BoardBrief

governWell
Better governance. Better healthcare.

Knowledge Resources for Governing Effectiveness

Critical Conversations: Leadership Discussions the Board Should Have Now

Hospital leaders must navigate through a complex health care environment that continues to come under increasing examination and debate. Changing payment incentives and increasing calls for transparency combined with scrutiny of health care costs and quality mean that boards today, more than ever, must focus their attention on the most critical issues confronting their organizations.

Critical Conversation # 1: Quality and Patient Safety - It's Job One, So How Well Do You Do It?

The board sets the quality and safety goals and holds the administration and medical staff accountable to achieve them. The board is also responsible for credentialing and re-credentialing of the medical staff, which includes not only physicians but non-physicians who provide a medical level of care when diagnosing and treating patients (including advance practice nurses, physician assistance, psychologists and others).

When the Institute of Medicine (now called the National Academy of Medicine or NAM) published its report *To Err is Human* in 1999, it estimated between 44,000—98,000 people died in hospitals annually as a result of preventable medical errors. Since that report, other reports have been published estimating there are significantly more preventable deaths annually, and still others calculating the large amount of financial "waste" that takes place in the U.S. health care system.[1]

What's the Board's Role? Medical errors significantly impact quality of care, patient satisfaction, medical staff and employee morale, cost of care, insurance contracts and reimbursement. Boards of trustees must take strong, organized action to establish and nurture an organizational accountability and culture that continually seeks to improve quality and patient safety at every turn. Ultimately, the board's goal should be to achieve zero harm through highly reliable care.[2]

What Should Boards Be Asking? Too often boards of trustees assume that quality and safety problems are not an issue unless they hear otherwise. Questions boards should be asking include:

- How good is our quality? How do we know?
- Where do we want our quality to be, and by when? How do we sustain our quality improvements?
- What is our "culture" of quality and safety? Are errors reported, including by management to the board?
- What does the public expect from us?
- What should we be measuring?
- Do we publicly disclose our quality and safety performance, and to what degree?
- What quality and safety issues are emerging as areas we should begin to address?

Creating a Culture of Safety. Boards must define what a culture of safety means for their hospital or health system, including the following critical components:

- ***Commitment of Leadership:*** Active involvement by the hospital's governing body, clinical and non-clinical leadership, with continual improvements in patient safety, error reduction and reaching for high reliability and zero harm as an explicit hospital priority.
- ***Open Communication:*** Patient involvement in decisions about their care, informing patients of the consequences of the care they receive, and ensuring language and behaviors which support the patient safety effort.
- ***Engaged Patients:*** Hospitals and health systems using best practices have patients provide feedback to the board about quality, patient safety, and the patient experience. This communication enhances the board's discussion.
- ***Reporting:*** Create an environment of trust to address accountability in a fair and just manner so blame is not automatically placed when an error occurs; encourage employees to view patient safety as an integral part of their jobs, and to internally report safety concerns, broken systems and processes, actual errors, "near misses" and other opportunities to improve safety.
- ***Informed Action:*** Understand and analyze data, including "near misses" (also known as "good catches") that could have impacted patients but were averted.
- ***Teamwork:*** Continually train in both team skills and job-specific competencies, encouraging caregivers to consistently work in a collaborative manner in which each individual has a responsibility to identify and/or act to prevent potential safety errors.
- **Focus on Improving Systems and not Blaming Individuals:** The focus should continually be on fixing systems and processes so that the error cannot occur again.

Implementing a Quality Dashboard. It is important that hospital trustees understand the quality of care provided at their hospital or health system. A hospital's dashboard is a clear, straightforward approach for boards to understand if they are providing poor, average or exceptional, quality.

Some hospitals combine their comprehensive quality dashboard measures together into what is called a "safety across the board" measure. The amount and complexity of data can be daunting, and interpretation of the information is important for board members to understand. To maximize the impact of quality reporting, graphs should be labeled with terminology that board members understand. Reports should clearly highlight the trends and information needing discussion.

Critical Conversation #2: Executive Compensation: Can You Defend It?

One of the most important board responsibilities is hiring, motivating, and retaining the hospital CEO. Maintaining clear performance expectations and ensuring a regular compensation and performance review of the CEO encourages frequent and open communication between the board and CEO, and helps ensure the CEO's performance drives achievement of the hospital's goals.

Throughout the process, it's critical that board members maintain an organization-wide focus, ensuring that the CEO's compensation is aligned with the organization's goals, and that no conflict of interest exists between board members and CEO compensation decisions.

