustee, Lancaster General Health (Lancaster, Pa.)

Engaging Trustees in the Redefinition of the H

Health care reform and delivery system transformation have set in motion myriad changes that will test even the most experienced boards and CEOs. Redefining the “H” requires new structures to effectively govern increasingly complex organizations with their multiple clinical and operational units and functions. Governance roles and responsibilities at each level of the organization will vary but should be coordinated into an integrated and efficient governance system.

In addition to restructuring governance, health care organizations will need to better equip trustees with new skills and tools as well as empower them to make hard decisions in the face of uncertainty. Boards must be able to translate the health needs of their communities into appropriate action by their organization, in the light of the realities of the health care environment. This will include reconsidering how they alone or in partnership best serve their mission, including whether or not it is only their organization that can meet that mission.

Defining the Role of Boards at Different Levels of the Organization

Health reform challenges, the prospect of lower reimbursement, the lingering effects of a recessionary economy and the need for capitol are driving increased alignment among hospitals, physicians and other providers seeking to find economies of scale, streamline processes and improve their appeal to consumers. To be poised and ready to take advantage of new opportunities, hospitals must have a governance and management structure that facilitates organizationwide strategic vision, oversight and decision making to maximize opportunities for fulfilling their mission and vision.

As organizations grow, acquire new entities or merge, their governance structures often become increasingly complex. Adding to the complexity is the fact that the governance of one subsidiary is not always consistent or aligned with another, and none may be in sync with the corporate parent. The boards of the various subsidiaries may be different sizes,

and they may or may not have the same officers or committees. Committee functions may vary, and correlating boards and committees may have differing decision-making authority. The complexity created by inconsistent governance structures and authorities is a barrier to the organization's ability to be nimble, responsive, efficient and effective.

The transforming health care environment with its countless implications requires organizations to carefully evaluate their governance structures. While the complexity of system growth may be one catalyst for change in health care systems' governance structures, so too is the need to ensure the organization's leaders can focus their attention on the key priorities of mission fulfillment, financial strength and viability and delivery of high-quality care. The strategic thinking required to achieve these priorities is paramount amid today's environmental challenges.

While no single governance model fits every organization, most hospitals and health systems face similar challenges and overlap in three board types: system, clinical enterprise and local. Each of these board types plays a critical role in the organization's ability to meet community needs and ultimately fulfill the mission and vision.

System boards are increasingly moving toward a **professional governance model**, embodying the culture of a high-performing, customer-focused corporate enterprise. System boards typically require a professional commitment, maintain high performance standards and focus on high-level strategy, finance and organizational direction.

The **clinical enterprise governance model** is common among multispecialty medical groups that own hospitals and other facilities. It also serves as the governing structure for physician-hospital organizations (PHOs), accountable care organizations (ACOs), integrated hospital-owned group practices, and other integrated delivery organizations that manage the care for the parent organization. These boards are often distinguished as being physician-driven, professionally managed and patient-centered and they focus primarily on management of patient care and clinical risk.

Community-based local boards are essential to ensuring that the system leadership understands, appreciates and can act to address community health improvement needs. Local boards provide information to the system board about local perceptions and needs. They hold the fiduciary responsibility for quality, patient safety and physician credentialing as well as for understanding and meeting community needs. Although this is a more limited portfolio of responsibilities than local boards may have held in the past, it is a role that today is most relevant and meaningful in achieving both the local and system mission and vision.

As hospitals transform into care systems and redefine their "H," each organization's governance model will also evolve in a unique way. Many boards will reflect some variation of these three models, while others may be a "cross-pollination" of all three. According to Barry Bader, author of *Advent of "Care Systems" Means Governance Must Also Transform*, "There is no single governance model that is likely to suit all care system boards, because care systems themselves will differ in their size, service area, scope of services and core culture."

Sample Board Authority Matrix

Board Type	Key Roles and Responsibilities
System/Professional Board	Finance, strategic direction, rigorous oversight of performance and risk
Clinical Enterprise Board	Management of care, management of clinical risk
Local/Community Board	Understanding of community needs and perceptions; communicating to the system board as well as being responsible for local quality, patient safety and physician credentialing

Source: Adapted from Bader, Barry S. *Advent of "Care Systems" Means Governance Must Also Transform. AHA Great Boards: Promoting Excellence in Health Care Governance, Spring 2013*

Evaluating Your Organization's Structure

The right board structure for each organization is different, but all boards should be asking the tough questions to ensure they are structured for future succession. Questions for consideration may include:

- Do all trustees and organizational leaders understand the role and accountability or responsibility of the various boards involved in helping lead our organization?
- Does the current governance structure best position the entire organization for long-term success in a transforming health care environment?
- Do board members understand and are they committed to thinking strategically and innovatively?
- Is the board empowering the organization to take risks?
- Has the board examined emerging governance models, such as professional, clinical enterprise board models and community-based? Are any of these models applicable, and in multiple-board organizations, at what level of governance are these models applicable?
- For health care systems with multiple boards and individual health care organizations joining larger systems, is there a broader role for community leaders in the health care enterprise?
- If the board were to develop its governance structure today, would it create the structure the same way? If not, what would be different?

Four Bold Steps to Equipping the Board in Times of Uncertainty

Functioning effectively in a time of uncertainty requires individual trustees to perform to the full extent of their knowledge and skills. Equally important are boards that, as a whole, create an environment of collaboration, participation, deliberation and challenge. Trustees together must offer guidance and develop a high-performing culture based on mutual respect and trust to help the organization on its journey through seas of uncertainty, identify the hidden dangers and challenge the course. As described in the Tools and Resources section, **Tool 4 (Current High-Performance Governance Practices)**, developing this culture will require moving beyond current high-performance governance practices and taking the four bold steps described below:

1. Develop Trustees for the Future

As one hospital board member noted in the AHA Center for Healthcare Governance's 2012 Blue Ribbon Panel report on *Governance Practices in the Era of Health Care Transformation*, boards can no longer select new board members because they are friends, colleagues or donors. Boards must look for the skills needed to govern effectively in the current and future health care environment, which for some boards requires looking beyond their community and tapping outsiders with specific expertise in transformative change. **Tool 5 (Competency-based Board Composition)** describes the skills and competencies necessary for a board to effectively engage in transformational work. We encourage boards to consider these important core competencies, while still ensuring that the full governance body reflects the unique local perspective of the specific community served.

Trustee Succession and Recruitment: What to Look For

Boards should seek trustees that are leaders who can:

- Analyze complex issues and develop rational solutions
- Absorb multifaceted information quickly and determine its meaning and implications
- Act decisively and make sound, independent judgments and decisions
- Commit to learning and understanding the complexities of the health care environment

Boards should also seek out trustees with strength in community relations and population health, including the ability to:

- Collaborate with a broad range of people and organizations
- Be an active and visible organizational presence to groups in the community
- Possess an understanding of and have the ability to influence social determinants of health
- Articulate advocacy positions on issues to lawmakers, community groups and business and professional organizations
- Impact community loyalty and confidence in the organization

Finally, board members must be future focused and strategic, including possessing the ability to:

- Think and speak strategically in discussions of complex scenarios and situations
- Analyze demographic and organizational trends and determine their implications on the hospital
- Maintain a consistent "big picture" mindset versus engaging in management-level thinking and discussions
- Synthesize complex information into knowledge and apply it to strategic thinking

2. Ensure the Right Governance Dialogue

Ensuring continual governance dialogue that is future focused, visionary, adaptive and innovative is vital. The authors of the book *Governance as Leadership: Reframing the Work of Nonprofit Boards* (Chait, Ryan & Taylor, 2005) describe three governance modes that trustees must balance: fiduciary, strategic and generative.

- **Fiduciary governance** is attention to financial discipline, informed oversight, mission fidelity and primacy of organizational interests. Boards that focus only in this area tend to work through their agenda list, keep discussions brief and perfunctory, have little or no dissent and are most concerned about avoiding getting “sidetracked” from the agenda.
- **Strategic governance** is characterized by a shift in the board’s attention from conformance toward performance; perspective begins to change from “inside out” to “outside in” as the organization seeks to ally internal strengths and weaknesses with external opportunities and threats in pursuit of organizational effectiveness. Despite this greater strategic emphasis, these boards generally approve plans with minor modifications. Plans often reach the board with the most important decisions already rationalized, and scenarios and risks are typically omitted or summarily addressed.
- In contrast, a **generative board** has a clear sense of problems and opportunities facing the organization, and of what knowledge, information and data mean. Generative thinking is where meaningful goal-setting and direction-setting originate and requires leaders who not only contribute generative insights to their organizations, but who also engage others and invite other key stakeholders into the generative thinking process as well.

Initiating generative work requires a new type of agenda that features ambiguous or problematic situations rather than reports and routine motions. This is where powerful generative work can become powerful governing work. Most boards are not organized or equipped to do generative work. Many stay in the fiduciary or strategic modes because they are comfortable there, highly confident in their ability to do the strategic oversight work they understand, and because it is easy to navigate the logical, productive organizational territory that exists at the lower end of the leadership curve.

It is important for boards to ensure that their governance practices and structures simultaneously include all three governance modes. An organization cannot be fully functional or successful unless it fulfills its fiduciary responsibilities and carries out strategic thinking and planning from a strong generative foundation.

Found in the Tools and Resources section, **Tool 6 (Creating the Right Boardroom Conversations)** describes the requirements for facilitating governance conversations that are future focused, visionary, adaptive and innovative.

3. Commit to Continuous Trustee Education and Knowledge Building

Trustees who want to be true governance knowledge leaders must prepare themselves by continuously improving their knowledge in order to deliver the penetrating, insightful leadership that their communities want and deserve. Governing boards need to be able to make sense out of very complex issues and possibilities. That “sense-making” requires a strong grounding and awareness as well as a solid connection to and understanding of the community and patients they serve.

A well-informed, highly knowledgeable board is a CEO's most critical asset. To develop and replenish that asset, the CEO must play a vital role in enriching the governance "knowledge capital" required for board members to lead with purpose and productivity, and with the confidence that their critical deliberations on vital issues are well grounded in a common understanding.

