

## ‘It has to start in the boardroom’

**Antoinette Hardy-Waller,**  
CEO of The Leverage Network,  
is one of several leaders  
working to ensure health system  
boards understand that addressing  
DEI is a business imperative

**Page 18**



# Modern Healthcare

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July 06, 2021 05:00 AM | UPDATED 6 HOURS AGO

## Health system boards see DEI as a new business imperative

MICHAEL BRADY

THE LEVERAGE NETWORK

Antoinette Hardy-Waller, CEO of The Leverage Network, speaks at the organization's Executive Women of Color Summit in 2019.

As the healthcare delivery system continues its slow march toward value-based care, improving health equity is quickly becoming a business imperative for governing boards.

Before they could fully embrace a shift to population- and value-based care, ThedaCare's leaders knew they had to have a feel for their community's needs.

"If you don't understand the population, you've lost the game," ThedaCare CEO Dr. Imran Andrabi said.

Not only did that mean learning about and confronting healthcare disparities among a diverse patient population that includes deep-rooted farming communities and recent immigrants, it also required an unwavering commitment to improving diversity, equity and inclusion among its board members.

"Diversity is a core competency from a board governance perspective," Andrabi said.

An increasing number of hospitals and health systems are coming to the same realization.

## SLOW PROGRESS

The most recent survey by the Governance Institute found little change in women and ethnic minority membership on the boards of hospitals and health systems

**The charts below are interactive: click or touch to see more.**

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As the COVID-19 pandemic ripped through the nation, it unearthed vast fissures in healthcare access, quality and outcomes within and between communities.

“You can no longer ignore the fact that racism truly has an impact on our health,” said Antoinette Hardy-Waller, CEO of The Leverage Network, a not-for-profit organization committed to the promotion and advancement of African-Americans to governance and board roles in healthcare. She also serves on the board of CommonSpirit Health.

And as the healthcare delivery system continues its slow march toward value-based care and population health management, improving health equity is quickly becoming a business imperative for boards as they try to ensure their health systems can survive the transition from volume to value. It will be harder for them to adapt if they don’t create a new governance construct, one that more accurately resembles the nation’s changing demographics.

“The talent around the table is critical,” said Lynn Crump-Caine, who serves on the board of directors for Illinois and Wisconsin-based Advocate Aurora Health.

## RECRUITING AND RETAINING MORE DIVERSE BOARD MEMBERS

Hospital and health system boards need a well-developed plan for recruitment and succession to ensure effective governance and greater diversity among board members. That requires ongoing, intentional effort.

“It doesn’t just happen,” Spectrum Health CEO Tina Freese Decker said.

Experts recommend that healthcare executives and their boards determine all the skills, competencies and experience the board needs before starting their search for a new director, including all diversity, equity and inclusion measures. Health systems should consider the age, tenure and geographic diversity of their board members in addition to race, ethnicity, gender identity, sexual orientation and other aspects of diversity, equity and inclusion.

“Then look at what you currently have and figure out where the gaps are,” Accord Limited CEO Pam Knecht said.

ThedaCare includes diversity, equity and inclusion in the competency criteria it uses to evaluate each candidate for its board, CEO Dr. Imran Andrabi said. By integrating that criteria alongside other competencies, the Wisconsin-based health system can ensure its board members bring a wealth of knowledge, skills and experience to the table.

Many hospitals and health systems rely on referrals from current board members to find new ones. And while that can be a good option, it can also lead boards to overlook better-qualified candidates outside their usual circle. To prevent that from happening, Advocate Aurora Health’s leadership started combing its networks, community organizations and other untapped resources to ensure that it has a well-rounded mix of perspectives on its board of directors, said Lynn Crump-Caine, a board member for the Illinois- and Wisconsin-based system. Advocate Aurora’s 13-member board includes four people of color—all of whom identify as Black—and four women, including two Black women.

“We are committed to using whatever resources we have to keep the board as diverse as it has been,” she said.

There is no talent shortage among people from underrepresented backgrounds. But it can be difficult for them to tap into networks that have excluded them historically. The Leverage Network and other organizations have created programs that prepare minority leaders to serve as board members in the healthcare industry, giving hospitals fewer excuses for the lack of diversity on their boards. “They’re hiding in plain sight,” said Antoinette Hardy-Waller, CEO of The Leverage Network.

