

# QUICK-HITTING SURVEY CHIEF LEGAL OFFICERS

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## Executive Summary

### Methodology

In September 2018, The Health Management Academy conducted a quick-hitting survey of Leading Health Systems to understand the role of legal executives and the function and composition of legal departments in health systems. The 11 responding legal executives represent health systems with an average Net Patient Revenue of \$3.6 billion that own or operate 134 hospitals with almost 27,000 beds and approximately 1.3 million admissions annually.

### Key Findings

- All responding health systems have a legal department with a senior Legal Executive who reports to the Chief Executive Officer (CEO) in some capacity.
- Most (73%) legal departments have existed at their health systems for more than 5 years and have an average of 22 FTEs, 11 employed lawyers, and 9 employees who report directly to the legal executive.
- The strategic priorities most shared by Leading Health System legal executives for the next year include increasing the role of the legal executive within the organization (64%), improving compliance and reducing risk (55%), spending, cost, market considerations (36%), and educating staff on compliance literacy (27%).

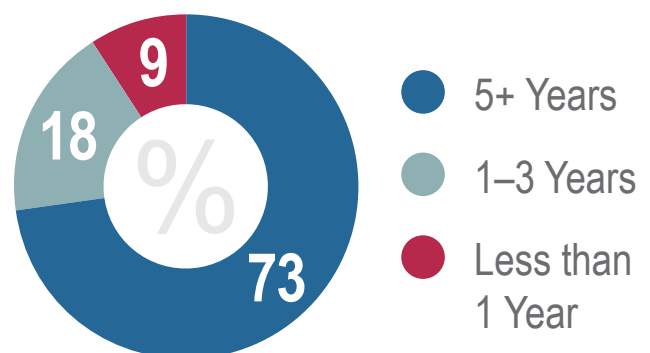
## Results

### Legal Executive Organizational Chart and History

The legal executive role has existed in its current state for more than five years among 73% of health systems. The legal executive role has existed for 1 – 3 years at 18% of health systems and less than one year at 9% of health systems (Figure 1).

The legal executive position has largely similar titles across different organizations, with the most common title being General Counsel (73%). The position was also inclusive of titles such as Senior Vice President (SVP), General Counsel and Executive Vice President (EVP), Chief Legal Officer, and EVP and Chief Legal Officer. One legal executive has the title Chief Legal Officer & General Counsel. All (100%) of these positions report to the CEO.

FIGURE 1. HOW LONG HAS THE ROLE EXISTED IN ITS CURRENT FORM AT YOUR HEALTH SYSTEM?



### Legal Executive Responsibilities and Reports

Legal executives take an active role among Board and budgetary operations within their health systems. Most (82%) legal executives are entirely responsible for budgetary allocations within the legal department. 9% of respondents share a partial role in budgetary matters; these executives manage the budget, but also require board approval through the corporate process. Another 9% of respondents have responsibility for the budget, excluding legal functions under the purview of HR and IS.

While all legal executives have a role in Board operations, the formality and structure of the role varies. A majority (55%) of legal executives have a secretary role in Board operations. Additionally, legal executives may act as counsel or a legal advisor to the Board, be involved in agenda preparation, and/or attend and present at Board meetings.

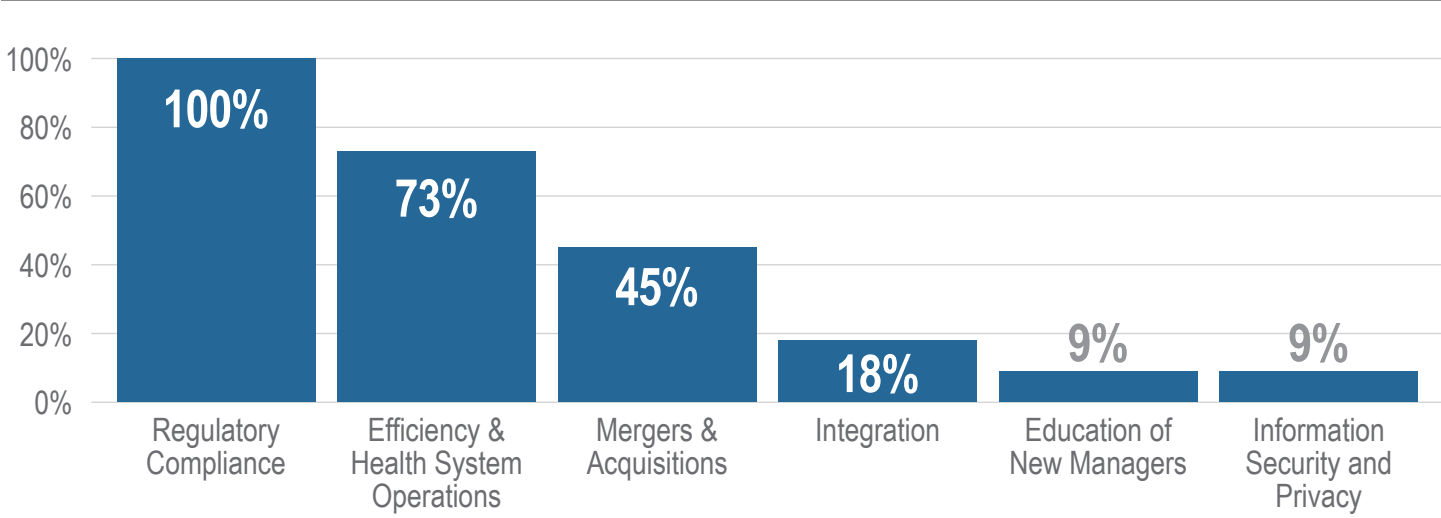
Legal executives have several functions under their purview, most commonly compliance management (64%) and government relations (27%). Additional functions that may report to the legal executive include human resources, privacy and internal auditing, insurance and worker’s compensation, facilities and real estate, and advocacy and policies.

The 11 legal executives surveyed report an average of 22 FTEs and 11 employed lawyers among their legal departments. The legal executive has, on average, 9 employees who report directly to him or her.

### Challenges and Strategic Priorities

Legal executives overwhelmingly agree (100%) that regulatory compliance is a top challenge in their role, followed by efficiency and health system operations (73%) and mergers and acquisition oversight (45%) (Figure 2). Additional challenges include integration (18%), education of new managers (9%) and information security and privacy (9%).

FIGURE 2. WHAT ARE THE TOP CHALLENGES FOR THE LEGAL EXECUTIVE ROLE? CHECK ALL THAT APPLY.



The top strategic priorities of Leading Health System legal departments can be sorted as increasing the organizational role of the legal department/integration with the Board (64%), risk compliance (55%), spending/cost/market considerations (36%), educating staff on compliance literacy (27%), contract negotiation (18%), expanding the legal team (18%), and Information Security (18%).

Responses that were classified as integration with the Board included “partnering with new CEO on organizational changes,” and “serve effectively as part of the senior management team on legal as well as business and strategic matters” among other responses highlighting a desire for more organizational clout and partnership with governance. Spending and cost considerations encompassed responses such as “monitor and attend to highest dollar liabilities of organization” and “cost savings” and other such concerns.