HTNYS Healthcare Trustees of New York State

In an era of noise, go back to governance basics

Hospitals, health systems and their boards are operating in an era of constant noise. Amid healthcare's rapid changes and increasing complexity, boards' oversight responsibilities have been expanding. Newer areas of oversight include climate change, cybersecurity and artificial intelligence, with more to come.

Nasdaq's 2023 Global Governance Pulse survey found that 84% of surveyed board members, executives and governance professionals across many industries expect increased or sustained scrutiny and time requirements for board service in the coming months.

Back to the basics

Trustees may wonder how to add tangible, unique value in this rapidly evolving environment. At a time like this, it is helpful to reflect on the key role of the board, which is board service. This may sound simplistic, but excellent board service requires that the board be committed to excellence in all facets of governance. A board that excels with board structure, diversity, selection, orientation, education, self-evaluation and culture elevates the hospital's performance.

Tools to reflect on board culture, composition and succession planning

Only 7% of responses to the Nasdaq Governance Pulse survey indicated that their board evaluation process results in specific action plans to address opportunities, risks and weaknesses. A commitment to continuous improvement is key to a dynamic and responsive board. Board evaluations provide insights into the board's strengths and opportunities for improvement regarding board composition, oversight, engagement, culture and governance processes.

A board demographic/skills gap analysis ensures that board succession planning is strategically aligned with the organization's future needs. Additional options to fill knowledge gaps include investing in trustee education and creating advisory seats for subject matter experts to facilitate the board's understanding of specific topics.

High performance governance practices

An AHA article suggests that there are four practices that hospital and health system boards must engage in today to be successful in the future:

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

Boards must be currently performing at an extremely high level to be successful in the future. With the number of demands facing boards, it's easy to put the basics on the back burner. Keeping the essential elements of effective board governance a priority will put boards in a better position to navigate the noise that challenges healthcare today.

Information for this article was obtained from:

- *Back to Basics: Focusing on Board Service in an Era of Noise, Nasdaq*
- *Current High-Performance Governance Practices, AHA Trustee Services*

Visit our website to read past editions of Trends on many valuable topics.

Contact:

Kristen Phillips, Director, Trustee Education and Community Health Policy, Healthcare Trustees of New York State

HTNYS' monthly *Trends* updates provide trustees with information about emerging developments in governance and healthcare. *Trends'* timely statistics and insights help trustees fulfill their roles and responsibilities while adapting to the changing environment.