IOWA HOSPITAL ASSOCIATION

Trustee Minutes

For Iowa Hospital Governing Board Members   **Governance Forum Recap Special Issue**

The Imperative for Clear Vision in Disruptive and Turbulent Times

One of the board's most important leadership responsibilities is setting a clear vision for the future and planning strategy for getting there. But strategic planning is no longer as straightforward as it might once have been. Today's Coronavirus-dominated environment presents multiple unanswered questions. How long will COVID-19 persist? What vaccine and other COVID treatment breakthroughs will be developed, and when will they be available? What long-term implications will "virtual care" advances bring?

Hospital trustees often question how they can be expected to determine a strategic future when so much in health care is changing, and the future is seemingly unknown and unpredictable. Who would have known in January 2020 that a worldwide pandemic would upend plans and budgets, challenge caregivers as never before, cause economic calamity for so many, and present hospital boards with perhaps their greatest governance challenge?

This is precisely the time when the board must be at its visionary best. Forward thinking visionary boards anticipate potential futures. They prepare for and embrace the changes ahead.

Moving to Visionary Leadership

In the book *Governance as Leadership: Reforming the Work of Nonprofit Boards*, the authors define three types of governance: fiduciary governance, strategic governance and generative governance.

Fiduciary governance should be a boardroom basic, the cornerstone of the board's responsibilities. The practice of fiduciary governance includes stewardship of the organization's assets, responsibility for the organization's finances, ensuring the highest and best use of resources, monitoring and ensuring legal and regulatory compliance, and providing operational oversight.

Strategic governance responsibilities encompass setting a vision and identifying initiatives and strategies for achieving that vision, as well as fulfilling the organization's mission. Strategic governance responsibilities include allocating the resources required to pursue strategic initiatives and monitoring progress to ensure goals are achieved.

While strategic governance might seem to be closely aligned with being a visionary board, it is actually *generative governance* skills that must be a priority for trustees in today's environment, which is characterized by fast-paced change with a hazy view of tomorrow. Boards that practice generative governance make time to

FOR YOUR AGENDA

Trustees and boards recognized for completing IHA Hospital Board Certification

Seventy-nine Iowa hospital trustees and 20 Iowa hospital boards were honored at IHA's annual Governance Forum held virtually April 22-23. To see who was honored this year and the slide show recognition, visit the Education tab at www.IHAonline.org and click the "hospital board certification" link.

The trustee and hospital board certification program provides a framework for demonstrating the individual and collective commitment of Iowa hospital trustees to governance roles and responsibilities and continued learning.

To meet the certification requirements, trustees must complete health care-specific education and confirm their board is following recognized governance best practices. Entire boards are also recognized as one-, two- or three-star boards, depending on the percentage of trustees certified.

The program is useful in community relations with local leaders, businesses, community stakeholders and lawmakers as a tangible example of the commitment of the board in serving in the best interests of the community. For more details and to enroll go to www.IHAonline.org or contact Ellen Waller at IHA at wallere@ihaonline.org or 515-283-9363.

Governance webinars set to start May 11

IHA's annual governance webinar series is designed to provide you with the tools to reinforce your understanding of good governance practices and enhance your effectiveness as a board trustee. The webinars are free for IHA member hospitals and health systems. Topics this year:

- Conflict of Interest: Is it Illegal? – May 11
- What You Should Know: Executive Compensation and Tax Exemption – July 13
- Expectations of Board Oversight in Compliance Programs – Sept. 14
- Cyberthreats: Board Oversight of Information Security – Nov. 16

Your registration includes the session recordings to provide you the flexibility to view the education at a time that works best for you. Each session also provides one hour of continuing board education credit that you can apply toward IHA's hospital board certification program (see previous article). Go to the Education tab at www.IHAonline.org to register.

Popular IHA governance resource gets updated

"Critical Questions Every Hospital Needs to be Able to Answer" is a comprehensive document that can be used as a primer for new board members and a refresher for existing board members. IHA member hospital boards have used the resource as a framework for ongoing board education and discussion. Updated this year, the 135-page document provides you with answers to many of the most-important questions you must know, including:

- How can the board be visionary in an era of uncertainty and transformation?
- How does the board move forward after COVID-19?
- How does the board ensure successful leadership?
- How should the board gauge the hospitals' financial performance?

The publication can be downloaded for free from the IHA website or, to have the PDF emailed, contact Ellen Waller at IHA at wallere@ihaonline.org or 515-283-9363.

Assessment tool measures and benchmarks a board's performance

IHA's board and trustee assessment tool provides you with a better understanding of strengths and weaknesses of your board and trustees. The online assessment is complimentary for IHA member hospitals and health systems and provides benchmarking information against peers and the state. IHA members often use the information to identify education gaps and needs.

