Is Your Community Hospital Board Effective?

Best Practices for Improving Hospital Board Performance
ABSTRACT

The ever-shifting healthcare landscape is growing more and more tumultuous. Declining reimbursement rates, stringent regulatory requirements, and the transition from volume to value-based care are but a few of the pressures on hospitals. Facing one upheaval after another, hospital boards are being held to a higher standard—and rightfully so—as they carry out their responsibility to chart a course for the future.

This higher bar is a positive development because, at top performance, hospital boards not only ensure quality of care, patient safety, and financial stability, but they also cultivate the community’s trust and ongoing commitment to the hospital.

This white paper will enable hospital boards to keep raising the bar by providing best practices for improving governance as well as emerging trends to track in these rapidly changing times.

INTRODUCTION

Being a board member is not easy, but a hospital simply cannot be effective without a strong board. A strong board sees itself not as a group of individuals but as an entity. Members put organizational and board interests ahead of their own. They know a shared vision lights the path to success, and collaboration and teamwork can clear the obstacles.

Strengthening cohesion and improving efficacy are possible for all boards, from the highly effective to the historically dysfunctional, through the implementation of best practices in seven areas:

1. Roles and responsibilities
2. Board governance
3. Board self-evaluation
4. Communication
5. Board meetings
6. Recruitment and succession
7. Orientation and education
Clarifying Roles and Responsibilities

Blurring the lines between governance and management is a common cause of board dysfunction. It’s critical that board members stick to their role as strategists and leave management and operations to hospital leadership. In addition, while an effective board chair builds a strong working relationship with the hospital CEO, that can’t stand in the way of the board’s objectively evaluating CEO performance. Clarifying the board’s as well as the board chair’s specific roles and responsibilities helps prevent overstepping.

Take Action

- Develop a written job description for the board chair defining the role, the position’s parameters, and specific responsibilities.
- Write a board policy manual spelling out policies and processes for the board to use in carrying out its governance functions.
- Assign oversight responsibility for core functions to board committees and task forces.

“Board responsibility is deciding the right thing to do. Management responsibility is deciding the right way to do the right thing.”

~ USC Price School of Public Policy

Carrying Out the Core Board Governance Functions

| Strategic Direction | • Develop and uphold the hospital’s mission and vision.  
|                     | • Use the mission and vision to guide decision making and long-range planning. |
| Financial Performance | • Approve the hospital’s annual budget.  
|                        | • Establish long-term financial targets.  
|                        | • Ensure cost-effective use of resources and capital. |
| Quality Care | • Assess and improve quality of care and patient safety, ensuring mechanisms are in place to identify patient care problems.  
|             | • Establish sound credentialing policies and appoint qualified medical staff. |
| Executive Performance | • Set performance targets and measurements, and hold hospital leadership accountable.  
|                     | • Select and evaluate the hospital CEO.  
|                     | • Engage in succession planning. |
| Stakeholder Connection | • Bring community concerns and needs to the hospital.  
|                        | • Advocate for the hospital out in the community. |
| Board Structure and Performance | • Implement board orientation and continuing education.  
|                          | • Conduct formal board self-assessments.  
|                          | • Organize highly focused committees and task forces. |
Conducting Board Self-evaluations

An effective hospital board strives for continuous improvement, building on formal self-assessments conducted at least every two or three years. The board should also evaluate its chair. These assessments provide the basis for reappointment decisions.

Take Action

- Conduct chair evaluations six months to a year before term expiration so the board has time to find a successor in the event the board chair position is vacated.
- Identify specific performance improvement areas and objectives for a reappointed chair and the board as a whole.

Communicating Clearly and Consistently

“Value-based care requires organizations to democratize access to actionable insights by driving information through the entire enterprise,” according to HealthITAnalytics.com.

Example: A real-time dashboard or scorecard populated with key metrics is a great way to provide a board with meaningful information about hospital performance, from financial to quality indicators, and more.

A hospital’s board plays a powerful role in how the community perceives the hospital and acts as a communication conduit between the two. Often, board members are called upon to speak on behalf of the hospital. To show transparency, it is sometimes important and appropriate for a board chair or member to address the community through a letter to the editor, public speaking engagement or some other outreach initiative.

Take Action

- Provide board members with key “talking points” to ensure they speak with one voice and provide consistent messaging.
- Create multiple communication touchpoints (intranet, newsletters, social media).
Holding Meetings that Matter
The key to successful meetings is a chair who keeps the proceedings on track. Prepared board members also keep things moving along. To ensure that board members are adequately prepared, they must receive information well in advance of the meeting including the agenda and topic reports.

