

Asking the Edgy Questions About the Future

by Barry S. Bader

The AHA's report on *Hospitals and Care Systems of the Future* is not intended to be one of those think tank documents that's quickly forgotten when the next hot idea comes along. The report, which the AHA will update periodically to reflect changing conditions, is designed to help leaders engage in active, thoughtful exchanges about their desired delivery system of the future.

Russell Johnson, CEO of San Luis Valley Regional Medical Center (SLVRMC), Alamosa, CO, says the report can "keep our minds focused five to eight years into the future." Johnson, who is a member of the AHA's Committee on Performance Improvement (CPI), plans to ask the SLVRMC board to compare its strategic directions with the "must do" strategies and core competencies suggested in the report. He'll encourage discussion of "where are we in line with the ideas in the report, where do we miss the mark, and where does the report miss the mark (for our community)?" He adds that the report can help in areas where "we're a little less mature," such as identifying metrics to evaluate progress toward a more integrated, value-driven delivery system.

Mark Herzog, CEO, Holy Family Memorial, Manitowoc, WI, circulated an early draft of the report to his executive committee before a recent board retreat. Holy Family illustrates its strategic direction with a detailed "Reform Roadmap" that gives the board milestones and metrics for ongoing assessment. The *Care Systems* report can complement the roadmap with self-assessment questions to measure the organization against seven core competencies for the future, such as patient-centered, integrated care delivery; financial stewardship and enterprise risk management; accountable governance and leadership across the care continuum; and collaboration with both internal and external partners in care. Herzog plans to use the questions to engage his board in discussion of where Holy Family stands on

developing the competencies. Richard de Filippi is a trustee of Cambridge (MA) Health Alliance and a member of the Center for Healthcare Governance National Board of Advisors. He also served as AHA chairman in 2010. He says the Alliance has adopted a renewed vision statement built around medical homes and patient-centered, accountable care, and can use the report as a "checklist of our high-level strategies to transform our organization."

A Time for Generative Governance

The *Care Systems* report asserts that the payment system is on the cusp of a sea change in economic incentives, from today's "first curve" of rewarding volume to a "second curve" rewarding value, quality and better health. Thus, hospital and health system leaders have a rare opportunity to redesign a better delivery system from the ground up. For boards, this opportunity calls for a willingness to depart from the usual approaches to strategic planning in board meetings and even retreats. Boards need to build their agendas around different questions about the future and engage in different kinds of discussions.

Not-for-profit governance expert Richard Chait says that boards do most of their work in two "modes," either fiduciary or strategic, both of which follow well-defined processes. Both are essential, but it's by engaging in a third mode – what Chait calls "generative governance" – that trustees can break free and be more reflective, visionary and creative.

In the generative governance mode, boards ask thought-provoking questions and engage in discussions that seek deeper meaning about the mission, core values, strategic directions and organizational priorities and choices. (To read an interview with Richard Chait, see *Great Boards*, Summer 2005.)

De Filippi says, "If you look at the board's generative function and trust-

ees' unique position as outsiders with business leadership experience in change, they can help health care organizations go through the transformative changes in our business."

Most boards know how to ask questions that surface information that's already at hand for deliberation and decision making. By contrast, generative governance requires asking questions that lead to discovery. Various experts call this "strategic questioning," "powerful questions" and "inquiry-oriented decision making." Michael Roberto calls it "how to know what you don't know." (For an interview with Roberto, see *Great Boards*, Fall 2009). AHA President and CEO Rich Umbdenstock calls it simply "asking the edgy questions" that stimulate creative thinking. These questions are not intended to put management on the defensive. They are meant to spur discussion and reveal purpose, choices, opportunities and dangers that might otherwise be obscured.

Here are 10 examples of the "edgy questions" that boards could ask in the context of the *Hospitals and Care Systems of the Future* report:

1. Clarify our vision and test our progress by asking: "How will we know when we've succeeded, and how we can measure our progress along the way?" If our vision is accountable, value-driven care that's patient-focused, coordinated, efficient and effective, how will we know we've achieved it? What are the measures of ultimate success – and what are the critical stepping stones to look for along the way? The *Care Systems* report suggests a number of possible metrics and milestones.

2. Reveal untapped or underexploited strategic choices by asking: "If we only had _____, we'd be much better off at achieving _____." For example: "If we only had _____, we'd be much further along in *aligning the hospital with physicians.*" Filling in a blank can reveal

overlooked options and undervalued priorities. If for instance, a hospital filled in the blank with, “align with the best multi-specialty group in the community,” that could suggest the organization should place a higher priority on locking fortunes with that group. Follow-up questions can help identify barriers to change, such as: “Why haven’t we achieved the ideal? What would it take for us to get the support of those who resist change?”

3. Frame strategic choices from the community’s perspective by asking “should we” rather than “can we?”.

For example, when evaluating whether or not to seek an external partner, Russ Johnson says the SLVRMC board asked itself not “Can we stand alone and survive reasonably well as an independent organization?” but rather, “Would it be in our community’s best interests if we affiliated with a tertiary partner?” “Should we” is the right question, he says. It requires “getting pride out of the way” and asking, “What would best improve community access and health?” For SLVRMC, the question led to a partnership with a tertiary system.

