SDAHO Trustees Resource Center

The Trustee Quarterly

For South Dakota Association of Healthcare Organization Board of Trustee Members Fall 2025

BOARDROOM BASICS

Strategic Planning Ensures Proper Focus in Today's Tumultuous Environment

Hospitals and health systems continue to face significant financial challenges and the future likely holds additional cuts and changes to care delivery. In the midst of the uncertainty, it is the board's responsibility to think strategically and set the hospital on track for long-term success.

An effective strategic plan maps out the future course, while also recognizing that there is no single straight path to the future. The board develops high-level strategic initiatives that provide a framework for the organization's focus. Once the strategies are determined, the leadership team implements actionable steps to achieve the plan.

In today's tumultuous health care environment, some boards may find they need to limit the number of strategies to a few core areas. A thorough strategic planning process is critical to ensure that the organization focuses on the most important areas for success.

Gathering Information

The strategic planning process begins with gathering the background information necessary to make informed decisions.

Stakeholder Input. Input from community constituents and stakeholders helps leaders understand views about the hospital, community health needs, challenges impacting access to care and more. This is often accomplished through a combination of a community health needs assessment as well as interviews, surveys or focus groups with physicians, employees, local leaders, and elected officials whose views are important in shaping strategies for a successful future.

Understanding the environment. While the viewpoints of key stakeholders are important, it must be complemented with a comprehensive scan of the internal and external environment. This provides the board with factual information about how the organization is performing in key areas, demographic trends, economic trends, socioeconomic information, health statistics, forecasted community needs, competitor information and more.

The combination of stakeholder input and an environmental assessment provides the board with the information needed to understand strengths, weaknesses, opportunities and threats.

The Strategic Planning Retreat

Setting the organization's strategic direction cannot be done at a board meeting. Typically, a full-day or two-day retreat is dedicated to the strategic planning process and includes both the board and senior leadership team. The

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Our Perspective: Preparing for Financial Strength

SDAHO Supports Members Through Strategic Planning and Education

The South Dakota Association of Healthcare Organizations (SDAHO) continues to support our members and health care leaders across the state as they navigate today's complex financial environment. Recognizing that effective governance begins with a forward-looking strategy, SDAHO is equipping members with the tools, education, and guidance needed to strengthen both organizational and community health.

Through ongoing education and governance-focused programming, SDAHO helps boards and leadership teams think strategically in an unpredictable landscape. Topics such as financial sustainability, workforce planning, innovations in technology, and long-term care delivery models ensure leaders are prepared to guide their organizations through change with confidence.

At SDAHO's 2025 Annual Conference, the **Governance Track** provided decision-makers the opportunity to learn from experts on issues directly impacting health care operations and financial performance. Beyond the conference, SDAHO continues to deliver year-round education tailored to leadership development and financial strategy.

Recent sessions have covered areas such as:

- Restoring trust and ethics in health care
- Developing cultural competence and workforce well-being
- Capturing accurate reimbursement and understanding payment systems
- Leveraging technology, AI, and data analytics to improve efficiency
- Managing organizational change and strengthening philanthropy

SDAHO also emphasizes financial awareness and reimbursement education — essential tools as health care systems face increasing cost pressures and evolving payment models. These sessions empower leaders to make informed decisions that protect financial viability while advancing quality care.

In addition to formal education, SDAHO provides opportunities for collaboration and peer learning through its three annual in-person conferences and smaller workshops. These events foster innovation, strategic discussion, and shared solutions across South Dakota's health care community.

SDAHO recognizes that health care leaders are navigating unprecedented challenges. By offering timely education, strategic insight, and a platform for connection, SDAHO remains committed to helping members build financially strong organizations that ensure access to care and advance healthy communities across the state.

