

The Role of the Chief Governance Officer in a Large Health System: A Sophisticated Partnership Emphasizing Communication, Consistency, and Value

The Governance Institute recently spoke with Luanne R. Stout, vice president of governance at Texas Health Resources in Arlington, Texas, about her role in supporting, preparing, educating, and facilitating communication between multiple boards in a large health system.

Texas Health Resources is a regional health system with 25 hospitals across the Dallas–Fort Worth metropolitan area. Texas Health’s governance structure involves a system board as well as fiduciary boards overseeing each hospital. The local hospitals have few committees; the majority of committee work is done at the system level. Each committee is chaired by a system board member, with committee members from across the system chosen based on competencies. Luanne Stout has been with Texas Health since 1996 and in her current role for 13 years, providing support and coordination to the boards across the system as a member of the corporate senior leadership team. She shared some key aspects and challenges of her position in a large health system.

The Importance of Planning

To implement standardized governance processes, Ms. Stout and her staff provide training to both the leadership and support staff at all entities across the system. This helps secure standardization and understanding, while enabling the local support staff to handle the workload for the local boards. For example, board packets/reports use the same template system-wide, even though there are multiple, local support staffs putting them together. The system-level support team reviews the board packets before they go out to make sure they are in compliance with the governance plan, and provide positive/constructive feedback as needed.

Consistency is important at all operational levels of a health system, and likewise it is important to achieve at the governance level. “If you’re going to operate as a system, you want certain things to happen the same way at each of your hospitals,” Ms. Stout explained. So, consistency in policies, strategies, implementation, and accountability—all things directly affected by the board’s work—is essential. The “chief governance officer” (CGO) is responsible for

coordinating and ensuring this governance consistency across the system.

Ms. Stout assists her board with creating a detailed governance plan and updating it regularly as the organization evolves. The governance plan mirrors the direction of the system and the board’s related decision making—so it is in parallel with the strategic plan, but is a separate document with specific board actions and goals that will help the organization achieve its strategic goals. This plan also contains integrated processes for education, standardized meeting processes, and a detailed/standardized orientation program for new board members across the system.

Communication Enhances Systemness at the Governance Level

A governance priority for Texas Health is communication—essentially, the creation of varying opportunities for all boards to dialogue together, share their experiences, and have access to education. Aspects of the communication strategy include a monthly email newsletter for all board members and a robust board portal with calendars, meeting minutes, board packets, and educational materials. The unique committee structure described earlier allows board members from across the system to be exposed to in-depth discussions at the system level, which in turn helps them become more effective conduits to bring that systemness to the local level. Finally, Texas Health holds an annual leadership conference for all board members, senior leaders, and physician leaders across the system, which provides them the opportunity to bond, share ideas, and discuss key topics together.

In this regard, the CGO is directly responsible for not only facilitating but also enhancing board member communication. “The role of the CGO is critically important in terms of framing and communicating the differences between the system and subsidiary boards, and the purpose of their different roles,” said Ms. Stout. “Our system board cannot possibly delve into the details needed for proper oversight over each business unit,” explained Ms. Stout. “The system board relies very heavily on the roles of those local boards to provide valuable information and input to assist the system

board in decision making. This value must be communicated effectively to the local boards, and the CGO must take the lead in these communication efforts.”

Promoting Relationships and Serving as an Education Resource

The CGO plays a key role in developing relationships among senior leadership and board members across the system, and Ms. Stout positions herself as a resource for each entity within the system. Beyond board coordination, she believes it is important for the CGO to be a governance expert. So it is important for her to also have a deep understanding of the industry and business issues related to trends in the marketplace, healthcare reform, competitors, etc.

Ms. Stout has noticed an increase in the need for board member education at Texas Health over the past few years as the industry is changing (e.g., board members needing to be familiar with new terms such as “accountable care organization” and “population health”). She and her staff have updated the board portal to include a healthcare industry education section to help address this need. This section includes both a “Texas Health Perspective,” which includes implications specific to Texas Health on a given issue and activities that are happening at Texas Health with respect to the issue, and an “Industry Perspective,” which includes outside articles written for board members about the governance role related to these issues, so board members can gain an understanding of how the board should be involved.

Ms. Stout plays an active role in assisting and educating the subsidiary boards in succession planning, something that is somewhat unique to her position and organization. She and her staff developed a board leadership continuity and growth plan, which includes a basic framework for development goals for each board in the system. It includes statistical information both from the system and nationally regarding prevalent board competencies and those that might be important to a particular Texas Health board. “We give them a very specific look at their board in terms of their current demographics, competency mix, and upcoming vacancies and

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leadership transitions. And that includes my recommendations for competencies to fill their vacancies,” she explained. This plan also includes information on board members who aren’t performing up to expectations (such as poor meeting attendance), and suggestions for reappointment. This tool is presented to the nominating committees and full boards to review and discuss as they consider their annual election process (the ultimate decisions are up to each local board, subject to approval of the system board, but this method encourages a standardized approach across the system).

Complexity Increases as the Organization Grows

In a large health system with multiple boards and committees, the CGO and support staff are responsible for managing a complex meeting calendar involving many

board and committee members, as well as the scores of information and reports that go along with those meetings, and follow up and development of action plans after the meetings. “As we have evolved and our size has grown, certain aspects of what we manage are a little more challenging, and we’ve had to create and develop and utilize new tools in order to manage some of the things that we do,” said Ms. Stout. She and her staff use a sophisticated database to manage board member competencies, contact information, and regulatory reporting/compliance information and documentation. “As you add more boards and more organizations, you have more of everything. You have more self-assessments. You have more minutes. You have lots of different things and it just gets to be a little more challenging,” said Ms. Stout.

And Texas Health is experiencing additional complexity at the governance level as

a result of broadening across the continuum of care. “We’re moving in a direction of not just being an acute-care hospital system but one that embraces the entire continuum of care,” said Ms. Stout. “And as we do that and we form other partnerships in the community related to the wellness and pre-acute and post-acute sides of the spectrum, that creates new business relationships and new governance structures that we have to embed into our system.”

Given these challenges, Ms. Stout is reminded how easy it is for boards to forget about the importance of good governance in the midst of industry activity. “It’s kind of like the old adage, take care of your employees and they’ll take care of your customers. You take care of your trustees and that will advance your organization in these emerging areas that we’re all dealing with. This is not the time to lapse in good governance.” ●