The assessment's two sections include:

- *Overall board assessment* – This section asks you to answer a set of customizable questions about your perception of the performance of your board. This will give you a better understanding of how your board collectively feels about their contributions.
- *Personal evaluation* – This appraisal will give you a better understanding of your strengths and weaknesses as a member of the board. This section will not have benchmarking information; the results are weighted averages of all board members.

For best results, IHA recommends using the program annually. To view a sample board assessment, personal evaluation and board assessment report, visit the Information tab at www.IHAonline.org and select "hospital board assessment." Questions about the board assessment can be emailed to Allison Martin at martina@IHAonline.org.

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question assumptions, they explore areas which lie outside the proverbial "box," and they envision new and innovative ways of accomplishing goals, achieving visions and fulfilling missions.

According to the authors of *Governance as Leadership,* generative governance is where real leadership power lies. It's where the board has a clear sense of problems and opportunities facing the organization.

Generative governance requires:

- A new type of agenda that features ambiguous or problematic situations rather than reports and routine motions, with a goal to frame decisions and choices, not simply make them.

- Trustees to promote robust dialogue around generative ideas and concepts, which stimulates a "culture of inquiry."

- Creating more substantive and intellectually attractive agendas that create more interesting and productive work, and a more influential role for board members.

"What If" and "So What"?

Visionary trustees consistently ask themselves a series of questions, including "What do we know today that we didn't know yesterday?"

By staying well-informed with a continuing flow of new information and evidence, visionary boards can anticipate emerging trends. They begin to envision potential futures by asking themselves "What if" questions. A real-world example confronts boards and hospital leaders today, and likely will for many months to come. What if boards had had the vision to anticipate and think through the myriad ramifications of a pandemic on their organizations, caregivers, patients, and communities?

Boards move another step closer to becoming visionaries when they also ask: "What could that mean to us? What implications does it have for our hospital and those we serve with and for?" and "What could or should we do to be prepared?" These are questions that begin to generate deeper understanding of new paradigms and their implications for the hospitals and health systems that boards are responsible for leading. They are the questions that prompt challenges to the assumptions and status quo that may hold organizations back.

Challenges to Maximizing the Board's Visionary Potential

While there are many potential challenges that prevent trustees from maximizing their visionary potential, below are a few of the most common causes that derail boards.

Failing to Stay Well-Informed. Without credible and current information and data, trustees cannot hope to recognize or anticipate the forces, trends, and changes happening

> **Visionary trustees consistently ask themselves a series of questions, including "What do we know today that we didn't know yesterday?"**

Three Types of Governance

In the book *Governance as Leadership*[1], the authors define three types of governance:

- ✓ **Fiduciary Governance:** A boardroom basic, the cornerstone of the board's responsibilities.

- ✓ **Strategic Governance:** Setting a vision and identifying initiatives and strategies to achieve that vision.

- ✓ **Generative Governance:** Boards that take time to question assumptions, explore areas "outside the box," and envision new and innovative ways of accomplishing goals and achieving the vision.

in the environment around them. They must develop a high level of understanding in the areas most critical to organizational success and performance. Passing knowledge is not enough.

Poor Agenda Planning and Meeting Management. Confronted with multiple challenges and competing priorities, effective boards must focus their time and attention on the issues most critical to achieving the mission and vision. The board chair must manage meetings to engage trustees at a higher level of thinking and planning, enabling and facilitating the inquiry, dialogue, and debate needed to be visionary.

Focus on the Wrong Issues. Boards must continually adjust their attention to deal with the issues and possibilities of the future, not the issues of the past.

COVID-19 Makes Board Member Recruitment and Education More Important Than Ever

The necessity for boards to be visionary and future-focused has risen to a new level as a result of COVID-19. Boards can't predict the future, but with the right composition they can put their "generative governance" skills to work by engaging multiple futures, looking for innovative ways of accomplishing the organization's mission and vision, and asking that critical question: "What do we know today that we didn't know yesterday?"

Strong board composition is essential to this kind of visionary thinking, and communities battling COVID-19 deserve a board that understands the issues, creatively solves problems, and partners with the community. This kind of board does not happen by chance. It happens when organizations have a sound succession plan for bringing in new trustees, a comprehensive onboarding strategy for new trustees, and a commitment to ongoing education for the full board.

Planning for Future Trustees

Board composition for hospital and health systems should not be simply representational. Instead, boards should seek to develop a composition that reflects the overarching experience and expertise needed to successfully govern for today's challenges.

