

Kentucky Trustee

For Kentucky Hospital Governing Board Members

Winter 2017

GOVERNANCE INSIGHTS

Capitalizing On Technology

“Rapid-change,” “transformative” and “evolutionary” are words in danger of becoming cliché in today’s health care environment. Yet hospital trustees cannot overlook the implications of these adjectives in the progression of hospital care. Multiple factors are converging to change the very character of hospitals as “micro,” “bedless” and “virtual” are emerging to describe the hospital of the future. In fact, some predict that inpatient hospitals as we know them might become obsolete.

One of the primary objectives of the Affordable Care Act (ACA) was to shift the nation’s health care payment system to one based on value and the delivery of high quality, cost-effective care. In addition to shifting payment models, the ACA also included multiple preventive and wellness provisions aimed at improving the overall health of the nation’s communities. These requirements combined with cost containment pressure from insurers and other forces are converging with an aging population, rising homelessness, unmet behavioral health needs and other social determinants of health to spur change in how health care is delivered.

The shifts are compounded as patients increasingly demand affordable health care costs and a health care experience shaped by their use of online technology and social media. These factors are driving forces in finding more effective and efficient ways to manage utilization, provide care and fulfill the Triple Aim of the right care at the right place and the right time.

Enabled, Supported and Advanced by Technology

In its 2014 report “Healthcare and Life Science Predictions 2020: A Bold Future?” the Deloitte Center for Health Solutions painted a series of scenarios as predictions for health care in 2020, including changes in the delivery of care from clinics and hospitals to patient homes; hospitalizations reserved for trauma and emergency surgery; use of local, outpatient care for elective surgeries; and community-based care for chronic and long-term conditions.²

While technology alone cannot be credited with bringing these predictions to reality, technology does play a critical role in enabling, supporting and advancing the way health care is delivered. New technology has been identified by NRC Health as a top strategic trend priority for boards in 2017, citing Intel and others in its growth projections for:³

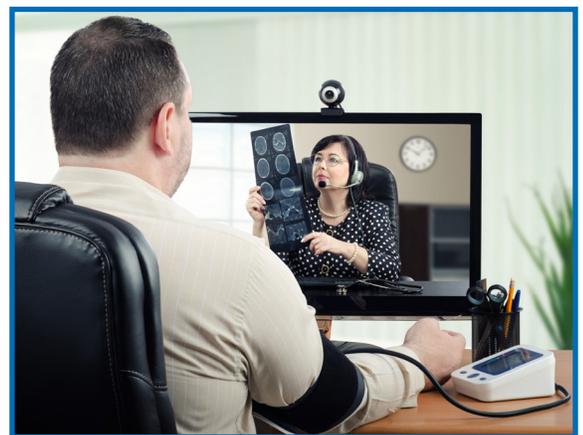
- App-enabled patient portals (73 percent growth)

- Telehealth (62 percent growth)
- Text communication (57 percent growth)
- Remote patient targeting (49 percent growth)

Most notably, telemedicine users are projected to increase from 250,000 users in January 2017 to more than 3 million in 2018.³ A survey commissioned by KPMG LLP indicates that about one-third of health care providers already use remote patient monitoring and video-based services, though only a few characterize their programs as “advanced.”⁴

Consider the rapid growth in apps, wearables and technology that allow patients to be monitored and treated remotely, and virtual health care becomes reality. E-visits, online interactions, patient portals and the ability to identify and reach high-risk patients through technology give new meaning to “home care” and reduce the need for hospitalizations as we know them today.

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PRESIDENT'S NOTEBOOK

During the holidays, we often pause and reflect on what is truly important. At the top of everyone's list is our family, friends and health. In our profession, we are blessed to be able to contribute to the health and well-being of others. With that said, KHA is very excited about the next phase of our quality improvement work.



Michael T. Rust
President

Our work to support hospital quality and patient safety improvement has grown substantially. Since 2012, KHA has partnered with The American Hospital Association's Health Research and Education Trust's in the Hospital Improvement Innovation Network. This CMS-funded initiative strives to improve hospital performance in areas that directly impact hospital payment/reimbursement.

