

Fidelity Medical Center  
2019 Governance  
Practices and Performance  
Assessment Results



governWell™  
Better governance. Better healthcare.

## Congratulations...

**Y**our board has taken a critical step in demonstrating your commitment to improving your board's performance, and ultimately improving your organization's ability to successfully achieve its mission and vision. Your board's leadership is essential to organizational success, and your undertaking of this process demonstrates your commitment to ensuring the committed, accountable high-level leadership expected by your community, employees, clinical leaders, lawmakers, regulators and other constituents.

A successful board assessment enables your board to identify "governance gaps," areas in which your board has the greatest potential for improvement. Thanks to your completion of this board assessment, these opportunities have already been identified. You'll find them throughout the report in graphs and comments, and you'll also find a section at the end of this report entitled "Recommendations for Governance Gain."

It's important to remember that conducting the board assessment is just the first step in improving your governing leadership performance. The key to success of the full process is not simply the measurement of board viewpoints, but instead the actions you take as a result of careful examination of board viewpoints. We hope this summary report will be a catalyst to engage your board members in a wide-ranging, outcomes-focused discussion that highlights opportunities for board discussion and improvement.

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# Overview

In January 2019, the Fidelity Medical Center (Fidelity) Board of Directors assessed the board's overall governing practices and performance; measure board members' views about the governance culture; gave board members an opportunity to rate their personal contribution to governance success; and identified issues and priorities for the future. The assessment was conducted by governWell™.

## How the Governance Practices and Performance Assessment Was Conducted

The governance practices and performance assessment was conducted through an online survey. Nine board members completed the assessment.

Board members rated the board's overall performance in eight leadership areas, including:

- Mission, Values and Vision
- Strategic Leadership
- Quality and Patient Safety
- Financial Leadership
- Relationship with the CEO
- Community Relationships
- Board Roles, Responsibilities and Knowledge
- Board Meetings

Board members rated 73 total criteria in these board responsibility areas. Each criterion used the same five point rating scale, with "Level 5" representing a board performing at the highest level, and "Level 1" representing a poorly performing board.

In addition, board members rated their perceptions of the board's culture and their satisfaction with their personal governing contribution.

Finally, board members provided insights about the issues they believe should occupy the board's time and attention in the next year; their highest priorities for the board in the next year; the most critical board actions to ensure the organization is successful in achieving its goals; and actions they believe the board should undertake or cease.

## Reviewing the Governance Practices and Performance Assessment Results

Each section of the board assessment results includes an overview of the board's ratings, graphical results of the assessment, and board member comments about performance in the area. Mean (average) scores for each statement were calculated, with a maximum score of five. No points were assigned to "not sure" ratings.

The top of each section overview includes an *Effectiveness Performance Factor*, the overall mean rating for the section divided by the maximum of five. An *Effectiveness Performance Factor* of 100% would represent Level 5 ratings for each criterion.

## Rating Methodology

The following scale was used to evaluate the board's overall governing performance:

- Level 5: I *strongly agree* with this statement
- Level 4: I *generally agree* with this statement
- Level 3: I *somewhat agree* with this statement
- Level 2: I *mostly disagree* with this statement
- Level 1: I *completely disagree* with this statement
- NS: Not sure

The board's governance culture was rated on a five-point scale from "5: Always exhibit" to "1: Do not exhibit."

The following scale was used to evaluate board members' personal governing contribution:

- Level 5: I *always* demonstrate this as a part of my directorship
- Level 4: I *usually* demonstrate this as a part of my directorship
- Level 3: I *often* demonstrate this as a part of my directorship
- Level 2: I *inconsistently* demonstrate this as a part of my directorship
- Level 1: I *never* demonstrate this as a part of my directorship.

# Assessment of Overall Governing Performance

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# Summary of Assessment Results

**B**oard members rated Fidelity Medical Center’s overall governing performance positively; however, they also perceive room for improvement in various areas.

Figure 1 (below) depicts the percentage of Level 5—Level 1 ratings for the eight leadership areas.

A significant majority (85.5 percent) of the ratings indicate that board members either “Strongly Agree” or “Generally Agree” with the statements about the board’s performance. The majority of the remaining responses reflect “Somewhat Agreement” with the statements.

Figure 2 (page 7) depicts the overall mean scores for each of the eight governing leadership areas measured in the governance practices and performance assessment.

The mean scores were determined by tabulating the number of ratings (the number of 5, 4, etc.) in each leadership area, and calculating an overall category mean score using the same five point scale used for individual statements.

The area between the outermost line and the colored line depicts the governance “performance gap,” the areas with the greatest opportunities for leadership improvement.

## Issues and Priorities

The board identified issues they believe should occupy the board’s time and attention in the next year; priorities and issues for the coming year; the most critical board actions to ensure the organization is

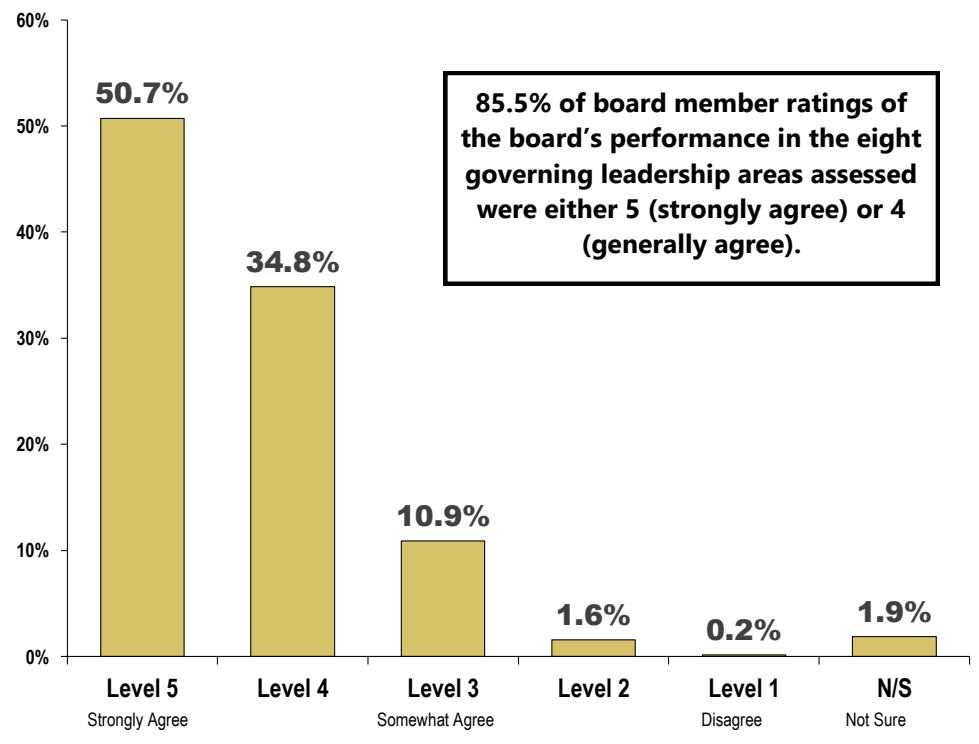
successful in achieving its goals; and any actions they believe the board should either undertake or cease.

Board members’ verbatim responses are displayed in the report’s “Issues and Priorities” section on page 32.

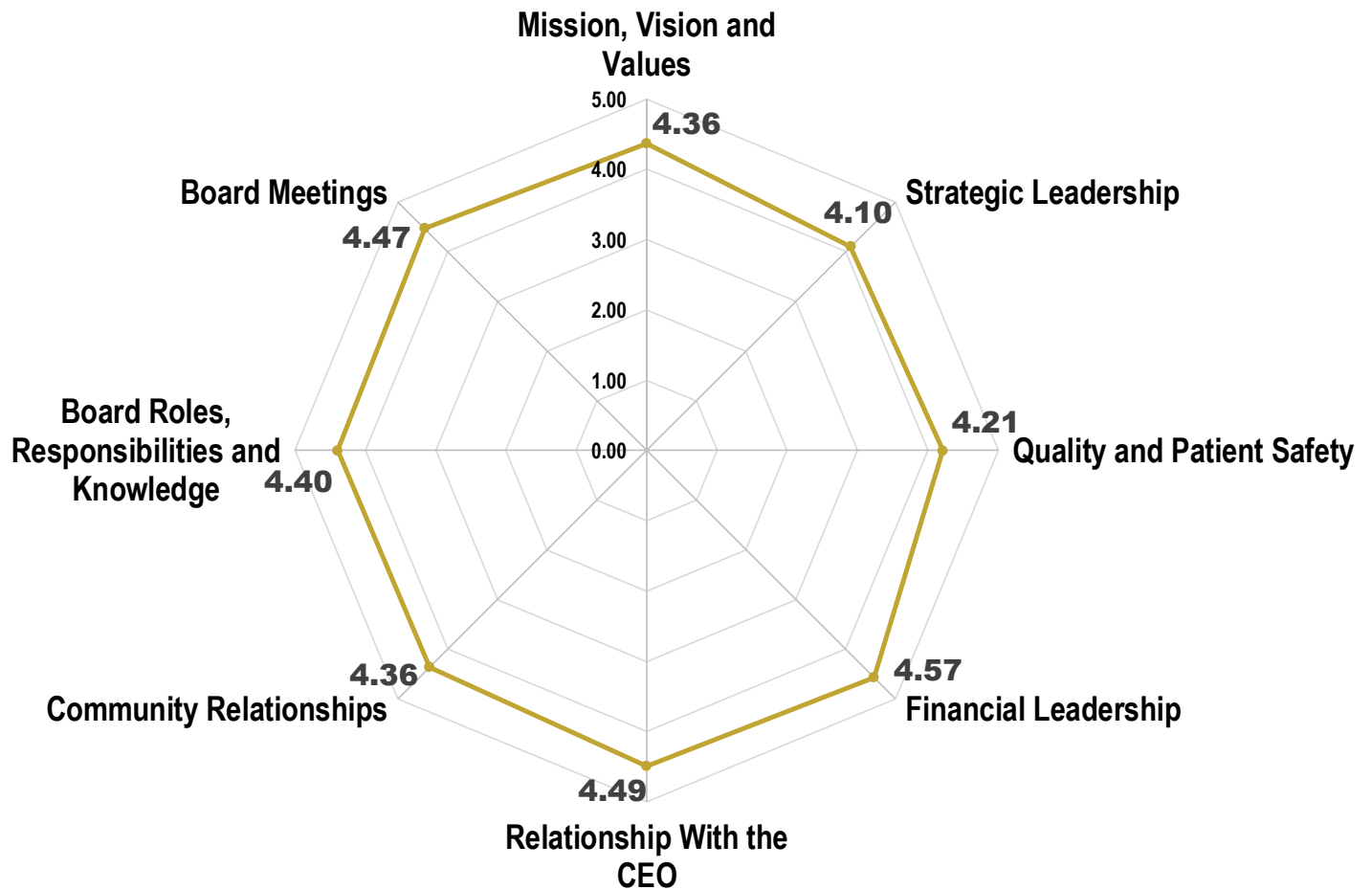
The board identified the following as issues that should occupy the board’s time and attention in the next year:

- Changing reimbursement and its impact on financial stability;
- The federal health care environment and impact of changes to the ACA;
- Improving community partnerships; and
- Increasing focus on quality and patient safety.

**Figure 1: Overall Satisfaction With Governing Performance**



**Figure 2:** Board Performance Overview: Leadership Gaps



The board identified the following as their highest priorities for the board in the next year:

- Staying informed of current trends and changes in the health care environment;
- Strengthening board member engagement and strategic thinking; and
- Increasing focus on quality and patient safety.

The board identified the following as the most critical board actions to ensure the organization successfully achieves its goals:

- Improving relationships within and outside the hospital;

- Ensuring the board is highly knowledgeable about current trends to make evidence-based decisions;
- Regularly measuring and discussing goals, ensuring they are most current to the hospital’s needs with adequate resources in place;
- Increasing and maintaining ongoing board education; and
- A greater emphasis on strategic thinking.

The board identified the following as actions the board should either stop or start doing:

- Create more time on agendas for deeper discussions on quality and health issues facing the community.