TREND REPORT
Many organizations now use “consent agendas” to save time. A consent agenda is a board meeting practice that groups routine, procedural and noncontroversial board action items apart from the rest of the agenda for the board to approve all at once, without discussion or individual motions.

Five Tips to Maximize Board Meeting Efficiency

01. Send out board packets at least one week before meetings.

02. Move information items off the agenda for board members to read on their own.

03. Focus face-to-face time on three to five major issues that require voting.

04. Build informal discussion time into board meetings.

05. State the hospital’s mission at the start of each meeting (or print it at the top of the agenda) so all discussion relates to it and decisions are made in accordance with it.
Recruiting the Right Board Members

Traditionally, hospital boards have been composed of community and business leaders skilled in finance, investment, fundraising, marketing and other key areas. Ideally, boards are diverse in terms of race, ethnicity, age and gender. When it comes to recruiting new trustees, conventional wisdom holds that it’s harder for small and rural hospitals to avoid potential conflict-of-interest issues because they have a smaller pool of potential candidates. For them, succession planning is especially important.

Take Action

- Keep a running list of potential board members.
- Consider prospective recruits from nearby towns for new perspective.

Five Steps to Proactive Hospital Board Recruitment

1. Audit your board’s collective skill set as well as the skills and attributes it will need in the future.
2. Identify current and anticipated gaps in the board’s skill set and composition. Look at expertise, experience, community involvement, age, race, gender and board tenure.
3. Develop selection criteria and a pool of prospective board members who meet them.
4. Develop a succession plan that anticipates when board changes are due to occur as well as prepares for unexpected vacancies.
5. Nurture board talent by providing orientation, continuing education and peer support.

“The best boards think about succession well in advance, approaching it by viewing the entire ‘chessboard’ rather than via one-off recruitments. They recognize that board recruitment should be a proactive, not reactive, process, and must identify the experience and skills a new member needs in order to help the organization deliver on its strategy.”

~ Korn Ferry Institute

TREND REPORT

Information technology skills and merger-and-acquisition experience are in-demand qualifications for prospective hospital board members as organizations position themselves for growth and competitive advantage.
Providing Board Orientation and Education

Every hospital board should have a structured orientation program that familiarizes new members with the organization and the issues it faces; the board’s structure and functions; and the expectations of board members individually and as a group. Orientation should include meetings with key stakeholders, including the CEO and CFO, and a facility tour.

Take Action

Ask new board members to evaluate the orientation process six months later to gauge its usefulness and applicability.

Educational materials provided to new board members should bring them up to speed in four areas.

<table>
<thead>
<tr>
<th>Organizational Information</th>
<th>The hospital’s history</th>
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<tbody>
<tr>
<td></td>
<td>Its mission, vision and values</td>
</tr>
<tr>
<td></td>
<td>Its strategic plan</td>
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<tr>
<td></td>
<td>Its organizational chart</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Board Information</th>
<th>Job descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The board’s fiduciary duties and functions</td>
</tr>
<tr>
<td></td>
<td>Conflict of interest avoidance</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Policies and Procedures</th>
<th>Board bylaws</th>
</tr>
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<td></td>
<td>Board policy manual</td>
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</tbody>
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<tr>
<th>Industry Information</th>
<th>Overview of the healthcare environment</th>
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<td></td>
<td>Glossary of key healthcare terms and industry acronyms</td>
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CONCLUSION

A strong governing board secures a hospital’s mission and its standing in the community. With research published in the journal *Social Science & Medicine* showing increased attention being paid to board effectiveness and oversight, it behooves all hospital boards to strive to achieve governance excellence. Honest self-evaluation and adoption of governance best practices helps boards to keep getting better—not just to withstand scrutiny but to prevail against ongoing challenges in the healthcare industry.

Community Hospital Board Advisory Services

CHC Consulting offers Hospital Board Advisory services to improve board performance—and, ultimately, hospital performance—by equipping boards to navigate the current and future healthcare landscape. The process starts with a planning session to assess the current situation and help the board explore a variety of improvement strategies and organizational structure options.

Board advisory services may also address the hospital’s operations, revenue cycle and growth strategies.

Take the Next Step

- Contact David Domingue, Senior Vice President of Business Development at ddomingue@communityhospitalcorp.com or (972) 943-6400.

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