We are proud to report there are 90 Kentucky hospitals working with our goals to reduce hospital-acquired infections and readmissions. KHA has met with the hospitals' clinical teams and provided education to support them along their quality and patient safety journey. Monthly, KHA hosts webinars, shares data and progress as a state, and benchmarks that against the nation. We offer leadership, communication and teamwork training because achieving the best possible outcomes for patients and stabilizing the growth of spiraling costs is a high priority for Kentucky's hospitals and for KHA.

In 2018, KHA will provide education to prevent falls in the health care setting, will host a national wound care certification training for participating hospitals, and will continue our work with community partners to reduce preventable readmissions to hospitals by identifying additional resources for patients after they are discharged.

On behalf of the entire KHA staff, we thank you for your support and the leadership you provide your community hospital. We look forward to seeing you and the other members of your board next year in Frankfort for KHA Day at the Legislature on February 22, and in Lexington on May 10-11 for the KHA Annual Convention (please see the side panel). In the meantime, have a safe and joyous holiday season.

Sincerely,

Michael T. Rust, FACHE
President
Kentucky Hospital Association

Governance Notebook

**KHA Hospital Day at the Legislature
Tentatively Scheduled for
February 22, 2018**

The Kentucky General Assembly is reconvening in January and, as you know, sometimes bills are proposed which could have unintended consequences detrimental to the operation of local health care facilities.

The time you take to educate our elected officials on the current state of health care is vital to protecting Kentucky's hospitals and the outstanding service they provide.

We invite you to attend the **KHA Hospital Day at the Legislature on February 22**. It is crucial that your locally elected leaders understand the harmful ramifications that bills may have on Kentucky hospitals and their ability to provide quality health care services.

The KHA Hospital Day at the Legislature will be held in conjunction with the KHA Legislative Committee meeting in Frankfort. If you would like to attend, please ask your hospital chief executive officer to contact KHA.

**Save May 10-11, 2018, for the KHA
Annual Convention**

As a governing board member, KHA invites you to join your hospital chief executive officer and fellow hospital trustees at **KHA's 89th Annual Convention, May 10-11** at The Lexington Center/ Hyatt Regency Hotel. Make plans now to attend.

**Do you have ideas for future issues of
the Kentucky Trustee?**

Our goal is to provide you with the information and knowledge you need to lead your hospitals forward in today's rapidly changing environment. Tell us what you think, and what you would like to see in future issues of the *Kentucky Trustee*.

Write or call:

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More Than a Consequence of Change, Technology Can be a Strategic Solution

Trustees of rural hospitals are confronting critical challenges posed by changes in payment systems, distance, geography and workforce shortages as they strive to serve rural populations whose demographic is generally older, sicker and poorer.⁷ Emerging technology has enabled health care to increasingly move online and outpatient, giving rise to bedless and micro-hospitals and virtual care centers. These facilities are more than just a consequence of technology trends, they are strategies that may provide an answer to financial and geographic challenges.

Bedless Hospitals: Everything But an Overnight Stay. Bedless hospitals generally offer everything a patient might expect from a traditional hospital – except an overnight stay. Advances in health care have meant a shift to less invasive surgeries, faster recoveries and shorter lengths of stay, more outpatient visits and declining inpatient admissions.

Used for low-risk outpatient surgeries, bedless hospital care costs less and has a lower risk of infection. Patients like the convenience of receiving outpatient care locally combined with shorter wait times and an opportunity to recover at home. Patients with complex needs are referred to facilities that provide inpatient care, and some bedless hospitals have helipads for emergency transfers to larger hospitals with more services.^{8,9,10}

Micro-Hospitals: The Right Fit. Just like the tiny house movement, tiny or micro-hospitals are also gaining attention. Micro-hospitals might be as small as eight beds or as many as 20 beds, but are still licensed hospitals. These small hospitals provide

Eight Disruptive Technologies in Health Care

PwC Health Research Institute has identified the following eight technologies that it believes have the potential to disrupt the health industry:^{5,6}