Hospital and health system boards should be composed of individuals who display a diversity of opinions and independent thought and actions. Trustees should have demonstrated achievement in their career field and possess the intelligence, education, and experience to make significant contributions to governance. They should also possess the personal attributes that will contribute to sound working relationships with other board members and the executive staff.

Leveraging Governance Succession Planning for a Competency-Based Board. Governance succession planning is not simply filling an empty seat on the board—it is an opportunity to strengthen the board and organization's performance and ability to fulfill its mission. By regularly assessing the board's leadership strengths and weaknesses and using the hospital's strategic plan to define critical future leadership requirements, a board can identify governance "gaps" that can be closed through targeted trustee recruitment.

A trustee succession plan should be developed to recruit trustees that meet the specific governance needs. These "gaps" will be different for each board and organization; while one board may be seeking greater expertise in community partnerships, another may be seeking clinical expertise, increased diversity, or experience with "big picture" thinking.

Personal Characteristics to Look For. In addition to seeking out new board members that possess specific skills and competencies, boards should look for new trustees that exhibit the characteristics necessary for today's health care environment, including candidates that are:

- Motivated, committed, and passionate in serving the hospital and community.

- Ethical, respected, and held in high esteem by the community.

- Strategic, innovative, and visionary thinkers.

- Willing to advocate and be the voice of the community.

- Exhibit a high intellect and a willingness to learn.
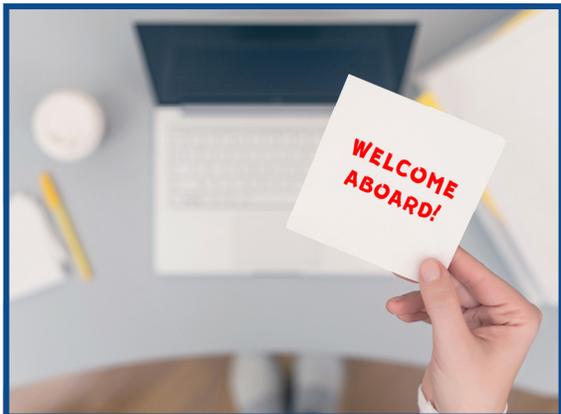
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- Are collaborative, good listeners, and willing to engage and ask hard questions.

- Have an ability to grasp implications of financial statements.

- Understand and value varying perspectives, including the medical staff, patients, and the community.

New Board Member Onboarding

Once a new trustee is selected, his or her orientation should be a year-long process that speeds up the trustee's depth of understanding, effectiveness, and readiness to make valued contributions to the board. At a minimum, a typical board orientation process includes:

- A broad overview of the organization and the health care environment.

- A tour of the hospital or health system.

- A "fast facts" summary of key facts presented in bullet point format for easy reference.

- A governance manual, including information about the organization, governing documents, organizational documents such as the strategic plan and recent community needs assessment, financial and quality information, and a list of board and executive staff contacts.

- A mentor that works closely with the new trustee for the first year.

Identifying Leadership Gaps on Your Board

Properly identifying, assessing, and recruiting a new trustee begins by determining where the board may have potential leadership "gaps," either now or in the future. The goal is to identify the skills and personal characteristics already present on the board, and identify the skills the board should recruit for that will complement existing expertise, resulting in a more well-rounded, competency-based board.

Boards should consider creating a "matrix" identifying which skills are already present, and which skills offer an opportunity to fill a gap. The matrix should also consider when board members' terms expire. Critical areas of expertise may include:

- **Governance experience,** including service on corporate and/or not-for-profit boards.

- **Professional skills and experience**, which may be itemized to include finance, investment planning, capital planning and acquisition, fundraising, management of complex organizations, marketing and public relations, public speaking, CEO evaluation, CEO compensation, legal expertise, process improvement, customer satisfaction, and research analysis.

- **Clinical expertise** from a variety of perspectives (may include physician, nurse, physician's assistant, mental health provider, etc.).

- **Health care knowledge and experience**, including industry trends, medical and information technology, workforce planning, and laws and regulations.

- **Visionary thinking** and strategic planning.

- **Community collaboration and partnership-building**, which may include community relationships, community leadership, and understanding community trends and issues.

- **Commitment to the hospital or health system's mission**, and willingness to commit the time to properly lead the organization.

Ongoing Board Education

Regardless of how long an individual has served on the board, ongoing education is essential. Boards that envision multiple futures and think "outside the box" must have a strong grasp of the current issues facing the organization and the community.

Many boards engage in governance education at each board meeting, which may include reading or watching a video before the meeting followed by a discussion with the board. While COVID-19 has created a sense of "fire fighting" for many organizations, a commitment to education about current issues and trends is absolutely essential for boards as they make plans to not only respond to the current pandemic, but to recover and thrive after the pandemic is over.

