

# Health System Governance: Work of the Board

This article is Part 4 of our series on health system governance. Part 1 (August, 2007) gave an overview of practical approaches for effective governance, Part 2 (October, 2007) discussed board organization, and Part 3 (December, 2007) addressed board culture.

**ONCE THE BOARD** is properly organized and has created a culture necessary for efficient and effective governance, it is ready to go to work. Sounds simple, but based on my experience, few health system organizations have created a systematic approach to planning the work of the board and therefore the board's agenda. Rather, most board agendas continue to be set based on tradition and custom, without a critical analysis as to whether the topics for board discussion or action are designed to achieve its annual goals (assuming the board has set annual goals) and fulfill the board's responsibilities (assuming the board has a clear set of responsibilities). If the board is not clear as to its responsibilities and goals, it will be difficult for the board to be intentional about what it needs to address and, by default, continue to spend most of its time at meetings receiving committee and management reports.

As mentioned in part two of this series, the work of the board should flow from the board's responsibilities and annual goals. The following is a systematic approach for determining which topics your board should be addressing.

**Step 1. Board Responsibilities.** First determine the system and hospital boards' responsibilities in several key areas. While these vary from system to system and hospital to hospital, examples normally include mission, strategy, clinical quality and patient safety, finance, board self-assessment and development, executive management, fundraising, advocacy, and so forth. Be specific about each responsibility and differentiate between the responsibilities of the system board and the hospital board. For example, if the system board's responsibility is to provide oversight for system-wide efforts to evaluate and improve the quality of care in its institutions, how does that translate into the work of the system board versus the hospital board? Specifically, which board has the responsibility for the following segments of the clinical quality area?

- Overall clinical quality and patient safety strategy
- Quality and patient safety benchmarks
- Programs and initiatives
- Monitoring performance
- CEO incentive compensation measurements related to quality
- Medical staff credentialing
- Investments in technology to improve quality
- Implications of pay for performance initiatives
- Readiness for healthcare reform

The board's responsibilities—and its work—should not be locked in stone. As the healthcare environment presents new challenges and issues to the system and board, re-evaluate and update the board's responsibilities.

**Step 2. Board Goals.** The board needs to set annual stretch goals designed to fulfill its responsibilities and meet the challenges of the health system. Board goals should not merely represent routine operational or fiscal matters. Further, the goal setting process should (a) require the board to consider current and anticipated challenges to the organization and how those challenges translate to the board, (b) include the strategic direction of the organization and what is expected of the board to help achieve that direction, and (c) include an analysis of the board's annual evaluation and the actions needed in the upcoming year to strengthen the board and become more effective.

If one of the board's responsibilities is to ensure its own effectiveness and efficiency, it could consider establishing a goal of developing a board education and development strategy that, depending on the board's needs, could include board orientation, board recruitment, board evaluation, board and board leadership succession planning, board education, and board support.

Annual board goals should be set in collaboration with the board chair, CEO, chief governance officer, and the governance committee of the board.

**Step 3. Monitoring Performance.** Based on annual board goals, develop discreet action items and document them in a work plan and timeline designed to help the board monitor its performance and ensure that necessary action items are allocated sufficient time on the agenda. Each action item should be tied to one of the board's responsibilities or goals, with responsibility assigned to an individual or group, a target date set for completion or other milestones, and a status column to track ongoing performance. Share this tool with the board at each meeting so the board can monitor its own progress, set future agenda items, and provide assistance in its annual evaluation.

**Step 4. Board Recruitment and Succession Planning.** The work of the board should inform the board as to the needed competencies, which should lead to a targeted board recruitment and succession planning effort.

Being a board member of a health system in today's complex and regulated healthcare environment presents a significant challenge that cannot be taken lightly. Challenges facing healthcare systems and hospitals and their boards are arguably more complex than in any other sector in our economy. Due to the complex nature of the healthcare delivery and financing system, healthcare boards must be comprised of individuals with a diverse set of competencies and skill sets, able to respond quickly and effectively to a myriad of challenges. Given these dynamics, organizations must use the board members' talents and time wisely. It is imperative that we get the right work in front of the board so directors can fulfill their responsibilities and advance the mission of the organization.

The Governance Institute thanks Rex P. Killian, J.D., president, Killian & Associates, LLC and Governance Institute faculty, for contributing this article. He can be reached at (314) 504-2213 or [rkillian@killianadvisory.com](mailto:rkillian@killianadvisory.com).