Boards must continually seek out new knowledge and perspectives about the health care field, the evolving environment and its impact and implications on the hospital, its physicians, employees and the community. A diverse board – one that is most representative of the community and that can develop a high level of understanding in the areas most critical to organizational success and performance – will be most effective. Effective boards must engage in continual governance education and speed their understanding toward the development of informed decisions and direction. Relying on passing knowledge is no longer acceptable. Developing expertise requires motivation, commitment and time.

Found in the Tools and Resources section, **Tool 7 (Seven Steps to Designing an Effective Governance Education Process)** addresses the seven steps to designing an effective, continuous trustee education program.

4. Develop the Courage to Make Difficult Decisions

With the future so uncertain, boards will be called upon to make difficult decisions that will affect the future of their organizations and their communities. Most of these decisions will have to be made without complete information. Developing a high-performance board culture that does not shy away from difficult conversations is imperative. To ensure that the right discussions take place, boards must ask the right questions, disagree agreeably, challenge the status quo and be willing to leave their comfort zone. Engaging and collaborating with a diverse group of community stakeholders outside of the typical hospital partners can prove to be intensely insightful. Boards will also need courage to ensure that tough decisions are made to best meet the needs of their communities. Personal preferences, institutional autonomy and third-party self-interest must be confronted and made secondary to meeting the organization's mission – its promise to the community.

Once the tough decisions are made, the board must clearly articulate the reasons for its decisions and how it will meet the health needs of the community. Boards must have the courage to offer the explanations and rationale to all who are affected by the decisions. These are not the times for the faint of heart trustee.

Putting it All Together

As the health care system evolves and as hospitals look to redefine themselves, those best positioned for success are hospitals and health systems that have high-performing, actively engaged boards. By working with hospital leaders, medical staff leaders and community stakeholders, boards can determine a path that will allow the hospital and the community to recognize their roles and responsibilities for achieving the highest potential for health.

In the rapidly evolving health care system, hospitals will be asked to do “more” for patients in terms of keeping them healthy and out of the hospital, to provide better coordinated care and demonstrate greater integration among providers and care settings – all the while, doing so with “fewer” resources. It will be critical for hospitals to establish collaborative relationships with a diverse group of stakeholders within their communities. The scope of services a hospital provides may change, and affiliations with other health care organizations may be forged, but these changes may meet significant resistance if community stakeholders are not invited to participate in the process. Additionally, with changes like those outlined above, hospitals may need to consider which services they provide best and which social service and community entities they can partner with to provide better, more coordinated care.

Such understanding can only be achieved through mutual trust and transparent, two-way communication collaboration with both the CEO and with a diverse group of community stakeholders. Hospitals can no longer operate in isolation; rather, boards must engage in rigorous governance education and knowledge-building, possess a high level of governance competency in the areas critical to future success and first, and foremost, be engaged, empowered and accountable on behalf of the patients served. All of these factors demonstrate a hospital’s commitment to improving the health and well-being of the community. As the health care system transforms and as hospitals are redefined, patients and communities will see this steadfast dedication to health through a commitment to governance and leadership excellence and through the board’s commitment to being a collaborative health care partner within the community.

As this report emphasizes, the future of health care is changing rapidly, but is at best uncertain. Given that recognition, many issues will remain unresolved for the foreseeable future. Both the COR and CPI understand that the tools included within this report may not provide a clear road map for every health care organization and every community. The very role that the hospital or health system will play in different communities may not yet be clearly defined. However, with strong leadership and governance by engaging with diverse community partners, hospitals are more likely to be successful in achieving better health and health outcomes at an affordable cost.

The ability to successfully navigate the complexity and uncertainty inherent in transformation is not guaranteed. Even strong hospital boards and leaders who are engaged with their communities will still need to consider the following issues in order to meet these future challenges:

- Managing variation in the pace of change.
- Adapting to new payment and delivery system models with little experience and knowledge about their intended and unintended consequences.
- Confronting the challenge of disruptive innovators that offer convenience and reduced complexity for the consumer.
- Managing new and sometimes difficult partnerships where cultures clash and missions do not align.
- Ensuring sustainability in an evolving business model.
- Assembling and developing the right talent in the hospital and in the community.
- Ensuring diversity of age, gender, race and ethnicity that reflects the community, at all levels of the organization from the board to management to frontline staff.
- Developing a deep understanding of the community's level of health and wellness, their burden of disease and their needs to achieve the health status they deserve.

Tools and Resources

Tool 1 – How-to Toolkit

Tool 2 – Individual Community Conversation Overviews

Tool 3 – Community Case Examples
Western Maryland Health System
Allegiance Health

Tool 4 – Current High-Performance Governance Practices

Tool 5 – Competency-Based Board Composition

Tool 6 – Creating the Right Boardroom Conversations

Tool 7 – Seven Steps to Designing an Effective Governance Education Process

Tool 8 – Additional AHA Resources

Tool 1

How-to Have Community Conversations:

A toolkit for advancing health in America



American Hospital Association, Committee on Research. (2014, September). *How to have Community Conversations: A toolkit for advancing health in America*. Chicago, IL: Health Research & Educational Trust.

For Additional Information:

Maulik S. Joshi, DrPH, (312) 422-2622, mjoshi@aha.org

© 2014 Health Research & Educational Trust. All rights reserved. All materials contained in this publication are available to anyone for download on www.hpoe.org for personal, noncommercial use only. No part of this publication may be reproduced and distributed in any form without permission of the publisher, or in the case of third party materials, the owner of that content, except in the case of brief quotations followed by the above suggested citation. To request permission to reproduce any of these materials, please email hpoe@aha.org.

Dear Colleague:

The American Hospital Association (AHA) has been working with hospitals and health systems to explore different paths for transformation as the future of health care is rapidly evolving and moving from a volume-based system to one now grounded in value. It is very likely that the shifting business model will mean significant changes for many hospitals and communities, which is why it is important to identify possible scenarios for change and paths to redefine the hospital of the future.

As our health care system changes over the coming decade, collaboration and partnership will be crucial to providing quality health care and cultivating healthier communities. The AHA's Committee on Performance (CPI) Improvement was tasked with exploring ways for hospitals to engage with their communities as an essential part of such transformation.

The CPI oversaw the development and implementation of six Community Conversations across the country; the purpose being to provide a venue for diverse community stakeholders to convene and discuss what is happening in their individual communities, why it is happening and what it will mean for the health of the community. The events were very well received and served as an important listening opportunity to better understand community expectations and needs as the hospital field looks to redefine the "H".

Moving forward collaboration will be more diverse than ever before, as hospitals are willing to try new things to promote the best health for the most important stakeholder of all: the patient. We encourage you to use the resources included in this toolkit and consider hosting your own Community Conversation. Listen and learn from all stakeholders in your communities, particularly those you may not work with often. When working together with the best interest of the patient as the primary focus, silos of care that exist within a hospital or health system, as well as with other stakeholders, can begin to be broken. Hospitals and communities alike will have a better chance to weather our nation's changing health care system.



Rich Umbdenstock
President and CEO



Dr. Tom Burke
Chair, CPI Committee

Introduction

With health care rapidly evolving, hospitals and health systems are exploring different paths to transform their organizations during these changing times. Across the United States, hospitals are considering a variety of options such as:

- merging with a local, regional or national health system;
- affiliating or establishing a joint venture with another health system without ownership or asset change;
- partnering more closely with health plans for payment redesign;
- considering what clinical services may best serve the community, which may include discontinuing certain services; or
- converting a full-service facility to one that focuses more on an area of specific need, given the community's resources and the region's other capabilities—such as, emergency care, urgent care, rehabilitation care or long-term care.

Current economic pressures, delivery and payment system reforms and the shift from a volume-based business model to a value-based model will necessitate that the hospital field consider redefining the “hospital” of the future. During this time of transformation, hosting conversations where community and health care stakeholders can come together and discuss a shared future and explore the future role of the hospital will be essential to ensure a successful process of transformation.

Need for Community Conversations

Relationship building and open communication will be vital for hospitals as they look to transform. While the materials included in this toolkit will guide users in hosting a community conversation event, we first encourage hospitals to consider their goals for such an event and thoughtfully consider what “type” of group they would like to convene and around what topic. Current conversations have been focused on transformation and redefining the hospital “H,” but this framework could certainly be used as an ongoing listening, learning and partnership tool with a wide variety of community stakeholders.

Objective of Hosting a Community Conversation

The purpose of the community conversation event is to convene community stakeholders, health care and non-health care, to initiate a dialogue about the changing health care environment and about the transformation hospitals are likely to undergo; whether that be integrating, specializing, partnering, experimenting or redefining themselves in some manner. Participants will have the opportunity to begin to develop strategies for change that the community can further build upon.

The primary objectives of the community conversations are to:

- Engage in a robust discussion on emerging health care trends
- Gain a shared understanding of changing community health needs
- Consider how changes and trends might impact the hospital and, more broadly, the health of the community
- Encourage further dialogue and collaboration among all care stakeholders on the changing role of hospitals in community health

This Toolkit Includes:

1. Timeline
2. Audience
3. Invitation
4. Logistics
5. Pre-event Survey/ Materials
6. Agenda
7. Moderator's Guide
8. National Perspective Slide Deck
9. Breakout Group Questions
10. Common Themes to Date
11. After the Conversation

1. Timeline

Timelines will likely vary based on event location, designation of speakers, etc. But the timeline below offers an outline for optimal event planning and execution.

- Select date – 4 months prior
- Build invitation list – 3-4 months prior
- Send out save-the-date notice – 3 months prior
- Send out invitation – 2 months prior
- Send out reminder invitation – 3 weeks prior
- Send out pre-survey to attendees – 2 weeks prior
- Send out post-event survey – 1 week post event

2. Audience

Audience makeup will likely change based on the individual community, but included below is an outline of how to build a audience that will prompt a robust, productive conversation.

Community Conversation events are intended to be structured dialogues, not open to the public, and designed to initiate conversations regarding the challenges and opportunities to redefine the hospital “H.” Events should be planned to accommodate roughly 25 to 40 attendees. To ensure a group of that size, invitations should be sent to at least 60 individuals.

