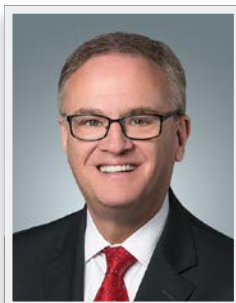




The Enduring Importance of Local, Subsidiary Boards

BY A. HUGH GREENE, FACHE, BAPTIST HEALTH

Several years ago, a colleague shared with me that he was able to disband all of the subsidiary hospital boards at their health system. He was gleeful about the simplification of governance. My reaction was contrary to what he might have expected as I responded, “Why in the world would you want to do that?”



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In an era in which we are trying to reduce the silos and operate as a system, one could make the argument that local hospital boards are no longer relevant or useful. There is little doubt that a single system fiduciary board is more simple and efficient. However, I would submit that the ongoing engagement of community leaders at the local hospital level has far greater value.

My conviction is based on the fundamental assumption that Baptist Health, as a not-for-profit health system, exists to serve the community. I consider the community to be our “owners” or “stockholders.” Therefore, our boards at all levels are providing the input of essential community voices. The more engagement that we have of these community leaders, the more effective we will be in fulfilling our community-based mission.

Local, subsidiary boards are important for the following reasons:

- They know their communities and offer the perspective of those specific geographic constituents.
- Their members are important advocates of the health system within the community.
- Their members are well-informed about healthcare delivery and help to educate others.
- Their members who work in local governance also are essential for our philanthropic efforts, both as donors and in helping to raise funds.

Engaging with Boards at the Local Level

The key to engaging with boards at the local level is to effectively define their roles and find ways to integrate them into the overall system so they feel like part of the larger whole, and to maximize efficiency and minimize duplication of effort.

At Baptist Health, we are pleased with our efforts to integrate our local, subsidiary

boards and believe this integration of governance is key.

In our case, there is very little duplication of effort between the local and system boards. The subsidiary board meetings are highly engaged, substantive, and focused on their specific institutions, whereas the system board is more strategically focused.

The local boards’ meeting agendas tend to focus at the hospital level on quality of care metrics, financial performance, patient experience measurement and results, and patient-origin data for that facility. Additionally, our subsidiary boards review risk management for their hospitals, including pending legal claims. This activity at the local level frees the system-level fiduciary board to focus on major strategic initiatives and investments.

When integrating local, subsidiary boards into the overall system, consider the following points:

- Do not refer to these boards as “advisory.” Our system board is committed to hearing the real input of these boards and consider them essential. Although subsidiary boards are not fiduciary from a legal standpoint, they fulfill certain required responsibilities as defined by the medical staff bylaws, such as credentialing physicians and approving medical staff officers. We have no system-wide facilities committee; rather, we designate this responsibility to the subsidiary boards, whose members have a stake in the quality and the patient experience at their respective hospitals. Our health system board has never been in a position of overturning the recommendation of a local board.
- Health system committees are populated by members of the health system fiduciary board, but also with members of our hospital boards. The health system finance committee, for example, always contains the chairs of the local boards so they have a sense of system-wide capital allocation as well as overall system financial performance.
- We hold an “all boards” educational event once a year. To promote inter-board dialogue, we insist that members do not sit at tables with members from their own board.

Key Board Takeaways

Health system boards should consider the following advice when engaging with local, subsidiary boards and integrating them into the system:

- Do not refer to these boards as “advisory;” treat them as essential to the system.
- Populate health system-level board committees with members of the local, subsidiary board.
- Fill vacant positions within the health system board with engaged members of subsidiary boards.

- Our annual board strategic planning retreat always includes the chair or a representative of the subsidiary boards.
- Our governance committee looks first to engaged members of the subsidiary boards when filling positions at the health system governance level to ensure the system-level board is composed of committed and informed board members. Board orientation includes a system component that involves the interaction of new members from all of our boards.
- Local board members play a vital role in development efforts and greatly contributed to the resultant success of surpassing our \$100 million comprehensive campaign goal.

Ensuring the Health of the Community

The result is that we have more than 90 individuals involved in governance from throughout our community, including our health system board, local hospital boards, primary care board, and foundation board. I have no doubt that governance across our system is stronger and more effective because of the engagement of individuals at the local level and the advocacy they provide for our health system. These local subsidiary boards truly are vital and relevant to ensuring the health of our community.

The broad community involvement made possible by these subsidiary boards has been integral to the fulfillment of our community-based mission. I would have it no other way and believe this has been critical to the success of our health system. ●

The Governance Institute thanks A. Hugh Greene, FACHE, President and CEO of Baptist Health in Jacksonville, Florida, for contributing this article. He can be reached at hugh.greene@bmcjax.com.