- Artificial intelligence – software algorithms able to perform tasks normally requiring human intelligence
- Augmented reality – Virtual additions to the physical world to change the user experience
- Blockchain – Distributed electronic ledger than can record and confirm transactions securely
- Drones – Pilot-free vehicles and devices
- Internet of things – A connected network of objects that collect and exchange data
- Robots – Machines or virtual agents that automate, augment or assist human activities
- Virtual reality – Interactive simulation of a 3-D image or complete environment
- 3D printing – Additive manufacturing techniques used to create three-dimensional objects based on digital models by layering or “printing” successive layers of materials

PwC advises that to remain relevant and successful, emerging technology needs to be included as a company strategy. New and emerging technology can impact an organization’s strategies, customer engagement, operations, people and talent and compliance.

surgeries, inpatient care and high nurse/patient ratios. They operate around the clock and offer less complexity and lower-overhead. Often part of a larger hospital or health system, micro-hospitals allow larger organizations to reach small or underserved communities. While micro-

hospitals are frequently located in rural communities, some are filling the need for access to acute or emergency care in larger cities. Parent hospitals or health systems provide additional services when more complex care is needed. Like bedless hospitals, micro-hospitals offer lower costs and less risk of infection.^{10,11}

Virtual Care for Distant Patients. In October 2015, Mercy Virtual Care Center became the first of its kind world-wide. The Center is an electronic intensive care unit whose patients may be located nearly anyplace else – at home, in a clinic or in a traditional hospital. The Center’s clinicians leverage technology to electronically monitor intensive care

patients and assist local caregivers in 30 ICUs in five states through its SafeWatch program. The Center also provides virtual hospitalists, monitoring of patients at home and neurological care via its Telestroke program. Mercy’s Virtual Care Center demonstrates how technology and telehealth can help provide solutions for health care challenges related to medically underserved areas, physician and nurse shortages, the need for greater efficiency and more.¹²

Not Without Challenges

The adage that “nothing worth doing is easy” is true of implementing health care technology as well. The KPMG survey indicates that while technology-enabled virtual care offers many benefits, the biggest challenge health care leaders noted was maintaining a sustainable business or financial model. In addition, virtual care brings challenges related to clinical adoption, creating a well-defined virtual care strategy and concerns related to regulatory compliance and risk or liability.⁴ Governmental and regulatory changes are also needed to facilitate potential solutions for rural communities.

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LEADERSHIP PERSPECTIVES

Join the Cause: Be Part of Something Bigger

Hospitals across the country are committed to improving the health and well-being of the communities they serve. This cannot be done in isolation. While partnerships and collaboration allow hospitals to leverage expertise and resources so that they can collectively accomplish more without “reinventing the wheel,” they also offer an opportunity for hospital leaders, employees, physicians and volunteers to be part of something bigger. And that can be highly motivating.

An organization-wide commitment to join a national or large-scale partnership must begin with the board. The board sets the tone for the organization’s values, strategic priorities and resource allocation. Participation in national initiatives has the potential for great reward, but requires investments in resources and personnel. Hospital boards of trustees should encourage participation in efforts that are well-aligned with the community’s greatest needs and the organization’s mission, vision and values.

The Democracy Collaborative

Dedicated to community revitalization, the Democracy Collaborative was first established at the University of Maryland in 2000. As it grew, activities extended beyond research to include city governments, community foundations and anchor institutions. For many communities, hospitals are anchor institutions. They are often one of the largest employers in a community, and hold significant purchasing and investment wealth.

Why Consider the Democracy Collaborative?

Value-based reimbursement holds hospitals responsible for patient outcomes regardless of whether outcomes are impacted by hands-on medical care or influenced by social or environmental factors outside of the hospital’s direct control. As hospitals and health systems work to address social determinants of health such as poverty,

hunger, homelessness and unemployment, there are opportunities to impact local community health simply through the course of conducting everyday business.