Think strategically in determining the goal of the community conversation as well as identifying which community stakeholders should attend – for example, who could offer important insights and open doors for ongoing partnership. As most hospital leaders have opportunities to speak with one another, we suggest that the invitation list for community conversation events be representative of the local community and also include a variety of non-health care stakeholders. Those who convene community conversations are encouraged to think beyond their comfort zone to invite a full spectrum of community stakeholders, including consumers and other public representatives they may not normally solicit feedback from. Ideally, the audience would be close to 75 percent non-health care participants. The audience could include:

- purchasers, large employers and local businesses
- city, county or state departments of health and public health officials
- health plan representatives
- local elected officials
- consumer group representatives (AARP or other local consumer group chapters)
- community stakeholders representing the chamber of commerce, banking/finance and educational institutions
- social service organizations (YMCAs, mental health clinics, health centers, etc.)
- health care stakeholders (medical societies, nursing home associations, home health associations, rehabilitation facilities, etc.)

Identifying a member of your hospital's governing board also may be a helpful addition to the community conversation audience; these individuals provide an important connection with community stakeholders and the opportunity to listen to such conversations will bring new insight to the hospital boardroom. Additionally, for small and rural communities, there may be value in joining together and learning from one another, particularly those at different stages of transformation. Doing so can allow for important insights and add to the diversity of the audience and conversation.

3. Invitation

A sample invitation is included below. AHA partnered with state and metropolitan hospital associations in hosting these events and would encourage the use of co-logos with any key event partners to broaden interest. Initial save-the-date invitations were sent out a month or more prior, with a follow-up invitation sent two weeks before the event.

4. Logistics

Venue: Ideally, community conversation events, which are scheduled to run for three and one-half hours, would be held in a centrally located and easy-to-access venue for all attendees. Recognizing that participants are committing a significant amount of time to participate, we suggest providing a working lunch.

Room setup: The suggested room setup is a hollow "U" to help facilitate dialogue and open exchange of ideas. Additionally, if the venue permits, secure two or three additional rooms adjacent to the main event room that have flip charts and can be used for the small group breakout discussions.



Speakers: The community conversations should be just that: conversations with the invited stakeholders and not solely a hospital-centric discussion of hospital challenges. The events held by the AHA in partnership with a number of state and metropolitan hospital associations employed a model that consisted of using a moderator who was not directly connected with a hospital to serve as a knowledgeable third-party entity and who could keep conversations moving in a productive manner. In addition to the moderator, the community conversation events included a hospital/health care representative to give a brief overview of the national health care landscape and touch on key aspects of the local environment and community challenges. When inviting a moderator and other guests to join such an event, we encourage a pre-event prep call to walk through the intended flow of the event, talk through any specific state or local considerations and answer any questions that would help the guests feel more comfortable with their role.

Community Conversation Checklist:

- ✓ Articulate the reason or goal for convening a Community Conversation
- ✓ Select a date
- ✓ Select a venue
- ✓ Strategically build an invitation list
- ✓ Identify guests (moderator and other speakers)
- ✓ Send a save-the-date invitation when possible
- ✓ Send invitation
- ✓ Hold prep calls with moderator and speakers
- ✓ Confirm logistics with venue (room setup, food, AV, etc.)
- ✓ Send reminder notices as needed
- ✓ Send pre-event survey and materials to registered attendees
- ✓ Convene event (bring needed materials: agendas, any handouts, tent/name cards, flip charts, etc.)
- ✓ Follow up after event (send participants thank-you, post-event survey or evaluation, key findings and any next steps)

5. Pre-event Survey/Materials

Please find a sample survey included below. Once your attendee list is confirmed, you may decide to send pre-event materials. Such materials should be refined to provide you with needed insight and/or educate attendees but should not appear as cumbersome homework for attendees.

The AHA, in conjunction with the state and metropolitan association partners, opted to share some basic background materials with participants to give some perspective on the changes the health care system is undergoing. Additionally, all registered attendees received a brief survey to complete as part of an event reminder that was sent out one week prior to the event. The survey responses helped to gauge the basic understanding, perceptions and expectations of the attendees and was used to help guide the moderator in determining key topics for discussion.

SAMPLE SURVEY QUESTIONS

1. What are the biggest health care challenges your community is facing today? *(Click all that apply)*
 - a. Access to care
 - b. Chronic illness
 - c. Affordability of health services
 - d. Preventive services
 - e. Mental health services
2. As the health care system continues to transform, what do you see as the largest obstacles your community will face over the next five years?
 - a. Cost or price
 - b. Access to hospital care in your community
 - c. Access to other health care services in your community
 - d. Surplus of specific services
 - e. Better coordination of care
 - f. Need for preventive care
3. What services does your community need MORE of in the future to improve your community's health? *(Click all that apply)*
 - a. Primary care physicians/providers
 - b. Urgent care services
 - c. Home health services
 - d. Nursing home of other long-term care services
 - e. Social services (such as Meals on Wheels)
4. Do you agree that, compared to today, in five years most patients in your community will have primarily electronic health care interactions (i.e., schedule appointments online, have online medical visits, receive test results online, use social networking for collecting information)?
5. Should hospitals partner with business and others in the community to impact health challenges?
6. Over the next five years, do you foresee any changes in the current hospital or health system makeup within your community as it relates to possible mergers, acquisitions or affiliations with other health care organizations?
7. In your community, do you envision having more or fewer hospital inpatient beds in the next five years?
8. Compared to today, in the next five years will health care be more integrated and providers paid based on a fixed price for all care that is delivered versus reimbursed based on each service provided?
9. Compared to today, in the future, do you believe hospital payments will be based on the value or performance of the services provided, rather than the volume or number of services provided?
10. What one question or topic would you like to ensure is discussed at the upcoming Community Conversation in terms of health care services in your community?

6. Agenda

Included below is a sample agenda that can be adapted as needed based on the speaker lineup. Please note that each of the AHA Community Conversations included breakouts during which small groups were able to discuss topics in greater detail before reporting back to the larger group.

SAMPLE AGENDA

Welcome and Introductions with Lunch (12:00 – 12:30)

State Executive

- Brief overview of the state/community landscape
- Introduce moderator

Moderator

- Quick outline of how afternoon will flow (tee up questions, point of discussion)
- (Before we jump into the “meat” of today’s discussion, let’s hear from XXX to share a little national perspective/ set-the-stage for why we are all here...)

National Health Care Landscape (12:30 –12:50)

American Hospital Association representative

- Changing landscape
- Top issues coming at us/top challenges
- Need to adapt to survive

Moderator

- (Ask a few questions of the AHA speaker ... regarding top strategies for success in future, areas of focus for hospitals, any key deadlines, etc.)

Local Health Care Trends, Challenges and Opportunities (12:50 – 1:30)

Moderator (Example: State executive shared a little, but let’s delve in a bit deeper and get thoughts from all of you on local health care challenges and opportunities)

- Key questions for attendees (asked by moderator)
- What key considerations need to be addresses proactively regarding health care/ redefining the “H”

Health Care Transformation and Redefining the Hospital “H” (1:30 – 2:45)

Moderator

- Tee up key aspects of transformation
- Ask questions of participants/ solicit discussion around key topics and local challenges

Small group breakout discussions

- Each small group will have an appointed leader and scribe and receive several questions to discuss

Wrap-up and Next Steps (2:45 – 3:30)

Moderator

- Small-group sharing
- Moderator recaps common themes and recognizes areas of differences – attendees can add/amend the list

7. Moderator's Guide

The moderator's guide below was prepared and shared as a tool for the individuals who moderated the AHA events. The guide was used as a general framework to keep the event and discussions moving but can be adapted as needed based on each community and who steps into the role of moderator for the community conversation events.

SAMPLE MODERATOR'S GUIDE

1. Background/Introductions (12:00 – 12:30)

MODERATOR WILL:

- Introduce self
- Share agenda/objective slides
- Keep the agenda moving
- Introduce speakers

SUGGESTED TALKING POINTS:

- We have a lot to cover in a few hours today, and our biggest goal is to have a lively discussion. We want to get this group's reaction to the current health care challenges our community faces, as well as how national pressures may impact the future of health care and where challenges as well as opportunities may exist.
- We are interested in hearing all opinions, not simply those that agree with others.
- My role is to keep the discussion focused and within our time frame.
- We will be audiotaping today's discussion to ensure we don't miss any comments, but we will not attribute any quotes to specific individuals so you can be assured confidentiality beyond this room.
- Before we set the stage for today's discussion by hearing about the national perspective, let's quickly run through a few "housekeeping" items – respectful of one another and of time (no phones), restrooms are, drinks back of the room, etc. On that note, let's get started by introducing yourselves. We'll go around the table.

2. National Health Care Landscape (12:30-12:50)

MODERATOR WILL:

- Introduce AHA presenter
- Ask questions of AHA speaker
- Facilitate group discussion/ questions for AHA speaker

SUGGESTED QUESTIONS:

- What major trends do you envision playing out over the next 5 to 10 years in health care in general?
- What top strategies are hospitals considering to manage these changes?

GROUP QUESTIONS/ DISCUSSION

3. State/Local Health Care Trends, Challenges and Opportunities (12:50-1:30)

Moderator will walk through key concepts/ topic areas for discussion.

MODERATOR WILL:

- Briefly outline topics up for discussion
- Pose question to participants about key topics/concerns that should be addressed but are not on our list
- Lead robust group discussion through these topics
- Facilitate discussion that solicits feedback from participants on each key topic area

SUGGESTED TALKING POINT:

Let's delve in a bit deeper and get thoughts from all of you about local health care challenges and opportunities. (NOTE: WHEN APPLICABLE, MODERATOR CAN SHARE RESULTS OF SURVEY, TICK THROUGH A LIST OF PRIORITY TOPICS, PROMPT PARTICULAR ATTENDEES TO WEIGH IN)

- Access to care
- Health care costs
- Behavioral health
- Workforce
- Community needs assessment/ community partnerships
- Appropriate primary/ preventive care
- Payment inadequacy

SUGGESTED QUESTIONS:

- In the survey, this group identified X, Y and Z as the top health challenges we face. How do you think those will change in the next five years?
- How will such changes impact each of you? (prompt feedback from ... business/insurer/ health provider)
- What unique challenges are you facing based on the "type" of organization you are ... i.e., rural, urban, etc.?
- Does anyone have particular insight on how any (or all) of these challenges/concerns can be addressed in your community?