## Highest Rated Areas

The higher-rated leadership responsibilities are listed below in order from highest to lowest mean score. They are also identified in the graphs throughout this report with a green "H" and an up arrow.

- I understand my fiduciary responsibility of obedience, care and loyalty to the organization (5.00)
- Our board ensures an annual audit and thoroughly discusses all audit recommendations (5.00)
- Our board approves targets for important measures of financial and operating performance (5.00)
- Our board devotes time for important discussions by utilizing a consent agenda covering the routine actions that require approval (4.89)
- Our board's role and responsibilities are clearly defined in writing (4.89)
- Our board annually evaluates and compensates our CEO using pre-defined expectations tied to achievement of our mission and strategic objectives (4.89)
- Our organization has a meaningful, board-approved mission that explains our core purpose (4.89)
- Progress on financial performance measures are discussed at board meetings least quarterly (4.88)
- Our organization has a board-approved vision that defines the future we are striving to achieve (4.88)

## Lower Rated Areas

The lower-rated leadership responsibilities are listed below in order from lowest to highest mean score. They are also identified in the graphs throughout this report with a red "L" and a down arrow. *It is important to note that lower rated does not necessarily or always mean low rated. As indicated earlier, board member ratings throughout the self-assessment were largely positive.*

- Our board focuses the majority of its time on strategic thinking and leadership rather than strategic plans and operational decision making (3.56)
- We explore critical strategic questions and/or engage in board dialogue that challenges conventional thinking (3.67)
- Our mission and vision drive decision making at board meetings (3.78)
- We have a good understanding of the implications of the rapidly changing health care environment (3.78)
- Our board utilizes board members as community "ambassadors" to communicate with our community on important health care issues (3.78)
- Our board education broadens board members' perspectives about the challenges our organization will face in the future (3.88)
- Our mission and vision drive organizational strategies, objectives and action plans (3.89)
- We understand critical issues and trends impacting our organization (3.89)
- New information, new ideas and new knowledge drive our strategic assumptions (3.89)
- Our board uses financial performance reports to modify assumptions and shift resources, as necessary (3.89)
- Our board discussion and decisions focus on the areas most critical to our organization's success (3.89)



Effectiveness Performance Factor

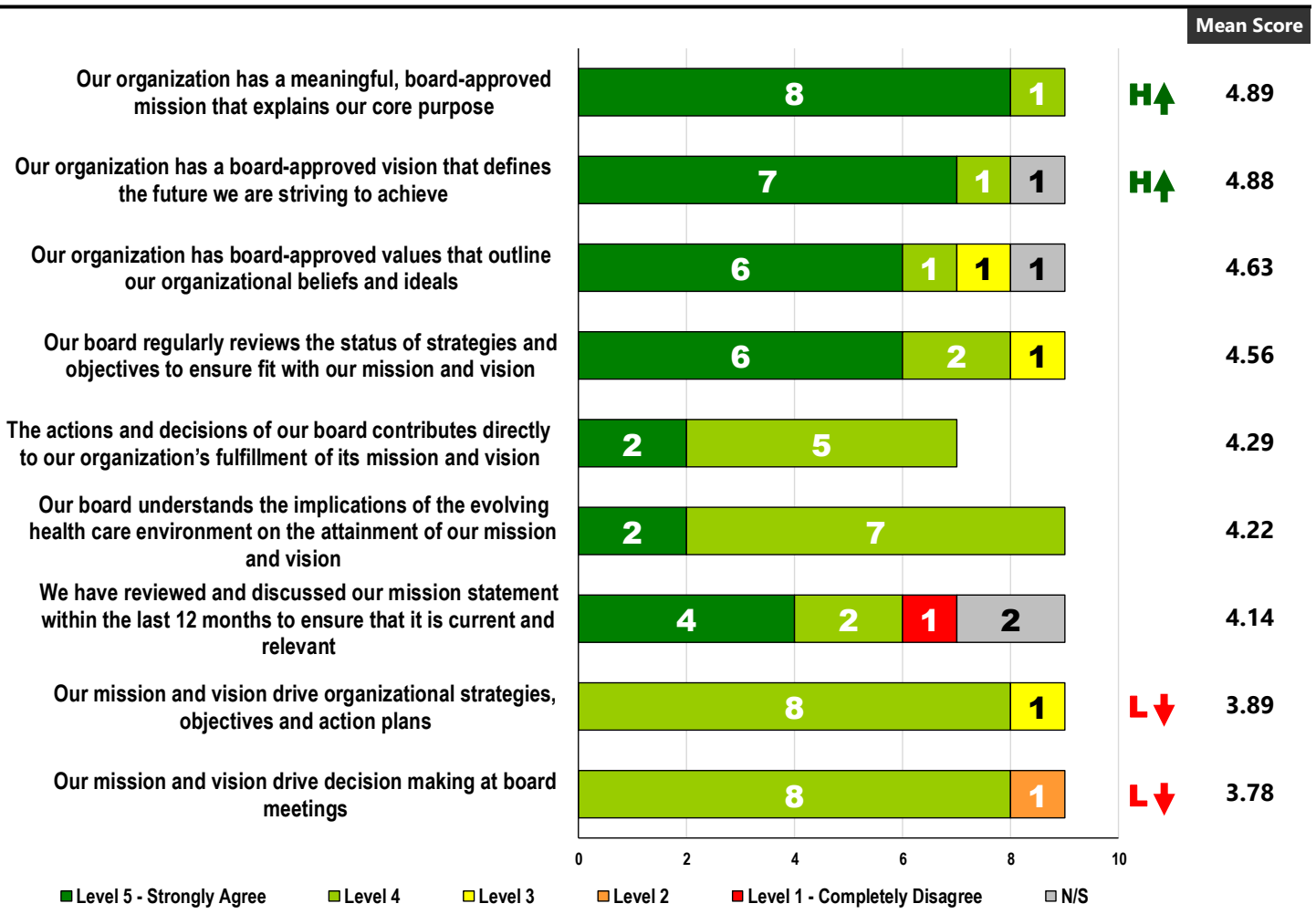
87%

The board's rating of its performance in this area (overall mean score ÷ 5)

# Mission, Values and Vision

Fidelity Medical Center board members rated their agreement with governing performance in nine leadership areas relating to the mission, values and vision (see Figure 3).

**Figure 3:** Mission, Values and Vision (sorted by highest to lowest mean score)



## Board Member Comments

- Not sure our board has or adheres to clear values. Our mission is clear, but we could make it a little more prominent in board discussions. There is always room for improvement in learning more about the impact of current trends and issues on our organization - there is so much to learn.
- We have a clear mission and vision, but may need to revamp our values or find ways to further promote them throughout the organization. There are board members who do not uphold our mission with their conflicts of interest, and we lack a strong focus on quality.
- We have not formally reviewed our mission statement recently to ensure that it's relevant to today's environment and the needs of our patients and community. Our mission and vision should be at the center of our board discussions. We do not connect the actions we take with either of these two important statements. Everything we do and talk about should in some way connect with our mission and vision, especially our strategies and objectives. We do not adequately link these together.
- We have a good mission statement, but we have not reviewed it for several years. Much has changed in health care over that time - maybe it's time for a mission refreshment? Also, our long range vision needs another look, too.
- We have been doing great so far in upholding our mission, vision and values. However, with the many changes in health care rules and regulations, we may need to consider updating them to evolve with the changing environment.
- We could focus more on our mission at board meetings - are our discussions really focused around our mission and how to best fulfill it? I'm not sure...
- While we do have a clear mission and vision, I'm not sure it always drives strategies. We need more focus on quality and patient safety, that should be at the heart of everything we do.
- I'm unsure what a "vision" is. I know what our mission is, but I don't think we've talked about a vision, at least during the brief time I've been a board member. Also, same comment regarding "values."

Effectiveness Performance Factor

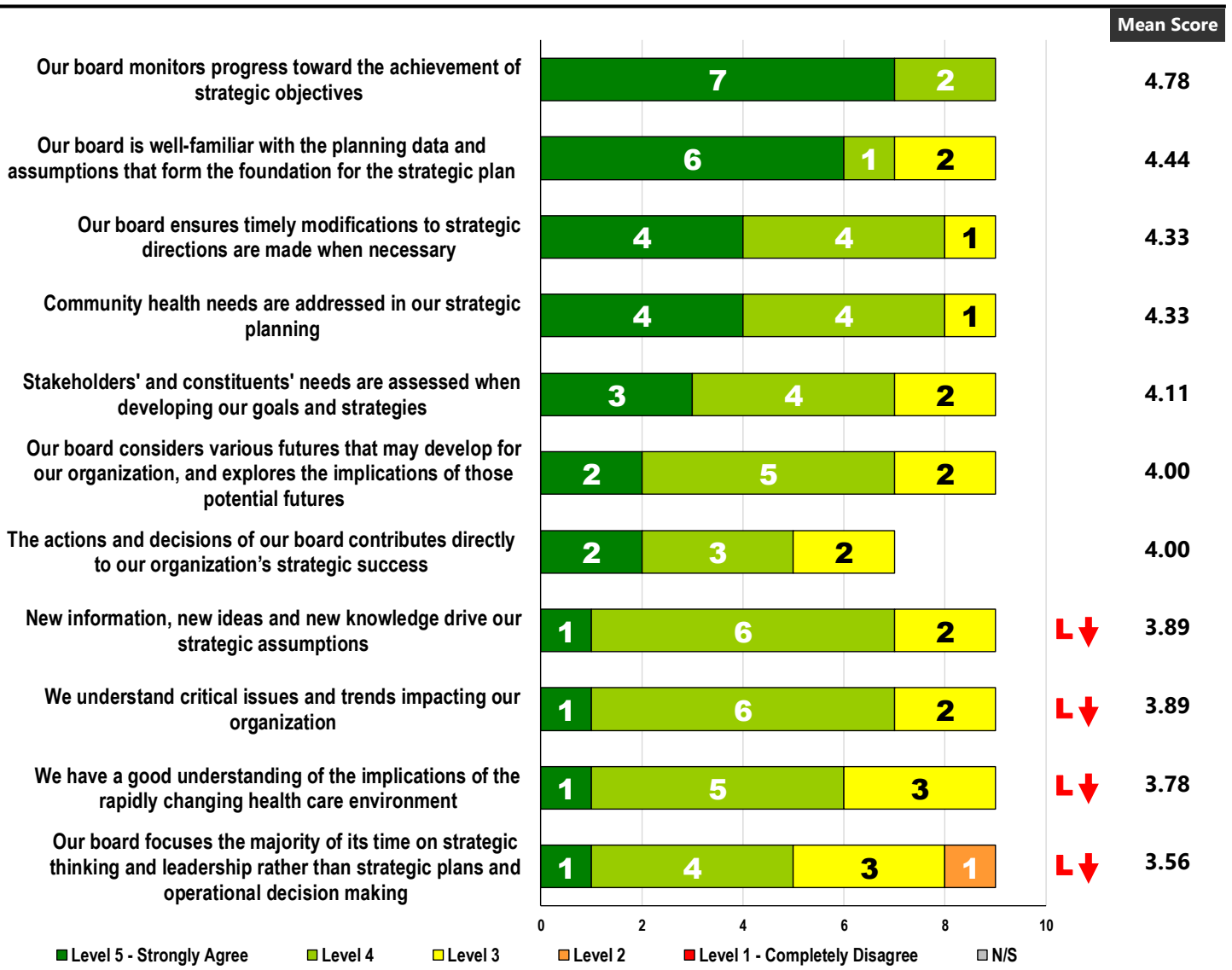
82%

The board's rating of its performance in this area (overall mean score ÷ 5)

# Strategic Leadership

Fidelity Medical Center board members rated their agreement with governing performance in 11 leadership areas relating to the organization's strategic direction (see Figure 4).