4. Ask about aims not tactics. For example, suggests Johnson, to think creatively about physician alignment, over time SLVRMC leaders stopped asking “How do we get physicians to do things our way?” and evolved to, “How will we create a common sense of purpose with physicians?” Johnson says this line of thinking has led to a culture shift in which physicians take more active leadership responsibility to create needed improvements. More physicians now serve on the board, physician leadership councils make important decisions, and some 40 physicians are champions and leaders in the organization. “There is a shared sense that we are in this together and this is their organization,” says Johnson.

5. Test the mission fit of your vision and strategies by taking a stakeholder’s perspective. For example, “If our (patients, community, physicians, business leaders, payers, government, etc.) read

our vision statement, what would they say is in it for them?” The question might be: “If we implement a more accountable, integrated and coordinated care delivery system, what will patients notice that is different? Will they like the changes they perceive – and if not, what can we do to improve their experience?”

6. Challenge the organization’s capacity for change by asking: “Does the Care Systems report lay out realistic aims?”

Herzog suggests a board might ask: “Is it possible to achieve all 10 strategies, including four must do’s, given our size, capabilities and resources?” If not, which are most critical for us, and do we need partners to assist us?

7. Explore the implications of “life in the gap” between the first and second curve payment and delivery systems.

Herzog suggests the questions might include: “Are the incentives of first and second curves so different that we should create separate organizations to handle the transition? How can a single board quality committee oversee quality in both curves, when it’s hard enough to oversee just the first curve? Since reduced earnings may be a product of the transformation, how much patience should the board have in going from first curve to second curve? Will bond rating agencies be patient? Will the corporate office of our health system allow us to innovate in ways suitable for our locality or must we conform to global strategies and models?”

8. Challenge pivotal assumptions with constructive skepticism: “What makes us believe that _____

will occur now when it hasn’t before?” For example: “What makes us believe that physicians will accept mid-level practitioners to provide primary care, or that insurers will provide the claims data that enable providers to take responsibility for care management and keep a greater share of premium dollars?”

9. Spur innovation by looking beyond current business and delivery system models.

For example, says de Filippi, care systems will be accountable for patient health but hospitals and physicians have a limited ability and resources to control behaviors that affect patients’ health. Thus, leaders should ask, where could we get resources beyond traditional hospital and physician revenue sources, such as from public health agencies, schools and employers? Boards need to help build these relationships. In Cambridge, the Alliance now runs the local health department and is responsible for assessing community needs and building a broader set of services/resources to meet needs.

10. Challenge the board’s capacity to lead transformative change.

Current governance models were developed to govern hospitals, not care systems. Therefore, de Filippi says, boards should ask: “Do we have the right collection of competencies and the right culture in the boardroom to work together and share expertise to govern the care system of the future? Do we have the right culture to accurately and honestly assess ourselves and our competencies?”

Questions to Avoid

Phrasing generative questions in a way that avoids defensive responses or easy answers can be hard. Some types of questions to avoid include:

- Yes/no questions, which lead to quick answers without generating much exploration.
- Disguised suggestions with hidden agendas - for example, “Have you considered?” can be a manipulative way of boosting a pet idea.



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- 'Why ...?' questions, such as, "Why are we joint venturing the ambulatory orthopedic center rather than hiring physicians directly?" Such questions, perfectly valid in the fiduciary and strategic modes, tend to lead executives to defend the past and rationalize the present rather than reflect and explore options. A better question might be, "What are the pros and cons of various physician alignment options for ambulatory orthopedic care? How will prospective physician partners view each model? How will the model chosen make a difference to patients or to payers?"

important to the community and appears to fit our continuum of care and chronic care management strategies?" The following questions are designed to open up thinking about the same issue: "What keeps you from acquiring the nursing home? What would need to be different for you to alter our strategy? Are there alternative ways to align with the nursing home?"

Some trustees will be better than others in framing generative, edgy questions constructively. Sometimes those with the least technical knowledge will ask the best questions. Having one or more

trustees from outside the service area can encourage questions that challenge prevailing assumptions and sacred cows.

The board chair should provide a safe climate for generative governance to flourish. CEOs and executive teams, along with physicians, should welcome the chance to expand their thinking.

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- Closed questions which limit the sense of possibility. For example, this question is limiting: "Why doesn't management acquire a nursing home that's struggling but

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Note: For sample tools that can help boards and leaders apply the ideas in this issue of *Great Boards*, click on:

- <http://greatboards.org/pubs/clarifying-your-strategic-planning-assumptions.docx>
- <http://greatboards.org/pubs/impact-and-implications-on-governance-structure-and-responsibilities.docx>
- <http://greatboards.org/pubs/strategy-and-competency-self-assessment.docx>
- <http://greatboards.org/pubs/holy-family-memorial-reform-roadmap.pdf>

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