


HTNYS


Trustee Leader

Information, policy developments, and educational opportunities for health care trustees

“... the world has changed in a manner that is unlikely to be reversed over the next few years . . . the system will not reset quickly and without permanent changes (and some would argue that even if it could, it should not). Indeed, it will be a major shock to those that are trapped by an overly dominant ‘business-as-usual’ mentality.”

MOHAMED A. EL-ERIAN,
CEO and Co-CIO, PIMCO
A New Normal
May 2009

For more information,
please contact:

Sue Ellen Wagner
Executive Director
(518) 431-7837 / swagner@hanys.org

www.htnys.org

For additional copies
of this publication,
please contact:

Sheila Taylor
Executive Assistant
(518) 431-7717 / (800) 360-7211

Trustees' Role in Health Care Reform: Planning for New Realities

By Jennifer Carter, Director, Trustee Services, HTNYS

In the coming years, we will witness revolutionary change in health care funding, insurance, and delivery. Health care trustees have a responsibility to ensure that their organizations are prepared to adapt to these changes and to thrive in the new environment. To that end, trustees must understand the changes that are coming and incorporate them into their strategic planning initiatives as they chart the direction for their organizations.

A highly effective strategic plan is not simply a set of strategies, plans, budgets, and responsibilities. It is an ever-evolving process of examining the market forces for change and other information that helps the board understand shifting dynamics and enables board members to continually reshape and fine-tune the hospital's strategic direction.

Some changes will emerge sooner than others, but if hospitals and health systems are to be prepared, planning must start now. Boards should be asking themselves and their executives tough questions about how prepared they will be to face these new realities.

The New Realities

Incentives

- Volume-driven service rates will yield to bundled payments, per-episode payments, a reprise of capitation, and other “all inclusive” reimbursement schemes.
- Under these systems, providers will assume more financial risk.

Quality

- Quality outcomes will determine payment levels through pay-for-performance/value-based purchasing models and reduced payment for avoidable, negative outcomes.

Transparency

- Consumers will demand increased access to information on comparative hospital prices, mortality rates, satisfaction levels, staffing measures, medical errors, infection rates, and other measures.

~ over ~

Prevention and Primary Care

- Pressure from government leaders, businesses, consumers, public health interests, and researchers will increasingly channel health system revenue into primary care and prevention, e.g., medical homes and outpatient services.

Integration

- Leaders who can achieve efficient coordination of effective care delivery across internal and external affiliated providers will succeed in the emerging environment.
- Investment levels required for information technology (IT), physician relationships, and system integration will be formidable.

Accountability

- Linking transparency and quality with payment will mean greater accountability for management and boards.
- Documentation of payment determinants, clinical decisions, and regulatory details will be essential, particularly with intensified “fraud and abuse” scrutiny.
- In addition to driving improvements in quality of care and efficiency, IT investment is key to achieving administrative accountability.

Chronic Care

- A critical element of “bending the health care cost curve” is to find effective and efficient approaches to chronic care management.



Questions Trustees Must Ask

The entire governing board must be educated on these new realities so that everyone can contribute to strategic discussions on how to address them. In the February 2010 edition of the Governance Institute’s *BoardRoom Press*, Barry Bader and colleagues propose seven questions that boards must ask as they contemplate the multiple challenges presented by health care reform:

1. What is our core mission and core business?
2. Are our clinical outcomes as good as they could/should be?
3. Are we doing all we can to optimize the bottom line?
4. Do we have a five-year capital plan, and do we actively use it as a strategic management tool?
5. What is our vision and plan for integration with physicians?
6. How severe is our primary care physician shortage and what are we going to do about it?
7. Can we continue to go it alone or do we need to join with or form a larger hospital system?

Each organization will answer these questions differently because each organization has unique circumstances and challenges. Although the details of how health care reform and market forces will transform the health care system are not yet apparent, the broad outlines are clearly visible. Trustees need to understand these broad changes and their own organizations’ unique situation to take the lead in forging a proactive, effective pathway through the changing health care landscape.

Select HTNYS Resources

The Board’s Role in Strategic Planning, a 20-minute narrated slide presentation for boards with hand-outs and a discussion guide. To order, go to www.htnys.org/training and click on “AudioConnect,” then “Order Programs.”

Trustee Leader, December 2009, on strategic planning. To download, go to www.htnys.org/publications.