The Democracy Collaborative addresses three components of existing hospital operations that organizations can leverage to positively influence their communities:¹

- **Workforce:** Health care organizations employ more than 5.5 million people
- **Purchasing:** Health care organizations purchase more than \$350 billion in goods and services annually
- **Investment:** Health care organizations have investment portfolios estimated at \$400 billion

What Does Aligning Hospital Practices and Community Needs Look Like? The Democracy Collaborative website highlights stories from a number of hospitals and health systems that are taking steps to invest in and improve community well-being. In Boston, Partners HealthCare is offering paid internship programs with pathways to hire and providing coaching and tuition assistance for internal advancement of frontline employees.

Charleston Area Medical Center in Charleston, West Virginia, is addressing community health needs by purchasing from local farmers and intentionally

growing the capacity of the regional food system, creating local jobs and healthier food options. At St. Joseph Health in Orange, California a Community Investment Fund was established that provides loans and other support for nonprofit organizations focused on meeting social needs such as affordable housing, economic development and food banks.

Gundersen Health System in La Crosse, Wisconsin became the first health system in the world to produce more power than it consumed. Then CEO Dr. Jeff Thompson described the organization’s thinking at the time: “We had to reframe the argument... My message to our board was: your energy supply is making people sick. If I come up with a way to decrease that pollution, save us money, and improve the local economy—if I do all three things—are you with me?”²



Toolkit for Hospitals and Health Systems.

The Democracy Collaborative received support from the Robert Wood Johnson Foundation to create a series of free toolkits to help hospitals and health systems “build community health into core business practices.” The toolkits focus on helping hospitals and health systems integrate community health principles into three business functions: workforce, purchasing and investment.

To download the toolkits and for more about the case studies and other Democracy Collaborative stories, go to <http://hospitaltoolkits.org>.

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The Hospital Improvement Innovation Network

Participating in a Hospital Improvement Innovation Network (HIIN) is an exciting opportunity because of the large scale of the HIINs and the positive outcomes already achieved. The HIIN was launched by the Centers for Medicare and Medicaid Services (CMS) in 2016 to build upon success from the Hospital Engagement Network (HEN) in 2011 – 2016. CMS awarded contracts to 16 HIINs, including individual organizations, state hospital associations and the American Hospital Association’s Health Research and Education Trust (HRET), which includes over 1,600 participating hospitals and 32 state hospital associations.

Why Should Your Board Care About the HIIN? The overall goal of the HIIN is to achieve a 20 percent reduction in overall inpatient harm (from the 2014 baseline) and a 12 percent reduction in 30-day readmissions by the end of 2019. As reimbursement has already shifted to increasingly reward outcomes (rather than simply fee for service), the financial benefit of participating in a HIIN is clear. Boards that continually review quality and patient safety and look for opportunities for improvement are not only upholding their fiduciary responsibilities, but are making a positive impact on patient care, the hospital’s bottom line and overall community health.

In addition to improving quality of care and strengthening reimbursement, participation in a HIIN has the potential to increase employee engagement. When employees are participating in a nationally recognized program that enables them to do their jobs better, many experience increased pride in their job, increased productivity, and an overall growth in satisfaction that they are part of something bigger. The HIIN provides a wide range of education, assistance and resources to

hospital employees to further boost employee engagement and participation.

What Does HIIN Work Look Like?

While all HIINs share common goal areas, each organization’s participation in a HIIN varies depending on their community needs and challenges. At Indiana University Health Paoli Hospital in Paoli, a new Pain Management Program addressed adverse drug events from patients seeking pain medications in the emergency department (ED) using a triad of an ED physician, nurse manager and registered nurse. In Steamboat Springs Colorado, Yampa Valley Medical Center has committed to improving its Culture of Safety, starting with a daily safety huddle. The new approach caused incident reporting to increase 150 percent because all staff now have a powerful voice to impact change.

More information about these case examples and other AHA HRET HIIN stories are available at www.hret-hiin.org. For information about available HIINs or to join a HIIN, contact your state hospital association or go to <https://partnershipforpatients.cms.gov>.