**Figure 4: Strategic Leadership**  
(sorted by highest to lowest mean score)



## Board Member Comments

- We could use additional education about current issues and how they impact the board. Do we understand enough about the current environment to be forward-thinking? Are we best preparing the organization for the uncertain future we know we are facing in today's environment? With so much uncertainty maybe we are doing all we can do, but maybe we aren't. We need to be sure we aren't missing anything.
- The health care landscape is very fluid, more so than at any time since I've been on the board. We would benefit from a better grasp of the macro changes that occurring (or are likely to occur), and their potential impact on us. We should spend more time focused on strategy. Too much of our time is spent on topics that aren't truly relevant to our long-term needs and success.
- Most of the work around assumptions and strategies is done in the Strategic Planning Committee. The board receives recommendations from the committee, but is not fully informed about the rationale behind those recommendations. Other than at our annual board retreat we don't spend adequate time exploring new developments, new trends, new ideas, etc. that may shape a different way of thinking about our strategies. Things are moving fast in health care, and we need to continually plan in "real time."
- Overall, I believe we need to do a much better job of understanding the changes occurring (or that may occur) in health care, and how they may affect our organization.
- I'm not sure if our discussions focus the majority on strategic thinking. We have a tendency to get focused on operational details.
- We don't spend adequate time discussing our strategies (e.g. challenging our assumptions, exploring new ideas, etc.).
- We don't focus enough of our time on strategic thinking.
- We need to increase the communication of our strategic objectives to employees.
- We need to include greater input from our medical staff and the community when developing goals and strategies. Perhaps inviting physicians, nursing staff or prominent members of the community to board meetings to share their needs and concerns will greatly contribute to our strategic planning process.
- We need to spend more time focusing on quality. More physician input should be sought out before making strategic decisions.
- The board needs to spend more of its time focusing on quality improvement.

Effectiveness Performance Factor

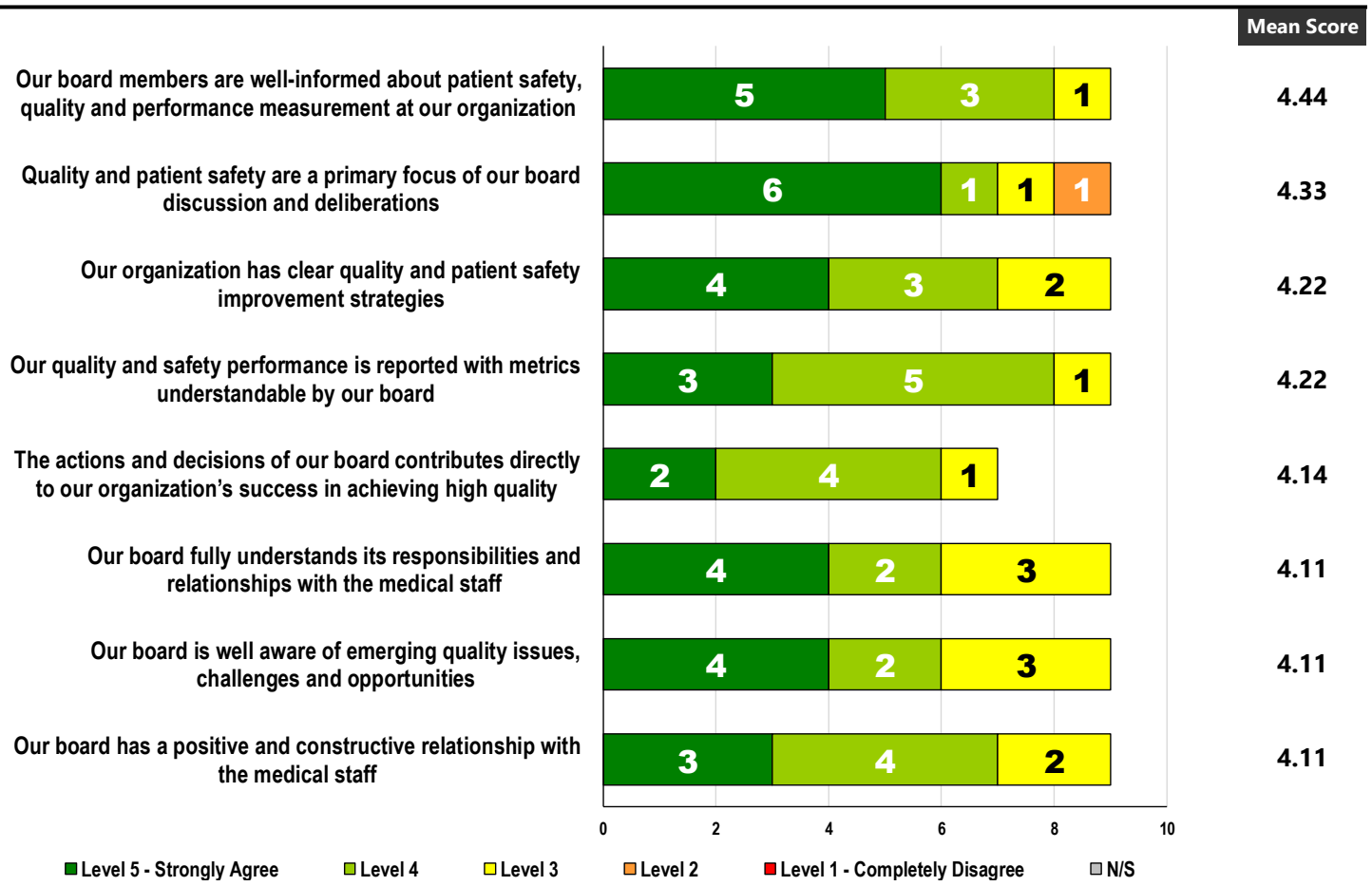
84%

The board's rating of its performance in this area (overall mean score ÷ 5)

# Quality and Patient Safety

Fidelity Medical Center board members rated their agreement with governing performance in eight leadership areas relating to quality and patient safety (see Figure 5).

**Figure 5:** Quality and Patient Safety (sorted by highest to lowest mean score)



## Board Member Comments

- We have a lot of work to do in this area. We do not focus ENOUGH on quality at board meetings. The board doesn't have the knowledge about quality and patient safety that it needs. Physicians aren't consulted enough. We need more expertise on quality on the board, or more experts brought into board meetings so the board can understand how important this issue is. Nothing should be more important than quality.
- Quality and patient safety need more focus at the board level. We don't spend enough time discussing it and ensuring our objectives are being met by the employees. We need more input and collaboration with physicians and nurses, and determine how we can improve our relationship with them so objectives are better met.
- The board receives monthly reports from the CMO on quality and patient safety indicators and trends, but it's too heavy on terms and acronyms some board members probably don't understand. It's also presently very rapidly, with little time to absorb what the CNO is telling us. There are rarely any questions by board members. Our medical staff is governed by its own bylaws. We're responsible for medical staff credentialing and privileging, but the details of these processes are somewhat opaque to us. We could use a good orientation about how these processes work, and our overall role with our medical staff.
- We review many measurements of quality and patient safety, but there is little board discussion about what the trends in these metrics mean. We should devote more time to better understanding why the various metrics are trending up or down, and what we should do as a result.
- We have strategies for quality and patient safety improvement, but are they the right strategies? What evidence do we have that our focus is in the right areas?
- Quality improvement is one of our top priorities. However, we could benefit by including physician or nursing staff in board discussion and decision making regarding quality improvement initiatives.
- Quality and patient safety is our number one concern, and we have performed well in this area of governance.
- We spend a lot of time focusing on quality and patient safety. I have heard of a few who are concerned about our quality, but I think it is very good.
- We perform well in this area.

Effectiveness Performance Factor

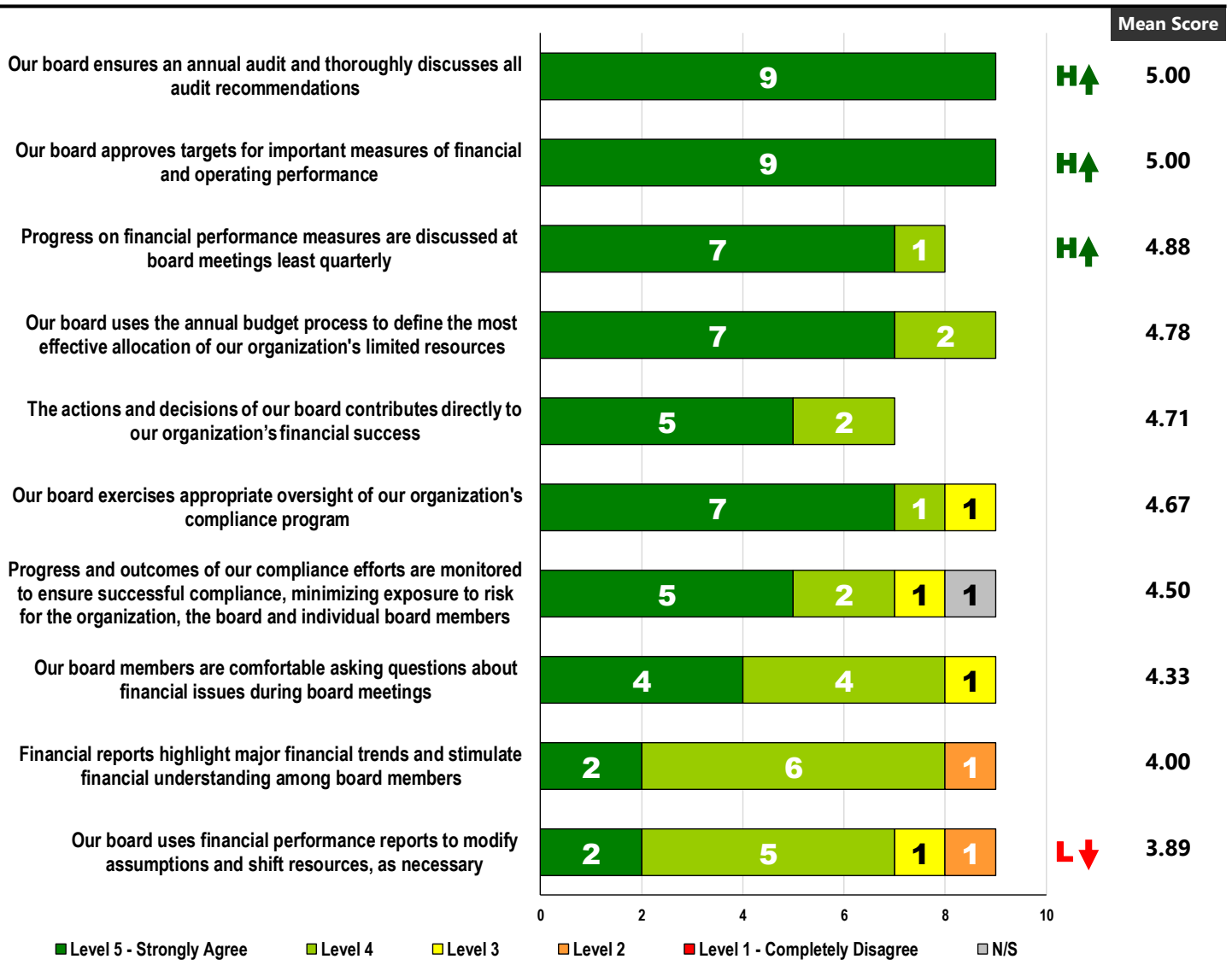
91%

The board's rating of its performance in this area (overall mean score ÷ 5)

# Financial Leadership

Fidelity Medical Center board members rated their agreement with governing performance in ten leadership areas relating to financial leadership (see Figure 6).

**Figure 6:** Financial Leadership (sorted by highest to lowest mean score)



## Board Member Comments

- As a long-term board member I'm pretty comfortable understanding our budget, balance sheet and operating results. We could, however, ensure a better understanding of the relationship between the financial ratios that are presented in our financial review. Also, newer board members need to be given a thorough orientation about health care finance as early in their tenure as possible. We should spend more time discussing the relationship between our financial results and our long-range planning assumptions. I'm unclear about how our compliance process functions. Organizational risk is a big deal, one we should be more mindful of, and discuss more often.
- Some board members are financially astute, while others are not. Every board member should have a basic understanding of health care finance so they can participate in an informed way in our financial discussions. This would be a good topic for a board education session. Our financial reports provide us with basic operating, cash flow and balance sheet information, but don't really "connect the dots" between all three. A good understanding of financial performance is knowing more than just the basics. There are many interconnected pieces we should better understand in order to adequately assess our real financial performance.
- Our board should spend more time connecting our current financial performance to our expectations for financial requirements in the future. We may be doing well now, but is our performance good enough to sustain our success into the future?
- For the most part I think we all understand the financial reports and we review them regularly.
- I believe most of the board have a good understanding of financial reports.
- Not sure what our compliance program is.