Upcoming Education

11/13 - Leveraging Microsoft 365: Understanding and Using Key 365 Tools Beyond Outlook

11/18 - (HFA) The Use of Virtual Reality in Hospice Care and Bereavement

11/19 - Growing New Nurse Leaders

12/02 - Media Landscape & Trends Report

12/04 - PASRR Training for Skilled Nursing Facilities

12/04 - PASRR Training for Hospitals

12/09 - (HFA) Food as Ritual in Grief

12/11 - Ethical Decision-Making in Complex Patient Care

12/16 - Managing Candida Auris in Health Care: What You Need To Know

12/18 - Managing Stress for Personal and Professional Well-Being

Do you have ideas for future issues of *The Trustee Quarterly*?

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'd like to see in future issues of *The Trustee Quarterly*.

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Spotlight Sponsors

SDAHO Enterprises

SDAHO Enterprises was developed to pursue valued services and increase non-dues revenue. Overall goals and objectives of providing revenue to supplement SDAHO strategies and providing support and benefit to members.

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stakeholder input and environmental assessment should be shared with the board and leadership team in advance and used to shape the agenda.

Reviewing the Mission and Vision

Step one of strategic planning begins with ensuring a strong foundation. While the mission and values change little over time, the vision is an ever-evolving look into the future. Boards can examine the three statements with these questions:

- Is our mission statement still a meaningful and memorable description of the core purpose of the hospital? Does it effectively guide all board discussions and decisions?
- Are the values or principles underlying the mission still relevant?
- Is our vision still a challenging but realistic stretch for what the hospital is striving to achieve?

Setting the Direction

The strategic planning retreat begins with understanding the internal and external environments and a discussion about the mission and vision. The board and leadership team can use this information to define the primary challenges, barriers, and opportunities confronting the hospital, and determine the factors most critical to success.

Once the board has a clear picture of the environment and critical success factors, it can engage in a careful analysis of existing strategies and potential new strategies. This is where the bulk of the work happens at strategic planning retreats.

Depending on the size of the board and leadership team, discussion in each strategic area may occur with the full board or may be better suited toward break-out groups. If break-out sessions are used, each group then presents its strategic area of focus to the full board and leadership for a deeper discussion and debate.

Strategies and Strategic Initiatives. A strategic plan often includes between three and seven major strategies. In today's uncertain environment, hospitals may find it beneficial to limit the total number of strategies to less than five.

Underneath each strategy, there are usually 5-7 strategic initiatives that

Key Strategic Planning Concepts for Boards

- ***Board members will never know everything.*** Board members will never know everything they'd like to know to be totally confident in every decision they make, but they don't need to know everything to make wise choices about the future.
- ***Strategic planning must be flexible.*** The rapid pace of change in health care means that what organizations know today is different from what they'll know tomorrow. The strategic plan must be adaptable when new information arises.
- ***Strategies are supported by strategic initiatives.*** In today's uncertain environment, hospitals may find it beneficial to limit the total number of strategies to less than five. Underneath each strategy, there may be 5-7 strategic initiatives.
- ***Strategies and initiatives should be prioritized.*** Some strategies are more important than others, and the board should identify that.
- ***Strategic plans must be measurable and monitored.*** Strategies should have specific objectives and metrics tied to them that track progress in achievement. Boards should review progress and performance at least quarterly. Most boards review progress on a monthly basis.
- ***The plan must be communicated throughout the organization.*** The strategic plan is an opportunity to inspire the medical staff, employees and volunteers and help each to realize the vital role they play.
- ***The board focuses on strategic thinking and management implements the plan.*** The board should govern and lead the strategic plan, not manage it. The board does not need to be involved in the details of strategic plan implementation.
- ***Ongoing board engagement allows for course changes.*** Strategic planning is not a straight line. Boards must engage in strategic discussions at every board meeting to determine if modifications should be made.

define how the strategy will be achieved. Each strategic initiative includes measurable goals/objectives, timelines and accountable leaders. While the high-level strategies are determined by the board and leadership team at the retreat, typically the strategic initiatives are developed by the leadership team and managers within the hospital. Often these initiatives are reviewed and discussed with the Strategic Planning Committee and brought to the full board for approval once they are finalized.

Prioritizing Strategies. Some strategies are more important than other strategies. One way to prioritize strategies is to mark them as "high," "medium," or "low." Strategic initiatives can also be prioritized, marking each initiative as "critical," "important," or "less important."