Other Opportunities to Be Part of Something Bigger

There are a wide variety of other regional and national initiatives hospitals may consider joining. The Hospitals Against Violence campaign is increasingly gaining momentum as violence takes an immeasurable toll on communities and hospital employees. A recent report by Milliman reports that community violence cost U.S. hospitals and health systems approximately \$2.7 billion in 2016 (www.aha.org/violence).

The #123forEquity Campaign to Eliminate Health Care Disparities is another national call to action, which brings together organizations committed to eliminating health care disparities and improving quality of care for all patients (www.equityofcare.org).

Starting the Board Conversation

- ✓ Does your board encourage participation in larger efforts to improve organizational performance and overall community health and well-being? Would employees agree with the board’s answer?
- ✓ Are employees and the community aware of your organization’s involvement in regional or national efforts?
- ✓ Has your board discussed the Democracy Collaborative?
- ✓ Are there elements of the Democracy Collaborative that your organization should consider?
- ✓ Is your hospital already part of a HIIN? If so, does the board understand and support the work? If not, why not?
- ✓ Knowing your local community needs and challenges, are there other collaborative efforts your organization may benefit from learning more about or participating in?

There are a variety of regional efforts aimed at improving behavioral health, including hospitals paying to house the homeless, grassroots training for adult mental health first aid and integrated community behavioral health initiatives. Hospitals may also consider joining Huddle for Care, which invites organizations to share and find lessons learned from “on the ground transitional care implementers” such as coordinating care, communicating with patients, empowering patients, addressing patient social challenges and more (www.huddleforcare.org).

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BOARDROOM BASICS

Back to Basics: The Board's Role in Strategic Planning

One of the board's most important leadership responsibilities is setting a clear vision for the future and planning a strategy for getting there. But strategic planning is no longer as straightforward as it might once have seemed. Today's world poses multiple unanswered questions that can be confounding for trustees trying to steer a clear path forward. What's the future for the Affordable Care Act? Will a single-payer system gain momentum? What scientific breakthroughs will be announced? What implications will technological advances have? Who or what might be the next innovative and unexpected competitor?

Despite the unknowns, trustees cannot stand back waiting to see what developments will unfold in the marketplace. The board is accountable for shouldering a strong, focused and forward-thinking leadership role. Trustees must be able to think creatively and work with executive management to develop new directions for success in an increasingly challenging market.

Who, What, How and Why

Before beginning the strategic planning process, trustees should have a clear understanding of their role and responsibilities in the process, and how those differ from the management's role. First and foremost, the board's role is to set the mission for the organization and a vision for its future.

Once the mission and vision are determined, the board is responsible for identifying the goals or outcomes it wants

the organization to reach and the strategies they believe will achieve those goals. The executive team's job is to develop the action plans for delivering on those expectations. In simple terms, the board's strategic planning responsibility is to determine *what* is going to be done. The executive team's responsibility is to determine *how* the board's vision and strategies will be accomplished.

The mission should drive the entire strategic process. It should answer the basic organizational question, "why are we here?" If it doesn't, the first step in the strategic process should be to revisit the mission.

Five Steps in Building a Sound Strategic Plan

While strategic planning processes may differ from one organization to the next, most are based on the following five key steps:

1. Creating a Strong Foundation.

Like three legs of a stool, the foundation of the strategic plan should be based on the organization's mission, values and vision. The continued strength and worth of these three to the organization can be determined by evaluating the following questions:

- Is the mission still a meaningful and memorable description of the core purpose of the hospital or health system?
- Are the values underlying the mission still relevant?
- Is the vision still a compelling and challenging but realistic stretch?

The success and viability of the organization is dependent on the board's ability to define a mission that resonates with employees, medical staff, patients and the community at large. Setting a compelling vision of the future and a clear strategic plan for its achievement has the power to inspire and align the organization's various constituencies.

2. Understanding the Environment.

Just as high-quality health care decisions should be evidence-based, the board's strategic planning must also be evidence-based. Trustees must have credible information and data about the community and the broader health care environment. They must also understand the functional areas and operational performance most critical to the organization's success.