**Effectiveness Performance Factor**

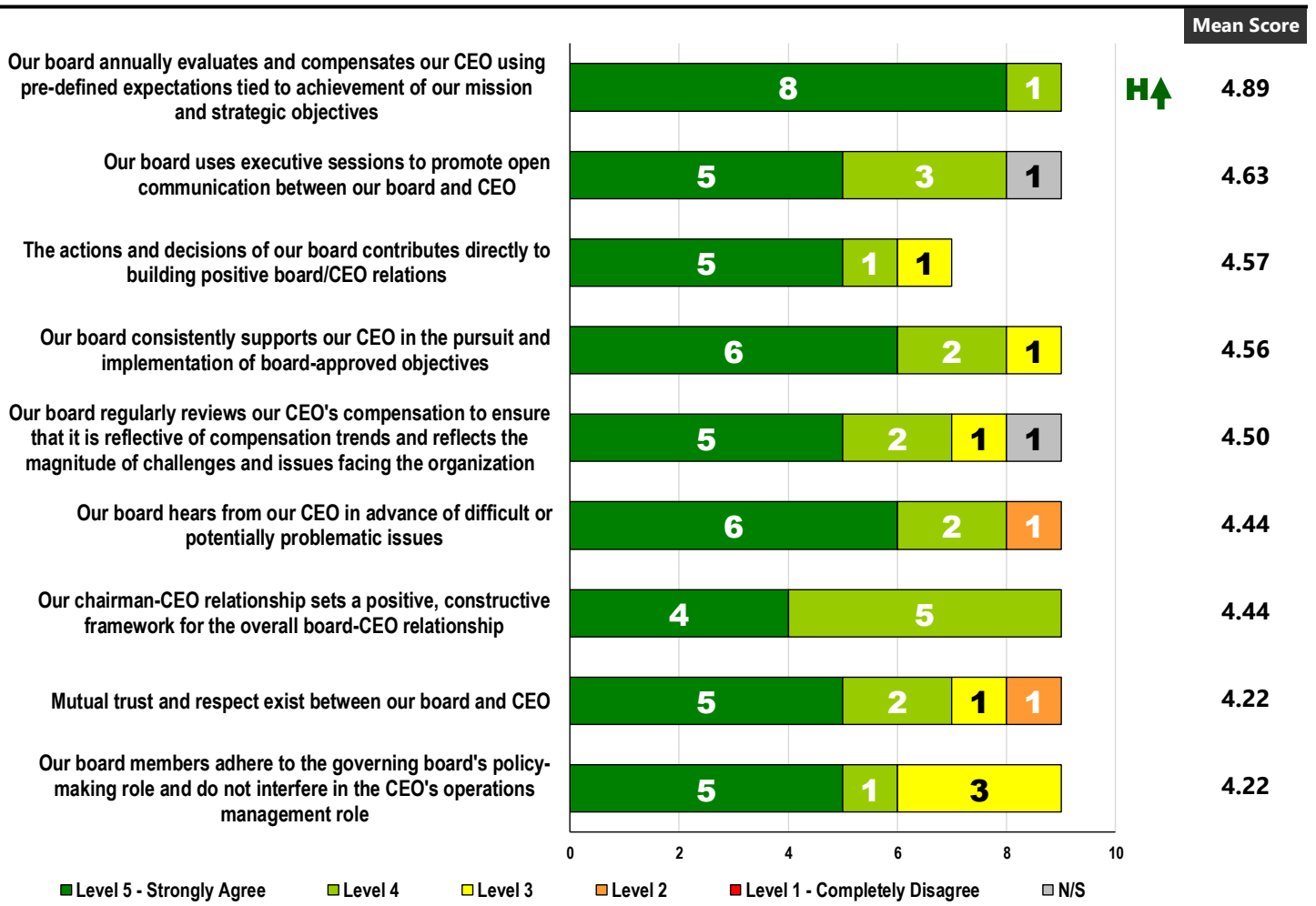
**90%**

*The board's rating of its performance in this area (overall mean score ÷ 5)*

# Relationship with the CEO

Fidelity Medical Center board members rated their agreement with governing performance in nine leadership areas relating to the board's relationship with the CEO (see Figure 7).

**Figure 7: Relationship with the CEO**  
(sorted by highest to lowest mean score)



## Board Member Comments

- I'm not sure we have a solid foundation of mutual trust between the board and CEO. Sometimes we wander into executive responsibilities, and sometimes the CEO wanders into areas I believe should be for the board. We need improved communication and a better understanding of the roles we should be focusing on. I know we review the CEO's compensation annually, but I'm not sure if we compare it to compensation trends of other organizations.
- Sometimes we may overlap with the CEO's responsibilities during our discussions. I don't know if we evaluate our CEO's compensation in relation to other organizations or not.
- Our board/CEO communication is good. While our relationship is strong, I believe sometimes we move into the CEO's responsibilities. We may need to clarify what is the board's role, and what isn't. Sometimes I'm not sure.
- Our board members and our CEO generally get along well, but we need to do more to build a stronger sense of collaboration and mutual trust. I sometimes feel as though we are only being provided with what the CEO wants us to have, not what we need to successfully carry out our governance responsibilities. We sometimes venture into management territory, and the CEO sometimes ventures into governance territory. We should specifically spell out and agree to who is responsible (and not responsible) for what in various areas of operations and governance, ensure that the board is not micromanaging, and also ensure that the CEO is not doing what we should be doing.
- We have a great relationship with our CEO. He's meeting all of the targets we've set for him, and keeps us well informed of any issues affecting the organization.
- Maintain strong relationship and great communication with our CEO.

**Effectiveness Performance Factor**

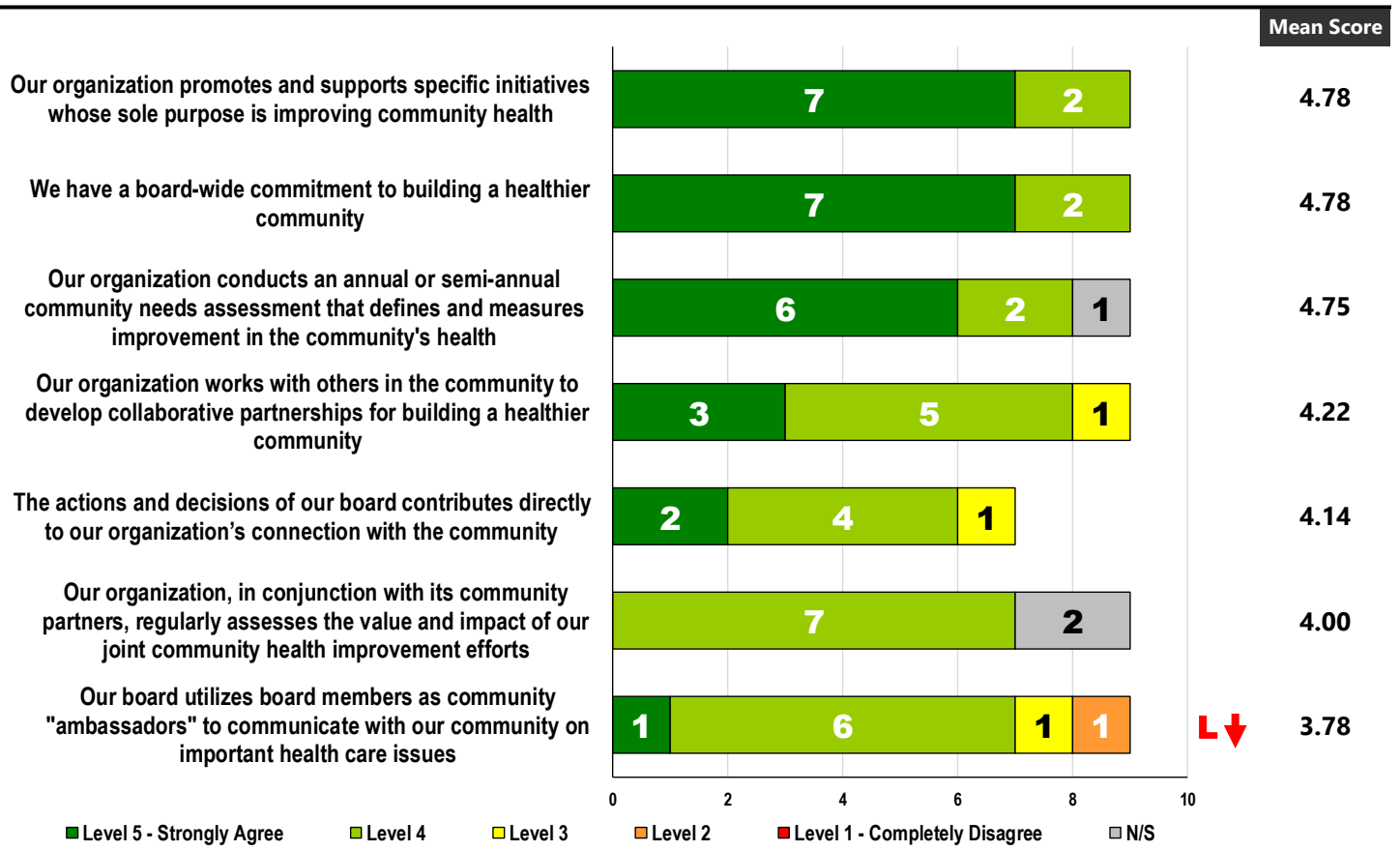
**87%**

*The board's rating of its performance in this area (overall mean score ÷ 5)*

# Community Relationships

Fidelity Medical Center board members rated their agreement with governing performance in seven leadership areas relating to the board's community relationships (*see Figure 8*).

**Figure 8:** Community Relationships  
(sorted by highest to lowest mean score)



## Board Member Comments

- We have some community partnerships, but I wonder if we could have more? That may mean releasing some "power," and I'm not sure everyone is on board with that.
- We do well in our community improvement efforts, but can always build more community partnerships.
- We can strengthen our relationships with current community partners and look for new partnerships that will help to make a bigger impact on improving community health.
- I know we work with many other community organizations to improve community health, but I have not seen any evidence of an impact statement that would tell us just how well those efforts are working. I think we could do more as board members to reach out to our community to talk with various groups about what's happening in health care, how it affect us and those we serve, and what we're doing about it. There's a lot of misinformation and misperceptions that we could help to correct.
- I believe we need to be much more aware about our various community partnerships and how we work with others to advance community health improvement. How do we work with our partners in developing community benefit activities? We should discuss whether the way we report our community benefit is widely understood (e.g. how do we disseminate the information, and do we know if it's making a difference in improving community understanding of what we do, why we do it, and why it's important?).
- I'm not sure if the results from the community needs assessment are used effectively. We need to increase or improve our methods of regularly securing community feedback on the value of our programs. We also need to improve our community partnerships, or perhaps start inviting prominent community members to our board meetings to gain input on our community health initiatives.
- We do a community needs assessment, but not I'm sure if we really assess the value of our programs and services and how well they are meeting community needs. We don't really have that many partnerships outside of our organization. Should we?
- I'm not sure the board understands that the commitment to building a healthier community requires constant vigilance in the area of quality and patient safety. We don't do enough. When it comes to improving community health, we can start with providing the best care possible within our own organization.
- As board members we are supposed to be the "connectors" with our community. While we each bring different community perspectives to board discussions, we have not been called upon to reach out in an organized way to various segments of the community for any reason. Volunteer board members can be as powerful voice on behalf of the hospital if we're used in a planned, coordinated way. This is something we should discuss.
- There is always room to improve community relations, but overall I think we do well in this area.