## Slow to change

Historically, underrepresented racial and ethnic minorities make up about 40% of the U.S. population and the Census Bureau predicts the country will be majority-minority by mid-century—though evolving and complex racial and ethnic identities complicate the picture. Still, they account for just over 10% of hospital and health system board members, according to the Governance Institute. Those figures haven't changed much in recent years, aside from a modest uptick in the number of women on boards.

That's despite years of discussions about the social determinants of health, health equity and the need to transition from volume- to value-based care and population health management.

"None of that has really moved the dial on increasing and improving diversity at the board or C-suite levels," Hardy-Waller said.

Providers claim they want more people from underrepresented communities on their boards. But they're often unwilling to replace current members or loosen strict criteria that limit the ability of new people to join, such as requiring board members to live within a few miles of the facility, according to experts. Hospitals and health systems will have to rethink how they recruit and retain board members from underrepresented backgrounds if it's a priority. They can't keep doing things the same way, experts said.

Under a value-based payment system that rewards the ability to manage population health, providers won't meet their quality targets if they can't ensure access to high-quality care for all the people in their community.

"No hospital will succeed in the future if they don't know how to achieve better outcomes at a lower price," said Deloitte's Dr. Kulleni Gebreyes, who leads the firm's U.S. healthcare consulting arm and Health Equity Institute.

Experts argue that boards must become more diverse to tackle healthcare inequities, pointing to an ever-growing body of research showing that more diversity improves organizational performance. According to a 2019 report from McKinsey & Co., companies with executives in the top quartile for ethnic and cultural diversity were 36% more likely to outperform those in the bottom quartile. Likewise, firms in the top quartile for gender diversity were 25% more likely to outperform those in the bottom quartile.

A more diverse board can also help hospitals and health systems differentiate themselves in the short term, as hospitals aren't just competing with each other anymore. They're facing

stiff competition from new providers, tech startups, and behemoths like Amazon, Google, and Walmart, delivering consumer-friendly experiences, often at lower costs.

“If you stand still and continue to practice the way you have, you’re going to lose ground,” Gebreyes said.

Advancing health equity and, in turn, diversity, equity and inclusion, needs to be central to an overall strategy, according to experts. “It can’t be a nice-to-have or a side project,” Gebreyes added.

It’s an idea that Michigan’s Spectrum Health has taken to heart, as the system has increasingly focused on health equity during in-depth, strategic planning conversations between its board and executive team. But it’s not just about doing the right thing. It’s also a business decision.

“Health equity is key to realizing our mission,” Spectrum Health CEO Tina Freese Decker said.

The health system’s board recently approved a new health equity committee to help its board and executive team address the mounting social challenges exposed by the pandemic—it’s the first new committee the system has created in a decade. And it wouldn’t have been possible without an array of voices at the table.

## BOARDS ARE CHANGING HOW THEY OPERATE

Experts said the pandemic created an opportunity to rethink, redesign and improve hospital and health system governance. In the past, boards had been slow to change, but the pandemic forced them to adopt new technology and adjust their operations.

“Many boards were still using paper before the pandemic, even though board portals have existed for a long time,” said James Orlikoff, president of consulting firm Orlikoff & Associates and an American College of Healthcare Executives faculty member.

But as the pandemic unfolded, hospital and health system boards temporarily replaced in-person meetings with teleconferences. And as directors grow increasingly comfortable with services like Microsoft Teams and Zoom, more and more boards are permanently moving to hybrid meeting schedules.

Remote meetings have made life easier for board members by limiting their travel time, experts said. Local board members often drive one or two hours for in-person board meetings, which can be a grind. But the travel demands on fly-in board members take an even bigger toll.

“Going back and forth across the country in 48 hours can be grueling. The tele- board meetings have been great,” said Dr. Cliff Deveny, CEO of Ohio-based Summa Health. He joined the board of Nevada’s Renown Health in 2016.

Switching to a hybrid meeting schedule could make it easier for boards to recruit and retain directors, especially external recruits with in-demand expertise, by making it less taxing to serve.

But experts warned against going completely remote, noting that in-person and virtual meetings each have their costs and benefits. While remote meetings are more convenient, meeting face-to-face can help build trust among board members and ensure robust and healthy group dynamics, Accord Limited CEO Pam Knecht said.

That’s especially important for board directors outside the community. Orlikoff said boards considering hybrid schedules might want to use virtual meetings for routine activities and reserve in-person meetings for in-depth, strategic conversations.