GROUP QUESTIONS/ DISCUSSION

4. Health Care Transformation and Redefining the Hospital "H" (1:30-2:45)

Moderator will walk through key topics for discussion and facilitate breaking into small groups for discussion. (Groups will be predetermined.)

MODERATOR WILL:

- Tee up key aspects of transformation with some general background (topics will be provided to moderator)
- Move group discussion to how health care services are changing/expected to change
- Introduce breakout groups (assign groups, explain assignment, hand out small group worksheet)

SUGGESTED TALKING POINT:

As touched upon throughout our discussion so far, the health care landscape is changing. Some aspects will be more universal for providers, like payment reform that shifts from volume to value. Other aspects of transformation may play out differently in different communities and areas of the country ... whether it be mergers or new affiliations among hospitals and health systems; partnerships between hospitals, health plans, physicians or stronger collaboration with community stakeholder groups; or reassessing the type of clinical services that are offered in certain communities.

SUGGESTED QUESTIONS:

- Here in XXX, what do you see as the key areas of health care transformation your community will have to address?
- Are there specific changes/ challenges you anticipate based on your location?
- What might that mean for the hospital and other providers?
- What role can all stakeholders play in ensuring that needed health care services are available for the community?

SMALL GROUP QUESTIONS/DISCUSSION

MODERATOR WILL:

- Convene groups back together
- Facilitate small group reporting

5. Wrap-up and Next Steps (2:45-3:30)

Moderator to facilitate

MODERATOR WILL:

- Initiate wrap-up, including teasing out common themes – key takeaways, major challenges and opportunities
- Solicit any other topics not addressed or issues that should be addressed in the future

SUGGESTED TALKING POINTS:

- Let's identify common themes from what we've heard today. I've heard X, Y and Z. Is there anything I'm missing that someone wants to add?
- I've also heard A, B and C are major challenges and 1, 2 and 3 are key points of dis-sentation that provide opportunities for us to explore further at another time. Is there anything I'm missing?
- One topic we briefly discussed that I'd like this group to talk a bit more about is XXX. (Use this to circle back to any of the priority areas that were not discussed or issue/discussion you feel needs further clarification.)
- Thank you all for your participation today. The goal of this conversation was to begin understanding how together we can improve our community's/state's health. I know we have learned from all of you and will look to this discussion to help inform the association about how best to tackle future health challenges. Thanks again!

8. National Perspective Slide Deck

Following is a slide deck developed by the AHA in June 2014 that outlines the changes the field is seeing and the potential paths for transformation that hospitals and communities may be experiencing in the coming years. These slides may need to be updated with time and, depending on the speaker lineup for state and local events, could be woven into the presentation given by a state/metropolitan association executive or hospital CEO.



National Health Care Landscape

Community Conversations
June 2014



1

What Is Different Now?

How is the current health care landscape changing? How is it different? Are these changes a good thing for me and my family?

- Economic/financial pressure
 - Health care is a significant portion of our national economy (18% of the GDP)
- Aging population and rise in chronic conditions
- Technology and medical advances



Is Health Care Transformation Good?

Explaining the Affordable Care Act

- The Good: expanding insurance coverage, insurance reform and helping to drive and accelerate change
- Areas of Concern: reimbursement constraints
- Unanswered Questions: the next decade may be spent testing and experimenting with new payment and care delivery models



Health Care Transformation

Volume	➡	<i>Value</i>
Fragmentation	➡	<i>Integration</i>
One Provider	➡	<i>Multidisciplinary teams</i>
Episode	➡	<i>Population health</i>
Passive Purchaser	➡	<i>Consumerism</i>
Buildings (Bricks & Mortar)	➡	<i>Health information technology</i>



Community Challenges

Hospitals are economic engines and cornerstones of health in many communities, but must continue to:

- Understand the needs of your community through a needs assessment
- Identify obstacles to good health
- **Engage all stakeholders in improving the overall health care of a community**
- **Partner to meet community needs**
- Solicit feedback and community impressions



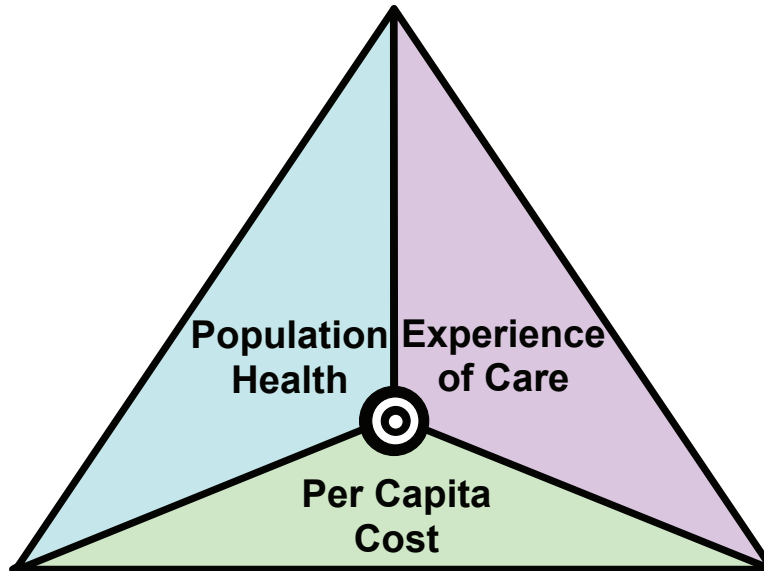
5

Hospital Challenges-Nationally

- Hospitals will be paid differently, and money will be tight
- Risk will be moving from those who pay for health care services to those who provide the services
- Hospitals and caregivers will be caring for more people, with greater health problems
- Consumerism will be experienced at a higher level than ever before... price transparency, quality comparisons, etc.



Our Goal: The Triple Aim



7

How Hospitals Are Responding-Nationally

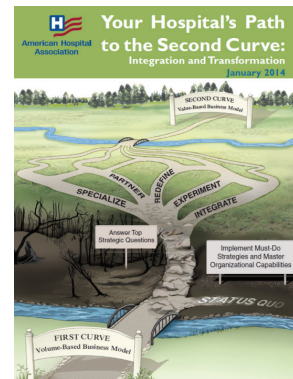
- Redesigning care to improve quality and reduce costs
- Developing strategic partnerships
- Engaging in new delivery models of care
- Experimenting with risk-based payment
- Educating and engaging hospital trustees
- Redefining the “H”



8

Hospitals Need to Adapt to Survive

- Hospitals will start in different places and take different paths
 - Specialize
 - Partner
 - Redefine
 - Experiment
 - Integrate



- But all will become more integrated, more accountable and more financially at-risk



9

Moving Ahead...

- Hospitals must engage with their communities and various stakeholders to understand national and local trends.
- Hospitals and communities should continue to keep lines of communication open as health care continues to change and hospitals look to redefining themselves.

Hospitals must work collaboratively to meet community health needs and achieve the triple aim; better health, better health care, lower cost.



10

9. Breakout Group Questions

Sample breakout group questions are included below. Based on the six events hosted by the AHA and our state/metropolitan hospital association partners, these questions were general enough to guide discussion but allowed for time to explore key topics relevant to each small group. These can be adapted or refined if it is desired to focus the breakout discussion on more concrete topics or concepts.

SAMPLE SMALL GROUP DISCUSSION QUESTIONS

1. How do you envision health care in your community changing in the coming five years?
 - a. Are there any positive changes?
 - b. Any potential negative repercussions of change?
2. As a community (all stakeholders) how can we best adapt to this type of change, making it work for the unique needs of our community?
 - a. What challenges need to be addressed/discussed further?
3. What can policymakers do or implement that would increase flexibility and/or support communities rather than hinder them?
4. How do we convey to our neighbors that it may not be financially feasible to support a full-service hospital in our community? Hospital may be redefined.
5. Stakeholders need to collaborate together to meet health needs. But who does what? What role should hospitals play?

(Answers to those questions can be captured on small group worksheet and highlighted on whiteboard/flipcharts if helpful.)

10. Common Themes to Date

Overall, the balance of improving access to health care services and insurance coverage, while maintaining hospitals' financial viability, was a major theme in every Community Conversation held thus far. There was uniform agreement that the health care system is approaching a time of rapid change that will impact the current infrastructure of community health. Cost and coordination of care were identified as two of the biggest obstacles in health care transformation. Behavioral health, preventive services and social services were identified as most in need. While every community had its own characteristics and populations to consider, the concept of collaboration being crucial to transformation emerged during each conversation as a common recommendation to solve the bigger challenges around changing the health care environment. Additionally, there was a belief that transformation and change would begin first and could be most successful when occurring locally.

11. After the Conversation

Included below is the basic survey the AHA sent to participants. In addition to the basic survey, you may opt to send a more comprehensive follow-up.

In addition to thanking participants for their time and sharing basic themes and take-aways from the event, take the opportunity to send a post-event evaluation to help capture additional thoughts and possibly direct future activity and collaboration among community stakeholders. This could be accompanied with a thank-you note to participants, a meeting evaluation form, a summary of key insights and next steps when applicable. Remember this is an opportunity for relationship building.

SAMPLE POST-EVENT EVALUATION

1. Please indicate what type of organization you represented at the Community Conversation event:
 - a. Hospital/ health system
 - b. Health care (other than hospital)
 - c. Non-health care
2. What was your biggest takeaway? What did you learn?
3. What next step(s) would you like to see happen in your community?
4. Please provide any additional comments.

Tool 2

Individual Community Conversation Overviews

Colorado (Cortez, Alamosa/Rio Grande and Yampa Valley/Steamboat)

While the Community Conversation in Colorado was comprised of representatives from three rural communities, there was universal concern among all attendees over the general economy and how it impacts health care. With that in mind, participants felt that efforts to transform must center on keeping communities whole, not just on implications for the hospitals.

Top Areas of Discussion:

- Behavioral health services
 - Hospitals are spending money they don't have to provide behavioral health services.
 - 25 percent of readmits are due to mental health, substance abuse; there are not enough psych beds, psych-trained staff to accommodate patients.
 - There are not enough alternative community resources/settings to access behavioral health services.
- Lack of primary care providers
 - Older physicians are retiring, others are leaving rural areas and younger doctors do not necessarily stay in one place.
 - Additionally, many small and rural communities cannot support specialists so rely on primary care physicians.
 - The group felt that the graduate medical education (GME) path is broken, with no incentives for primary care training.
- Reimbursements
 - Reimbursement for care should be focused more on value, but there is a concern among rural hospitals, with low volumes, etc. that the current incentives don't fit and, without a safety net for small hospitals to try new payment or delivery systems, the current system is not sustainable for rural, non-critical access hospitals.