Effectiveness Performance Factor

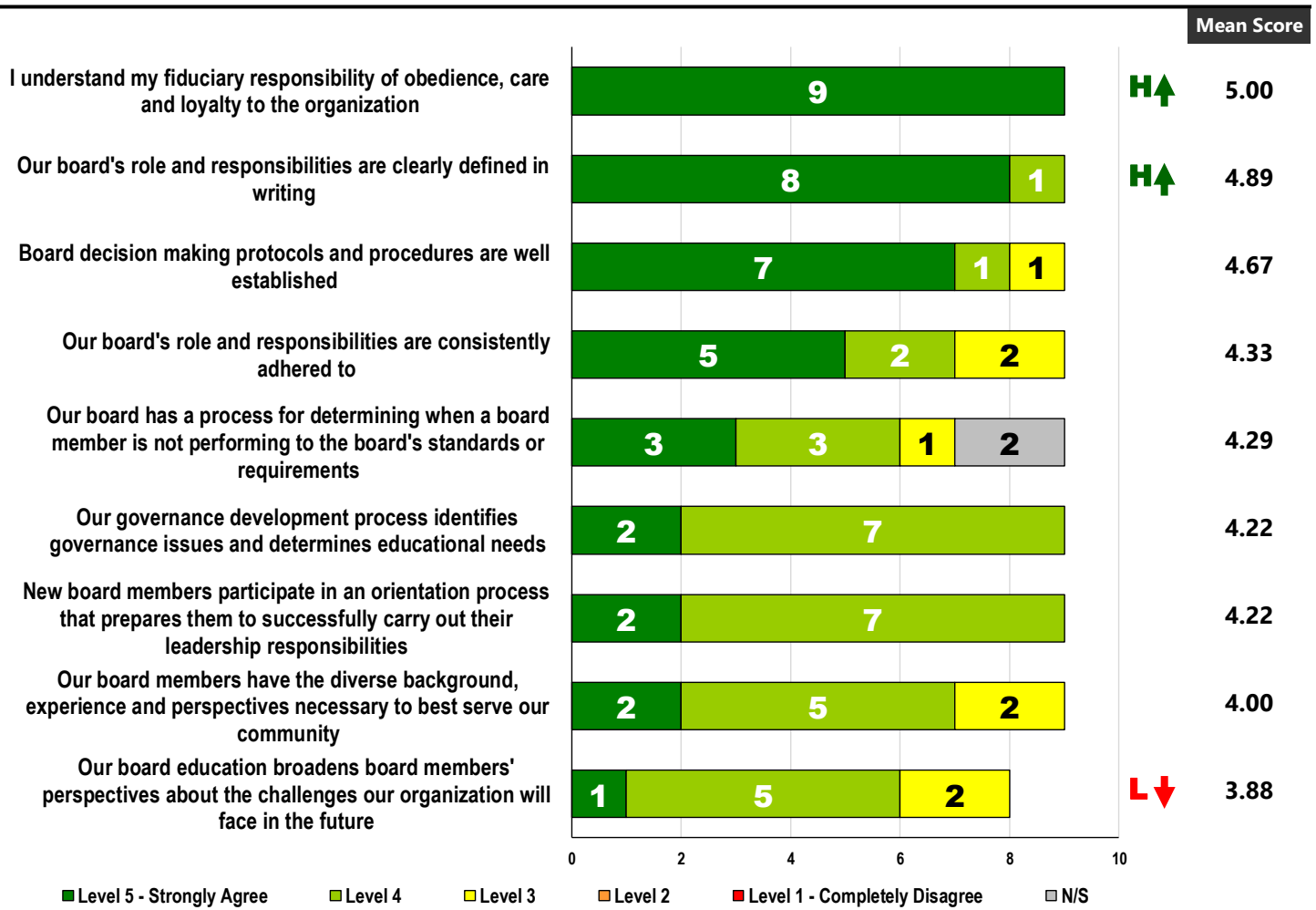
88%

The board's rating of its performance in this area (overall mean score ÷ 5)

# Board Roles, Responsibilities and Knowledge

Fidelity Medical Center board members rated their agreement with governing performance in nine leadership areas relating to the board's roles, responsibilities and knowledge (see Figure 9).

**Figure 9:** Board Roles, Responsibilities and Knowledge (sorted by highest to lowest mean score)



## Board Member Comments

- A few board members do not adhere to our conflict of interest and confidentiality policies. We shouldn't have side discussions outside of board meetings. I believe this behavior is undermining the effectiveness of our board.
- I am concerned that a few members do not have our organization's best interests in mind. We need to revisit our conflict of interest policy and possibly provide additional board education on the topic.
- We do not have a policy or process for determining if a board member is not adequately carrying out his or her responsibilities in a way that creates value for the board. Being a good board member is more than reading materials and attending board meetings. It requires board members to ask tough questions, challenge status quo thinking, and participate energetically in board and committee discussions. These requirements should be spelled out when we're thinking about potential new board members to recruit.
- To my knowledge there are no specific ways of determining whether individual board members are meeting an approved standard of performance in their individual governance.
- As far as I know, the only board member requirement we have is in our bylaws - that board members must attend at least 75% of board meetings each calendar year. However, I don't believe attendance is enough. I think we should consider creating some standards and expectations for participation and performance that go beyond simple meeting attendance. We should talk with our newest board members to find out what they think about their orientation - how well did it prepare them for their responsibilities, how do they think it could be improved?
- We could use more physician representation either on the board or as experts sharing information with the board before decisions are made.
- With upcoming board recruitment, we need to look for members with differing viewpoints that would better serve our community (such as non-physician clinicians, social workers, social medial experts, younger community leaders, someone with technology expertise, or maybe someone with experience around risk or population health).
- We need more board education about current issues and how that impacts our organization. Now more than ever we need to be informed and forward-thinking.

Effectiveness Performance Factor

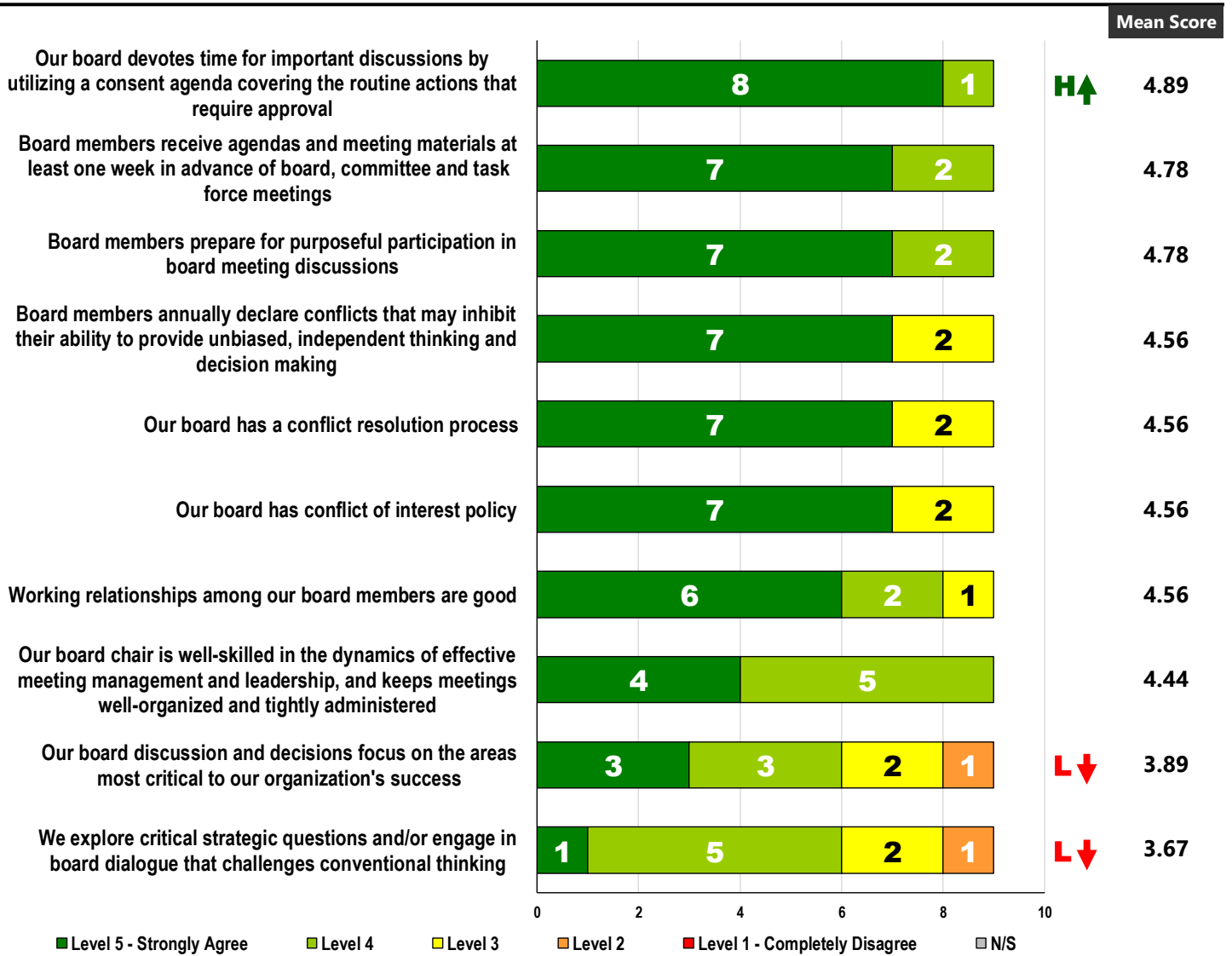
89%

The board's rating of its performance in this area (overall mean score ÷ 5)

# Board Meetings

Fidelity Medical Center board members rated their agreement with governing performance in ten leadership areas relating to board meetings (see Figure 10).

**Figure 10:** Board Meetings (sorted by highest to lowest mean score)



## Board Member Comments

- As mentioned earlier, we should devote more time to "deep dives" into critical issues or questions that are focused on a longer look down the road.
- I don't think we have enough time to adequately discuss strategic issues. We need to increase the frequency of meetings to allow time for deeper, decisive dialogue, and to include the viewpoints of physicians and community members.
- Our agendas are not always as strategy focused as they could be. We need to direct our board meeting conversation to be more strategic and high level. Some board members don't speak up enough. We may be missing out on some valuable feedback and dialogue because a few dominate the conversations.
- Our board meetings don't provide enough time to really dig into important topics. We hear a lot of reports, and receive a lot of recommendations, but there is inadequate discussion of the pros and cons of recommendations put before us for decisions. This is one of the most important roles of the board.
- The issue I already mentioned about side conversations and conflict of interest are my concerns. We have a policy but it isn't always adhered to. Because of the "offline" conversations I think working relationships among our board are not as good as they could be.
- We need to revisit our conflict of interest policy. A few board members have potential conflicts that have yet to be declared or addressed to the board. Our agendas also need a stronger focus on quality.
- Meeting agendas could focus more on quality and patient safety. Quality should be part of every agenda item, including finance, staffing, etc. I know we have a conflict of interest policy, but I'm not sure all board members declare conflicts when they come up.