In addition to running their meetings remotely during the pandemic, some hospital and health system boards have used teleconferencing to better understand the needs of their communities during the pandemic. For instance, Wisconsin-based ThedaCare hosted about a dozen community meetings through Zoom during the pandemic, partnering with more than 80 local organizations to discuss the region's challenges.

"Our board was present at every one of those meetings, listening directly to the community," said ThedaCare CEO Dr. Imran Andrabi.

## **An outside perspective**

More health systems are calling on people from outside their communities to serve on their boards as they move away from the traditional, community-based governance model that has guided them since the 18th century.

That model served providers well until recently, including ThedaCare, a Wisconsin health system with seven hospitals and nearly three dozen other facilities. But the transition to population- and value-based care required a different approach. "Four years ago, we were in the mindset that everyone has to come from the community, but that evolved over the last few years," Andrabi said.

ThedaCare brought in four new members in 2020, including the former board chair of a rural community hospital and a geriatric neurologist who founded a neuroinformatics and data analytics company. She also happens to be an Asian woman. The health system has attracted national talent thanks to its commitment to population health, which gives board candidates a greater sense of purpose than traditional healthcare concerns like profitability.

Other providers hope to do the same, as healthcare grows increasingly complex and boards seek more specialized expertise that often isn't available in many communities. It's also useful for boards to have one or two members who aren't bound by the community's social, economic and political relationships because they're better able to speak freely and tackle difficult issues that could have political implications at the local level.

The pandemic has accelerated the trend. Hospitals and health systems have struggled to meet the needs of their communities, watched fee-for-service revenue disappear and been forced to rapidly overhaul their operations by embracing telehealth and other new ways of doing business. Boards are increasingly looking for help with cybersecurity, digital health and change management. But traditional competencies like finance, strategic planning, quality and safety still lead the way.

In the past decade, hospitals and health systems have increasingly focused on prioritizing specific competencies and skill sets rather than community representation alone.

A board's ability to govern can suffer if all its members are from the community because many areas lack people with expertise in critical areas like cybersecurity or value-based

care. But hospitals and health systems can't rely on outside experts alone because they might not understand local healthcare issues and be less invested in the community.

That's why ThedaCare provides its board members with comprehensive education about the needs of its community: to help them identify and close gaps. It's led to an even greater focus on the social determinants of health. In 2018, ThedaCare committed to a system-wide expansion of its Reach Out and Read program, which encourages families to read and learn together. During each check-up, children in the program receive a book that is age-, language- and culturally appropriate. And the health system's pediatricians and family physicians use Well Child visits to monitor kids' development to make sure they're on track and have conversations with parents about how to incorporate reading into their lives. It's part of ThedaCare's long-term investment in population health.

"It's not just the sustainability of the healthcare infrastructure. It's also the sustainability of the community overall," Andrabi said. "If those farms go away, then the community's health is impacted in a very significant way."

Experts said the most effective boards are mostly made up of community members, with a few outside experts sprinkled in to provide needed expertise and perspective. "It's a delicate balancing act," Accord Limited CEO Pam Knecht said.

But boards have shrunk in recent years, as many experts believe that boards with dozens of members are often too large to govern effectively. According to the Governance Institute, the median board size is 11, which falls within their recommendation that most providers should have 10 to 15 members on their board, depending on the organization's size. That size allows them to be nimble enough to make decisions, maintain the right mix of backgrounds and perspectives, and fill out board committees.

Yet it also puts more pressure on healthcare leaders to reevaluate their board's composition.

"You have to be more thoughtful about who you're putting on the board and why," said James Orlikoff, president of Orlikoff & Associates and an American College of Healthcare Executives faculty member.

But that doesn't mean everyone on the board needs to be an expert in every subject. By ensuring that every member has a firm grasp on critical issues, boards can take full advantage of each director's expertise. They can also hire outside consultants or form new subcommittees to bolster their board's decision-making.

Orlikoff cautioned that boards run the risk of falling back into old habits if they appoint people based on race, ethnicity or gender alone. “That’s a very slippery slope because it takes you right back into this notion of representational governance,” he said. Instead, boards should ask their members to bring all their knowledge and experience to the table rather than telling them to represent a specific group.

Inline Play

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**Source URL:** <https://www.modernhealthcare.com/governance/health-system-boards-see-dei-new-business-imperative>