Letting Management Implement the Plan

It is important for the board to know that its primary strategic responsibilities include:

- Conducting and reviewing a thorough internal and external environmental assessment
- Assessing the mission, vision and values
- Identifying strengths, weaknesses, opportunities and threats
- Developing strategies with measurable objectives
- Monitoring progress and being a leader and motivator for strategic success

Once the strategies and objectives are set, the management team can go to work on developing action steps, communicating the plan throughout the organization, and ensuring that everything is in place for a successful strategic implementation.

The board does not need to be involved in the details of granular initiatives, objectives and implementation. When it does, it ceases to play a governing role and instead plays a management role, blurring the lines between these two critical elements.

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Ensure Everyone's On Board

Strategic plans often fail because the board does not make strategic planning a high priority. Once the board has established a compelling mission and vision and identified a sound strategic plan, trustees must ensure the plan and its importance are communicated by management throughout the organization.

An inability to inspire a sense of strategic partnership and accountability across an organization can undermine strategic success. Each person in the hospital, whether employee, medical staff or volunteer, must see their linkage to the plan and realize their value in achieving the organization's strategic initiatives.

The board ensures that executive management carries out an effective plan of communication, motivation and inspiration that filters throughout the enterprise. For example, the housekeeping staff must recognize the valuable contribution of their work in preventing infection or falls and improving patient safety.

The Role of the Strategic Planning Committee

Most boards have a designated Strategic Planning Committee that assists the board with strategic planning oversight. Typical responsibilities include:

- **Oversight of the strategic planning process**, including gathering of background information to inform strategic thinking
- **Review and consultation on action plans** developed by the administration to implement the strategic plan
- **Monitoring strategic progress**, including performance in measurable targets
- **Making recommendations** to the full board for changes in strategic direction and plans

Monitoring Progress

A good strategic plan is measurable. The board needs to know continually and precisely how well the hospital is progressing in achieving its stated strategies and objectives. The way to accomplish that is through a robust set of "key performance indicators" or "vital signs" that tell the board if potential strategic gaps are developing.

Well-designed vital signs have several specific attributes. They are:

- Few in number
- Strategically significant
- Quantifiable and "trendable"
- Time-specific
- Consistently reported and used to determine and close strategic gaps

An accountable, mission and vision-focused board will review strategic performance and progress at least quarterly, and most will review progress indicators on a monthly basis.

No one indicator by itself can tell a complete story. In fact, a single indicator may be misleading if not examined in relation to others. Taken together, key performance indicators reveal much about what's happening in an organization. This is where board insight and perspective become pivotal to strategic success.

Changing Course When Necessary

Strategic planning is a continual process of real-time responsiveness to change, rather than an endpoint. The board should not engage in management-level thinking, but it is responsible for the design and ultimate success of the strategic plan.

Boards cannot stand back reactively waiting to see what will unfold. Instead, boards must continually engage in strategic dialogue and determine if new information and ideas change the organization's course.

Monitoring progress is the first step in making sure the strategic plan is on track. Each time boards review vital signs or key performance indicators, there is an opportunity to ask what has changed since the strategic plan was created.

Honing skills in scenario thinking and developing "dependent" strategies can also contribute to the board's readiness to respond nimbly in the face of change.

New information, data, perspectives, and ideas should feed the board's strategic discussions at every meeting and generate a constant stream of strategic development opportunities.

Reviewing Your Strategic Plan

- Did our plan begin with a comprehensive gathering of stakeholder viewpoints and an environmental assessment?
- Did we together review and affirm or update the mission, vision and values?
- Does our plan build on our organization's strengths and correct or minimize weaknesses?
- Does the plan prioritize strategies and strategic initiatives?
- Are measurable objectives tied to each component of the strategic plan?
- Does the plan appropriately balance risk and return?
- Is the timing of our plan realistic?
- Do we have ready access to the resources required to achieve the plan?
- Is the plan widely communicated throughout the organization, and can the plan be understood by everyone who must relate to it?
- Is our organizational structure compatible with the objectives of the plan?
- Does the strategic plan support the image our hospital wants to convey, both internally and externally?
- Does our hospital have the leadership capacity to sustain the plan over time?
- Is there a process in place to review metrics and make adjustments to the plan?