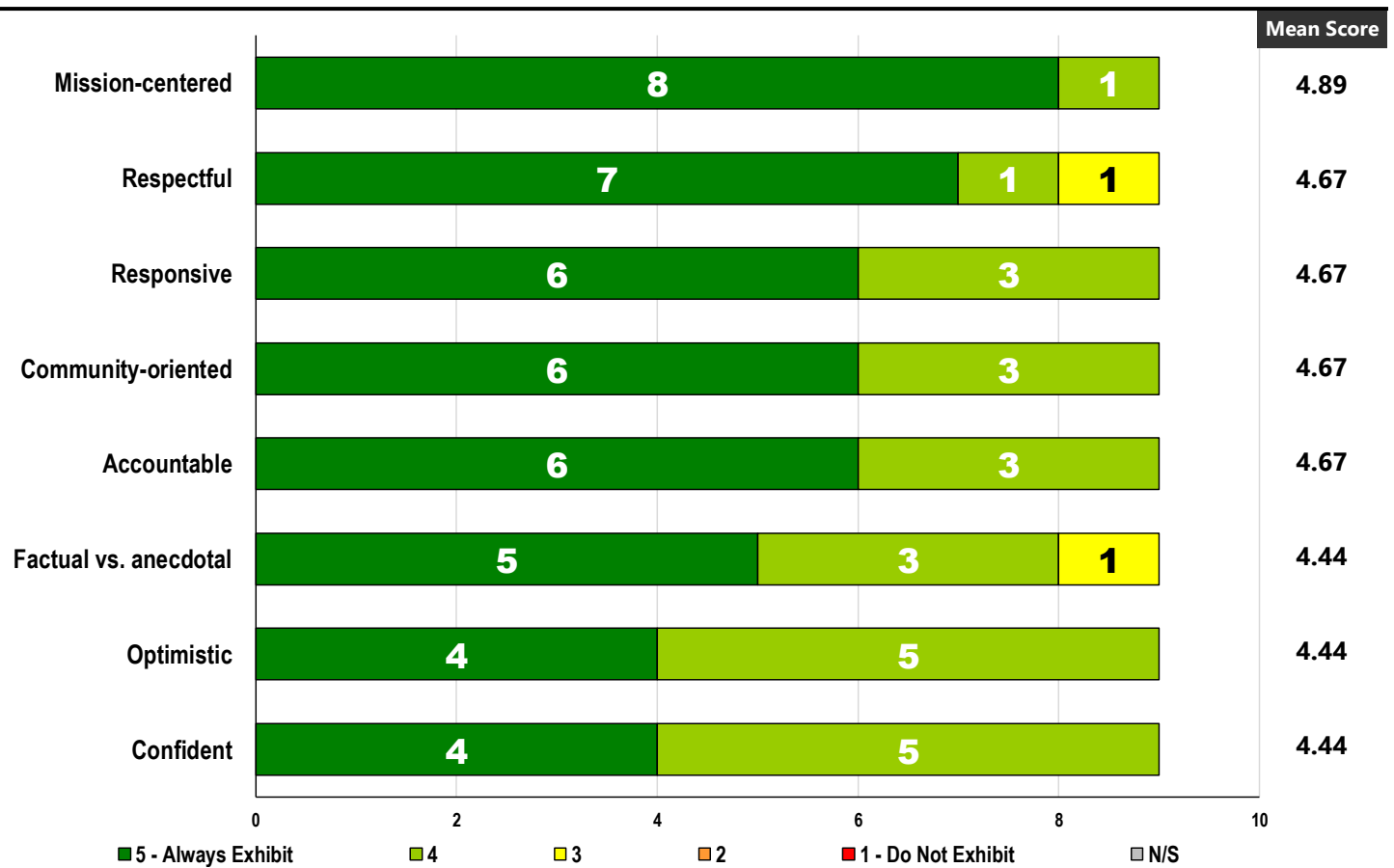
# Assessment of Governance Culture

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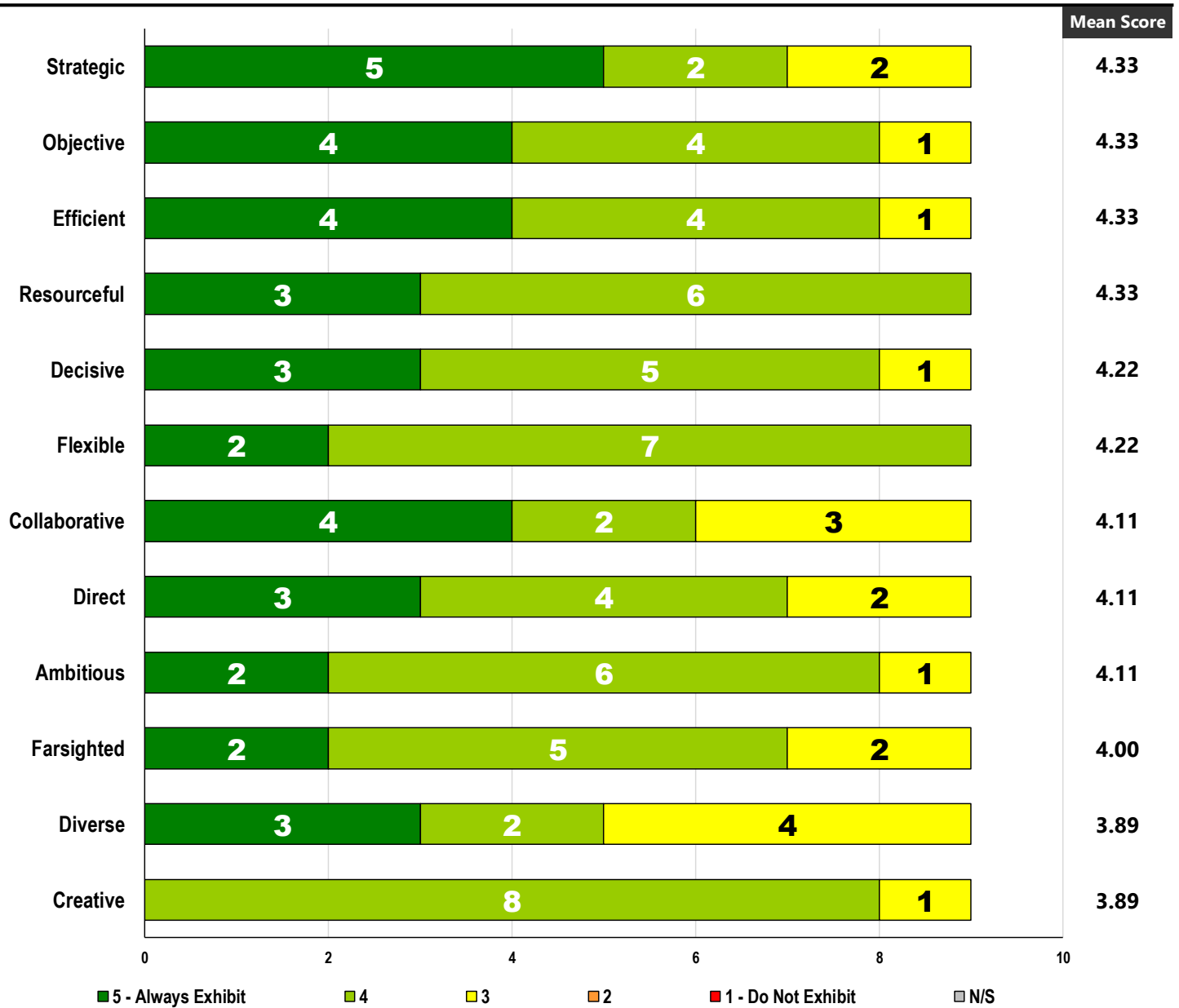
# Governance Culture

**F**idelity Medical Center board members rated how well they believe the board exhibits 20 governing leadership characteristics that comprise the organization’s governance culture and norms. The highest rated features appear below. Lower rated features appear on the following page (*see Figures 11a –11b*).

**Figure 11a:** Governance Leadership Characteristics - Highest Rated  
(sorted by highest to lowest mean score)



**Figure 11b:** Governance Leadership Characteristics - Lower Rated  
(sorted by highest to lowest mean score)



## **Other Characteristics that Describe Our Board**

- We aren't always collaborative.
- Need more physician and staff input.
- Outcomes focused.
- Hard-working.
- Loyal.
- Dedicated.
- Committed

## **Other Board Member Comments**

- We need to work on achieving greater diversity among our board members - not just gender and ethnicity, but also age (we could use some younger board members), experiences, and connections to parts of our community we too often do not encounter.
- We could use more diverse backgrounds in our board.
- We're a good board, but we're not a great board. We can be a better board with an understanding of what it means to be a purposeful, high-performance board, and a commitment to enacting the changes necessary to move from good to great.
- We could be more effective in our efforts to "look to the horizon," and identify potential challenges and opportunities in a more proactive manner.
- We need to improve our physician/nurse collaboration. We also need to improve collaboration within the board and address the conflicts of interest.
- We have a few board members I wouldn't consider to be respectful at times.

# Assessment of Personal Governing Contribution

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# Personal Performance Assessment

