



5 ways to steward a community hospital into the future

By athenainsight staff | July 18, 2018

There was a time when a board seat at a community hospital was a largely ceremonial position bestowed on local leaders. That time is over. As healthcare transforms, governing boards must evolve and adapt to continue being of service to their organizations.

Directors at community hospitals still tend to be volunteers and, in small towns and rural areas, rarely have deep expertise in healthcare now or how it's changing. Yet small hospitals rely on these leaders to safeguard and sustain care for their communities.

The good news is that most directors of small hospitals already have the fundamental job requirement: A bone-deep commitment to their communities. Combine that dedication with these five key steps to good governance, and directors can steward their local hospitals through the twists and turns of a changing industry.

1. Revisit and revise your mission statement

Too often a “set-it-and-forget-it” task, the duty of a board to articulate a mission statement requires fresh attention at this juncture in healthcare. When Trampas Hutches joined Melissa Memorial Hospital (MMH) as CEO in 2016, the hospital's mission statement was “static” and didn't reflect what he saw in the hospital or the community of Holyoke, Colorado. “It corralled me,” he says, preventing him from innovating beyond its scope.

As Hutches diversified the hospital's services and strengthened its internal culture, the board rethought the mission statement. The result: The Melissa Memorial Hospital family delivers compassionate care nurturing trust with those we serve.

“The impact of developing, implementing and living the MMH mission statement has a profound impact on our employees,” says Hutches. “Despite of all the changes

in healthcare, I have been told time and time again that employees and patients truly feel like family.”

2. Professionalize financial oversight

Slim margins are a fact of life at community hospitals, so even small errors in cost accounting or revenue cycle management can set finances into a fatal fall. Too often, boards inadvertently start that downward spiral in an effort to cut corners.

“What you tend to see in small rural hospitals is a desire to save money, so the boards don’t greenlight a professional accounting or auditing firm,” says Joshua Gilmore, CEO of Iron County Medical Center in Pilot Knob, Missouri. “But you can’t just let your comptroller or CFO do it on their own. I can pretty much promise virtually all hospitals that have tried to do [cost accounting] in-house are losing money or leaving money on the table; it’s just so complex.”

3. Improve the board’s own performance

As volunteers, board members may fail to hold themselves to professional standards. In a 2015 Stanford Business School survey of nonprofit boards across a range of industries, only 51 percent of directors indicated that they receive regular and specific feedback that helps them improve.

Yet, in an industry roiled by change, it’s more important than ever for community hospital directors to stay on top of trends and news in healthcare. Subscribe to healthcare blogs and media (including [athenaInsight!](#)), attend conferences, and don’t hesitate to ask “stupid questions” of the hospital’s executives, medical directors, and consultants and vendors. Seek feedback from the board chair and other board members – constructive criticism is the foundation of performance improvement.

4. Don’t be a rubber stamp

In an evolving industry, bold decisions may be necessary to prevent institutions from being left behind. CEOs need their boards to not only support innovative, out-of-box thinking – but to demand it.

Sometimes bold decision-making plays out in the selection of new technology. Following the old adage of “No one was ever fired for buying IBM,” executives often gravitate to dominant vendors. Don’t just follow the herd and go with the biggest and most expensive system. Ask tough questions, make sure the ROI nets out, and ensure the vendor is going to partner to advance your mission and bottom line.

“Board meetings can be intimidating,” explains Marty Nuss, board president at Gibson Area Hospital in Illinois. “Directors often come from outside healthcare, and they are interacting with people who have spent their whole career building expertise in the industry. But our job is to monitor the CEO.”

That’s where building trust is so important, Nuss says. “You need to be in a position where your administrative and medical staff feel respected, understood and supported –but challenged and pushed, too.”

5. Be a bridge to the community

Running a hospital can be an opaque process to outsiders, wrote the late economist Uwe Reinhardt. But the unique strength of small hospitals – their connection to their community – relies on transparency.

As local leaders, directors can open windows on their hospital’s strategic plans and challenges by arranging talks for leadership at the Lions Club, introducing them to local employers, and facilitating conversations at community gatherings.

Erin Frank, marketing manager for Horizon Health in Paris, Illinois, says, “I’m not who these people want to see. They want to see their friends and their neighbors who, oh by the way, are representing the hospital at the fish fry. So, our board members and employees throw on a polo with our logo whenever they attend events at all the small towns in our area.”

When a small hospital is up against the wall, board leadership can be the deciding factor in bringing the community around from blame and anger to joining forces to keep a hospital operating. When Gilmore needed to inform the citizens of Pilot Knob about the hospital’s financial peril, he started with his board members.

"I had to be transparent with them as well and say, 'Look, we can't keep doing the same thing and thinking we're going to keep the doors open. We have got to turn this place around, and that means we've got to change everything.'"

And with that understanding, Iron County's board members performed their most essential responsibility, says Gilmore. "They stepped up and supported me, and I knew that they had my back."

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