Key Observations:

- While the payment system is not likely to improve, hospitals need more:
 - Mental health access/services
 - Primary care
 - Social service needs
 - IT/virtual care
- Competition, even in rural communities, is becoming bigger and more global with large health systems, corporate clinics, etc. entering the market.
- The number of hospital beds may stay the same in the coming years, but there will be a shift in who is in the beds and the type of beds available.
 - Older population, coming to hospital sicker, staying longer

Recommendations:

- Hospital, health care leaders and community leaders must have the discipline to have difficult conversations as collaboration is going to be essential.
- There will be a need for funding streams to support collaboration, and "resources" may need to be pooled together to truly address the breadth of services needed in a community and then redistribute funds to where the needs are.
- Silos of care, even within one setting, need to be eliminated, allowing for better coordination of care so patients can more smoothly move from one setting to another.

Louisiana (New Orleans)

The attendees at the New Orleans event all shared a similar commitment to improving the health of their communities, but with several social service and public health representatives present, the focus of the discussion was broader than transformation in health care or hospital care. Much time was spent discussing the social determinants of health and how many “good” plans for improved health will be derailed if these determinants are ignored.

Top Areas of Discussion:

- Social determinants of health
 - Must get “upstream” to address hunger, smoking, obesity or other health improvement efforts won’t be effective.
 - In this area, health outcomes can be determined as much by ZIP code as by care process.
 - Transportation has been a barrier to access for many residents which has led to an expansion of federally qualified health centers (FQHCs) or neighborhood health settings.
- Role of hospital versus role of community versus role of government
 - Personal accountability was discussed in the context of making good/poor health choices and then corresponding consequences.
 - Much of the discussion focused around public health issues and what the appropriate intersection is between hospitals and, for example, the local food bank ... need to consider how these entities can work together to improve health.
 - The state’s handling of the tobacco tax was discussed as an example of a major local/state challenge and how politics can run counter to improving health outcomes.

Key Observations:

- While certain issues/challenges may be amplified in New Orleans, they are not unlike those occurring nationally, just with different emphasis.
- Concern that the recent growth of hospitals and number of beds increasing in New Orleans has created a perfect storm and could create an over-capacity issue in the wrong settings. ED beds will need to be redeployed as health care transforms and as care moves to outpatient settings.
- New Orleans has many well-intended organizations doing good things to promote health, including the hospitals, but they do not seem to communicate well or coordinate around common community goals.

Recommendations:

- Consider children as change agents.
 - Education and prevention initiatives must be linked closely to get the best “upstream” impact on health.
- Consider opportunities for “medical managed care” where people most at risk are identified and social and health interactions are employed.
 - Public and private partnerships need to be strengthened with more integration of services and patients.
- Need to strengthen strategic coalitions where parties who have the same interest can come together and have a stronger voice on health and public health policies.

Maryland (Annapolis)

Maryland has an opportunity to be a national leader since it is the only state in the United States in which all hospitals charge Medicare the same price (set by an independent commission) for the same service and operate under global budgets. A new waiver will apply this approach to all payers and the entire episode of care (inpatient, outpatient and care delivered in other care settings). Essential to the success of Maryland's waiver is the education, engagement and collaboration of the broader community, particularly consumers.

Top Areas of Discussion:

- The state's new, five-year "all payer" demonstration waiver
 - It's never been tried or tested before now.
 - There is a blurring of the ACA and the Medicare waiver for the public.
 - Even for those well versed in health care topics, the waiver can be daunting.
- Lack of access to primary care
 - There is a shortage, or uneven distribution, of primary care providers available to meet the current demand for care.
 - Recruitment of primary care providers is challenging when specialties are more lucrative.
 - Patients without a primary provider use the ED — the highest cost setting.
- Better coordination will give patients the right care in the right place at the right time
 - Absence of EHR that can be shared across provider settings results in inefficiencies such as higher costs, duplication of services and readmissions.
 - Restrictions of staff privileges can prevent patients from being cared for close to home.

Key Observations:

- The public is highly confused about, or unaware of, the changes Maryland's hospitals are undergoing.
- The public is skeptical of messages from large organizations like some hospitals.
- In the public's eye, global budgets = rationing of care.
- The public is acutely aware of, and frustrated by, the disconnect between providers along the continuum of care.
- There is a thirst for greater outreach, communication and partnerships between hospitals and communities.
- Patients care far less about how their service is provided as long as the quality is high, the cost is low and the experience is positive.
- Case studies/anecdotes of successful population health management, community partnerships, readmission reduction efforts, etc. resonate well.
- There must be real substance/infrastructure behind any messaging/outreach effort.

Recommendations:

- Launch public education/awareness campaign, starting from within the health care community. Messages will need to be tailored for different audiences with compelling reasons why this issue is important to them. Messages should answer questions such as:
 - What is a global budget?
 - What is this waiver all about?
 - Where and how do I access different types of care?
 - How can I be part of the solution?

- What can I do to achieve a healthier lifestyle?
- What's in it for me?
- Bring pharmaceutical companies to the table to be part of the solution.
- Define the "community," and identify partners/roles to be filled.
- More physician assistants and nurse practitioners should be utilized in order to better allocate limited primary care resources.
- Partnering with faith-based organizations and social services groups is key in addressing the issue of transportation, in order to expand access to community-based primary care services while decreasing health costs.
- Build awareness in the community of care access points and when and how to use them, with support from community partners.
- To attract more primary care physicians, their image needs to change, along with their level of income.

Pennsylvania (Harrisburg)

There is a common interest in working toward a healthy Pennsylvania, where families and individuals secure affordable health care coverage, receive quality primary care, improve overall well-being, and eliminate disparities in access to care and outcomes. All conversation participants spoke passionately and strongly on the side of patients, emphasizing the need to empower patients to make health care decisions based on solid information.

Top Areas of Discussion:

- Transitions in care
 - Coordination of care is essential, and care will extend beyond the walls of the hospital into other health care and even community settings.
 - Patients must be able to transition seamlessly.
- What resources do patients have and need to do this?
- Are patients' records easily accessible if they have to access EHR?
- Consumerism
 - Is there a danger of information overload? Related concern that consumers can't separate good information from bad.
 - Patients have a responsibility for their own health ... provide incentives for them to take it on.

Key Observations:

- The shifting of risks in health care delivery triggers survival strategies among hospitals and health systems. Could that overshadow the goals of transformation and collaboration?
- Changes in health care are perceived to be forced onto hospitals, causing resentment, which is not a good theme for collaboration.

Recommendations:

- Think creatively! Looking for unconventional partnerships could yield positive results (the state hospital association is partnering with libraries to disseminate information related to being healthy. The program's success likely will lead to similar collaborations in other communities around the state).
- Honing in on the "one size doesn't fit all" theme, conversation participants suggested looking to universities (medical schools and business schools) for solutions or to tap

into work universities are doing in the area of community health.

- Ensure that policy changes include input from community stakeholders so that it's more of a grassroots versus top down approach.

Texas (Dallas/Ft. Worth)

The number of Texans who are uninsured — about 5 million — exceeds the total population of some states. That's why affordable, accessible health care coverage is so important to the economy and quality of life in Texas. Understanding that different regions of such a large state require different strategies for transformation, there is general agreement that collaboration is an essential piece of any scenario. The existing model of regional health partnerships was acknowledged as successful.

Top Areas of Discussion:

- Collaboration
 - Organizations and providers need to break out of their silos as collaboration can reduce costs.
 - Diverse community partnerships will benefit both patients and providers.
- Funding challenges
 - There is not enough money to fund every potential solution, yet still need to find a way for every individual to have access to quality health care.
- Coordination of care
 - Care coordination will be truly successful when health information is portable and accessible by all.

Key Observations:

- Consumerism will be a big factor as health care evolves, and it will be interesting to see how much of health care interactions will move to online platforms.
- There are untapped resources among providers. Nurse practitioners and physician assistants provide excellent, quality care, and the IOM "Future of Nursing" report supports this concept, as does HHS when considering expansion of care in the community.
- The Dallas-Fort Worth area is one of the fastest growing regions — growth and prosperity delay the transition from the fee-for-service model because volume helps sustain the current model.
- One million people in Texas are in the insurance gap ... these are people who can't afford coverage and don't qualify for Medicaid

Recommendations:

- Collaboration should include advocacy and not focus only on individual agendas.
- Establish increased access to data — HIPAA is an unintended barrier; successful communication between providers depends on access to information and portability.
- Embrace telehealth, especially for rural hospitals and providers.
- Address changes in patient population — demand for services, transportation issues, socioeconomic status.

Vermont (Bennington)

Vermont is a small but progressive state. There's general understanding that change won't come from the state or from Washington quickly enough, therefore communities

and hospitals must begin transformation at the local level. Integration is a key component, but it needs to mean more than mergers or affiliations. It must include enhanced lines of communication and flow of information.

Top Areas of Discussion:

- Aging population
 - Vermont is the second oldest state in the nation, and the expectation is that care will shift from surgical care to medical care as baby boomers live longer with more chronic conditions.
- Behavioral health services
 - Partnerships are essential to adequately address behavioral health needs, with different social service entities in the community needing to come together to connect medical care and behavioral health care.
- Service areas that cross state lines can be barriers to partnership.

Key Observations:

- The decision to collaborate needs to be a strategic decision. When conversations are held as part of a strategic planning process, they are more likely to get done.
- Hospitals and communities cannot wait for legislation to make collaboration easier; rather, they must begin now and need to hear from consumers as they begin to transform.
 - Look for education/discussion opportunities and begin with existing community forums as the community owns a piece of health care transformation.
- Cost versus value
 - Health care stakeholders are doing themselves a disservice when they only talk about costs; they need to emphasize messages on value and outcomes. Clearly identify why these paths of transformation are good for patients.
 - All stakeholders must identify the silos that currently exist within health care and within the community and work to remove them with the patient and value as the focus.
- Vermont embraces experimentation and innovation.
 - Hospitals need to realize that they may not be able to be everything to everyone and might need to “repurpose.” This insightful quote was shared by a hospital CEO who attended the Community Conversation: “I used to feel like the hospital was the only kid on the block, then realized I was just the most expensive kid on the block, and now I am just another kid on the block.”