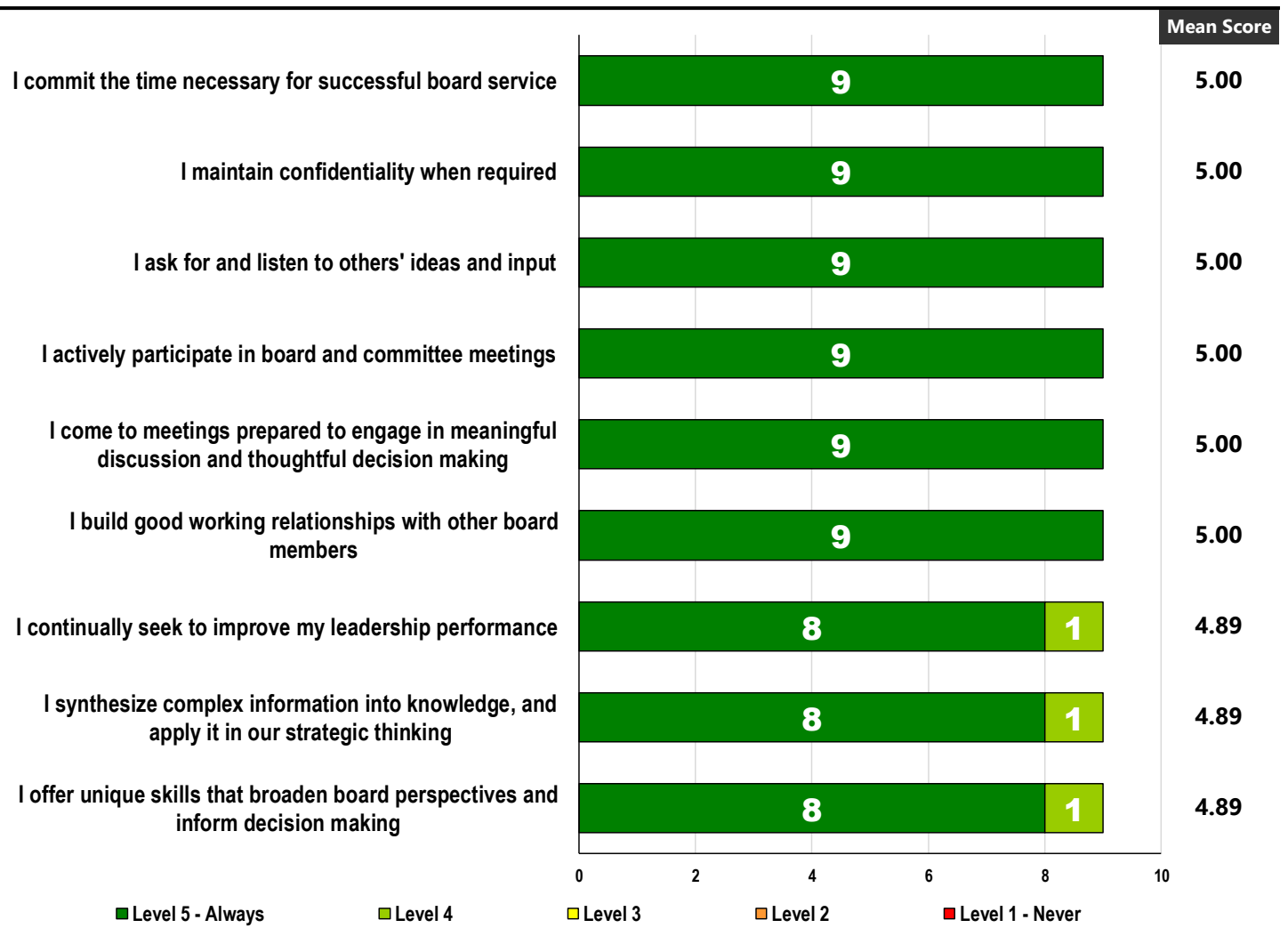
Effectiveness Performance Factor

# 96%

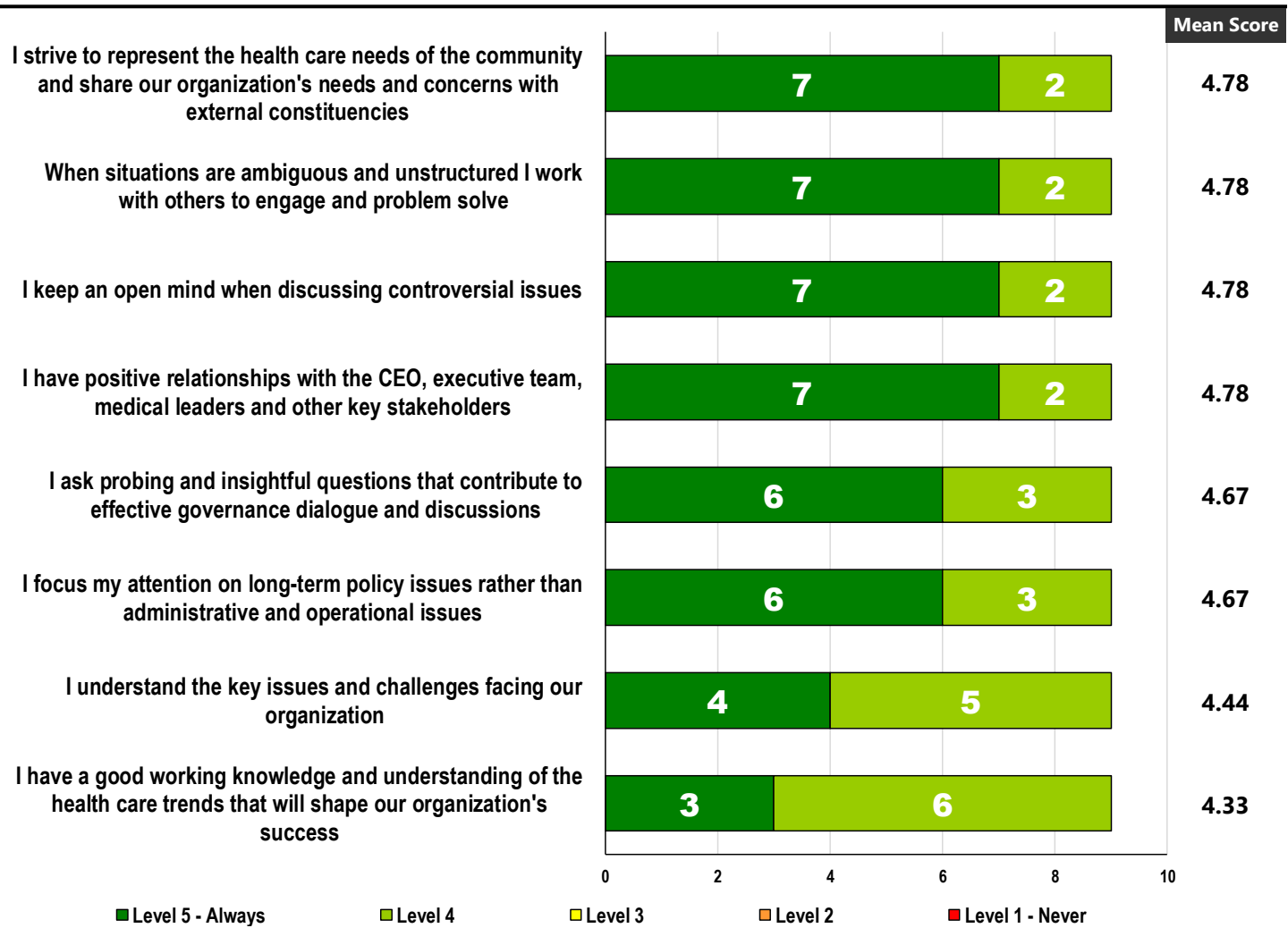
The board's rating of its performance in this area (overall mean score ÷ 5)

**F**idelity Medical Center board members rated their own personal performance as directors in 17 areas (*see Figures 12a – 12b*). The highest rated criteria appear below. Lower rated performance criteria appear on the following page.

**Figure 12a:** Personal Performance Assessment - Highest Rated (sorted by highest to lowest mean score)



**Figure 12b:** Personal Performance Assessment - Lower Rated  
(sorted by highest to lowest mean score)



### Board Member Comments

- All board members would benefit from a greater understanding of the current and emerging issues we're likely to face in the coming years, as health care finance and care delivery become even more complex.
- I think we can all benefit from a greater understanding of emerging challenges we may face, and trends that will likely affect us in the future. I think I ask good questions at board meetings, but too many of our other board members aren't as participative in discussions as I would like. We should work on ways to draw everyone out when we discuss important issues.
- I have much to learn about the health care field, health care trends, and ways to use that knowledge to expand my value as a board member.

# Issues and Priorities

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# Issues and Priorities

Board member verbatim responses to four open-ended questions about the board's issues and priorities are listed below, grouped by key theme when possible.

## Issues That Should Occupy the Board's Time and Attention in the Next Year

### *Changing Reimbursement and Its Impact on Financial Stability*

- Changes in reimbursement (2).
- Better understanding of how payment changes will potentially affect our financial performance, and thereby affect our ability to continue to achieve our mission.
- How insurance changes are impacting our patients and ultimately our bottom line.
- Decreasing reimbursement.
- Changes in Medicaid reimbursement.

### *The Federal Health Care Environment and Impact of Changes to the ACA*

- How federal health care reform (however it develops) may affect our financial condition and ability to successfully compete in the market.
- What may happen with the ACA. Medicaid coverage is a big deal for our patients.
- What's happening in Washington D.C.?
- Impact of changes to the Affordable Care Act.
- Federal health care environment.

### *Improving Community Partnerships*

- What partnerships can we expand upon or what new partnerships can we form to better serve the community? Are there opportunities we are missing out on because we aren't partnering? Are there opportunities for economies of scale if we work with other community organizations?
- Improved community partnerships and relationships.

### *Increasing Focus on Quality and Patient Safety*

- Quality and patient safety.
- Quality and patient safety improvement.

### *Other*

- Shift from inpatient to outpatient - how well-situated are we for this change? Are we leaning into it so we can shift our customer base, or are we continuing to rely on inpatient income in a way that isn't sustainable in the long-term?
- Ensuring a board-wide understanding of the most important factors that will affect our success, and a commitment to focus on those factors throughout our governance discussions.
- Improved physician relationships.

- Board member recruitment.
- Conflicts of interest.

## Highest Priority for the Board in the Next Year

### *Staying Informed of Current Trends and Changes in the Health Care Environment*

- Better grip on the current issues at hand and how we can think outside the box to situate our organization for long-term success. What are we missing that we should build into our strategic thinking?
- Improve our understanding of the changes in health care and how they will affect the hospital, our employees and communities we serve.
- Stay informed of the changes and trends in the health care environment.

### *Strengthening Board Member Engagement and Strategic Thinking*

- Determine ways to improve the overall performance of the entire board in carrying out its fiduciary responsibilities, and strengthening the capacity of every board member to be a well-informed, participative board leader.
- We should better engage all board members in thinking more strategically about how we can maximize our value as a community health asset.

### *Increasing Focus on Quality and Patient Safety*

- Increased focus on quality and patient safety.
- Greater focus on quality.

### *Other*

- Improve our ability to see into the future, and explore different responses to potential scenarios that may play out.
- Address conflict of interest and confidentiality.
- Changes in reimbursement. How can we use these shifts to our advantage?

## Most Critical Actions for the Board to Ensure the Organization Successfully Achieves its Goals

### *Improving Relationships Within and Outside the Hospital*

- Strengthen board/CEO communication and relationships.
- Improve our board cohesiveness.
- Improving board/medical staff relationships.
- Focusing on understanding the needs of our medical staff and community partners.

### *Ensuring that the Board is Highly Knowledgeable About Current Trends to Make Evidence-Based Decisions*

- Continue to ensure that we're all highly knowledgeable about local, state and national trends, and that we talk about these trends in a way that leads us to forward thinking and evidence-based decisions.

- Continue to stay informed of changes in local and federal health care environment and how they affect our hospital.
- Bringing in experts to help the board know the major issues.

*Regularly Measuring and Discussing Goals, Ensuring They are Most Current to the Hospital's Needs with Adequate Resources in Place*

- We should ensure that our goals are clear and focused, that they connect directly to our mission and vision, and that they are measured and regularly discussed by the board. We should not assume that our current goals should remain the same if we have new or updated information that indicates a change in our underlying assumptions.
- Ensure that we have the right goals in place at the right time and for the right reasons, then ensure that our limited resources are adequately deployed to attain our goals.

*Increasing and Maintaining Ongoing Board Education*

- Increase board education, but in the most effective and efficient way - we are all busy and inundated with information, but we need to be sure we aren't missing anything.
- Ongoing education.

*A Greater Emphasis on Strategic Thinking*

- Ability to think more strategically.
- Thinking more strategically.

*Other*

- Clarity of focus on the board's role vs. management role.
- Addressing conflicts of interest.

## **Actions Our Board Should Undertake or Cease**

*Create More Time on Agendas for Deeper Discussions on Quality and Health Issues Facing the Community*

- Create more time on our agendas for deeper discussion of the most important health issues facing our community, and our role in addressing them.
- We need to either create more time on the agenda to discuss quality or schedule more meetings. We also should start inviting physicians or nurses to meetings to gain their input on quality improvements and concerns.

*Other*

- We should start providing ongoing education on critical, timely topics at every board meeting.
- We should stop being reticent to challenge our leadership team's recommendations, and instead participate with them as equal partners in determining the best course ahead for the hospital.
- Start addressing conflict of interest more directly. Review our board policies with the full board and make a commitment to confidentiality and when and where conversations are appropriate.

# Recommendations for Governance Gain

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# Recommendations for Governance Improvement

Conducting a governance practices and performance assessment is a critical first step to improving board performance and ultimately elevating the organization's ability to achieve its mission and vision. The real power resulting from the governance assessment is what the board does with the results—how it uses board members' input to advance the board's governing performance.

The board should set aside time at a board meeting or schedule a special meeting to review the assessment results, allowing opportunity for board members to discuss their interpretation of the findings and to develop "governance gain" action plans to address low-performing areas and areas of opportunities for improvement.

To enable your board to be productive and effective, governWell™ recommends a careful review of the ratings and comments provided by board members that appear throughout this summary report. In addition, below are governWell™ governance improvement initiatives for your consideration, based on more than two decades of governWell™ experience working with hospital and health system boards.

## Mission, Values and Vision

Hospital and health system leaders develop mission, values and vision statements, but don't always make meaningful strategic use of these critical statements. Successful governing boards know that these statements, when properly developed and used, are the primary driver for every governance discussion and decision.

### Mission, Values and Vision: governWell™ Suggestions for Governance Gain

- Ensure that the mission, values and vision are prominent elements of decision making at all board meetings.
- Test all policy and strategic decisions by asking how/if they will strengthen the ability to achieve the mission and vision.
- Review the mission, values and vision annually at a board retreat, challenging the assumptions in place at the time the mission and vision were developed, and making modifications based on the realities of today's environment.
- Dedicate time to reviewing the values and how the board can further promote them throughout the organization.
- Regularly review the status of strategies and objectives, and ensure fit with the mission and vision.
- Ensure a well-defined, board approved system is in place to measure progress toward achieving the mission and strategies, and take timely corrective action when necessary.

## Strategic Leadership

One of the board's most important leadership responsibilities is setting a clear vision for the future and planning a strategy for getting there. But strategic planning is no longer as straightforward as it might once have seemed. Today's world poses multiple unanswered questions that can be confounding for board members trying to steer a clear path forward.

Despite the unknowns, boards cannot wait to see what developments will unfold in the marketplace. The board is accountable for shouldering a strong, focused and forward-thinking leadership role. Board members must be able to think creatively and work with executive management to develop new directions for success in an increasingly challenging market.

