



Board composition, structure and selection practices

As the healthcare environment becomes more complex, boards should examine their composition, structure and selection processes to ensure that the most capable and engaged individuals are governing their organization.

The American Hospital Association recently released the [first chapter of its triannual National Governance Report](#) (AHA members only). Based on data collected from hospitals and health systems between August and December 2024, the report offers a comprehensive picture of the state of healthcare governance structures and practices across the country in areas including composition, performance oversight and selection.

Review the following trends to see how your board compares.

Board composition

- **Board size has decreased** to an average of 14 board members for health systems and subsidiary hospitals of systems and nine board members for freestanding hospitals over the last decade.
 - According to AHA Governance Institute faculty member Pam Knecht, the ideal size for healthcare boards is 11 to 13 members.
- **The use of outside board members increased** to 31% in 2024 (from outside the service area who are not from sponsoring organizations or other system/hospital entities).
 - The goal of this practice is to bring more objectivity and expertise into the boardroom in areas such as cybersecurity, population health and insurance.
- **Boards are getting older.** The percentage of board members who are age 71 or older is increasing while the percentage of those who are age 51 to 70 is declining.
 - Instituting refreshment practices such as term limits can help address this. A smaller proportion of boards (6%) have instituted age limits, but this trend has decreased since 2018.

Board structure

- **Term limits** were used by more than two-thirds of the survey respondents.
 - All boards should routinely discuss their approach to terms and term limits to ensure the correct balance between retaining institutional history and making room for individuals with different skills, experiences and perspectives.
- **Board compensation continues to increase nationally**, especially for health system boards. The percentage of system boards that provided compensation to their members rose from 25% in 2018 to a reported 35% in 2024, while subsidiary boards (4%) and freestanding boards (15%) remain less likely to provide compensation.

- Offering compensation is one way to attract and retain board members and acknowledge the additional time that is now required to prepare for and participate in meetings (although this practice is not common in New York state).
- Quality, finance and executive are the most common standing board committees.
 - Boards should routinely ask, “Do we have the right number and type of committees?” and then make the appropriate changes.
- **Specific board restructuring activities** during the past three years were undertaken by more than two-thirds of all respondents, with “seeking new board member skills/competencies” as the most prevalent activity since 2018.
 - Boards should routinely assess whether their governance structures are efficient and effective and then make necessary changes to improve performance.

Board selection

- **Board member replacement practices have not changed much.** Over three-quarters of respondents indicated that over the past three years no board member had been replaced during their term or not reappointed when eligible.
 - Boards should take a more intentional and disciplined approach to board composition by establishing and using performance-based reappointment criteria, term limits and regular board evaluations. This is an opportunity to bring in fresh perspectives, needed expertise and stronger fiduciary oversight.
- **Board member recruitment efforts were reported to be at the same level** as three years ago by more than half of the respondents. There was also an increase in the difficulty of recruiting millennials, likely due to competing personal and professional priorities, limited boardroom exposure or a disconnect between traditional governance models and millennial expectations around collaboration, flexibility and impact.
 - Boards must take a more strategic approach to recruitment: develop a clear value proposition for board service, modernize board culture, invest in succession planning and intentionally create pathways to engage emerging leaders — particularly from younger demographics.
- **Board chair succession planning practices vary by board type.** System boards (73%) and subsidiary boards (71%) say they have formal succession plans, yet only 53% of freestanding hospitals report having a chair succession plan — leaving nearly half vulnerable to leadership gaps or unplanned transitions.
 - One best practice used by high-performing boards is a structured chair progression model: a leader serves two years as chair-elect, followed by two years as board chair and then two years as immediate past-chair. This approach ensures leadership continuity, allows time for mentoring and preparation and builds institutional memory within board leadership.

Information for this article was obtained from:

- [2025 National Governance Report: Chapter 1](#), American Hospital Association

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