Recommendations:

- Key partners should include social service organizations, schools and law enforcement.
- Particularly for small states, there is a need to build an interstate exchange to alleviate barriers to collaboration.
- All stakeholders need to move away from “protectionism” where different entities are only thinking about their own challenges; rather, they must think about the health challenges of the entire community.
- More ongoing outreach by hospitals must be done. This is a learning process – a time of change for all – and it will be vital that open communication continues between community stakeholders. Hospitals must be the convener for such discussion and collaboration, but not necessarily the leader.

Tool 3

Western Maryland Health System and Allegiance Health Case Examples

Western Maryland Health System

About: The Western Maryland Health System (WMHS) consists of physician practices; outpatient services; urgent care centers; primary care centers; home care; the Frostburg Nursing and Rehabilitation Center; an 88-bed skilled nursing facility; and Western Maryland Regional Medical Center, a 275-bed hospital that offers a full range of medical services. With a workforce of more than 2,300 employees, WMHS is the largest employer in the region and cares for a community with 75 percent of patients enrolled either in Medicare or Medicaid.

Objectives: In 2009, WMHS was presented with the opportunity to participate in a total patient revenue/capitation model demonstration project. After reviewing both financial and patient data, the hospital decided it would be a good approach to try a model that predetermined reimbursement rates and strongly emphasized efficiency – ensuring that initial admissions, length of stay and then any readmissions are well managed and appropriate for a particular patient and setting. Participation in this program changed the hospital overnight — one day it was looking for opportunities to increase volume and the next looking to contain volume. Participation in this project put the hospital on a path of early transition from the first, volume-driven business model to the second, value-driven business model. WMHS set goals to better coordinate care, improve efficiency and improve the quality of care provided to patients.

Strategies: As the hospital made this dramatic shift in both philosophy and in business model, the focus on achieving the IOM's Triple Aim became a guiding principle. All change and all education was done with the patient as the central focus. Hospital leaders recognized that education and engagement of staff would be critical for adoption and acceptance among the hospital employees, physician community and within the general community.

Education and outreach began first with physicians and staff. Given that physicians are reimbursed under a different payment model, WMHS needed to help combat concerns about reducing the number of patients seen and explain how care coordination can actually open opportunities for new ways of caring for patients, as well as repurpose staff responsibilities.

Initially, the leadership team held a meeting to share this new approach with staff but then realized that more in-depth training would be needed. All staff at WMHS now participate in mandatory three-hour training sessions each year that help educate staff about changes to the delivery system and reimbursement models and how the new reforms allow WMHS to provide better, more effective and more efficient care.

Community outreach followed closely once staff had been educated, and the focus of all communications was to explain how the patient was central to all that was being done.

Community education began with the hospital's community advisory board and spread to the local chamber of commerce, rotary clubs, churches, and economic development councils, among others. The hospital developed a presentation and proactively identified opportunities to present to different community groups, helping the community feel more

comfortable about seeking care in different settings. Shifting locations of care, even if to a more appropriate care setting, was a change that needed to be clearly explained to the community. The health system also created new primary care centers within neighborhoods most in need. It created the Center for Clinical Resources to help provide treatment to community members with chronic diseases, and also enhanced existing relationships with home health and nursing home settings to ensure better transitions of care.

In addition to small group education and outreach to diverse stakeholders like parish nurses, Lions clubs and local AARP chapters, the health system also employed more traditional communication and marketing tactics, like revamping the hospital website, running ads around the theme “Meeting the Challenge of Health Care Change” and explaining the shift to value-driven care.

Lessons Learned: Education and outreach don’t stop. While many communication and education vehicles were initially put, in place to share the change that was beginning, these same vehicles still exist and in many instances, have expanded and are now used to enhance collaboration and coordination among partners. The U.S. health care system is a complex one, and even many working in health care may not understand the changes that are occurring, which is why education can be key. Additionally, educated staff can become ambassadors within the community and help underscore that better coordinated care is best for patients. Educational sessions are ongoing as new concepts and approaches are introduced. Identify and build mechanisms to help promote positive change. An example at WMHS is the establishment of the President’s Clinical Quality Council, which includes a group of 12 physicians who are considered leaders as well as early adopters. This council has helped bring others along when changes are being rolled out. Additionally, establishing coalitions or strong collaboration among neighboring hospitals and communities can offer learning opportunities, as well as improve overall coordination of care as patients move across service areas.

Allegiance Health

About: Allegiance Health is a community-owned health system in Jackson, Mich., consisting of a full range of inpatient, outpatient and emergency services, including a 480-bed acute care hospital; 60-bed long-term acute care hospital; 20-bed hospice residence; primacy care centers; home care and private duty nursing; chronic care services; and cancer center. The largest employer in the region, Allegiance Health has more than 3,800 staff members and 400 physicians with a range of medical and surgical expertise, from primary care to advanced surgical specialties. Allegiance Health provides services to a population in which nearly 70 percent are covered by Medicare or Medicaid, and the health system incurs \$15 million (at cost) bad debt annually.

The Jackson community and surrounding areas have historically rated poorly on comparative health indices. The data reflects lower levels of post-high school education and many other socioeconomic factors that inhibit wellness.

Objectives: In 1999, the focus of the Executive Committee of the Board was a pending risk to the health maintenance organization (HMO) that Allegiance then owned. An annual actuarial

rate increase averaging 40 percent threatened the viability of the health plan and affordability of coverage for local employers, ultimately reinforcing the cycle of poor health and high cost in the community. Since the data reflected that the hospital's price transfer to the plan was not the issue, the committee concentrated on the cost of demand for health services. A board member asked a key question of hospital leaders: "Why do we want to be an HMO when the current levels of health are so poor?" This question ultimately changed the organizational focus to one of health improvement, as the health system recognized that the cost of health care follows health status. In 2000, Allegiance Health created its health improvement organization (HIO), and embarked on a path of population health improvement.

Transforming the health system focus from a "sick care" model to one of "well care" required significant groundwork, including a key decision about how to start such a monumental undertaking. Allegiance Health concluded that local employers, comprised mostly of smaller manufacturers, were the most adversely affected by the consequences of poor health and were "intact groups" with the greatest potential to effect change. This made employers a logical group to begin Allegiance Health's health improvement efforts.

Strategies: Improving the health and well-being of the community became Allegiance Health's mission, with a vision of creating Michigan's healthiest community. The health system created the employer-based program, "It's Your Life," which assists individuals in monitoring their health while encouraging wellness activities. Participation by Allegiance staff members and others in pilot employer groups grew slowly, even with financial incentives offered. Allegiance Health remained focused. Websites and other materials were created to educate and engage employees, employers and the community to make lifestyle changes that would improve health outcomes.

As the HIO effort grew, Allegiance Health recognized the need to partner with community stakeholders given the breadth and depth of work required to create a community culture of health. Allegiance adopted the role of "integrator," bringing the Jackson County Health Department and the local United Way chapter together for the collective advancement of their community's health. The Community Health Needs Assessment (CHNA) was jointly funded, and the findings of the assessment created common priority goals for health improvement endorsed by leaders across the community. After 14 years, Allegiance Health now collaborates with more than 30 other health and community service organizations on a single community action plan to prioritize and address pressing health needs, particularly for people who are underserved. In addition, Allegiance Health and the Jackson County Health Department have a unique relationship in which the Health Department's medical director and health officer both hold comparable leadership positions at Allegiance Health.

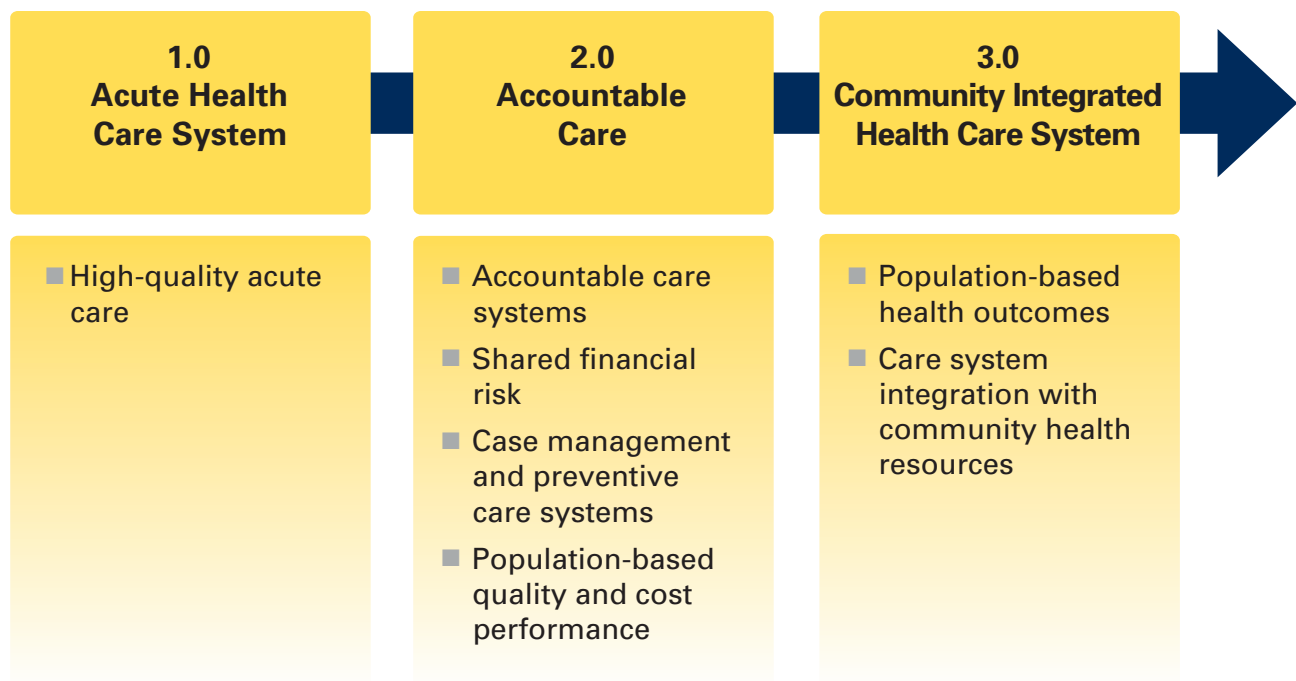
Lessons Learned: Transformation began at Allegiance Health because of a visionary board that worked in co-leadership with executives. Leaders were committed to improving the health and wellness of the community and did not settle for status quo when it came to the health of patients, employees and the community. Beyond delivery system changes and reimbursement system changes, Allegiance Health views population health as its core mission.