3. Leveraging Insights and Recognizing Opportunities.

Trustees cannot afford to take data and information at face value. They must develop a working expertise about the issues driving health care, examining the bigger picture for better strategic perspective. Trustees must do their strategic best to discern emerging trends and identify what opportunities they might create for the organization.

4. Setting the Course.

Once trustees have a sound understanding of the forces at work in the environment, they can analyze current strategies for any needed change and develop new strategies to capitalize on the most significant opportunities for the hospital or health system as it moves forward.



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5. Prioritizing the Final Few. Finally, the board must prioritize a limited number of goals and strategies to pursue. Keeping goals and strategies to a critical few helps to ensure there is adequate staff, resources and organizational focus to succeed. Because health care is complex with multiple and competing priorities, it may be difficult to limit the number of goals and strategies. Goals and strategies that “pass the test” should closely align with the mission and advance the organization toward its vision; positively impact community health; have a high chance of success; be urgent to complete; and strengthen the organization’s competitive position.

What Will It Take?

The board, working closely with the executive team, must ensure that the organization has the resources and staff to ensure the plan’s success. The board should consider questions such as:

- Does the organization have the financial resources to carry out its plans?
- Does the organization have staff in the right roles with the right knowledge, experience and skill sets?
- Would the plan stretch resources and staff too thinly to be successful?
- Would pursuing new strategies compromise performance in other areas?
- Does the board itself have one or more trustees with the subject knowledge and expertise to ask critical questions and help guide oversight of specific strategies?

Once the work outlined in the steps above has been accomplished and the board is satisfied with its vision and strategic direction for the organization, work on the plan should be handed off to the executive team. The team executive is then responsible for developing and implementing an action plan that will support the plan’s strategies and achieve its goals.

Strategic Plan Definitions

Mission: The organization’s fundamental core purpose, its unique reason for existence. A short but powerful statement that provides a clear context for everything the hospital or health system does.

Vision: A projection of the organization’s future position. The vision creates a focus that drives organizational thinking, and is supported by the organization’s strategies, objectives and action plans.

Goal: A long term (typically five years or more) position that the organization seeks to achieve.

Strategy: A specific, focused initiative for achieving a goal or goals.

Objective: A specific and measurable projected accomplishment that supports a strategy.

Action Plan: Specific tactics used to achieve an objective.

Everyone Pulling in the Same Direction

For a strategic plan to be successful, every employee, physician and volunteer must see their connection to the plan and realize their value in achieving the organization’s strategic initiatives. This connection begins with the board. Understanding the environment (*step 2 in the planning process*) includes an understanding of the organization’s functions and performance. The best sources for that understanding are the organization’s stakeholders – its medical and nursing staffs, employees, volunteers, patients and others.

For example, best practices suggest that the medical staff be directly included in the planning process through inclusion of one or more physicians on the strategic planning committee. The same is true of the nursing staff. Focus or advisory groups, surveys and interviews might be used to gain feedback from a broader number of stakeholder groups and individuals. In follow-up to the feedback, the board must ensure a strong communication plan is in place to share how concerns were heard and taken into account.

Ensuring Plan Success

The board’s responsibility for the strategic plan doesn’t end when the executive team begins developing and implementing the action plan. The board should be involved in helping to define targets and measure progress, including regularly reviewing a dashboard of the plan’s key performance indicators and making course corrections as needed.

If progress fails to meet expectations and objectives, trustees must ask difficult questions to get to the root of the issues and hold the executive team accountable for performance. The executive team should be prepared to recommend actions that will put the organization back on track for success.

In a world that is constantly changing and advancing, new information, data and ideas should be part of strategic discussions at every board meeting. Board members must be prepared to turn new information into strategic action that will prevent strategic plans from being derailed and that will take advantage of new and unexpected opportunities.