LEADERSHIP PERSPECTIVES

Workforce Shortages: The Board's Role in Planning for the Future

Workforce challenges continue to plague America's health care system, but the shortages are not evenly balanced. Rural areas face more significant shortages when compared to urban settings, and some states and regions have higher shortages in specific professions. It is the board's job to understand the challenges unique to the communities the hospital serves and prioritize strategies for long-term success.

Workforce and financial challenges have been the top issues for hospitals and health systems for years. In the most recent American College of Healthcare Executives' (ACHE) annual survey, workforce and financial challenges tied as the most important issues facing hospital CEOs. The tie in priorities highlights the tension hospitals face as they balance the two simultaneously.

Workforce Challenges are Shaped by Multiple Factors

Increased Financial Pressure. The equal weighting given to workforce and financial challenges means hospitals have fewer resources to dedicate to addressing workforce needs and redesigning care systems. From 2021 to 2023, inflation increased by more than twice the growth in Medicare reimbursement for inpatient care.[1] In addition to reimbursement shortfalls, hospitals are facing high interest rates, rising drug prices, increased supply costs and increased labor expenses.

Changes in Health Insurance. As the health insurance marketplace becomes increasingly dominated by a handful of insurance companies, those companies have a greater influence. This includes some providing medical services directly to patients, and the shift in Medicare Advantage (MA) plans. MA plans have limitations and different rules for what is covered, which adds an additional reimbursement burden for hospitals.[1]

Provider Burnout. In Medscape's most recent National Burnout and Depression Report, half of physicians report feeling burned out and 20 percent are experiencing depression. The good news is that 2024 rates declined slightly when compared to 2023. The primary causes for burnout include:[2]

- Professional stress
- Work-related bureaucratic tasks
- Spending too many hours at work
- Lack of respect from administrators, employers and co-workers

While this report was specific to physicians, burnout applies to all providers and reports show higher rates for women. When caregivers are burned out, it impacts patient care (including patient safety and provider empathy) as well as provider personal health and employee turnover.

An Aging Population. According to the U.S. Census Bureau, from 1920 to 2020 the U.S. population over age 65 grew five times faster than the total population. In 2024, baby boomers comprised 18 percent of the total population.[3]

Since the boomer generation began turning 65 in 2011, there has been a growing strain placed on Medicare, Medicaid and workforce resources. The American Hospital Association (AHA) estimates that the number of health care workers per senior will decline from four per senior in 2012 to 2.9 per senior in 2030.[1]

Growth in Non-Traditional Care Settings. Demand for caregivers in outpatient settings is rising as health care continues to shift away from traditional inpatient care. In the next ten years, experts do predict some growth in the traditional locations of emergency departments, inpatient care and physician offices, but a decline in care at skilled nursing facilities and retail clinics.[1]

In contrast, larger growth is projected in:[1]

- Home-based care
- Outpatient care, including ambulatory surgery centers, cardiovascular and neurology services

In addition, tech companies like Apple, Alphabet (Google's parent company), Amazon, Meta and Microsoft are becoming increasingly involved in health care. Some started with online pharmacies and telemedicine, but the reach has grown even further to home health screening and medical surveillance, electronic health records and more.[4]

Current and Future Projected Shortages

Shortages Vary Significantly by Location. One of the challenges with current and projected shortages is geographical distribution. The Health Resources and Services Administration (HRSA) estimates that the majority of physician demand will be met in metro areas by 2037, with only a 10 percent shortage. In contrast, non-metro areas are predicted to experience a 60 percent shortage.[6]

The disparity in shortages are similar for nurses, oral health occupations, primary care physicians and OB-GYNs.[6] When rural communities experience shortages of providers, facilities may be forced to close or reduce services. For example, from 2010 to 2022 obstetric services reduced by eight percent in rural areas.[1]

Non-Physician Providers are Important. Overall projections for primary care providers is promising because primary care is expected to rely on non-physician providers practicing at the top of their license, such as nurse practitioners and physician assistants.[5]

