

Strategic Priorities & Capabilities

Meeting the New Demands of Today's Healthcare



Novia Solutions is pleased to share the final installment in our multi-part series highlighting the findings of the Stuart Spencer and the American Hospital Association Leadership survey (AHA) which examines the changes healthcare organizations will need to make as they transition into the second curve of the Affordable Care Act (ACA).

In our last segment, we looked at the ways in which traditional C-Suite roles are evolving and how individuals are being equipped to transition and expand the parameters of their traditional roles. In this final segment we will share insights from survey respondents about the imperative to adapt the structure and composition of healthcare Governing Boards to increase the depth and breadth of leadership traits that will be crucial to success as healthcare evolves.

Evaluating Board Composition

Historically, healthcare Governing Boards have been comprised of local community leaders. Many healthcare organizations are rethinking this approach in concert with the evolving healthcare environment. Governing Boards are an integral part of shaping an organization's vision and position for future success, while still playing an important role in representing the diversity of the broader community it serves. Members will need to be well versed in key areas that are becoming critical success factors in how and where patients elect to obtain care. Quality and patient safety, consumer business and customer service, marketing and social media, population health, information technology, change management, risk management, and the payer side of the business are all becoming important contributing factors in the "patient as consumer" decision making process.

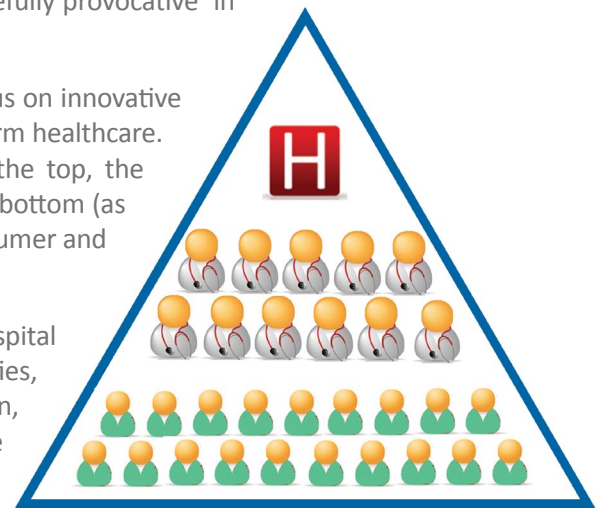
One of the tough questions to ask is: how can you do the right thing going forward although it may create a financial strain currently?

Board Transformation

A recent article written by Deborah Zastocki¹ supports the results of the AHA survey and offers practical suggestions to consider when contemplating Board transformation. First, Boards should identify strategic capabilities required for future governing success, then be introspective about their own composition to determine gaps which may exist in their own skillset. They will need to ask difficult questions that take them out of their comfort zone, being purposefully provocative in order to expose assumptions.

In the transition from volume to value, Governing Boards will need to focus on innovative strategies to ignite a revolution of the hospital business model in post-reform healthcare. Traditionally, hospitals functioned as a hierarchy, with the hospitals at the top, the doctors in the middle (as the hospital's customers) and the patients at the bottom (as the doctor's customers). Today, hospitals need to view patients as the consumer and structure their value added programs to reach these patients.

In today's post-reform healthcare, patients have a multitude of non-hospital based options for obtaining care including stand-alone ambulatory facilities, single providers, and retail locations such as Walgreens and CVS. In addition, newly insured consumers with large deductibles want to get the best value for their dollars in terms of quality, convenience and cost. Together, these factors create competitive pressures that hospitals must respond to in order to survive and thrive in the post-reform environment.



Traditional Consumer Hierarchy

Strategic Priorities & Capabilities

Meeting the New Demands of Today's Healthcare



Zastocki lists the Bold Board Moves required for governance to survive in the future, taken from a recommendation of the Blue Ribbon Panel of the AHA Center for Healthcare Governance (2012).

1. Identify competencies for transformational governance; assess and fill gaps.
2. Determine applicability of emerging governance and business models; expert, community-based, and clinical enterprise boards.
3. Determine whether board member compensation is necessary and permissible.
4. For multiple-board healthcare systems and individual healthcare organizations joining larger systems, consider a broader role for the community leaders in the healthcare enterprise.
5. Ensure board membership reflects the communities served.
6. Adopt a high-performance culture.
7. Adopt governance best practices.
8. Evaluate performance at all levels of governance.

Key Survey Take-Aways

As healthcare advances into the second curve of the ACA, many organizations are focused on creating the best processes and teams to compete in a value-based health care environment. To do so they must address all areas in quality, safety, efficiency, population health management, patient engagement and seamless care delivery across the continuum.

To be successful, hospitals and systems will need to define their value to patients, particularly in relation to the competitive pressures presented by other care delivery options.

As management roles evolve requiring new capabilities to function in the changing healthcare field, leaders will need to embrace strategic thinking, be comfortable with risk taking, and be able to identify talent gaps with an associated way to fill them either through training and development, or with leadership from outside the healthcare industry. In addition, Board governance needs to be evaluated and grow with the same sense of innovation and creativity as the leadership team within the hospital.

¹Zastocki, Deborah K., "Board Governance: Transformational Approaches Under Healthcare Reform," *Frontiers of Health Services Management*, Vol. 31, No. 4, Summer 2015

About Novia Solutions, Inc.

Novia Solutions is a nationwide healthcare leadership placement agency, specializing in interim leadership placement. As specialists in healthcare, Novia has cultivated an extensive team of top tier, specially trained, professional interim leaders who are committed to executing your organization's strategic priorities. Successful Interim Leadership starts with a strong partner who delivers seasoned experts at a moment's notice to stabilize turmoil, manage change, and produce results.

Novia Solutions' sister company, Novia Strategies, offers a unique blend of professional expertise that takes a 360° approach to uncovering cost savings and improving efficiency and quality for hospitals across the country. Novia Strategies helps community hospitals and IDNs operationalize their strategic plan through expense management, quality improvement, and revenue enhancement. Key focus areas include:

- Care Management Transformation
- Surgery
- Safety & Quality
- Non Labor
- Labor Productivity
- Compensation & Benefits
- Revenue Cycle
- Pharmacy
- Technology