A process of inclusiveness helped to align the work of the health system with the broader community, creating commonly agreed upon goals, tracking improvement and engaging

a broad array of stakeholders to enhance momentum and build an infrastructure that addresses the complex issue of poor health. This collective work in health served as a model for local education and financial sectors, which have recently adopted similar structures, creating a strong platform through which to focus on social determinants of health. As the delivery system evolves, alignment of value-based payment incentives with this work, as well as the health system’s clinically integrated network (a partnership with community physicians) and key hospital services, such as case management, health navigators, emergency physicians and hospitalists, will be key to achieving Triple Aim objectives of population health, experience and cost. Engaging in open dialogue at the community level and sharing balance scorecard metrics are critical to success.

For a delivery system steeped for decades in a model that incents caring for sick people, a goal of creating a healthy community can be seen as heretical. And, doing the right thing in the absence of aligned payer incentives results in financial challenges. Allegiance Health has learned firsthand that the journey to population health is enormously messy work requiring a willingness to partner broadly, a focus on community need and a tenacious spirit required of marathons.

Our Vision for Transformation



Source: Allegiance Health, 2014

Tool 4

Current High-Performance Governance Practices

For boards to participate in shaping their new organization, they must be currently performing at an extremely high level. The following is a list of four practices that hospital and health system boards must be engaged in today, in order to be successful in the future.

1. Define a Clear Mission and Vision for a Transformed Enterprise

Hospital and health system boards should consider the organization's vision for improvement of the community's health, as well as approaches to address population health and manage risk in light of today's transforming health care delivery and payment systems. This is not the hospital's responsibility in isolation, but rather an opportunity for hospitals to build relationships and partnerships in the community to impact the overall health of the community. Hospital CEOs and boards must agree upon and clearly articulate the extent of the responsibility and engagement of the organization in community and population health.

While the commitment and responsibility will vary among organizations and communities, it is essential that hospitals do not let changes in payment models drive the mission and vision of their health care system. Payment reform is occurring in varying degrees across the United States. In the longterm the transition may help hospitals and health systems to more effectively support health in addition to health care. However, as hospitals progress through the transition, it is imperative that the board and CEO work together to agree upon the degree to which they can achieve the Triple Aim given evolving payment constraints.

The absence of payment reform and financial incentives should not prevent hospitals and health systems from doing the right thing for patients and communities or from contemplating their mission and vision with respect to their community needs, cost sustainability and articulation of a strategy that embraces all facets of the Triple Aim. The board's responsibility for serving the mission and vision must remain steadfast during this transitional period.

2. Create an Environment of Trust

Mutual respect and absolute trust between the board and its CEO is absolutely vital to organizational success. The data suggest that in an era of transformation trust may be strained. To build mutual trust, the board and the CEO must rely on one another for support, consultation and advice, and complement one another's strengths and responsibilities. The hospital or health system CEO must build a positive rapport and close professional relationship with all board members. He or she must understand clearly what motivates each trustee to be involved with the organization, and be deeply knowledgeable about the interests and needs of each individual trustee.

The CEO must also be aware of any gaps in trustees' understanding of current issues and trends, ensure that regular board education responds to trustees' needs, and encourage trustees to learn and ask questions in an open, safe environment. CEO attentiveness to individual trustee needs demonstrates interest and support, and helps build a positive, trustful environment for dialogue and decision making to take place.

Most importantly, CEOs must understand that trust begins with transparency. Holding back or "sanitizing" information will likely result in a board that is doubtful, lacks trust and perceives a sense of responsibility to inappropriately "dig in" to operational details, managing at the micro level versus leading at the macro level. Conversely, when boards

are confident that all relevant strategic information is shared with them, they partner with the CEO on a foundation of trust on leadership issues focused on strategic and generative thinking about the organization's future.

Five Essentials for Building Board-CEO Trust

1. Clear, honest, consistent and transparent communication
2. Close personal ties among the CEO and board members
3. Consistent adherence to mutually agreed upon roles and accountabilities
4. Mutual commitment to the hospital's or health system's mission and vision
5. Continuous governance knowledge-building enthusiastically supported by the CEO, both practically and financially

3. Establish a Foundation of Effective Communication

The board meeting is the center of communication and relationship success or failure. Unfortunately, board meetings are often not as effective as they should be due to poorly planned agendas, time wasted on routine reports and too much emphasis on operational issues and details. Board meetings too often include agenda items that have little relevance to and impact on the long-term strategic direction of the organization, when instead they should focus on the mission, vision and strategic leadership issues critical to future success.

Effective, high-performance boards spend most of their time on important strategic and policy issues. They engage in rich discussion and dialogue, assess outcomes, and participate in ongoing education. These boards focus on the issues that are most critical to the organization, and where they can have the greatest impact.

The CEO plays a major role in this area. He or she should ensure that trustees receive relevant, concise, action-focused information to review well in advance of board meetings to ensure board members have sufficient time to understand issues and their implications. In addition, the CEO should work closely with the board chair to ensure that meetings are orchestrated to maximize meaningful dialogue and maintain a consistent focus on the future.

Board dialogue and discussion are most meaningful when board committees are properly used. Committees often do the "heavy lifting," framing the issues of importance for the full board and preparing trustees in advance with a clear set of questions to provoke strategic dialogue.

Five Keys to Building Effective Board-CEO Communication

1. Clarity of expectations
2. Openness and candor
3. CEO understanding of the unique communication preferences and styles of individual board members
4. Open channels of information and dialogue between board meetings
5. Compelling, strategic, dialogue-rich board and committee meetings

4. Build a Board-CEO Co-Leadership Partnership

Board members sometimes, knowingly or unknowingly, begin to wander into the CEO's domain, and the results of that meandering can be problematic. To avoid "purpose wandering," roles and responsibilities should be clearly expressed in writing. This helps define the fine line between strategic leadership and operational leadership. Too often roles and responsibilities are unclear and unfocused. A formal, written set of roles and responsibilities will help prevent both the board and the CEO from inappropriately trying to assume the other's responsibilities. Hospital trustees should have their "noses in, but their hands out." This means that boards should energetically exercise "reasonable inquiry," delve deeply into the rationale behind strategic thinking and proposals, and always relate the organization's strategic focus to its mission and vision. They should not inappropriately delve into risky management-level discussions and decisions.

For example, while the board is responsible for the high-level strategic focus and direction of the organization, the CEO and his or her administrative team are responsible for the day-to-day operations and details of designing action plans for implementing the strategic plan. One is the "what," and the other is the "how."

Key Components of a Strong Board-CEO Relationship

Establishing a productive, trustful and successful relationship takes commitment on the part of the board and the CEO. A number of ingredients are inherent in a good board-CEO relationship, including:

1. Communication is clear, crisp, concise and accurate.
2. Both the board and the CEO are "on the same page" and have a mutual understanding of issues.
3. Roles, responsibilities and accountabilities are clear and well expressed.
4. The board has a clear understanding of its policy and strategic "place" in the leadership continuum.
5. A strong sense of synergy results from a mutual understanding of what the CEO and the board bring in tackling the complex challenges that face the organization.

Tool 5

Competency-Based Board Composition

In 2007, the AHA Center for Health Care Governance's Blue Ribbon Panel on Competency-based Governance identified the following essential board characteristics, skills and experience:

- **Characteristics:** Reputable, intelligent, big-picture thinker, objective, open to new ideas, highly engaged, proactive, able to ask tough questions and able to challenge others in a nondisruptive way, embraces organization's values.
- **Experience:** Demonstrated leadership, board experience, community involvement, particular business achievements. Some board members should have clinical experience.
- **Skills:** Specific expertise in one or more of the following: finance, quality, business partnerships, legal. In addition, strong relationship skills.
- **Core values:** Respect, integrity, compassion, excellence.

In 2009, a follow-up Blue Ribbon Panel report identified two sets of core competencies for board members of hospitals and health systems. First, the panel identified the knowledge and skills that all boards, regardless of the type of hospital or system they govern, should include: 1) health care delivery and performance; 2) business and finance; and 3) human resources.

Knowledge and Skills: Health Care Delivery and Performance. Board members should have the knowledge and skills to:

- Track measures of quality, safety, customer satisfaction, financial and employee performance.
- Ensure patient and customer satisfaction survey results, as well as demographic and epidemiological statistics, are used to set organizational priorities, plans and investments.
- Monitor and evaluate organizational success by tracking community wellness and clinical performance against benchmarks.
- Anticipate community needs.
- Ensure close adherence of performance to the Institute of Medicine's six aims: to provide care that is safe, timely, effective, equitable, efficient and patient-centered.
- Advocate for care decisions that are evidenced based.

Knowledge and Skills: Business and Finance. Board members should have the knowledge and skills to:

- Guide development of long-term plans for funding growth and development.
- Oversee development of revenue sources and understand their financial implications.
- Consider the impact of reimbursement and payment systems when assessing management alternatives.
- Oversee development of long-term capital spending for renovation and expansion of facilities, equipment and services.

Human Resources (employees, physicians, volunteers, etc.). Board members should have the knowledge and skills to:

- Ensure human resource functions are aligned to achieve organizational strategic outcomes.
- Ensure that recruitment and selection, job design and work systems, learning and development, reward and recognition and succession planning are aligned to encourage behaviors and performance needed today and into the future.

The panel further recommended several personal capabilities that should be sought in all board members:

- Accountability
- Achievement orientation
- Change leadership
- Collaboration
- Community orientation
- Complexity management
- Information seeking
- Innovative thinking
- Organizational awareness
- Professionalism
- Relationship building
- Strategic orientation
- Talent development
- Team leadership

While critical competencies (skills and knowledge) are important, what differentiates excellent board members are characteristics that cannot be taught in an educational seminar: self-image and values, social role, traits and personality, and motivation. (*See Beyond the Visible Director Competencies: Select for Core Values graphic below.*) How a trustee perceives the role of the hospital in the community and his or her role on the board impacts leadership style and decision making. A trustee's self-image must be appropriately aligned with the new enterprise, and trustees must possess the personality and intrinsic motivation necessary to serve. The best trustees are motivated by achievement of the hospital's mission.

