

Professional Backgrounds of Board Members at Top-Ranked US Hospitals



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INTRODUCTION

As the practice of medicine has organized and physicians are increasingly employed, many have raised concerns that the priorities of their employing institutions have diverged from those of patients or clinicians, manifesting in profit-maximizing behaviors that harm communities and contribute to burnout.^{1,2}

Nearly two-thirds of American hospitals are nonprofit organizations, which are required by law to have a board of directors. In addition to setting strategic direction, hiring management, and managing risk, hospital boards have a fiduciary obligation to oversee quality and safety.³ Given these expansive responsibilities, Blue Ribbon panels on governance convened by the American Hospital Association have called for clinicians to be included on boards. However, the percentage of board members who are clinicians has recently declined.⁴ In 2018, almost one-third of hospital boards did not have a single physician member, while almost two-thirds lacked a single nurse. Little is known about the professions of those individuals who comprise the majority of hospital boards.

We sought to understand the professional expertise represented on hospital boards because board composition may influence organizational performance. For example, having more clinicians on boards has been associated with higher quality ratings.⁵ This relationship also implies that board composition may affect hospital priorities. For instance, hospitals with boards that pay greater attention to clinical quality have management teams that monitor performance on quality metrics more intensively.⁶ The causality in these relationships is unclear and may be bidirectional; hospitals may choose board members based on organizational priorities while board members help shape hospital priorities and drive performance as well. Regardless, board composition may serve as a window into the principal goals of hospitals.

METHODS

We searched the websites of the 20 top-rated hospitals by *US News & World Report* in 2022 for lists of their board members. For each hospital that listed its board members

on its website, we classified the professional background of board members by industry. We used the North American Industry Classification System (NAICS) to categorize their employer into the following sectors: Natural Resources and Mining; Construction; Manufacturing; Trade, Transportation, Utilities; Information; Financial Activities; Professional and Business Services; Education; Health Services; Leisure and Hospitality; Other Services. The NAICS taxonomy is the standard used by federal statistical agencies including the Bureau of Labor Statistics.

For health professionals, we recorded whether the board member is a trained physician, nurse, or other worker.

We conducted this process in July 2022. We attempted to use Internal Revenue Service (IRS) filings to verify board members but available forms were often incomplete or outdated.

RESULTS

The top-ranked hospitals were all large, non-profit academic medical centers in urban areas (Table 1). Of the 20 hospitals, 15 listed their board members on their websites. Of the 567 board members at these 15 hospitals, we were able to classify the professional background of 529 (93.3%). The plurality (44.0%) was from the Financial Activities sector (Fig. 1). The next most common sectors were Health Services (16.4%) and Professional and Business Services (12.6%). Within the Financial Activities sector, the vast majority (80.2%) led financial corporations including private equity funds, wealth management firms, and multinational banks, with the remainder in real estate (14.7%) and insurance (5.2%).

Across all 15 hospitals, 14.6% of board members were health professionals. These individuals were primarily physicians (13.3%), while 0.9% were nurses.

DISCUSSION

At top-ranked US hospitals, the most common professional background for board members is finance, far exceeding representation from physicians, nurses, and other health care workers. Over half (~56%) of board members are from finance or business, while a small minority (~15%) have clinical training or are from the health services sector. Though the optimal board composition is unknown, these results may reinforce voiced concerns about the salience of financial success as a dominant priority for major hospitals,

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Table 1 Hospital Characteristics

	Mean number of beds	Mean total annual discharges	Mean gross revenue (\$M)	Cost of charity care (\$M)	Employees on payroll (Full-Time Equivalents)	Number of interns and residents
Top-ranked hospitals (n=20)	957	46,825	10,734	22.7	12,002	712
Top-ranked hospitals with publicly available list of board members (n=15)	1049	50,610	11,848	27.0	13,526	743

Source: Hospital Cost Report Public Use File from Centers for Medicare and Medicaid Services

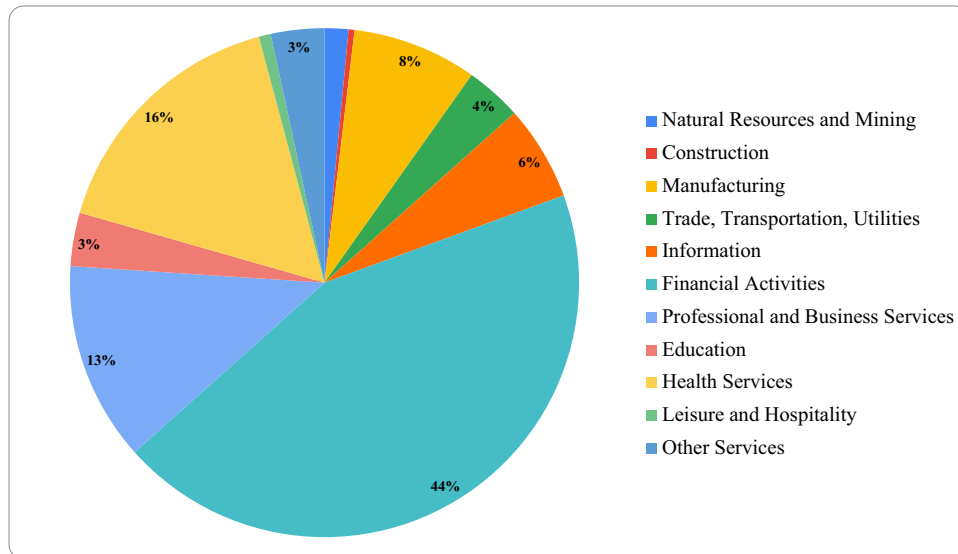


Figure 1 Industry breakdown of board members at top-ranked US hospital systems. The occupations of board members at top-ranked US hospital systems were classified into sectors according to the North American Industry Classification System.

and raise questions about the relative importance given to the interests of clinicians, patients, and communities.^{1,2} Furthermore, our inability to find a list of board members for five of the twenty hospitals demonstrates a possible lack of transparency, impeding public scrutiny.

Our study has limitations. First, we studied a limited sample of top-ranked hospitals which may not be representative of all hospitals. However, the examined hospitals employ over 240,000 workers and account for over \$200 billion in spending, meaning their board members play influential roles in our health care system. Second, we were unable to classify a small fraction of board members due to insufficient information. Third, we could not assess the community ties of board members to gauge local accountability of board decisions.

We also note that we did not assess the racial or gender diversity of boards, which merits further study given that 42% of US hospitals had all White board members in 2018 and 70% of board members were male.⁴ Standardized public reporting of board composition would increase transparency and facilitate future research.

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Data Availability The datasets generated during and/or analysed during the current study are available from the corresponding author on reasonable request. The data used to describe hospital characteristics are publicly available from the Centers for Medicare and Medicaid Services in their Hospital Cost Report Public Use File.

Author Contribution SG and SK contributed equally.

Declarations

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