Protecting Your Organization from Cyber Threats

Ransomware attacks have increased 50 percent in the third quarter of 2020 compared to the first half of 2020, according to Check Point Research.[1] *Health care is the number one most targeted industry in the U.S.* As telehealth has become a lifeline to patients seeking care during COVID-19, cybersecurity risks are a threat to access to care and timeliness of care, not to mention a significant financial burden for hospitals. In addition, a cyber security attack can prevent access to electronic medical records at critical points during patient care, which may have a direct impact on quality of care.

Even before the increase in ransomware attacks during the current pandemic, cyber attacks cost health care organizations billions of dollars each year. In February 2020, one report estimated that ransomware attacks on health care organizations between 2016 and 2020 cost more than $160 million, and that amount might "only scratch the surface of the problem."[4]

In addition to the cost, cyber threats put patients at risk, resulting in potential patient harm, hospital fines and penalties, and ultimately inflict serious consequences on an organization's community trust and reputation. As stewards of the hospital's financial health and representatives of the community's interests, trustees must take the lead in ensuring that data security, device security, and patient privacy are a top priority at their organization.

> *It's critical to view cybersecurity as a patient safety, enterprise risk, and strategic priority and instill it into the hospital's existing enterprise, risk-management, governance and business-continuity framework.*
>
> *—John Riggi, AHA, Cybersecurity and Risk*

The Changing Threat

When describing how ransomware threats to hospitals have changed, John Riggi, Senior Advisor for Cybersecurity and Risk at the American Hospital Association, explains that attacks on overloaded hospitals caring for COVID-19 patients is the threat that he worries most about. He reiterates that "a ransomware attack on a hospital crosses the line from an economic crime to a threat-to-life crime."[2]

Hospital leaders must be more prepared now than ever as the use of technology increases and cyber criminals are becoming more sophisticated.[2]

- Previous cyber criminals were often amateurs or hobbyist hackers, resulting in financial consequences.

- Current cyber crimes involve full-time professional cyber gangs that are well trained, equipped, and funded. *Goals are often to instill fear and disrupt day-to-day-life,* and perhaps raise money to fund violent crimes or terrorist activities.

- Criminals now target medical devices, not only networks, servers, PCs, databases, and medical records.

The Board's Responsibility for Cybersecurity

Trustees are responsible for protecting the hospital and it's patient community. Cybersecurity is a threat to both. Boards should not ignore cybersecurity or downplay the seriousness of the risks to patient safety, access to care, privacy, and the organization's financial health.

AHA: Six Actions to Manage Cybersecurity Risks

The American Hospital Association recommends the following six actions to manage hospital cybersecurity risks:[5]

1. **Establish procedures and a core cybersecurity team** to identify and mitigate risks, including board involvement as appropriate.

2. **Develop a cybersecurity investigation and incident response plan** that is mindful of the Cybersecurity Framework being drafted by the National Institute of Standards and Technology.

3. **Investigate the medical devices used by the hospital** in accordance with the June 2013 FDA guidance to ensure that the devices include intrusion detection and prevention assistance and are not currently infected with malware.

4. **Review, test, evaluate, and modify, as appropriate, the hospital's incident response plans and data breach plans** to ensure that the plans remain as current as possible in the changing cyber threat environment.

5. **Consider engaging in regional or national information-sharing** organizations to learn more about the cybersecurity risks faced by hospitals.

6. **Review the hospital's insurance coverage** to determine whether the current coverage is adequate and appropriate given cybersecurity risks.

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Riggi recommends that hospitals and health systems don't view cybersecurity as a technical issue assigned to their IT departments. Instead, he says "it's critical to view cybersecurity as a patient safety, enterprise risk, and strategic priority and instill it into the hospital's existing enterprise, risk-management, governance and business-continuity framework."[3]

Ensure the Board's Role in Oversight. The AHA recommends that hospital boards assign cybersecurity to a relevant board committee to provide more detailed oversight and governance. The hospital's ongoing cybersecurity investigations and plans should be reviewed with the committee, and, if an intrusion does

occur, either the full board or the committee should be briefed on the event, lessons learned, and modifications to the hospital's security plans as a result. The AHA also recommends that the board's audit committee provide oversight into cybersecurity vulnerabilities and potential exposures, including insurance coverage.

Set Security Goals. The board or the appropriately assigned board committee should set privacy and security goals for the hospital. Goal setting should begin with an assessment of current security measure and risks. An expert, objective third-party assessment can measure the hospital's exposure to data breach and whether existing security measures are sufficient. An initial assessment

provides a benchmark for setting goals and measuring the success of subsequent security measures.