Factors to Consider. When determining CEO compensation, the board should take into account a variety of factors, including:

- Overall organizational performance in meeting board expectations;
- The challenges and risks addressed by the CEO;
- A comparison of the CEOs compensation with his or her peers who lead similar sized organizations;
- The risk or volatility of the position;
- The CEO's tenure in the organization; and

- The implications of the loss of the CEO in the event that inadequate compensation causes the CEO to seek employment elsewhere, or become the target of executive recruiters who are constantly on the lookout for high performers to recruit for their clients.

Ensuring Defensible Compensation. The IRS' Form 990 is designed to provide greater transparency into executive compensation. There are three key ways for the board to protect itself and individual trustees in deliberations and decisions about executive compensation:

- Executive compensation must be approved by the governing body, or by a compensation committee whose members have no conflicts of interest;
- The governing body or compensation committee should collect and use relevant data to establish fair market compensation levels when approving executive compensation; and
- The basis for compensation approval must be adequately documented in written or electronic records.

When trustees ensure adherence to these compensation principles, they have what the IRS refers to as ***"rebuttable presumption."*** A board has rebuttable presumption on the reasonableness of executive compensation if it approves CEO compensation based on appropriate data that helps determine comparability or fair market value, and documents the basis for its determination at the time it makes its decision.

Critical Conversation #3: How Does Your Board Ensure Health Equity?

Twenty years ago, the Institute of Medicine urged a call to action to improve the American health care system. Its influential report, *Crossing the Quality Chasm: A New Health System for the 21st Century*, addressed six key dimensions in which our overall health care system functions at far lower levels than it should. Its aims for improvement stressed that quality health care should be safe, effective, patient -centered, timely, efficient, and equitable.[3]

Although considerable progress has been made in most of these quality dimensions over the past two decades, the sixth dimension – equitable (or equity) – has lagged behind the others. Equity is defined as everyone having a fair and just opportunity to be as healthy as possible.[3] This requires removing obstacles to health such as poverty, discrimination, and lack of access to good jobs with fair pay, quality education and housing, safe environments, and health care.[4] Health equity remains a complex and persistent societal challenge.

Every community experiences health inequities—the uneven distribution of social and economic resources that impact an individual's health. The unavoidable cost related to a lack of health equity includes the medical costs related to preventable chronic disease and the overutilization of health care resources. More importantly, health inequities have a devastating effect on the ability of all people in our communities to live their healthiest and best lives.[5]

Social Determinants of Health. Experts cite many possible reasons for disparities, including what are often referred to as social determinants of health, defined by the World Health Organization (WHO) as the circumstances in which people are born, grow up, live, work and age, and the systems put in place to deal with illness.[6]

Some research demonstrates that up to 80% of health outcomes are driven by these social determinants. The American Hospital Association (AHA) adapted the World Health Organization definition in its framework to understand these important factors, which include housing, food, education transportation, violence, social support, employment and health behaviors.[7]

The Board's Role in Advancing Health Equity. Hospital and health system boards can understand and impact health equity when they:

- **Reflect, understand and learn**—Look both internally and externally to better understand inequities. Establish a culture of equity in which all staff and providers are motivated to address disparities. Learn from best practices and other organizations pursuing health equity.

- **Ensure meaningful, measurable goals**—Unless specifically measured, disparities in health care may go unnoticed. Equity should be a key part of quality improvement efforts and community outreach programs.
- **Lead through collaboration**—Collaboration is essential to effectively addressing health equity. Move beyond the "four walls of the hospital" for greater impact. Engage trustees as ambassadors for building relationships with public health and community-based organizations.
- **Establish strategic intent**—Mission, values and strategic priorities should reflect a strong commitment to health equity and addressing disparities. Use existing strategic initiatives as "touchstones" for moving forward.

Critical Conversation #4: Do You Value and Prioritize Population Health?

Population health and value-based care are inextricably linked together. Value-based care is the shifting system in which health care providers are paid based on patient health outcomes, rather than the traditional "fee for service" system of payment. Population health is a broader focus on improving the health of individuals and communities. The Centers for Disease Control and Prevention (CDC) describes population health as an approach that utilizes non-traditional partnerships in different sectors of the community to achieve positive health outcomes.[8]

Population health and social determinants of health are directly connected. Research has shown that social factors such as racism, social isolation, violence, inadequate housing and inadequate employment impact poor health outcomes and premature death by 50 percent more than access to health care alone.[9]

What Can Boards Do? Boards can start by asking the following questions:

- Does our board have a good understanding of population health management and its importance to our organization?
- Has our board made a commitment to improving population health?
- Does our hospital or health system have the infrastructure necessary for managing population health? If not, what actions does the board need to take to ensure the hospital or health system is able to develop population health management as a competency?
- Do we know what strategies the organization is pursuing to manage and improve population health? Does the board maintain adequate oversight to ensure successful outcomes?
- Do we know what efforts others in our community or region are pursuing to manage and improve population health? Are our efforts well-aligned, or are they duplicative? Could joining forces create a more successful outcome for the community?
- Is our organization maximizing its resources, efforts and potential impact through partnerships and collaborations? If "the whole is greater than the sum of its parts," what opportunities should or could our organization pursue?