### Strategic Leadership: governWell™ Suggestions for Governance Gain

- Focus board energy and time on strategic thinking rather than operational decision-making. Review board agendas to ensure they set the tone for board discussions focused on the right issues.
- Design board meeting agendas to allow for maximum dialogue on strategic issues.
- Ensure that the board understands its strategic role and how it works with the management's tactical role.
- Provide board education about what strategic planning is and the board's role in strategic planning.
- When conducting strategic planning, envision multiple futures, and consider a variety of scenarios and potential organizational responses that can enable the board to determine its action in advance.
- Ensure strategic planning discussions take into account community health needs and the needs of all stakeholders and constituents.
- Ensure that a continual flow of new information and assumptions are presented at board meetings, and that board members use the information to modify strategic direction as necessary.
- Continually scan the environment for meaningful change critical to organizational success, and discuss issues and challenges at board meetings to keep the board focused on the issues and priorities most vital to organizational success.
- Demand well thought-out strategic options and alternatives from management prior to defining a strategic course of action.
- Ensure the board receives regular reports of progress toward the achievement of strategic objectives using board-approved performance indicators that together define organizational success.
- Ensure medical staff leaders are actively involved in all phases of strategic planning leadership, from mission development to action plans.
- Make new service planning part of the board-directed strategic planning process.
- Design a process for ongoing board evaluation of the potential value, viability and outcomes of new service progress and performance.
- Annually review the strengths and weaknesses of all major service lines and programs, and their role and value in mission and vision fulfillment.

## Quality and Patient Safety

Quality and patient safety is the board's number one responsibility. Achieving consistent high quality requires a commitment to excellence at every level in the organization. It requires that all decisions and actions made on behalf of the organization keeps quality at the forefront. Consistent, high-quality care is a natural outflow of an organization that ingrains quality and patient safety into its DNA. This not only creates high levels of quality care, but also improves patient satisfaction, elevates medical staff and employee morale, and improves reimbursement.

### Quality and Patient Safety: governWell™ Suggestions for Governance Gain

- Ensure continual education about the board's role in quality and patient safety and emerging issues, challenges and opportunities.
- Make quality and patient safety a part of board discussions at every board meeting.
- Ensure an effective, coordinated and organization-wide quality improvement plan.
- Engage in board discussions about how the board and leadership can set the tone for a culture of quality throughout the organization.
- Make patient and family engagement a part of the organization's culture.
- Ensure reporting adverse events and "near misses" is safe and easy for employees.
- Build time into board agendas to hear about quality failures and near misses from the medical staff, employees and patients.
- Ensure up-to-date board-approved quality dashboard that are easy to understand for the board. Ensure regular board review of these quality measures, and a robust board discussion about progress, successes and failures, and next steps.
- Ensure adequate resources are allocated for quality improvement and error prevention.
- Involve physicians in board decision-making processes, and seek physician input regularly relating to quality and patient safety improvement opportunities.
- Ensure an effective method for communicating with physicians in a timely matter, particularly for board decisions that impact physicians, their practices and their patients.
- Conduct a regular assessment of physician attitudes and needs.
- Ensure a thorough understanding and proper follow-through of the board's role in physician credentialing.
- Ensure a process is in place to hold the executive and medical staff responsible for quality and patient safety.
- Link CEO compensation to quality and safety results at least to the same degree as financial success.
- Recognize that patient safety occurs within the hospital, and agree that the current error rate is unacceptable.
- Embrace transparency of quality and performance data.
- Review survey results on culture, satisfaction and experience of care at least annually.
- Include a commitment to quality and patient safety in the job description of every employee.
- Require an orientation to the organization's quality improvement goals and culture for every employee, physician, leader and board member.

## Financial Leadership

The board is responsible for the financial success of the hospital. In order to fulfill this responsibility, board members must have a solid grasp of the indicators of the hospital's financial health, and be knowledgeable about key financial interrelationships.

### Financial Leadership: governWell™ Suggestions for Governance Gain

- Ensure board-wide understanding of financial basics, including how to read financial reports and the ability to ask probing questions and engage in dialogue and discussion around financial statements.
- Develop a financial reporting style that is easy to understand, highlights major trends and stimulates creative and meaningful discussion.
- Ensure that annual operating and capital budgets are developed and approved.
- Ensure an annual audit, and a thorough board discussion of all recommendations from the independent auditor's report and management letter.
- Identify, review and approve financial targets.
- Ensure board understanding of the organization's major investments.
- Monitor key financial ratios at least quarterly, and ensure that financial and operational implications and corrective measures are developed by management, when appropriate.
- Ensure board understanding of the organization's payer mix and the implications of how the organization is paid.
- Continually educate the board about changes in health care payments, including the shift from payment for volume to payment for value and population health.
- Ensure board-wide understanding of the organization's compliance program, making compliance a key component of the board's governance education program.
- Ensure the board receives regular compliance updates and reports from management.

## Relationship with the CEO

Hospital CEOs and their boards must build and sustain vibrant, trust-based relationships in order to successfully navigate the opportunities and challenges in today's complex and fast-paced health care world. That trust requires leadership excellence in a number of key areas, including clear and consistent communication, adherence to well-defined roles and responsibilities, and clear CEO performance expectations and accountabilities that are appropriately rewarded using responsible compensation assessment policies and procedures.

### Relationship with the CEO: governWell™ Suggestions for Governance Gain

- Establish an organized process for meaningful CEO/board communication between board meetings.
- Ensure a strong and supportive relationship between the board chair and the CEO, which sets the tone for the overall board/CEO relationship.
- Clearly define board and management roles to ensure that the board and CEO focus on their respective roles in complementary ways.
- Review timely reports from the CEO on how well the organization is meeting its planned objectives.
- Ensure board discussions focus on evidence, not anecdotes or hearsay.



- Foster a climate of mutual trust, respect and support between the board and CEO.
- Establish mutually agreed-upon CEO performance expectations and targets, and evaluate the CEO's performance annually based on those predetermined measurements.
- Link the CEO's compensation to strategic performance.
- Regularly review the CEO's compensation to ensure that it is reflective of compensation trends among other organizations of similar size, and that it reflects the magnitude of challenges and issues facing the administration and the organization.
- Hold executive sessions regularly to encourage candid and forthright board/CEO discussion, allowing both the board and CEO engage in dialogue that may be difficult during regular board meetings with the presence of staff, and in the case of public hospitals, the press and members of the community.
- Ensure that executive sessions are short and highly focused, held with the CEO's support and approval, and are not used as a method for operating "under the radar" of the regular board meeting.
- Ensure a well-defined CEO succession plan is in place, regardless of when the CEO plans to retire.

## Community Relationships

Hospital boards face a broad array of complex challenges in their continual quest to meet the critical health care needs of their communities. Too often, boards become so consumed with the organizational issues and challenges that they lose sight of the need to consistently and forcefully connect in meaningful ways with their communities.

### Community Relationships: governWell™ Suggestions for Governance Gain

- Clearly define the community served.
- Regularly conduct a community needs assessment in conjunction with other community partners who share the organization's commitment to building a healthy community.
- Ensure organizational partnerships, wellness programs and community health initiatives are closely aligned with the community's most important health care needs.
- Promote and support specific initiatives whose sole purpose is improving community health and targeting needs identified in the community needs assessment.
- Ensure board understanding of the importance of a healthy community for strategic success and financial health.
- Ensure adequate financial resources are devoted to community health initiatives.
- Regularly discuss community health improvement challenges and barriers.
- Look for opportunities to form community partnerships, and meet regularly with community partners to assess and discuss progress in meeting community needs.
- Engage in formal, working relationships with organizations that share the hospital's community health improvement mission and vision, and can leverage shared resources for maximum benefit.
- Regularly assess the value and impact of individual and joint community health improvement efforts. For every initiative, consider whether the hospital's impact could be amplified through a partnership or collaboration with other organizations.
- Regularly measure the public's perceptions of the hospital's programs and services, economic contribution, and perceived overall value as a community health asset.

- Engage board members in “outside in” thinking: view the hospital from a consumer perspective, providing new leadership thinking with an external mindset.
- Continuously review patient satisfaction and take meaningful action to ensure patient satisfaction goals are met or surpassed.
- Seek opportunities for board members to interact with the public on local health care issues, and to demonstrate strong, competent leadership and serve as well-informed ambassadors on behalf of the hospital.
- Regularly communicate the hospital’s impact on the community and community health.
- Tie CEO performance objectives to measures indicating improvement in community health.

## **Board Roles, Responsibilities and Knowledge**

Governance education is a continual process, not an end result. The end result and benefit of governance education is greater knowledge and leadership intelligence that ensure board members are fully prepared to engage around critical issues and make evidence-based rather than “gut” decisions. Well-planned and well-focused governance education builds the “knowledge capital” the board needs to ensure that the right decision will be made, using meaningful information and data.

### **Board Roles, Responsibilities and Knowledge: governWell™ Suggestions for Governance Gain**

- Ensure a well-defined process is in place for new board member orientation and onboarding.
- Provide peer-to-peer mentoring for new board members.
- Ensure all board members understand their fiduciary responsibility.
- Ensure that board members understand what’s expected, including meeting attendance and engagement, participation, and commitments to education, conflict of interest and confidentiality.
- Clearly define the synergistic roles and responsibilities of the board, medical staff leadership and management.
- Commit to ongoing education that identifies emerging governance issues and knowledge gaps, provides consistent board education, and oversees the board assessment process.
- Conduct governance education at every board meeting, and annually at a board retreat and/or educational conference.
- Develop a clear and comprehensive board understanding of the changing health care environment and its effects on the organization, and update the board when major challenges or changes occur.
- Enhance the board’s problem-solving skills through education, scenario planning, case studies and other methods that build teamwork, collegiality and compromise.
- Regardless of the number and length of board terms, ask board members to make a leadership re-commitment to the board and the organization annually.
- Ensure a clear process is in place in the unlikely event that a board member must be removed.
- Develop a board member recruitment strategy that looks forward at least five years.
- When planning for future board members, conduct a “gap analysis” to identify gaps on the current board and develop a list of needed future skills, expertise and characteristics that complement that of existing board members.

## Board Meetings

Board meeting success significantly impacts the board's effectiveness. Great board meetings set the tone for organizational success, including pre-meeting preparation; meaningful agendas, dialogue, discussion and decision-making; and board relationships and dynamics.

### Board Meetings: governWell™ Suggestions for Governance Gain

- Ensure that agendas match strategic issues and priorities.
- Develop agendas to focus on specific outcomes the board seeks to achieve at each meeting.
- Define the appropriate level of discussion for each agenda item, allowing adequate time for discussion of significant issues impacting the organization and the community it serves.
- Save critical time for important discussions by using a consent agenda covering the routine actions that require approval.
- Target no more than 25 percent of board discussion time on monitoring past events, and at least 75 percent of board time on long-range thinking, setting policy and making future-focused decisions.
- Ensure board members are provided with concise, easy to understand and actionable materials in advance of board, committee and task force meetings.
- Create an environment where board members feel free to engage in a vibrant dialogue that is open to alternative views and challenges conventional thinking.
- Establish decision protocols and procedures, and follow them consistently to create stability and predictability.
- Examine the frequency and content of board meetings to ensure the most significant and meaningful issues are being effectively addressed and board members' time is being used efficiently.
- Ensure that mutual trust and respect is present amongst board members, encouraging healthy questioning and debate without inappropriate disruption or disrespect.
- Share power among board members and ensure that everyone has a voice in governance decisions.
- Utilize focused and accountable committees and task forces to carry out the detailed work of the board, freeing the full board for high-level strategic discussion.
- Ensure that committees and task forces have specific charters, well-qualified members, and efficient operating rules that maximize impact, improve decision-making and contribute to (rather than hinder) strategic success.
- Ensure the board chair is well-skilled in the dynamics of effective meeting management and leadership, and that meetings are well-organized and value constructive dialogue.
- Implement a simple and concise board meeting evaluation at the end of each board meeting or retreat.
- Develop a comprehensive and usable set of governance policies and procedures.
- Review governance practices, bylaws and other structural factors on an annual basis.
- Ensure a clearly defined and adhered to conflict of interest policy.
- Ensure that directors' and officers' liability insurance provides the protection needed to reassure board members that a "safe" governance environment exists.

# governWell™

Better governance. Better healthcare.

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