Beyond the Visible Director Competencies: Select for Core Values



Source: Nygren Consulting, LLC

Tool 6

Creating the Right Boardroom Conversations



Prioritize Agendas

Establishing well-organized and consistent governance processes and procedures enables the board to be most productive, and ensures that its time is allocated to the most critical topics. Agendas should reflect the most important strategic issues and priorities, and make efficient use of trustees' valuable and limited time; meetings should be designed to maximize trustees' ability to engage in critical dialogue; and committees and task forces should be used to enable the board to focus time on high-level strategic discussion. Agendas should not be so full and rigid that there is too little time for deep discussion and generative dialogue on the strategic issues that matter most to the organization's future. One way to ensure that agenda items are necessary is to organize the agenda by strategic pillar or goal. If an agenda item does not fit well under a strategic pillar, it may not be appropriate for discussion at the board meeting.

Minimize Presentation, Maximize Discussion

Most board meetings include staff-led presentations on various topics and issues. In many cases, these presentations too often review information that trustees should be expected to digest and understand as part of their board meeting preparation. Informational reports should be synthesized into brief executive summaries that outline why the information is important and relevant to board knowledge and potential action. When appropriate, the summaries may include key considerations, options for discussion, and recommended direction from the CEO. In all cases, unless the information has some action attached to it, it should not consume valuable meeting time that can instead be spent on generative discussion and a focus on strategic thinking and planning.

Focus on Strategy

Boards of trustees must focus their time and energies on the most pressing strategic, future-focused issues and plan proactively and flexibly for rapid change and uncertainty. They must develop the expertise to recognize and solve longer-term issues, and ensure a synergy and consistency of activities and strategic direction. The structure and makeup of the board must mirror the organization's strategic priorities.

Engage in Scenario Thinking

In today's highly complex and rapidly changing health care world, there are no straight lines to the future. Boards must take the time to consider the many different possibilities of market change, driven by internal and external factors. One way to assess the impact of possible events is to predict various futures that may develop, and think through scenarios that reveal where the organization might be and what actions it might take should the scenario, or some version of it, occur. This can push the board to continually think into the future, and prepare thinking to anticipate future developments. Boards should then develop "dependent strategies," or planned responses to different circumstances that may occur.

Focus on the Emergent

Boards can easily become overly focused on the here and now, and not devote enough strategic thinking to the future. Boards must continually adjust their focus to deal with the issues ahead, not the issues of the past. Creating time on the agenda for meaningful discussion of the most significant issues facing the hospital ensures that future issues, challenges, barriers and opportunities are considered. Time should be primarily focused on

understanding trends and strategic priorities, rather than dealing with operational details; the focus should be on future-oriented strategic thinking about challenges and issues.

Listen Artfully

Miscommunication and misjudgment often are a result of inadequate listening. To ensure strong, effective governance communication, boards should acquire and absorb new ideas, listen attentively without rushing to judgment, and absorb information before offering a definitive response.

Stimulate Critical Conversations

Board and committee meeting time is limited, and every minute should count. Board members must ensure their governance conversations are always vibrant, vital, and focused on purpose and outcomes. Dialogue should be the board's "social operating mechanism." It is through holding critical conversations that decisions are made, grappling and grasping with concepts, ideas and practical solutions that lead to more informed and rational conclusions. Issues can be framed in advance by including generative-based strategic questions for discussion in pre-meeting materials.

Value Constructive Confrontation

Without constructive challenges to conventional wisdom and thought, the best solutions may never surface. Boards should regularly confront issues by challenging assumptions and exploring alternatives to traditional thinking. Doing so may cause short-term tension and disagreements, but this tension should be welcomed and resolved through thorough, organized, deliberative dialogue.

Listen to Disparate Voices

A well-informed board should search out opinions, ideas and perspectives that may be different from their own. Boards can accomplish this by listening to a variety of voices outside the organization and engaging the viewpoints of people with unique experiences and perspectives. Boards can stimulate conversations by playing devil's advocate and assigning pro and con points of view to trustees in advance of board discussion to bring out disparate voices and minority opinions for consideration. In doing so, boards will expand their knowledge base, build a mutual understanding of diverse perspectives, and open new lines of thinking.

Adapt to Change

A turbulent environment requires organizations to be highly attuned and adaptable to change. Instead of reacting to changes, hospital boards must focus their thinking and be more proactive in their choices. Being proactive requires an "early warning system" that enables the board to address issues in a thoughtful, timely manner. When challenging situations arise, the board should bore below the surface to understand the root of what is actually occurring, so that the appropriate and most effective actions can be taken.

Recognize Patterns

Too often the information that boards rely on to make decisions is anecdotal, disjointed or disconnected. The key to successful evidence-based decision making lies in the intelligent use of dashboards and balanced scorecards that plot performance against expectations over time. This enables the board to govern through strategic gap analysis, with attention focused where the most significant performance problems and opportunities lie.

Recognizing patterns also extends beyond the use of dashboard or balanced scorecard tools, and is an invaluable competency for boards to be able to draw connections across areas of strategic dialogue. This type of pattern recognition may come from narratives and dialogue that lead to penetrating questions or key themes about root issues. While some trustees may already possess this competency, those who do not may be able to develop this leadership competency through the employment of a well-crafted and outcomes-focused mentoring process.

Tool 7

Seven Steps to Designing an Effective Governance Education Process

A successful governance education process requires commitment, collaboration and consensus. Below is an outline of how a board of trustees may design a process that will ensure optimum development of leadership knowledge and effectiveness:

Step One. Define the broad issues about which every board member needs to have a common understanding in order to be a high-performance trustee. The hospital's current strategic plan should serve as a basis for determining the most critical board education topics and current health care trends impacting board and, ultimately, hospital success.

Step Two. Assess each individual trustee's awareness and understanding of the issues and situations likely to come before the board in the coming months. This may be done through a board self-assessment, a simple survey, or in casual one-on-one conversations, typically between individual trustees and the board chair and/or CEO. The individualized knowledge assessment should help determine the areas where pinpointed education should be focused to most quickly get trustees "up to speed" on the issues and decisions for which they are fully responsible.

Step Three. Assign an experienced board colleague to work closely as a mentor with newer trustees to help them understand issues, questions, nuances, etc.

Step Four. Develop a 12-month or longer "curriculum" of topics that are essential to effective governance, and determine the most appropriate resources to assess or deliver the information. Ensure that trustees are actively involved in the selection of topics, and that the methodology for presenting the information is conducive to trustee learning styles. Delivery methods may include in-person presentations, facilitated discussions, online presentations, reading materials, and more.

Step Five. Leverage the improved trustee knowledge not only for board discussion and decision making, but also through coordinated outreach, including legislative advocacy and connections with the local community through trustee involvement in community activities, and formal and informal community discussions and presentations about the organization and the challenges it faces.

Step Six. Continuously refine and improve the process. Conducting a regular governance practice and performance self-assessment is one method to measure year-over-year improvements in board understanding and education effectiveness, and determine potential "knowledge gaps" that still exist. Successful self-assessments enable boards to identify "leadership gaps," or areas in which the board has the greatest potential for improvement. The board self-assessment process identifies these gaps, and facilitates the development and implementation of initiatives and strategies to improve leadership performance. Through an effective, well-developed governance self-assessment process, growth opportunities can be realized, education can be pinpointed to unique governance needs, recruitment of new trustees can be undertaken with increased confidence, and long-range planning can be conducted within a consensus-based framework with everybody on the same page.

Step Seven. Ensure an effective onboarding program for new board members. A strong onboarding program and warm welcome to the board are critical to the success of new trustees as well as to the board's success as a cohesive governing body. Initial

onboarding information should include an introduction to the organization, its history and recent evolution, bylaws, committee charters, board member backgrounds, fundamental roles, responsibilities and governance practices, trustees' role in community and legislative advocacy, etc.; key personnel; briefings on services and programs, and their relationship to the mission; education about the health care environment and its implications for the organization; a review of the most recent governance self-assessment and the resulting improvements to governance; a review of the most recent community needs assessment and community benefits report; and an overview of the strategic plan and its rationale. The onboarding process should not be a cursory one-time event. It should be a well-planned, coordinated process that is carried out over several months, with the objective of preparing new trustees as thoroughly as possible to successfully carry out their leadership accountabilities.

Tool 8

Additional AHA Resources

AHA Hospitals in Pursuit of Excellence

All reports can be found at www.hret.org/guides-reports/index.shtml

- Hospital-based Strategies for Creating a Culture of Health (2014)
- Navigating the Gap Between Volume and Value (2014)
- Building a Leadership Team for the Health Care Organization of the Future (2014)
- The Second Curve of Population Health (2014)
- Your Hospital's Path to the Second Curve: Integration and Transformation (2014)
- The Role of Small and Rural Hospitals and Care Systems in Effective Population Health Partnerships (2014)
- Metrics for the Second Curve of Health Care (2013)
- Second Curve Road Map for Health Care (2013)
- Engaging Health Care Users: A Framework for Healthy Individuals and Communities (2013)

AHA Center for Healthcare Governance

All reports can be found at www.americangovernance.com

- Trustee Tools for Transformation: Board Readiness Self-Assessment (2013)
- The Value of Governance (2013)
- Advent of "Care Systems" Means Governance Must Also Transform. Bader, Barry S. AHA's Great Boards Newsletter, Spring 2013 issue (www.greatboards.org)
- Making the Transition from Volume to Value. Numerof, Rita E. (2013)
- Governance Practices in an Era of Health Care Transformation (2012)
- Competency-Based Governance: A Foundation for Board and Organizational Effectiveness (2009) AHA Center for Healthcare Governance Blue Ribbon Panel on Trustee Core Competencies.
- Building an Exceptional Board: Effective Practices for Health Care Governance (2007) AHA Center for Healthcare Governance Blue Ribbon Panel on Healthcare Governance.