Critical Conversation #5: Demonstrating Community Impact and Building Public Trust

Trustees are in a unique position as community representatives and advocates to ensure that the hospital has tight community connections. They should listen to community needs and challenges, and build community understanding and awareness about the issues and challenges their hospital faces—challenges that the community likely doesn't fully understand or appreciate.

While it's hard to impact strongly held beliefs and perceptions, perception can be tipped with the

correct information and communication, delivered consistently and effectively over time by trusted individuals. Making that happen is the principal job of the "community-centered" board.

In order to capitalize on that opportunity, the board needs to truly understand what the community wants and needs, and what it thinks and believes. Once that understanding has been achieved, the board needs to be committed to driving responses to the needs, interests and concerns of what some call the "communities within the community," the many different stakeholders and constituents that, taken together, form the total fabric of the community.

But the job does not stop there. The board needs to ensure that the hospital is committed to measuring and evaluating its performance in meeting community needs, delivering the benefit and value the community expects.

Once that value has been clearly defined, it should be communicated widely in ways that are meaningful to various community constituencies. A one-size message does not work. Different constituencies have different needs and different confidence "trigger points."

People throughout the community need to be informed and engaged in meaningful discussions about the role and value of the hospital or health system, and the benefit it provides that is unique to them and their needs. It's only through this kind of customized community connection that hospitals and health systems will be able to build a broad body of advocates in every corner of the community to support what Dick Davidson, the former president of the AHA called hospitals' "rightful place as valued and vital community resources that merit broad public support."

Critical Conversation #6: Medical Staff Collaboration and Burnout—Is Your Board Doing Enough?

As the U.S. health care system transitions to one based on value, priorities shift toward efficiency, care coordination, transparency about cost and quality, patient access to information, and addressing broader patient and community needs impacted by social determinants of health.

This transition to value-based care, combined with the increase in hospital mergers, acquisitions and other partnerships, makes alignment between hospitals and physicians even more important.

Preparing for Increased Care Coordination. As organizations transition to increasingly coordinated care, trustees should consider the following questions:

- How well aligned is our hospital or health system and its medical staff?
- Are physicians meaningfully involved in hospital decisions that impact patient care and physician practices?
- How vibrant are physicians' voices in the organization's strategic thinking and planning processes?
- Does our hospital or health system work closely with the medical staff and other providers in the community to develop shared solutions and forge new partnerships that will be mutually beneficial in this new era of coordinated care?

Provider Burnout. Reports estimated a provider burnout rate of nearly 50 percent among practicing physicians in the United States before the COVID-19 pandemic hit in 2020.[10] The impact of provider burnout is far-reaching, impacting not only the health of individual physicians but also quality of care and the work environment for the entire care team.

In a comprehensive JAMA analysis, researchers found that physician burnout is associated with: [11]

- **Increased health risk** for cardiovascular disease and shorter life expectancy, problematic alcohol use, broken relationships, depression, and suicide.
- **A two-fold increase in unsafe care**, unprofessional behaviors, and low patient satisfaction.

- **All burnout measures are associated with increased patient safety incidents**, including emotional exhaustion, depersonalization and personal accomplishment. In addition, symptoms of depression or emotional distress in physicians were associated with a two-fold increase in patient safety incidents.

After reviewing 47 studies of more than 42,000 physicians, the authors concluded that their findings "provides evidence that physician burnout may jeopardize patient care; reversal of this risk has to be viewed as a fundamental health care policy goal across the globe. Health care organizations are encouraged to invest in efforts to improve physician wellness, particularly for early-career physicians."

