



The Board's Role in Diversity, Equity, and Inclusion: A New Year, Renewed Energy, and Drive for Change

By **Laura Orr**, Owner, *Forward Governance Consulting*

A new year brings new goals, new performance metrics, and a renewed focus on mission and strategy. While healthcare organizations continue to fight the COVID-19 pandemic and navigate the resulting workforce shortages, supply chain disruption, and financial constraints, 2022 also brings the opportunity to broaden strategic focus beyond the health crisis that defined the previous two years.

Despite a nearly all-consuming COVID-19 agenda, many healthcare organizations across the nation have been able to simultaneously elevate diversity, equity, and inclusion (DEI) as a strategic priority. Healthcare leaders and boards have spent many hours engaged in sensitive and challenging conversations, aligning on positions, and charting a DEI path forward. In 2022, healthcare leaders and boards will increase investments of time, attention, and dollars to drive DEI efforts forward and demonstrate measurable progress.

While hospitals and health systems vary in where they are in the DEI journey, the commitment to improve is resounding and governing bodies have a fundamental role to play in this work. Directors have fiduciary obligations to oversee quality and strategy and within that context, they must also ensure board composition and culture support the organization's DEI goals.

Strategic Oversight

Hospitals and health systems are investing in the development of DEI strategies, support infrastructures, and DEI-specific performance metrics. Many have created a stand-alone DEI strategy and others consider DEI a lens through which to view and achieve each component of the overall organizational strategy. Regardless of the institution's approach, directors should have a clear understanding of the current state, desired future state, and how progress will be measured. Ongoing dialogue between the management team and the board is needed to build awareness,

continually refine the plan, and align messaging and priorities. The board should adopt metrics to monitor DEI progress and hold the management team accountable to outcomes by incorporating these measures into annual balanced scorecards and incentive compensation plans. Finally, with DEI as a strategic imperative, the board must prioritize and protect those investments irrespective of changing economic conditions and other operational challenges.

Board questions:

- Does the organization have a DEI strategy in place or in development?
- Is the DEI strategy aligned with the overall organizational strategy?
- What investments are being made to implement the DEI strategy?
- What performance measures will be used to monitor progress of the DEI priorities?

Quality Oversight

Hospital and health system boards are charged with overseeing the quality-of-care delivery including health equity, identified as one of six key quality healthcare aims by the Institute of Medicine in 2001. The COVID-19 pandemic highlighted health inequities across the country in new and alarming ways. Boards have an obligation

→ Key Board Takeaways

Healthcare boards have a critical role to play in improving diversity, equity, and inclusion across the industry. Going forward, it is imperative for boards to:

- View all decision making and core fiduciary duties through a lens of diversity, equity, and inclusion.
- Provide strategic oversight for DEI priorities and monitor key performance measures.
- Ensure health equity is a focus area within the organization's quality and safety program.
- Continually evaluate and enhance the composition and culture of the board to align with DEI goals.
- Serve as internal champions and external advocates for the organization's DEI efforts.

to understand disparities in health outcomes and to support improvement within the organizations they serve. While this area of data collection and reporting may be new to many, boards should expect leadership teams to invest in this analysis and report on existing disparities, interventions, and improvement measures.

As community assets, not-for-profit healthcare organizations are obligated to address community needs. The community health needs assessment (CHNA) process provides an important opportunity to understand health inequities impacting the community and to create interventions as part of the community health improvement plan (CHIP). The quality committee and the board should have oversight for this process and plan.

Hospital and health system boards are skilled in making decisions with quality and safety at the forefront. Moving forward, boards must ensure that their quality and safety lens incorporates health equity. This will likely require new dialogue and learning until it becomes a reflexive consideration in the boardroom as policies are developed and investments are allocated. For example, COVID-19 brought a rapid rise in telehealth solutions, outpacing digital growth plans for most organizations. As digital strategies are now revisited and fast-tracked, an equity lens must be applied to ensure underrepresented populations have access to these solutions and are not disadvantaged in the realm of digital care delivery.

Equity is a key element of quality. Organizations and boards alike must become increasingly sophisticated in understanding where health inequities exist and develop interventions and measurement systems to drive improvement.

Board questions:

- Are the quality committee and the board reviewing health equity data regularly?
- What investments are being made to impact health inequities?
- How can the board foster more dialogue around health equity in policy making, strategy development, and investment decisions?

Board Composition and Culture

As healthcare governing bodies assess their role in advancing DEI, they must reflect on their own board composition and culture. Implementing a multi-year cultivation plan allows a board to strategically diversify its makeup, including race, ethnicity, gender, professional experience, and key skills and attributes. Increasing the diversity of a governing body to reflect its many constituencies requires intentionality and full board involvement.

An inclusive board culture is necessary to maximize board effectiveness and to fully engage directors. All board members, regardless of tenure or background, must feel their voice is valued and be comfortable sharing their unique perspective. Board leadership plays a critical role in ensuring an inclusive board culture and must be willing to address any existing barriers. Questions regarding the board's DEI efforts and culture should be included in annual board effectiveness surveys as one measure of accountability.

Board questions:

- What is the current composition of the board across multiple dimensions of diversity (race, ethnicity, gender, sexual orientation, professional experience, skillsets, etc.)?
- Does the organization have a multi-year cultivation plan, and does it aim to increase diversity?
- How will board-level diversity and inclusion efforts be measured?

Championship and Advocacy

Board members serve as both internal champions and external advocates for the organizations they govern. Internally, board support for DEI efforts should be evident to employees and providers throughout the hospital or health system. Directors can share their voices through existing employee communication channels, participate as guests in DEI committee or resource group meetings, and share best practices from their own professional experiences. Visible support from the board will help foster DEI within the organizational culture and help build momentum for achieving results.

Just as board members advocate on behalf of the organization's mission and vision, they should also work externally to create community awareness of its DEI efforts and outcomes. Sharing this work externally builds credibility and trust with patients, families, and corporate partners.

Board questions:

- How can directors best demonstrate support for staff?
- How can directors best share the organization's DEI journey in the community?

Leadership and investment are essential to improving diversity, equity, and inclusion in healthcare. Boards have a critical role in this work and can be catalysts for meaningful change. Much like quality and safety, governing bodies must

incorporate diversity, equity, and inclusion considerations as they carry out fiduciary responsibilities, continually evolve board representation and culture, and advocate on behalf of the organization.

The Governance Institute thanks Laura Orr, Owner, Forward Governance Consulting, for contributing this article. She can be reached at laura@forwardgovernance.com.

