Executive Summary

The blue and white hospital “H” carries the promise of help, hope and healing. While the hospital of the future will continue to extend that promise, it may do so in significantly new ways. Hospitals do more than treat injury and illness; many serve as cornerstones within their communities, both in terms of advancing health and well-being, as well as being an economic engine.

Hospitals’ accountability and commitment to their communities are not only for the care provided within the hospital walls, but also for improving the overall health of the communities served. Many are acting on that commitment by striving to achieve the goals set out by the Institute for Healthcare Improvement’s Triple Aim: improving the patient experience of care, improving the overall health of a population and providing high-quality care at an affordable cost. As communities contemplate health and health care, hospitals of the future must become true community partners and work collaboratively with diverse stakeholders to help individuals reach their highest potential for health. (While the report refers to hospitals, the concepts are meant for both hospitals and health systems.)

While issues of access, cost and quality were drivers for the Affordable Care Act, response to these changes are now being formed through both payment and delivery system reform. Hospitals are using the Triple Aim to guide them as they look at different paths and approaches to redefine themselves and further develop strategies and business models for sustainability. They are improving the overall health of our country, our community and our patients through:

- Improving the experience of care for patients, involving patients and families in care teams, helping to coordinate services among providers and helping patients navigate the health system;
- Moving toward proactive, population health with a strong focus on prevention and wellness strategies, keeping patients safer and out of the hospital; and
- Working to reduce non value-added care and identifying opportunities to increase efficiency, improve quality and reduce the overall cost of care.

As shortcomings in health care performance and health outcomes are contemplated in the context of unsustainable costs, the changes occurring now are prompting hospital leaders, boards and others to consider what changes are needed to ensure that care continues to be provided for our families, friends and communities. Our patients, policymakers, legislators and businesses are also demanding change! Given the financial pressures our nation faces, there is significant economic stress on the entire health care sector, and resources allotted for health care will be under even greater scrutiny in coming years. Increased efficiency and quality are paramount. At the same time that we find ourselves with diminishing resources, our health care system will also be caring for an increasingly large aging population – baby boomers who are living longer – and many patients experiencing multiple chronic conditions. Despite these
challenges, technological and medical advances are allowing caregivers to deliver care that is more complex and more individualized than ever before. This progress will impact how care is delivered and financed and will necessitate the need for hospitals to focus locally on finding the best community solutions to improve health outcomes.

Hospitals today are intently focused on redefining the “H,” exploring what it means to be a hospital in a rapidly transforming health care world. Among other things, the move from a fee-for-service to a value-based environment is prompting hospitals to intently focus on quality, embrace population health management (both defined as “attributed” and geographic populations) and promote more integrated, better coordinated care with goals to improve the health of the community through increased access to primary care, appropriate admissions and reduced inappropriate readmissions, along with making measurable gains in improving outcomes of care and reducing harm. But these achievements cannot be accomplished in isolation because the rising costs of health and health care are unsustainable. Given these fiscal pressures, hospitals must carefully consider the allocation of resources for the health and health care of the communities they serve. The concept of population health may begin as a core responsibility for hospitals and health systems to keep their “attributable population” of patients well and out of the hospital, provide care in a coordinated manner and integrate with all relevant care providers. As transformation evolves and with strengthened community collaborations, hospitals may begin to move toward looking at population health in terms of broad health needs within their community and the determinants of health that inhibit wellness and improved health status of a geographic population.

These challenges will require that hospital boards lead the way in forging community collaborations that:

- Appropriately allocate resources and define a shared responsibility for improving community health;
- Bring insight, perspective and support from the community into the hospital board room as hospital leaders consider paths for transformation; and
- Enter into strategic partnerships for improving community health and health outcomes.

**Strengthen Community Partnerships**

Maintaining a strong linkage with the community through a diverse group of community stakeholders will be more important than ever, and the ability to do so will become a key competency for boards and an important strategy for hospital leaders as they look to better understand their community’s needs. Collaboration through community health needs assessments and other strategic endeavors will be vital as a foundation for planning and methods to align health priorities and goals to achieve the best outcomes for health. Executive teams should be community oriented themselves and also look to identify community leaders to fill new roles within the governance structure of the hospital or health system. Inviting community members to serve on committees or attend key board meetings to share their knowledge and understanding of the patients and community can be extremely valuable.