Critical Conversation #7: Innovation is Key To Long-Term Success

Health care was already experiencing many innovative shifts prior to the COVID-19 pandemic, largely related to new technology, artificial intelligence, consumerism, and a greater focus on population health. The pandemic sparked new creativity and approaches to treating both patients with and without COVID-19, providing several key takeaways for hospital and health system boards:

- ***Employees Are Key to Creatively Solving Problems.*** During the pandemic hospitals and health systems were forced to radically change their care delivery almost overnight, most notably finding new ways to treat patients remotely. The ability for hospitals to listen to their employees and leverage employee creativity is directly related to innovation. *Are you maximizing employee and physician engagement to encourage innovation?*
- ***Consumer Loyalty is Declining.*** While before COVID-19 the majority of consumers preferred to receive health care services from their own doctor or hospital, the pandemic has shifted consumer mindsets. One poll indicated that two-thirds of patients are now willing to use telemedicine for future health care needs.[12] In addition, retail clinics are expanding and were trusted as an easy and safe way for consumers to access much-needed care during the pandemic.[13]
- Consumers are increasingly open to "outside" and "non-traditional" care through retail clinics, telehealth, and other virtual solutions. *How does your organization meet the needs of consumers looking for fast, easy, affordable health care? Have you considered partnerships with organizations like Walmart, Amazon or Walgreens offering alternative options for care?*

Making Innovation a Priority. It's human nature to want to help others and solve problems, particularly among health care workers who often pursue their profession because of that commitment. The challenge for boards is to capitalize on the innovation already taking place, and to carry the momentum forward.

Innovative boards set the tone for their organization when they:

- Prioritize innovation on their meeting agendas
- Make time to question assumptions and explore different ways of accomplishing goals
- Encourage open discussion and thinking that drives new ideas and approaches
- Value a combination of healthy questioning and collaborative thinking
- Seek input from inside and outside sources
- Allocate resources to support innovation throughout the organization
- Engage in innovation training for the board and senior leadership

Sources and Additional Information

1. Frankel A, Haraden C, Federico F, Lenoci-Edwards J. A Framework for Safe, Reliable, and Effective Care. White Paper. Cambridge, MA: Institute for Healthcare Improvement and Safe & Reliable Healthcare; 2017. www.ihi.org.
2. Zero Harm: An Achievable Goal. The Joint Commission. Reprinted in *Healthcare Executive*, Mar/Apr 2018.
3. Institute of Medicine Institute of Medicine (US) Committee on Quality of Health Care in America. Crossing the Quality Chasm: A New Health System for the 21st Century. Washington (DC): National Academies Press (US); 2001.
4. Braveman P, Arkin E, Orleans T, Proctor D, and Plough A. What Is Health Equity? And What Difference Does a Definition Make? Princeton, NJ: Robert Wood Johnson Foundation, 2017.
5. Oppel, RA, Gebeloff, R, Lai, KKR, Wright, W, and Smith, M. "The Fullest Look Yet at the Racial Inequity of Coronavirus," *The New York Times,* July 5, 2020.
6. World Health Organization. Social Determinants of Health. Accessed March 2021. www.who.int/social_determinants/sdh_definition/en/
7. American Hospital Association. *Presentation on Addressing Social Determinants of Health*. Accessed March 2021. www.aha.org/addressing-social-determinants-health-presentation.
8. What is Population Health? Centers for Disease Control and Prevention. Updated October 6, 2020. www.cdc.gov/pophealthtraining/whatis.html.
9. Pathways to Population Health: An Invitation to Health Care Change Agents. Pathways to Population Health. Copyright 2020. Accessed March 2021. www.pathways2pophealth.org.
10. Rotenstein, Lisa S. and Johnson, Amanda K. Taking Back Control—Can Quality Improvement Enhance The Physician Experience? *Health Affairs Blog.* January 14, 2020. healthaffairs.org.
11. Maria Panagioti, PhD1; Keith Geraghty, PhD2; Judith Johnson, PhD3; et al. Association Between Physician Burnout and Patient Safety, Professionalism, and Patient Satisfaction. *JAMA Network.* September 4, 2018.
12. Numerof, Rita. Retail Healthcare's Covid-Fueled Rise Could be Legacy Providers' Fall. *Forbes.* October 13, 2020.
13. Health Ideas Staff. Retail Healthcare Taking on New Meaning in Light of the Coronavirus Pandemic. *HMS Blog.* May 20, 2020. http://discover.hms.com.

Resources used for research and context purposes have been sourced as accurately as possible at the time of publication. If you believe something has been cited incorrectly, please contact governWell™ at contact@governwell.net.

governWell™

Better governance. Better healthcare.

Illinois Office
One Mid America Plaza, Floor 3
Oakbrook Terrace, IL 60181
630-613-7580
blorsbach@governwell.net

Oregon Office
31090 SW Boones Bend Rd
Wilsonville, OR 97070
630-613-7580
larry@governwell.net

www.governwell.net