SPECIAL SECTION

THE CHALLENGE OF REFORM

One Trustee's Perspective

BY BETTSANNE HOLMES

Healthcare reform has vast implications for the nation's hospitals and for the trustees who serve them. Whether reform occurs through federal legislation or at the state and local levels, the challenges that the new environment presents are already clear. Those of us who have steered our institutions through other changes—either fleeting trends or lasting revisions in programs, payment methodologies, or economic conditions—know that this time it is different. Change is happening at a faster pace, and it promises major alterations to the environment in which our healthcare institutions operate. Today's trustees will need exceptional diligence, vision, and leadership to guide their healthcare organizations through the reform process.

Keeping Pace and Setting Vision

The times are threatening to all healthcare players, and none the less to hospitals. Integrated delivery systems and the demand for managed care are already driving changes in behaviors and incentives. And hospitals, finding themselves no longer the hub of the medical care system, are partnering with an assortment of other providers—and insurers—to compete in the world of managed care.

Consolidation has already brought about considerable downsizing, and the number and role of the nation's hospitals under a managed competition model are still undetermined. Hospitals are not only increasingly at risk but also simultaneously responding to demands for high-quality monitoring and outcomes reporting, new and changing relationships with physicians and other providers, short- and long-term reimbursement constraints, and the elimination of cost shifting.

However, keeping abreast of this dizzying rate of change is only one part of the challenge healthcare reform defines. As trustees, we are charged with guiding our institutions and developing and sharing with hospital executives a clear and farsighted vision for the future, but we also have a special responsibility to look outside and beyond the institution. That, more than anything else, currently defines our new and greatest challenge.

New Challenges

As trustees, we know that we are responsible to both our institutions and our communities. We need to continually assess how and to what extent we are meeting their needs and responding appropriately to competing demands. Admittedly, some trustees have done a better job than others. But the challenge of being a hospital trustee today is much broader than what we have traditionally accepted and defines at least three new challenges.

Shaping Reform Trustees have a responsibility to shape the reform debate. Trustees know healthcare and, as fiduciaries to whom a community's medical asset has been entrusted, they should be assuming a leadership role at the community level in educating community leaders, communicating and explaining options, and assisting decision makers in the legislative process to ensure that all involved understand the implications of the important choices before us.

At Volunteer Trustees, a national organization of governing boards representing healthcare institutions across the country, we have devoted much of our time to these tasks. Our efforts have

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been aimed at education and dialogue to ensure that trustees understand the opportunities and consequences of healthcare reform options. Reform is a political process and we must now be prepared to engage in it and to shape it at both the national and the local levels.

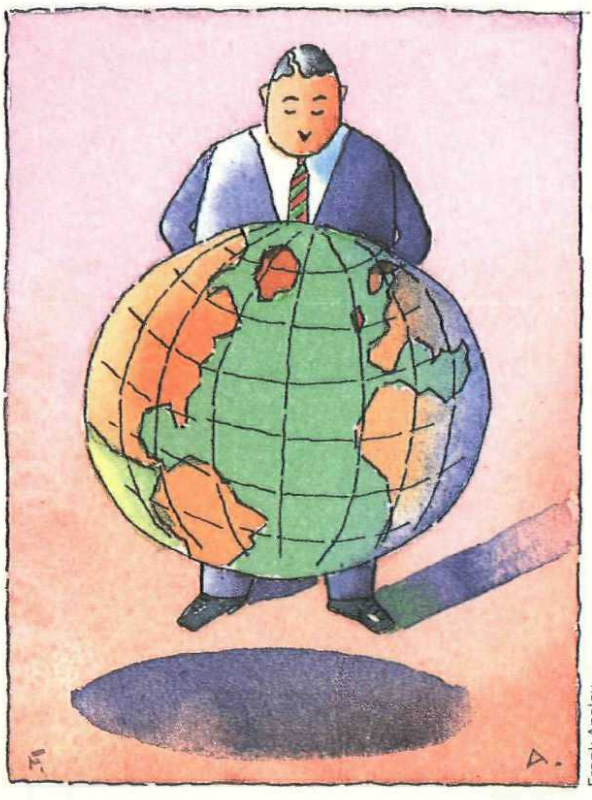
Accepting Broader Fiduciary Responsibility Trustees need to expand their thinking and their perspective to include a much broader fiduciary responsibility than for an institution or institutions alone. The prospect of healthcare viewed as a continuum rather than as a single visit or product is an exciting one; it will require a kind of global thinking, way beyond what traditional trusteeship has allowed.

For example, how will trustees ensure that healthcare institutions remain committed to serving communities, and how will we define these communities? Will we behave in a price-sensitive, competitive environment like for-profit managed care plans, or continue to find ways to remain responsive to community need? Will we define community as the subscribers within a plan, or recognize the ongoing and emerging needs of those beyond the confines of managed care? Will we abandon those who fall outside the system, cannot pay, or do not fit into prescribed categories of profitability, or assume that going "at risk" does not mean forfeiting our charitable mission?

Not only will the choices be difficult, but their implementation will also challenge trustees. A competitive, managed care environment will force us to develop new avenues of income to share with the needy, new methodologies to assess success, and new strategies for appealing for support. If we are not to abandon our mission of meeting community need across the board—immigrants, the uninsured, and the poor alike—then we are going to have to weigh in with influence and strong guidance to keep our healthcare system vital and focused.

Becoming Political Trustees need to be political. No one doubts that trustees have clout in the political process statewide, as well as the federal level. But the fast pace of change has to some extent blunted the voice of voluntary trusteeship. We must not lose sight of what is at stake in the outcome—the future of the healthcare delivery system and the legacy we leave future generations.

Viewing healthcare as a continuum rather than as a single visit or product will require a kind of global perspective.



Frank Ansley

The Courage of Convictions

As a nation, we have built a not-for-profit healthcare system, and for good reason. The not-for-profit sector has provided what government could not and for-profits would not. It has produced the best medical care in the world; it has trained and educated all our doctors; it has funded the underpinnings of biotechnology and the world's leading scientific breakthroughs; it has invested millions of dollars in free care for the needy, the uninsured, the unattended. Our not-for-profit institutions have provided care that was not profitable and invested in services like neonatology, burn centers, and mental health and AIDS programs because they were *needed*—no other reason. And, perhaps of greatest significance, the not-for-profit system is a community-based one—run by citizen boards and with decision making retained at the local level.

Trustees understand the implications of what for-profit means in the healthcare system. They know that every decision, every program, every strategic issue they review would be decided differently if the organization were for-profit and its stockholders—not its community—were the beneficiaries of those decisions. And they know, too, that in an environment where we are creating incentives to undertreat, the dangers of the for-profit model become all the greater.

There is no question that raising these issues will require a kind of activist advocacy that trustees have not assumed in the past. But we must not lose sight of our mission—to safeguard healthcare for the future. If trustees are truly the conscience of the healthcare system, we have much work to do—in advocacy and in education, in our communities and with our state and local legislatures, and most especially with our members of Congress. □