**Governance Will Be Key**

The American Hospital Association (AHA) has recognized that redefining the “H” also includes a component of redefining the “G,” or determining the changes necessary to ensure that the governance structure is fully capable of ensuring purposeful, productive hospital leadership well into the future. Now is the time to concurrently redefine the role...
and expectations of hospital boards in both providing leadership excellence while also engaging multidisciplinary teams within the hospital. Teams should include physicians, nurses, volunteers, patient advocates and others, while also connecting with diverse community stakeholders for their insight into community health challenges and priorities. Boards will be responsible for fostering collaboration, supporting changes that will likely occur during these dynamic, transformative times and translating such change into positive action and outcomes for the community.

High levels of complexity and uncertainty that underlie the transformation taking place in health care organizations across the United States require careful risk-taking by leadership teams that must take these risks in partnership with their boards, medical staffs and communities. Boards that clearly understand the environment, the uncertainty and the need to take carefully calculated risks will be most understanding and supportive of the leaders responsible for managing these risks and leading the organization into the future.

The AHA recently embarked on an effort to better understand where hospitals and communities were in their journeys of transformation and used that feedback to influence the work of both the Committee on Research (COR) and the Committee on Performance Improvement (CPI). The AHA received approximately 1,100 responses from board chairs, CEOs, CFOs, CNOs and others about redefining the “H.” The general consensus was that, nationally, there would be fewer independent hospitals, with more hospitals joining health systems. Additional predictions for the future included more hospital/physician affiliations, more value-based payments, a shift to payments that are fixed or capitated and more providers owning health plans. Locally, hospitals felt they would see decreasing or flat inpatient revenue; increasing outpatient revenue; increases in the amount of primary, preventive care; greater integration of technology; and growth in the use of interdisciplinary teams to achieve more coordinated care.

With delivery and payment reform, it is becoming clear that hospitals must adapt to survive. The AHA has identified five possible paths for transformation that are not mutually exclusive:

- **Specializing** to become a high-performing specialty provider, such as a children’s hospital or rehabilitation center;

- **Partnering** though a strategic alliance, merger or acquisition for greater horizontal or vertical reach, efficiency and access to resources;

- **Redefining** to a different delivery system that is either oriented toward more ambulatory or more toward long-term care;

- **Experimenting** with new payment and delivery models, such as bundled payment, accountable care organizations (ACOs), clinically integrated networks or medical homes; or

- **Integrating** by developing a health insurance function or services across the continuum in areas such as behavioral health, home health, post-acute, long-term care, ambulatory, etc.
The AHA believes that changes as significant as those likely to occur in the coming decade need to be planned for, not only within the hospital but also with strong input and engagement from the local community. As hospitals consider redefining themselves, it is crucial that they educate and engage leaders at the governance level who can then help navigate new payment models, delivery system reforms and new community health challenges. As hospital board members guide hospitals during this time of change, they will bring important perspective from their community roles and be able to provide insight as to how different paths of transformation may affect the community. For hospitals to maintain this strong linkage with their community and to be most impactful in addressing community health needs, they will need to work much more collaboratively with a wide range of community entities to identify the most critical health needs and challenges faced by the community. They must also consider the obstacles that exist to achieve good health, unite around shared goals and work collaboratively to implement changes that promote a healthier community and do so while developing a sustainable business model. Additionally, boards and hospital leaders must maintain a strong local presence and reflect the individual communities they serve. Changes will not be effective if done only with national or regional input.

These basic premises prompted the AHA COR to invest the past year looking into trustee engagement as it relates to redefining the “H,” and the AHA CPI to focus on how hospitals can engage with community stakeholders to have conversations about the changing health care landscape. Drawing from this work, this report includes an overview of community engagement and governance strategies for hospital leaders and can serve as a leadership checklist for engaging both communities and trustees.
LEADERSHIP TOOLKIT

Common Themes and Recommendations When Engaging Communities:

- Collaborate through building trust and engagement among all stakeholders
- Start locally when considering transformation
- Envision a future when care looks different than today
- Engage in broad-based dialogue
- Drive policy changes that support collaboration
- Provide frequent and ongoing communication
- Use community health needs assessments as a critical planning tool
- Consider a holistic approach to health care

Current High-Performance Governance Practices:

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

New Bold Steps to Equip Boards for Transformation Work:

- Develop trustees for the future
- Ensure the right governance dialogue
- Commit to continuous trustee education and knowledge building
- Have courage to make the difficult decisions