Direct Care Workers are the Fastest Growing Positions. Direct care workers who assist older adults such as personal care aids, home health aids and nursing assistants are experiencing the fastest growth as the population continues to age. Demand for these positions is expected to grow significantly, accounting for one of every six new jobs in 2032. These are positions that already hold high vacancy rates today.[5]

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Behavioral Health Shortfalls Loom Large. The behavioral health workforce is already experiencing substantial shortfalls. In 2023 it was estimated that less than 24 percent of people who needed substance use treatment received care, and half of adults with mental illness did not receive mental health treatment. In 2036, HRSA projects significant shortages in all behavioral health occupations.[5]

It is important to note that behavioral health needs are often filled by primary care providers, an area already facing significant strains in rural areas.[5]

Factors Contributing to Workforce Challenges

- ✓ Increased financial pressure
- ✓ Changes in health insurance
- ✓ Provider burnout
- ✓ An aging population
- ✓ Growth in non-traditional care settings

Technology Can Aid in Relief

The vast majority (nearly 90 percent) of health care workers use artificial intelligence (AI) in some way.[1] Technology can increase efficiency, improve workplace culture and retention, strengthen quality of care, and create new opportunities for care delivery and personalized treatment. Some examples include:

- Voice recognition and language processing programs that draft clinical documentation by listening to patient conversations
- Technology that helps streamline staffing needs and optimize patient flows
- Predictive models that forecast the risk of a disease progressing, sepsis or readmissions

While AI holds great potential, it can also bring new obstacles, including implementation challenges, errors and introducing new biases.

Actions for Boards

The board sets the strategy and tone for addressing workforce shortages, from the workplace culture to setting specific workforce strategies and goals.

Questions for Boards

- Does our board understand current and future workforce needs and shortages?
- What is our long-term strategy for addressing workforce challenges and balancing workforce needs with financial pressures?
- What technology should the board be exploring?
- Does our current culture encourage employee engagement and value employee input?
- What partnerships or programs should we be pursuing to prepare the workforce pipeline for future needs?

Prioritize Workplace Culture. Retaining existing employees and recruiting future talent requires a culture where employees are engaged and feel valued. This includes getting regular employee feedback and taking action based on the feedback. It also involves encouraging employee collaboration, providing ongoing educational opportunities and career advancement, taking action to prevent workplace violence and offering employee wellness and support programs. A focus on "just culture" and encouraging error reporting for the sake of systemic improvement is another critical piece of workplace culture.

Offer Flexibility. When possible, offer flexible hours and remote work opportunities. Employee feedback is essential to understand the flexibility that is most important to each hospital's community and workforce.

Ensure Organizational Transparency. Transparent organizations strengthen employee engagement and empowerment, allowing employees to make suggestions, share information, and see results based on the feedback provided. They communicate high-level strategies, involve employees in the implementation and provide regular updates about progress in achieving objectives.

Embrace Technology. Each organization and community has a unique level of implementation and reliance on technology. While it won't look the same at every hospital or health system, technology has the potential to improve the patient care experience and reduce employee workload. To be successful, a careful analysis must be conducted to determine the best solutions to implement with heavy involvement from clinicians and employees at all levels of the organization.

Partner with Others. Strengthening the pipeline requires training new talent and finding creative ways to distribute caregivers across urban and rural settings. Some hospitals are providing training programs for high demand roles, partnering with schools and community organizations to build up health career pathways, working with existing academic programs to give students hands-on experience, and partnering with other organizations or facilities to share labor costs and reopen closed units.[1]

Ensure Providers Practice at the Top of their License. Seek opportunities for providers to practice at the top of their license, shifting from physician-centric care to team-based models that combine physicians with registered nurses, nurse practitioners, physician assistants, and others.

Assess Changes in Care Delivery. How hospital care is provided is shifting, which brings opportunities to more efficiently utilize the existing workforce. Some examples include strengthened care coordination, changes in clinical workflows to minimize delays and hospital-at-home programs. Virtual nursing is rapidly growing and may play a significant role in many of these areas.

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