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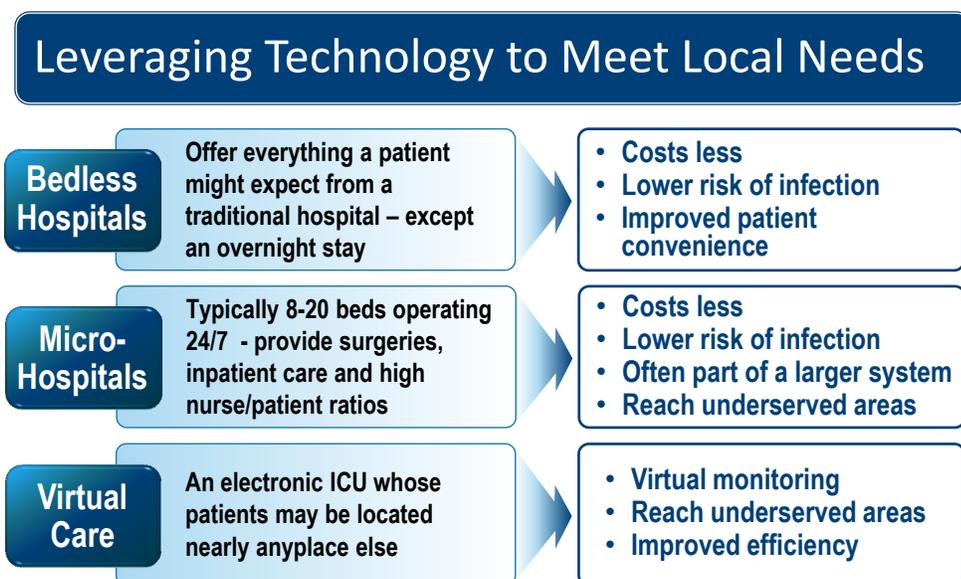
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The American Hospital Association’s (AHA’s) Rural Hospital Advocacy Agenda for 2017 includes key priorities designed to help provide regulatory relief and solutions for rural communities. These priorities are focused on steps to maintain and enhance reimbursement and allow for bedless hospitals and the use and evaluation of telehealth as a cost-effective, quality service for Medicare patients. Specifically, the AHA advocates for passage of three Acts, including the Rural Emergency Acute Care Hospital (REACH) Act, which would allow critical access hospitals and small rural hospitals with 50 or fewer beds to convert to rural emergency hospitals and continue providing necessary emergency and observation services (at enhanced reimbursement rates), but stop inpatient services; the Rural Hospital Access Act of 2017 to permanently extend the Medicare-dependent hospitals and enhanced low-volume adjustment programs; and the Telehealth Innovation and Improvement Act to allow eligible hospitals to test offering telehealth services to Medicare patients and evaluate these services for cost, effectiveness and quality of care.

Embracing Tech-Driven Change

Advances in technology offer critical tools for meeting the health needs of patients in today’s world. Each hospital’s ability to leverage those tools begins with the board’s willingness to adapt its strategic focus and embrace change. While some changes may seem dramatic, they may have the best potential for fulfilling the hospital’s mission commitment to the community.

Just as technology has enabled new forms of traditional hospital care as potential solutions for underserved communities, boards of trustees must ask themselves how emerging technologies might be leveraged to deliver the right care at the right time in the right place for their communities. Initial questions to consider include:



Sources: Bedless Hospitals: 8, 9, 10; Micro Hospitals: 10, 11; Virtual Care: 12

- What do we know about emerging technologies, how they apply to health care and what impacts they might have?
- How might we leverage new technology to:
 - Gain efficiency?
 - Meet patient expectations and needs?
 - Meet broader community needs?
 - Compensate for physician, nursing and other workforce shortages?
- What gaps in knowledge, experience or skills do we have in our workforce, executive team or on the board to effectively leverage technology? Are these gaps holding us back from our ability to use technology in the best ways possible? How can we fill those gaps?
- If we don’t pursue and leverage technology, will others? Just as retail clinics emerged as new health care competitors, who might use technology to deliver health care in new and innovative ways?
- What scenarios can we envision for the future? What will it take to achieve them?
- What are the risks with technology? How do we secure our data?
- What compliance standards should we expect?
- What is our long-term technology strategy? What should it be?

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