Staff for Security. Day-to-day security within the hospital environment depends on effective oversight and effective security processes. Security programs are likely to be more effective if someone in the organization "owns" data security and privacy – usually a chief security officer, chief privacy officer, or compliance officer. If no such position exists, trustees can help assess and determine what kind of staffing will best fit with the organizational structure. Once an owner is in place, the board should support that person with adequate staffing and funding for personnel-related initiatives such as security screening and on-going training in security procedures, in addition to needed system and process improvements.

Sources and More Information

1. Global Surges in Ransomware Attacks. Check Point Research. October 6, 2020. https://blog.checkpoint.com/2020/10/06/study-global-rise-in-ransomware-attacks.

2. Riggi, John. Ransomware Attacks on Hospitals Have Changed. AHA Center for Health Innovation. Accessed October 2020. www.aha.org/center.

3. Riggi, John. The Importance of Cybersecurity in Protecting Patient Safety. AHA Center for Health Innovation. Accessed October 2020. www.aha.org/center.

4. Davis, Jessica. Ransomware Attacks Cost Healthcare Sector At Least $160M Since 2016. *Health IT Security.* February 13, 2020. https://healthitsecurity.com/news.

5. Top Six Actions to Manage Hospital Cybersecurity Risks. American Hospital Association. Guides/Reports. www.aha.org/guidesreports/2014-10-01-top-six-actions-manage-hospital-cybersecurity-risks.

6. Cybersecurity: The Latest COVID-19 Resources. American Hospital Association. Accessed October 2020. www.aha.org/topics/cybersecurity.

7. Filkins, Barbara. Health Care Cyberthreat Report. A SANS Analyst Whitepaper. February 2014.

Time should be concentrated on understanding trends and priorities, and their implications, rather than dealing with operational details.

Disengaged Trustees. Board service has never been more challenging. Board members must have the time, availability and discipline to act on their commitment to the board and the responsibilities of trusteeship. They should possess the personal attributes and qualities that ensure the caliber of engagement and contribution required for effective, visionary governance.

Failing to Engage in Deep, Decisive Dialogue. Without constructive challenges to conventional wisdom and thought, the best solutions may never surface. Visionary boards regularly confront issues by challenging assumptions and exploring alternatives to traditional thinking.

Holding onto the Status Quo. COVID-19 is transforming the way organizations and individuals interact, particularly for health care organizations. Trustees must lead organizations that can capitalize on new opportunities. Innovation and

change must be encouraged and rewarded in all areas and levels of the organization.

Lack of a Common Purpose. As organizations grow through mergers, joint ventures, partnerships, and collaborations across the continuum of care, all stakeholders must share a common purpose or mission. Nothing is more motivating than a clear picture of a bright and successful future.

Attributes of Visionary Trustees

Visionary trustees possess the personal attributes and qualities required for generative governance, including:

- ***Visionary trustees are big-picture thinkers*** open to new ideas. They think and speak strategically in discussions about complex scenarios and situations.

- ***Visionary trustees analyze trends*** to determine possible implications to the hospital or health system. They display creative and resourceful thinking, considering situations from various angles and perspectives.

- ***Visionary trustees use "reasonable inquiry"*** to pursue new solutions and opportunities, asking thoughtful and insightful questions.

- ***Visionary trustees are willing to challenge the status quo and take calculated risks*** in the interest of moving their organizations

10 Transformations for Visionary Governance

1. Develop new levels of expertise in the issues driving health care
2. Envision multiple futures
3. Focus more on the emergent and less on the urgent
4. Be catalysts for change, challenge assumptions, generate new thinking
5. Focus on strategic issues
6. Listen to outside views and perspectives
7. Engage in deep, decisive dialogue
8. Ensure high-quality trustee engagement, commitment, and contribution
9. Understand the community's health concerns
10. Maintain a constant focus on mission and value

forward and fulfilling their missions. These individuals look into the future and imagine what might be achieved.

Visionary boards do not happen by chance. While the attributes of visionary trustees play a critical role, success starts by building on the sound foundation of their organizations' missions, a good understanding of their communities' health care concerns, and the bigger perspective of how health care is evolving.

Sources and More Information

1. Chait, Richard, William P. Ryan, and Barbara E. Taylor. *Governance As Leadership: Reframing the Work of Nonprofit Boards*. Hoboken, N.J: John Wiley & Sons, 2005. Print.

2. For resources to stimulate generative thinking, see the American Hospital Association's Center for Health Innovation at www.aha.org/center and The Value Initiative at www.aha.org/value-initiative.